



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

Bank of Ireland Mortgage Bank (the **Issuer**) is a designated mortgage credit institution for the purposes of the Asset Covered Securities Acts 2001 and 2007 of Ireland (as amended, the **ACS Acts**). The Securities (as defined below) will constitute mortgage covered securities for the purposes, and with the benefit, of the ACS Acts.

Under this €15,000,000,000 Mortgage Covered Securities Programme (the **Programme**), the Issuer may from time to time issue mortgage covered securities (the **Securities**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Securities may be issued in bearer or registered form (respectively, **Bearer Securities** and **Registered Securities**). The maximum aggregate nominal amount of all Securities from time to time outstanding under the Programme will not exceed €15,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

Securities may be issued on a continuing basis to one or more of the Dealers specified below and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer**, and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Securities being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Securities.

See *Risk Factors* for a discussion of certain risk factors to be considered in connection with an investment in Securities.

This document (the **Base Prospectus**) constitutes (i) in respect of all Securities other than Exempt Securities (as defined below) issued under the Programme, a base prospectus for the purposes of Regulation (EU) 2017/1129 of 14 June 2017 (the **Prospectus Regulation**) and relevant Irish laws for giving information with regard to the issue of Securities of the Issuer under the Programme during the period of 12 months after the date of this Base Prospectus, and (ii) in respect of Exempt Securities (as defined below) issued under the Programme, a listing particulars (for the purposes of the admission of the Exempt Securities to the official list (the **Official List**) of the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) and to trading on the Global Exchange Market of Euronext Dublin and for such purposes, does not constitute a "prospectus" for the purposes of the Prospectus Regulation. References in this Base Prospectus to "Exempt Securities" are to Securities for which no prospectus is required to be published under the Prospectus Regulation.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Securities which are to be admitted to trading on a regulated market in the European Economic Area (the **EEA**) and/or offered to the public in the EEA or in the United Kingdom (the **UK**) other than in circumstances where any exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. For these purposes, reference(s) to the EEA include(s) the United Kingdom. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

This Base Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Regulation. The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus nor as an endorsement of the quality of the Securities. Furthermore, such approval relates only to the Securities which are to be admitted to trading on the regulated market of Euronext Dublin or other regulated markets for the purposes of Directive 2014/65/EU (as amended, **MiFID II**) or which are to be offered to the public in any Member State of the EEA. The Central Bank has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Securities, including the form of the Pricing Supplement in respect of Exempt Securities.

This Base Prospectus has been approved by Euronext Dublin as listing particulars for the purposes of the "*Listing and Admission to Trading Rules of the Global Exchange Market*" of Euronext Dublin. Such approval relates only to the Exempt Securities which are to be admitted to trading on the Global Exchange Market of Euronext Dublin. The Global Exchange Market is not a regulated market for the purposes of MiFID II.

Application has been made to Euronext Dublin (i) for the Securities that are not Exempt Securities to be admitted to the Official List and trading on its regulated market and (ii) for the Exempt Securities to be admitted to the Official List and trading on the Global Exchange Market of Euronext Dublin. The Programme provides that Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) (including regulated markets) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market.

MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – The Final Terms in respect of any Securities (or Pricing Supplement, in the case of Exempt Securities) will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/592 (the **MiFID II Product Governance Rules**), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

PRIIPS / IMPORTANT – EEA AND UNITED KINGDOM RETAIL INVESTORS: The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or

otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs Regulation**) for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

NOTIFICATION UNDER SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (THE SFA) – Unless otherwise stated in the Final Terms in respect of any Securities (or Pricing Supplement, in the case of Exempt Securities), all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Arrangers

Bank of Ireland

Barclays

Dealers

Bank of Ireland	Barclays	Barclays Bank Ireland	BNP PARIBAS	BofA Securities
Citigroup	Commerzbank	Credit Suisse	Danske Bank	Deutsche Bank
DZ BANK AG	Goldman Sachs International	HSBC	J.P. Morgan	Landesbank Baden- Württemberg
Lloyds Bank Corporate Markets Wertpapierhandelsbank	Morgan Stanley	Natixis	NatWest Markets	Nomura
Société Générale Corporate & Investment Banking	UBS Investment Bank	UniCredit Bank		

The date of this Base Prospectus is 10 November 2020

Persons Responsible

The Issuer accepts responsibility for the information contained or incorporated by reference, in this Base Prospectus. To the best of the knowledge of the Issuer, such information contained or incorporated by reference in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Bank of Ireland accepts responsibility for the information contained or incorporated by reference in this Base Prospectus relating to Bank of Ireland and the Group (but excluding information specifically relating to the Issuer and the Securities). To the best of the knowledge of Bank of Ireland (having taken all reasonable care to ensure that such is the case), such information is accurately reproduced, in accordance with the facts and does not omit anything likely to affect the import of such information or render such information inaccurate or misleading.

Neither the Issuer nor any of the Arrangers or the Dealers has authorised the making of any offer of securities to the public (as defined in the Prospectus Regulation) that is not within an exemption from the requirement to publish a prospectus under the Prospectus Regulation by any person in any circumstances and such person is not permitted to use this Base Prospectus in connection with such offer of Securities. Any such offers are not made on behalf of the Issuer or by any of the Arrangers or the Dealers and none of the Issuer or any of the Arrangers or the Dealers has any responsibility or liability for the actions of any person making such offers.

No person is or has been authorised by the Issuer, the Arrangers or the Dealers to give any information or to make any representation other than those contained in this Base Prospectus or which are incorporated by reference in this Base Prospectus and referred to below under *Documents Incorporated by Reference* and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers or any of the Dealers. The Dealers and the Arrangers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme nor to advise any investor in the Securities of any information coming to the attention of any of the Dealers.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers or the Dealers or any of them as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer or Bank of Ireland in connection with the Programme, any Securities or the distribution of any Securities. No Dealer or Arranger accepts liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer or Bank of Ireland in connection with the Programme.

Securities issued under the Programme will be liabilities only of the Issuer and not of any other person, including the Dealers and the Arrangers. The Securities will not be guaranteed by Bank of Ireland, the Dealers, the Arrangers or any other person.

Notice of the aggregate nominal amount of Securities, interest (if any) payable in respect of Securities, the issue price of Securities and any other terms and conditions not contained or incorporated by reference in this Base Prospectus which are applicable to each Tranche (as defined under *Terms and Conditions of the Securities*) of Securities (other than in the case of Exempt Securities) will be set out in the final terms applicable to such Tranche (the **Final Terms**) which, with respect to Securities to be listed on the Official List and to be admitted to trading on the regulated market of Euronext Dublin, will be delivered to Euronext Dublin. In the case of Exempt Securities, notice of the aggregate nominal amount of Exempt Securities, interest (if any) payable in respect of Exempt Securities, the issue price of Exempt Securities and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing**

Supplement).

The Securities have not been and will not be registered under the US Securities Act of 1933, as amended, (the **Securities Act**) and may not be offered or sold in the United States or to, for the benefit of, US persons unless an exemption from the registration requirements of the Securities Act is available or in a transaction not subject to the registration requirements of the Securities Act. Accordingly, the Securities are being offered and sold only outside the United States in reliance upon Regulation S of the Securities Act. The Securities are also subject to US tax law requirements. See *Form of the Securities, Issue Procedures and Clearing Systems* for a description of the manner in which Securities will be issued. Registered Securities are subject to certain restrictions on transfer. See *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*.

Securities in bearer form are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and the regulations promulgated thereunder.

The Issuer may agree with one or more Dealers that Securities may be issued in a form not contemplated by the Terms and Conditions of the Securities as set out herein, in which event, a supplementary base prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Securities.

Securities issued under the Programme may be rated on issue by Moody's Investors Service Limited (**Moody's**). Moody's is established in the UK and is registered under Regulation (EC) No 1060/2009 (as amended) (the **CRA Regulation**). In general, European (including the UK) regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EU or in the UK and registered under the CRA Regulation, unless the rating is provided by a credit rating agency operating in the EU or in the UK before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. A rating is not a recommendation to buy, sell or hold Securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The rating of certain Series of Securities to be issued under the Programme may be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Securities).

This Base Prospectus may only be used for the purposes for which it has been published. This Base Prospectus supersedes the base prospectus dated 7 October 2019 issued by the Issuer in connection with the Programme.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Securities (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Arrangers or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Securities constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers or the Arrangers to any person to subscribe for or to purchase any Securities.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein concerning the Issuer and/or Bank of Ireland is correct at any time subsequent to the date hereof or that any other

information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Arrangers expressly do not undertake to review the financial condition or affairs of the Issuer or Bank of Ireland during the life of the Programme or to advise any investor in the Securities of any information coming to their attention.

This Base Prospectus or any Final Terms or Pricing Supplement does not constitute an offer to sell or a solicitation of an offer to buy any securities other than Securities or an offer to sell or a solicitation of any offer to buy any Securities in any circumstances in which such offer or solicitation is not authorised or is unlawful. The distribution of this Base Prospectus and the offer or sale of Securities may be restricted by law in certain jurisdictions. The Issuer, the Arrangers and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers or the Dealers which would permit a public offering of any Securities outside the EEA or the UK or distribution of this document in any jurisdiction where action for that purpose is required.

This Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Regulation. The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer that is the subject of the Base Prospectus nor as an endorsement of the quality of the Securities. Investors should make their own assessment as to the suitability of investing in the Securities. Furthermore, such approval relates only to the Securities which are to be admitted to trading on the regulated market of Euronext Dublin or other regulated markets for the purposes of MiFID II or which are to be offered to the public in any Member State of the EEA or the UK. Accordingly, no Securities may be offered or sold, directly or distributed or published in any jurisdiction and neither this Base Prospectus nor any advertisement or other offering material may be distributed in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Securities. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Securities in the United States, the United Kingdom, the EEA, Japan, Italy, Ireland, Hong Kong, Singapore and Switzerland. See *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any parent company or affiliate of the Dealers is a licensed broker or dealer in that jurisdiction and so agrees, the offering shall be deemed to be made by the Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

None of the Dealers, the Arrangers, the Issuer or Bank of Ireland makes any representation to any investor in the Securities regarding the legality of its investment under any applicable laws. Any investor in the Securities should be able to bear the economic risk of an investment in the Securities for an indefinite period of time.

Exempt Securities issued under the Programme to be admitted to the Official List and trading on its Global Exchange Market will, because of their nature, normally be bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

In the case of any Securities that are not listed on any recognised stock exchange and that do not mature within two years, the Issuer will not sell such Securities to Irish residents and the Issuer will not offer any such Securities in Ireland.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Securities to be issued under the Programme, prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Securities.

In this Base Prospectus, references to **€** or **EUR** or **euro** are to the common currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (as amended), to **£** or **GBP** or **Sterling** are to pounds sterling, the lawful currency of the United Kingdom and to **US\$** or **US dollars** are to United States dollars, the lawful currency of the United States of America.

Interest and/or other amounts payable under Floating Rate Securities may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the **Benchmarks Regulation**). If any such reference rate does constitute such a benchmark, the applicable Final Terms or Pricing Supplement will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. Not every reference rate will fall within the scope of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms or Pricing Supplemental, (or if located outside the European Union and the UK, recognition endorsement or equivalence). The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable Final Terms or Pricing Supplement to reflect any change in the registration status of the administrator.

On 31 January 2020, the UK ceased to be a member of the EU and the EEA. By virtue of Part 4 of the Withdrawal Agreement between the EU and the UK under Article 50(2) of the Treaty of the European Union and the European Union (Withdrawal) Act 2018 as amended by the European Union (Withdrawal Agreement) Act 2020, EU law and EU-derived domestic legislation will continue to apply to and in the UK during a transition period lasting until 31 December 2020. During the transition period the UK will continue to be treated as a Member State under EU law unless otherwise specified. References in this Base Prospectus to the EU and the EEA and to law and regulation applicable in the EU or the EEA shall be construed accordingly.

Unless the context otherwise requires, references in this Base Prospectus to **Bank of Ireland** are to The Governor and Company of the Bank of Ireland and to the **Group** are to Bank of Ireland Group plc together with its consolidated subsidiaries, including Bank of Ireland and the Issuer.

Unless the context otherwise requires, in this Base Prospectus references to **Ireland** and **Irish** exclude Northern Ireland and Northern Irish, respectively.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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In connection with the issue and distribution of any Tranche of Securities, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms or Pricing Supplement may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 calendar days after the issue date of the relevant Tranche of Securities and 60 calendar days after the date of the allotment of the relevant Tranche of Securities. Any stabilisation action or over-allotment shall be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Overview

This overview must be read as an introduction to this Base Prospectus and is qualified in its entirety by the rest of this Base Prospectus. Any decision to invest in any Securities should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference.

*This overview is not a summary for the purposes of the Prospectus Regulation or the European Union (Prospectus) Regulations 2019 S.I. No.380 of 2019 (the **Irish Prospectus Regulations**).*

Issuer:

Bank of Ireland Mortgage Bank (the **Issuer**) was incorporated in Ireland on 21 May 2004 as a public limited company under the name Bank of Ireland Mortgage Bank Public Limited Company with registration number 386415. It was subsequently re-registered as a public unlimited company under the name Bank of Ireland Mortgage Bank on 23 June 2004. The Issuer, on 19 February 2016, adopted a new constitution in accordance with the Companies Act 2014 (as amended) (the **Companies Act**). The Issuer obtained an Irish banking licence under the Irish Central Bank Act, 1971 (as amended) and was registered as a designated mortgage credit institution under the Asset Covered Securities Act, 2001 (the **2001 Act**) on 1 July 2004.

As an Irish licensed bank and a designated mortgage credit institution, the Issuer operates under, and is regulated by the Central Bank pursuant to the Central Bank Acts 1942 to 2019 (as may be amended from time to time) and the Asset Covered Securities Acts 2001 and 2007 (as amended, the **ACS Acts**) and by the European Central Bank (the **ECB**) pursuant to Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

The Issuer's principal executive and registered offices are located at 40 Mespil Road, Dublin 4, Ireland.

The Issuer's principal purpose is to carry out, in accordance with the ACS Acts, the activities designated as permitted business activities under Section 27(1) of the 2001 Act, including the issue of asset covered securities under and in accordance with the ACS Acts, for the purpose of financing loans secured on residential property. Such loans may be made directly by the Issuer or may be purchased from Bank of Ireland and other members of the Group or third parties.

Issuer LEI:

The Issuer's legal entity identifier (**LEI**) is 635400LWGWFFKITHYD44.

Bank of Ireland:

The Issuer is a wholly-owned subsidiary of Bank of Ireland and a member of the Group. Bank of Ireland was established as a chartered corporation by an Act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. The Group provides an extensive range of banking and other financial services.

The address of the registered office of Bank of Ireland is 40 Mespil Road, Dublin 4, Ireland.

Group:

The Group consists of Bank of Ireland Group plc (**BOIG plc**) together with its consolidated subsidiaries including Bank of Ireland and the Issuer. On 7 July 2017, BOIG plc became the holding company of the Group. On 10 July 2017, the entire issued share capital of BOIG plc was listed on Euronext Dublin and the London Stock Exchange.

The Issuer's dependence on the Group:

The Issuer is an integral member of the Group and is dependent to a large extent on Bank of Ireland (and through it other members of the Group) in relation to origination and servicing of Irish residential loans, administration and accounting services, treasury services, hedging arrangements, funding other than asset covered securities, equity capital and services relating to the issuance of asset covered securities.

ACS Acts:

The ACS Acts set out the statutory framework for the issuance of asset covered securities in Ireland. Asset covered securities issued by designated mortgage credit institutions under and in accordance with the ACS Acts are called **Mortgage Covered Securities**. Such Mortgage Covered Securities may only be issued by Irish credit institutions, such as the Issuer, that are registered under the ACS Acts and that restrict their principal activities to public sector or property financing. Those credit institutions, such as the Issuer, that are registered under the ACS Acts and restrict their principal activities for the main part to residential property sector financing, are called designated mortgage credit institutions (**Institutions**).

The ACS Acts restrict and regulate the activities that Institutions such as the Issuer may engage in. Permitted activities for an Institution under the ACS Acts consist principally of:

- (a) providing mortgage credit and dealing in and holding mortgage credit assets (primarily loans secured on residential property, or, within strict limits, commercial property) including, within limits, securitised mortgage credit assets;
- (b) dealing in and holding substitution assets (certain bank deposits meeting minimum credit rating criteria);
- (c) dealing in and holding credit transaction assets (bank deposits and similar financial assets meeting minimum credit rating criteria below those for substitution assets), provided that such credit transaction assets do not exceed 10 per cent. of the Institution's total assets; and
- (d) financing and refinancing its activities by, among other things, issuing Mortgage Covered Securities and taking deposits and other repayable funds from the public.

The Issuer does not hold mortgage credit assets based on commercial

property, nor any securitised mortgage credit assets.

The Issuer does not currently engage in taking deposits and other repayable funds from the general public.

Cover Assets

Under the ACS Acts, Securities issued by the Issuer are secured by a statutory preference over a pool of prescribed assets (**Cover Assets**) known as a cover assets pool (the **Pool**), which the Issuer is required to maintain in accordance with the ACS Acts.

The Issuer's Pool consists of the following Cover Assets:

- (a) mortgage credit assets (being loans secured on residential property situated in Ireland);
- (b) substitution assets (cash deposits with Bank of Ireland meeting certain minimum credit rating criteria); and
- (c) cover assets hedge contracts (described further below).

Cover assets hedge contracts are hedging contracts that relate only to Mortgage Covered Securities and/or mortgage credit assets and/or substitution assets. The Issuer has entered into cover assets hedge contracts with Bank of Ireland. In accordance with the ACS Acts, the Issuer maintains a register of its cover assets hedge contracts and of collateral posted with the Issuer under such cover assets hedge contracts (**Pool Hedge Collateral**).

Restrictions on the Pool

In addition, the Issuer is required to maintain the Pool in compliance with requirements under the ACS Acts as to duration (weighted average term to maturity), value, interest coverage and overcollateralisation. The ACS Acts prescribe a minimum statutory overcollateralisation of the Pool with respect to the Securities of 103 per cent., and also provide that an Institution may contractually undertake to maintain a higher level of overcollateralisation. The Issuer has contractually committed to maintaining a minimum level of overcollateralisation of 105 per cent. For the purposes of the overcollateralisation calculation, substitution assets included in the Pool may not comprise more than 15 per cent. of the total nominal or principal amount outstanding of the Securities.

Cover Assets Monitor

The ACS Acts provide for the appointment by the Issuer of an independent entity as cover assets monitor (the **Monitor**). The responsibilities of the Monitor include monitoring the Issuer's Pool to ensure that it complies with certain provisions of the ACS Acts, including statutory and contractual overcollateralisation.

Manager and certain provisions as to insolvency

The ACS Acts provide for the appointment of a manager in respect of the Issuer in certain circumstances, which include: the Issuer becoming insolvent; the Central Bank forming the opinion that such appointment is necessary in order to protect the interests of holders of Securities or other creditors of the Issuer; or the Issuer becoming subject to a direction by the Central Bank, or having its registration as a designated mortgage credit institution revoked.

The ACS Acts also vary the general provisions of Irish insolvency law which would otherwise apply with respect to an Institution, Cover Assets, cover assets hedge contracts, Pool Hedge Collateral and Mortgage Covered Securities on the insolvency of the Institution and replace these provisions with a special insolvency regime applicable to Institutions.

If the Issuer or Bank of Ireland or another member of the Group becomes subject to an insolvency process, preferred creditors of the Issuer are entitled to have recourse to the Cover Assets in the Pool ahead of members of, and contributories to, the Issuer and all other creditors of the Issuer or of the Group.

The preferred creditors of the Issuer are the Monitor and any manager appointed in respect of the Issuer; the holders of Securities and any person having a legal relationship with a holder of Securities; and any person that is a counterparty of the Issuer to a cover assets hedge contract, provided that person is in compliance with its financial obligations under the cover assets hedge contract.

The Monitor and any manager appointed in respect of the Issuer are super-preferred creditors. In addition, the claims (approved by a manager or where no manager is appointed, the Monitor) of a security trustee which holds security (other than under the ACS Acts) over assets of the Issuer outside Ireland in order to augment the security under the ACS Acts also have super preferred creditor status. The claims of super-preferred creditors of the Issuer rank ahead of the claims of any other preferred creditors (including the holders of Securities) but if those claims cannot be fully satisfied they will abate in proportion to the amounts of those claims. The claims of the other preferred creditors of the Issuer (including the holders of Securities) will rank equally among themselves but if those claims cannot be fully satisfied they will abate in proportion to the amounts of those claims.

Holders of Securities will have no right to accelerate the obligations of the Issuer under the Securities. There are no events of default under the Securities, no negative pledge and no cross default.

Programme Description: Mortgage Covered Securities Programme.

Risk factors: There are risk factors that may affect the Issuer's ability to fulfil its obligations under Securities issued under the Programme. In

addition, there are risk factors which are material for the purpose of assessing the other risks associated with Securities issued under the Programme. See *Risk Factors*.

Arrangers:	Bank of Ireland and Barclays Bank PLC.
Dealers:	Barclays Bank plc, Barclays Bank Ireland plc, BNP Paribas, BofA Securities Europe SA, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Credit Suisse Securities (Europe) Limited, Danske Bank A/S, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Goldman Sachs International, HSBC Bank plc, J.P. Morgan securities plc, Landesbank Baden-Württemberg, Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH, Merrill Lynch International, Morgan Stanley & Co. International plc, Natixis, NatWest Markets plc, Nomura International plc, Société Générale, The Governor and Company of the Bank of Ireland, UBS AG London Branch and UniCredit Bank AG, and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Securities denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see <i>Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements</i>).
Principal Paying Agent:	Citibank, N.A., London.
Irish Paying Agent/ Transfer Agent:	Citibank Europe plc, Dublin.
Registrar:	Citibank, N.A., London.
Cover Asset Monitor:	Mazars, Dublin.
Irish Listing Agent:	A&L Listing Limited.
Programme Size:	Up to €15,000,000,000 (or its equivalent in other currencies calculated as described under <i>General Description of the Programme</i>) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	<p>Securities may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.</p> <p>Securities will be issued only outside the United States in reliance on Regulation S under the Securities Act (Regulation S) (see <i>Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements</i>).</p>

Currencies:	Euro, Sterling, US dollars, Japanese Yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms, or, in respect of Exempt Securities, the applicable Pricing Supplement).
Redenomination:	The applicable Final Terms or, in the case of Exempt Securities, the applicable Pricing Supplement, may provide that certain Securities not denominated in euro on issue may be redenominated in euro.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as set out in the applicable Final Terms, or, in the case of Exempt Securities, the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. See also <i>Extended Maturity Date</i> .
Issue Price:	<p>Securities other than Exempt Securities will be issued on a fully-paid basis and may be issued at an issue price which is at par or at a discount to, or at a premium over, par.</p> <p>Exempt Securities may be issued on a partly paid and instalment payment basis as set out in the applicable Pricing Supplement.</p>
Form of Securities, Issue Procedures and Clearing Systems:	The Securities will be issued in bearer or registered form as described in <i>Form of the Securities, Issue Procedures and Clearing Systems</i> . Registered Securities will not be exchangeable for Bearer Securities and vice versa.
Fixed Rate Securities:	Securities that bear a fixed rate of interest are Fixed Rate Securities . Each Fixed Rate Security bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date specified in the applicable Final Terms or Pricing Supplement at the rate(s) per annum equal to the Rate(s) of Interest specified in the applicable Final Terms or Pricing Supplement. Subject as provided in Condition 4(e), interest will be payable in arrears on the Interest Payment Date(s) specified in the applicable Final Terms or Pricing Supplement in each year up to (and including) the Maturity Date.
Floating Rate Securities:	<p>Securities that bear a floating rate of interest are Floating Rate Securities. Each Floating Rate Security bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:</p> <p>(a) an interest payment date(s) in each year specified in the applicable Final Terms or Pricing Supplement (a Specified Interest Payment Date); or</p>

- (b) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms or Pricing Supplement, a date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls in the number of months or other period specified as the Specified Period in the applicable Final Terms or Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

Floating Rate Securities will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. (**ISDA**) and as amended and updated as at the Issue Date of the first Tranche of the Securities of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Securities as set out in the applicable Final Terms or Pricing Supplement.

**Benchmark
Discontinuation:**

In the event that a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to the Independent Adviser determining a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread, if any, and any Benchmark Amendments as described in Condition 4(f).

Instalment Securities:

Securities that are redeemable in more than one instalment are **Instalment Securities**. Instalment Securities will be redeemed in the Instalment Amounts and on the Instalment Dates set out in the applicable Final Terms or Pricing Supplement.

Zero Coupon Securities:

Securities may be zero coupon securities (**Zero Coupon Securities**).

Exempt Securities:

Securities may be issued with such terms as to interest, currency and redemption as may be agreed between the Issuer and the relevant Dealers and set out in the applicable Pricing Supplement (**Exempt Securities**). In particular, in addition to being Fixed Rate Securities, Floating Rate Securities, Zero Coupon Securities, or Instalment Securities, Exempt Securities may be issued with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). The Issuer may issue Exempt Securities: with principal or interest payable in one or more currencies which may be different from the currency in which the Exempt Securities are denominated (**Dual Currency Securities**); on a partly paid basis (**Partly Paid Securities**); as securities in respect of which the amounts payable are calculated by reference to an index or formula (**Index Linked Securities**) or which have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR (**Inverse Floating Rate Securities**).

Where an Exempt Security is also a Floating Rate Security and where the applicable Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, and if the Reference Rate is specified as being other than LIBOR or EURIBOR, such Exempt Security bears interest at the rate as provided for in the applicable Pricing Supplement.

In the case of Partly Paid Securities (other than Partly Paid Securities which are Zero Coupon Securities), interest will accrue on the paid-up nominal amount.

Redemption:

The applicable Final Terms or Pricing Supplement relating to each Tranche of Securities will indicate either that the relevant Securities cannot be redeemed prior to their stated maturity or that such Securities will be redeemable at the option of the Issuer and/or the holders of the Securities upon giving notice to the holders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) save that a Final Terms or Pricing Supplement may not provide that Securities, if not listed on a stock exchange or not admitted to trading on a regulated market, may be redeemed above par. The applicable Final Terms or Pricing Supplement may provide that Securities may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms or Pricing Supplement.

Extended Maturity Date:

Unless the rating agency appointed by the Issuer at the relevant time in respect of the Programme agrees otherwise, the applicable Final Terms or Pricing Supplement will also provide that an Extended Maturity Date applies to each Series of the Securities. In such case, if the Issuer fails to redeem the relevant Securities in full on the Maturity Date (or within two Business Days thereafter), the maturity of the principal amount outstanding of the Securities not

redeemed will automatically extend on a monthly basis up to but, no later than, the Extended Maturity Date, subject as otherwise provided for in the applicable Final Terms or Pricing Supplement. In that event the Issuer may redeem all or any part of the principal amount outstanding of the Securities on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms or Pricing Supplement.

Where an Extended Maturity Date applies, the Securities will bear interest on the principal amount outstanding of the Securities from (and including) the Maturity Date to (but excluding) the earlier of the Interest Payment Date after the Maturity Date on which the Securities are redeemed in full or the Extended Maturity Date and such interest will be payable in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date in arrear or as otherwise provided for in the applicable Final Terms or Pricing Supplement on each Interest Payment Date after the Maturity Date at the rate provided for in the applicable Final Terms or Pricing Supplement.

In the case of a Series of Securities to which an Extended Maturity Date so applies, those Securities may for the purposes of the Programme be:

- (a) Fixed Rate Securities, Zero Coupon Securities, Floating Rate Securities as set out in the applicable Final Terms or, in the case of Exempt Securities, issued on other interest terms as set out in the applicable Pricing Supplement, in respect of the period from the Issue Date to (and including) the Maturity Date; and
- (b) Fixed Rate Securities or Floating Rate Securities in respect of the period from (but excluding) the Maturity Date to (and including) the Extended Maturity Date, as set out in the applicable Final Terms or Pricing Supplement.

In the case of Securities which are Zero Coupon Securities, or, in the case of Exempt Securities, which are not Fixed Rate Securities or Floating Rate Securities up to (and including) the Maturity Date and for which an Extended Maturity Date applies, the initial outstanding principal amount on the Maturity Date for the above purposes will be the total amount otherwise payable by the Issuer but unpaid on the relevant Securities on the Maturity Date.

**Representation of holders
of Securities:**

There is no provision for representation of holders of Securities.

**Denomination of
Securities:**

Securities will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) save that the minimum denomination of each Security will be €100,000 (or other currency equivalent) or such higher denomination as may be

allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency or as may be required in order to avail of any applicable tax exemptions.

In the case of Securities that are not listed on a recognised stock exchange (including Euronext Dublin), the minimum denomination of such Securities must be €500,000 if the relevant Securities are denominated in euro, US\$500,000 if the relevant Securities are denominated in US dollars, or if the relevant Securities are denominated in a currency other than euro or US dollars, the equivalent of €500,000 as at the date on which the Programme was first publicised.

Taxation:

All payments of principal and interest in respect of the Securities, Receipts and Coupons shall be made by or on behalf of the Issuer without deduction or withholding for or on account of any present or future taxes or other duties of whatever nature levied by or on behalf of any jurisdiction, unless the Issuer shall be obligated by law to make such deduction or withholding. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments in respect of any such withholding or deduction imposed, see *Taxation*.

Guarantor:

None.

Events of Default:

None.

Negative Pledge:

None.

Cross Default:

None.

Status of the Securities:

The Securities will constitute direct, unconditional and senior obligations of the Issuer and will rank *pari passu* among themselves. The Securities will be Mortgage Covered Securities issued in accordance with the ACS Acts, will be secured on the Issuer's Pool, and will rank *pari passu* with all other obligations of the Issuer under Mortgage Covered Securities issued or to be issued by the Issuer pursuant to the ACS Acts.

**Listing and Admission
To Trading:**

Application has been made to Euronext Dublin (i) for the Securities that are not Exempt Securities to be admitted to the Official List and trading on its regulated market and (ii) for the Exempt Securities to be admitted to the Official List and trading on the Global Exchange Market. The Securities may also be listed on such other or further stock exchange(s) and/or admitted to trading on such other/further markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series and disclosed in the Final Terms or Pricing Supplement for such Series.

Unlisted Securities and those not admitted to trading on a regulated market for the purposes of the Prospectus Regulation may also be

issued.

The applicable Final Terms or Pricing Supplement will state whether or not the relevant Securities are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or regulated market(s).

**Estimated total expenses
related to admission to
trading:**

Approximately €5,000.

Ratings:

Securities issued under the Programme may on issue be rated by Moody's, with any such rating(s) to be disclosed in the Final Terms or Pricing Supplement for such Securities. The rating of Securities will not necessarily be the same as the rating applicable to the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. A credit rating organisation may from time to time alter the methodology employed by it when rating securities and such alteration may affect ratings attributed to Securities issued under the Programme.

Governing Law:

The Securities will be governed by, and construed in accordance with, the laws of Ireland.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Securities in the United States, the United Kingdom, the EEA, Japan, Italy, Ireland, Hong Kong, Singapore and Switzerland and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Securities, see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*.

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the benefit of, US persons unless an exemption from the registration requirements of the Securities Act is available or in a transaction not subject to the registration requirements of the Securities Act. Accordingly, the Securities will only be issued outside the United States in reliance upon Regulation S under the Securities Act.

Each issue of Securities denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time.

No beneficial owner of an interest in a Global Security will be able to transfer such interest, except in accordance with the applicable procedures of the Clearing Systems, in each case to the extent applicable. In addition, prior to the expiry of the distribution compliance period (as defined under the *Terms and Conditions of the Securities*) applicable to each Tranche of Securities, beneficial

interests in a Registered Global Security may not be offered or sold within the United States or to, or for the account or benefit of, a US person and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Registered Global Security will bear a legend regarding such restrictions on transfer (see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*).

Use of Proceeds:

Proceeds from the issue of the Securities will be for the purpose of financing the business of the Issuer permitted by the ACS Acts.

Sustainable Securities:

Securities may be issued as Sustainable Securities and the applicable Final Terms or Pricing Supplement will indicate if the Securities are intended to constitute Sustainable Securities. The Issuer intends to allocate an amount equal to the net proceeds from any issue of Sustainable Securities to advance loans to the Group's customers on a targeted basis for the purposes of the financing and/or refinancing by such customers of Eligible Sustainable Projects, in line with any Framework the Group may publish from time to time. See the risk factor entitled "*In respect of any Securities issued as Sustainable Securities, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor*".

Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Securities issued under the Programme. Most of these factors are contingencies which may or may not occur.

In addition, factors which are material for the purpose of assessing the market risks associated with Securities issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information available to the Issuer at the date of this Base Prospectus or which the Issuer may not at the date of this Base Prospectus be able to anticipate or be aware of and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus, including any document incorporated by reference and reach their own views prior to making any investment decision.

Factors which are material for the purpose of assessing risks associated with the Issuer

The Covid-19 pandemic is having a material adverse effect on the Issuer and the Group

In March 2020, the World Health Organisation declared the outbreak of a new infectious disease known as Covid-19, caused by the severe acute respiratory syndrome coronavirus 2 (commonly known as SARS-CoV-2), to be a global pandemic.

The Covid-19 pandemic is a complex and rapidly evolving situation and its overall economic and financial implications are unclear. It has had and is having a material adverse impact on the operating environment and financial performance of the Issuer and the Group in 2020, which is likely to continue beyond this. Potential impacts include (i) a sharp contraction in GDP in Ireland and further rises in unemployment levels in Ireland, (ii) a weakening in the financial position of the Issuer's customers that could adversely affect their ability to make payments to the Issuer under their mortgage loans, and quality of certain of the Issuer's mortgage assets and a consequential rise in IFRS 9 expected credit losses; (iii) a consequential deterioration in the Issuer's financial performance; and (iv) other financial and operational challenges for the Issuer from future legislation or governmental or regulatory actions or guidance issued in connection with the Covid-19 pandemic.

On 19 March 2020, the Central Bank announced it had agreed with the Banking & Payments Federation Ireland that there should be no impediments to Irish situate banks (such as the Issuer) introducing payment breaks for those affected by the pandemic (**COVID-19 Payment Breaks**). On 28 September 2020, following a meeting between the Irish Government, CEOs of the five retail banks (AIB, Bank of Ireland, KBC, PTSB and Ulster Bank DAC) and the Banking & Payments Federation of Ireland, the Irish Government announced that Irish situate banks will not accept new applications for COVID-19 Payment Breaks after 30 September 2020. The impact of the COVID-19 Payment Breaks, and any future solutions which may be offered, on the Issuer's customers, the economy and the consequential impact on the Issuer remain uncertain at this stage.

It is uncertain how long the adverse economic conditions caused by Covid-19 will last. Furthermore, there can be no guarantee that any similar pandemics or outbreaks will not occur in the future or that the effects of the current global pandemic will not deteriorate further. If such pandemics or outbreaks occur in the future, they may result in similar or more adverse effects on the business of the Issuer and its ability to make payments to its creditors, including holders of the Securities.

The Issuer's dependence on the Group

The Issuer, as an integral member of the Group, is dependent to a large extent on Bank of Ireland (and through it, other members of the Group) in relation to the origination and servicing of Irish residential loans, administration and accounting services, treasury services, hedging arrangements, liquidity and debt financing (other than Mortgage Covered Securities), equity and regulatory capital and services relating to the issue of Mortgage Covered Securities.

A materially adverse change in the financial position of Bank of Ireland or other members of the Group (including as a result of the Covid -19 pandemic) could adversely affect the Issuer's capital and liquidity position, and its ability to operate its business and meet its obligations under the Securities. It could also impair Bank of Ireland's ability to meet its obligations as shareholder of the Issuer in the event that the Issuer is being wound up and the assets of the Issuer (including the Cover Pool) are insufficient to meet the Issuer's obligations to its creditors (including the holders of Securities).

The key risk factors which could impact the Group's future results and financial position in the next 12 months are set out under "*Factors which are material for the purpose of assessing risks associated with the Group and which may affect the Issuer*" below. Those factors discussed below are those of which the Issuer is currently aware. There may be risks and uncertainties relating to the Group of which the Issuer is not aware or which the Issuer does not consider significant but which in the future may become significant.

The Issuer's risk management strategies and techniques may leave it exposed to unidentified or unanticipated risks

The Issuer faces risk in the conduct of its business, such as credit risk, operational risk and market risk (including funding and liquidity risk, interest rate change risk, foreign currency rate change risk and asset price change risk). In order to minimise these risks, the Issuer has (in conjunction with the Group — see further *Risk Management at the Group and the Issuer*) implemented comprehensive risk management strategies, including the use of derivatives. Although the Issuer invests substantial time and effort in its risk management strategies and techniques, such risk management may nonetheless fail under some circumstances, particularly when confronted with risks that are not identified or anticipated, or not currently material, or where reasonable contingency measures prove to be inadequate. Some of the Issuer's methods for managing risk are based upon observation of historical market behaviour. The Issuer applies statistical techniques to these observations to quantify its risk exposures. Circumstances may arise that the Issuer did not identify or anticipate in developing its models. Furthermore, the Issuer's quantifications do not take all risks into account.

If unidentified or unanticipated circumstances arise, or if the Issuer's measures to assess and mitigate risk prove insufficient, the Issuer may experience material unexpected losses.

Business and strategic risk

Business and strategic risk arises from changes in the competitive environment of the Issuer, as it faces competition within the Irish residential mortgage market in which it operates from local and international financial institutions, from new market entrants and the introduction of new products. There can be no assurance that existing or increased competition in this market will not adversely affect the Issuer or the operation of its business.

Business and strategic risk also encompasses changes in mortgage lending rules imposed by regulators. On 9 February 2015, the Central Bank introduced mortgage lending rules, under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations

2015 (the **Housing Loan Regulations 2015**), which include loan-to-value (**LTV**) rules which set a minimum deposit requirement for the purchase of property, and loan-to-income (**LTI**) rules which set a maximum mortgage value which could be borrowed, measured against the borrower's gross salary. Specific LTV and LTI limits were introduced for purchasers of their principal dwelling houses including separate rules for first-time buyers, as well as those purchasing buy-to-let properties. These rules moderated residential property prices in Ireland and resulted in a reduction in mortgage lending following their introduction. These rules are subject to annual review by the Central Bank. Any changes to LTV and/or LTI limits may result in further reductions in mortgage lending and could therefore have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Furthermore, the Issuer's business and strategic risk may increase due to macroeconomic factors (in Ireland, the UK or globally) and other factors outside of its control (including the adverse economic impacts of the Covid-19 pandemic) - see the risk factor entitled "*The Covid-19 pandemic is having a material adverse effect on the Issuer and the Group*" and "*The Group's business and financial performance has been and will continue to be affected by economic conditions, in particular, in Ireland and in the UK but also in Europe and globally*" for further details.

Factors which are material for the purpose of assessing risks associated with the Group and which may affect the Issuer

The Covid-19 pandemic is having a material adverse effect on the Group

As noted above in the risk factor "*The Covid-19 pandemic is having a material adverse effect on the Issuer and the Group*", the Covid-19 pandemic is a complex and rapidly evolving situation and its overall economic and financial implications are unclear. It has had and is having a material adverse impact on the Group's operating environment and financial performance in 2020, which is likely to continue beyond this year. Potential impacts may include (i) a sharp contraction in GDP in Ireland and the UK and further rises in unemployment levels in Ireland and the UK, (ii) a weakening in the quality of certain of the Group's loan assets and a consequential rise in IFRS 9 expected credit losses; (iii) a deterioration in the Group's financial performance; and (iv) other financial and operational challenges for the Group from future legislation or governmental or regulatory actions or guidance issued in connection with the Covid-19 pandemic.

In addition, the Covid-19 pandemic has led the Group to modify its operational practices, including the imposition of restrictions on employee travel and changes to enable remote working wherever possible. The unavailability of staff, through illness or inability to attend work and the impact of the Covid-19 pandemic on third parties, on which the Group relies, may materially impact the ability of the Group to execute business-critical activities within the required timeframes. The Group has robust business continuity plans in place but may also be impacted by further Covid-19 restrictions on its business partners and outsourced service suppliers. These restrictions (individually or cumulatively) could negatively affect the Group's ability to provide its products and services to its customers.

Schemes have been initiated by national governments in jurisdictions in which the Group operates to provide financial supports to parts of the economy most impacted by the Covid-19 pandemic. As noted above in the risk factor "*The Covid-19 pandemic is having a material adverse effect on the Issuer and the Group*", on 19 March 2020 the Central Bank announced that it had agreed with the Banking & Payments Federation Ireland that there should be no impediments to Irish situate banks introducing COVID-19 Payment Breaks. On 28 September 2020, following a meeting between the Irish Government, CEOs of the five retail banks (AIB, Bank of Ireland, KBC, PTSB and Ulster Bank DAC) and the Banking & Payments Federation of Ireland, the Irish Government announced that Irish situate banks will not accept new applications for COVID-19 Payment Breaks after 30 September 2020. It was also agreed with the retail banks that where a borrower will, after

the end of a COVID-19 Payment Break period, be unable to meet their repayment obligations, the provision of other payment breaks as well as other forbearance options, will be considered on a case-by-case basis by the retail banks. In the UK, the Chancellor of the Exchequer announced on 17 March 2020 that it had agreed with industry bodies that mortgage lenders will offer at least a three month mortgage holiday to borrowers. This payment break scheme was extended in November 2020 enabling mortgage and consumer credit customers to request payment deferrals until 31 January 2021. The impact of these and any future schemes on the Group's customers, the economy and the consequential impact on the Group remain uncertain at this stage.

See also the section entitled "*Description of the Issuer and the Group – Recent Developments*" below.

The likelihood of customer behavioural change (for example an accelerated move to digital; appetite for different products and services) is as yet unknown. The Group will continue to assess the range of possible impacts of Covid-19 and to respond to the situation as it evolves. Any impact on the Group will depend on future developments, which are highly uncertain at present but any impact could potentially materially adversely affect the Group's business, financial conditions, results of operations and prospects.

The Group's business and financial performance has been and will continue to be affected by economic conditions, in particular, in Ireland and the UK, but also in Europe and globally

Substantially all of the Group's business activities and the majority of the Group's loans and advances are to customers in Ireland and the UK. The Group's business and financial performance is therefore directly and indirectly subject to inherent risks arising from general economic conditions in Ireland, the UK, and the state of the European and global economy and financial markets both generally, and as they specifically affect financial institutions.

Deterioration in economic conditions

A deterioration in economic conditions, including (without limitation) as a result of the ongoing Covid-19 pandemic, could adversely affect the Group's business and financial performance. Specifically, a deterioration in economic conditions in the markets where the Group operates could adversely impact the Group's income and lead to higher than expected credit losses. Additionally, this could have adverse consequences for the Group if investment in strategic initiatives are deprioritised and actions taken to control costs result in increased operational risk.

Higher unemployment rates, constraints on household income and high debt levels in Ireland and the UK

Higher unemployment rates, constraints on household income and high debt levels in Ireland and the UK could impact on the credit quality of the Group's borrowers — see the risk factor entitled "*Decreases in the credit quality of the Group's borrowers and counterparties, could adversely affect the Group's business*" for further details. A decrease in the credit quality of the Group's borrowers could lead to an increase in the Group's level of non-performing exposures and impact its ability to lend to customers. In addition, higher unemployment rates, reduced household incomes and/or resulting risk aversion could lead to lower demand for mortgage lending, which could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Pandemics and large scale public health events

Pandemics like the ongoing Covid-19 virus outbreak and other large-scale public health events, and climate-related catastrophes could affect the global economy and the economies in

which the Group operates leading to slower or negative economic growth, increased unemployment and reduced credit demand. These events could have an adverse effect on the Group's business operations and financial performance leading to higher costs, reduced income and lower credit quality.

Economic, social and political conditions in Europe or elsewhere

Any potential deterioration in the economic, social and political conditions in Europe or elsewhere, changes to the political leadership of member countries of the Eurozone and/or other political instability or unrest that impacts Europe and/or other regions could result in increased volatility in the general economic or political conditions of those countries and/or regions, impacting on economic conditions in countries where the Group has exposures, market risk pricing and asset price valuations, thereby having an adverse effect on the Group's profitability.

Sovereign debt levels of Member States

Eurozone bond markets and broader international debt markets could be impacted by concerns over sovereign debt levels of Member States, requirement for support of the banking system and speculation about the stability of the Eurozone, thereby disrupting debt markets and resulting in an increase in the volatility of bond yields of the debt of Member States thereby potentially adversely impacting on the value of bond positions held by the Group. This could also result in an increase in sovereign borrowing costs and a consequent increase in banks' funding costs, including for the Group which would adversely impact profitability, as well as having a potentially adverse impact on the Group's business in these economies including Ireland.

Dislocations and liquidity disruptions in Eurozone financial markets or elsewhere

Any period of unpredictable movements, severe dislocations and liquidity disruptions in the financial markets in the Eurozone or elsewhere, could lead to a reduction in the demand for some of the Group's banking services and products and may also impede the Group's ability to raise capital or funding. This could result in, among other things, the issuance of capital and funding of different types or under different terms than otherwise would have been issued or realised, or the incurrence of additional or increased funding and capital costs compared to the costs borne in a more stable market environment. These impacts could adversely affect the Group's ability to lend to customers and generate profits.

Financial institutions interdependency and systemic risk

Financial institutions have a high level of interdependence as a result of credit, trading, clearing and other relationships between them. As a result, a default or threatened default or concerns about a default or threatened default by one institution could affect other institutions and lead to significant market-wide liquidity problems and financial losses for other financial institutions. It may even lead to defaults of other financial institutions, which is a risk, sometimes referred to as "systemic risk". A systemic risk event may also have a material adverse effect on other financial intermediaries, such as clearing agencies, clearing houses, securities firms and exchanges, to which the Group is exposed. This could impact the Group's ability to meet its intraday liquidity requirements as the failure of a market participant to meet its payment, clearing, and settlement obligations can have a material impact on connected counterparties, and ultimately lead to systemic disruption.

Dissolution of the European Monetary Union

The withdrawal from the Euro by one or more countries that have already adopted its use and, in an extreme scenario, the cessation of the use of the Euro could result in the dissolution of the

European Monetary Union (the **EMU**). This could lead, *inter alia*, to the re-introduction of individual currencies in one or more EMU member states and the redenomination of financial instruments from Euro to a different currency, the effects of which are impossible to predict fully and could also result in a downturn in economic activity in Ireland and heightened uncertainty for individuals and businesses resulting in a reduction in credit demand, which could adversely affect the Group's financial conditions, results of operations and prospects.

Changes in market sentiment

Changes in market sentiment (including changes in sentiment arising from the Covid-19 pandemic) could result in an abrupt increase in risk premia, causing dislocation in global financial markets which could have an adverse effect on economic activity, including in Ireland and the UK where substantially all of the Group's business activities reside, thereby potentially reducing the Group's profitability and having an adverse effect on the Group's business and ability to lend to customers.

Changes in mortgage interest rates

The regulatory authorities (for example, the Central Bank) or governments may introduce new requirements or ceilings in relation to the interest rates that the Group charges for mortgage lending. A material decrease in interest rates for mortgage lending, without a comparable decrease in funding and capital costs for the Group, could adversely impact the profitability of the Group.

A failure to effectively improve or upgrade the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on its business, results of operations, financial condition and/or prospects

The Group maintains a complex IT estate to serve all its customers. To ensure key systems are robust, the Group invests multi-millions of euros on a rolling basis to refresh and where appropriate replace technology in line with the Group's multi-year integrated plan for technology change (the **Transformation Plan**). In addition, the Group is currently investing in a multi-year systems transformation agenda. This investment is intended to support the further digitisation of the Group and provide enhanced service for customers.

Notwithstanding this investment, the nature of any complex IT environment means that from time to time there may be incidents arising from problems with the Group's IT systems that adversely impact the Group's customers and the Group's strategic priorities.

Given the complexity of the subject matter and the pace of industry and regulatory change, the Group cannot provide assurance that the design of the programmes within the Transformation Plan will meet systems, regulatory or market requirements or expectations in full or part, or that it or they will do so to the anticipated timetable. As is the case for many established financial services providers, in a rapidly changing technology environment and in dealing with legacy systems, there is a risk that the investment as anticipated may not deliver the envisaged outcomes, and that the Transformation Plan may not deliver to expectations or that the investment required turns out to be more than originally considered. There is also a risk that the Group may not be able to engage or retain all of the third-party providers and/or key staff that are the optimal providers and integrators of such technology and change. Nor can the Group provide assurance that it will be able to maintain the level of operating and capital expenditure necessary to support the improvement or upgrading of its information technology infrastructure. The full successful implementation of the Transformation Plan may also necessitate a level of behavioural and organisational change within the Group, which may fail to materialise in whole or in part and which may have unforeseen potential consequences. The Transformation Plan places incremental operational risk management challenges for the Group,

which, if not successfully managed, could have a negative impact on its future relationships with its regulators and its customers who, notwithstanding the anticipated operational benefits, may also react negatively to a potential streamlining of product offering that may flow from the redesign of systems. Additionally, regulatory requirements and expectations may change (see the risk factor entitled *“The Group’s business and operations are subject to substantial regulation and supervision and can be negatively affected by its non-compliance with certain existing regulatory requirements and any adverse regulatory and governmental developments”*) resulting in misalignment and/or material additional requirements and/or costs for the Transformation Plan, with potential regulatory censure or sanctions for failure or delays in delivery.

The Group could be materially adversely affected by the UK’s withdrawal from the EU

On 31 January 2020, the UK formally withdrew from the EU and entered into an 11-month transition period (the **Transition Period**), during which existing UK-EU trading arrangements will continue to apply while substantive negotiations take place regarding the UK’s future relationship with the EU. While the Transition Period may be extended by agreement until December 2022, on 12 June 2020, the UK announced that it had formally notified the EU that it will not extend the Transition Period. While this does not entirely remove the prospect that the Transition Period will be extended (for example, it could be achieved under a new treaty which deals solely with an extension), the likelihood of a further extension is reduced.

As at the date of this Base Prospectus, and until and potentially beyond the conclusion of the Transition Period, it is not known what impact the UK’s withdrawal from the EU will have on the approach of the UK regulatory authorities to the regulation of financial institutions in the future. In particular, it is not yet known whether the requirements imposed on financial institutions in the UK by the UK regulatory authorities will be materially different from the requirements imposed in the EU by the ECB and national authorities. Changes to the UK regulatory regime which applies to the Group’s business in the UK following the UK’s withdrawal from the EU (including, but not limited to, passporting (i.e. the Group’s provision of banking services in the UK through its branch in the UK), data protection (in respect of intragroup transfers of data and relevant Group outsourcing arrangements), and the Group’s recovery and resolution arrangements (i.e. potential regulatory divergence in approach between UK and EU regulators)) and additional costs could have an adverse effect on the Group’s business, financial condition, results of operations and/or prospects.

There is considerable uncertainty regarding the impact of the UK’s withdrawal from, and future relationship with, the EU on general economic conditions in Ireland, Northern Ireland, the rest of the UK, the EU, and globally, and on the financial services industry and the legal and regulatory environment. This could in turn affect pricing, partner appetite, customer confidence and credit demand, collateral values and customers’ ability to meet their financial obligations, and, consequently the Group’s financial performance, balance sheet, capital and dividend capacity. Other effects may include changes in official interest rate policy in both the UK and Eurozone, which can impact the Group’s revenues and also the Group’s IAS 19 defined benefit pension deficit, and foreign exchange rate changes, which can impact the translation of the Group’s UK net assets and profits. Uncertainty may also result in a reduction or delay in capital expenditure by businesses and a consequential reduction in demand for business lending.

Withdrawal could, among other outcomes, ultimately disrupt the movement of goods, services, capital and people between the UK and the EU (including Ireland), and generally disrupt trade, as well as undermine bilateral cooperation in key policy areas. In addition, withdrawal raises the possibility of further exits from or the break-up of the EU and further referenda on continued EU membership in other EU member states.

The UK's withdrawal from the EU could also have an adverse effect on the value of Sterling and a significant change to the currency exchange rate between Euro and Sterling would affect the translation of the Group's UK net assets and profits into Euro. Furthermore, any significant devaluation in Sterling may adversely impact Ireland's exports to the UK which in turn could lead to an increase in unemployment in Ireland. See the risk factor entitled "*Decreases in the credit quality of the Group's borrowers and counterparties, could adversely affect the Group's business*".

The UK's withdrawal from the EU could have a significant adverse effect on the economies of Ireland, Northern Ireland and the UK which could include, but may not be limited to, an adverse effect on consumer and business confidence and associated spending and investment, the ability of the Group's customers to meet their contractual obligations to the Group, collateral values, the pricing of the Group's products and the introduction of new products by the Group. Any such adverse effect on the Irish and/or UK economies is likely to have an adverse effect on the Group's business, financial condition, results of operations and/or prospects. In addition, as the Group maintains significant operations in the UK, the UK's withdrawal from the EU could require the Group to make potentially significant changes to its operations in the UK, which in turn could have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group's strategic plans may not be realised

The Group has identified and set strategic plans for the Group, including, *inter alia*:

- focussing on the Republic of Ireland as the Group's core market; and
- retaining selective international diversification in the UK through access to an extensive distribution network, primarily through the UK Post Office and the Automobile Association (the **AA**) partnerships, and other strategic intermediaries and internationally through acquisition finance.

These plans include targets which rely on the proper implementation of those strategies and which may be sensitive to a number of internal and external dependencies.

Furthermore, these strategic plans may be adversely affected by macroeconomic factors (in Ireland, the UK or globally) and other factors that are outside of the Group's control (including the adverse economic impacts of the Covid-19 pandemic). See the risk factors entitled "*The Covid-19 pandemic is having a material adverse effect on the Group*" and "*The Group's business and financial performance has been and will continue to be affected by economic conditions, in particular, in Ireland and in the UK but also in Europe and globally*" for further details. The Group's implementation of these strategies may be affected by the competition in the markets in which the Group operates.

There is a further risk that the Group may not be in a position to renew third-party distribution agreements such as the agreement between, amongst others, Bank of Ireland (UK) plc, AA plc and AA Financial Services Limited in the UK (in respect of AA branded financial services products) and other third-parties on terms acceptable to the Group or on terms as currently favourable to the Group. Any termination or non-renewal of the Group's relationships with the AA and/or any of its other strategic intermediaries in the UK could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's strategic plans also rely, in part, on the proper implementation of those strategies by the Group. There is a risk that the Group's Transformation Plan may not deliver the required objectives in whole or part (see the Risk Factor entitled "*A failure to effectively improve or upgrade the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on its business, results of operations, financial*

condition and/or prospects" for further information). There is also a risk that the Group may not be able to continue to deliver new products or existing products at acceptable margins, that future regulation may change the nature of product charging and/or sales in a way that impacts the Group's ability to deliver the planned income, that its chosen business model proves to be inappropriate, or that customers are not attracted by the products and services on offer all of which may have a negative impact on the Group's business and results of operations and, consequently, its financial condition and/ or prospects.

Pension risk is the risk in the Group's defined benefit pension schemes that the assets are inadequate or fail to generate returns that are sufficient to meet the schemes' liabilities

The Group sponsors a number of defined benefit pension schemes for past and current employees. Pension risk crystallises for the sponsor when a deficit emerges of a size which implies a material probability that the liabilities will not be met. Defined benefit pension funds are subject to market fluctuations, and interest rate and inflation risks, thus a level of volatility is associated with defined benefit pension funding. These market fluctuations can impact the value of the schemes' asset portfolios and returns and / or result in a greater than expected increase in the value of the schemes' liabilities. The level of volatility associated with pension funding can have a negative impact on the financial condition and prospects of the Group.

Weaknesses or failures in the Group's processes and procedures, external events or other operational risks are a risk to the Group's business

The Group's businesses are dependent on their ability to process and report, accurately and efficiently, a high volume of complex transactions across numerous and diverse products and services, and subject to a number of different legal and regulatory regimes. Operational risks are inherently present in the Group's businesses including, as a result of potentially inadequate or failed internal processes (including financial reporting and risk monitoring processes), IT or equipment failures or the failure of external systems and controls outside of the Group's control or from people-related or external events. The Group's risk controls and frameworks (that are subject to ongoing review and enhancement) or loss mitigation actions implemented may not be effective in controlling each of the operational risks faced by the Group. The Group's operational risks and any weaknesses in the Group's risk controls or frameworks could expose the Group to customer redress, administrative actions or sanctions, potential loss of customers, and the potential requirement to hold additional regulatory capital and could result in a material adverse effect on the Group's business, results of operations, financial condition and/or prospects, as well as reputational damage which could exacerbate such adverse impact.

Internal fraud

The risk of internal fraud (including financial fraud and/or theft) carried out by employees or officers of the Group, possibly resulting from lack of adequate segregation of responsibilities, or inappropriate internal access levels to systems being accorded to individuals, providing them with knowledge that facilitates fraud could result in reputational damage, customer redress, and/or potential loss of customers. This could have an adverse effect on the Group's results and on its ability to deliver appropriate customer outcomes or to achieve organisational objectives.

External fraud

The risk of external fraud, being customer or third-party fraud against the Group such as card skimming or cloning could result in reputational damage, customer redress, and/or potential loss of customers. This could have an adverse effect on the Group's results and on its ability to deliver appropriate customer outcomes or to achieve organisational objectives.

Cyber-attack

Cybercrime groups are becoming increasingly sophisticated and the Group faces the risk of cyber-attacks against its IT and account management systems. This would include denial of service attacks resulting in material adverse effects on the Group's business and results of operations, reputational damage, potential loss of customers, and/or potential requirement to hold additional regulatory capital.

Failure of IT systems

The risk of partial or complete failure of some or all of the Group's IT systems, including any potential weaknesses in, or failure of, the Group's 'business continuity' strategy and systems, could result in material adverse effects on the Group's business and results of operations, reputational damage, potential loss of customers, regulatory sanctions and/or potential requirement to hold additional regulatory capital.

Data protection

The Group processes significant volumes of personal data relating to customers (including name, address, identification and banking details) as part of its business. The failure to collect accurately, maintain and keep safe data (including personal data), processed by the Group could result in reputational damage, customer redress, and/or potential regulatory penalties.

Business continuity plans

The risk of poor external service delivery, inadequate internal management, or inadequate business continuity plans (for example during a global pandemic or in a disaster) of third-party service providers (including outsourcing providers) could result in material adverse effects on the Group's business and results of operations, reputational damage, potential loss of customers, and/or potential requirement to hold additional regulatory capital.

Modelling risk

The Group uses models across many business units including key financial and credit models. There is a risk that these models may be developed without adequate oversight and testing prior to use by the business, which could result in an adverse impact on the Group through inappropriate decision making and reporting thereby resulting in potential loss, and/or potential requirement to hold additional regulatory capital.

Failure to keep appropriate documentation, records and archives

The Group is required to comply with documentation and record retention requirements. The risk of a failure to keep appropriate, accurate and regulatory compliant documentation, records and archives could result in reputational damage, customer redress, and/or regulatory penalties.

Mis-selling financial products and/ or mishandling of complaints

The Group may be subject to allegations of mis-selling of financial products and/or the mishandling of customer complaints. This could have an adverse effect on the Group's operations resulting in reputational damage, customer redress, regulatory fines, withdrawal of products and/or potential loss of 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.

Decreases in the credit quality of the Group's borrowers and counterparties, could adversely affect the Group's business

Credit risk is the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Group in respect of loans or other financial transactions. This risk includes but is not limited to default risk, concentration risk, country risk, migration risk and collateral risk. Credit risk arises from loans and advances to customers and from certain other financial transactions, such as those entered into by the Group with financial institutions, sovereigns and state institutions. Credit facilities can be largely grouped into the following categories: cash advances (e.g. loans, overdrafts, revolving credit facilities and bonds), associated commitments and letters of offer; credit related contingent facilities (issuing of guarantees / performance bonds / letters of credit); derivative instruments; and settlement lines. The Group has exposures to residential mortgages, retail borrowers, small and medium sized enterprises (**SMEs**) and corporate borrowers in different sectors and investors in commercial property and residential property.

In the ordinary course of its operations, the Group estimates and establishes impairment loss allowances for credit risks and the potential credit losses inherent in these exposures. This process, which is critical to the Group's results and financial condition, requires complex judgements, including forecasts of how changing macroeconomic conditions might impair the ability of borrowers to repay their loans. The Group may fail to adequately identify the relevant factors or accurately estimate the impact and/or magnitude of identified factors, which could materially adversely affect the Group's business, results of operations, financial condition and/or prospects.

Further, there is a risk that, despite the Group's belief that it conducts an accurate assessment of borrower credit quality, borrowers are unable to meet their commitments as they fall due as a result of borrower specific circumstances, macro-economic factors or other external factors, including the Covid-19 pandemic (see the risk factor entitled "*The Covid-19 pandemic is having a material adverse effect on the Issuer and the Group*" and "*The Covid-19 pandemic is having a material adverse effect on the Group*" above). The failure of borrowers to meet their commitments as they fall due may result in higher impairment loss allowances or a negative impact on fair value in the Group's lending portfolio. A deterioration in borrower credit quality and the consequent increase in impairments could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's primary markets are Ireland and the UK. At 30 June 2020, based on the geographic location of the business unit where the asset is booked, 62 per cent. of the Group's loans and advances to customers were in Ireland, 36 per cent. in the UK and 2 per cent. in other jurisdictions. As at 30 June 2020, residential mortgages represented 57 per cent. 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.

Economic conditions may deteriorate in the Group's main markets, which may lead to, amongst other things, counterparties and borrowers experiencing an adverse financial situation, declines in values of collateral (including residential and commercial property values) and investments, increases in unemployment levels, weak consumer and corporate spending, declining corporate profitability, declining equity markets and bond markets and an increase in corporate insolvencies. This may give rise to deterioration in the credit quality of the Group's borrowers and counterparties and increased difficulties in relation to the recoverability of loans and other amounts due from such borrowers and counterparties, resulting in significant increases in the Group's impaired loans and impairment loss allowances. Uncertainty in the global and Eurozone economies,

including, as noted above, as a result of the Covid-19 pandemic and the UK's withdrawal from the EU, could result in downgrades and deterioration in the credit quality of the Group's customer, sovereign and banking exposures.

The Group's level of non-performing exposures (NPEs) on loans and advances to customers remains elevated

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 reduce the level of its NPEs in line with pre-Covid-19 rates. As at 30 June 2020, the Group had recognised impairment loss allowances of €2.1 billion and had NPEs of €4.5 billion at the end of September 2020. The Group's loan portfolio may be adversely impacted by the adverse economic impacts of the Covid-19 pandemic which may increase the proportion of the Group's loan portfolio designated as NPEs. Furthermore, the Group's ability to reduce the level of its NPEs is dependent on its ability to restructure and/or rehabilitate these loans in addition to its early engagement activities for early arrears cases or loans experiencing potential financial distress. The willingness and ability of delinquent or defaulting borrowers to agree to a voluntary restructuring of their loans is materially dependent on the stability of the global economy (including the impacts of Covid-19), particularly the Irish economy and the real estate market, and an effective and efficient regulatory insolvency and foreclosure process in Ireland (e.g. requirements of the Code of Conduct on Mortgage Arrears (the **CCMA**), insolvency legislation, court processes and bankruptcy proceedings, none of which are factors within the Group's control).

While any sale of NPEs or portfolios of NPEs by the Group would reduce the level of its NPEs and release the provisions held against them, the sale could result in a loss being recorded, which could have a material adverse effect on the Group's income for the relevant financial period and the Group's capital position in the longer term.

In the 2018 Supervisory Review and Evaluation Process (**SREP**) letter, the ECB advised the Group of its supervisory expectations in respect of the Group's NPE stock at March 2018 and the minimum coverage levels (by way of additional provisioning or capital allocation) which are expected to be achieved by December 2020, increasing on a straight line basis to 100 per cent. by December 2025. The Group is also subject to similar requirements in respect of its newly-emerged NPE stock from 2018 onwards. The ECB and other regulatory authorities may introduce new and/or additional requirements in relation to how the Group deals with its NPEs in the future.

Any change to the way in which the Group deals with its NPEs as a result of the Group's compliance with regulatory requirements could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group is subject to regulatory regimes which may require that it holds or raises additional capital and/or eligible liabilities or result in increased costs

As a financial institution, the Group is regulated by a number of authorities, principally Irish, EU and UK regulators. The regulatory regimes to which the Group is subject continue to evolve and the ability of the Group to comply with applicable regulatory regimes is critical to its ability to implement its business plans. For a more detailed discussion of applicable regulation affecting the Group please see the section of this Base Prospectus entitled "*Regulation*".

Regulatory capital requirements

As of November 2014, the Group came under the supervision of the Single Supervisory Mechanism (the **SSM**) established pursuant to the Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential

supervision of credit institutions (the **SSM Regulation**). Accordingly, the Group's compliance with the prudential requirements of regulatory developments, including the Capital Requirements Directive IV (Directive 2013/36/EU) (**CRD IV**), the Capital Requirements Directive V (Directive 2019/878/EU) (**CRD V**), the Capital Requirements Regulation (Regulation (EU) No. 575/2013) (**CRR**) and the Capital Requirements Regulation II (Regulation (EU) No. 2019/876) (**CRR II**), the European Union (Capital Requirements) Regulations 2014 and the European Union (Capital Requirements No. 2) Regulations 2014, which implement the CRD IV in Ireland (together, the **CRD Regulations**), is significantly dependent on the SSM's interpretation and decisions in relation to these requirements following its periodic inspections of the Group within the scope of the SSM Regulation. As such, there is a risk that Group's ability to do business may be constrained should the SSM's interpretation of its capital requirements be more restrictive than the Group had anticipated.

Following the assumption by the ECB of its supervisory responsibilities under the SSM, the ECB has been concerned with the implementation of a more demanding and restrictive regulatory framework with respect to, amongst other things, capital ratios, leverage, liquidity and disclosure requirements which, notwithstanding the benefit to the financial system, will imply additional costs for the Group and other financial institutions, potentially affecting the Group's ability to lend to customers and generate profits.

MREL requirements

To support the effectiveness of bail-in and other resolution tools, Article 130(1) of the Directive 2014/59/EU (the **BRRD**) (as subsequently amended by Directive 2019/879/EU (**BRRD II**)) required that from 1 January 2016 Member States apply the BRRD's provisions requiring EU credit institutions and certain investment firms (collectively, **BRRD Institutions**) to maintain minimum requirements for own funds and eligible liabilities (**MREL**), subject to the provisions of the MREL regulatory technical standards.

The MREL requirements imposed on the Group may be subject to ongoing review and could change materially requiring the Group to raise additional funds in order to meet its obligations. In addition, the cost of such funding could be higher than that which the Group might otherwise have incurred in circumstances where it was not subject to the relevant MREL requirements. The MREL requirements could have an impact on the Group's operations, structure, costs and/or capital/funding requirements. Furthermore, any disruption to or volatility in capital markets as a result of the Covid-19 pandemic could make it more difficult and costly for the Group to raise the required MREL. See the risk factors entitled "*The Covid-19 pandemic is having a material adverse effect on the Issuer and the Group*" and "*The Covid-19 pandemic is having a material adverse effect on the Group*" above.

Introduction of new risk-weight floors

In December 2017, the Basel Committee on Banking Supervision (the **BCBS**) finalised the Basel III framework which focuses on reducing variation in the calculation of risk-weighted assets (**RWAs**) regardless of whether standardised approaches or internal models are used. The full impact on the industry of these rules is still to be determined as the rules have yet to be implemented in Europe. The principal elements of the proposal include a capital floor equivalent to 72.5 per cent. of the RWA requirements under the standardised approach, to be implemented over a phased-in period of five years commencing from January 2022. However, in light of Covid-19, the BCBS has deferred the implementation by one year to January 2023, with the accompanying transitional arrangements also extended by one year to January 2028. When calculating the floor, institutions will be required to calculate standardised requirements for different risk classes, including *inter alia* credit risk, counterparty credit risk, market risk and operational risk. Additionally, institutions will be required to disclose a comparison between the RWA requirement based on internal approaches and that under a standardised approach. The cost of complying with any new standardised approach and

ancillary matters would have an impact on the Group's operations, structure, costs and/or capital /funding requirements.

Risk associated with failure to comply with capital adequacy requirements/funding requirements

Capital adequacy and its effective management are critical to the Group's ability to operate its businesses and to pursue its strategy. The Group's business and financial condition would be affected if the Group was insufficiently capitalised. This could be caused by a materially worse than expected financial performance (including, for example, reductions in earnings as a result of impairment charges, or an unexpected change in interest rates, or unexpected increases in RWAs).

In addition, if the requirements or interpretations of regulatory authorities applicable to the Group are more stringent than, or otherwise diverge from, those applying to other Irish or other financial institutions, this could result in a competitive disadvantage for the Group relative to such other financial institutions, and may result in adverse investor reaction and increased costs for the Group.

If the Group fails to meet its prudential requirements (including capital, liquidity and MREL requirements) in full, or to exceed its minimum requirements by a margin which the Group's regulators or the markets consider satisfactory, or if there is any market perception that such a failure has occurred or may occur, or if the Group underperforms or is perceived to have underperformed in any EBA stress testing exercise or similar exercise conducted in respect of the Group, this could materially adversely affect the Group's ability to conduct its business and may result in an increase in the Group's cost of funding, a requirement to raise additional capital, liquidity and/or MREL resources and/or other regulatory actions, including (but not limited to) increasing retained earnings, suspending dividends (which is, as at the date of the Prospectus, a requirement for all banks under the SSM's Dividend Distribution Recommendations ECB/2020/35) and other discretionary payments, public censure or the imposition of sanctions. These factors may affect the Group's capacity to continue its business operations, generate a return on capital, pay future dividends or pursue acquisitions or other strategic opportunities, impacting future growth potential.

The Group is exposed to risks in relation to compliance with anti-corruption laws, anti-money laundering laws, laws to prevent the financing of terrorism and the imposition of economic sanctions programmes against certain countries, citizens and entities

The Group is required to comply with the laws and regulations of various jurisdictions where it conducts operations. In particular, the Group's operations are subject to various anti-corruption, anti-money laundering and terrorism financing laws, including the key principles of the UK Bribery Act of 2010 as part of the Group's Anti-Bribery Policy Standard, and economic sanction programmes, including those administered by the United Nations and the EU, as well as those of the United States Department of Treasury's Office for Foreign Assets Control.

Failure to comply with financial sanctions legislation or to seek to circumvent its provisions or failure by the Group to adopt policies and procedures to be followed by persons involved in the conduct of its business, and that specify the Group's obligations in respect of the assessment and management of sanctions risk are criminal offences punishable upon conviction by monetary fines or terms of imprisonment or both. In addition, any failure of the Group's sanctions policies and procedures could lead to non-compliance with such sanctions and damage to the Group's reputation.

Although the Group has internal policies and procedures and several monitoring measures designed to ensure compliance with applicable anti-corruption, anti-money laundering and terrorism financing laws, and sanctions regulations, these policies and procedures cannot provide complete assurance that the Group's employees, directors, officers, partners, agents, service providers or

introducers will not take actions in violation of its policies and procedures (or otherwise in violation of the relevant anti-corruption laws, and sanctions regulations) for which the Group or they may be ultimately held responsible. Litigation or investigations relating to alleged or suspected violations of anti-corruption, anti-money laundering and terrorism financing laws, and sanctions regulations could lead to financial penalties being imposed on the Group, limits being placed on the Group's activities, the Group's authorisations and licences being revoked, damage to the Group's reputation and other consequences that could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. Further, violations of anti-corruption, anti-money laundering and terrorism financing laws, and sanctions regulations could be costly.

In recent years, enforcement of these laws and regulations against financial institutions in Ireland and the UK has become more stringent and proactive, (for example, resulting in several landmark fines against Irish and UK financial institutions). Financial crime and anti-money laundering remains a key priority for regulators. The Central Bank has also focused on anti-money laundering and countering the financing of terrorism and financial compliance in the Irish financial services sector.

Failure by the Group to comply with all of the regulatory and legislative requirements in relation to anti-corruption, anti-money laundering, the financing of terrorism and/or sanction programmes in each of the jurisdictions in which it operates could have a material adverse effect on the Group, including its business, results of operations, financial condition and/or prospects (including receipt of dividends, distributions, loans or advances by the Group from its subsidiaries), the imposition of a regulatory fine or other sanction, conviction of the directors and/or damage to the Group's reputation, all of which may negatively impact the Group's ability to meet its obligations under the Securities.

The Group is exposed to conduct risk in the execution of the Group's activities and processes

Conduct risk is the risk that the Group, and/or its staff, conduct business in an inappropriate or negligent manner that leads to adverse customer outcomes. It includes all Group customers and it also includes the risk the Group's wholesale market activities do not meet the necessary standards of integrity and the level of professionalism required or expected. Conduct risk management is about ensuring that business units are provided with the tools they need to enable them to take a customer-focussed approach to managing their business. BOIG plc is a non-operating holding company and is the ultimate parent of the Group, and is consequently exposed to conduct risk within the Group.

Conduct risk is one of the Group's top risks in the Group Risk Appetite Statement. To support the management of conduct risk the Conduct Risk Management Framework has been developed by the Conduct Risk team in Group Compliance and Regulatory Risk.

The Group is nonetheless exposed to conduct risk as a direct and indirect consequence of its normal business activities. These risks may materialise in the day-to-day execution of business processes, provision of sales and services, management of key stakeholder expectations and the various activities performed by staff, contractors and third party suppliers.

Negative public, industry, government or other key external stakeholder opinion can result from the actual or perceived manner in which the Group conducts its business activities or from actual or perceived practices in the banking and finance industry. Such negative opinions may adversely affect the Group's ability to keep and attract customers which in turn may adversely affect the Group's business, financial condition, results of operations and/or prospects. While the Group has a code of conduct in place which sets out the standards expected of all Directors, officers and

employees of the Group, in addition to Conduct Risk Policy, Policy Standards and Frameworks, the Group may not be successful in avoiding damage to its business from conduct risk.

Failure to adequately address conduct risk in a timely manner, or at all, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects and, in particular, each of the Issuer's ability to meet its obligations under the Securities.

Downgrades to the Irish sovereign, Bank of Ireland's credit ratings or BOIG plc's credit ratings or their outlooks could impair the Group's access to private sector funding, trigger additional collateral requirements and weaken its financial position.

As at the date of this Base Prospectus, the long-term / short-term sovereign credit ratings for Ireland were: AA- (Stable) / A-1+ from S&P Global Ratings Europe Limited (**S&P**); A2 (Stable) / P-1 from Moody's Investors Service Limited (**Moody's**); A+ (Stable) / F1+ from Fitch Ratings Ltd (**Fitch**); A+ (Stable) / a-1 from Rating and Investment Information, Inc. (**R&I**); AA- (Stable) /K1+ from KBRA (Source: National Treasury Management Agency website); and A (high) (Stable trend) / R-1 (middle) from DBRS, Inc. (Source: National Treasury Management Agency website). Each of S&P, Moody's and Fitch is established in the EU or the United Kingdom and is registered under the CRA Regulation. DBRS, Inc. and R&I are not established in the EU or the United Kingdom and are not registered under the CRA Regulation. In general, European regulated investors may use credit ratings for regulatory purposes only if they are issued by a credit rating agency established in the EU and registered in accordance with the CRA Regulation (or are endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation).

As at the date of this Base Prospectus, long-term / short-term senior unsecured credit ratings for Bank of Ireland were: A- (Negative) / A-2 from S&P; A2 (Stable) / Prime-1 from Moody's; and BBB+ (Negative) / F2 from Fitch. As at the date of this Base Prospectus, long-term / short-term senior unsecured credit ratings for BOIG plc were: BBB- (Negative) / A-3 from S&P; Baa2 (Stable) from Moody's; and BBB (Negative) / F2 from Fitch. During 2020, Fitch and S&P affirmed Bank of Ireland's long-term / short-term senior unsecured credit ratings, changing the outlook from stable to negative, in view of the coronavirus outbreak.

Downgrades of the Irish sovereign credit ratings could negatively impact access to market funding for the Irish State and may impact the Group's access to private sector funding, trigger additional collateral requirements and weaken the financial position of the Group. Downgrades could also adversely impact the funding received from Irish Government bonds used as collateral for the purposes of accessing the liquidity provision operations offered by monetary authorities (the **Monetary Authorities**) or secured borrowing from wholesale markets and the value of Irish Government bonds held by the Group's life assurance business to meet its liabilities.

The Group's credit ratings are subject to change and could be downgraded as a result of many factors, including a reduction in the Group's credit strength and the credit strength of the Group's collateral, the adverse economic effects of the Covid-19 pandemic, or the failure of the Group to implement its strategies successfully. Downgrades in the credit ratings of the Group could have a negative impact on the volume and pricing of its private sector funding and its financial position, restrict the Group's access to the capital and wholesale funding markets, trigger material collateral requirements or associated obligations in other secured funding arrangements or derivative contracts, make ineligible or lower the liquidity value of pledged securities and weaken the Group's competitive position in certain markets. In addition, downgrades in the credit rating of the Group may have an adverse effect on the Group's ability to hedge its foreign currency and other market risk exposures and to manage its Euro and non-Euro liquidity reserves. The availability of deposits is often dependent on credit ratings and downgrades for the Group could lead to withdrawals of retail deposits and/or corporate deposits which could result in deterioration in the Group's funding and

liquidity position. If any of the above was to happen, it could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects and on its liquidity and funding. This would further limit its access to funding and could further materially affect the Group's business, results of operations, financial condition and/or prospects, and could prevent the Group meeting its minimum funding requirements.

The Group routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks and other institutional clients. Sovereign credit pressures may weigh on Irish financial institutions, limiting their funding operations and weakening their capital adequacy by reducing the market value of their sovereign and other fixed income holdings. These liquidity and capital concerns could adversely affect inter-institutional financial transactions.

Lack of liquidity to fund the Group's business activities could have an adverse impact

The Group strategy is to be a substantially customer deposit funded bank and to focus on maintaining stable relationship based deposits through its retail distribution network in Ireland and its strategic partnerships in the UK with its loan portfolios funded by retail customer deposits and any residual funding requirement principally met through term wholesale funding and equity.

Any increases in the cost of such funding would adversely affect the Group's margins and results of operations, and a lack of, or decrease in, the availability of such retail and corporate deposit funding could restrict the Group's ability to fund its balance sheet and could constrain new lending which could in turn negatively impact the Group's future growth.

Furthermore, any factors which result in significant withdrawals of deposits, such as the adverse economic effects of the Covid-19 pandemic and/or a serious loss of confidence by retail depositors would have a significant impact on the Group's liquidity position. This could lead to the imposition of administrative actions or sanctions against the Group by its regulators and in an extreme scenario lead to a suspension or revocation of the Group's banking licence and could otherwise adversely impact the Group's ability to fund its business. See the risk factors entitled "*The Covid-19 pandemic is having a material adverse effect on the Issuer and the Group*" and "*The Covid-19 pandemic is having a material adverse effect on the Group*" above.

The Group defines wholesale funding as unsecured interbank borrowings, senior unsecured debt securities issued, secured wholesale market borrowings, the proceeds of securitisations and funding from the Monetary Authorities.

The Group's use of wholesale funding was €9.7 billion as at 30 September 2020 representing less than 10 per cent. 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 reliance by the Group on funding from Monetary Authorities. See the risk factors entitled "*The Covid-19 pandemic is having a material adverse effect on the Issuer and the Group*" and "*The Covid-19 pandemic is having a material adverse effect on the Group*" above.

In the Eurozone, the ECB and the national central banks have adopted monetary easing policies and, consequently, made available unconventional monetary policy tools such as Targeted Longer-Term Refinancing Operations, and asset purchase programmes. Further, they introduced a tiered interest rate system to mitigate the negative impact of low yields on the financial sector. Financial institutions in the Eurozone, including the Group, utilise these programmes and, given the

interdependence between financial institutions in the Eurozone, the cessation of these programmes and of any other accommodative monetary policies could have a material adverse effect on the financial condition of these financial institutions, including the Group, and any deterioration, or perceived deterioration, in these financial institutions could also result in an adverse effect on the Group in terms of its perception, business, financial condition, results of operations and/or prospects. There can be no assurance that the ECB or the national central banks will continue to adopt accommodative monetary policies or that the employment of these policies will be sufficient to address the fiscal risks which remain.

The Group must comply with the regulatory liquidity requirements of the SSM and the requirements of local regulators in those jurisdictions where such requirements apply to the Group.

SSM requirements include compliance with CRD IV and CRD V (as defined under “*Regulatory capital requirements*” above) which is intended to be a comprehensive set of measures to strengthen the regulation, supervision and risk management of the banking sector.

Relevant supervisory authorities may determine additional liquidity requirements specific to the Group (such specific additional liquidity or capital requirements are commonly referred to as **Pillar 2** add-ons). Compliance with these requirements can be impacted by a range of factors, including the stability of customer deposits, the split between unsecured and secured funding, and the mix of liquidity facilities provided by Monetary Authorities and the concentration of wholesale funding maturity, and may be subject to change in the future. Failure to comply with these liquidity requirements could result in regulatory sanctions and adversely impact the Group’s reputation and prospects.

The Group is subject to the emerging risks associated with climate change

The physical and transition risks of climate change are a developing and growing agenda item for financial institutions globally and an increasing focus for key stakeholders including investors and customers. Climate change, and businesses’ response to the emerging threats, are under increasing scrutiny by governments, regulators and the public alike. These include sooner than anticipated physical risks resulting from changing climate and weather patterns and extreme weather-related events, where the Group, its customer base and the wider economy could be impacted by changes in asset prices, disruption of business activity, as well as transition risks resulting from the process of adjustment towards a lower carbon economy, where the Group and its customer base could be impacted by a range of factors such as changes to consumer behaviour and environmental legislation. There is uncertainty in the scale and timing of technology, commercial and regulatory changes associated with the transition to a low carbon economy. In particular, governments and regulators may introduce increasingly stringent rules and policies designed to achieve targeted outcomes, which could increase compliance costs and reduce credit quality for the Group, if the Group is unable to adapt sufficiently quickly. How the Group assesses and responds to these developments and challenges could increase its costs of business and reduce asset quality, and a failure to identify and adapt its business to meet new rules or evolving expectations could have an adverse impact on the Group’s business, operations and assets.

The Irish legislation and regulations in relation to mortgages, as well as judicial procedures for the enforcement of mortgages, the custom, practice and interpretation of such legislation, regulations and procedures, may result in higher levels of default by the Group’s customers, delays in the Group’s recoveries in its mortgage portfolio and increased impairments

Legislative and regulatory requirements such as the Land and Conveyancing Law Reform (Amendment) Act 2019, the Personal Insolvency Acts (the **Personal Insolvency Acts** as defined below) and the CCMA could result in delays in the Group’s recoveries in respect of its mortgage

portfolio and increased impairments, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

Furthermore, in instances where the Group seeks to enforce security on commercial or residential property (in particular over a principal dwelling house (**PDH**), the Group may encounter significant delays arising from judicial procedures, which often entail significant legal and other costs. Custom, practice and interpretation of Irish legislation, regulations and procedures may also contribute to delays or restrictions on the enforcement of security. The courts or legislature in Ireland may have particular regard to the interests and circumstances of borrowers in disputes relating to the enforcement of security referred to above or sale of their loans which is different to the custom and practice of courts in other jurisdictions. As a result of these factors, enforcement of security or recovery of delinquent loans in Ireland may be more difficult, take longer and involve higher costs for lenders as compared to other jurisdictions, or it may not be feasible for the Court to enforce security.

As of August 2019, the Land and Conveyancing Law Reform (Amendment) Act 2019 (**LCRAA**) has come into force. The LCRAA adopts similar protective measures for home owners as proposed in the Keeping People in their Homes Bill 2017. As a result, the Group will have to meet an increased evidential burden in order to demonstrate why a court order for possession of a mortgaged property would be appropriate in light of the borrower's personal circumstances. This could result in delays in the Group's recoveries in respect of its mortgage portfolio and increased impairments. See also the risk factor entitled "Enforcement of Mortgage Loans". Legislation has also been introduced with regard to loans sold to third parties under the Consumer Protection (Regulation of Credit Servicing Firms) Act 2018, which regulates third party loan acquirers and their loan servicers and may give rise to further implications for future loan sales undertaken by the Group. Further legislation is proposed with regard to loans sold to third parties, such as the No Consent, No Sale Bill 2019 (the **Bill**). The Bill seeks to transpose the Central Bank's Code of Practice on Transfer of Mortgages into statute and would restrict banks from selling residential mortgages without the written consent of the borrower, which may give rise to further implications for future loan sales undertaken by the Group. The Bill had lapsed with the dissolution of the Dáil before the 8 February 2020 election and it is unclear whether the Bill will be picked-up by the current administration.

The Irish Government may also seek to influence how credit institutions set interest rates on mortgages, may amend the Personal Insolvency Acts to reduce the protections currently afforded to mortgage holders thereunder or may enact other legislation or introduce further regulation that affects the rights of lenders in other ways which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects. Furthermore, the laws and regulations to which the Group is already subject could change as a result of changes in interpretation or practice by courts, regulators or other authorities.

In common with other residential mortgage lenders, the Group faces increased supervisory engagement and focus by the Irish Government, the *Oireachtas* and regulators such as the Central Bank and the Competition and Consumer Protection Commission, on its loan book, in particular its residential mortgage book, with respect to such matters as the interest rates it charges on loans. This could result in increased regulation of the Group's loan book which may impact the Group's level of lending, interest income and net interest margin and/or increased operational costs.

Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's business and operations are subject to substantial regulation and supervision and can be negatively affected by its non-compliance with certain existing regulatory requirements and any adverse regulatory and governmental developments

The Group conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations. Future changes in laws, regulation or other policies are unpredictable and beyond the control of the Group and could materially adversely affect the Group's business, financial condition, results of operations and/or prospects.

The Group's operations are contingent upon licences issued by financial authorities in the countries in which the Group operates, including Ireland and the UK. Violations of rules and regulations, whether intentional or unintentional, may lead to the withdrawal of some of the Group's licences, the imposition of constraints on its activities, or the imposition of financial or other penalties. The imposition of significant penalties or the revocation or variation of licences for members of the Group could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and/or prospects.

Regulators and legislators have adopted a wide range of changes to the laws and regulations affecting financial institutions which are designed to address the perceived causes of the global and Eurozone financial crises and to limit systemic risks. The adoption of these new laws and regulations has had, and may in the future continue to have, a material impact on the Group's business, results of operations, financial condition and/or prospects.

Increased regulatory intervention may lead to requests from regulators to carry out wide-ranging reviews. The Group is unable to predict what regulatory changes may be imposed in the future as a result of regulatory initiatives in the EU and elsewhere or by the ECB, the UK Prudential Regulation Authority (the **PRA**) and other supervisory authorities. If the Group is required to make additional provisions or to increase its reserves as a result of potential regulatory changes, or the approach adopted by the regulators of the markets in which the Group operates changes, this could have a material adverse impact on the Group's business, results of operations, financial condition and/or prospects.

The Group is subject to BRRD and SRR

The BRRD, which establishes a framework for the recovery and resolution of credit institutions and investment firms, has been implemented in Ireland by the European Union (Bank Recovery and Resolution) Regulations 2015 and 2019 and in the UK through amendments to the special resolution regime (**SRR**) established under the Banking Act 2009. See further "*Description of the Issuer and the Group – Regulation*" below.

Under the national implementation of the BRRD, competent authorities and resolution authorities are given broad powers with respect to such institutions. Credit institutions to which the BRRD applies that are subsidiaries of other credit institutions to which the BRRD applies, such as Bank of Ireland (UK) plc, may be subject to independent resolution action by their national resolution authorities in addition to (but generally in coordination with) action taken by the resolution authority supervising the parent entity. Any such measures, if used in respect of Bank of Ireland, the Issuer and/or any other member of the Group or any securities of any of the foregoing could have a material adverse effect on Bank of Ireland, the Issuer and/or any other member of the Group, including its shareholders and unsecured creditors, and any market perception or expectation that any such measures may be used may also severely adversely affect the market price of any securities.

Personal Insolvency Legislation

The Personal Insolvency Act 2012 created a regime in Ireland for voluntary negotiated debt resolution options as alternatives to bankruptcy and reduced the timescale for discharge from bankruptcy from twelve years to three years. The bankruptcy term was further reduced from three

years to one year under the Bankruptcy (Amendment) Act 2015. The Personal Insolvency (Amendment) Act 2015 (together with the Personal Insolvency Act 2012, the **Personal Insolvency Acts**) gave new powers to the Courts, in certain circumstances, to review and, where appropriate, approve insolvency proposals that have been rejected by a mortgage lender in relation to a principal private residence. There is a risk that as a result of the Personal Insolvency Acts and amendments to them, borrowers' behaviours may change regarding payment obligations which could have an adverse impact on the Group's results, financial condition, reputation and/or other prospects.

The Group is exposed to market risks such as changes in interest rates including the continuation of the exceptionally low interest rate environment for an extended period, interest rate spreads (or bases) and foreign exchange rates

Market risk is the risk of loss arising from movements in interest rates, foreign exchange rates or other market prices. Market risk arises from the structure of the Group's balance sheet, the Group's business mix and the Group's discretionary risk-taking. The Group recognises that the effective management of market risk is essential to the maintenance of stable earnings, the preservation of shareholder value and the achievement of the Group's strategic objectives. It is Group policy to minimise exposure to market risk, subject to pre-defined limits for discretionary risk. Nonetheless, certain structural market risks remain and, in some cases, are difficult to eliminate fully.

Notwithstanding the overriding objective of running minimal levels of market risk, certain structural elements of interest rate risk in the banking book remain, notably, structural basis risk and the earnings risk that arises from the presence of non-interest bearing or behaviourally fixed-rate assets and liabilities on the balance sheet. In addition, certain economic risks are inherent in the Group's balance sheet, including funding of an element of the Group's Sterling balance sheet from Euro, resulting in a structural currency mismatch exposure. While the Group employs a range of hedging and risk mitigation methods, the Group remains potentially exposed to adverse movements in interest rates, interest rate bases (the differential between variable interest rates), cross currency bases (primarily the cost of borrowing in Euro to fund assets in Sterling) and exchange rates.

The continuance of an exceptionally low interest rate environment for an extended period into the future or a material further reduction in interest rates could adversely affect the Group's financial condition and prospects through the compression of net interest margin, the low absolute level of yields at which certain liabilities are invested, together with the rate at which pension liabilities are discounted. In particular, such conditions may have a material adverse impact on the Group's Common Equity Tier 1 (**CET1**) ratios, which may in turn constrain the Group's ability to carry out its business.

The Group's operations have inherent reputational risk

Reputational risk is the risk to earnings or franchise value arising from an adverse perception of the Group's image on the part of customers, suppliers, counterparties, shareholders, investors, staff, legislators, regulators, partners or the general public.

Reputational risk arises as a direct or indirect consequence of the Group's operations and business. Reputation is not a standalone risk but overlaps with other risk areas and may often arise as a consequence of external events or operational risk related issues.

Reputational issues may arise, for example, as a result of:

- breaching or facing allegations of having breached legal regulatory requirements:

- failing to or facing allegations of having failed to maintain appropriate standards of customer privacy, data protection, customer service and/or conduct towards the customer;
- technology failures that impact upon payment processing, customer services and/or customer accounts;
- regulatory action and/or litigation; or
- other specific events such as media speculation and/or political comment.

A failure to address any such issues appropriately could impact the Group's reputation with key stakeholders with impacts including but not limited to making customers, depositors, counterparties and investors unwilling to do business with the Group. This could adversely affect the Group by causing harm to earnings or franchise value.

The Group is exposed to litigation and regulatory investigation risk

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory investigation and other risk. The Group is and may become involved in various disputes and legal proceedings, including litigation and regulatory investigations. Legal and regulatory actions which could give rise to such risks include actions under the Central Bank's Administrative Sanctions Procedure, or in respect of competition law or data protection legislation including the General Data Protection Regulation (EU) 2016/679.

The Group participated fully in the tracker mortgage examination initiated officially in Ireland in December 2015 by the Central Bank (the **Tracker Review**). The Group undertook the review required under the Tracker Review and provided the requisite report to the Central Bank on 30 September 2016. The Central Bank published its final report on the Tracker Review on 16 July 2019 and confirmed that the supervisory phase of the Tracker Review has now closed, but the Central Bank is continuing its ongoing enforcement investigations in relation to tracker mortgage related issues.

As announced by the Central Bank in its update on the Tracker Review for April 2018, enforcement investigations under the Central Bank's administrative sanctions regime commenced against six lenders, including the Group, in relation to tracker mortgage related issues. The Group is cooperating fully with the Central Bank in relation to the enforcement investigations, however, the timing and nature of the ultimate conclusion of these matters and the potential implications for the Group's business are as yet unknown and could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Disputes, legal proceedings, regulatory investigations and administrative sanctions proceedings are subject to many uncertainties, and their outcomes are often difficult to predict. Any such disputes, proceedings and/or investigations can have adverse effects on the Group, including negative publicity, loss of revenue, litigation, fines, higher scrutiny and/or intervention from regulators, regulatory or legislative action, and loss of existing or potential client business which in turn could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Changes in taxation rates, legislation or practice may lead to adverse consequences for the Group

The Group is subject to various tax rates in various jurisdictions computed in accordance with local legislation and practice. There is a risk that such tax rates, legislation and practice may

change, which could adversely affect the business, financial condition, results of operations and/or prospects of the Group.

Changes in Irish or UK taxation may arise from the Organisation for Economic Co-operation and Development (**OECD**) Base Erosion and Profits Shifting (**BEPS**) project and the EU Anti-Tax Avoidance Directives (**ATAD1** and **ATAD2**). The detail of these changes is not yet clear in all cases and there remains potential for them to have an adverse impact on the Group's financial position.

There is also a risk associated with possible misinterpretation of tax laws. This could result in an increase in tax charges or the creation of additional tax liabilities. Failure to manage the risks associated with changes in the taxation rates or law, or misinterpretation of the law, could materially adversely affect the Group's business, financial condition, results of operations and/or prospects. The Group is also exposed to the risk that tax authorities may take a different view to the Group on the treatment of certain items, which could result in unexpected charges arising for the Group.

In accordance with applicable accounting rules, the Group has recognised deferred tax assets on losses available to relieve future profits to the extent that it is probable that such losses will be utilised. The assets are quantified on the basis of current tax legislation and are subject to change in respect of the tax rate or the rules for computing taxable profits and allowable losses. A failure to generate sufficient future taxable profits or changes in tax legislation may reduce significantly the recoverable amount of the deferred tax assets currently recognised in the financial statements.

The Finance Act (No 2) 2013 introduced a bank levy on certain financial institutions, including the Group. An income statement charge is recognised annually on the date on which all of the criteria set out in the legislation are met. The Finance Act 2019, enacted in December 2019, revised the basis on which the levy would be calculated for the years 2019 to 2021. The revised levy currently equals 170 per cent. of each financial institution's Deposit Interest Retention Tax (**DIRT**) payments in a particular year, with the revised levy for 2019 and 2020 to be based on the DIRT payments made in 2017 and the revised levy for 2021 to be based on the DIRT payments made in 2019. An annual levy of €34 million was paid by the Group in October 2019 (October 2018: €29 million). The annual levy that will be paid by the Group in October 2020 is €35 million

In the UK, a bank levy was introduced with effect from 1 January 2011 for all UK banks, building societies and foreign banks operating in the UK through a subsidiary, including Bank of Ireland's subsidiaries. The levy is charged at different rates on the short-term chargeable liabilities and long-term chargeable equity and liabilities as reported in the relevant balance sheet at the end of the chargeable period. In 2017, further changes to the UK bank levy were announced, to take effect from 1 January 2021. Broadly this will result in the overseas activities of UK headquartered banks no longer being subject to the UK bank levy. The levy is payable with corporation tax in quarterly instalment payments. Any increase or amendment to the method of calculation of the bank levies (as referred to above), if implemented, may adversely impact the business, results of operations, financial condition and/or prospects of the Group.

The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel and the restrictions imposed on remuneration by government, tax or regulatory authorities or other factors outside the Group's control may adversely impact the Group's ability to attract and retain such personnel

The Group is currently operating under a number of significant Remuneration Restrictions to which all directors, senior management, employees and certain service providers across the Group are subject. The Remuneration Restrictions place the Group at an increasing and material competitive disadvantage in seeking to retain and attract staff, particularly those with certain skill sets and in international locations.

The Remuneration Restrictions were contained within the Covered Institutions Financial Support Scheme 2008 and the 'Minister's Letter' (July 2011), under which the Group gave a number of commitments and undertakings to the Minister for Finance in respect of remuneration practices. The Minister's Letter was a further condition of the Transaction and Underwriting Agreement entered into with the Irish Government (July 2011) during the 2011 recapitalisation of the Group.

As a result of the Remuneration Restrictions, the Group is currently unable to provide a fixed/variable remuneration mix, which results in risks in terms of attraction, retention and alignment with the needs of the business and some restrictions on the application of discretion and inflexibilities with the cost base. If the Group fails to recruit and retain skilled and qualified people, its businesses may be negatively impacted. The Group considers itself to be in compliance with the Remuneration Restrictions.

In addition, even in the absence of the Remuneration Restrictions, the excess bank remuneration charge on Republic of Ireland tax residents in covered institutions, where variable pay exceeds €20,000 per annum, impacts the application of the Group Remuneration Policy.

A potential outcome of the UK's withdrawal from the EU could be a material inflow of foreign institutions into Ireland which may impose stress on the Group's ability to retain key members of its management team and skilled personnel.

The Group's ability to recruit, attract and retain skilled and qualified people could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

A deterioration in employee relations could adversely affect the Group

A significant number of the Group's employees are members of trade unions. The Group currently consults and negotiates with its employees and their representatives regarding pay, pensions, work practices, organisational change, and terms and conditions of employment. The Group recognises that challenges may arise in relation to pay, pensions and terms and conditions of employment which may need to be resolved through established industrial relations fora. In the event that the Group becomes subject to industrial action or other labour conflicts, including strikes or other forms of industrial actions, this may result in a disruption to the Group's business and may adversely affect the business, results of operations, financial condition and/or prospects of the Group.

Changes in financial reporting standards or policies could materially adversely affect the Group's reported results of operations and financial condition and may have a material adverse effect on capital ratios

The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with those parts of the Companies Act applicable to companies reporting under IFRS and with the European Union (Credit Institution: Financial Statements) Regulation, 2015 and, accordingly, from time to time the Group is required to adopt new or revised accounting standards as adopted by the EU.

IFRS 17 'Insurance contracts' has an effective date for financial periods beginning on or after 1 January 2023. The standard is also still subject to endorsement by the EU. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosures of insurance contract liabilities, ensuring an entity provides relevant information that faithfully represents those contracts. The Group began a business and financial assessment of the impacts of IFRS 17 during 2018 and following this a project team was established to enable the successful implementation of IFRS 17.

The Group expects that IFRS 17 is likely to have a significant adverse impact on the recognition, measurement and presentation of the insurance business in the financial statements.

The implementation of this and/or any other new or amended accounting standards, policies or practices could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects and may have a corresponding adverse effect on its capital ratios.

The Group's life assurance business is subject to inherent insurance risks, as well as market conditions generally

The Group's life assurance business is operated through New Ireland Assurance Company plc (**NIAC**), an independent regulated subsidiary of Bank of Ireland which distributes protection, investment and pension products through independent brokers and the Group's distribution channels, including Private Banking as a tied agent of NIAC.

Life insurance risk is the potential volatility in the amount and timing of insurance claims caused by unexpected changes in mortality, longevity and morbidity. Mortality risk is the risk of deviations in timing and amounts of cash flows due to the incidence of death claims. Longevity risk is the risk of such deviations due to increasing life expectancy trends among policy holders and pensioners, resulting in pay-out ratios higher than originally expected. Morbidity risk is the risk of deviations in timing and amount of claims by policy holders due to the incidence of disability and sickness.

The Group's life assurance business is also subject to persistency risk which is the risk that policyholders may not continue with their policy, or may do so at a reduced level of premium, in which case a lower future income stream than envisaged is received from the provision of insurance services at the inception of the contract.

Insurance claims are subject to unpredictable events and the actual number and amount of claims and benefits will vary from year to year from the estimate established using actuarial and statistical techniques.

The Group's life assurance business is further subject to risks relating to the volatility in the value of the underlying assets held to meet its liabilities. The risks associated with the Group's life assurance business could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

Risks in relation to Technology

Rapidly shifting consumer behaviours and the proliferation of internet, social and device (mobile, tablet, wearable) technologies are changing the way customers research, purchase and maintain the products and services they consume in their day to day lives, and this is reflected in the evolving banking models for consumers and businesses, both in Ireland and internationally. These developments affect the manner in which customers manage their financial affairs and core products (from operating accounts to deposits to credit facilities and wealth management instruments).

Money transmission and data driven integrated services are also forecast to evolve rapidly in the coming years with numerous new players entering the payments environment, facilitated by regulatory and market forces such as the revised Payment Services Directive (EU) 2015/2366 (**PSD2**) which aims to reduce fraud while opening up payment markets to new entrants. The deadline for compliance with the Regulatory Technical Standards including Strong Customer Authentication for electronic commerce card-based payment transactions under the PSD2 Directive is 31 December 2020.

Analytically driven and customer focussed new entrants are changing the way financial services companies are approaching their routes to market, service and fulfilment value chains, operating models and core competencies so that they remain relevant and compete in the newly consumerised and digital arena.

An inability of the Group to respond to external developments in a timely manner or any rigidity in the Group's operating model preventing an appropriate response could lead to a deterioration in the Group's results, financial conditions and prospects.

Risks in relation to Irish Government Shareholding

The Irish Government, through the Ireland Strategic Investment Fund (the **ISIF**), holds a circa 14 per cent discretionary shareholding in BOIG plc, and through the Relationship Framework dated 30 March 2012 between the Minister for Finance and Bank of Ireland (the **Relationship Framework**), could exert a significant level of influence over the Group. In March 2017, as part of the corporate reorganisation of the Group, BOIG plc agreed to be bound by and comply with certain provisions of the Relationship Framework in relation to the Ministerial consent, consultation process and the Group's business plan. The ISIF could exercise its voting rights in respect of its holding of ordinary shares in BOIG plc in a manner which is not aligned with the interests of the Group or its other shareholders. The Group has also given certain undertakings to the Minister for Finance (the **Undertakings**) in respect of its lending, corporate governance and remuneration. Actions on foot of the ISIF investment and the Undertakings could require the Group to implement operational policies that could adversely affect the Group's results, financial condition and prospects.

Factors which are material for the purpose of assessing the market risks associated with the Programme and the Securities

Reliance on Irish Mortgage Covered Securities Legislation

The protection afforded to the Security holders by means of a preference on the Cover Assets included in the Issuer's Pool is based only on the ACS Acts.

Any amendments to or repeal of provisions of the ACS Acts could adversely affect the protection afforded to the Security holders under the ACS Acts.

Secondary Market for Mortgage Covered Securities

No assurance can be given as to the existence, continuation or effectiveness of any market-making activity or as to whether any secondary market or liquidity may develop with respect to the Securities.

Although application may be made to list the Securities on the Official List and to admit the Securities to trading on, in the case of Securities that are not Exempt Securities, the regulated market, and in the case of Exempt Securities, the Global Exchange Market of Euronext Dublin, Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and

more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Securities.

In addition, investors should be aware of the prevailing global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Securities. The Issuer cannot predict when these circumstances will change or, if and when they do, whether conditions of general market liquidity for the Securities and instruments similar to the Securities will return in the future. As a result there exist significant additional risks to the Issuer and investors in the Securities which may affect the returns on the Securities to investors.

Securities Obligations of the Issuer only

Securities will constitute unsubordinated obligations of the Issuer secured by a statutory preference under the ACS Acts on the Pool maintained by the Issuer. The Securities will not represent an obligation or be the responsibility of any of the Arrangers or the Dealers or any person other than the Issuer. The Issuer will be liable solely in its corporate capacity for its obligations in respect of the Securities and such obligations will not be the obligations of its officers, members, directors, employees, agents, security holders or incorporators.

An investment in Securities involves a reliance on the creditworthiness of the Issuer. Although the Issuer is an unlimited company and Bank of Ireland is a member of the Issuer, Bank of Ireland is not a guarantor in respect of the Securities and Security holders will have no right of recourse against Bank of Ireland. The Securities are not guaranteed by Bank of Ireland or any other person. Only the liquidator of the Issuer, or the courts, may proceed against Bank of Ireland to require it as a member of an unlimited company to make a contribution on the winding-up of the Issuer (see *Insolvency of Institutions – Consequences of Issuer's Status as Unlimited Company*).

Extended Maturity of the Securities

Unless the rating agencies then appointed by the Issuer to provide credit ratings in respect of the Securities agree otherwise, an Extended Maturity Date will apply to each Series of Securities issued under the Programme. If an Extended Maturity Date is specified in the applicable Final Terms or Pricing Supplement as applying to a Series of Securities and the Issuer fails to redeem at par all of those Securities in full on the Maturity Date, the maturity of the principal amount outstanding of the Securities will automatically be extended on a monthly basis for up to one year to the Extended Maturity Date, subject as otherwise provided in the applicable Final Terms or Pricing Supplement. In that event, the Issuer may redeem at par all or part of the principal amount outstanding of those Securities on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date, subject as otherwise provided in the applicable Final Terms or Pricing Supplement. In that event also, the interest payable on the principal amount outstanding of those Securities will change as provided in the applicable Final Terms or Pricing Supplement and such interest may apply on a fixed or floating basis. The extension of the maturity of the principal amount outstanding of those Securities from the Maturity Date up to the Extended Maturity Date will not result in any right of Security holders to accelerate payments on those Securities or constitute an event of default for any purpose and no payment will be payable to the Security holders in that event other than as set out in the Terms and Conditions of the Securities (see *Terms and Conditions of the Securities*) as completed by the applicable Final Terms or Pricing Supplement.

Sharing of Pool

The Cover Assets included in the Pool benefit not only the holders of the Securities but also other preferred creditors of the Issuer. These preferred creditors are all other holders of the Issuer's Mortgage

Covered Securities whether outstanding now or in the future, counterparties under cover assets hedge contracts now and in the future (provided that such counterparties fulfil their financial obligations under the relevant cover assets hedge contracts), the Monitor, any manager appointed to the Issuer and any Pool security trustee appointed by the Issuer, whether now or in the future. None of the Cover Assets in the Pool are or will be exclusively available to meet the claims of the holders of the Securities ahead of such other preferred creditors of the Issuer now or in the future. In addition, the claims of super-preferred creditors of the Issuer (being the Monitor, any such Pool security trustee and any such manager appointed to the Issuer) rank ahead of those of other preferred creditors.

Dynamic Nature of the Pool

The Pool may contain mortgage credit assets, substitution assets and cover assets hedge contracts, subject to the limitations provided for in the ACS Acts. At the date of this Base Prospectus, the Pool contains mortgage credit assets, substitution assets and cover assets hedge contracts in accordance with the ACS Acts. The ACS Acts permit the composition of the Pool to be dynamic and do not require it to be static. Accordingly, the composition of mortgage credit assets (and other permitted assets) comprised in the Pool will change from time to time in accordance with the ACS Acts. A mortgage credit asset or substitution asset may only be included in or removed from the Pool if the Monitor agrees to its inclusion or removal and it is permitted by the ACS Acts. Accordingly, any alterations to mortgage credit assets or substitution assets comprised in the Pool from time to time will require the Monitor's approval. See Cover Assets Pool and Requirements under the ACS Acts.

Types of mortgage credit assets that are included in the Pool may change

A mortgage credit asset includes a loan secured over commercial property as well as one secured over residential property and also includes a mortgage credit asset in securitised form (**securitised mortgage credit assets**) namely residential mortgage backed securities (**RMBS**) or commercial mortgage backed securities (**CMBS**). Accordingly, subject to the limits set out in the ACS Acts, the Pool may include mortgage credit assets comprising loans secured over commercial property or CMBS or RMBS. At the date of this Base Prospectus, the Issuer has not and does not propose to include CMBS or RMBS in the Pool or to acquire or make loans which are primarily secured over commercial property or accordingly, to include mortgage credit assets comprising such loans in the Pool, as permitted by the ACS Acts. However, that position may change and no restrictions will apply to the Issuer acquiring or making mortgage credit assets the related loans under which are secured on commercial property or to the inclusion of those mortgage credit assets or CMBS or RMBS in the Pool, other than restrictions which apply under the ACS Acts. See *Restrictions on the Activities of an Institution, Cover Assets Pool and Requirements under the ACS Acts/Overcollateralisation*.

Location of property related to mortgage credit assets may change

The ACS Acts permit the inclusion in the Pool of mortgage credit assets and substitution assets which are located for the purposes of the ACS Acts outside of Ireland subject to certain restrictions provided for in the ACS Acts. At the date of this Base Prospectus, the Pool includes mortgage credit assets, the related residential properties under which are situated in Ireland. However, the location (for the purposes of the ACS Acts) of mortgage credit assets which are included in the Pool may change and no restriction will apply to the Issuer acquiring or making mortgage credit assets, the related properties under which may be situated outside Ireland, or to the inclusion of relevant mortgage credit assets in the Pool, other than those restrictions which apply under the ACS Acts (see *Restrictions on the Activities of an Institution and Cover Assets Pool and Requirements under the ACS Acts*) and any applicable rating agency requirements.

Counterparty to substitution assets/cover assets hedge contracts may change from Bank of Ireland

The ACS Acts permit the inclusion in the Pool of substitution assets and cover assets hedge contracts subject to certain restrictions under the ACS Acts. At the date of this Base Prospectus, the substitution assets comprised in the Pool are deposits with Bank of Ireland in Dublin. The cover assets hedge contracts comprised in the Pool (the **Pool Hedge**) have been entered into by the Issuer with Bank of Ireland. The Issuer expects that position to continue. However, that position may change and substitution assets or cover assets hedge contracts may be made by the Issuer with counterparties other than Bank of Ireland, subject to the restrictions in the ACS Acts and any applicable rating agency requirements. See *Restrictions on the Activities of an Institution and Cover Assets Pool and Requirements under the ACS Acts*.

Cover assets hedge contracts

The Pool Hedge at the date of this Base Prospectus only hedges the interest rate exposure with respect to, on the one hand, mortgage credit assets located in Ireland for the purposes of the ACS Acts and which are secured on Irish residential property, denominated in euro and included in the Pool and on the other Mortgage Covered Securities denominated in euro. If the Issuer includes in the Pool mortgage credit assets which are secured on commercial property, mortgage credit assets (whether secured on residential property or commercial property) which are located outside of Ireland for the purposes of the ACS Acts, mortgage credit assets or RMBS or CMBS not denominated in euro, or issues Mortgage Covered Securities not denominated in euro, the Pool Hedge would not hedge any interest rate risk nor, as applicable, currency risk, associated with those assets or, as applicable, Mortgage Covered Securities unless further hedging transactions were entered into under the Pool Hedge. The Issuer is not required under the ACS Acts to enter into cover assets hedge contracts and appropriate hedging transactions may not be available to the Issuer. In those circumstances any interest rate risk or currency risk associated with those assets or Mortgage Covered Securities would be unhedged and could lead to the Issuer suffering losses.

Default of Issuer's assets

Default of the Issuer's assets (in particular of Cover Assets comprised in its Pool) could jeopardise the Issuer's ability to make payments in full or on a timely basis on the Securities. Historic difficulties in the Irish economy has had a negative effect on the market for residential property, with prices remaining lower than previous peak notwithstanding recent moderate price recovery against the backdrop of limited, albeit increasing, property supply. In addition, the increased level of unemployment resulting from the Irish and global economic downturn had an adverse impact on borrowers' ability to repay loans.

If, following a default of a borrower, the Issuer enforces security for a residential loan included in the Pool, the Issuer may incur a loss if the net recovery proceeds on such enforcement are insufficient to redeem the outstanding loan. The Pool is overcollateralised and the Issuer has the ability to substitute assets to and from its Pool. However, if a material amount of Cover Assets in the Issuer's Pool was to default, there is no guarantee that the required level of overcollateralisation could be maintained or that the Issuer would be in a position to substitute non-defaulting assets for the defaulting assets. In that event, the Pool could deteriorate to the extent, as noted above, that the Issuer would not be able to make payments in full or on a timely basis on the Securities.

In March 2020, the World Health Organisation declared the outbreak of Covid-19 to be a global pandemic. Measures were adopted by governments and national regulators with a view to containing the spread of Covid-19, including travel bans, shut-downs of businesses and workplaces, quarantine and elective self-isolation; leaving large parts of many economies, including the Irish and UK economies, effectively closed. The extent of these and any further restrictions that have been and are being imposed, and the actual timing of lifting of all restrictions, are as yet unknown but may impact borrowers' ability to

repay loans. See the risk factors entitled "*The Covid-19 pandemic is having a material adverse effect on the Issuer and the Group*" and "*The Covid-19 pandemic is having a material adverse effect on the Group*".

No event of default on or acceleration of the Securities

The Terms and Conditions of the Securities do not contain any event of default, nor do they give the holders of the Securities or any other person the right to accelerate the obligations of the Issuer under the Securities.

Further, Part 7 of the 2001 Act provides, among other things, that, in the event that an Institution or its parent entity or related company becomes subject to an insolvency process, all Mortgage Covered Securities issued by the Institution remain outstanding, subject to the terms and conditions specified in the documents under which those Mortgage Covered Securities are created. (See *Insolvency of Institutions - Effect under the ACS Acts of insolvency, potential insolvency or insolvency process with respect to an institution*).

No due diligence

Neither the Arrangers nor the Dealers have or will undertake any investigations, searches or other actions in respect of any Cover Assets contained or to be contained in the Pool but will instead rely on representations and warranties provided by the Issuer in the Programme Agreement (see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*).

Value of security over residential property

The security for a residential loan included in the Pool consists of, amongst other things, the security in favour of the Issuer over the borrower's interest in related residential property (a **Property**). The value of this security and accordingly, the level of recoveries on an enforcement of the security, may be affected by, among other things, a decline in the value of residential property, the priority of the security relative to other security (if any) over the same property, deficiencies in the borrower's title to the property secured, regulatory requirements applicable to enforcement of such security, changes in law, regulation or government policy and decisions of the courts relevant to a particular security or to such type of security generally.

No assurance can be given that the values of relevant residential properties will not decline or since origination have not declined. In particular, the downturn in the global and Irish economy had a negative effect on the Irish housing market resulting in a significant fall in the property prices in Ireland from the peak in 2007. Additionally, no assurance can be given as to whether other creditors may have a security interest senior to the Issuer's. Where the Issuer enforces security over a residential property, realisation of that security is likely to involve sale of that residential property with vacant possession.

The ability of the Issuer to dispose of a residential property without the consent of the borrower will depend on the applicable law at the relevant time, regulatory requirements in respect of residential mortgage enforcement, a court granting vacant possession and an order for sale, the relevant property market conditions at the relevant time and the availability of buyers for the relevant residential property. Accordingly, no assurance can be given that the Issuer will be able to realise the value of its security in full or in a timely manner. (See the risk factors entitled – "*Enforcement of mortgage loans*" and "*The Irish legislation and regulations in relation to mortgages, as well as judicial procedures for the enforcement of mortgages, the custom, practice and interpretation of such legislation, regulations and procedures, may result in higher levels of default by the Group's customers, delays in the Group's recoveries in its mortgage portfolio and increased impairments*").

Enforcement of mortgage loans

In order to enforce a power of sale in respect of a mortgaged property, the relevant mortgagee (the lender or receiver appointed by the lender) will first need to obtain possession of such property. There are two means of obtaining possession under Irish law: (i) by taking physical possession without a court order (seldom done in practice) and (ii) by applying for, obtaining and enforcing a court order for possession.

A court order for possession will be required in practice to obtain possession of primary residences and family homes / shared homes and, in certain cases non-primary residences where the borrower is a consumer. In considering an application for a possession order, an Irish court has a very wide discretion. For example, an Irish court has certain powers to adjourn possession proceedings, to stay any possession order and to postpone the date for delivery of possession. In general, an Irish court would be likely to exercise such powers in favour of a borrower where it appears to the court that such borrower is likely to be able, within a reasonable period, to pay any sums due under his mortgage loan or to remedy any default consisting of a breach of any other obligation arising under or by virtue of such mortgage loan.

It should also be noted that a practice direction issued by the Irish Circuit Court pursuant to the Circuit Court Rules entitled '*Actions for Possession*' provides that no order for possession shall be made on the return date (i.e. the first hearing date) but rather the proceedings shall be adjourned to such later date as the County Registrar considers just in the circumstances. This has the effect of an automatic delay on possession proceedings.

Under the Land and Conveyancing Law Reform Act 2013 (the **2013 Act**) actions for possession relating to the principal private residence (**PPR**) may in certain cases be adjourned where it is considered by the court that the matter could be resolved by recourse to a personal insolvency arrangement under the Personal Insolvency Acts (see the risk factor entitled "*Personal Insolvency Acts*" below). In the event that a lender does not implement a proposal put forward by a personal insolvency practitioner, a court could use its discretionary powers to delay granting an order for possession.

Since the commencement of the LCRRA in August 2019, before granting an Order for Possession where the matter has been adjourned, or has previously been adjourned for the borrower to take steps under the Personal Insolvency Acts and where the Borrower has engaged in good faith, in certain circumstances the Court must consider:

- (a) whether the making of the order would be proportionate in all the circumstances (in this regard the Court's considerations can include: the total amount that remains to be paid to the mortgagee on foot of the mortgage or any associated loan agreement; the amount of arrears of payments due on foot of the mortgage; and the advised market value of the principal private residence on the date on which proceedings were commenced);
- (b) the circumstances of the borrower and his or her dependants (if any) in respect of whom the principal private residence the subject of the proceedings is their principal private residence;
- (c) whether the mortgagee has made a statement to the borrower of the terms on which the mortgagee would be prepared to settle the matter in such a way that the borrower and his or her dependants could remain in the principal private residence;
- (d) the details of any proposal made, whether prior to or following the commencement of the proceedings by, or on behalf of, the borrower to enable the borrower and his or her

dependants (i) to remain in the principal private residence, including any proposal for participation by the borrower in a designated scheme, or (ii) to secure alternative accommodation;

(e) the response, if any, of the mortgagee to the borrower's proposal; and

(f) the conduct of the parties to the mortgage in any attempt to find a resolution to the issue of dealing with arrears of payments due on foot of the mortgage.

While Courts would have previously taken the above factors into account, the LCLRA now puts the requirement to consider these factors on a statutory footing. Accordingly a mortgagee seeking an order for possession will be required to address these issues where applicable in evidence by way of affidavit.

Where an order for possession is granted by a court, a sheriff will arrange for such orders to be effected. This can result in a delay of a number of months between the granting of the order and its execution.

Accordingly, assuming that security over the borrower's interest in a Property provides adequate security for a residential loan included in the Pool, delays could be encountered in connection with enforcement and recovery of the loan, resulting in corresponding delays in the receipt of related proceeds by the Issuer. Such delays could adversely affect the ability of the issuer to make payments on the Securities on a timely basis.

Code of Conduct on Mortgage Arrears and Consumer Protection Code

The Code of Conduct on Mortgage Arrears (**CCMA**) is a statutory code of practice relevant to the enforcement of residential mortgages over a borrower's primary residence by mortgage lenders (including the Issuer) - see *Certain Aspects of Regulation of Banks and Residential Lending in Ireland – Code of Conduct on Mortgage Arrears*. A primary residence is either a residential property occupied by the borrower as primary residence, or any other residential property if it is the only residential property in the State owned by the borrower. The CCMA applies to the activities of the Issuer and to Bank of Ireland as Mortgage Servicer (as defined in *Irish Residential Loan Origination and Servicing – Mortgage Servicing* below). The CCMA requires lenders to establish a Mortgage Arrears Resolution Process (**MARP**) as a framework for handling mortgage arrears and pre-arrears and provides for a timeline that lenders must keep to before resorting to legal action against a borrower.

Accordingly, the CCMA affects the timeline and the procedure for the Issuer's enforcement of its security over a borrower's primary residence. Unless the borrower has perpetrated a fraud or breached a term of contract (other than a breach resulting in arrears) or the lender has classified the borrower as not co-operating and has notified the borrower thereof, a lender may only commence legal action for repossession at the later of (i) 8 months from the first date of arrears or (ii) 3 months from the date of a letter from the lender to the borrower advising the borrower that forbearance has been declined or that the borrower has failed to enter into an offered alternative repayment arrangement.

In addition, lenders are restricted from imposing charges and/or surcharge interest on arrears arising on a mortgage account in arrears to which the CCMA applies and in respect of which a borrower is co-operating reasonably and honestly with the lender under the MARP.

The Consumer Protection Code (the **CPC 2012**) - see *Certain Aspects of Regulation of Banks and Residential Lending in Ireland – Consumer Protection Code* - sets out conditions as to

how lending institutions must deal with and treat personal consumers who are in arrears, on a range of loans, including residential investment loans. However, the Consumer Protection Code does not apply to the extent that the loan is a mortgage loan to which the CCMA applies.

As a result of the operation of the CCMA the Issuer may face delays in the enforcement and recovery of loans in arrears. Such delays could adversely affect the receipt of loan related proceeds by the Issuer, which could in turn adversely affect the Issuer's ability to make timely payments on the Securities.

Personal Insolvency Acts

The Personal Insolvency Acts introduced a framework for personal insolvency and for the settlement and enforcement of personal debt, including, through the PIA (as defined below), residential mortgage debt. The Personal Insolvency Acts provide for three Court approved debt resolution options for borrowers deemed under the provisions of the Personal Insolvency Acts to have unsustainable indebtedness levels. These three debt resolution options are alternatives to bankruptcy and are in summary:

- (a) a Debt Relief Notice (**DRN**) which provides for the write-off of qualifying unsecured debt (including for example credit card debt and overdrafts) up to €35,000;
- (b) a Debt Settlement Arrangement (**DSA**) which covers unsecured debt without a limit on the amount of debt; and
- (c) a Personal Insolvency Arrangement (**PIA**) for the agreed settlement of both secured and unsecured debt of (secured is subject to a cap of €3,000,000 unless the cap is waived by an agreement of all secured creditors), including residential mortgage debt. The Personal Insolvency Acts provide that a borrower who has entered a mortgage restructure is not excluded from applying for a PIA, should the restructure not succeed in returning the borrower to solvency.

The Personal Insolvency Acts regime may result in the restructuring of the principal amount outstanding of the secured debt (which would include mortgage debt) of a borrower who completes a PIA and could also affect the enforcement of mortgages over residential property, and accordingly may have an adverse effect on the ability of the Issuer to fully recover amounts due under the Loans, which in turn may adversely affect the Issuer's ability to make payments under the Securities.

Mortgage Arrears Resolution Targets

The Central Bank Mortgage Arrears Resolution Targets (**MART**) framework, published on 13 March 2013, outlines public targets for resolution of mortgage cases in arrears greater than 90 days, against which "Specified Credit Institutions" (as defined therein, and including the Issuer and Bank of Ireland) must measure themselves.

Within this MART framework document, the Central Bank noted that in order for the Specified Credit Institutions to convey their risk profile comprehensively to market participants, Specified Credit Institutions shall publicly disclose the level of compliance with these targets.

The Central Bank described the initiative, within the MART framework document, as ensuring Specified Credit Institutions offer and conclude sustainable solutions for their customers in arrears by setting specific performance targets.

The quarterly target for the number of terms being met by customers in respect of forbearance, restructures and PIAs as set by the Central Bank are 75% of the loans in forbearance / restructures and PIAs at previous quarter end and may adversely affect the ability of the Issuer to fully recover amounts due.

Since 2016 the Issuer and Bank of Ireland have been operating under a revised framework, the Sustainable Mortgage Resolution Template (**SMRT**). SMRT does not set out public targets for the number of terms being met by the customer. In the context of the SMRT return, at 31 December 2019, complying with the calculations stipulated by the Central Bank, the Group has met all relevant targets for number of terms being met.

Amortisation of mortgage credit assets

Loans comprised in mortgage credit assets which are included from time to time in the Pool are and will generally be subject to amortisation of principal on a monthly or other periodic basis. They are also subject to early repayment of principal at any time in whole or part by the relevant borrowers, subject in the case of loans carrying a fixed interest rate in certain circumstances to the payment by the borrower of compensation related to the fixed interest rate. In addition, loans comprised in mortgage credit assets which are included in the Pool will generally have interest payable on a monthly basis. Payments of principal on mortgage credit assets as set out above results in the Issuer having to include further mortgage credit assets and/or substitution assets in the Pool on a regular and ongoing basis in order for the Issuer to comply with the financial matching and regulatory overcollateralisation requirements under the ACS Acts and with contractual undertakings in respect of overcollateralisation.

If the Issuer is unable to continue to include sufficient further mortgage credit assets and/or substitution assets in the Pool in order to replace loans that have amortised or been repaid, the Issuer may be unable to maintain the financial matching and overcollateralisation of the Cover Pool, which could adversely affect the ability of the Issuer to carry on its business and the market value of the Securities. (see *Cover Assets Pool and Requirements under the ACS Acts*).

The Securities may not be a suitable investment for all investors

In general, the Securities are a suitable investment only for those investors who:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its, his or her particular financial situation, an investment in the Securities and the impact the Securities will have on its, his or her overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities including Securities with principal or interest payable in one or more currencies or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and are familiar with the behaviour of any relevant indices and financial markets;
- (v) are able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its, his or her investment and its, his or her ability to bear the applicable risks; and

- (vi) understand that a wide range of Securities may be issued under the Programme and consider the terms of Securities before investing.

Risks applicable to certain types of Exempt Securities

There are particular risks associated with an investment in certain types of Exempt Securities, such as securities in respect of which the amounts payable are calculated by reference to an index or formula (**Index Linked Securities**) or securities which are subject to exchange rate risk (**Dual Currency Securities**). In particular, an investor might receive less interest than expected or no interest in respect of such Exempt Securities and may lose some or all of the principal amount invested by it.

The Issuer may issue Exempt Securities with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Exempt Securities with principal or interest payable in one or more currencies which may be different from the currency in which the Exempt Securities are denominated. Potential investors should be aware that:

- (i) the market price of such Exempt Securities may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Exempt Securities in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Exempt Securities. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Exempt Securities linked to a Relevant Factor and the suitability of such Securities in light of its particular circumstances.

Where Exempt Securities are issued on a partly paid basis (Partly Paid Securities), an investor who fails to pay any subsequent instalment of the issue price could lose all of his investment

The Issuer may issue Exempt Securities where the issue price is payable in more than one instalment. Any failure by any investor to pay any subsequent instalment of the issue price in respect of his Exempt Securities could result in such investor losing all of his investment.

Exempt Securities which are issued with variable interest rates which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities

Exempt Securities with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Securities will have more volatile market values than conventional Floating Rate Securities

Inverse floating rate Securities have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR (**Inverse Floating Rate Securities**). The market values of those Securities typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Securities are more volatile because an increase in the reference rate not only decreases the interest rate of the Securities, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Securities.

Organisation for Economic Co-operation and Development (OECD) Common Reporting Standard

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard (**CRS**) to address the issue of offshore tax evasion on a global basis. Aimed at maximising efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions obtain from reporting financial institutions, and automatically exchange with the tax authorities in partner jurisdictions on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges began in 2017. Ireland has implemented the CRS. As a result, the Issuer may be required to comply with the CRS due diligence and reporting requirements, as adopted by Ireland. Security Holders may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS.

Change of Law

The Securities are governed by Irish law and the security in the Pool conferred on the Securities relies, on the date of this Base Prospectus, exclusively on the ACS Acts. No assurance can be given as to the impact on the Securities of any possible judicial decision or change to Irish law (including the ACS Acts or any legislation relating to the regulation of mortgage pricing) or administrative practice after the date of this Base Prospectus.

Interest rate risks

Investment in Fixed Rate Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Securities.

Credit ratings may not reflect all risks

One or more independent credit rating agencies will assign credit ratings to the Securities. These ratings may not reflect the potential impact of all risks related to structure, market, the additional factors discussed above, and other factors that may affect the value of the Securities. If the status of the rating

agency rating of the Securities changes, EU (including the UK) regulated investors may no longer be able to use the rating for regulatory purposes and the Securities may have a different regulatory treatment. This may result in EU (including the UK) regulated investors selling the Securities which may impact the value of the Securities and any secondary market. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. A rating agency may lower or withdraw its rating of the Securities and that action may reduce the market value of the Securities. If relying on credit ratings only in their assessment of the Issuer or the Securities, investors are at risk of material inaccuracies in their assessment.

Legal investment considerations may restrict certain investments

In the case of investors, the investment activities of which are subject to legal investment laws and regulations, or review or regulation by certain authorities, no assurance can be given as to whether Securities are legal investments for such investor, Securities can be used as collateral for various types of borrowing by such investor, any other restrictions apply to the purchase or pledge of any Securities by such investor or as to the risk weighting of the Securities for investors who are or may become subject to capital adequacy requirements.

Because the Global Securities are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfers, payments and communication with the Issuer

Securities issued under the Programme may be represented by one or more Global Securities. Such Global Securities will be deposited with a common depositary, or, as applicable, as common safekeeper, for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**) (together, the **Clearing Systems**). Except in the circumstances described in the relevant Global Security, investors will not be entitled to receive Securities in definitive form. The Clearing Systems will maintain records of the beneficial interests in the Global Securities. While Securities are represented by one or more Global Securities, investors will be able to trade their beneficial interests only through the Clearing Systems.

Trading in the Clearing Systems

In relation to any issue of Securities issued in global form which have a minimum denomination and are tradable in the Clearing Systems in amounts above that minimum denomination, but those tradable amounts are not integral multiples of that minimum denomination, those Securities may be traded in principal amounts which are not integral multiples of that minimum denomination. If those Securities are required to be exchanged into Securities in definitive form, a holder of Securities who, as a result of trading such amounts, holds a principal amount of Securities which is not an integral multiple of the minimum denomination will not receive a Security in definitive form in respect of the principal amount of Securities in excess of the principal amount equal to the nearest integral multiple of the minimum denomination held by that holder, unless that holder purchases a further principal amount of Securities such that the aggregate principal amount of its holding then becomes an integral multiple of the minimum denomination. The Issuer does not authorise in any circumstances the trading of Securities in a principal or nominal amount less than the applicable minimum denomination specified in the applicable Final Terms or Pricing Supplement.

Interests of the Dealers

In the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities

and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Securities issued under the Programme. Any such short positions could adversely affect future trading prices of Securities issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

New Global Note Form Securities

Though the New Global Note form (for bearer notes) and the New Safekeeping Structure (for registered notes) have been introduced to allow for the possibility of Securities being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for Eurosystem and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

The regulation and reform of “benchmarks” may adversely affect the value of Securities linked to or referencing such “benchmarks”. The Terms and Conditions of the Securities provide that, following the occurrence of a Benchmark Event, certain fall-back arrangements will apply, which may affect the calculation of interest amounts

Interest rates and indices which are deemed to be “benchmarks” are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to or referencing such a “benchmark”.

The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU or in the UK. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU or UK supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU or non-UK based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Securities linked to or referencing a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. For example, the sustainability of the London interbank offered rate (**LIBOR**) has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief

Executive on 12 July 2018, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the **FCA Announcement**). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing the Euro Interbank Offered Rate (**EURIBOR**). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

The potential elimination of LIBOR, EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Terms and Conditions of the Securities, or result in other consequences, in respect of any Securities linked to such benchmark. Such factors may have (without limitation) the following effects on certain “benchmarks”: (i) discouraging market participants from continuing to administer or contribute to the “benchmark”; (ii) triggering changes in the rules or methodologies used in the “benchmark”; or (iii) leading to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to or referencing or otherwise dependant (in whole or in part) upon a “benchmark”.

The “*Terms and Conditions of the Securities*” provide for certain fall-back arrangements in the event that an Original Reference rate and/or any page on which an Original Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event occurs. Such fall-back arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative reference rate, with (in either case) the application of an Adjustment Spread (which could be positive or negative or zero), and may include amendments to the terms of the Securities to ensure the proper operation of the successor or replacement benchmark (as applicable) and, in either case, the applicable Adjustment Spread. Such determinations may be made by an Independent Adviser (in consultation with the Issuer) or, if the Issuer is unable to appoint an Independent Adviser, or if an Independent Adviser is appointed but fails to make any relevant determination, by the Issuer (acting in good faith and in a commercially reasonable manner). There can be no assurance that the adoption of a Successor Rate or an Alternative Rate and, in either case, an Adjustment Spread will result in a Rate of Interest as favourable to holders of the Securities as the Original Reference Rate.

In certain circumstances, the ultimate fall-back for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Securities based on the rate which was last observed on the Relevant Screen Page.

Due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, there is a risk that the relevant fall-back provisions may not operate as intended at the relevant time. Furthermore, any changes to the Terms and Conditions of the Securities following the occurrence of a Benchmark Event or any other consequential changes to benchmarks as a result of EU, Irish, United Kingdom, or other international, national or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes could have a material adverse effect on the trading market for, liquidity of, value of and return on any such affected Floating Rate Securities.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the potential application of the benchmark discontinuation provisions of the Securities in making any investment decision with respect to any Securities linked to or referencing a benchmark.

In respect of any Securities issued as Sustainable Securities, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor.

The Final Terms or Pricing Supplement, relating to any specific Tranche of Securities may provide that the Securities are intended to be Sustainable Securities (which may include, *inter alia*, sustainable, green and/or social Securities (together the **Sustainable Securities**)). The Issuer intends to allocate an amount equal to the net proceeds from any issue of Sustainable Securities to advance loans to customers on a targeted basis for the purposes of the financing and/or refinancing by such customers of assets, projects and expenditures with a positive sustainability impact, which may include environmental, green and/or social projects (**Eligible Sustainable Projects**), in line with any Framework(s) that the Group may publish from time to time and in keeping with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines as published by ICMA (together, the **Principles**). Prospective investors should consult with their legal and other advisers before making an investment in any such Securities and must determine for themselves the relevance of such information for the purpose of any investment in such Sustainable Securities together with any other investigation such investor deems necessary. In particular, no assurance is given by the Issuer, Bank of Ireland or the Dealers that the use of such amounts advanced by the Issuer to customers for the purposes of financing or refinancing any projects which the Issuer has identified as Eligible Sustainable Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Sustainable Projects.

The definition (legal, regulatory or otherwise) of, and market consensus as to what constitutes or may be classified as, a “sustainable”, “green”, “social” or equivalently-labelled project or a loan that may finance such project and the requirements of any such label are currently under development. On 18 December 2019, the Council and the European Parliament reached a political agreement on a regulation to establish a framework to facilitate sustainable development (the **Taxonomy Regulation**). Within the framework of the Taxonomy Regulation, the Technical Expert Group on Sustainable Finance (**TEG**) has been asked to develop recommendations for technical screening criteria for economic activities that can make a substantial contribution to climate change mitigation or adaptation. On 9 March 2020, the TEG published its final report on an EU classification system for sustainable activities (the **EU Taxonomy**). The report contains recommendations relating to the overarching design of the EU Taxonomy, as well as extensive implementation guidance on how companies and financial institutions can use and disclose against the taxonomy. On 15 April 2020, the Council adopted by written procedure its position at first reading with respect to the Taxonomy Regulation. The European Parliament will have to vote on the text pursuant to the “early second reading agreement” procedure. On this basis, the European Commission will be tasked to establish the actual classification by defining technical screening criteria, in the form of delegated acts, for each relevant environmental objective and sector respectively. The TEG’s recommendations are designed to support the European Commission in the development of the delegated act on climate change mitigation and climate change adaptation under the Taxonomy Regulation. The taxonomy for climate change mitigation and climate change adaptation should be established by the end of 2020 in order to ensure its full application by end of 2021. For the four other objectives, the taxonomy should be established by the end of 2021 for an application by the end of 2022. Further development of the EU Taxonomy will take place via a new Platform on Sustainable Finance, which is expected to be operating by late 2020. Accordingly, no assurance is or can be given by the

Issuer or the Dealers to investors that any projects or uses the subject of, or related to, any Eligible Sustainable Projects will meet any or all investor expectations regarding such “green”, “sustainable”, “social” or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Sustainable Projects. In addition, no assurance can be given by the Group, the Dealers or any other person to investors that any Securities will comply with any future standards or requirements regarding any “green”, “social”, “sustainable” or other equivalently-labelled performance objectives and, accordingly, the status of any Securities as being “green”, “social” or “sustainable” (or equivalent) could be withdrawn at any time.

No assurance or representation is given by the Issuer, Bank of Ireland or the Dealers as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party, including but not limited to Sustainalytics UK Limited, (whether or not solicited by the Issuer or the Group) which may be made available in connection with the issue of any Sustainable Securities and in particular with any Eligible Sustainable Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, and shall not be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, and should not be deemed to be, a recommendation by the Issuer, Bank of Ireland or any other person to buy, sell or hold any such Sustainable Securities. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in Sustainable Securities. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any Sustainable Securities are listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable”, “social” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Group or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Sustainable Projects or the funding thereof by the Issuer. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, Bank of Ireland or any other person that any such listing or admission to trading will be obtained in respect of any Sustainable Securities or, if obtained, that any such listing or admission to trading will be maintained during the life of the Sustainable Securities.

While it is the intention of the Issuer to apply an amount equal to the net proceeds of any Sustainable Securities for advancing loans to customers on a targeted basis for the purposes of financing and/or refinancing Eligible Sustainable Projects in, or substantially in, the manner described in this Base Prospectus, there can be no assurance that the relevant loans advanced by the Issuer, or the project(s) or use(s) the subject of, or related to, any Eligible Sustainable Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such amounts will be totally or partially disbursed for such Eligible Sustainable Projects. Nor can there be any assurance that such Eligible Sustainable Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer when making its assessment whether or not to advance the relevant loan. Any such event or failure by the Issuer or its customers will not constitute a breach of the Terms and Conditions of under the Sustainable Securities. No Dealer is responsible for (i) any assessment of any eligibility criteria relating to Sustainable Securities, (ii) any verification of whether the relevant advance of

loans by the Issuer or the Eligible Sustainable Projects will satisfy the relevant eligibility criteria or (iii) the monitoring of the use of proceeds.

Any such event or failure by the Issuer to apply an amount equal to the net proceeds of any issue of Sustainable Securities to advance loans to customers to finance and/or refinance any Eligible Sustainable Projects, and/or any failure by any such customer to apply those funds to Eligible Sustainable Projects as aforesaid, and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer or any of its customers is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any Sustainable Securities no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid will not (i) give rise to any claim of a Security holder against the Issuer, (ii) constitute a breach of the Terms and Conditions of the Sustainable Securities, or (iii) lead to an obligation of the Issuer to redeem the Sustainable Securities but may have a material adverse effect on the value of such Sustainable Securities and also potentially the value of any other Securities which are intended to finance the Issuer's lending for Eligible Sustainable Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Performance of Securities may be difficult to assess

It may be difficult for investors to obtain reliable information about the market price or value of the Securities or, other than as set out in this Base Prospectus, the extent of the risks to which they are exposed as a holder of Securities. The past performance of Securities or other Mortgage Covered Securities issued by the Issuer may not be a reliable guide to future performance of Securities.

General Description of the Programme

Under the Programme, the Issuer may from time to time issue Securities denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Securities appears under *Overview* above. The applicable terms of any Securities will be agreed between the Issuer and the relevant Dealer prior to the issue of those Securities and will be set out in the Terms and Conditions of the Securities endorsed on or incorporated by reference into the Securities as completed by the applicable Final Terms (or Pricing Supplement, in the case of Exempt Securities) attached to, or endorsed on, such Securities, as more fully described under *Form of the Securities, Issue Procedures and Clearing Systems* below.

This Base Prospectus will only be valid for listing Securities that:

- (a) in the case of Securities that are not Exempt Securities, are to be admitted to the Official List and to trading on the regulated market of Euronext Dublin or other regulated markets for the purposes of MiFID II or to be offered to the public in any Member State of the EEA or the UK; and
- (b) in the case of Exempt Securities, are to be admitted on the Official List and to trading on the Global Exchange Market of Euronext Dublin,

during the period of 12 months from the date of this Base Prospectus in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding on all Securities previously or simultaneously issued under the Programme, does not exceed €15,000,000,000 (subject to increase in accordance with the Programme Agreement (as defined below)) or its equivalent in other currencies.

For the purpose of calculating the euro equivalent of the aggregate nominal amount of Securities issued under the Programme from time to time:

- (a) the euro equivalent of Securities denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the Securities or, in the case of Exempt Securities, in the applicable Pricing Supplement) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Securities or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case, on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the euro equivalent of Dual Currency Securities, Index Linked Securities and Partly Paid Securities shall be calculated in the manner specified above by reference to the original nominal amount on issue of those Securities (in the case of Partly Paid Securities regardless of the amount of the subscription price paid); and
- (c) the euro equivalent of Zero Coupon Securities (as specified in the applicable Final Terms in relation to the Securities or, in the case of Exempt Securities, in the applicable Pricing Supplement) and any Securities issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

Documents Incorporated by Reference

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been approved by the Central Bank or filed with it (or in the case of the audited financial statements filed with Euronext Dublin) are incorporated in, and form part of, this Base Prospectus:

- (a) the audited financial statements of the Issuer for the period 1 January 2019 to 31 December 2019 and the auditor's report dated 21 February 2020 by KPMG thereon, available on the Issuer's website at:

<https://investorrelations.bankofireland.com/debt-investors/covered-bonds/boimb-annual-reports/>

- (b) the audited financial statements of the Issuer for the period 1 January 2018 to 31 December 2018 and the auditor's report dated 22 February 2019, by KPMG thereon, available on the Issuer's website at:

<https://investorrelations.bankofireland.com/debt-investors/covered-bonds/boimb-annual-reports/>

- (c) the interim management statement for Bank of Ireland Group plc for Q1 of 2020 dated 11 May 2020, available at:

<https://investorrelations.bankofireland.com/q1-2020-ims-announcement/>

- (d) the terms and conditions of the Securities as contained in pages 88 to 116 of the base prospectus dated 2 August 2018 in respect of the Programme, available on the website of Euronext Dublin at:

https://www.ise.ie/debt_documents/Base%20Prospectus_e4dc68c7-ee48-4a23-becb-414f358dd911.PDF

- (e) the terms and conditions of the Securities as contained in pages 84 to 107 of the base prospectus dated 2 June 2017 in respect of the Programme, available on the website of Euronext Dublin at:

http://www.ise.ie/debt_documents/Final%20Base%20Prospectus_9b336987-ab1b-4ec6-8361-54614e6c77f0.pdf

- (f) the terms and conditions of the Securities as contained in pages 75 to 98 of the base prospectus dated 2 June 2016 in respect of the Programme, available on the website of Euronext Dublin at:

http://www.ise.ie/debt_documents/Base%20Prospectus_46bb8f1c-c3ef-461b-9cf3-8e79cc751deb.PDF; and

- (g) the terms and conditions of the Securities as contained in pages 72 to 95 of the base prospectus dated 3 June 2015 in respect of the Programme, available on the website of Euronext Dublin at:

http://www.ise.ie/debt_documents/Base%20Prospectus_c93c307a-d71e-4f7c-ba55-85cbb112de1b.pdf

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any subsequent document which is deemed to be incorporated by reference herein by virtue of any supplement to this 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 this Base Prospectus. Where documents incorporated by reference in this Base Prospectus contain information which is incorporated by reference in those documents, but are not expressly incorporated by reference in this Base Prospectus, that information does not form part of this Base Prospectus.

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Base Prospectus.

The audited financial statements of the Issuer and the auditor's report thereon referred to at (a) and (b) above and deemed to be incorporated herein by reference are also available at:

<https://investorrelations.bankofireland.com/results-centre/>

Supplement to this Base Prospectus

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or shall publish an updated Base Prospectus.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to the information contained in this Base Prospectus which may affect the assessment of any Securities and whose inclusion in or removal from this Base Prospectus is necessary, for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the rights attaching to the Securities and the reasons for the issuance and its impact on the Issuer, the Issuer shall prepare an amendment or supplement to this Base Prospectus or prepare a replacement prospectus for use in connection with any subsequent offering of the Securities.

Any reference in this section to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.

The Securities of each Series will be in bearer form (**Bearer Securities**) or registered form (**Registered Securities**). Interest bearing definitive Bearer Securities have interest coupons and if indicated in the applicable Final Terms, talons for further coupons attached. The Securities have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the benefit of, US persons unless an exemption from the registration requirements of the Securities Act is available or in a transaction not subject to the registration requirements of the Securities Act (see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*). Accordingly, the Securities will only be issued outside the United States in reliance upon Regulation S under the Securities Act.

Bearer Securities

Each Tranche of Bearer Securities will be issued in the form of either a temporary bearer global security (a **Temporary Bearer Global Security**) or a permanent bearer global security (a **Permanent Bearer Global Security**) (each of which, along with a Registered Global Security (as defined under Registered Securities below), is a **Global Security**) as indicated in the applicable Final Terms, which, in either case, will:

- (i) if the Bearer Securities are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safe-keeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg; and
- (ii) if the Bearer Securities are not intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Security is represented by a Temporary Bearer Global Security, payment of principal, interest (if any) and any other amount payable in respect of such Security due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Security if the Temporary Bearer Global Security is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Security are not US persons or persons who have purchased for resale to any US person, as required by US Treasury regulations, have been received by Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On or after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Security is issued, interests in such Temporary Bearer Global Security will be exchangeable (free of charge) as described therein for interests in a Permanent Bearer Global Security of the same Series against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Bearer Global Security will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Security for an interest in a Permanent Bearer Global Security is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global

Security will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender, as the case may be, of the Permanent Bearer Global Security if the Permanent Bearer Global Security is not intended to be issued in NGN form) without any requirement for certification.

Interests in a Permanent Bearer Global Security will be exchangeable (free of charge), in whole but not in part, for definitive Securities in bearer form with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event.

For these purposes, **Exchange Event** means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention to permanently cease business or have in fact done so and, in any such case, no successor clearing system is available.

The Issuer will promptly give notice to holders of Securities in accordance with Condition 13 of the Terms and Conditions of the Securities, as the case may be, if an Exchange Event occurs. In the event of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Security or the Issuer) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Securities which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Securities:

**"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO
LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING
THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF
THE INTERNAL REVENUE CODE."**

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Securities, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Securities, receipts or interest coupons.

Securities in global form will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Securities

The Registered Securities may be represented by a global security in registered form (a **Registered Global Security**). Prior to the expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Securities, beneficial interests in a Registered Global Security may not be offered or sold within the United States or to, or for the account or benefit of, a US person and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Registered Global Security will bear a legend regarding such restrictions on transfer.

In addition, Securities in definitive registered form may be privately placed to non-US persons outside the United States on a non-syndicated basis with professional investors only in reliance on Regulation S. Any such issue of Securities will be evidenced by a single security registered in the name of the holder thereof.

Registered Global Securities will:

- (i) if the Registered Global Securities are intended to be issued into the New Safekeeping Structure (**NSS**), as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of the Common Safekeeper; and
- (ii) if the Registered Global Securities are not intended to be issued into the NSS, as stated in the applicable Final Terms, be deposited with a common depository for, and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg.

Persons holding beneficial interests in Registered Global Securities will be required, under the circumstances described below, to receive delivery of definitive Securities in registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Securities will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5 of the Terms and Conditions of the Securities) as the registered holder of the Registered Global Securities. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Securities in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5 of the Terms and Conditions of the Securities) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Security will be exchangeable (free of charge), in whole but not in part, for definitive Registered Securities without interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Security holders in accordance with Condition 13 of the Terms and Conditions of the Securities if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Security or the Issuer) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests in Global Securities

Interests in a Global Security may, subject to compliance with all applicable restrictions and requirements, be transferred to a person who wishes to hold such interest in a Global Security. No beneficial owner of an interest in a Global Security will be able to transfer such interest, except in accordance with the applicable procedures of the Clearing Systems, in each case to the extent applicable. Registered Securities are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*. In relation to trading of Securities in the Clearing Systems see *Risk Factors — Trading in the Clearing Systems*.

Clearing Systems

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Arrangers or any Dealer takes any

responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Arrangers or any of the Dealers will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, interests in the Securities held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such interests.

Euroclear and Clearstream, Luxembourg each holds securities for its participants and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective participants. The Clearing Systems provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. The Clearing Systems also deal with domestic securities markets in several countries through established depositary and custodial relationships. The Clearing Systems have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg participants are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to the Clearing Systems is available to other institutions and persons that directly or indirectly through other institutions clear through or maintain a custodial relationship with a participant of either system.

The address of Euroclear is 1 Boulevard Du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, 1855 Luxembourg, Luxembourg. The Common Safekeeper for Securities, issued under the Programme in NGN form is Euroclear.

Transfers of Securities Represented by Global Securities

Interests in a Global Security may, subject to compliance with all applicable restrictions and requirements, be transferred to a person who wishes to hold such interest in a Global Security. No beneficial owner of an interest in a Global Security will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Securities are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*.

Transfers of any interests in Securities represented by a Global Security within the Clearing Systems will be effected in accordance with the customary rules and operating procedures of the relevant clearing system.

Euroclear and Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of interests in Global Securities among participants and accountholders of the Clearing Systems. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Arrangers or any Dealer will be responsible for any performance by Euroclear and Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of interests in the Securities represented by Global Securities or for maintaining, supervising or reviewing any records relating to such interests.

General

Pursuant to the Agency Agreement (as defined under *Terms and Conditions of the Securities*), the Principal Paying Agent shall arrange that, where a further Tranche of Securities is issued which is intended to form a single Series with an existing Tranche of Securities, the Securities of such further Tranche shall be assigned a common code and international securities identification number (**ISIN**) number which are different from the common code assigned to Securities of any other Tranches of the same Series until at least the expiry of the distribution compliance period applicable to the Securities of such Tranche.

For so long as any of the Securities is represented by a Global Security held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Securities for all purposes other than with respect to the payment of principal or interest on such nominal amount of Securities, for which purposes the bearer of the relevant Securities in bearer form or, as applicable, the registered holder of the relevant Securities in registered form shall be treated by the Issuer and its agents as the holder of such nominal amount of such Securities in accordance with and subject to the terms of the relevant Global Securities and the expressions **Security holder** and holder of **Securities** and related expressions shall be construed accordingly.

Any reference herein to Euroclear or Clearstream, Luxembourg shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Where any Security is represented by a Global Security and the Global Security (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Securities and payment in full of the amount due has not been made in accordance with the provisions of the Global Security, then holders of interests in such Global Security credited to their accounts with Euroclear or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear or Clearstream, Luxembourg on and subject to the terms of the Securities.

Final Terms for Securities

Set out below is the form of Final Terms which will be completed for each Tranche of Securities which are not Exempt Securities issued under the Programme.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Securities (as described herein), are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**) or in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs Regulation**) for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (either by adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

[NOTIFICATION UNDER SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (THE SFA) – The Securities are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]¹

[date]²

BANK OF IRELAND MORTGAGE BANK

[Legal Entity Identifier (LEI): 635400LWGWFFKITHYD44]

**Issue of [Aggregate Nominal Amount of Tranche] [• per cent./Floating Rate/Zero Coupon]
Mortgage Covered Securities due • under the €15,000,000,000 Mortgage Covered Securities
Programme**

¹ To be included if the Securities are to be offered into Singapore and if the Securities are not vanilla fixed rate or floating rate notes, the product classification of the Securities as "prescribed capital markets products" under the SFA may need to be reassessed.

² To be inserted

THE SECURITIES (AS DESCRIBED HEREIN) ARE MORTGAGE COVERED SECURITIES ISSUED IN ACCORDANCE WITH THE ASSET COVERED SECURITIES ACT, 2001 OF IRELAND (AS AMENDED, THE ACT). THE ISSUER HAS BEEN REGISTERED BY THE CENTRAL BANK OF IRELAND AS A DESIGNATED MORTGAGE CREDIT INSTITUTION PURSUANT TO THE ACT. THE FINANCIAL OBLIGATIONS OF THE ISSUER UNDER THE SECURITIES ARE SECURED ON THE COVER ASSETS THAT COMPRISE A COVER ASSETS POOL MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE ACT.

This document constitutes the Final Terms relating to the issue of Securities described herein for the purposes of the Prospectus Regulation.

The expression “**Prospectus Regulation**” used herein means Regulation (EU) 2017/1129.

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Securities (the **Conditions**) set forth in the base prospectus dated 10 November 2020 (the **Base Prospectus**) at pages [•] to [•] [and the supplemental base prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation and relevant Irish laws. This document (the **Final Terms**) constitutes the final terms of the Securities described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented].³ Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus, [and the supplemental base prospectus].⁴

The Base Prospectus, [and the supplemental base prospectus dated [•]] [has] [have] been published on the website of the Central Bank of Ireland and on www.bankofireland.com and copies may be obtained from 40 Mespil Road, Dublin 4, Ireland.

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a base prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Securities (the **Conditions**) set forth in the base prospectus dated [specify date of original base prospectus for the issuance]. This document (the **Final Terms**) constitutes the final terms of the Securities described herein for the purposes of the Prospectus Regulation and relevant Irish laws and must be read in conjunction with the base prospectus dated 10 November 2020 (the **Base Prospectus**) [and the supplemental base prospectus dated [•]],⁵ which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation and relevant Irish laws, save in respect of the Conditions set forth at pages [•] to [•] of the Base Prospectus which shall be replaced with the Conditions which are set forth in the base prospectus dated [specify date of original base prospectus for the issuance] and the Base Prospectus shall be read in conjunction with such Conditions.

³ *Delete unless Base Prospectus has been supplemented by a Supplement in which the Terms and Conditions of the Securities have been amended for the purposes of all future issues under the Programme.*

⁴ *Delete unless Base Prospectus has been supplemented by a Supplement in which the Terms and Conditions of the Securities have been amended for the purposes of all future issues under the Programme.*

⁵ *Delete unless Base Prospectus has been supplemented by a Supplement in which the Terms and Conditions of the Securities have been amended for the purposes of all future issues under the Programme.*

Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms, the Conditions, the Base Prospectus [and the supplemental base prospectus dated [●]]. The Base Prospectus, [and the supplemental base prospectus dated [●]] [has] [have] been published on the website of the Central Bank of Ireland and on the website of the Issuer at: <https://investorrelations.bankofireland.com/debt-investors/> and copies may be obtained from 40 Mespil Road, Dublin 4, Ireland.]

*Include whichever of the following apply or specify as **Not Applicable** (N/A). Note that the numbering should remain as set out below, even if **Not Applicable** is indicated for individual paragraphs or subparagraphs. Italics denote and footnotes contain directions for completing the Final Terms.*

When completing any final terms consideration should also be given as to whether "significant new factors" exist and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.

1. Issuer: Bank of Ireland Mortgage Bank
2. (a) Series Number: [●]
- (b) Tranche Number: [●]
- (If fungible with an existing Series, details of that Series, including the date on which the Securities become fungible)*
- (c) Date on which the Securities become fungible: [Not Applicable]/[The Securities shall be consolidated, form a single series and be interchangeable for trading purposes with the (insert description of the Series) on [insert date/the Issue Date/exchange of the Temporary Global Security for interests in the Permanent Global Security, as referred to in paragraph 21 below [which is expected to occur on or about [insert date]]].]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount of Securities:
 - (a) Series: [●]
 - (b) Tranche: [●]
5. (a) Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
- (b) Net proceeds (*Required only for listed issues*): [●]

- (c) Specify whether expenses or taxes will be charged to investors: [Yes – if so specify which expenses/taxes/No]
6. Specified Denominations: [•]
(In the case of Registered Securities, this means the minimum integral amount in which transfers can be made) [If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: "€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Securities in definitive form will be issued with a denomination above [€199,000].] [NB – Minimum €100,000 or equivalent]
7. Issue Date: [•]
8. Maturity Date: *[Fixed Rate/Zero Coupon — specify date/ Floating Rate — Interest Payment Date falling in or nearest to [specify month and year]]*
9. Extended Maturity Date: [Applicable/Not Applicable]
 (See Conditions 4(e) and 6(i)) [The Extended Maturity Date is [•].]
[Extended Maturity Date must be Applicable to all issues of Securities, unless the rating agencies which at the relevant time provide credit ratings for the Programme agree that Extended Maturity Date may be Not Applicable]⁶
10. Interest Commencement Date:
 (i) Period to Maturity Date: [•]
 Period from Maturity Date up to Extended Maturity Date: [Not Applicable]⁷
 [Maturity Date]
11. Interest Basis:
 (i) Period to Maturity Date: [[•] per cent. Fixed Rate]
 [[LIBOR/EURIBOR] +/- [•] per cent. Floating Rate]

⁶ *If applicable, the date should be that falling one year after the Maturity Date. If not applicable, insert "Not Applicable".*

⁷ *If Extended Maturity Date is not applicable, insert "Not Applicable".*

[Zero Coupon]
(further particulars specified at 14(i), 14(a)(i),
15(i), 15(d)(i) and 16 below)

Period from Maturity Date up to Extended Maturity Date: [Not Applicable] [[●]] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate]
(further particulars specified at 14(ii), 14(a)(ii), 15(ii) and 15(d)(ii))⁸

12. Redemption Basis: [Redemption at par]
[Instalment]
[Redemption at premium]

13. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified at 17 and 18 below)]
[Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Security Provisions:

(i) To Maturity Date: [Applicable/Not Applicable]⁹
(If not applicable, state "Not Applicable" in the relevant subparagraphs below of this paragraph)

(ii) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]
(If sub-paragraphs (i) and (ii) not applicable, delete the remaining subparagraphs of this paragraph)

(a) Rate(s) of Interest:

(i) To Maturity Date: [●] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
(If payable other than annually a supplement to the Base Prospectus will be required pursuant to Article 23 of the Prospectus Regulation)

(ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]/ [●] per cent. per annum.
[payable [annually/semi-annually/quarterly] in arrear]
(If payable other than annually a

⁸ Insert "Not Applicable" only if Extended Maturity Date does not apply.

⁹ State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.

*supplement to the Base Prospectus will be required pursuant to Article 23 of the Prospectus Regulation)*¹⁰

(b) Interest Payment Date(s):

- (i) To Maturity Date: [[•] in each year up to and including the Maturity Date] commencing on [•]]

(NB — this will need to be amended in the case of long or short coupons)

- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]¹¹ [[•] in each month up to and including the Extended Maturity Date]

(If payable other than monthly a supplement to the Base Prospectus will be required pursuant to Article 23 of the Prospectus Regulation)

(c) Fixed Coupon Amount(s):

- (i) To Maturity Date: [•] per [•] in nominal amount

- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]¹² [•] per [•] in nominal amount

(d) Broken Amount(s):

- (i) To Maturity Date: [[•] per [•] in nominal amount payable on the Interest Payment Date falling [in/on] []]/ [Not applicable]. *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*

- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]¹³ [[•] per [•] in nominal amount payable on the Interest Payment Date falling [in/on] []]/ [Not applicable] *[Insert particulars of any initial or final broken interest amounts which do not*

¹⁰ *State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.*

¹¹ *State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.*

¹² *State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.*

¹³ *State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.*

correspond with the Fixed Coupon Amount(s)]

(e) Day Count Fraction:

(i) To Maturity Date: [Actual/Actual (ICMA)]/[30/360]/[Actual/365 (Fixed)] [Unadjusted][Adjusted]

(ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]/[Actual/Actual (ICMA)]/[30/360]/[Actual/365 (Fixed)]¹⁴

(f) Determination Date(s): [●] in each year

(i) To Maturity Date: *[Insert regular interest payment dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon NB — This will need to be amended in the case of regular interest periods which are not of equal duration
NB — Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*

(ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]¹⁵ [●] in each year *[Insert regular interest payment dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon NB — This will need to be amended in the case of regular interest periods which are not of equal duration
NB — Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*

15. Floating Rate Security Provisions:

(i) To Maturity Date: [Applicable/Not Applicable]
(If not applicable, state "Not Applicable" in the relevant subparagraphs below of this paragraph)

(ii) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable]¹⁶
(If sub-paragraphs (i) and (ii) not applicable, delete the remaining subparagraphs of this

¹⁴ *State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.*

¹⁵ *State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.*

¹⁶ *State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.*

paragraph)

(a) Interest Period(s)/Specified Interest Payment Dates:

- (i) To Maturity Date: [Not Applicable]
[Interest Periods: [●]
Specified Interest Payment Dates: [●]]
- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]¹⁷
[Interest Periods: [●]
Specified Interest Payment Dates: [●]]

(b) Business Day Convention:

- (i) To Maturity Date: [Not Applicable] [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]¹⁸

(c) Additional Business Centre(s):

- (i) To Maturity Date: [Not Applicable] [●]
- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] [●]¹⁹

(d) Manner in which the Rate(s) of Interest and Interest Amount(s) is to be determined:

- (i) To Maturity Date: [Not Applicable] [Screen Rate Determination/ISDA Determination]
- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] [Screen Rate Determination/ ISDA Determination]²⁰

¹⁷ State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

¹⁸ State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

¹⁹ State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

²⁰ State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after

- (e) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent):
- (i) To Maturity Date: [Not Applicable] [●]
- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] [●]²¹
- (f) Screen Rate Determination:
- (i) To Maturity Date:
- Reference Rate: [Not Applicable] [●] *(either LIBOR or EURIBOR. If other, a supplement to the Base Prospectus is required pursuant to Article 23 of the Prospectus Regulation, and fallback provisions required for the Agency Agreement)*
 - Interest Determination Date(s): [Not Applicable] [●] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
 - Relevant Screen Page: [Not Applicable] [●] *(In the case of EURIBOR, if not Reuters EURIBOR1 or Telerate page 248 ensure it is a page which shows a composite rate. If it is not such a page, a supplement to the Base Prospectus is required pursuant to Article 23 of the Prospectus Regulation)*
- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]²²
- Reference Rate: [●] *(either LIBOR or EURIBOR. If other, a supplement to the Base Prospectus is required pursuant to Article 23 of the Prospectus Regulation, and fallback provisions required for the Agency*

the Maturity Date.

²¹ State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

²² State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

Agreement)

- Interest Determination Date(s): [●] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: [●] *(In the case of EURIBOR, if not Reuters EURIBOR1 or Telerate page 248 ensure it is a page which shows a composite rate. If it is not such a page, a supplement to the Base Prospectus is required pursuant to Article 23 of the Prospectus Regulation)*

(g) ISDA Determination:

(i) To Maturity Date:

- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]

(ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]²³

- Floating Rate Option: [●]
- Designated Maturity: [●]
- Reset Date: [●]

(h) Linear Interpolation: [Not Applicable]/[Applicable – the rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]

(i) Margin(s):

(i) To Maturity Date: [+/-][●] per cent. per annum

(ii) From Maturity Date up [Not Applicable]²⁴ [+/-][●] per cent. per

²³ State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

to Extended Maturity annum
Date:

(j) Minimum Rate of Interest:

- (i) To Maturity Date: $[+/-][\bullet]$ per cent. per annum
- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]²⁵ $[+/-][\bullet]$ per cent. per annum

(k) Maximum Rate of Interest:

- (i) To Maturity Date: $[+/-][\bullet]$ per cent. per annum
- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]²⁶ $[+/-][\bullet]$ per cent. per annum

(l) Day Count Fraction:

- (i) To Maturity Date: [Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360]
(as set out in Condition 4)
- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]²⁷
[Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360]
(as set out in Condition 4)

16. Zero Coupon Security Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

²⁴ State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

²⁵ State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

²⁶ State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

²⁷ State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

- (a) Accrual Yield: [●] per cent. per annum
- (b) Reference Price: [●]

PROVISIONS RELATING TO REDEMPTION

17. Issuer Call: [Applicable/Not Applicable]
(as referred to in Condition 6 (b)): *(if not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [●]

- (b) Optional Redemption Amount of each Security:

[●] per Security of [●] Specified Denomination.

- (c) If redeemable in part:

- (i) Minimum Redemption Amount: [●]

- (ii) Maximum Redemption Amount: [●]

18. Investor Put: [Applicable/Not Applicable]
(as referred to in Condition 6 (c)) *(if not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [●]

- (b) Optional Redemption Amount of each Security and method of calculation of such amounts(s): [●] per Security of [●] Specified Denomination

19. Final Redemption Amount of each Security: [●] per Security of [●] Specified Denomination

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

20. Form of Securities, Issue Procedures and Clearing Systems: [Bearer Securities:

[Temporary Bearer Global Security exchangeable for a Permanent Bearer Global Security which is exchangeable for definitive Bearer Securities only upon an Exchange Event]

[Permanent Bearer Global Security which is

exchangeable for Definitive Bearer Securities only upon an Exchange Event]

[Registered Securities:

[Registered Global Security ([●] nominal amount) registered in the name of a nominee for a [common depository] [common safekeeper] for Euroclear and Clearstream, Luxembourg which is exchangeable for definitive Registered Securities only upon an Exchange Event]
[Registered Securities in definitive form]
(Specify nominal amounts)

21. [New Global Note] [New Safekeeping Structure]: [New Global Note] [New Safekeeping Structure] [No]
22. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details] *(note that this item relates to the place of payment and not Interest Period end dates to which item 19(c) relates)*
23. Talons for future Coupons or Receipts to be attached to definitive Bearer Securities (and dates on which such Talons mature): [No/Yes. As the Securities have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
24. Details relating to Instalment Securities:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
- Whether Condition 5(i) applies: [Condition 5(i) applicable/Condition 5(i) not applicable] *(Condition 5(i) relates to Registered Securities in definitive form only)*

RESPONSIBILITY

The Issuer accepts the responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such additional information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer

By: _____
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Application has been made by the Issuer (or on its behalf) for the Securities to be admitted to the Official List of Euronext Dublin] [insert any relevant green or sustainable bond segment] and trading on [the regulated market of Euronext Dublin] [insert and relevant green or sustainable bond segment] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Securities to be listed on [*specify relevant Official List*] and admitted to trading on [*specify relevant regulated market*] with effect from [●].]
- (ii) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

Ratings: The Securities to be issued [have been] [are expected to be] rated: [The following ratings reflect the ratings allocated to Securities of this type issued under the €15,000,000,000 Mortgage Covered Securities Programme generally:]

[Moody's: [●]]

[Other: [●] which is established in the [EU] [UK] and is

registered under Regulation (EC) No 1060/2009 (as amended) (the **CRA Regulation**)]

[which is not established in the [EU] [UK] and not registered under Regulation (EC) No 1060/2009 (as amended) (the **CRA Regulation**)] [and its ratings will be endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation].

(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)

(The above disclosure should reflect the rating allocated to Securities of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating. If not included in the Base Prospectus, include a statement as to whether or not the relevant credit rating agency is established in the EU or in the UK

and whether it is registered under Regulation (EC) 1060/2009)

3. [NOTIFICATION]

The Central Bank [has been requested to provide/has provided — *include first alternative for an issue which is contemporaneous with the update of the Programme and the second alternative for subsequent issues*] the [names of competent authorities of host member states of the EEA] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation.]]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer.] (*Amend as appropriate if there are other interests, including conflicting ones that are material to the issue, detailing the person involved and the nature of the interest. Consider whether such matters constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.*)

5. YIELD

(Fixed Rate Securities only) Indication of yield: [●] per cent - the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. SUSTAINABLE SECURITIES

Sustainable Securities:

Applicable/Not applicable
See "Use of Proceeds" in the Prospectus/[The Securities are intended to be issued as Sustainable Securities, [further particulars to be provided].]/Give details]

7. HISTORIC INTEREST RATES: BENCHMARKS REGULATION (*Floating Rate Securities calculated by reference to a benchmark only*)

(i) Historic Interest Rates Details of historic [LIBOR/EURIBOR/CMS Rate/other' rates can be obtained from [Reuters].

(ii) Benchmarks: [Amounts payable under the Securities will be calculated by reference to [•] which is provided by [•]. As at [•], [•] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the **Benchmarks Regulation**). [As far as the Issuer is aware, the transitional provisions in

Article 51 of the Benchmarks Regulation apply, such that [•] is not currently required to obtain authorisation or registration.]] [Not Applicable]

8. OPERATIONAL INFORMATION

- (i) ISIN: [•]
- (ii) Common Code: [•]
- (iii) Any clearing system(s) other [Not Applicable/give name(s) and number(s)]
than Euroclear Bank SA/NV
and Clearstream Banking,
S.A. and the
relevant identification
number(s):
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of
additional Paying Agent(s)
(if any): [•]
- (vi) Intended to be held in a
manner which would allow
Eurosystem eligibility: [Yes/No].

[Note that the designation "yes" simply means that the Securities will be deposited upon issue with one of the ICSDs as common safe-keeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper (*include this text for registered securities*)] and does not necessarily mean that the Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem's eligibility criteria.]

(Include this text if Yes selected in which case Bearer Securities must be issued in NGN form and Registered Securities must be issued in accordance with the New Safekeeping Structure.)

[Whilst the designation is specified as "No" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Securities are capable of meeting them, the Securities may then be deposited with one of the ICSDs as common safekeeper [(and registered in

the name of a nominee of one of the ICSDs acting as common safekeeper *(include this text for registered securities)*. Note that this does not necessarily mean that the Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

(Include this text if No selected)

- | | | |
|--------|------|----------------------|
| (vii) | CFI | [Not Applicable/[]] |
| (viii) | FISN | [Not Applicable/[]] |

(If the CFI and/or FISN is not required, requested or available it/they should be specified to be "Not Applicable")

9. DISTRIBUTION

- | | | |
|-------|--|---|
| (i) | Method of Distribution: | [Syndicated/Non-Syndicated] |
| (ii) | If syndicated, names of Lead Manager[s] and Dealers: | [Not Applicable/give <i>names and, if the relevant Dealer is not also a permanent Dealer under the Programme, addresses and descriptions (for example, Financial Institution)</i>] |
| (iii) | Stabilising Dealer (if any): | [Not Applicable/give name] |
| (iv) | If non-syndicated, name of relevant Dealer: | [•] <i>(if relevant Dealer is not also a permanent Dealer under the Programme, include its address and description)</i> [Not Applicable] |
| (v) | [Commission Payable/Selling Concession: | [•]] |
| (vi) | US Selling Restrictions: | [Reg. S Compliance Category 2; TEFRA D/TEFRA C/ TEFRA N/A] |

EXEMPT SECURITIES

PROHIBITION OF SALES TO EEA and UK RETAIL INVESTORS – The Securities (as described herein) are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**) or in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRiIPs Regulation**) for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRiIPs Regulation.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's produce approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (either by adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

[NOTIFICATION UNDER SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (THE SFA)] – The Securities are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).²⁸

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Securities, whatever the denomination of those Securities, issued under the Programme.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH REGULATION 2017/1129 FOR THE ISSUE OF THE EXEMPT SECURITIES DESCRIBED BELOW.

[date]²⁹

BANK OF IRELAND MORTGAGE BANK

**Issue of [Aggregate Nominal Amount of Tranche] [• per cent./Floating Rate/Zero Coupon]
Mortgage Covered Securities due • under the €15,000,000,000 Mortgage Covered Securities**

²⁸ To be included if the Securities are to be offered into Singapore and if the Securities are not vanilla fixed rate or floating rate notes, the product classification of the Securities as "prescribed capital markets products" under the SFA may need to be reassessed.

²⁹ To be inserted

Programme

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Securities may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Securities described herein. This document must be read in conjunction with the listing particulars dated 10 November 2020 (the **Base Prospectus**) [as supplemented by the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] “Listing Particulars” for the purposes of the admission of the Securities to the Official List and to trading on the Global Exchange Market. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s]] [is] [are] available for viewing on the Issuer’s website [at <https://investorrelations.bankofireland.com/debt-investors/> and copies may be obtained during normal business hours from 40 Mespil Road, Dublin 4, Ireland and from the specified office of the Paying Agent.]

[The following language is to be included only if the first tranche of an issue which is being increased was issued under a Listing Particulars with an earlier date.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the listing particulars dated [original date] which are incorporated by reference in the Base Prospectus.]

*[Include whichever of the following apply or specify as **Not Applicable** (N/A). Note that the numbering should remain as set out below, even if **Not Applicable** is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Pricing Supplement.]*

- | | | |
|----|---|--|
| 1. | Issuer: | Bank of Ireland Mortgage Bank |
| 2. | (a) Series Number: | [•] |
| | (b) Tranche Number: | [•]
<i>(if fungible with an existing Series, details of that Series, including the date on which the Securities become fungible)</i> |
| | (c) Date on which the Securities become fungible: | The Securities will be consolidated and form a single Series with [•] on [the Issue Date/exchange of the Temporary Global Security for interests in the Permanent Global Security, as referred to in paragraph 21 below, which is expected to occur on or about [date]] / [Not Applicable]
<i>(If fungible with an existing Series, details of that Series, including the date on which the Securities become fungible)</i> |
| 3. | Specified Currency or Currencies: | [•] |
| 4. | (a) Aggregate Nominal Amount: | |

- (i) Tranche: [•]
(ii) Series: [•]
- (b) Specify whether Securities to be admitted to trading: [Yes – if so specify which Series/Tranche/No]
5. (a) Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
- (b) Net Proceeds (required only for listed issues): [•]
- (c) Specify whether expenses or taxes will be charged to investors: [Yes – if so specify which expenses/taxes/No]
6. (a) Specified Denominations: [•]
(in the case of Registered Securities, this means the minimum integral amount in which transfers can be made) [If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: "€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Securities in definitive form will be issued with a denomination above [€199,000].] (NB – Minimum €100,000 or equivalent)]
- (b) Calculation Amount: [•]
*(If only one Specified Denomination, insert the Specified Denomination.
If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. Issue Date: [•]
8. Maturity Date: [Fixed rate – [•]]
[Floating rate – Interest Payment Date falling in or nearest to *[specify month]*]
9. Extended Maturity Date: [Applicable/Not Applicable]
(See Conditions 4(e) and 6(i)) [The Extended Maturity Date is [•].
[Extended Maturity Date must be Applicable to all issues of Securities, unless the rating agencies which at the relevant time provide credit ratings for the Programme agree that Extended Maturity Date may be Not Applicable]
10. Interest Commencement Date:
(a) To Maturity Date: [•]
- (b) From Maturity Date up to Extended Maturity Date: [Not applicable]
[Maturity Date]

11. Interest Basis:
- (a) To Maturity Date:
- [•] per cent. Fixed Rate]
 [[specify Reference Rate] +/- [•] per cent. Floating Rate]
 [[•] per cent. Fixed Rate until [•], then calculated in accordance with paragraph 16 below]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
 [CMS Linked Interest]
 [Inflation Linked Interest]
 [specify other]
 (further particulars specified below)
- (b) From Maturity Date to Extended Maturity Date:
- [Not Applicable] [[•] per cent. Fixed Rate]
 [[LIBOR/EURIBOR] +/- [•] per cent. Floating Rate]
 (further particulars specified at 17(ii), 17(a)(ii), 18(ii) and 18(d)(ii))
12. Redemption Basis:
- [Redemption at par]
 [Redemption at premium]
 [Index Linked Redemption]
 [Dual Currency Redemption]
 [CMS Linked Redemption]
 [Inflation Linked Redemption]
 [Partly Paid]
 [Instalment]
 [specify other]
13. Change of Interest Basis or Redemption Basis:
- [Specify details of any provision for change of Securities into another Interest Basis or Redemption/Payment Basis/Not Applicable]
14. Put/Call Options:
- [Investor Put]
 [Issuer Call]
 [Not Applicable]
 ((further particulars specified below))
15. Method of distribution:
- [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Security Provisions:
- (i) To Maturity Date:
- [Applicable/Not Applicable]
 (If subparagraphs (i) and (ii) not applicable, delete the remaining subparagraphs of this paragraph)
- (ii) From Maturity Date to Extended Maturity Date:
- [Applicable/Not Applicable]
 (If not applicable, state "Not applicable" in the relevant subparagraphs below of this paragraph)
- (a) Rate(s) of Interest:

- (i) To Maturity Date: [•] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable/ [•] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (b) Interest Payment Date(s):
- (i) To Maturity Date: [[•] in each year up to and including the Maturity Date] *(NB This will need to be amended in the case of long or short coupons)*
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [[•] in each month up to and including the Extended Maturity Date]
- (c) Fixed Coupon Amount(s):
- (i) To Maturity Date: [•] per [•] in nominal amount
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [•] per [•] in nominal amount
- (d) Broken Amount(s):
- (i) To Maturity Date: [[•] per [•] in nominal amount payable on the Interest Payment Date falling [in/on] []/] [Not applicable]*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupons Amount(s)]*
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [[•] per [•] in nominal amount payable on the Interest Payment Date falling [in/on] []/] [Not applicable]*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupons Amount(s)]*
- (e) Day Count Fraction:
- (i) To Maturity Date: [Actual/Actual (ICMA)] / [30/360] / [Actual/365(Fixed)]
- (ii) From Maturity Date to Extended Maturity Date: [Not Applicable] [Actual/Actual (ICMA)] / [30/360]/[Actual/365(Fixed)]
- (f) Determination Date(s):
- (i) To Maturity Date: [•] in each year
*(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. NB: This will need to be amended in the case of regular interest periods which are not of equal duration
(NB: only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] (insert regular interest payment dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon *(NB: only relevant where Day Count Fraction is Actual/Actual (ICMA))*)

17. Floating Rate Security Provisions:
- (i) From Maturity Date: [Applicable/Not Applicable] *(if not applicable, state "Not Applicable" in the relevant subparagraphs of this paragraph)*
 - (ii) From Maturity Date up to Extended Maturity Date: [Applicable/Not Applicable] *(if subparagraphs (i) and (ii) not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Interest Period(s)/Specified Interest Payment Dates:
- (i) From Maturity Date: [Interest Periods: [•]]
[Specified Interest Payment Dates: [•]]
 - (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]
[Interest Periods: [•]]
[Specified Interest Payment Dates: [•]]
- (b) Business Day Convention:
- (i) From Maturity Date: [Not Applicable]
[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
 - (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]
[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (c) Additional Business Centre(s):
- (i) To Maturity Date: [•]
 - (ii) To Maturity Date up to Extended Maturity Date: [Not Applicable] [•]
- (d) Manner in which the Rate(s) of Interest and Interest Amount(s) is to be determined:
- (i) To Maturity Date: [Screen Rate Determination/ISDA Determination]
 - (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] [Screen Rate Determination/ ISDA Determination]
- (e) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent):
- (i) To Maturity Date: [•]
 - (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] [•]
- (f) Screen Rate Determination:
- (i) To Maturity Date:
 - Reference Rate and Relevant Financial Centre(s): [•] month [LIBOR/EURIBOR/specify other Reference Rate]. *(Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions.)*

Relevant Financial Centre: [•]

- Interest Determination Date(s): *(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 system is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)*

(ii) From Maturity Date up to [Not Applicable]
Extended Maturity Date:

- Reference Rate and Relevant Financial Centre(s): [•] month [LIBOR/EURIBOR/specify other Reference Rate]. *(Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions.)*
Relevant Financial Centre: [•]
- Interest Determination Date(s): *(Second day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 system is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)*

(g) ISDA Determination:

(i) To Maturity Date:

- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]

(ii) From Maturity Date up to [Not Applicable]
Extended Maturity Date:

- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]

(h) Linear Interpolation:

[Not Applicable]/[Applicable – the rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for*

each short or long interest period)]

- (i) Margin(s):
- (i) To Maturity Date: $[+/-][\bullet]$ per cent. per annum
 - (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] $[+/-][\bullet]$ per cent. per annum
- (j) Minimum Rate of Interest:
- (i) To Maturity Date: $[+/-][\bullet]$ per cent. per annum
 - (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] $[+/-][\bullet]$ per cent. per annum
- (k) Maximum Rate of Interest:
- (i) To Maturity Date: $[+/-][\bullet]$ per cent. per annum
 - (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable] $[+/-][\bullet]$ per cent. per annum
- (l) Day Count Fraction:
- (i) To Maturity Date: [Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360]
(as set out in Condition 4)
 - (ii) From Maturity Date up to Extended Maturity Date: [Not Applicable]
[Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360]
(as set out in Condition 4)
18. Zero Coupon Security Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: $[\bullet]$ per cent. per annum
 - (ii) Reference Price: $[\bullet]$
 - (iii) Any other formula/basis of determining amount payable for Zero Coupon Securities which are Exempt Securities: $[\bullet]$
 - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(e) and 6(h) apply]
[30/360]
[Actual/360]
[Actual/365]
[specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)
19. Index Linked Interest Securities: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Index/Formula: [Give or annex details]
[Index Linked Interest Securities may include (without limitation) Securities linked to Constant Maturity Swap rates or Securities linked to a rate of inflation]
[Where the Index/Formula is a basket of underlyings, include 'Disclosure of the relevant weightings of each underlying in the basket']
[Include 'Final Reference Date' and 'Exercise Price' if required]
 - (ii) Calculation Agent: [give name]
 - (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [•]
 - (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
 - (v) Specified Period(s)/Specified Interest Payment Dates: [•]
 - (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/specify other]
 - (vii) Additional Business Centre(s): [•]
 - (viii) Minimum Rate of Interest: [•] per cent. per annum
 - (ix) Maximum Rate of Interest: [•] per cent. per annum
 - (x) Day Count Fraction: [•]
- 20. Dual Currency Interest Security Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
 - (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [•]

- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: *[•]*

PROVISIONS RELATING TO REDEMPTION

21. (i) Issuer Call: *[Applicable/Not Applicable]*
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (ii) Optional Redemption Date(s): *[•]*
- (iii) Optional Redemption Amount and method of calculation of such amount(s): *[[•] per Calculation Amount/specify other/see Appendix]*
- (iv) If redeemable in part:
- (a) Minimum Redemption Amount: *[•]*
- (b) Maximum Redemption Amount: *[•]*
22. Investor Put: *[Applicable/Not Applicable]*
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): *[•]*
- (ii) Optional Redemption Amount and method of calculation of such amount(s): *[[•] per Calculation Amount/specify other/see Appendix]*
23. Final Redemption Amount: *[[•] per Calculation Amount/specify other/see Appendix]*
24. Early Redemption Amount payable on redemption for taxation reasons and/or the method of calculating the same (if required): *[[•] per Calculation Amount/specify other/see Appendix]*

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

25. (i) Form of Securities Issue Procedures and Clearing Systems: *[Bearer Securities:*

[Temporary Bearer Global Security exchangeable for a Permanent Bearer Global Security which is exchangeable for definitive Bearer Securities only upon an Exchange Event]

		[Permanent Bearer Global Security which is exchangeable for Definitive Bearer Securities only upon an Exchange Event] [Registered Securities: [Registered Global Security ([•] nominal amount) registered in the name of a nominee for a [common depositary] [common safekeeper] for Euroclear and Clearstream, Luxembourg which is exchangeable for definitive Registered Securities only upon an Exchange Event] [Registered Securities in definitive form] (Specify nominal amounts)
	(ii) New Global Note/ Safekeeping Structure:	[New Global Note] [New Safekeeping Structure] [No]
26.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/[•]] <i>(Note that this paragraph relates to the date of payment and not Interest Period end dates)</i>
27.	Talons for future Coupons or Receipts to be attached to definitive Bearer Securities (and dates on which such Talons mature):	[No/Yes. As the Securities have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
28.	Details relating to Partly Paid Securities: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Securities and interest due on late payment:	[Not Applicable/give details. N.B. A new form of Temporary Global Security and/or Permanent Global Security may be required for Partly Paid issues]
29.	Details relating to Instalment Securities:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> <i>[give details]</i>
	(i) Instalment Amount(s):	<i>[give details]</i>
	(ii) Instalment Date(s):	<i>[give details]</i>
30.	Settlement procedures of the Securities:	<i>[give details]</i>
31.	Return on the Securities:	<i>[give details of how return takes place, payment/delivery date, calculation method]</i>
32.	Other terms or special conditions:	[Not Applicable/give details]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [Relevant third party information] has been extracted from [specify source]. [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to

ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Securities to be listed on *[specify market - note this should not be a regulated market]* with effect from [•] [insert any relevant green or sustainable bond segment] / [Not Applicable]
- (ii) Estimate of total expenses related to admission to trading: [•] / [Not Applicable]

2. RATINGS

The Securities to be issued [have been] [are expected to be] rated: [The following ratings reflect the ratings allocated to Securities of this type issued under the €15,000,000,000 Mortgage Covered Securities Programme generally:]

[Moody's: [•]]

[Other: [•] which is established in the EU and is registered under Regulation (EC) No 1060/2009 (as amended) (the **CRA Regulation**)] [which is not established in the EU and not registered under Regulation (EC) No 1060/2009 (as amended) (the **CRA Regulation**)] [and its ratings will be endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation].

(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)

(The above disclosure should reflect the rating allocated to Securities of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating. If not included in the Base Prospectus, include a statement as to whether or not the relevant credit rating agency is established in the EU and whether it is registered under Regulation (EC) 1060/2009)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business].

4. [REASONS FOR THE OFFER

Reasons for the offer:

[The Securities are intended to be issued as Sustainable Securities.

[Further particulars to be provided].

[Give details]]³⁰

5. OPERATIONAL INFORMATION

- (i) ISIN: [•]
- (ii) Common Code: [•]
[Not Applicable/[•]]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):
Delivery [against/free of] payment
- (iv) Delivery: [•] / [Not Applicable]
- (v) Name and addresses of initial Paying Agent(s) (if any): [•]
- (vi) Names and addresses of additional Paying Agent(s) (if any):
[Yes. Note that the designation "yes" simply means that the Securities are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper (include this text for registered securities] and does not necessarily mean that the Securities will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility:
[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Securities are capable of meeting them the Securities may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one

³⁰ *Intended to be used for disclosure in respect of Sustainable Securities – item can be deleted if no other reason to provide disclosure to investors.*

of the ICSDs acting as common safekeeper *(include this text for registered securities)*. Note that this does not necessarily mean that the Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

(viii) CFI

[Not Applicable/[•]]

(ix) FISN

[Not Applicable/[•]]
(If the CFI and/or FISN is not required, requested or available it/they should be specified to be "Not Applicable")

5. DISTRIBUTION

(i) If syndicated, names of Lead Managers[s] and Dealers:

[Not Applicable/[•]]

(ii) Stabilising Manager(s) (if any):

[Not Applicable/[•]]

(iii) If non-syndicated, name and address of relevant Dealer:

[Not Applicable/[•]]

(iv) U.S. Selling Restrictions:

[Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]

(v) Additional selling restrictions:

[Not Applicable/give details]
(Additional selling restrictions are only likely to be relevant for certain structured Securities, such as commodity-linked Securities)

6. NAME OF INDEX, DESCRIPTION OF INDEX, PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

(i) [Description of the settlement procedure of derivative securities]

(ii) [Description of how any return on derivative securities takes place, the payment or delivery date and the way it is calculated]

(iii) [Where Securities are index related, name of the index and a description of the index if composed by the issuer, or if not, where information about the index can be

obtained]

- (iv) *[If there is a derivative component in the interest or the Securities are derivative securities, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

7. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

- (i) [Description of the settlement procedure of the derivative securities]
- (ii) [Description of how any return on derivative securities takes place, the payment or delivery date and the way it is calculated]

[If there is a derivative component in the interest or the Securities are derivative securities, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

8. POST ISSUANCE INFORMATION

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information].

[APPENDIX TO THE PRICING SUPPLEMENT]

[Insert additional terms and conditions for Exempt Securities if needed. Index Linked Interest Securities may include (without limitation) Securities linked to Constant Maturity Swap rates or Securities linked to a rate of inflation]

Terms and Conditions of the Securities

The following are the Terms and Conditions of the Securities which will be incorporated by reference into each Global Security (as defined below) and each definitive Security, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Security will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Exempt Securities may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Exempt Securities. The applicable Final Terms in relation to any Tranche of Securities may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Securities. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Security and definitive Security. Reference should be made to "Final Terms for Securities" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Securities.

THE SECURITIES (AS DEFINED IN THESE TERMS AND CONDITIONS) ARE MORTGAGE COVERED SECURITIES ISSUED IN ACCORDANCE WITH THE ASSET COVERED SECURITIES ACT, 2001 OF IRELAND (AS AMENDED, THE ACT). THE ISSUER (AS DEFINED IN THESE TERMS AND CONDITIONS) HAS BEEN REGISTERED BY THE CENTRAL BANK OF IRELAND AS A DESIGNATED MORTGAGE CREDIT INSTITUTION PURSUANT TO THE ACT. THE FINANCIAL OBLIGATIONS OF THE ISSUER UNDER THE SECURITIES ARE SECURED ON THE COVER ASSETS THAT COMPRISE A COVER ASSETS POOL MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE ACT.

This Security is one of a Series (as defined below) of mortgage covered securities issued by Bank of Ireland Mortgage Bank (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Securities** shall be references to the Securities of this Series and shall mean:

- (i) in relation to any Securities represented by a global Security (a **Global Security**), units of the lowest Specified Denomination in the Specified Currency (as specified in the applicable Final Terms in relation to the Securities);
- (ii) any Global Security;
- (iii) any definitive Securities in bearer form (**Bearer Securities**) issued in exchange for a Global Security in bearer form; and
- (iv) any definitive Securities in registered form (**Registered Securities**) (whether or not issued in exchange for a Global Security in registered form).

The Securities and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 10 November 2020 and made between the Issuer, Citibank, N.A., London as issuing and principal paying agent, transfer agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor) and Citibank Europe plc, Dublin as paying and transfer agent (together with the Principal Paying Agent, the **Paying Agents** and the **Transfer Agents**, respectively, which expressions shall include any additional or successor paying and transfer agents) and Citibank, N.A., London as registrar (the

Registrar, which expression shall include any successor).

Interest bearing definitive Bearer Securities have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Securities repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Securities and Global Securities do not have Coupons, Receipts or Talons attached on issue.

The Final Terms for this Security (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Security and complete these Terms and Conditions and, in the case of a Security which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation (an **Exempt Security**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, replace or modify the Terms and Conditions for the purposes of the Exempt Security. Any references in the Terms and Conditions to “applicable Final Terms” shall be deemed to include a reference to “applicable Pricing Supplement” where relevant.

Any reference to **Security holders** or **holders** in relation to any Securities shall mean (in the case of Bearer Securities) the holders of the Securities and (in the case of Registered Securities) the persons in whose name the Securities are registered and shall, in relation to any Securities represented by a Global Security, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of Receipts. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Securities which are identical in all respects (including as to listing) and **Series** means a Tranche of Securities together with any further Tranche or Tranches of Securities which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Security holders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant dated 19 October 2007 and made by the Issuer (the **Deed of Covenant**). The original of the Deed of Covenant is held by the common depositary or, as the case may be, the common service provider, for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents and the Registrar (such Paying Agents and the Registrar being together referred to as the **Agents**). Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Agents save that, if this Security is an unlisted Security of any Series or an Exempt Security, the applicable Final Terms will only be obtainable by a Security holder holding one or more unlisted Securities or Exempt Securities of that Series and such Security holder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Securities and identity. The Security holders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

As used herein, outstanding means in relation to the Securities all the Securities issued other than:

- (i) those Securities which have been redeemed and cancelled pursuant to these Terms and Conditions;
- (ii) those Securities in respect of which the date for redemption under these Terms and Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under these Terms and Conditions after that date) have been duly paid to or to the order of the Principal Paying Agent in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Security holders in accordance with these Terms and Conditions) and remain available for payment against presentation of the relevant Securities and/or Receipts and/or Coupons as applicable;
- (iii) those Securities which have been purchased and cancelled under these Terms and Conditions;
- (iv) those Securities which have become prescribed under these Terms and Conditions;
- (v) those mutilated or defaced Securities which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to these Terms and Conditions;
- (vi) (for the purpose only of ascertaining the principal amount of the Securities outstanding and without prejudice to the status for any other purpose of the relevant Securities) those Securities which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued under these Terms and Conditions;
- (vii) a Temporary Global Security to the extent that it has been duly exchanged for the relevant Permanent Global Security and a Permanent Global Security to the extent that it has been exchanged for the definitive Bearer Securities in each case under its provisions; and
- (viii) any Registered Global Security to the extent that it has been exchanged for definitive Registered Securities and any definitive Registered Security to the extent that it has been exchanged for an interest in a Registered Global Security.

1. Form, Denomination and Title

The Securities are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Securities, serially numbered, in the Specified Currency and the Specified Denomination(s). Securities of one Specified Denomination may not be exchanged for Securities of another Specified Denomination and Bearer Securities

may not be exchanged for Registered Securities and *vice versa*.

Interests in a Permanent Bearer Global Security will be exchangeable (free of charge), in whole but not in part, for definitive Securities in bearer form with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event, as specified in the applicable Final Terms. Interests in a Registered Global Security will be exchangeable (free of charge), in whole but not in part, for definitive Registered Securities without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available.

In the case of a Security that is a Permanent Bearer Global Security, the Issuer will promptly give notice to holders of Securities in accordance with Condition 13 of the Terms and Conditions of the Securities if an Exchange Event occurs and Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Security or the Issuer) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

In the case of a Security that is a Registered Global Security, the Issuer will promptly give notice to holders of Securities in accordance with Condition 13 of the Terms and Conditions of the Securities if an Exchange Event occurs and Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Security or the Issuer) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Where the Securities are initially issued as Global Securities which have a minimum Specified Denomination (as specified in the applicable Final Terms) and are available in amounts above that minimum Specified Denomination (as specified in the applicable Final Terms) for trading in the Clearing Systems but those amounts are not integral multiples of that minimum Specified Denomination and those Securities are required to be exchanged into Securities in definitive form upon the occurrence of an Exchange Event, a holder of Securities who, as a result of holding such amounts holds on the relevant date for exchange a principal or nominal amount of Securities which is not an integral multiple of the minimum Specified Denomination, shall not be entitled to receive a Security in definitive form in respect of the principal or nominal amount of Securities in excess of the principal or nominal amount equal to the nearest integral multiple of the minimum Specified Denomination held by that holder.

A Security may be a Fixed Rate Security, a Floating Rate Security, a Zero Coupon Security or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms, and the appropriate provisions of these Terms and Conditions will apply accordingly.

A Security may be an Instalment Security depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

In addition, if the Security is an Exempt Security it may be an index linked interest security (an **Index Linked Interest Security**), a dual currency interest security (a **Dual**

Currency Interest Security), a combination of any of the foregoing, or a security with another type of Interest Basis (including but not limited to, interest linked to constant maturity swap (**CMS**) rates or inflation), depending upon the Interest Basis shown in the applicable Pricing Supplement, and the appropriate provisions of these Terms and Conditions will apply accordingly.

If the Security is an Exempt Security, the Security may also be an index linked redemption security (an **Index Linked Redemption Security**), a dual currency redemption security (a **Dual Currency Redemption Security**), an Instalment Security, a Partly Paid Security, a combination of any of the foregoing, an Inverse Floating Rate Security, or a security with another type of Redemption/Payment Basis (including but not limited to, redemption linked to CMS rates or inflation), depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement, and the appropriate provisions of these Terms and Conditions will apply accordingly.

Where the applicable Final Terms specifies that an Extended Maturity Date applies to a Series of Securities, those Securities may be, (i) in respect of the period from the Issue Date to and including the Maturity Date, Fixed Rate Securities, Floating Rate Securities or Zero Coupon Securities or, in the case of Exempt Securities only, Index Linked Securities or Dual Currency Securities and (ii) in respect of the period from the Maturity Date up to and including the Extended Maturity Date, Fixed Rate Securities or Floating Rate Securities, subject as specified in the applicable Final Terms.

Definitive Bearer Securities are issued with Coupons attached, unless they are Zero Coupon Securities and an Extended Maturity Date is not specified in the applicable Final Terms to the relevant Series of Securities, in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Securities, Receipts and Coupons will pass by delivery and title to the Registered Securities will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Security, Receipt or Coupon and the registered holder of any Registered Security as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Security, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Securities is represented by a Global Security held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Securities for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Securities, for which purpose the bearer of the relevant Bearer Global Security or the registered holder of the relevant Registered Global Security shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Securities in accordance with and subject to the terms of the relevant Global Security and the expressions **Security holder** and **holder of Securities** and related expressions shall be construed accordingly.

Securities which are represented by a Global Security will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. Transfers of Registered Securities

(a) *Transfers of interests in Registered Global Securities*

Transfers of beneficial interests in Registered Global Securities will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Security will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Securities in definitive form or for a beneficial interest in another Registered Global Security only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

(b) *Transfers of Registered Securities in definitive form*

Subject as provided in paragraphs (e) and (f) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Security in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Security for registration of the transfer of the Registered Security (or the relevant part of the Registered Security) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof and the transferee or transferees thereof or, in either case, his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in schedule 7 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Security in definitive form of a like aggregate nominal amount to the Registered Security (or the relevant part of the Registered Security) transferred. In the case of the transfer of part only of a Registered Security in definitive form, a new Registered Security in definitive form in respect of the balance of the Registered Security not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) *Registration of transfer upon partial redemption*

In the event of a partial redemption of Securities under Condition 6, the Issuer shall not be required to register the transfer of any Registered Security, or part of a Registered Security, called for partial redemption.

(d) *Costs of registration*

Security holders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) *Transfers of interests in Registered Global Securities*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Registered Global Security may not be made to a transferee in the United States or who is a US person.

(f) *Exchanges and transfers of Registered Securities generally*

Holders of Registered Securities in definitive form may exchange such Securities for interests in a Registered Global Security of the same type at any time.

(g) *Definitions*

In this Condition, the following expressions shall have the following meanings:

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of each Tranche of Securities, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Dealer (in the case of a syndicated issue);

Registered Global Security means a Global Security in registered form representing Securities sold outside the United States in reliance on Regulation S;

Regulation S means Regulation S under the Securities Act; and

Securities Act means the United States Securities Act of 1933, as amended.

3. Status of the Securities

The Securities and any related Coupons constitute the direct, unconditional and senior obligations of the Issuer and rank *pari passu* among themselves. The Securities are mortgage covered securities issued in accordance with the Asset Covered Securities Act 2001 of Ireland, as amended (the **Act**), are secured on cover assets that comprise a cover assets pool maintained by the Issuer in accordance with the terms of the Act, and rank *pari passu* with all other obligations of the Issuer under mortgage covered securities issued or to be issued by the Issuer pursuant to the Act.

4. Interest

The applicable Final Terms will indicate whether the Securities are Fixed Rate

Securities, Floating Rate Securities or Zero Coupon Securities or, in the case of Exempt Securities, whether a different interest basis applies.

(a) *Interest on Fixed Rate Securities*

Each Fixed Rate Security bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Subject as provided in Condition 4(e), interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the **Interest Commencement Date**) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 4(a):

- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
 - (i) in the case of Securities where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Securities where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such determination Period and (y) the number of Determination Dates that would occur in one calendar year;

- (ii) if **30/360** is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (iii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the relevant period divided by 365.

In these Terms and Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

Yield for a particular issue of Fixed Rate Securities will be shown in the applicable Final Terms and represents the per cent. rate of return paid if the security is held to its maturity date. The yield calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the Security is reinvested at the same rate.

(b) *Interest on Floating Rate Securities*

(i) *Interest Payment Dates*

Each Floating Rate Security bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions:

Business Day means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Additional Business Centre(s) specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre(s) and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 system is open.

TARGET2 system(TARGET2) means the Trans-European Automated Real-Time Gross Settlement Express Transfer system.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Securities will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Securities*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Securities (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Securities

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below (and subject to Condition 4(f), if applicable), be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Relevant Financial Centre time) (the **Specified Time**) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified.

If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) or, as applicable, the relevant Calculation Agent of such offered quotations.

If the Relevant Screen Page is not available or, if sub-paragraph (1) above applies, no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (2) above applies and fewer than three such offered quotations appear, in each case as at the

Specified Time on the relevant Interest Determination Date, the Principal Paying Agent will request the principal London office of each of the Reference Banks to provide the Principal Paying Agent with its offered quotation (expressed as a per cent. rate per annum) for the making of a deposit in the Specified Currency for the period specified in the Reference Rate to leading banks in the London inter-bank market as at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date:

- (A) one only or none of the Reference Banks provides the Principal Paying Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, as at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or Euro-zone inter-bank market (if the Reference Rate is EURIBOR), plus or minus (as appropriate) the Margin (if any); or
- (B) fewer than two of the Reference Banks provide the Principal Paying Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, which, as at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or Euro-zone inter-bank market (if the Reference Rate is EURIBOR), plus or minus (as appropriate) the Margin (if any);

provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions (A) and (B) of this paragraph, the Rate of Interest shall be:

- (x) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period); or
- (y) if there is no such preceding Interest Determination Date, the initial Rate of Interest applicable to such Securities on the Interest Commencement Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest

relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period).

The Reference Rate from time to time in respect of Floating Rate Securities is specified in the applicable Final Terms.

For the purposes of these provisions **Reference Banks** means, in the case of Condition 4(b)(ii)(B)(1), those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of Condition 4(b)(ii)(B)(2) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

In the case of Exempt Securities, if the Reference Rate from time to time specified in respect of Floating Rate Securities is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of the Securities will be determined as provided in the applicable Pricing Supplement.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Securities in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (A) if **Actual/365** or **Actual/Actual** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of

days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (B) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (F) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30.

(v) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period, provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Issuer shall use its reasonable endeavours to appoint an independent Adviser as soon as reasonably practicable with a view to such Independent Adviser determining such rate at such time and by reference to such sources as it determines appropriate for the purposes of the calculation of the Rate of Interest. The Independent Adviser shall instruct the Agent or the Calculation Agent, as applicable as to such rate. The Independent Adviser will consult with the Issuer with respect to such determination.

If, notwithstanding the use of reasonable endeavours, the Issuer is unable to appoint an Independent Adviser, or if an Independent Adviser is appointed by the Issuer but fails to make any relevant determination specified to be made by it under this Condition 4(b)(v) prior to the relevant Interest Determination Date, the Issuer itself (acting in good faith and in a commercially reasonable manner) shall be entitled to determine the Rate of Interest.

An Independent Adviser appointed pursuant to this Condition 4(b)(v) shall act in good faith and (in the absence of bad faith or fraud) neither the Issuer nor any Independent Adviser shall have any liability whatsoever to the Agents or the holders of any Securities, Receipts or Coupons for any determination made by it pursuant to this Condition 4(b)(v).

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vi) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent, or where the applicable Final Terms specifies a Calculation Agent for this purpose, the Calculation Agent so specified will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any competent listing authority or stock exchange on

which the relevant Floating Rate Securities are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each competent listing authority or stock exchange on which the relevant Floating Rate Securities are for the time being listed and to the Security holders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), by the Principal Paying Agent or the Calculation Agent (if applicable) shall (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Issuer, the Principal Paying Agent, any Calculation Agent, the other Agents and all Security holders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Security holders or the Couponholders shall attach to the Principal Paying Agent or any Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Exempt Securities*

In the case of Exempt Securities which are also Floating Rate Securities where the applicable Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Exempt Securities will be determined as provided in the applicable Pricing Supplement.

The rate or amount of interest payable in respect of Exempt Securities which are not also Fixed Rate Securities or Floating Rate Securities shall be determined in the manner specified in the applicable Pricing Supplement, provided that where such Securities are Index Linked Interest Securities the provisions of Condition 4(b) shall, save to the extent amended in the applicable Pricing Supplement, apply as if the references therein to Floating Rate Securities and to the Agent were references to Index Linked Interest Securities and the Calculation Agent, respectively, and provided further that the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

In the case of Partly Paid Securities (other than Partly Paid Securities which are Zero Coupon Securities), interest will accrue as aforesaid on the paid-up nominal amount of such Securities and otherwise as specified in the applicable Pricing Supplement.

(d) *Accrual of interest*

Subject as provided in Condition 4(b), each Security (or in the case of the redemption of part only of a Security, that part only of such Security) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to

accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Security have been paid; and
 - (ii) five days after the date on which the full amount of the moneys payable in respect of such Security has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Security holders in accordance with Condition 13.
- (e) *Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Securities up to the Extended Maturity Date*
- (i) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Securities and the maturity of those Securities is extended beyond the Maturity Date in accordance with Condition 6(i), the Securities shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which the Securities are redeemed in full or the Extended Maturity Date, subject to Condition 4(d). In that event, interest shall be payable on those Securities at the rate determined in accordance with Condition 4(e)(ii) on the principal amount outstanding of the Securities in arrear on the Interest Payment Date in each month after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date.
 - (ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Securities and the maturity of those Securities is extended beyond the Maturity Date in accordance with Condition 6(i), the rate of interest payable from time to time in respect of the principal amount outstanding of the Securities on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date will be as specified in the applicable Final Terms and, where applicable, determined by the Principal Paying Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, two Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms.
 - (iii) In the case of Securities which are Zero Coupon Securities up to (and including) the Maturity Date and for which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 4(e) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Terms and Conditions.
 - (iv) This Condition 4(e) shall only apply to Securities to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Securities (in full) on the Maturity Date (or within two Business Days thereafter) and the maturity of those Securities is automatically extended up to the Extended Maturity Date in accordance with Condition 6(i).
- (f) *Benchmark Discontinuation*

Notwithstanding the provisions of Condition 4(b) or 4(c), if a Benchmark Event occurs in relation to an Original Reference Rate when any required Rate of Interest (or any

component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 4(f) shall apply:

(i) *Independent Adviser*

The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to such Independent Adviser determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(f)(ii)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 4(f)(iii)) and any Benchmark Amendments (in accordance with Condition 4(f)(iv)).

The Independent Adviser will consult with the Issuer with respect to all determinations to be made by it pursuant to this Condition 4(f).

An Independent Adviser appointed pursuant to this Condition 4(f) shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Agents or the Security holders for any determination made by it pursuant to this Condition 4(f).

If, notwithstanding the use of reasonable endeavours, the Issuer is unable to appoint an Independent Adviser, or if an Independent Adviser is appointed by the Issuer but fails to make any relevant determination specified to be made by it under this Condition 4(f) prior to the relevant Interest Determination Date, the Issuer itself (acting in good faith and in a commercially reasonable manner) will make the relevant determination(s) (which may, for the avoidance of doubt, include the determination of a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(f)(ii)) and, in either case, an Adjustment Spread (if any) (in accordance with Condition 4(f)(iii)) and any Benchmark Amendments (in accordance with Condition 4(f)(iv)). In such case, remaining references in this Condition 4(f) to determinations made, or to be made, by the Independent Adviser shall be construed accordingly.

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4(f)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Securities (subject to the further operation of this Condition 4(f)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4(f)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Securities (subject to the further operation of this Condition 4(f)).

(iii) *Adjustment Spread*

If the Independent Adviser determines (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(f) and the Independent Adviser determines (A) that amendments to these Terms and Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with condition 4(f)(v), without any requirement for the consent or approval of Security holders, vary these Terms and Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Security holders shall, by virtue of holding any Security or any beneficial interest therein, be deemed to accept the variation of the terms of the Securities and to grant the Issuer full power and authority to take any action and/or execute and deliver any document which is necessary or convenient to give effect to the Benchmark Amendments.

In connection with any such variation in accordance with this Condition 4(f)(iv), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(f) will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and, in accordance with Condition 13, the Security holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Paying Agents of the same, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two authorised signatories of the Issuer:

- (A) confirming (x) that a Benchmark Event has occurred, (y) the Successor Rate or, as the case may be, the Alternative Rate and, (z) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendment, in each case as determined in accordance with the provisions of this Condition 4(f);
- (B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread; and

- (C) certifying that (x) each of the matters above has been determined by the Independent Adviser or, if that is not the case, (y) explaining, in reasonable detail, why such determinations have not been made by the Independent Adviser.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any)) and the Benchmark Amendments (if any) be binding on the Issuer, the Calculation Agent, the Paying Agents and the Security holders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 4(f)(i) to 4(f)(iv), the Original Reference Rate and the fall-back provisions provided for in Condition 4(b)(ii)(B) will continue to apply unless and until the Principal Paying Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(f)(v).

(vii) *Definitions*

In these Terms and Conditions:

Adjustment Spread means either a spread (which may be positive or negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of an Alternative Rate (or, in the case of a Successor Rate where (A) above does not apply), is in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or
- (C) if no such recommendation or option has been made (or made available), or the Independent Adviser determines there is no such spread, formula or methodology in customary market usage, the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4(f)(ii)(B) has replaced the Original Reference Rate in customary market usage in the international

debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Securities.

Benchmark Event means, with respect to an Original Reference Rate:

- (A) the Original Reference Rate ceasing to exist or be published for a period of at least 5 Business Days; or
- (B) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the date specified in (B)(i); or
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or
- (D) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, by a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the date specified in (D)(i); or
- (E) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used, is no longer representative, or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (F) it has or will prior to the next Interest Determination Date become unlawful for any Agent or the Issuer to calculate any payments due to be made to any Security holder using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Independent Adviser means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense under Condition 4(b)(v) or 4(f)(i).

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Securities (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall be deemed to include any such Successor Rate or Alternative Rate).

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as

applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof.

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5. Payments

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively);
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in US dollars will be made by a transfer to a US dollar account maintained by the payee with a bank outside the United States (which expression as used in this Condition 5, means the United States of America including the States, and District of Columbia, its territories, its possessions and other areas subject to its jurisdiction) or by cheque drawn on a US bank. In no event will payment be made by a cheque mailed to an address in the United States. All payments of interest will be made to accounts outside the United States except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) *Presentation of definitive Bearer Securities and Coupons*

Payments of principal in respect of definitive Bearer Securities will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Securities, and payments of interest in respect of definitive Bearer Securities will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in

each case at the specified office of any Paying Agent outside the United States).

Payments of instalments of principal (if any) in respect of definitive Bearer Securities, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Security in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Security to which it appertains. Receipts presented without the definitive Bearer Security to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Security becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Securities in definitive bearer form (other than Long Maturity Securities (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 12 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8).

Upon the date on which any Fixed Rate Security in definitive bearer form becomes due and repayable, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Security or Long Maturity Security in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Security** is a Fixed Rate Security (other than a Fixed Rate Security which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Security shall cease to be a Long Maturity Security on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Security.

If the due date for redemption of any definitive Bearer Security is not an Interest Payment Date, interest (if any) accrued in respect of such Security from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Security.

(c) *Payments in respect of Bearer Global Securities*

Payments of principal and interest (if any) in respect of Securities represented by any Global Security in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Securities and otherwise in the manner specified in the relevant Global Security against presentation or surrender, as the case may

be, of such Global Security at the specified office of any Paying Agent outside the United States.

On the occasion of each payment:

- (i) in the case of any Global Security in bearer form which is not issued in new global note (**NGN**) form (as specified in the applicable Final Terms), a record of such payment made against presentation or surrender of such Global Security in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Security by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made; and
- (ii) in the case of any Global Security in bearer form which is issued in NGN form (as specified in the applicable Final Terms), the Principal Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

(d) *Payments in respect of Registered Securities*

Payments of principal in respect of each Registered Security will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Security at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Security appearing in the register of holders of the Registered Securities maintained by the Registrar (the **Register**) (x) in the case of a Registered Global Security, as at the close of the business day (in the ICSDs) prior to the relevant due date or (y) in the case of a Registered Security in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) prior to the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Securities held by a holder is less than €250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a **Designated Bank** and identified as such in the Register and Designated Bank means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Security will be made by transfer to the Designated Account of the holder (or the first named of joint holders) of the Registered Security appearing in the Register (x) in the case of a Registered Global Security, as at the close of the business day (in the ICSDs) prior to the relevant due date or (y) in the case of a Registered Security in definitive form, on the close of business on the fifteenth day (whether or not such fifteenth day is a business day) prior to the relevant due date (in each case, the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Payment of the interest due in respect of each Registered Security on redemption will be made in the same manner as payment of the principal amount of such Registered Security.

Holders of Registered Securities will not be entitled to any interest or other payment

for any delay in receiving any amount due in respect of any Registered Security as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Securities.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) *Specific provisions in relation to payments in respect of certain types of Exempt Securities*

Payments of instalments of principal (if any) in respect of definitive Securities, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 5(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 5(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Security in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Security to which it appertains. Receipts presented without the definitive Security to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Security becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Upon the date on which any Dual Currency Security or Index Linked Security in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

(f) *General provisions applicable to payments*

The holder of a Global Security shall be the only person entitled to receive payments in respect of Securities represented by such Global Security and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Security in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Securities represented by such Global Security must look solely to Euroclear or Clearstream, Luxembourg as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Security.

(g) *Payment Day*

If the date for payment of any amount in respect of any Security or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign

currency deposits) in:

- (A) in the case only of Securities in definitive form, the relevant place of presentation; or
 - (B) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 system is open.

(h) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Securities shall be deemed to include, as applicable:

- (i) the Final Redemption Amount (as specified in the applicable Final Terms) of the Securities;
- (ii) the Optional Redemption Amount(s) (if any, as specified in the applicable Final Terms) of the Securities;
- (iii) in relation to Securities and Exempt Securities redeemable in instalments, the Instalment Amounts (as specified in the applicable Final Terms); and
- (iv) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Securities.

(i) *Payments on Registered Securities in definitive form*

In respect of payments on Registered Securities in definitive form, whether made or falling due before or during any insolvency or composition proceedings to which the Issuer may be subject, the Issuer, to the extent permitted by applicable law and if Condition 5(i) is specified to apply in the applicable Final Terms, hereby waives any right of set-off to which it may be entitled as well as the exercise of any pledge, right of retention or other rights through which the claims of the Security holder could be prejudiced to the extent that such rights belong to the guaranteed assets (*Sicherungsvermögen*) within the meaning of § 125 of the German Act Concerning the Supervision of Insurance Companies of 01 April 2015 (as amended) (*Gesetz über die Beaufsichtigung der Versicherungsunternehmen* – the **VAG**) and/or to assets which are subject to the investment principles set out in [sect] 124 and/or [sect] 215 (also in connection with [sect] 219 or [sect] 234, as applicable) of the VAG and/or to assets which are subject to the German Regulation Concerning the Investment of the Restricted Assets of Pension Funds, Burial Funds and Small Insurance Companies (*Verordnung über die Anlage des Sicherungsvermögens von Pensionskassen, Sterbekassen und kleinen Versicherungsunternehmen*) of 18 April 2016 (as amended) or belong to funds covering debt securities (*Deckungsmasse für Schuldverschreibungen*) established pursuant to German law.

6. Redemption and Purchase

(a) *Redemption at maturity*

Subject to Condition 6(i), unless previously redeemed or purchased and cancelled or extended as specified below, each Security will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Security holders in accordance with Condition 13; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent and, in the case of a redemption of Registered Securities, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem, as specified in the applicable Final Terms, all or some only of the Securities then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Securities, the Securities to be redeemed (**Redeemed Securities**) will be selected individually by lot, in the case of Redeemed Securities represented by definitive Securities, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Securities represented by a Global Security, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Securities represented by definitive Securities, a list of the serial numbers of such Redeemed Securities will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Securities represented by definitive Securities shall bear the same proportion to the aggregate nominal amount of all Redeemed Securities as the aggregate nominal amount of definitive Securities outstanding bears to the aggregate nominal amount of the Securities outstanding, in each case on the Selection Date, provided that, such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate nominal amount of Redeemed Securities represented by a Global Security shall be equal to the balance of the Redeemed Securities. No exchange of the relevant Global Security will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Security holders in accordance with Condition 13 at least five days prior to the Selection Date.

(c) *Redemption at the option of the Security holders (Investor Put)*

If Investor Put is specified in the applicable Final Terms, upon the holder of any

Security giving to the Issuer in accordance with Condition 13 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Security on the Optional Redemption Date and at the Optional Redemption Amount as specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Securities may be redeemed under this Condition 6(c) in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of this Security the holder of this Security must deliver, at the specified office of any Paying Agent (in the case of Bearer Securities) or the Registrar (in the case of Registered Securities) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Securities, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Securities so surrendered is to be redeemed, an address to which a new Registered Security in respect of the balance of such Registered Securities is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Security is in definitive form, the Put Notice must be accompanied by this Security or evidence satisfactory to the Paying Agent concerned that this Security will, following delivery of the Put Notice, be held to its order or under its control. If this Security is represented by a Global Security or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Security the holder of this Security must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or, as the case may be, the common service provider, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Security is represented by a Global Security, at the same time present or procure the presentation of the relevant Global Security to the Principal Paying Agent for notation accordingly.

Any Put Notice given by a holder of any Security pursuant to this paragraph shall be irrevocable.

(d) *Instalments*

Instalment Securities will be redeemed in the Instalment Amounts and on the Instalment Dates (each as specified in the applicable Final Terms or Pricing Supplement).

(e) *Specific redemption provisions applicable to certain types of Exempt Securities*

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Index Linked Redemption Securities and Dual Currency Redemption Securities may be specified in, or determined in the manner specified in, the applicable Pricing Supplement. Index Linked Interest Securities and Dual Currency Interest Securities may be redeemed only on an Interest Payment Date.

Partly Paid Securities will be redeemed, whether at maturity, early redemption or otherwise,

in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(f) *Purchases*

The Issuer may at any time purchase Securities (provided that, in the case of definitive Securities, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

(g) *Cancellation*

All Securities which are redeemed will forthwith be cancelled (together with all unmatured Coupons, Receipts and Talons attached thereto or surrendered therewith at the time of redemption). All Securities so cancelled and any Securities purchased and surrendered for cancellation pursuant to paragraph (e) above (together with all unmatured Coupons, Receipts and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(h) *Late payment and Early Redemption Amount on Zero Coupon Securities*

The Early Redemption Amount of a Zero Coupon Security, and, if the amount payable in respect of any Zero Coupon Security, upon redemption of such Zero Coupon Security pursuant to paragraph (a), (b) or (c) above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Security, shall be the amount calculated in accordance with the following formula:

$$RP \times (1 + AY)^y$$

where:

RP means the Reference Price; and

AY means the Accrual Yield expressed as a decimal; and

y is a fraction, the denominator of which is 360 and the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the "Securities-to (but excluding) the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Security have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Securities has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Security holders in accordance with Condition 13.

(i) *Extension of Maturity up to Extended Maturity Date*

- (i) An Extended Maturity Date shall be specified in the applicable Final Terms as applying to each Series of Securities unless the rating agencies appointed at the relevant time by the Issuer to provide credit ratings in respect of the relevant Series of Securities agree

that an Extended Maturity Date will not apply to such Series of Securities.

- (ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Securities and the Issuer fails to redeem all of those Securities in full on the Maturity Date or within two Business Days thereafter, the maturity of the Securities and the date on which such Securities will be due and repayable for the purposes of the Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as otherwise provided for in the applicable Final Terms. In that event, the Issuer may redeem all or any part of the principal amount outstanding of the Securities on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the applicable Final Terms. The Issuer shall give to the Security holders (in accordance with Condition 13), the Principal Paying Agent and the other Paying Agents, notice of its intention to redeem all or any of the principal amount outstanding of the Securities in full at least five Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date or as applicable, the Extended Maturity Date or give rise to rights in any such person.
- (iii) In the case of Securities which are Zero Coupon Securities up to (and including) the Maturity Date to which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 6(i) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Terms and Conditions.
- (iv) Any extension of the maturity of Securities under this Condition 6(i) shall be irrevocable. Where this Condition 6(i) applies, any failure to redeem the Securities on the Maturity Date or any extension of the maturity of Securities under this Condition 6(i) shall not constitute an event of default for any purpose or give any Security holder any right to receive any payment of interest, principal or otherwise on the relevant Securities other than as expressly set out in these Terms and Conditions.
- (v) In the event of the extension of the maturity of Securities under this Condition 6(i), interest rates, interest periods and interest payment dates on the Securities from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the applicable Final Terms and Condition 4.
- (vi) If the Issuer redeems part and not all of the principal amount outstanding of Securities on an Interest Payment Date falling in any month after the Maturity Date, the redemption proceeds shall be applied rateably across the Securities and the principal amount outstanding on the Securities shall be reduced by the level of that redemption.
- (vii) If the maturity of any Securities is extended up to the Extended Maturity Date in accordance with this Condition 6(i), subject to as otherwise provided for in the applicable Final Terms, for so long as any of those Securities remains in issue, the Issuer shall not issue any further mortgage covered securities, unless the proceeds of issue of such further mortgage covered securities are applied by the Issuer on issue in redeeming in whole or in part the relevant Securities in accordance with the terms hereof.
- (viii) This Condition 6(i) shall only apply to Securities to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Securities in full on the Maturity Date (or within two Business Days thereafter);

7. Taxation

All payments of principal and interest in respect of the Securities, Receipts and Coupons shall be made by or on behalf of the Issuer without deduction or withholding for or on account of any present or future taxes or other duties of whatever nature levied by or on behalf of any jurisdiction, unless the Issuer shall be obligated by law to make such deduction or withholding. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments in respect of any such withholding or deduction imposed.

8. Prescription

To the extent permitted by applicable law, the Bearer Securities, Receipts and Coupons will become void unless presented for payment within a period of 12 years from the Relevant Date in respect thereof and claims in respect of Registered Securities shall become prescribed unless made within a period of 12 years from the Relevant Date in respect thereof. Any monies paid by the Issuer to the Registrar or a Paying Agent, as the case may be, for the payment of principal or interest with respect to the Securities and remaining unclaimed when the Securities, Receipts or Coupons become void or claims in respect thereof become prescribed, as the case may be, shall be paid to the Issuer and all liability of the Issuer with respect thereto shall thereupon cease. As used in these Terms and Conditions, **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Security holders in accordance with Condition 13.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon which would be void, or the claim for payment in respect of which would be prescribed, pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

9. Replacement of Securities, Coupons and Talons

Should any Security, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Securities, Receipts, Coupons or Talons) or the Registrar (in the case of Registered Securities) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

10. Agents

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (i) there will at all times be a Principal Paying Agent and a Registrar; and
- (ii) so long as the Securities are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Securities) and a Transfer Agent (in the case of

Registered Securities) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority).

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Security holders in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Security holders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

11. Overcollateralisation/Prudent Market Discount

(a) Maintenance of Overcollateralisation

For so long as the Securities are outstanding, the prudent market value (determined in accordance with the Act) of the cover assets pool maintained by the Issuer in accordance with the terms of the Act will not at any time be less than the then applicable Minimum Overcollateralisation Level.

(b) Minimum Pool Overcollateralisation Level

For the purposes of this Condition 11, the applicable **Minimum Overcollateralisation Level** at any time shall be an amount equal to the Overcollateralisation Per cent. of the total aggregate outstanding principal amount of all Securities issued under the Programme.

(c) Overcollateralisation Percentage

For the purposes of this Condition 11, the **Overcollateralisation Percentage** means 105.00 per cent. or such other percentage as may be selected by the Issuer from time to time and notified to the Issuer's Monitor and the Security holders (in the case of the latter, in accordance with Condition 13) provided that:

- (i) the Overcollateralisation Percentage shall not, for so long as the Securities are outstanding, be reduced by the Issuer below 105.00 per cent.; and
- (ii) without prejudice to (i), the Issuer shall not at any time reduce the then Overcollateralisation Percentage which applies for the purposes of this Condition 11 if to do so would result in any credit rating then applying to the Securities by any credit rating agency appointed by the Issuer in respect of the Securities being reduced, removed, suspended or placed on credit watch.

(d) Prudent Market Discount

For the purposes of the Asset Covered Securities Act, 2001 Regulatory Notice sections 41(1) and 41A(7)) 2011 and the Asset Covered Securities Act, 2001 section 61(1), 61(2), 61(3) [Prudent Market Discount] Regulation 2004 (as either of them may be amended or replaced from time to time), the Prudent Market Discount applicable to the Issuer in the

case of valuations within the scope of the above mentioned regulatory notice and regulation is 0.150 or such other figure as may be selected by the Issuer from time to time and notified to the Issuer's cover-assets monitor and the Security holders (in the case of the latter in accordance with Condition 13) provided that:

- (i) such Prudent Market Discount shall not for so long as the Securities are outstanding be reduced by the Issuer below 0.150; and
- (ii) without prejudice to (i) above, the Issuer shall not at any time reduce the then such Prudent Market Discount which applies for the purposes of this Condition 11 if to do so would result in any credit rating then applying to the Securities by any credit rating agency appointed by the Issuer in respect of the Securities being reduced, removed, suspended or placed on credit watch.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Security to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. Notices

All notices regarding the Bearer Securities will be deemed to be validly given if filed with the Companies Announcements Office of Euronext Dublin. Any such notice will be deemed to have been given on the date of the first publication.

All notices regarding the Registered Securities will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the second day after mailing and, in addition, for so long as any Registered Securities are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a form required by those rules.

Until such time as any definitive Securities are issued, there may, so long as any Global Securities representing the Securities are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Securities and, in addition, for so long as any Securities are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a form required by those rules. Any such notice shall be deemed to have been given to the holders of the Securities on the seventh day after the day on which the said notice was given to Euroclear and/ or Clearstream, Luxembourg.

Notices to be given by any Security holder shall be in writing and given by lodging the same, together (in the case of any Security in definitive form) with the relative Security or Securities, with the Principal Paying Agent (in the case of Bearer Securities) or the Registrar (in the case of Registered Securities). Whilst any of the Securities are represented by a Global Security, such notice may be given by any holder of a Security to the Principal Paying

Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Security holders, the Receiptholders or the Couponholders to create and issue further mortgage covered securities in accordance with the Act having terms and conditions the same as the Securities or the same in all respects save for the Issue Date, nominal amount, Interest Commencement Date, date of the first payment of interest thereon and/or Issue Price, and so that the same shall be consolidated and form a single Series with the outstanding Securities.

15. Governing Law, Jurisdiction and Partial Invalidity

(a) *Governing Law*

The Agency Agreement, the Deed of Covenant, the Securities, the Receipts and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with the laws of Ireland.

(b) *Jurisdiction*

Any action or other legal proceedings arising out of or in connection with the Securities shall be brought in the High Court of Ireland and the Issuer hereby submits to the exclusive jurisdiction of such court.

(c) *Partial Invalidity*

Should any provision hereof be or become illegal, invalid, void, unenforceable or inoperable in whole or in part, the other provisions shall remain in force.

Use of Proceeds

The Issuer expects to use the net proceeds from the issue of Securities to support the business of the Issuer permitted by the ACS Acts (See *Risk Factors* and *Restrictions on the Activities of an Institution*).

Sustainable Securities

Securities may be issued as Sustainable Securities and the applicable Final Terms or Pricing Supplement will indicate if the Securities are intended to constitute Sustainable Securities.

The Issuer intends to allocate an amount equal to the net proceeds from any issue of Sustainable Securities to advance loans to the Group's customers on a targeted basis for the purposes of the financing and/or refinancing by such customers of Eligible Sustainable Projects, in line with any Framework the Group may publish from time to time. See the risk factor entitled "*In respect of any Securities issued as Sustainable Securities, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor*" above.

Description of the Issuer and the Group

The Issuer

Bank of Ireland Mortgage Bank

The Issuer was duly incorporated in Ireland on 21 May 2004 as a public limited company under the name Bank of Ireland Mortgage Bank Public Limited Company. It was subsequently re-registered as a public unlimited company under the name Bank of Ireland Mortgage Bank on 23 June 2004. The Issuer on 19 February 2016 adopted a new constitution in accordance with the Companies Act. The Issuer obtained an Irish banking licence under the Irish Central Bank Act, 1971 (as amended) and was registered as a designated mortgage credit institution under the 2001 Act on 1 July 2004. The Issuer is a wholly-owned subsidiary of Bank of Ireland. At the date of this Base Prospectus, the Issuer is operating in accordance with its constitution.

The Issuer's purpose is to carry on the permitted activities of a designated mortgage credit institution as provided for in the ACS Acts, including issuing Mortgage Covered Securities for the purpose of financing loans secured on residential property or commercial property in accordance with the ACS Acts. Such loans may be made directly by the Issuer or may be purchased from Bank of Ireland and other members of the Group or third parties. Under the ACS Acts, the Issuer may also hold (and issue Mortgage Covered Securities secured on) RMBS or CMBS. The Issuer does not hold RMBS or CMBS and has no current plans to do so. The Issuer's principal executive and registered offices are located at 40 Mespil Road, Dublin 4, Ireland. The telephone number of the Issuer is +353 1 6113333.

The authorised share capital of the Issuer is €1,000,000,000 consisting of 1,000,000,000 ordinary shares of €1 each of which 488,375,000 ordinary shares of €1 each have been issued and are fully paid up as at the date of this Base Prospectus.

Issuer Credit Rating

As at the date of this Base Prospectus, the Issuer's covered bond ratings is Aa1 stable from Moody's.

Bank of Ireland and Group Credit Rating

As at the date of this Base Prospectus, long-term / short-term senior unsecured credit ratings for BOIG plc were: BBB- (Negative) / A-3 from S&P; Baa2 (Stable) from Moody's; and BBB (Negative) / F2 from Fitch; and long-term / short-term senior unsecured credit ratings for Bank of Ireland were: A- (Negative) / A-2 from S&P; A2 (Stable) / Prime-1 from Moody's; and BBB+ (Negative) / F2 from Fitch.

Ownership/Control

The Issuer is a 100 per cent. owned subsidiary and as such is under the control of Bank of Ireland. At the date of this Base Prospectus, the Issuer is not aware of any arrangement the operation of which may at a date subsequent to the date of this Base Prospectus result in a change in control of the Issuer. The Issuer does not have any subsidiaries.

The formal governance framework currently in place for the Issuer includes measures which have been put in place to ensure that Bank of Ireland's control of the Issuer is not abused. In addition, the Issuer and Bank of Ireland are both regulated and supervised by the Central Bank under the Irish Banking Code (see *General Supervision and Regulation of Banks in Ireland*). The

Central Bank's Corporate Governance Code for Credit Institutions (as amended) applies to existing directors and boards of credit institutions (including the Issuer) with effect from 11 January 2016. It includes provisions on the membership of the board of directors, the role and responsibilities of the chairman and other directors and the operation of various board committees. Additionally, the Issuer and Bank of Ireland are both subject to the EBA Guidelines on Internal Governance which reinforces the responsibility of the management body for sound governance arrangements.

In addition, three of the Issuer's directors are not at the date of this Base Prospectus employees of any member of the Group although one such director was formerly an employee of a Group member (see *Board of Directors and Management and Administration of the Issuer*).

Unlimited Liability Status of the Issuer

The Issuer is an unlimited company. There is no limit on the liability of the members for the time being (the registered shareholders of record) of the Issuer (as an unlimited company under Irish law) to contribute to the Issuer in an insolvent liquidation of the Issuer to the extent that the Issuer's assets are insufficient to meet its liabilities. In that event, the liquidator of the Issuer or the court has the right to seek contribution from each of the members. Bank of Ireland is a member of the Issuer. The Issuer's unlimited status does not confer on the creditors of the Issuer the right to seek payment of the Issuer's liabilities from the Issuer's members or to seek contribution for the Issuer from the members in the event of the Issuer becoming insolvent or otherwise. This right rests with the liquidator of the Issuer or the court on an insolvent winding-up. Bank of Ireland is not guarantor of, or otherwise liable for, the Securities. See further *Insolvency of Institutions — Consequences of Issuer's Status as an Unlimited Company*.

Financial Year of the Issuer

The financial year end of the Issuer is 31 December.

Business of the Issuer

The Issuer is an Institution, whose business activities are restricted to dealing in and holding mortgage credit assets, which under the ACS Acts include certain RMBS or CMBS, and limited classes of other assets, engaging in activities connected with the financing and refinancing of such assets, entering into certain hedging contracts and engaging in other activities which are incidental or ancillary to the above activities. However, the Issuer will not include in the Pool in any circumstance any asset-backed securities which do not satisfy the ECB eligibility criteria for covered bonds as set out in Article 80 of the Guideline on the implementation of the Eurosystem monetary policy framework (recast) (ECB/2014/60) as amended. The objects of the Issuer are set out in paragraph 3 of its Memorandum of Association which forms part of its constitutive documents. See *Restrictions on the Activities of an Institution — Permitted business activities in which an Institution may engage*.

Transfer of Bank of Ireland's Irish Residential Loan Book and Business to the Issuer

On 5 July 2004, Bank of Ireland transferred substantially all of the Irish residential loans and related securities held by it and of its Irish residential loan business to the Issuer. The aggregate principal amount outstanding of and accrued but unpaid interest on the Irish residential loans transferred by Bank of Ireland to the Issuer on 5 July 2004 was €9.1 billion. The transfer was effected pursuant to a statutory transfer mechanism provided for in the 2001 Act. This statutory mechanism involved the putting in place of a scheme in accordance with the 2001 Act between Bank of Ireland and the Issuer on 2 July 2004 which permits the transfer of Irish residential loans and related security and/or Irish residential loan business between Bank of Ireland and the Issuer. Transfers under that scheme were approved on 2 July 2004 by order of the Irish Financial Services Regulatory Authority

(IFSRA, the responsible authority at the time) as required by the ACS Acts. The scheme permits further transfers from Bank of Ireland to the Issuer or from the Issuer to Bank of Ireland in the future. On 6 February 2006 in accordance with the scheme, the Issuer transferred to Bank of Ireland certain Irish residential loans (including the mortgages and other securities for those loans) pursuant to section 58 of the 2001 Act and with the approval of IFSRA (as the competent authority at that date). The aggregate principal amount of loans re-transferred from the Issuer to Bank of Ireland amounted to approximately 2 per cent. of the Issuer's then total loan book of approximately €13 billion.

Irish Housing / Residential Loan Market

The Irish Residential Property Price index is showing an overall decline of 0.5% in the year to July 2020, the first month of negative growth in 2020. For Dublin, residential property prices saw a decrease of 1.3%, with house prices decreasing by 1.2%, while apartments increased by 0.4%. The highest house price growth in Dublin was in Dun Laoghaire-Rathdown area at 1.3%, while Dublin City saw a decline of 2.7%. Nationally, excluding Dublin, prices were 0.2% higher in the year to July, with house and apartment prices both up by 0.3%. The region outside of Dublin which saw the largest rise in house prices was the South-West at 4.3%, while at the other end of the scale, the South-East saw a 1.6% decline. (Source: Central Statistics Office, Residential Property Price Index, July 2020).

As at July 2020, property prices nationally have increased by 83.5% from their trough in early 2013 and Dublin residential property prices have risen 91.4% from their February 2012 low. Residential property prices in the rest of Ireland are 83.6% higher than at the trough which was in May 2013. (Source: Central Statistics Office, Residential Property Price Index, July 2020).

The Covid-19 pandemic and associated restrictions have had a significant impact on the completions for Q2 2020. There were 3,290 new dwelling completions in Q2 2020, a 31.9% decrease on the 4,829 completions in Q2 2019. This is the first quarter in which there has been a year-on-year decrease since Q3 2013. The decrease in completions is the least pronounced for apartments with a 16.3% decrease from 688 in Q2 2019 to 576 in Q2 2020. The number of scheme dwellings completed fell by 34.8% from 2,824 in Q2 2019 to 1,842 in Q2 2020; while single dwellings completed fell by 33.8% from 1,317 in Q2 2019 to 872 this quarter. Scheme dwellings accounted for 56.0% of all new dwelling completions in Q2 2020, while 26.5% were single dwellings and 17.5% were apartments.

Within the Q2 2020 performance, the impacts of Covid-19 are most visible in the April 2020 performance which saw a month-on-month drop to 402 from 1,764 in March 2020, and representing a 72.7% fall from 1,470 in April 2019. However, some positive momentum was visible in May 2020 when completions increased to 1,234 (albeit down 23.0% from 1,602 in May 2019) and continued to increase further to 1,654 in June 2020 (down 5.9% from 1,757 in June 2019). (Source: Central Statistics Office, New Dwelling Completions, Q2 2020)

In Q2 2020 the Banking Payments Federation of Ireland reported 6,622 new mortgage drawdowns, with a total value of €1,462 million. This performance represented decreases of 34.8% and 35% respectively versus the same period in 2019. The Q2 2020 mortgage market performance is reflective of the peak Covid-19 impacted period regarding the Government mandated social restrictions, which were in place from end March 2020 to end June 2020 and will be in place again from 22 October 2020 to end November 2020. For house purchase mortgages drawn down in Q2 2020, there was a 37% decrease in terms of volume and a 38.1% decrease in terms of value, with a total value of €1,149 million (5,035 drawdowns). (Source: Banking Payments Federation of Ireland, Drawdowns Report, Q2 2020).

The Mortgage Business in Ireland

Bank of Ireland entered the Irish residential loan market in a meaningful way in the early 1990s. Prior to this, participation in this market was through ICS Building Society (ICS) which was

acquired by the Group in 1985. In 1997, ICS took over from Bank of Ireland in the servicing of Bank of Ireland's mortgages (Bank of Ireland's Irish residential loan book) and in 2011, following a strategic review of operations, responsibility for the servicing of the Group's residential mortgages moved to Bank of Ireland.

Bank of Ireland Mortgage Bank forms part of the Products team, a business unit of Bank of Ireland Retail Ireland. The Products function coordinates Mortgages, Unsecured Personal Loans, Current Accounts, Debit Cards, Credit Cards, Overdrafts, BOI Payment Acceptance and Retail Deposits.

On 5 July 2004, Bank of Ireland transferred substantially all of its Irish residential mortgage book and related security held by Bank of Ireland to the Issuer.

The Issuer primarily originates residential loans through Bank of Ireland. As at 30 June 2020 Bank of Ireland's Retail Ireland is one of the largest financial service providers in the Republic of Ireland and operates a network of 261 branches, where qualified mortgage specialists assist customers with the mortgage application process. The Issuer also originates new mortgages through three main channels: Branch, Direct, and Mobile Mortgage Managers. The Issuer has a Mobile Mortgage Manager team whereby mortgage specialists meet customers at a time and location that is convenient for them to submit mortgage applications. In July 2020, the Issuer launched the first online application journey for the First Time Buyers customer cohort, providing additional optionally to suit customer needs.

On 1 September 2014, the Group exited from the origination of new mortgages through its intermediary channel, including the sale of the ICS' distribution platform as part of the 2013 amendments to its EU Restructuring Plan. All ICS mortgage and savings accounts were transferred from ICS to Bank of Ireland on 1 September 2014 by way of a statutory transfer scheme, the legislation for which has been enacted by the Irish Government. Thereafter, a pool of circa €223 million mortgage assets only was sold and transferred by Bank of Ireland to Dilosk Limited. Dilosk Limited also acquired the ICS brand and the ICS distribution platform.

The Irish Competitive Landscape

There are seven main mortgage providers operating in the mortgage market in Ireland: Bank of Ireland Group, Ulster Bank Ireland DAC, KBC Bank Ireland plc, Permanent TSB, Allied Irish Bank/ EBS DAC, Finance Ireland and Dilosk DAC. In September 2020, the consumer lender Avantcard DAC trading as Avant Money entered the Irish mortgage market.

Description of Bank of Ireland/the Group

General

Bank of Ireland is the parent of a group of subsidiary companies (together with Bank of Ireland Group plc, the **Group**) operating in the financial services sector.

Bank of Ireland was established as a chartered corporation by an Act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. The Group is one of the largest financial services groups in Ireland with total assets of €132 billion at 30 June 2020. The address of the registered office of Bank of Ireland is 40 Mespil Road, Dublin 4, Ireland and the telephone number of its registered address is +353 1 637 8000.

The Group provides a broad range of banking and other financial services. These services include; current account and deposit services, overdrafts, term loans, mortgages, business and

corporate lending, international asset financing, leasing, instalment credit, invoice discounting, foreign exchange facilities, interest and exchange rate hedging instruments, life assurance, pension and protection products. All of these services are provided by the Group in Ireland with selected services being offered in the UK and internationally.

The Group generates the majority of its revenue from traditional lending and deposit taking activities as well as fees for a range of banking and transaction services.

The Group operates an extensive distribution network of c. 261 branches and c.1,409 self-service devices in the Republic of Ireland. The Group also has access to distribution in the UK via its partnership with the AA and through a number of strategic intermediary relationships

The Group is organised into four trading segments as follows: Retail Ireland, Wealth and Insurance, Retail UK and Corporate and Treasury; and one support division, Group Centre, to effectively serve its customers.

The Group's business segments are supported by Group Centre comprising Group Technology and Customer Solutions, Group Finance, Group Risk, Group Marketing, People Services and Group Internal Audit. The Group's central functions establish and oversee policies and provide and manage processes and delivery platforms for the divisions.

The Group's website is: <https://www.bankofireland.com>.

Operating Segments

The Group has five reportable operating segments which reflect the internal financial and management reporting structure and are organised as follows:

Retail Ireland

Retail Ireland offers a broad range of financial products and services including current accounts, savings, mortgages, credit cards, motor finance and loans to personal and business banking customers. It is managed through a number of business units, namely Distribution Channels, Customer Segments and Propositions, Products (including the Issuer) and Business Banking (including Bank of Ireland Finance).

Wealth and Insurance

Wealth and Insurance includes the Group's life assurance subsidiary New Ireland Assurance Company plc (**NIAC**) which distributes protection, investment and pension products to the Irish market, across three core channels made up of the Group's distribution channels, independent financial brokers, its own financial advisor network and corporate partners. It also includes Investment Markets and the Group's general insurance brokerage, Bank of Ireland Insurance Services, which offers home and car insurance cover through its agency with insurance providers.

Retail UK

The Retail UK division incorporates the financial services partnership and foreign exchange joint venture with the UK Post Office, the financial services partnership with the AA, the UK residential mortgage business, the Group's branch network in Northern Ireland (**NI**), the Group's business banking business in NI and the Northridge Finance motor and asset finance, vehicle leasing and fleet management business. The Group also has a business banking business in Great

Britain which is being run-down. The Retail UK division includes the activities of Bank of Ireland (UK) plc, the Group's wholly owned UK licenced banking subsidiary.

Corporate and Treasury

The Corporate and Treasury division incorporates the Group's corporate banking, wholesale financial markets, specialised acquisition finance and large transaction property lending business, across the Republic of Ireland, UK and internationally, with offices in the Republic of Ireland, the UK, the United States, Germany, France and Spain.

Group Centre

Group Centre comprises Group Technology and Customer Solutions, Group Finance, Group Risk, Group Internal Audit, Group Marketing and People Services. These Group central functions establish and oversee policies and provide and manage certain processes and delivery platforms for the divisions.

Recent Developments

In March 2020, the World Health Organisation declared the outbreak of Covid-19 to be a global pandemic. Measures were adopted by governments and national regulators with a view to containing the spread of Covid-19, including travel bans, shut-downs of businesses and workplaces, quarantine and elective self-isolation; leaving large parts of many economies, including the Irish and UK economies, effectively closed. The extent of these and further restrictions that have been and are being imposed, and the actual timing of lifting of all restrictions, is as yet unknown. See the risk factors entitled "*The Covid-19 pandemic is having a material adverse effect on the Issuer and the Group*" and "*The Covid-19 pandemic is having a material adverse effect on the Group*" above.

The Group announced interim results in respect of the first six months ended 30 June 2020 on 5 August 2020. The announcement updated the market on the Group's financial performance and the impact Covid-19 is having, particularly in respect of: the changed economic environment in Ireland and the UK which has resulted in lower levels of economic activity, credit formation and business income; the Group's loan asset quality and loan loss impairment charges; Group financial performance and profitability; and measures the Group has implemented to support customers including payment breaks, provision of additional funding for homebuilding and green investment and supporting the €2 billion Irish Credit Guarantee Scheme.

The Group also announced a one-off enhanced Group Wide Voluntary Parting Scheme (the **Scheme**), which was open to all colleagues for applications from 19 August 2020 through to 23 September 2020. The Scheme which concluded in the third quarter will result in c.1450 full time equivalents exits (from c.10,400 today) commencing in 2020 and continuing over the course of 2021. On 28 October 2020 the Group announced its Interim Management Statement to the market for Q3 2020 with updates in respect of income, costs and voluntary redundancy, balance sheet, asset quality, payment breaks, capital position and 2020 Outlook. The Interim Management Statement for Q3 included a restructuring charge of €169 million in respect of the Scheme.

Board of Directors and Management and Administration of the Issuer

Board of Directors

As of the date of this Base Prospectus, there are 7 members of the Board of Directors of the Issuer. 4 of the 7 members of the Board of Directors of the Issuer are Group directors and the remaining 3 members of the Board of Directors are independent non-executive directors. The close tie between the Group and the directors of the Issuer is aimed at maintaining the Group's expertise and business franchise in residential lending at the Issuer. 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.

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

Members	Principal Outside Activities
Harry Lorton (chairman, independent non-executive director) 40 Mespil Road, Dublin 4.	Company director (non-executive director of a number of companies)
Geraldine Kelly (independent non-executive director) 40 Mespil Road, Dublin 4	Company director (non-executive director of a number of companies)
Paul Raleigh (independent non-executive director) 40 Mespil Road, Dublin 4	Company director (non-executive director of a number of companies)
John O'Beirne (managing director) 40 Mespil Road, Dublin 4	Director of Products - Bank of Ireland
Tony McMahon (executive director) 40 Mespil Road, Dublin 4	Head of Customer Loan Solutions - Bank of Ireland
Tony Morley (non-executive director) 40 Mespil Road, Dublin 4	Head of Group Balance Sheet Management, Markets and Treasury - Bank of Ireland
Aine McCleary (non-executive director) 40 Mespil Road, Dublin 4	Director, Distribution Channel - Bank of Ireland

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 of the Group, 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.

Mortgage Servicing

Bank of Ireland has been appointed agent and servicer (the **Mortgage Servicer**) by the Issuer under the Servicing and Agency Agreement dated 2 July 2004 between the Issuer and Bank of Ireland (as supplemented by a Master Services Agreement dated 1 January 2012, together the **Servicing and Agency Agreement**) to service and administer the Irish residential loans of the Issuer, their related security and certain other related matters. Under the terms of the Servicing and

Agency Agreement, the Mortgage Servicer may at its own cost sub-contract or delegate its powers and obligations under the Servicing and Agency Agreement. Any such sub-contracting or delegation will not abrogate or relieve the Mortgage Servicer of any of its obligations under the Servicing and Agency Agreement. The Group currently services and manages mostly all Irish residential loans originated by the Group. In that regard, the Issuer has delegated or sub-contracted its powers under the Servicing and Agency Agreement with respect to Irish residential loan and related security servicing and related matters to the Group and with respect to certain Irish residential loans and related security.

Bank of Ireland has agreed under the Servicing and Agency Agreement to service the Issuer's Irish residential loans with the same level of skill, care and diligence as it would in managing those Irish residential loans advanced by any Group member.

Risk Management and Control

Risk Management Framework (the Risk Management Framework)

Guided by the conditions of the Board approved Risk Identity and Risk Appetite, the Group follows an integrated approach to risk management to ensure that all material classes of risk are taken into consideration and that the Group's overall business strategy and remuneration practices are aligned with its risk and capital management strategies.

The Group Risk Framework is the overarching high level document which articulates the Group's integrated approach to risk. It is reviewed and approved annually by the Group Chief Risk Officer and by the Board at least every three years following consideration and recommendation by the Board Risk Committee (**BRC**). It specifies the Group's formal governance process around risk, its framework for setting risk appetite and its approach to risk identification, assessment, measurement, management and reporting.

Risk Management Structure & Organisation

Risk Strategy

The Group's risk strategy is to ensure that the Group clearly defines its risk appetite, as reflected in Group strategy and that it has appropriate risk governance, processes and controls in place as articulated in the Group Risk Framework so it addresses its target markets with confidence; protects its balance sheet; and delivers sustainable profitability.

The Group seeks to pursue its risk strategy by:

- defining Risk Identity and Risk Appetite as the boundary condition for the Group's strategic plan and annual Operating Plan / Budget;
- defining the risk principles upon which risks may be accepted;
- ensuring that all material risks are correctly identified, assessed, measured, managed and reported;
- ensuring that capital and funding considerations shape the approach to risk selection / management in the Group;
- allocating clear roles and responsibilities / accountability for the control of risk within the Group;
- avoiding undue risk concentrations;
- engendering a prudent and balanced risk management culture;
- ensuring that the basis of remuneration for key decision makers is consistent with EBA guidelines, as appropriate; and
- ensuring that the Group's risk management structures remain appropriate to its risk profile and take account of lessons learnt and emerging internal and external factors.

Risk Governance

The identification, assessment and reporting of risk in the Group is controlled within the risk governance framework which incorporates both the Board, risk committees appointed by the Board (e.g. BRC, Group Audit Committee (**GAC**)), and also the Group Risk Policy Committee (**GRPC**) and its appointed committees.

The Risk Governance Framework is supported by the Group's management body and outlines how risk responsibilities extend throughout the organisation based on a three lines of defence approach.

- First line of defence: primary responsibility and accountability for risk management lies with line management in individual businesses and relevant Group functions. They are responsible for the identification and management of risk at business unit / Group function level including the implementation of appropriate controls and reporting to the Group in respect of all major risk events. Business units / Group functions are accountable for the risks arising in their businesses / functions, and are the first line of defence for the Group in managing them.

- Second line of defence: Group Risk and a number of central functions are responsible for maintaining independent risk oversight and ensuring that a risk central framework is in place. They formulate risk policy and strategy, and provide independent oversight, analysis, and centralised risk reporting.

- Third line of defence: **Group Internal Audit (GIA)** provides independent, reasonable assurance to key stakeholders on the effectiveness of the Group's risk management and internal control framework. GIA carries out risk based assignments covering Group businesses and functions (including outsourcing providers - subject to the right to audit), with ratings assigned as appropriate. Findings are communicated to senior management and other key stakeholders, with remediation plans monitored for progress against agreed completion dates. Credit Review an independent function within GIA, is responsible for reviewing the quality and management of credit risk assets across the Group.

Risk Governance Framework

The Board of Directors is responsible for ensuring that an appropriate system of internal control is maintained.

The identification, assessment and reporting of risk in the Group is controlled through risk committees appointed by the Board and also the GRPC (appointed by the BRC) and its appointed committees.

Each of the risk committees has detailed terms of reference, approved by the Board or their parent committee, setting out their respective roles and responsibilities. In summary, the following are the key responsibilities of the Group's risk committees.

The Board and its committees fulfils the management and supervisory functions of the management body and is responsible for setting, approving and overseeing high level policy and strategic direction in relation to the nature and scale of risk that the Group is prepared to assume to achieve its strategic objectives. The Board's role and responsibilities are set out in its Terms of Reference.

It fulfils these responsibilities by reserving authority to approve the Group's risk appetite (incorporating risk identity and high level risk limits), thereby defining the amount and nature of risk the Group is prepared to accept in pursuit of its financial objectives, and forming a boundary condition to strategy.

It approves the Group Risk Framework which identifies the Group's formal governance process around risk and the approach to risk identification, analysis, measurement, management and reporting. It maintains oversight of the Group's risk profile through review and consideration of the Court Risk Report.

The Board approves key Group policies, such as the Group Credit Policy (incorporating the Group Forbearance Policy), the Group Country Risk Policy, the Group Property Valuation Policy, the Group Funding and Liquidity Policy and the Group Policy on Market Risk. The Board also approves the Group Impairment Policy and the Group's Recovery Plan. The Board approves the Group's ICAAP, which is a process to ensure that the Board and senior management adequately identify measure and monitor the Group's risks and that adequate capital is held in relation to the Group's risk profile.

The Board also approves the Internal Liquidity Adequacy Assessment Process report (ILAAP) which outlines how the Group assesses, quantifies and manages the key liquidity and funding risks to which it is exposed. It also details the Group's approach to determining the level of Counterbalancing Capacity required to be maintained both under Business As Usual (BAU) conditions and during periods of stress. It approves the terms of reference and the membership of BRC and GAC annually, reviews their decisions through reports from the committees' chairmen and their minutes, and reviews the findings of the annual reviews of effectiveness of those committees.

The Board is updated on the Group's risk environment and on the Group's exposure to the Group's key risk types through a Court Risk Report presented quarterly by the Group Chief Risk Officer (an abridged dashboard is submitted monthly together with a recovery dashboard and updates on macro-economic factors). The Board is also informed of GRPC risk deliberations through the Top 5 Macro Risks Process and updates from the BRC.

The **Board Risk Committee (BRC)** monitors risk governance to assist the Board in discharging its responsibilities in ensuring that risks are properly identified, reported, and assessed; that risks are properly controlled; and that strategy is informed by and aligned with the Group's risk appetite.

The BRC comprises non-executive directors and makes recommendations to the Board on risk issues where the Board has reserved authority, maintains oversight of the Group's risk profile, including adherence to Group risk principles, policies and standards, as well as approving material risk policies within its delegated discretion. Within the parameters of Board approved Risk Appetite, high level policies, frameworks and principles, the BRC approves certain material risk policies for the Group, in addition to considering the framework/ structure of the Risk Management Notes in the Group's Report & Accounts. In addition the BRC ensures that risks are properly identified and assessed; that risks are properly controlled and managed; and that strategy is informed by and aligned with the Group's risk appetite. The BRC's roles and responsibilities are set out in its Terms of Reference which are approved by the Board.

It maintains oversight of the Group's risk profile through review and consideration of the quarterly Court Risk Report and review and consideration of the minutes of the GRPC. The BRC approves the risk universe comprised of the annual risk identification process which ensures that risk is properly identified and assessed and that risks are appropriately controlled and managed.

Key risk types have been identified that the Group believes could have a material impact on earnings and ability to trade in the future. With the exception of credit, funding and liquidity and market risks where the Board has reserved authority, the BRC is responsible for approving, where applicable, the key Group policies in relation to the Group's other identified material risks e.g. Group

Operational Risk Policy and Group Reputation Risk Policy.

It provides advice to the Group Remuneration Committee, as required, to inform remuneration decisions from a risk perspective, monitors the risk elements of a due diligence appraisal of any acquisition or divestment activity reserved for Board decision, considers the findings of Group Internal Audit and Credit Review in respect of risk management and considers the quality of the Group's external risk reporting.

It approves the terms of reference and the membership of the GRPC annually, reviews its decisions through reports from the committee's chair through presentation of its minutes, and reviews the findings of the annual reviews of its effectiveness.

The **Group Audit Committee (GAC)** comprises non-executive directors of the Board and its primary responsibilities are as follows:

- in close liaison with the BRC, which advises the Board in establishing the Group's risk appetite and setting standards for the Group's risk control framework, the GAC reviews the appropriateness and completeness of the system of internal control, reviews the manner and framework in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal control systems, including accounting control systems, and thereby maintains an effective system of internal control and monitors the integrity of the financial statements;
- assists the Board in meeting obligations under relevant stock exchange listing rules and under applicable laws and regulations;
- oversees all matters relating to the relationship between the Group and the external auditors;
- discharges the statutory responsibility of the Bank under Section 167 of the Companies Act and other statutes or regulations; and
- oversees compliance with current and future Government requirements associated with their support for the Bank.

The **Group Risk Policy Committee (GRPC)** is the most senior management risk committee and reports to the BRC. Membership comprises members of the Group Executive team and group-wide divisional and control function executives. It is responsible for managing all risk types across the Group, including monitoring and reviewing the Group's risk profile and compliance with risk appetite and other approved policy limits, and approving risk policies and actions within discretion delegated from BRC. GRPC reviews and makes recommendations on all risk matters where the Board and the BRC have reserved authority. GRPC manages risk through review and consideration of the monthly and quarterly Court Risk Reports, considers reports from and reviews the minutes of its appointed committees, and reviews and approves business unit and sector credit policy and portfolio reviews. It approves policies and actions within the boundary conditions of Risk Appetite, limits and the policies approved by the Board, and the BRC, taking account, as appropriate, of capital and funding considerations. GRPC reviews and recommends to the BRC for approval by the Board the Group Recovery Plan.

All items approved by GRPC are notified to BRC through the GRPC minutes.

The GRPC, in turn, delegates specific responsibility for oversight of the major classes of risk (credit, market, funding and liquidity, operational, regulatory) to specific committees and individuals that are accountable to it.

Issuer Risk Management

Introduction

The board of directors of the Issuer (the **Board of Directors**) adopts policies and approves limits with respect to credit risk, market risk, funding and liquidity risk, operational risk, business and strategic risk, capital adequacy risk, reputation risk, conduct risk and regulatory risk. The Issuer has entered into a range of service level agreements with the Group to support its overall risk management and control processes. The Issuer's risk management and control policies comply with the Group's risk management policies, which include reviews on a regular basis. In addition, Group control functions (e.g. Credit, Group Internal Audit) independently review compliance with Group policies as part of their ongoing work in the Issuer. The general scheme of risk management, financial and operational controls is designed to safeguard the Issuer's assets.

Funding and Liquidity

The Board of Directors have approved a funding business that permits the following forms of funding:

- (i) issuance of mortgage covered securities under the ACS Acts;
- (ii) borrowing from the Group;
- (iii) borrowing from the Central Bank under a mortgage-backed promissory note programme which the Issuer has put in place. That programme is designed to provide liquidity to the Issuer, is secured by a floating charge over Irish residential loans (and related Irish residential property assets) which are not included in the Issuer's Pool;
- (iv) deposit taking; and
- (v) capital funding to ensure at a minimum compliance with the capital adequacy requirements of the Central Bank.

Changes to the funding policy require the prior approval of the Board of Directors and the Group's Asset and Liability Committee (**ALCO**).

The Issuer has been granted a full derogation from the application of Part 6 of the Capital Requirements Regulation on an individual (solo) basis, and as such the obligations laid down must be complied with by Bank of Ireland on a consolidated basis. The granting of this derogation is subject to the proviso that all of the conditions specified in Article 8(1) of the Capital Requirements Regulation are complied with on an on-going basis.

The Issuer is also required to comply with the ECB's minimum daily reserve requirement that is based on a percentage of the Issuer's customer deposit base.

The Issuer reports to its parent, Bank of Ireland, all relevant balance sheet and off balance sheet items on a monthly basis to ensure compliance with Group liquidity requirements.

The Issuer's liquidity risk is managed as part of the Group's overall liquidity management.

Market Risk

The interest rate exposure of the Issuer relating to its Irish residential lending and Mortgage Covered Securities denominated in euro, which are comprised in the Pool, is managed through a combination of matched funding and the use of interest rate swaps (the **Pool Hedge**) with Bank of Ireland.

The Issuer operates a net funding model, primarily utilising Mortgage Covered Securities to fund the mortgages on its own balance sheet. With respect to issued fixed-rate Mortgage Covered Securities, Bank of Ireland pays to the Issuer under the cover assets hedge contracts an amount related to the fixed interest rate payable on the relevant Mortgage Covered Securities on a notional amount equal to the principal amount outstanding of the relevant Mortgage Covered Securities and on a monthly basis the Issuer pays to Bank of Ireland an amount related to the ECB base rate on that notional amount.

With respect to issued floating rate Mortgage Covered Securities, Bank of Ireland pays to the Issuer under the cover assets hedge contracts an amount related to the floating interest rate payable on the relevant Mortgage Covered Securities on a notional amount equal to the principal amount outstanding of the relevant Mortgage Covered Securities and on a monthly basis the Issuer pays to Bank of Ireland an amount related to the ECB base rate on that notional amount.

If the Issuer acquires or originates mortgage credit assets located for the purposes of the ACS Acts in Ireland and secured on commercial property or mortgage credit assets (whether secured on residential property or commercial property) which are located outside of Ireland for the purposes of the ACS Acts (see *Risk Factors*), RMBS, CMBS or mortgage credit assets denominated in a currency other than euro or the Issuer issues Mortgage Covered Securities denominated in a currency other than euro, the Pool Hedge or, as applicable, any hedge contract(s) of the Issuer that are not cover assets hedge contract(s), will not hedge any interest rate risks associated with those mortgage credit assets or, as applicable, Mortgage Covered Securities and any such risks will have to be addressed by amending the above hedging arrangements or putting in place new hedging arrangements which may be with counterparties other than Bank of Ireland. See also *Risk Factors – The Group is exposed to market risks such as changes in interest rates (including the continuation of the exceptionally low interest rate environment for an extended period), interest rate spreads, (or bases) and foreign exchange rates.*

Cover Assets Hedge Contracts

The Issuer's interest rate risk strategy is to eliminate material exposure of earnings or net worth to changes in interest rates. The primary measure of interest rate risk is the sensitivity to a 1 per cent. parallel shift in the yield curve. The strategy operates within limits set by the Court of Directors of Bank of Ireland (the **Court of Directors**) and ALCO. The Issuer's interest rate risk strategy complies with the market risk policies of the Group.

The Issuer uses derivatives, including the interest rate swaps described above, strictly for hedging purposes. Derivatives are not used in trading activities or for speculative purposes.

Under regulations made under the ACS Acts, the Issuer is required to ensure that the sensitivity of its net worth to a 1 per cent. upward shift, downward shift or twist in the yield curve does not exceed 10 per cent. of the level of own funds. See *The Cover Assets Monitor — Continuing duties of a Monitor.*

In addition, the Issuer complies with restrictions on currency related derivative activities under the ACS Acts. In respect of assets within the Pool, the Issuer complies with the currency matching requirements set out in the ACS Acts and provisions applicable to cover assets hedge

contracts. See *Cover Assets Pool and Requirements under the ACS Acts*.

The Issuer uses derivatives within the limitations prescribed under the ACS Acts. See *Cover Assets Pool and Requirements under the ACS Acts — cover assets hedge contracts and Restrictions on the Activities of an Institution — Permitted business activities — (f) entering into certain hedging contracts for the purpose of hedging risks associated with the foregoing activities/dealing in and holding Pool Hedge Collateral*.

Credit Risk

Credit risk within the Issuer arises primarily from residential mortgage lending. The credit risk policy has been agreed by the Board of Directors/Court of Directors and complies fully with overall Group Lending Policy. The policy is reviewed regularly. Clear policies for approval of loans are documented. The quality of all lending is monitored and measured using portfolio grading tools and proactive quality assurance measures. A robust arrears management process ensures that the impact of arrears on the Issuer's performance will be minimised.

The Issuer primarily assesses credit risk on the criteria of repayment capacity, loan to value ratios, income multiples and adequacy of security. The residential mortgage lending book is managed on a portfolio basis. Diversification is achieved through maintenance of an acceptable risk spread in relation to a range of risk parameters including geographical locations, product concentrations, loan to value ratios and interest rates.

Accountability for Credit Risk Management rests within the Group Risk function. Credit activities are independently reviewed by Credit Review, a function within Group Internal Audit, which reports to the Chairman of the Group Audit Committee.

Introduction

On 5 July 2004, Bank of Ireland transferred €9.1 billion of Irish residential loans and related security held by it to the Issuer. Those Irish residential loans were originated by Bank of Ireland prior to 5 July 2004. They were transferred by Bank of Ireland to the Issuer on 5 July 2004 pursuant to a scheme made under the 2001 Act and the provisions of the 2001 Act (see *Summary of the Programme — Transfer of Bank of Ireland's Irish Residential Loan Book and Business to the Issuer*).

Since 5 July 2004, the Issuer has originated Irish residential loans which, subject to the requirements of the ACS Acts, may be included in the Pool. The Issuer's Irish residential loan book value at 30 June 2020 was €16 billion (pre-provisions). The Issuer previously provided finance to purchasers of affordable housing under certain Irish State housing authority affordable housing schemes. Affordable housing is where a housing authority makes a property available to a purchaser at a discount of its actual market value. The purchaser is subject to a clawback which will arise if and when the purchaser resells the property within twenty years and this clawback is registered as a charge on the property. No mortgage credit asset that is secured on an affordable housing property will be included in the Issuer's Pool. See also *Summary of the Programme — Transfer of Bank of Ireland's Irish Residential Loan Book and Business to the Issuer* above.

Lending Criteria

The following criteria (the **Lending Criteria**) are currently applied in respect of the origination of Irish residential lending by the Issuer:

Security

- (a) Each of the Loans is secured by a first fixed mortgage or charge over a property in Ireland, or by a subsequent ranking fixed mortgage or charge only to the extent that every prior ranking mortgage or charge on principal security is also held by the Issuer. Prior ranking charges or mortgages on secondary security may be held by Bank of Ireland or the Issuer.
- (b) The legal title in the property being taken as security is "good marketable title" as determined from time to time by the Law Society of Ireland.
- (c) In all cases a valuation is required to be performed by a valuer, being a valuer at the time of such valuation that is listed on the Bank of Ireland's/the Issuer's listing of valuers or is otherwise acceptable to Bank of Ireland/the Issuer, except prior to June 2011 in the case of certain further advances where an existing acceptable valuation report is held.
- (d) Whilst loans are made in circumstances where the property is under construction, such loans are not included in the Pool.
- (e) Home loan borrowers are generally required to effect and maintain a life assurance policy in the amount of the loan for the duration of the term which will repay the loan in the event of death. Such assurance policies are required to be assigned to the Issuer as security for the loan. BTL borrowers are not required to effect life assurance.
- (f) Borrowers are generally required to effect and maintain a property insurance policy in an amount sufficient to recover the reinstatement value of the property and the Issuer is a joint insured or its interest is noted on said policies. The obligations of the borrower may be met if such insurance is effected and maintained by another person with an interest in

the relevant property and the Issuer is a joint insured or its interest is noted on such policy.

Residential loan amount to related property value ratio (LTV)

- (a) The LTV is calculated by dividing the loan amount approved at completion of the Irish residential loan (including any completion fees) by the valuation (or in some cases, the purchase price) of the Irish residential property.
- (b) The maximum LTV of each Irish residential loan at the date of the initial advance by the Issuer to the borrower is generally not more than 90.0 per cent. (excluding any mortgage indemnity premium/administration or other fee/product options added).
- (c) Mortgage indemnity insurance is not required for Irish residential loans in respect of which the initial advance was made after 5 April 1999. No mortgage indemnity insurance is applied to BTL business.
- (d) Notwithstanding the general limit of 90.0 per cent. LTV referred to in (b) above, the Issuer also previously made available Irish home loans up to 100 per cent. LTV for first time buyers for a limited period of time and subject to strict criteria. The Issuer no longer offers 100 per cent. residential loans. The Issuer may from time to time make available to a limited number of eligible existing residential mortgage loan borrowers of the Group in negative equity certain Mover Product Features for which the maximum LTV, in the cases of the Trade Up Product Feature and the Trade Down Product Feature, may be up to 175 per cent. and in the case of the Trade Down Forbearance Option, is not specified but will be determined by the Issuer on a case by case basis. The availability of such features is subject to compliance with criteria. See also *Risk Factors – Macro-prudential policy for, and conduct of residential mortgage lending* and *Description of the Issuer and the Group – The Issuer – Irish Housing / Residential Loan Market*.

Term

Each new Irish residential loan has an initial term of no longer than 35 years. Generally, a maximum initial term of 25 years applies in respect of BTLs. Since November 2015, BTLs are subject to a maximum initial term of 30 years.

Borrowers

- (a) The borrowers must have a minimum age of 18.
- (b) Independently of the number of borrowers who are parties to any one home loan, the assessment of the Irish residential home loan is based on the greater income and status of a maximum of two of the borrowers.
- (c) Borrowers' credit and employment history will have been assessed with the aid of one or more of the following:
 - (i) search supplied by the Irish Credit Bureau / Central Credit Register;
 - (ii) search supplied by another credit reference agency;
 - (iii) copy of the most recent pay slips and/or the most recent P60 (annual Irish income tax statement given by employers to employees);

- (iv) certified audited accounts;
- (v) accountant's certificate in the form supplied by the Issuer;
- (vi) existing lender's statements;
- (vii) salary reference from current employers; and
- (viii) satisfactory track record with the Issuer, where applicable.

Income

- (a) Income is determined by reference to the application data and supporting documentation.
- (b) Income is verified in a manner according to the lender's procedures.
- (c) Each borrower must disclose all material liabilities, which are assessed by the Issuer.
- (d) Borrowing limits for home loans are generally assessed by reference to a multiple of a borrower's income and repayment capacity.
- (e) A borrower's capacity to repay a home loan should exceed at the date of the advance a threshold, as determined from time to time by the Issuer, which depends on the borrower's family status. The borrower's capacity to repay is calculated using a stressed mortgage interest rate.
- (f) For BTL borrowers, capacity to repay is calculated by reference to a minimum debt cover ratio i.e. a defined percentage of rental income expressed as a percentage of stressed BTL capital and interest payments.

Solicitors

The firm of solicitors acting on behalf of the borrowers, on the granting of a security over Irish residential property, must have at least one practising solicitor who must hold a current practising certificate issued by the Law Society of Ireland.

Further Advances

Further advances generally are governed by the same criteria as initial advances.

Changes to Lending Criteria and Exceptions

The Issuer has the right to change the Lending Criteria from time to time. The Issuer also has the right to vary or waive the Lending Criteria from time to time and at any time and may have done so in the case of individual Irish residential loans.

Enforcement Procedures

The Issuer/Bank of Ireland has established procedures for managing loans that are in arrears, including early contact with borrowers in order to find a solution, where appropriate, to financial difficulties a borrower may anticipate or be experiencing. These same procedures, as from time to time varied in accordance with industry practice and legal requirements (most recently by the CCMA, see further *Certain Aspects of Regulation of Banks and Residential Lending in Ireland – Regulation of the Irish Residential Mortgage Market – Code of Conduct on Mortgage Arrears* below) will

continue to be applied by the Mortgage Servicer (as defined below) under the terms of the Servicing and Agency Agreement in respect of arrears arising on the Issuer's Irish residential mortgage loans.

Mortgage Servicing

Introduction

Bank of Ireland has been appointed agent and servicer by the Issuer under the Servicing and Agency Agreement dated 2 July 2004 between the Issuer and Bank of Ireland (as supplemented by a Master Services Agreement dated 1 January 2012, together the **Servicing and Agency Agreement**) to service and administer the Irish residential loans of the Issuer, their related security and certain other related matters. Under the terms of the Servicing and Agency Agreement, the Mortgage Servicer may at its own cost sub-contract or delegate its powers and obligations under the Servicing and Agency Agreement. Any such sub-contracting or delegation will not abrogate or relieve the Mortgage Servicer of any of its obligations under the Servicing and Agency Agreement. The Group currently services and manages all Irish residential loans originated by the Group. In that regard, the Issuer has delegated or sub-contracted its powers under the Servicing and Agency Agreement with respect to Irish residential loan and related security servicing and related matters to the Group and with respect to certain Irish residential loans and related security.

Bank of Ireland has agreed under the Servicing and Agency Agreement to service the Issuer's Irish residential loans with the same level of skill, care and diligence as it would in managing those Irish residential loans advanced by any Group member.

Mortgage Rates

The Issuer will set the interest rates on its Irish residential loans. Interest is calculated on the amount owing by a borrower (including, but not limited to, capitalised interest) and is adjusted daily to take account of principal repayments.

Payments from Borrowers

Payments of principal and interest are usually made monthly in respect of the Issuer's Irish residential loans and are payable in arrears and are credited directly into a collection account held by the Issuer.

Arrears and Default Procedures

The Mortgage Servicer will endeavour to collect all payments due under or in connection with the Mortgage Loans, but having regard to the circumstances of the borrower in each case. In particular the procedures followed by the Mortgage Servicer are under regular review to ensure compliance with the CCMA. See further *Certain Aspects of Regulation of Banks and Residential Lending in Ireland – Regulation of the Irish Residential Mortgage Market – Code of Conduct on Mortgage Arrears* and *Certain Aspects of Regulation of Banks and Residential Lending – Regulation of the Irish Residential Mortgage Market – Consumer Protection Code* below. The procedures may include making arrangements whereby a borrower's payments may be varied and/or taking legal action for possession of the relevant residential property and the subsequent sale of that residential property, in each case in accordance with applicable legal requirements. An Irish court may exercise discretion as to whether, on application by the lender, it orders the borrower to vacate the property after a default and as to how long the borrower is given to vacate the property. A lender will usually apply for such an order so that it can sell the property with vacant possession.

The gross proceeds of sale of the property (in certain circumstances net sales proceeds after

payment of costs and expenses of the sale) together with any sums paid by a guarantor of the relevant borrower will be applied against the sums owing from the borrower to the extent necessary to discharge the loan. Where such funds are insufficient to redeem such loan in full, a claim would be made under any applicable mortgage indemnity guarantee insurance and, where appropriate, claims may be made against professional advisers who advised in connection with the advance of the relevant loan. Such claims are in addition to any rights or remedies which the lender may have at law or in equity against a borrower for payment of the outstanding amount of the loan. Where the funds arising from application of the above procedures are insufficient to pay all amounts owing in respect of a loan, such funds will be applied first in paying principal owing and secondly in paying interest and costs in respect of such loan.

Redemption

Under the Servicing and Agency Agreement, the Mortgage Servicer is responsible for handling the procedures connected with the redemption of Irish residential loans held by the Issuer.

Introduction

This section outlines certain regulatory requirements applicable to banking activities and residential mortgage lending and security in Ireland which the Issuer considers are directly relevant to its business. It is not intended to be read as a comprehensive description of all applicable regulation but as a general overview of the matters described herein. For the relationship between the powers and functions of the supervisory authorities under these regulatory requirements and those under the ACS Acts see *Supervision and Regulation of Institutions/Managers — Regulation of Institutions under banking legislation other than the ACS Acts* below.

General Supervision and Regulation of Banks in Ireland

Single Supervisory Mechanism

Historically the Central Bank has had overall responsibility for the authorisation and supervision of credit institutions operating in Ireland. On 4 November 2014, the SSM Regulation established the Single Supervisory Mechanism for credit institutions established in the Eurozone and other Member States that opt in to the SSM, transferring to the ECB supervisory responsibility and decision making powers in respect of core activities. An institution categorised as significant (a **Significant Institution**) for the purposes of Regulation (EU) No 468/2014 of the European Central Bank (ECB/2014/17), of which the Issuer is one, is directly supervised by a JST consisting of both ECB and Central Bank supervisors. The Central Bank retains responsibility for the supervision of the Issuer as a designated mortgage credit institution under the ACS Acts, and for areas such as anti-money laundering and consumer protection.

Pre-approval controlled functions and the fitness and probity regime

The Central Bank Reform Act 2010 (the **Reform Act**) requires that the appointment of key office-holders in regulated financial service providers including any appointment to the role of director, be approved in advance by the Central Bank in accordance with the Fitness and Probity Standards (Code issued under Section 50 of the Central Bank Reform Act 2010) or, in the case of Significant Institutions, by the ECB in accordance with the European Banking Authority Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2017/12).

Domestic Enforcement Legislation

The Central Bank (Supervision and Enforcement) Act 2013 (the **Supervision Act**) took effect on 1 August 2013. The Supervision Act further strengthens the regulatory framework for Irish financial services providers by clarifying and enhancing the powers of the Central Bank to allow it to monitor, supervise, query and investigate the conduct and activities of financial service providers and to impose sanctions as appropriate.

The Supervision Act applies to all regulated financial services providers and in many cases extends to any related undertakings including group companies and partnerships of which a regulated financial services provider is a member and which themselves may not have previously been subject to financial services regulation legislation.

The main provisions of the Supervision Act include:

- (i) the ability of the Central Bank to require a regulated financial services provider to provide to

the Central Bank an objective report prepared by a suitably skilled person;

- (ii) information gathering powers for the Central Bank;
- (iii) an enhanced authorised officer regime;
- (iv) the requirement to provide assurances from auditors;
- (v) protection for persons reporting breaches;
- (vi) empowering the Central Bank to give directions and make regulations;
- (vii) enhanced consumer protection; and
- (viii) increase in monetary penalties.

Resolution under the BRRD and Single Resolution Mechanism

The BRRD, which establishes a framework for the recovery and resolution of credit institutions and investment firms, has been implemented in Ireland by the European Union (Bank Recovery and Resolution) Regulations 2015 (as amended) and in the UK through amendments to the special resolution regime established under the Banking Act 2009. Under the BRRD, competent authorities and resolution authorities are given power to, among other things:

- (a) require banks to prepare recovery plans and cooperate with competent authorities in the preparation of resolution plans;
- (b) take early intervention measures to prevent a bank's financial position from deteriorating, including replacing management or installing a temporary administrator in place of existing management;
- (c) appoint a special manager in place of existing management; and
- (d) implement resolution tools to manage the orderly resolution of a failing institution, including:
 - (i) selling the institution or all or part of the business of the institution (the sale of business tool); (ii) transferring the institution or all or part of the business of the institution to a bridge institution (the bridge institution tool); (iii) transferring assets and liabilities of an institution to one or more asset management vehicles (the asset separation tool); and (iv) writing down capital instruments of an institution and writing down or converting to equity certain liabilities of an institution (the bail-in tool).

EU regulatory authorities have required the production of recovery plans on an annual basis.

The BRRD provides that resolution authorities may not bail-in liabilities in the form of covered bonds (such as the Securities) or pool hedges, and requires, in addition, that all secured assets relating to a covered bond cover pool should remain unaffected by the bail-in tool, segregated and with sufficient funding. However, neither this requirement, nor the restriction on bailing-in covered bonds and pool hedges, prevents resolution authorities from writing down that part of a secured liability that exceeds the value of the collateral on which it is secured.

The BRRD is complemented by Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 (the **SRM Regulation**). The SRM Regulation is designed to ensure the uniform application of the BRRD resolution rules in the framework of a Single

Resolution Mechanism. The SRM Regulation also establishes the Single Resolution Board (**SRB**) as resolution authority for those institutions that are within the Single Resolution Mechanism. The SRB has the authority to exercise specific resolution powers pursuant to the SRM Regulation similar to those of the competent authorities under the BRRD, including in relation to resolution planning and assessment of resolvability

Irish CRD Code

The Issuer is subject to the provisions of CRD IV and CRD V relating to capital adequacy and the monitoring and control of large exposures. The capital framework as set out in CRD IV and CRD V comprises: the Capital Requirements Regulation; the European Union (Capital Requirements) Regulations 2014 and the European Union (Capital Requirements No. 2) Regulations 2014 (together the **CRD Regulations**), which implement the CRD in Ireland; and regulatory technical standards issued by the EBA. This regulatory package (the **CRD Code**) sets out, among other things, minimum start up and ongoing capital requirements for licensed banks such as the Issuer.

Under the CRD Code, the Group and Issuer are subject to extensive regulation and regulatory supervision in relation to the levels of capital in their business.

The Group's operations in overseas locations are subject to the regulations and reporting requirements of the regulatory and supervisory authorities in the overseas locations, with the SSM having overall responsibility for their regulation and supervision. The SSM is required to supervise the Group on a consolidated basis, i.e. taking account of the entire Group activities and relationships.

Anti-money laundering requirements

All credit institutions are obliged to take the necessary measures to counteract effectively money laundering and terrorist financing in accordance with the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 and 2013, and the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2018 (the **CJMLTF Acts**). The CJMLTF Acts transpose Directive 2005/60/EC, Directive 2006/70 and the Fourth Anti-Money Laundering Directive, respectively, into Irish law. Further in 2018, the Criminal Justice (Corruption Offences) Act 2018 came into effect and this Act outlines Bribery and Corruption offences.

Data Protection

The General Data Protection Regulation (Regulation 2016/679/EU) (the **GDPR**) and the Data Protection Acts, 1988 to 2018 (the **DPA**) regulate the retention and use of data relating to individual customers by data controllers and data processors. In addition the Group is also subject to the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011 (the ePrivacy Regulations).

The GDPR came into force across the EU on 25 May 2018, replacing the existing framework established by the Data Protection Directive (Directive 95/46/EC). The Irish Data Protection Act 2018 was signed into law on 24 May 2018 and implemented derogations permitted under the GDPR and represented a major overhaul of the regulatory and enforcement framework. Principal changes introduced by the GDPR include:

- (a) extending the reach of EU data protection law to all data controllers and data processors established outside of the EU which offer goods or services to, or monitor the behaviour of EU data subjects;

- (b) imposition of direct statutory obligations on data processors, making them liable to direct enforcement by supervisory authorities, fines, and compensation claims by data subjects;
- (c) requiring data controllers and data processors to be able to demonstrate compliance with the GDPR by record-keeping and appropriate technological and organisational measures;
- (d) increasing the amount of information to be provided to data subjects when collecting personal data, to ensure fair and transparent processing;
- (e) raising the bar for consent – silence, pre-ticked boxes and inactivity will not constitute consent; and
- (f) wide-ranging powers for supervisory authorities to enforce compliance.

Principal changes introduced by the DPA include:

- (a) setting the digital age of consent at 16 years;
- (b) enabling a not-for-profit body (mandated by a data subject) to bring a civil action seeking compensation and injunctive relief on behalf of the data subject for a breach of data protection law;
- (d) providing investigative and enforcement powers for the Irish Data Protection Commissioner, including enhanced search and seizure powers, the appointment of expert reviewers, the drawing up of investigation reports, examining witnesses under oath and conducting oral hearings;
- (e) permitting the processing of personal data and special categories of data for a purpose other than that for which it was collected where necessary and proportionate: to prevent threats to national security; investigate or prosecute criminal offences, or for legal advice or legal proceedings;
- (f) permitting the processing of special categories of personal data (such as health data) for the purposes connected to insurance, pensions and the mortgaging of property;
- (g) permitting the processing of personal data relating to criminal convictions and offences in specified circumstances; and
- (h) establishing a number of criminal offences punishable by a fine of up to €5,000 and/or 12 months imprisonment on summary conviction, or up to €250,000 and/or 5 years' imprisonment on conviction on indictment.

Regulation of the Irish Residential Mortgage Market

Overview

The primary regulatory requirements in Ireland applicable to mortgage loans are contained in the Consumer Credit Act 1995, as amended (the **CCA**) and in the European Union (Consumer Mortgage Credit Agreements) Regulations 2016 (the **Mortgage Credit Regulations** or **MCR**). In addition, mortgage loans from credit institutions (including the Issuer) to consumers are subject to general consumer laws, regulations and codes such as the European Communities (Unfair Terms in Consumer Contracts) Regulations 1995 to 2000 (the **UTCCR**); the Consumer Protection Act 2007

(the **CPA**) and the CPC 2012. The CCMA applies to mortgage arrears, where the mortgage loan is secured on a primary residence (the residential property which a borrower specifies as his primary residence in Ireland or the only residential property in Ireland owned by a borrower), in particular.

Consumer Credit Act

Housing loans offered by credit institutions in Ireland (including the Issuer) are principally regulated by the CCA where the credit agreement was effective prior to 21 March 2016. Where a credit agreement is effective from 21 March 2016 and the borrower borrows as a consumer, then the MCR applies, generally in addition to certain provisions of the CCA.

The CCA imposes a range of obligations and restrictions on mortgage lenders and mortgage intermediaries. The relevant part of the CCA applicable to housing loans is Part IX. At the date of this Base Prospectus, documentation for all housing loans in the Pool complies with the CCA.

Under the CCA, a housing loan is an agreement for the provision of credit to a person on the security of a mortgage of a freehold or leasehold estate or interest in land for a number of purposes, including the purchase or construction of a house to be used as the person's principal residence, or that of the person's dependents. A loan to refinance such a loan is also a housing loan. It is also a housing loan if the borrower is a consumer, where that loan is secured by a mortgage and on which a house is or is to be constructed even if the borrower and/or his or her dependents do not intend to live there. As noted above, all housing loans to those borrowing for consumer purposes where the credit agreement comes into effect from 21 March 2016 will be covered by MCR.

Relevant obligations under the CCA for housing loans include rules on advertising; a requirement to furnish the borrower with a valuation report; a requirement for information to be given to a consumer including warnings regarding the potential loss of the person's home; and a requirement to give information about fees and charges. The general rule under the CCA is that the lender must ensure that a borrower obtains mortgage protection insurance (life cover). Restrictions include prohibitions on the imposition of a redemption fee in the case of variable rate housing loans; compelling a borrower to pay the lender's legal costs of investigating title; and the linking of certain products to a housing loan.

A breach of certain obligations or restrictions imposed by the CCA may constitute a criminal offence and may also attract administrative sanctions from the Central Bank, pursuant to its statutory powers, including disqualification orders and monetary penalties to a maximum of €10,000,000.

A housing loan remains enforceable against the borrower even if there is a breach of any provision of Part IX of the CCA.

Housing loans (as defined in the CCA) are given certain protections as regards the enforcement of mortgages under the Land and Conveyancing Law Reform Act 2009 (the **2009 Act**).

In addition, under section 149 of the CCA, licensed banks must notify their existing fees and charges, and any changes therein from time to time to the Central Bank, which can direct that no fees, charges or increases or changes therein be made without its approval.

Mortgage Credit Regulations

The MCR implement the Mortgage Credit Directive (Directive 2014/17/EU) into Irish law and set out a framework concerning loans to consumers secured by a mortgage or residential immovable property or otherwise enabling a consumer obtain (or retain) a residential immovable property or an interest in one.

The MCR provide for, amongst other things:

- requirements to act honestly and professionally taking account of the interest of consumers when devising mortgage products or providing and fulfilling mortgages; and to base actions on information about the circumstances of the consumer and assumptions about risks to the consumer over the term of the mortgage loan;
- requirements to act in the best interests of the customer when providing advisory services on transactions relating to mortgage loans;
- requirements on training and minimum competency for staff and on staff remuneration policies;
- provision of standard information in advertising, and standard pre-contractual information by way of the European Standardised Information Sheet (ESIS);
- adequate explanations to be provided to the borrower on the proposed credit agreement and any ancillary service;
- calculation of the annual per cent. rate of charge in accordance with a prescribed formula and using certain assumptions where appropriate (replacing APR as provided for in the CCA for consumer mortgage loans);
- assessment of creditworthiness of the borrower at the pre-contract stage and verification of information on the consumer's income and expenses;
- a framework for the protection of consumers of foreign currency mortgage loans;
- a right of the borrower to make early repayment of the credit agreement (in effect) free of charge where the rate is variable; whilst allowing a lender charge compensation for broken funding on repayment in certain circumstances where interest rates are fixed or capped;
- charges arising from a consumer's default to be no greater than necessary to compensate the lender for costs it incurs as a result of default;
- prudential and supervisory requirements for credit intermediaries and non-bank lenders.

Breaches of certain provisions of the MCR may constitute a criminal offence and may also attract administrative sanctions from the Central Bank, pursuant to its statutory powers, including disqualification orders and monetary penalties to a maximum of €10,000,000. A breach of the MCR does not render a mortgage loan unenforceable.

Unfair Terms in Consumer Contracts Regulations

The UTCCR apply in relation to any contracts for the supply of services to consumers which would include mortgage loans taken out by consumers (natural persons acting for purposes outside their business) and their related security. A borrower may challenge a term in an agreement on the basis that it is "unfair" within the meaning of the UTCCR and therefore not enforceable against the borrower. In addition, the Central Bank, the Competition and Consumer Protection Commission or a consumer organisation may seek an injunction preventing the use of specific terms that are unfair or a declaration from the High Court that a term is unfair.

Consumer Protection Code

The CPC 2012 sets out how lending institutions (such as the Issuer) must deal with consumers generally and is aimed at increasing and strengthening consumer protection.

The CPC 2012 applies to banks and building societies, insurance undertakings, investment business firms (other than those conducting MiFID II services), mortgage intermediaries and credit unions. The CPC 2012 requires regulated entities to know their customers and their suitability for products or services, to prepare terms of business setting out prescribed information for customers. There are also detailed rules on the fairness of advertising, and specific sectoral rules on banking products, loans, insurance services and investment products.

Other relevant obligations under the CPC 2012 include: a requirement to supply a written suitability statement before providing certain services or products; a strict time period for complaint handling; for consolidation mortgages, an obligation to supply a written comparison detailing the total cost of the consolidated facility on offer versus the cost of maintaining existing loans; strict disclosure requirements where a lender seeks the agreement of a borrower to move from a tracker rate of interest; and a requirement to advise customers how to mitigate/avoid fees and penalties in respect of the chosen product.

In addition, all regulated entities must maintain adequate systems and controls to ensure compliance with the CPC 2012. If requested by the Central Bank, a regulated entity must produce records detailing compliance with the CPC 2012.

Breaches of the provisions of the CPC 2012 entitle the Central Bank to impose administrative sanctions pursuant to Part IIIC of the Central Bank Act, 1942. Such sanctions include disqualification orders and monetary penalties to a maximum of €10,000,000.

The CPC 2012 was amended in 2016 by an Addendum (the **2016 Addendum**). The 2016 Addendum provides for increased transparency and protection for mortgage customers paying interest at a standard (i.e. non-tracker) variable rate. It obliges mortgage lenders such as the Issuer to produce a summary statement of its policy for setting variable mortgage interest rates, to put it on its website and to keep that policy up to date. The 2016 Addendum also (a) obliges the Issuer to provide this summary statement where it offers new personal consumers (as defined in the CPC 2012) a mortgage loan at a standard variable rate; and (b) adds to the information that the Issuer must give a mortgage customer when it notifies the customer of a change in the standard variable rate payable by the customer (e.g. the notice must summarise other products provided by the Issuer that could provide savings; and must remind the customer about the Issuer's summary statement and that it can be found on its website).

The CPC 2012 was further amended by an Addendum in June 2018 (the 2018 Addendum) which is effective since 1 January 2019. The 2018 Addendum provides for the provision of increased information to the consumer and clear requirements and timelines regarding contact with the consumer during the mortgage application process. The enhanced information requirements include a requirement for regulated entities including the Issuer to publish a guide to mortgage switching on its website and a statement that the regulated entity will provide an indicative comparison of the consumer's existing mortgage interest rate with alternative rates that may be offered by the regulated entity. Post sale information requirements have also been enhanced to include a requirement to publish a notice on the regulated entities website, where the interest rate is based on Loan-to-Value, advising personal customers if they can move between Loan-to-Value interest rate bands and if not the consumer must be notified that they may be able to avail of lower Loan-to-Value interest rate bands with another regulated entity. Furthermore where a customer is on a fixed interest rate, the 2016 Addendum requires the Issuer to write to the customer 60 days before it expires advising them

of the default rate of interest and, where the default rate of interest is not a tracker interest rate, providing certain information including the following (i) a summary of other mortgage rates provided by the regulated entity that could provide savings over the default rate of interest, (ii) a statement that the personal consumer should keep their mortgage arrangements under review as there may be other options that could provide savings, and (iii) a link to the section on the Competition and Consumer Protection Commission's website relating to switching lenders or changing mortgage type.

Code of Conduct on Mortgage Arrears

The current CCMA came into force on 1 July 2013. The CCMA is a legally binding code published by the Central Bank on the handling of mortgage arrears and pre-arrears. A pre-arrears case arises where (a) a borrower contacts the relevant lender to inform them that he/she is in danger of going into financial difficulties and/or is concerned about going into mortgage arrears or (b) the lender establishes that the borrower is in danger of going into financial difficulties.

The CCMA applies to the mortgage lending activities of lenders (such as the Issuer) to borrowers in respect of their primary residence and accordingly will apply to the activities of the Issuer and to Bank of Ireland as Mortgage Servicer (as defined in *Irish Residential Loan Origination and Servicing — Mortgage Servicing* above). The CCMA sets out what the lender must do when managing mortgage arrears and pre-arrears and provides for, amongst other things, the actions that a lender is required to take to address mortgage arrears before resorting to repossession of the relevant property. In particular, the CCMA provides that a lender:

- (a) must put in place a Mortgage Arrears Resolution Process which complies with the CCMA;
- (b) must explore, and if appropriate, offer the borrower alternative repayment arrangements which may include full or partial interest only repayment for a specified period, full or partial deferral of the instalment repayment for a specified period, extension of the term, capitalising arrears and interest and any voluntary repayment scheme to which the lender has signed up under the CCMA;
- (c) must not apply to the courts to seek repossession of a borrower's primary residence until every reasonable effort has been made to agree an alternative repayment schedule with the relevant borrower in accordance with the MARP and the moratorium period, as described at (f) below, has expired;
- (d) have a board-approved communications policy that will protect borrowers against unnecessarily frequent contact and harassment, while ensuring that the regulated entity can make the necessary contact to progress resolution of arrears cases;
- (e) not remove borrowers from "tracker-rate" mortgages, unless, as part of a long term affordable and sustainable solution that is consistent with the Central Bank policy on sustainability; and
- (f) must keep to a timeline before resorting to legal action. The effect of the timeline rules is that legal proceedings for repossession may only commence at the later of (i) 8 months from the first date of arrears or (ii) 3 months from the date of a letter from the regulated entity to the borrower advising the borrower that forbearance has been declined or that the borrower has failed to enter into an offered alternative repayment arrangement.

However, under the CCMA a regulated entity may commence legal action for a borrower's primary residence immediately if the borrower has perpetrated a fraud on the lender or breached a

term of contract (other than a breach resulting in arrears) or the regulated entity has classified the borrower as not co-operating and has notified the borrower thereof.

Mortgage Arrears Resolution Targets

Mortgage Arrears Resolution Targets are a range of measures put in place by the Central Bank to address mortgage arrears, including the publication of performance targets for the main Irish banks (which include the Group). The Central Bank will consider regulatory actions, including the imposition of additional capital requirements, for Irish banks that fail to meet its targets or which demonstrate poor resolution strategies or poor execution of their strategies. The Group has met all the relevant targets to date.

The Central Bank has also set out its revised impairment provisioning and disclosure guidelines 2013. The Group has implemented the requirements arising from these guidelines.

Consumer Protection Act, 2007

On 11 May 2005, the European Council and European Parliament signed a directive on unfair commercial practices. The CPA came into force on 1 May 2007 which implements the Unfair Commercial Practices Directive in Ireland. Under the CPA, there are four principal heads of offences; (i) unfair commercial practices, (ii) misleading commercial practices, (iii) aggressive commercial practices and (iv) prohibited commercial practices. The CPA applies to all Irish law governed consumer contracts.

Distance Marketing Regulations

The Distance Marketing of Financial Services Directive (Directive 2002/65/EC of 23 September 2002) has been implemented in Ireland by way of the European Communities (Distance Marketing of Consumer Financial Services) Regulations 2004 as amended (the **DM Regulations**). The DM Regulations apply to mortgage loan agreements concluded by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower).

The DM Regulations require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for supply of the financial services in question and includes general information in respect of the supplier and the financial service, contractual terms and conditions and whether or not there is a right of cancellation.

A consumer does not have the right under the DM Regulations to cancel a housing loan (within the meaning of the CCA) within the 14 day cooling off. However failure by the supplier to comply with certain obligations under the DM Regulations may result in the distance contract being unenforceable against the consumer. The obligations include (i) the provision of the prescribed pre-contractual information to the consumer (ii) keeping a copy of all information provided to a consumer in relation to a distance contract in durable and tamper-proof form, (iii) providing a hard paper copy of the distance contract's terms and conditions on a consumer request, or (iv) changing the means of distance communication pursuant to a consumer request (unless to do so would be inconsistent with the contract or nature of the service). The discretion as to enforceability lies with the courts who, if satisfied that the supplier's non-compliance was not deliberate, the consumer has not been prejudiced by such non-compliance, and it is just and equitable to dispense with the relevant obligation, may decide that the contract is enforceable, subject to any conditions they see fit to impose.

The Personal Insolvency Acts

The Personal Insolvency Acts provide for judicial and non-judicial resolution options for consumers deemed under the provisions of the Personal Insolvency Acts to have unsustainable indebtedness levels. The Personal Insolvency Acts amended existing bankruptcy provisions by reducing the timescale for discharge from bankruptcy from twelve years to three years and also introduced several non-judicial resolution options to debt resolution as an alternative to bankruptcy. The bankruptcy term was further reduced from three years to one year under the Bankruptcy (Amendment) Act 2015.

Restrictions on the Activities of an Institution

The ACS Acts provide that an Institution may not carry on a business activity other than a permitted business activity (see below), although entities which hold more than one designation (relating to residential and commercial mortgage credit, commercial mortgage credit and public credit activities) may carry out the permitted activities in respect of the relevant designations.

Permitted business activities in which an Institution may engage

The list of permitted business activities in which an Institution may engage (subject to the restrictions described below) is set out in the ACS Acts. These are:

- (a) providing mortgage credit, dealing in and holding mortgage credit assets and providing group mortgage trust services;
- (b) dealing in and holding substitution assets;
- (c) dealing in and holding assets that the Central Bank requires it to hold for regulatory purposes;
- (d) dealing in and holding credit transaction assets;
- (e) engaging in activities connected with financing or refinancing the classes of assets and other activities referred to in (a) to (g);
- (f) entering into certain hedging contracts for the purpose of hedging risks associated with the foregoing activities at (a) to (e) and dealing in and holding Pool Hedge Collateral; and
- (g) engaging in activities that are incidental or ancillary to the foregoing activities at (a) to (f). An explanation of certain of the categories of permitted business activities is set out below.

Permitted business activities — (a) providing mortgage credit and dealing in and holding mortgage credit assets and providing group mortgage trust services

The ACS Acts define **mortgage credit** as any kind of financial obligation in respect of money borrowed or raised that is secured by a mortgage, charge or other security on residential property (see below) or commercial property (see below), but only if the property is located in:

- (a) Ireland;
- (b) any EEA country;
- (c) Australia, Canada, Japan, New Zealand, the Swiss Confederation, the United States of America, or a country specified in an order made by the Minister for Finance; or
- (d) a country, other than a country to which paragraph (a), (b) or (c) relates, that is a full member of the Organisation for Economic Co-operation and Development, but only if it has not rescheduled its external debt during the immediately preceding 5 years.

For the purposes of the definition of mortgage credit, “other security” in relation to residential or commercial property located outside Ireland, means a kind of security interest over that property

that is recognised as a valid security interest under the *lex situs* of that property. The ACS Acts also provide that mortgage credit includes mortgage credit in securitised form (as the term 'securitisation' is used in the CRD IV).

The ACS Acts also authorise the Minister for Finance to designate by order credit of a specified kind to be mortgage credit for the purposes of the ACS Acts and to declare by order credit of a specified kind to be no longer mortgage credit for those purposes. As at the date of this Base Prospectus no orders have been made by the Minister for Finance under the ACS Acts adding to or reducing the class of credit constituting mortgage credit.

A **residential property** means a building or part of a building that is used or is suitable for use as a dwelling, and includes the land on which the building is constructed and premises that are used in connection with a dwelling, such as a garden, patio, garage or shed.

A **commercial property** means:

- (a) subject to paragraph (b) below:
 - (i) a building or part of a building fixed on land that is used, or is set aside to be used, primarily for the purpose of any industry, trade or other business undertaking; and
 - (ii) includes the land on which such building or such part of a building, as the case may be, is located, and the fixtures that are used in conjunction with such building or such part of a building, as the case may be,
- (b) but does not include:
 - (i) a building or part of a building that is fixed on land that is used, or is set aside to be used, primarily for the purpose of any mine, quarry or agriculture; or
 - (ii) subject to the exception referred to below, a building or part of a building that is residential property.

The exception referred to at paragraph b(ii) above provides that a mortgage credit asset secured on a single property asset that would otherwise constitute commercial property in part and residential property in part is to be regarded for the purposes of the ACS Acts as secured only on commercial property.

A **mortgage credit asset** is defined in the ACS Acts as an asset or a property held or to be held by an Institution that comprises one or more mortgage credits and does not include Pool Hedge Collateral.

Group mortgage trust services are services provided by an Institution to one or more of its other corporate group members:

- (a) which involve the Institution holding mortgage security or if applicable, collateral security on trust for one or more of such members; and
- (b) where, under that trust, the Institution holds an interest in that security for one or more such members and for its own behalf (i.e. assets held for regulatory purposes).

Mortgage security means a mortgage, charge or other security (for the purposes of the definition of mortgage credit) which secures assets that comprise one or more mortgage credits, and

collateral security means any security, guarantee, indemnity or insurance which secures, in addition to mortgage security, assets that comprise mortgage credit.

The ACS Acts provide that, where an Institution holds mortgage security and, if applicable, collateral security subject to a trust as a consequence of providing group mortgage trust services to other corporate group members:

- (a) mortgage credit assets do not include group entity assets;
- (b) for the purpose of determining what security held by the Institution is protected under Part 7 of the 2001 Act as part of the Pool, only mortgage security and, if applicable, collateral security to the extent such security secures mortgage credit assets held by the Institution are protected as part of the Pool; and
- (c) as regards recourse by the Institution or other group members to such security to satisfy their respective claims:
 - (i) such claims held by the Institution for its own benefit until they are discharged in full rank in priority to claims held by other group members; and
 - (ii) any terms of the trust or any agreement between the Institution or other group members purporting to provide for a different priority as between such claims is void.

For the purposes of the above, **group entity assets** means any assets that comprise one or more mortgage credits held by other group members where those assets are secured by mortgage security and if applicable, collateral security and that security is comprised in a trust constituted for the purposes of group mortgage trust services.

Permitted business activities — (b) dealing in and holding substitution assets

The ACS Acts define **substitution assets** as:

- (a) deposits with an eligible financial institution;
- (b) any asset designated a substitution asset in an order made by the Minister for Finance under the 2001 Act,

other than assets that comprise Pool Hedge Collateral.

Any asset of the type referred to at (b) above must be an exposure to a credit or financial institution within the meaning of the Irish CRD Code. Under the ACS Acts the Minister for Finance may by order designate a specified kind of property to be a substitution asset for the purposes of the ACS Acts or declare a specified kind of property to be no longer a substitution asset for those purposes. At the date of this Base Prospectus, no such order has been made by the Minister for Finance.

The ACS Acts provide that regulations made by the Central Bank must provide for a financial institution or a class of financial institutions to be designated as an eligible financial institution for the purposes of (a) above.

The Asset Covered Securities Act, 2001 (section 6(2)) Regulations 2007 (S.I. No. 603 of 2007) (the **Substitution Asset Deposit Regulations**) made by the Central Bank (which came into

effect on 31 August 2007) provide that an eligible financial institution for the purposes of a deposit comprising a substitution asset:

- (a) is any credit institution which is authorised in Ireland or any EEA member state; or
- (b) is a bank which is authorised to receive deposits or other repayable funds from the public and is located in Australia, Canada, Japan, New Zealand, the Swiss Confederation or the United States of America; and
- (c) has, from an eligible external credit assessment institution (**ECAI**), a minimum credit quality assessment of Credit Quality Step 2 (within the meaning of the Irish CRD Code).

The Asset Covered Securities Act 2001 Regulatory Notice (section 35(9B)) 2014 (the **Substitution Asset Pool Eligibility Notice**) made by the Central Bank (which came into operation on 4 July 2014) prescribes the following additional creditworthiness standards and criteria for substitution assets that are included in a Pool:

- (a) a credit quality assessment from an eligible ECAI of Credit Quality Step 1 (within the meaning of the Irish CRD Code); or
- (b) for exposures within the EEA with maturity not exceeding 100 days, a minimum long term or short term credit quality assessment from an eligible ECAI of Credit Quality Step 2 (within the meaning of the Irish CRD Code).

The Central Bank may, after consulting the EBA, allow Credit Quality Step 2 for up to 10 per cent. of the total exposure of the nominal value of outstanding Securities, provided that significant potential concentration problems have been identified in the State due to application of the Credit Quality Step 1 requirement referred to in paragraph (a) above.

Permitted business activities — (c) dealing in and holding assets that the Central Bank requires it to hold for regulatory purposes

The ACS Acts provide that a designated mortgage credit institution may deal in and hold assets of a kind that are required to be held for regulatory purposes, in accordance with a requirement of the Central Bank made under the supervisory enactments.

Permitted business activities — (d) dealing in and holding credit transaction assets

The ACS Acts define a **credit transaction asset** as an asset derived from having engaged in a credit transaction (not being a cover assets hedge contract or Pool Hedge Collateral), but does not include a mortgage credit asset, substitution asset, an asset required to be held for regulatory purposes or an asset arising from financing or refinancing activities. A **credit transaction** is defined in the ACS Acts as:

- (a) placing a deposit with a financial institution which has been or is of a class which has been designated as eligible for such purposes by regulations made by the Central Bank;
- (b) dealing with or holding a financial asset; or
- (c) any other kind of transaction designated as such by the Minister for Finance by order made under the ACS Acts.

A **financial asset** for the purposes of (b) above is defined in section 3 of the ACS Acts by

reference to section 496 of the Taxes Consolidation Act 1997 (the **TCA**) and includes shares, gilts, bonds, derivatives and debt portfolios.

The Asset Covered Securities Act 2001 (section 27(4)) Regulations, 2007 (S.I. No. 601 of 2007) (the **CTA Eligible Financial Institution Regulations**) made by the Central Bank (which came into operation on 31 August 2007) provide that an eligible financial institution for the purposes of a deposit comprising a credit transaction asset is:

- (a) any credit institution which is authorised in Ireland or any EEA member state; or
- (b) a bank which is authorised to receive deposits or other repayable funds from the public and is located in Australia, Canada, Japan, New Zealand, the Swiss Confederation or the United States of America; and
- (c) which has, from an eligible ECAI, a minimum credit quality assessment of Credit Quality Step 3 (within the meaning of the Irish CRD Code).

Permitted business activities — (e) engaging in activities connected with financing or refinancing of assets and other activities referred to in (a) to (g)

The ACS Acts provide that these financing or refinancing activities include (but are not limited to):

- (a) taking deposits or other repayable funds from the public; and
- (b) issuing asset covered securities (which include Mortgage Covered Securities in the case of an Institution).

An Institution that issues a Mortgage Covered Security must ensure that the relevant security documentation states:

- (a) that the Mortgage Covered Security is a mortgage covered security; and
- (b) that the financial obligations of the Institution under the Mortgage Covered Security are secured on the cover assets that comprise a cover assets pool maintained by the Institution in accordance with the ACS Acts.

Permitted business activities — (f) entering into certain hedging contracts for the purpose of hedging risks associated with the foregoing activities/dealing in and holding Pool Hedge Collateral

An Institution may enter into one or more contracts (**Hedging Contracts**) the purpose or effect of which is to reduce or minimise the risk of financial loss or exposure liable to arise from:

- (a) fluctuations in interest rates or currency exchange rates;
- (b) credit risks; or
- (c) other risk factors that may adversely affect its permitted business activities.

The Central Bank may, by regulatory notice, specify requirements as to:

- (a) the kind of Hedging Contracts that an Institution may enter into; and

- (b) the terms and conditions under which those Hedging Contracts, or any class of those Hedging Contracts, may be entered into (including those relating to Pool Hedge Collateral).

As at the date of this Base Prospectus, no such regulatory notice has been published by the Central Bank.

The ACS Acts make special provision for Hedging Contracts which relate to the mortgage credit assets or substitution assets that are comprised in a Pool maintained, and Mortgage Covered Securities issued, by an Institution (for a description of the provisions of the ACS Acts relating to the obligation of an Institution to maintain a Pool, see further below). Those Hedging Contracts when recorded in the Business Register (as to which see *Cover Assets Pool and Requirements under the ACS Acts — Register of mortgage covered securities business*) are referred to in the ACS Acts as **cover assets hedge contracts**. As to the provisions of the ACS Acts relating to cover assets hedge contracts see *Cover Assets Pool and Requirements under the ACS Acts — Cover assets hedge contracts* and *Insolvency of Institutions — Effect under the ACS Acts of insolvency, potential insolvency or insolvency process with respect to an Institution*. For a description of the Hedging Contracts entered into by the Issuer at the date of this Base Prospectus with respect to interest rate exposure relating to the Issuer's Irish residential lending denominated in euro, see *Risk Management at the Group and the Issuer — Issuer Risk Management — Market Risk* above.

In relation to Pool Hedge Collateral, see *Cover Assets Pool and Requirements under the ACS Acts — Pool Hedge Collateral and related Register*.

Location of assets for the purposes of the ACS Acts

For the purposes of the ACS Acts:

- (a) the country in which a mortgage credit asset is located is the country in which the property asset that secures the relevant mortgage credit related to the mortgage credit asset is situated; and
- (b) the country in which a substitution asset that is an exposure for the purposes of the Irish CRD Code (i.e. an asset or off-balance sheet item) is located is the country in which the place of business of the financial institution that is the subject of the exposure is situated.

In respect of (a) above, if the mortgage credit asset is an RMBS or CMBS, its location is to be determined by reference to the location of the property assets related to the mortgage credit assets which are securitised.

General restrictions on certain types of permitted business activities

The ACS Acts provide that an Institution must ensure that the ratio of the total principal amounts of all mortgage credit assets that it holds to the total prudent market value of the related property assets does not exceed 100 per cent. (or such other percentage as may be prescribed by regulations made by the Central Bank). Securitised mortgage credit assets are disregarded for the purposes of this ratio. For a description of the method of determination under the ACS Acts of the prudent market value of a property asset which is related to a mortgage credit asset, see *Cover Assets Pool and Requirements under the ACS Acts — Valuation of assets held by an Institution*.

The ACS Acts specify limitations on the level of mortgage credit assets or substitution assets held by an Institution in the course of its general business activities which may be located in category

B countries (for the definition of "category B countries" under the ACS Acts, see *Cover Assets Pool and Requirements under the ACS Acts — Location of assets that may be included in a Pool*). The total prudent market value of mortgage credit assets or substitution assets located in category B countries held by the Institution, expressed as a percentage of the total prudent market value of all the mortgage credit assets and substitution assets held by the Institution, may not exceed 10 per cent. (or such other percentage as may be specified by an order of the Minister for Finance) of the total prudent market value of all of the mortgage credit assets and substitution assets held by the Institution. For a description of the method of determination under the ACS Acts of the prudent market value of a mortgage credit asset or a substitution asset held by an Institution, see *Cover Assets Pool and Requirements under the ACS Acts — Valuation of assets held by an Institution*.

An Institution is required to ensure that the total value of the credit transaction assets that it holds, expressed as a percentage of the total value of all of the Institution's assets, does not at any time exceed 10 per cent. (or such other percentage as may be specified by an order of the Minister for Finance) of the total value of all of the Institution's assets. For a description of the method of determination under the ACS Acts of the value of credit transaction assets held by an Institution, see *Cover Assets Pool and Requirements under the ACS Acts — Valuation of assets held by an Institution*.

The ACS Acts empower the Central Bank, by giving notice in writing to an Institution, to impose on such Institution or on any class of Institutions, requirements or restrictions as to the kinds of credit transaction assets that the Institution or Institutions may hold. At the date of this Base Prospectus, no such requirements or restrictions have been imposed on the Issuer.

Institutions Required to Maintain Cover Assets Pool

An Institution may issue Mortgage Covered Securities only if it maintains a related Pool in compliance with the ACS Acts.

After an Institution is registered under the ACS Acts, the Institution may, for the purpose of establishing a Pool and enabling it to make an initial issue of Mortgage Covered Securities, include in its register of mortgage covered securities business, mortgage credit assets or substitution assets in accordance with the ACS Acts (for a description of the provisions of the ACS Acts relating to the requirement for an Institution to maintain a register of mortgage covered securities business, see *Register of mortgage covered securities business* below).

If an Institution wishes at any time to issue further Mortgage Covered Securities, it may include in the relevant Pool mortgage credit assets or substitution assets as security for those Mortgage Covered Securities in accordance with relevant provisions of the ACS Acts.

A mortgage credit asset or a substitution asset forms part of the relevant Pool only if its inclusion has been approved by the Monitor (for a description of the role of the Monitor, see *The Cover-Assets Monitor*).

An Institution must, as soon as practicable after becoming aware that it has contravened the provisions of the ACS Acts summarised in the first and fourth paragraphs under this heading, take all possible steps to prevent the contravention from continuing or being repeated. In particular, an Institution is required as soon as practicable after becoming aware that a mortgage credit asset or substitution asset comprised in the Pool no longer meets any creditworthiness criteria specified by the Central Bank, to remove the relevant asset from the Pool and where required by the ACS Acts, replace the asset in accordance with the ACS Acts. Until those steps have been taken, the Institution may not issue further Mortgage Covered Securities.

Cover Asset Pool maintained by the Issuer

The Pool contains on the date of this Base Prospectus mortgage credit assets, substitution assets and cover assets hedge contracts subject to the limitations provided for in the ACS Acts. The ACS Acts permit the composition of the Pool to be dynamic and do not require it to be static. Accordingly, the composition of mortgage credit assets (and other permitted assets) comprised and to be comprised in the Pool will change from time to time after the date hereof in accordance with the ACS Acts.

As described further below, the ACS Acts permit the inclusion in the Pool of:

- (a) mortgage credit assets and substitution assets which are located for the purposes of the ACS Acts outside of Ireland or the United Kingdom;
- (b) mortgage credit assets secured on commercial property; and
- (c) certain CMBS and RMBS,

subject where applicable to certain creditworthiness standards or criteria and limits.

At the date of this Base Prospectus, the mortgage credit assets that the Issuer has included and intends to include in the Pool consist of mortgage credit assets located in Ireland and secured

primarily on residential property for the purposes of the ACS Acts. The substitution assets that the Issuer has included and intends to include in the Pool at the date of this Base Prospectus consist of deposits with Bank of Ireland. The Issuer has not, at the date of this Base Prospectus, included CMBS or RMBS in the Pool.

Subject to the provisions of the ACS Acts, including the approvals and consents required under and the limits set out in the ACS Acts, the Issuer may include in the Pool mortgage credit assets or substitution assets located for the purposes of the ACS Acts in the United Kingdom or other jurisdictions permitted by the ACS Acts, mortgage credit assets the related loans under which are secured over commercial property and CMBS and RMBS, in each case to the extent permitted by the ACS Acts. However, the Issuer does not intend to include in the Pool either (i) mortgage credit assets the related loans under which have their primary security over commercial property, (ii) mortgage credit assets or substitution assets which are located for the purposes of the ACS Acts outside Ireland, (iii) mortgage credit assets the related loans under which are not denominated in euro or (iv) RMBS or CMBS without, in each case, first obtaining from Moody's (for so long as the Securities are rated by such rating agency) a confirmation that any such action will not result in a downgrade of the rating then ascribed by such rating agency to the Securities. However, the Issuer will not include in the Pool in any circumstance any asset-backed securities which do not satisfy the ECB eligibility criteria for covered bonds as set out in Article 80 of the Guideline on the implementation of the Eurosystem monetary policy framework (recast) (ECB/2014/60).

A mortgage credit asset or substitution asset may only be included in or removed from the Pool if the Monitor agrees to its inclusion or removal and it is permitted by the ACS Acts. Accordingly, any alterations to the composition of the Issuer's Pool as described above will require the Monitor's approval.

Circumstances in which an asset may not be included in a Pool

The ACS Acts provide that an Institution, when issuing Mortgage Covered Securities, may not include a mortgage credit asset or substitution asset in a Pool if:

- (a) the mortgage credit asset or substitution asset is currently included in a different Pool maintained by the Institution;
- (b) the mortgage credit asset or substitution asset is non-performing;
- (c) the Institution is insolvent (for a description of the meaning of "insolvent" for the purposes of the ACS Acts, see Insolvency of Institutions - Meaning of 'insolvent', 'potentially insolvent' and 'insolvency process' for the purposes of the ACS Acts below);
- (d) the Central Bank has given the Institution a direction under certain provisions of legislation relevant to financial institutions, the effect of which is to prohibit the asset from being recorded in the Institution's register of mortgage covered securities business;
- (e) the Central Bank has given the Institution a notice under the ACS Acts informing the Institution that the Central Bank intends to seek the consent of the Minister for Finance to the revocation of the registration of the Institution as a designated mortgage credit institution (for a description of the circumstances in which the Central Bank may revoke the registration of an Institution as a designated mortgage credit institution, see Registration of Institutions/Revocation of Registration — Revocation of Registration below); or
- (f) the Central Bank has given a direction under certain provisions of the ACS Acts, the

effect of which is to prohibit the asset from being recorded in the Institution's register of mortgage covered securities business (for a description of the circumstances in which the Central Bank may make such an order, see *Registration of Institutions/Revocation of Registration — Direction of the Central Bank requiring an Institution to suspend its business*).

In relation to (b) above, **non-performing** is defined in the 2001 Act in the context of an Institution to mean that the relevant asset:

- (i) is in the course of being foreclosed or otherwise enforced; or
- (ii) in the case of mortgage credit assets for which the related mortgage credit is of a kind referred to in section 4(1) of the 2001 Act (but excluding securitised mortgage credit assets) (see the first paragraph of *Restrictions on the Activities of an Institution — Permitted business activities (a) providing mortgage credit and dealing in and holding mortgage credit assets and providing group mortgage trust services*), has one or more payments of principal or interest payable on the related credit in arrears and those payments are referable to a period of 3 months or more; or
- (iii) in relation to kinds of assets other than those referred to at (ii) above, has one or more payments of principal or interest payable on the related credit in arrears for 10 days or more.

The ACS Acts provide that an Institution may not, without the consent of the Central Bank, include a mortgage credit asset or substitution asset in a Pool maintained by the Institution if:

- (a) the Institution is potentially insolvent (for a description of the meaning of "potentially insolvent" for the purposes of the ACS Acts see *Insolvency of Institutions — Meaning of 'insolvent', 'potentially insolvent' and 'insolvency process' for the purposes of the ACS Acts*); or
- (b) there is currently no Monitor appointed in respect of the Institution.

The Central Bank has under the Substitution Asset Pool Eligibility Notice imposed creditworthiness standards and criteria in respect of substitution assets which may be comprised in the Pool. The Substitution Asset Pool Eligibility Notice distinguishes between substitution assets which have a maximum maturity of 100 days and those which do not. See *Cover Assets Pool and Requirements under the ACS Acts — Restrictions on inclusion of substitution assets in the Pool*.

The Central Bank has under the Asset Covered Securities Act 2001 Regulatory Notice (section 41A(4), (5) and (7)) 2011 imposed creditworthiness standards and criteria in respect of securitised mortgage credit assets which may be comprised in the Pool. See *Cover Assets Pool and Requirements under the ACS Acts — Restrictions on inclusion of securitised mortgage credit assets in the Pool*.

An Institution must, as soon as practicable after becoming aware that it has contravened the provisions of the ACS Acts summarised under this heading, take all possible steps to prevent the contravention from continuing or being repeated or, as applicable, remove the relevant asset from the Pool and, where required, replace it. Until those steps have been taken, the Institution may not issue further Mortgage Covered Securities.

Location of assets that may be included in a Pool

The ACS Acts provide that any mortgage credit asset or substitution asset located within an EEA country or within one or more category A countries (see below) may be included in a Pool. In relation to the meaning of located for the purposes of the ACS Acts, see *Restrictions on the activities of an Institution — Location of assets for the purposes of the ACS Acts*. However, in relation to substitution assets, see further — *Restriction on inclusion of substitution assets in a Pool*.

Mortgage credit assets or substitution assets that are located in one or more category B countries (see below) may not be included in a Pool maintained by an Institution under the ACS Acts.

A **category A country** is Australia, Canada, Japan, New Zealand, the Swiss Confederation, the United States of America, or a country specified in an order made by the Minister for Finance.

A **category B country** is a country, other than a category A country or a member of the EEA, that is a full member of the Organisation for Economic Co-operation and Development, but only if it has not re-scheduled its external debt during the immediately preceding 5 years.

An Institution must, as soon as practicable after becoming aware that it has contravened the provisions of the ACS Acts summarised above at the first and second paragraph under this heading, take all possible steps to prevent the contravention from continuing or being repeated. Until those steps have been taken, the Institution may not issue any further Mortgage Covered Securities.

The Monitor must monitor the Institution's compliance with the requirements summarised under this heading and take reasonable steps to verify that the Institution will not be in contravention of the above restrictions before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

Restrictions on inclusion of certain types of mortgage credit assets in a Pool

An Institution may not include in a Pool maintained by it a mortgage credit asset that is secured on commercial property if, after inclusion of the asset in the Pool, the total prudent market value of all mortgage credit assets so secured would exceed 10 per cent. (or such other per cent. as may be prescribed by regulations made by the Central Bank) of the total prudent market value of all mortgage credit assets and substitution assets then comprised in the Pool.

The Monitor must monitor the Institution's compliance with this requirement and take reasonable steps to verify that the Institution will not be in contravention of the above restriction before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

Under the ACS Acts, an Institution may not include a mortgage credit asset in a Pool maintained by it if a building related to that mortgage credit asset is being or is to be constructed until the building is ready for occupation as a commercial or residential property (**development property**), unless a nil value is attributed to the relevant mortgage credit asset for the purposes of the financial matching, Regulatory Overcollateralisation and Contractual Overcollateralisation requirements, or the mortgage covered asset concerned is not required to satisfy those requirements because sufficient cover assets are comprised in the Pool which met the requirements of the ACS Acts.

An Institution must, as soon as practicable after becoming aware that it has contravened the provisions of the ACS Acts summarised above under this heading, take all possible steps to prevent the contravention from continuing or being repeated. Until those steps have been taken, the Institution may not issue any further Mortgage Covered Securities.

Restrictions on inclusion of securitised mortgage credit assets in the Pool

Under the ACS Acts, securitised mortgage credit assets may be included in a Pool where they meet any creditworthiness criteria and limits as to the percentage of the Pool specified by the Central Bank in regulatory notices. The Central Bank is required when making any such regulatory notice to have regard to any relevant standards of criteria applicable to covered bonds under the Irish CRD Code. Where a securitised mortgage credit asset comprised in the Pool ceases to meet any creditworthiness criteria specified by the Central Bank, the Institution concerned must remove the asset from the Pool and where required by the ACS Acts, replace the relevant asset.

The Asset Covered Securities Act 2001 Regulatory Notice (section 41 A(4), (5) and (7)) 2011 made by the Central Bank (which came into operation on 9 December 2011) provides that:

- (a) securitised mortgage credit assets comprised in a Pool are required to have a credit quality assessment of Credit Quality Step 1 based on their long-term or, as applicable, short term rating from an eligible ECAI and the ratings mapping process as set out in the CRD. For the above purposes, Credit Quality Step 1 has the meaning given to it in the Irish CRD Code;
- (b) the applicable percentage for the purposes of the provisions of the ACS Acts which permit the Central Bank to restrict the level of securitised mortgage credit assets comprised in a Pool to a percentage., subject to (c) below, is 10 per cent. of the principal or nominal amount outstanding of the Mortgage Covered Securities issued by the Institution;
- (c) prior to 31 December 2013, the restriction referred to at (b) above does not apply where the securitised mortgage credit assets representing the amount greater than the 10 per cent. referred to in (b) above have a credit quality assessment by a nominated eligible ECAI which is the most favourable category of credit assessment made by the eligible ECAI in respect of covered bonds;
- (d) any securitised mortgage credit asset held by an Institution outside a Pool must have a minimum credit quality assessment of Credit Quality Step 2 (within the meaning of the Irish CRD Code), based on the long-term or, as applicable, short term rating from an eligible ECAI and the ratings mapping process as set out in the CRD IV.

The Asset Covered Securities Act 2001 Regulatory Notice (section 41A(4), (5) and (7)) 2011 repealed and replaced the Asset Covered Securities Act 2001 Regulatory Notice (section 41A(4), (5) and (7)) 2007.

In addition to meeting any creditworthiness criteria and limits as to percentage of the Pool referred to above, in order to be included in the Pool securitised mortgage credit assets must also satisfy the following requirements:

- (i) the securitisation entity which is the issuer of the securitised mortgage credit assets must be established under and be subject to the laws of an EEA country;
- (ii) at least 90 per cent. of the assets held directly or indirectly by the securitisation entity must be assets comprising one or more mortgage credits (disregarding certain assets for that purpose); and
- (iii) the securitised mortgage credit assets must meet prudent market value requirements specified in the ACS Acts. Those requirements reflect valuation criteria with respect to securitised mortgage credit collateral for covered bonds under the Irish CRD Code and

may be expanded in a regulatory notice made by the Central Bank under the ACS Acts.

Financial matching criteria for a Pool and related Mortgage Covered Securities

The ACS Acts set out certain financial matching criteria which are required to be met by an Institution in respect of its Pool and Mortgage Covered Securities. These criteria are that:

- (a) the Pool maintained by an Institution has a duration (see below) of not less than that of the Mortgage Covered Securities that relate to the Pool;
- (b) the prudent market value (see below) of the Pool is greater than the total of the principal amounts of those Mortgage Covered Securities;
- (c) the total amount of interest payable in a given period of 12 months in respect of the Pool is during that 12 month period not less than the total amount of interest payable in respect of that period on those Mortgage Covered Securities; and
- (d) the currency in which each mortgage credit asset and each substitution asset included in the Pool is denominated is the same as the currency in which those Mortgage Covered Securities are denominated,

in each case, after taking into account, in the case of paragraphs (b), (c) and (d) above the effect of any cover assets hedge contract that the Institution has entered into in relation to the Pool and those Mortgage Covered Securities (but disregarding for these purposes the effect of any Pool Hedge Collateral) and in the case of (a) above, certain loan to value restrictions.

Meaning of "duration" of a Pool or Mortgage Covered Securities

For the purposes of paragraph (a) above **duration** in the ACS Acts means, in relation to a Pool or Mortgage Covered Securities secured on the Pool, a weighted average term to maturity of the relevant principal amount of the mortgage credit assets and substitution assets comprised in the Pool or those securities, as the case may be, determined in accordance with a formula or criteria specified in a regulatory notice by the Central Bank and taking into account the effect of any cover asset hedge contract entered into by the Institution in relation to the Pool or those securities, or both, as the case may be.

The Asset Covered Securities Act 2001 Regulatory Notice (sections 32(10) and 47(10) 2007 (the **Duration Regulatory Notice**)) sets out the formulae and criteria for the purpose of the definition of "duration" contained in ACS Acts. The Duration Regulatory Notice repeals the Assets Covered Securities Act 2001 Regulatory Notice (section 32(10)) 2004.

Loan-to-value restrictions on the valuation of mortgage credit assets and related property assets

For the purpose of paragraph (b) above, if the principal amount of a mortgage credit asset (other than a securitised mortgage credit asset) included in a Pool represents more than the percentage. (**LTV**) specified below of the prudent market value of the related property assets, the amount by which the principal amount of the asset exceeds such percentage is to be disregarded.

The relevant LTV is:

- (a) 75 per cent. in the case of a mortgage credit asset that comprises residential property; and
- (b) 60 per cent. in the case of a mortgage credit asset that comprises commercial property,

or, in each case, such other percentage as may be specified in an order made by the Minister for Finance. As at the date of this Base Prospectus, no such other percentage has been specified by the Minister for Finance.

As described further under *Valuation of assets held by an Institution — Valuation of Relevant Securitised Mortgage Credit Assets* below, the prudent market value of CMBS or RMBS for the purpose of the financial matching and overcollateralisation requirements is the lesser of the three following amounts, namely, (i) the principal amount of the securitised mortgage credit asset, (ii) the principal amount of the underlying liens (or loans) and (iii) a maximum LTV with respect to the underlying loans of 60 per cent. in the case of CMBS or 80 per cent. in the case of RMBS. These limits reflect the valuation limits under the CRD IV for securitised mortgage credit which collateralises covered bonds.

The prudent market value of a property asset, which relates to mortgage credit assets (where relevant) is required to be calculated at such times as the Central Bank specifies in a regulatory notice, after having regard to the valuation requirements applicable to covered bonds under the Irish CRD Code.

The Monitor must monitor the Institution's compliance with the above requirements and take reasonable steps to verify that the Institution will not be in contravention of the above requirements before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

An Institution must, as soon as practicable after becoming aware that it has failed to comply with the provisions of the ACS Acts summarised above under this heading, take all possible steps to comply with that provision. Until those steps have been taken, the Institution may not issue any further Mortgage Covered Securities.

Overcollateralisation

For the purposes of the requirement to ensure that the prudent market value of the Pool is greater than the total of the principal amounts of Mortgage Covered Securities that relate to the Pool, an Institution is required to maintain a minimum level of Regulatory Overcollateralisation of its Pool with respect to the Mortgage Covered Securities in issue which are secured on the Pool. For this purpose, **Regulatory Overcollateralisation** means that the prudent market value of the mortgage credit assets and substitution assets comprised in the Pool, expressed as a percentage of the total nominal or principal amounts of the Mortgage Covered Securities in issue, is a minimum of 103 per cent. after taking into account the effect of any cover assets hedge contracts comprised in the Pool.

The Regulatory Overcollateralisation requirement does not affect any Contractual Overcollateralisation undertakings made by an Institution requiring higher levels of overcollateralisation to be maintained. In this context, **Contractual Overcollateralisation** of the Pool with respect to Mortgage Covered Securities means the proportion (expressed as a percentage) of the prudent market value of the Pool to the total principal amount outstanding of Mortgage Covered Securities issued by the Issuer which are secured on the Pool. Condition 11 of the Securities requires the Issuer to maintain Contractual Overcollateralisation of the Pool with respect to Mortgage Covered Securities in issue at any time for so long as the Securities are outstanding at a minimum level of 105 per cent. (see *Terms and Conditions of the Securities*)

The Monitor has agreed in the Cover-Assets Monitor Agreement to monitor compliance by the Issuer with its undertaking regarding the level of Contractual Overcollateralisation. See *The Cover-Assets Monitor — Monitor to the Issuer*. The Monitor is also required by regulations made by

the Central Bank under the ACS Acts to have regard to contractually agreed levels of Contractual Overcollateralisation in relation to the Securities and to monitor the relevant Institution's observance of those levels.

Since the Monitor must have regard to contractual undertakings with respect to Contractual Overcollateralisation when performing its functions under the ACS Acts, the Monitor could not agree to the removal or substitution of mortgage credit assets or substitution assets from the Pool if the result of such removal or substitution was that the then required level of Contractual Overcollateralisation would not be satisfied. In addition, the Monitor is required to take reasonable steps to verify compliance by the Issuer with contractual undertakings in respect of Contractual Overcollateralisation before the issue of any Mortgage Covered Securities, including the Securities.

For further information regarding the Monitor, see *The Cover-Assets Monitor*.

In addition, having regard to the criteria of the rating agencies, it is the Issuer's intention to maintain Contractual Overcollateralisation of the Pool with respect to Mortgage Covered Securities in issue at any time for so long as the Securities are outstanding.

Valuation of assets held by an Institution

The ACS Acts empower the Central Bank to specify, by regulatory notice, requirements in relation to the valuation basis and methodology, time of valuation and any other matter that it considers relevant for determining the prudent market value of mortgage credit assets or related property assets for the purposes of the ACS Acts. The ACS Acts also empower the Central Bank to specify, by regulatory notice, requirements in relation to the valuation basis and methodology, time of valuation and any other matter that it considers relevant for determining the prudent market value of substitution assets or the value of credit transaction assets, or the total assets held by an Institution for the purposes of the ACS Acts.

Prudent Market Valuation of Irish Residential Property Assets, Irish Residential Loans and Relevant Securitised Mortgage Credit Assets

For the purposes of calculating prudent market value, the Central Bank has made the MCA Valuation Notice which came into operation on 9 December 2011 and lays down requirements in relation to the valuation basis and methodology, time of valuation and other matters related to determining the prudent market value of:

- (a) a property asset which is residential property situated in Ireland and which secures a mortgage credit asset (other than a securitised mortgage credit asset) held by an Institution (an **Irish Residential Property Asset**);
- (b) a mortgage credit asset (other than a securitised mortgage credit asset) which is secured on an Irish Residential Property Asset (an **Irish Residential Loan**); and
- (c) a securitised mortgage credit asset the related property assets of which indirectly comprise (in whole or in part) residential property (whether or not located in Ireland) (a **Relevant Securitised Mortgage Credit Asset**),

and also specifies requirements and criteria with respect to certain matters required when determining the prudent market value of Relevant Securitised Mortgage Credit Assets.

The Monitor is required to monitor the Institution's compliance with the MCA Valuation Notice under the Asset Covered Securities Act, 2001 (section 61(3)) [Irish Residential Property Loan/

Valuation] Regulation 2004 (S.I. No. 418 of 2004) (see *The Cover Assets Monitor — Continuing duties of a Monitor*).

The MCA Valuation Notice is only applicable to the valuation of Irish Residential Property Assets, Irish Residential Loans and Relevant Securitised Mortgage Credit Assets. The MCA Valuation Notice is not applicable to (and the Central Bank on the date of this Base Prospectus has not published any regulatory notice providing for) the valuation of property assets comprising residential property located outside Ireland or mortgage credit assets located in Ireland for the purposes of the ACS Acts and secured on commercial property or of mortgage credit assets (whether secured on residential property or commercial property) which are located outside Ireland for the purposes of the ACS Acts. See *Risk Factors*.

The MCA Valuation Notice repealed and replaced the Asset Covered Securities Act, 2001 Regulatory Notice (sections 41(1) and 41A(7) 2007).

Prudent Market Discount

The **Prudent Market Discount** for the purposes of certain calculations which are to be made by Institutions in respect of Irish Residential Property Assets and Irish Residential Loans under the MCA Valuation Notice is that published by the Institution. The Prudent Market Discount Regulation prescribes that a Monitor appointed in respect of any Institution when performing its responsibilities under the ACS Acts must have regard to any contractual undertakings given by the Institution to apply a level of prudent market discount to certain calculations which are to be made by the Institution in respect of the MCA Valuation Notice. On 2 July 2004, the Issuer adopted and published on the Group's website (www.bankofireland.com), a Prudent Market Discount for the purposes of the Former Irish Residential Loan/Property Valuation Notice of 0.150 (or in percentage terms, 15 per cent.) and this Prudent Market Discount continues to apply for the purposes of the MCA Valuation Notice (which repealed and replaced the Former Irish Residential Loan/Property Valuation Notice).

Valuation of Irish Residential Property Assets

Under the MCA Valuation Notice, in order to value an Irish Residential Property Asset, an Institution is first required to determine the Origination Market Value (defined below) of that Irish Residential Property Asset. In general, an Irish Residential Property Asset, for the purposes of the MCA Valuation Notice, has a market value at the time of origination of the mortgage credit asset secured on that Irish Residential Property Asset (the **Origination Market Value** of that Irish Residential Property Asset) equal to the amount determined or accepted by the originator of that mortgage credit asset to have been the market value of that Irish Residential Property Asset at or about that time.

Under the MCA Valuation Notice an institution is required to calculate the prudent market value of each Irish Residential Property Asset:

- (a) where the related Irish Residential Loan is comprised in a Pool maintained by that Institution, at the time that the Institution comprises that Irish Residential Loan in the Pool;
- (b) where the related Irish Residential Loan is comprised in the Pool, at such intervals as are required to ensure that the Institution complies with the requirements of the Irish CRD Code with respect to collateral for covered bonds in the form of loans secured by residential real estate; and
- (c) whether the related Irish Residential Loan is comprised in the Pool or not, at such

intervals as may be specified by the Central Bank to that Institution from time to time so as to ensure that the Institution can demonstrate to the satisfaction of the Central Bank compliance by the Institution with the requirements of section 31(1) of the 2001 Act and, if not so specified, then at intervals not exceeding 12 months.

Valuation of Irish Residential Loans

The MCA Valuation Notice also contains requirements for determining the prudent market value of mortgage credit assets secured on Irish Residential Property Assets.

For the purposes of the financial matching requirements in respect of a Pool and Mortgage Covered Securities under the ACS Acts (see *Financial matching criteria for a Pool and related Mortgage Covered Securities* above), the prudent market value at any time of an Irish Residential Loan which is included in the Pool of an Institution is an amount, denominated in the currency in which the related mortgage credit is denominated, equal to the lesser of (i) 100 per cent. of the principal or nominal amount of that Irish Residential Loan that is outstanding at that time and (ii) 75 per cent. (or such other percentage as may apply at the relevant time for the purposes of relevant provisions of the ACS Acts) of the prudent market value of the related Irish Residential Property Asset(s) at that time, and in each case rounded to the nearest whole number (0.5 or above being rounded upwards and any number strictly less than 0.5 being rounded downwards).

Under the MCA Valuation Notice, an Institution is required to calculate the prudent market value of each Irish Residential Loan at such intervals as may be specified by the Monitor from time to time so as to ensure that the Institution can demonstrate to the satisfaction of the Monitor compliance by the Institution with the principal matching requirements with respect to the Pool and Mortgage Covered Securities and Regulatory Overcollateralisation requirements under the ACS Acts and the Asset Covered Securities Act, 2001 (section 61(1), 61(2), 61(3)) [Overcollateralisation] Regulation 2004 (the **Overcollateralisation Regulation**) (see *Financial matching criteria for a Pool and related Mortgage Covered Securities* and *Overcollateralisation* above) and, if not so specified by the Monitor, then at intervals not exceeding 3 months (see *The Cover-Assets Monitor— Continuing duties of a Monitor*).

The Asset Covered Securities Act 2001 (section 61(1), (2) and (3)) (Overcollateralisation), (Amendment) Regulations 2007 (S.I. No. 604 of 2007) made by the Central Bank (which came into operation on 31 August 2007) provide for technical amendments to the Overcollateralisation Regulation in relation to the meaning of prudent market value for the purposes of Overcollateralisation Regulation. References to the Overcollateralisation Regulation in this Base Prospectus are to the regulation as amended.

Valuation of Relevant Securitised Mortgage Credit Assets

The MCA Valuation Notice provides that the prudent market value of Relevant Securitised Mortgage Credit Assets is an amount equal to the lesser of the three amounts which are summarised below:

- (i) the principal or nominal amount of the Relevant Securitised Mortgage Credit Assets;
- (ii) the principal or nominal amount of the underlying liens (or loans) less any liens secured on the relevant property assets and which rank senior to that held by the securitisation entity which has issued the Relevant Securitised Mortgage Credit Assets; and
- (iii) a maximum LTV of 60 per cent. in the case of CMBS or 80 per cent. in the case of RMBS in respect of the loans underlying the Relevant Securitised Mortgage Credit

Assets,

in the case of (ii) and (iii) above:

- A. determined on an aggregate basis having regard to the proportion which the nominal or principal amount of the Relevant Securitised Mortgage Credit Assets bear to the nominal or principal amount of the securitisation securities issued by the securitisation entity and secured on the same property assets as the Relevant Securitised Mortgage Credit Assets;
- B. the ranking in terms of seniority of the Relevant Securitised Mortgage Credit Assets as against all such securitisation securities; and
- C. regard may be had to contracts, to which such securitisation entity is a party, the effect or purpose of which is to reduce the exposure of that securitisation entity in respect of the Relevant Securitised Mortgage Assets to fluctuations in the values of currencies concerned.

Under the MCA Valuation Notice, when determining the prudent market value of a Relevant Securitised Mortgage Credit Asset:

- (a) the amount referred to at (i) above is the principal or nominal amount outstanding of the Relevant Securitised Mortgage Credit Assets concerned on the date such prudent market value is determined or to be determined under the MCA Valuation Notice; and
- (b) the amounts referred to at (ii) and (iii) above are to be determined by reference to the most recent information available to the Institution provided by or on behalf of the securitisation entity which is the issuer of the Relevant Securitised Mortgage Credit Asset and the most recent publicly available information relating to certain relevant matters.

An Institution is required under the MCA Valuation Notice to calculate the prudent market value of each Relevant Securitised Mortgage Credit Asset and the other relevant amounts for the purpose referred to at (i) to (iii) above at such intervals as may be specified by the Monitor from time to time so as to ensure that the Institution can demonstrate to the satisfaction of the Monitor compliance with the principal matching requirements with respect to the Pool and Mortgage Covered Securities and Regulatory Overcollateralisation requirements under the ACS Acts and the Overcollateralisation Regulation (see *Financial matching criteria for a Pool and related Mortgage Covered Securities* and *Overcollateralisation* above) and, if not so specified by the Monitor, then at intervals not exceeding 3 months (see *The Cover-Assets Monitor — Continuing duties of a Monitor*).

Under the MCA Valuation Notice where any sum is to be converted from one currency to another currency, the Institution is required to base such conversion on an applicable rate available on the relevant date to the Institution in the interbank market for the sum concerned.

Under the MCA Valuation Notice when determining:

- (a) the prudent market value of Irish Residential Loans or Irish Residential Property Assets; or
- (b) the prudent market value of Relevant Securitisation Mortgage Credit Assets or the other related amounts referred to at (i) to (iii) above,

an Institution is required to act in a manner consistent with requirements under the Irish CRD Code applicable to collateral for covered bonds in the form of loans secured on residential real estate and that Institution.

Valuations of substitution assets, credit transaction assets and total assets

The Asset Covered Securities Act 2001 Regulatory Notice (section 41(3) and (5)) 2007 (the **section 41(3)/(5) Valuation Notice**) made by the Central Bank (which came into effect on 31 August 2007) specifies requirements in relation to the prudent market valuation of substitution assets and the value of credit transaction assets and total assets. The section 41(3)/(5) Valuation Notice repealed the Asset Covered Securities Act, 2001 Regulatory Notice (section 41(3) and section 41 (5)) 2004.

In relation to substitution assets, the section 41(3)/(5) Valuation Notice provides that where the relevant substitution assets constitute deposits with eligible financial institutions, the prudent market value of such deposits comprised in the Pool maintained by the Institution is equal to 100 per cent. of the principal or nominal amount of the deposit with the eligible financial institution.

In relation to credit transaction assets and total assets, the section 41(3)/(5) Valuation Notice provides that the value of credit transaction assets and total assets shall be determined in accordance with accounting standards generally accepted in Ireland (**Irish GAAP**) as applied to banks.

Restrictions on replacement of underlying assets included in a Pool

A mortgage credit asset or substitution asset replaces an underlying asset (defined in relation to a Pool as a mortgage credit asset or substitution asset that is then included in a Pool) only if such replacement has been approved by the Monitor. The Monitor is required to monitor an Institution's compliance with this requirement.

The ACS Acts require an Institution to replace an underlying asset with a mortgage credit asset or substitution asset if the underlying asset when included in the Pool contravenes or fails to comply with a provision of the ACS Acts, the regulations made by the Central Bank under the ACS Acts or a requirement of the Central Bank or the Monitor made under the ACS Acts.

The ACS Acts permit an Institution in any other case to replace an underlying asset with a mortgage credit asset or substitution asset, provided that the replacement is not prohibited by a provision of the ACS Acts, the regulations made by the Central Bank under the ACS Acts or a requirement of the Central Bank or the Monitor made under the ACS Acts.

The ACS Acts provide that an Institution may not replace an underlying asset with a mortgage credit asset or a substitution asset if:

- (a) the mortgage credit asset or substitution asset is currently contained in a different Pool maintained by the Institution;
- (b) the mortgage credit asset or substitution asset is non-performing;
- (c) the Institution is insolvent;
- (d) the Central Bank has given to the Institution a direction under certain provisions of legislation relevant to financial institutions, the effect of which is to prohibit the replacement from being made;

- (e) a notice has been given to the Institution by the Central Bank under the ACS Acts informing the Institution that it intends to seek the consent of the Minister for Finance to the revocation of the registration of the Institution as an Institution; or
- (f) the Central Bank has given a direction under the ACS Acts that prevents the replacement from being made.

In relation to the meaning of "non-performing" for the purposes of (b) above, see *Circumstances in which an asset may not be included in a Pool* above.

Furthermore, an Institution may not, without the consent of the Central Bank, replace an underlying asset with a mortgage credit asset or substitution asset if:

- (i) the Institution is potentially insolvent; or
- (ii) there is currently no Monitor appointed in respect of the Institution.

Restrictions on inclusion of substitution assets in a Pool

The ACS Acts prescribe that an Institution may not at any time include a substitution asset in the Pool maintained by the Institution –

- (a) unless the substitution asset concerned meets any creditworthiness standards or criteria which may be specified by the Central Bank in a regulatory notice; or
- (b) if, after including the substitution asset concerned in the Pool, the total prudent market value of all substitution assets then comprised in the Pool would not exceed 15 per cent. of the aggregate nominal or principal amount of outstanding Mortgage Covered Securities secured on the Pool.

In relation to (b) above, the restriction does not apply to any further substitution assets comprised or to be comprised from time to time in the Pool for so long as the Pool is comprised of Covered Assets which meet, with respect to the Pool and Mortgage Covered Securities, the financial matching and Regulatory Overcollateralisation requirements under the ACS Acts, any Contractual Overcollateralisation undertaking and all other requirements of Part 4 of the 2001 Act.

When determining for the purposes of the ACS Acts the total prudent value of substitution assets comprised in the Pool, any substitution assets represented by exposures caused by the transmission and management of payments of the obligors under, or liquidation proceeds in respect of, mortgage credit assets comprised in the Pool, are to be disregarded. Under the ACS Acts, the Central Bank may, however, suspend the ratio requirement if it is satisfied that to do so would facilitate the discharge of secured claims (claims in respect of which the rights of a preferred creditor are secured under Part 7 of the 2001 Act — see further *Insolvency of Institutions — Effect of insolvency, potential insolvency or insolvency process with respect to an Institution*) against the Institution.

The Monitor must monitor compliance by the Institution with the above requirements and take reasonable steps to verify that the Institution will not be in contravention of the above requirements before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

The ACS Acts empower the Central Bank to make regulations for or with respect to any

matter that by the ACS Acts is required or permitted to be prescribed, or that is necessary or expedient to be prescribed, for the carrying out or giving effect to the ACS Acts. The ACS Acts provide that the regulations made by the Central Bank under this provision may prescribe kinds of substitution assets which may be included in a Pool. As at the date of this Base Prospectus, no such regulations have been made by the Central Bank in relation to Institutions.

Cover assets hedge contracts

The ACS Acts provide that cover assets hedge contracts entered into by an Institution may relate only to:

- (a) Mortgage Covered Securities issued by the Institution; and/or
- (b) mortgage credit assets and/or substitution assets that are comprised in the Pool maintained by that Institution.

The ACS Acts provide that a cover assets hedge contract must state, among other things, that it is a cover assets hedge contract entered into in accordance with the ACS Acts, and that a cover assets hedge contract must comply with the requirements (if any) specified in any relevant regulatory notice published by the Central Bank. As at the date of this Base Prospectus, the Central Bank has not published a regulatory notice specifying any such requirements.

The ACS Acts provide that as soon as practicable after entering into a cover assets hedge contract, an Institution is required to ensure that particulars of the contract are entered into its Business Register. An Institution must remove from its Business Register a cover assets hedge contract if the contract has been discharged or the counterparty has so agreed.

The interest rate exposure of the Issuer relating to its mortgage credit assets located in Ireland and secured over residential property for the purposes of the ACS Acts which are comprised in the Pool is managed through a combination of matched funding and the Pool Hedge. The Pool Hedge is a cover assets hedge contract for the purposes of the ACS Acts.

The Issuer operates a net funding model, primarily utilising Mortgage Covered Securities to fund the mortgages on its own balance sheet. With respect to fixed-rate issued Mortgage Covered Securities, Bank of Ireland pays to the Issuer under the cover assets hedge contracts an amount related to the fixed interest rate payable on the relevant Mortgage Covered Securities on a notional amount equal to the principal amount outstanding of the relevant Mortgage Covered Securities and on a monthly basis the Issuer pays to Bank of Ireland an amount related to the ECB base rate on that notional amount.

With respect to issued floating-rate Mortgage Covered Securities, Bank of Ireland pays under the cover assets hedge contracts an amount related to the floating interest rate payable on the relevant Mortgage Covered Securities on a notional amount equal to the principal amount outstanding of the relevant Mortgage Covered Securities and on a monthly basis the Issuer pays to Bank of Ireland an amount related to the ECB base rate on that notional amount.

Under the terms of the Pool Hedge with Bank of Ireland, in the event that the relevant rating of Bank of Ireland is downgraded by a rating agency appointed by the Issuer in respect of the Securities below the rating(s) specified in the Pool Hedge, Bank of Ireland is required, in accordance with the Pool Hedge, to take certain remedial measures which may include providing collateral for its obligations under the Pool Hedge, arranging for its obligations under the Pool Hedge to be transferred to an entity with the ratings required by the relevant rating agency, procuring another entity with the ratings required by the relevant rating agency to become co-obligor in respect of its

obligations under the Pool Hedge, or taking such other action as it may agree with the relevant rating agency. A failure to take such steps allows the Issuer to terminate the Pool Hedge.

If the Issuer includes in the Pool mortgage credit assets, located for the purposes of the ACS Acts in Ireland and secured on commercial property, CMBS, RMBS or mortgage credit assets (whether secured on residential property or commercial property) which are located outside of Ireland for the purposes of the ACS Acts, or mortgage assets which are not denominated in euro or issues Mortgage Covered Securities which are not denominated in euro, the Pool Hedge referred to above does not hedge any interest rate risks associated with those mortgage credit assets or, as applicable, Mortgage Covered Securities and any such risks would have to be addressed by amending the above hedging arrangements or putting in place new hedging arrangements which may be with counterparties other than Bank of Ireland. See *Risk Factors – Cover Assets Hedge Contracts*.

Pool Hedge Collateral and Collateral Register

Under the ACS Acts Pool Hedge Collateral is a category of asset distinct from mortgage credit assets, substitution assets and other categories of assets which an Institution may deal in or hold. **Pool Hedge Collateral** means assets or property provided to an Institution by or on behalf of any other contracting party to a cover assets hedge contract where the terms of the cover assets hedge contract:

- (a) provide for the absolute transfer by way of collateral of the asset or property to the Institution (as opposed to by way of security); or
- (b) provide for the transfer of the asset or property by way of security and give the Institution the right to deal with the asset or property under the security as if the Institution were the absolute owner of that asset or property.

An Institution is required to establish and maintain a register in respect of any Pool Hedge Collateral that it holds from time to time, called the register of pool hedge collateral (the **Collateral Register**), which is to be kept separate from the Business. An Institution is required to include in the register of pool hedge collateral, among other things, particulars of the Pool Hedge Collateral it holds from each counterparty to a cover assets hedge contract and particulars of the cover assets hedge contracts that relate to the Pool Hedge Collateral. Unless the Central Bank otherwise requires (whether generally in respect of all Institutions or individually in respect of any given Institution) or the Institution is potentially insolvent or insolvent, the consent of the Monitor is not required for an Institution to make, amend or delete an entry in its Collateral Register.

The Central Bank may, by regulatory notice, specify requirements in relation to:

- (a) the type of assets or property that qualify as Pool Hedge Collateral;
- (b) the maintenance and operation of the Collateral Register;
- (c) particulars that an Institution shall include in its Collateral Register;
- (d) the circumstances in which the consent of the Monitor is required for an Institution to make, amend or delete an entry in the Collateral Register.

The Asset Covered Securities Act 2001 Regulatory Notice (section 30(15) and 45(15)) 2007 made by the Central Bank (which came into operation on 31 August 2007) provides that:

- (a) the Collateral Register must contain particulars detailing, in respect of any Pool Hedge Collateral, the cover assets hedge contract(s) for which such Pool Hedge Collateral has been provided; and
- (b) an Institution must maintain the Collateral Register at the registered office or head office of the Institution or at such other office as has been notified to the Central Bank in writing, and in any event must maintain such register at an office located in Ireland.

Use of realised proceeds of Cover Assets

The ACS Acts provide that money received by an Institution as the proceeds of realising a cover asset forms part of the relevant Pool, until it is used to create or acquire permitted mortgage credit assets or substitution assets for inclusion in the Pool, to discharge secured claims under the ACS Acts (see further *Insolvency of Institutions - Effect under the ACS Acts of insolvency, potential insolvency or insolvency process with respect to an Institution*), is released from the Pool as an underlying asset and is replaced by other mortgage credit assets or substitution assets, or is released from the Pool in accordance with the ACS Acts as summarised in the next paragraph below. The Monitor is responsible for monitoring the Institution's compliance with this requirement.

Release of underlying assets from a Pool

An Institution may, with the prior consent of the Monitor concerned, release underlying assets (including money received by the Institution as the proceeds of a relevant Cover Asset) from the Pool if the assets are not required to be included in the Pool to secure secured claims. The Monitor is responsible for monitoring the Institution's compliance with this requirement.

Register of mortgage covered securities business

The ACS Acts provide that for the purposes of the ACS Acts an asset is, except as described under — *Use of realised proceedings of Cover Assets*, included in, or removed from, a Pool when the appropriate particulars are recorded in the register of mortgage covered securities business (**Business Register**) maintained by the Institution.

An Institution is required to establish and keep a Business Register in respect of:

- (a) the Mortgage Covered Securities it has issued;
- (b) the cover assets hedge contracts that it has entered into; and
- (c) the mortgage credit assets and substitution assets that it holds as security for those Mortgage Covered Securities and contracts.

The Monitor must monitor compliance by the Institution with the above requirement and take reasonable steps to verify that the Institution will not be in contravention of the above requirement before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract. The Central Bank may make regulations specifying other particulars which must be recorded by an Institution in its Business Register. As at the date of this Base Prospectus, no such regulations have been made by the Central Bank.

An Institution may make, delete or amend an entry in the Business Register only with the consent of the Monitor or the Central Bank, unless regulations made by the Central Bank provide otherwise (as at the date of this Base Prospectus, no regulations made by the Central Bank provide otherwise). The Monitor must monitor compliance by the Institution with the above requirement and

take reasonable steps to verify that the Institution will not be in contravention of the above requirement before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

An Institution is required to keep the Business Register in such place as may be prescribed by the regulations made by the Central Bank. In the Asset Covered Securities Act, 2001 (sections 38(6) and 53(6)) Regulations, 2002 (S.I. No. 382 of 2002), the Central Bank prescribed the registered or head office of the Institution, or such other office as may be notified in writing to the Central Bank for such purposes, and which in each case must be in Ireland, as the place at which such Institution's Business Register must be kept.

The ACS Acts provide that an Institution is required to at all times to provide access to the Institution's Business Register to the Central Bank and the Monitor appointed in respect of such Institution, and to permit each such person to take copies of the Business Register or any entry in the Business Register at the Institution's expense.

Financial Statements

The ACS Acts provide that an Institution shall include the following information in its annual financial statement, or in a document accompanying the statement, in respect of mortgage credit assets that are recorded in the Institution's Business Register (and, accordingly, its Pool):

- (a) the number of mortgage credit assets, as at the date to which the statement is made up, with the amounts of principal outstanding in respect of the related credits being specified in tranches of:
 - (i) €100,000 or less;
 - (ii) more than €100,000 but not more than €200,000;
 - (iii) more than €200,000 but not more than €500,000; and
 - (iv) more than €500,000;
- (b) the geographical areas in which the related property assets are located, and the number and percentage of those assets held in each of those areas;
- (c) whether or not mortgage credit assets are non-performing as at that date, and if they are:
 - (i) the number of those assets as at that date; and
 - (ii) the total amount of principal outstanding in respect of those assets at that date;
- (d) whether or not any persons who owed money under mortgage credit assets had, during the immediately preceding financial year of the Institution (if any), defaulted in making payments in respect of those assets in excess of €1,000 (so as to render them non-performing for the purposes of the ACS Acts) at any time during that year, and if any such persons had defaulted, the number of those assets that were held in the Pool at the date to which the financial statement for that year was made up;
- (e) the number of cases in which the Institution has replaced mortgage credit assets with other assets because those mortgage credit assets were non-performing;

- (f) the total amount of interest in arrears in respect of mortgage credit assets that has not been written off at that date;
- (g) the total amount of payments of principal repaid and the total amount of interest paid in respect of mortgage credit assets;
- (h) in relation to any related mortgage credits that are secured on commercial property (and not on residential property), the number and the total amounts of principal of those credits that are outstanding at that date; and
- (i) any other information prescribed by the regulations made by the Central Bank.

In relation to (i) above, at the date of this Base Prospectus no such other information has been prescribed by regulations made by the Central Bank.

The above disclosure requirements do not apply in the case of securitised mortgage credit comprised in the Pool but in their place, an Institution is required to disclose in its annual financial statements or in a document accompanying the statement:

- (a) the name of the securitisation entities which are the issuers of those assets and the principal or nominal amount and class or title of those assets, as at the date to which the statement is made up; and
- (b) any information prescribed by regulations made by the Central Bank.

If an Institution has a parent entity, the parent entity shall include the following information in its annual consolidated financial statement or in a document accompanying the statement:

- (a) the name of the Institution and any other particulars required by regulations made by the Central Bank with respect to the Institution;
- (b) the total amounts of principal outstanding in respect of Mortgage Covered Securities issued by the Institution;
- (c) the total amounts of principal outstanding in respect of the Pool that relates to those Mortgage Covered Securities; and
- (d) any other particulars prescribed by regulations made by the Central Bank.

In relation to (d) above, at the date of this Base Prospectus no such other particulars have been prescribed by regulations made by the Central Bank.

Surplus Cover Assets need not meet certain requirements of the ACS Acts

Under the ACS Acts, for as long as:

- (a) the Pool is comprised in part of Cover Assets which meet, with respect to the Pool and Asset Covered Securities, the financial matching requirements and Regulatory Overcollateralisation requirement under the ACS Acts and any contractual undertaking made by the Institution in respect of Contractual Overcollateralisation; and
- (b) those Cover Assets meet the other provisions of Part 4 of the 2001 Act,

then any provision of Part 4 of the 2001 Act which restricts the proportion or percentage of the Pool which may be comprised of certain Cover Assets or criteria or standards applicable to Cover Assets does not apply to any further such Cover Assets comprised or to be comprised from time to time in the Pool.

Appointment of a cover-assets monitor

The ACS Acts require every Institution to appoint a qualified person to be a cover-assets monitor (a **Monitor**) in respect of the Institution. The ACS Acts provide that an appointment of a Monitor by an Institution does not take effect until it is approved in writing by the Central Bank. The Institution is responsible for paying any remuneration or other money payable to its Monitor in connection with the Monitor's responsibilities in respect of the Institution.

The ACS Acts provide that if at any time an Institution has no Monitor appointed in respect of a Pool and the Central Bank reasonably believes that the Institution is unlikely to appoint such a Monitor, the Central Bank may appoint a suitably qualified person to be a Monitor in respect of such Institution. (For a general description of the obligation of an Institution to establish a Pool, see *Cover Assets Pool and Requirements under the ACS Acts*). The appointment by the Central Bank in those circumstances may be on such terms and subject to such conditions as the Central Bank thinks fit. If the Central Bank has appointed a Monitor in accordance with the ACS Acts, the Institution concerned is responsible for paying any remuneration or other money payable to the Monitor in connection with the performance of the Monitor's responsibilities in respect of the Institution.

Monitor to the Issuer

The Monitor appointed in respect of the Issuer at the date of the Base Prospectus is Mazars. The Central Bank has approved the appointment of Mazars as Monitor in respect of the Issuer. The terms on which Mazars has been appointed and acts as Monitor in respect of the Issuer are set out in an agreement entered into on 27 August 2004 between Mazars and the Issuer, as amended and restated on 22 October 2007 and as further amended on 23 April 2012 (the **Cover Assets Monitor Agreement**). The Cover Assets Monitor Agreement reflects the requirements of the ACS Acts in relation to the appointment of a Monitor in respect of an Institution and provides for certain matters such as overcollateralisation (see *Characteristics of the Pool/Overcollateralisation — Overcollateralisation*) and Prudent Market Discount (see *Cover Assets Pool and Requirements under the ACS Acts— Valuation of assets held by an Institution — Prudent Market Discount*), the payment of fees and expenses by the Issuer to Mazars, the resignation of Mazars as Monitor to the Issuer (see *Resignation of a Monitor*) and the replacement by the Issuer of Mazars as its Monitor.

Mazars is a large international integrated partnership, with offices across 91 countries, a total headcount of 24,400 employees and a global turnover of €1.8 billion. The Mazars Group is currently engaged as auditors / advisors to over 15 per cent. of top European companies together with a large number of publicly funded and semi state organisations.

Mazars Ireland is a full member of the Mazars International Association with over 30 years' experience in the provision of professional services to local and international clients in the financial services, institutional and corporate sectors. Its professional services include audit & assurance, tax, corporate finance, insolvency, consulting and corporate recovery. Based in Dublin, Limerick and Galway, the firm has 29 partners and over 500 staff.

The above information on Mazars has been sourced from Mazars. 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.

Qualifications of a Monitor

The ACS Acts provide that the Central Bank may, by regulatory notice, specify, among other things, the qualifications required in order for a person to be appointed as a Monitor.

The Central Bank issued the Asset Covered Securities Act, 2001 Amended Regulatory Notice (section 59(6)) pursuant to the 2001 Act on 12 November 2002. In this regulatory notice, the Central Bank stated that the qualifications for an appointment as a Monitor in respect of an Institution are:

- (a) a Monitor must be a body corporate or partnership, comprising personnel and partners respectively who are members of a professional representative body. The Monitor must demonstrate to the satisfaction of the Central Bank that it is experienced and competent in the following areas:
 - (i) financial risk management techniques;
 - (ii) regulatory compliance reporting; and
 - (iii) capital markets, derivatives and mortgage credit business as applicable;
- (b) a Monitor must demonstrate that it has sufficient resources at its disposal, and its personnel or partners must have sufficient academic or professional qualifications and experience in the financial services industry to satisfy firstly the designated credit institution and secondly the Central Bank, that it is capable of fulfilling this role;
- (c) a Monitor should possess adequate professional indemnity insurance to the satisfaction of the Institution;
- (d) the books and records of a Monitor must be held in Ireland;
- (e) a Monitor must not be an affiliate of the Institution or of any affiliate of the Institution;
- (f) a Monitor and its affiliates must not be engaged as auditor or legal advisor for the Institution or any affiliate of the Institution. Neither a Monitor nor any of its affiliates may provide any other services to the Institution nor any of its affiliates unless it is first established to the satisfaction of the Central Bank that the provision of such services does not and will not create any conflict of interest with the performance by the Monitor of its duties and responsibilities under the ACS Acts and the regulatory notices;
- (g) a Monitor must not hold any shares or similar interest in the Institution or in any affiliate of the Institution; and
- (h) save as permitted by the ACS Acts, the regulations and any regulatory notices or orders made under the ACS Acts, a Monitor must not be involved in any decision-making function or directional activity of the Institution or any of its affiliates, which could unduly influence the judgement of management of the Institution or its affiliates.

Duties of a Monitor before an Institution issues Mortgage Covered Securities

The ACS Acts provide that before an Institution issues Mortgage Covered Securities, or enters into a cover assets hedge contract the Monitor appointed in respect of it must take reasonable steps to verify:

- (a) that the Institution will be in compliance with the financial matching requirements of the ACS

Acts with respect to the Pool and Mortgage Covered Securities (see *Cover Assets Pool and Requirements under the ACS Acts — Financial matching criteria for a Pool and related Mortgage Covered Securities and Overcollateralisation*) and will not be in contravention of certain provisions of the ACS Acts restricting the location of assets that may be included in the Pool (see *Cover Assets Pool and Requirements under the ACS Acts — Location of assets that may be included in a Pool — Restrictions on inclusion of certain types of mortgage credit assets in a Pool*) and the level of substitution assets that may be included in the Pool (see *Cover Assets Pool and Requirements under the ACS Acts — Restrictions on inclusion of substitution assets in a Pool*), as a result of issuing the Mortgage Covered Securities or entering into the cover asset hedge contract;

- (b) that the Institution will not be in contravention of certain provisions of the ACS Acts relevant to the maintenance by the Institution of its Business Register (see *Cover Assets Pool and Requirements under the ACS Acts — Register of mortgage covered securities business*);
- (c) such other matters relating to the business of Institutions as may be prescribed by regulations made by the Central Bank.

In regard to (a) above, the Central Bank has made the Asset Covered Securities Act 2001 (section 61(2)) (Regulatory Overcollateralisation) Regulations 2007 (S.I. No. 606 of 2007) (which came into operation on 31 August 2007), under which, a Monitor appointed in respect of an institution is required to take reasonable steps to verify that the Institution will be in compliance with its obligation to maintain Regulatory Overcollateralisation before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

In regard to (c) above, the Central Bank has made the Overcollateralisation Regulation (see *Cover Assets Pool and Requirements under the ACS Acts — Valuation of assets held by an Institution — Valuation of Irish Residential Loans*). Under the Overcollateralisation Regulation a Monitor appointed in respect of any Institution when performing its responsibilities under the ACS Acts must have regard to any contractual undertakings given by the Institution to maintain a level of Contractual Overcollateralisation of Cover Assets as against Mortgage Covered Securities issued by that Institution and the Monitor is responsible for monitoring the Institution's compliance with those undertakings. With respect to the Issuer and its contractual undertaking to maintain a specified level of Contractual Overcollateralisation, see further *Characteristics of the Pool/Overcollateralisation — Overcollateralisation*.

The Central Bank has also made the Prudent Market Discount Regulation. The Prudent Market Discount Regulation provides that the Monitor when performing its responsibilities under the ACS Acts must have regard to any contractual undertakings given by the Institution to apply a level of prudent market discount to certain calculations which are to be made by the Institution in respect of the Former Irish Residential Loan/Property Valuation Notice and the Monitor is responsible for monitoring the Institution's compliance with those undertakings. See further *Cover Assets Pool — Valuation of assets held by an Institution*.

Continuing duties of a Monitor

The ACS Acts provide that the Monitor appointed in respect of an Institution is responsible for monitoring the Institution's compliance with the following provisions of the ACS Acts:

- (a) the matching requirements of the ACS Acts with respect to the Pool and Mortgage Covered Securities (see *Cover Assets Pool and Requirements under the ACS Acts — Financial matching criteria for a Pool and related Mortgage Covered Securities and Overcollateralisation*) and certain provisions of the ACS Acts restricting the location of assets that may be included in the Pool (see *Cover Assets Pool and Requirements under the ACS*

Acts — Location of assets that may be included in a Pool and Restriction on inclusion of certain types of mortgage credit assets in a Pool);

- (b) the requirement that, except in certain cases specified in the ACS Acts, a mortgage credit asset or substitution asset replacing another asset or a substitution asset replacing another asset in the Pool only forms part of the Pool if the replacement has been approved by the Monitor (see *Cover Assets Pool and Requirements under the ACS Acts — Restrictions on replacement of underlying assets included in a Pool*);
- (c) restrictions under the ACS Acts on the level of substitution assets that may be included in the Pool (see *Cover Assets Pool and Requirements under the ACS Acts — Restrictions on inclusion of substitution assets in a Pool*);
- (d) the application by an Institution of realisations of mortgage credit assets or substitution assets comprised in a Pool under certain provisions of the ACS Acts (see *Cover Assets Pool and Requirements under the ACS Acts — Use of realised proceeds of Cover Assets and — Release of underlying assets from a Pool*);
- (e) certain provisions of the ACS Acts relevant to the maintenance by the Institution of its Business Register (see *Cover Assets Pool and Requirements under the ACS Acts — Register of mortgage covered securities business*);
- (f) the 3 per cent. Regulatory Overcollateralisation requirement in respect of the Pool and Mortgage Covered Securities (see *Cover Assets Pool and Requirements under the ACS Acts — Overcollateralisation*);
- (g) the requirements in respect of securitised mortgage credit assets that can be included in the Pool (see *Cover Assets Pool and Requirements under the ACS Acts — Restrictions on inclusion of securitised mortgage credit assets in the Pool*); and
- (h) such other matters as may be prescribed by regulations made by the Central Bank.

The Asset Covered Securities Act 2001 (section 61(1)) Regulations 2007 (S.I. No. 605 of 2007) made by the Central Bank (which came into operation on 31 August 2007) provides that a Monitor appointed in respect of an Institution is responsible for monitoring the Institution's compliance with the obligation of the Institution under the ACS Acts to include certain particulars in the Collateral Register.

The Central Bank has made, on 2 July 2004, the Asset Covered Securities Act, 2001 (section 61(3)) [Interest Rate Sensitivity] Regulation 2004 (S.I. No. 415 of 2004) pursuant to which a Monitor appointed in respect of an Institution is made responsible for monitoring the Institution's compliance with the Asset Covered Securities Act, 2001 (section 91(1)) (Sensitivity to Interest Rate Changes) Regulation, 2004 (S.I. No. 416 of 2004) as amended by the Asset Covered Securities Act, 2001 (Section 91(1)) (Sensitivity to Interest Rate Changes — Mortgage Credit) (Amendment) Regulations 2007 (S.I. No 612 of 2007) (which came into operation on 31 August 2007) (together, the **Sensitivity to Interest Rate Changes Regulation**). The Sensitivity to Interest Rate Changes Regulation provides that the net present value changes arising from any of the scenarios set forth in the regulation must not exceed 10 per cent. of an Institution's total own funds at any time. The scenarios set forth in the regulation are:

- (a) one hundred basis point upward shift in the yield curve;
- (b) one hundred basis point downward shift in the yield curve; and

- (c) one hundred basis point twist in the yield curve.

All calculations of sensitivity to interest rate changes are to be carried out in accordance with formulae set out in the schedule to the Sensitivity to Interest Rate Changes Regulation. See further *Risk Management at the Group and the Issuer — Issuer Risk Management — Market Risk*.

The Central Bank has made, on 2 July 2004, the Asset Covered Securities Act, 2001 (Section 61(3)) [Irish Residential Property Loan/Valuation] Regulation 2004 (S.I. No. 418 of 2004). That regulation provides that the Monitor appointed in respect of an Institution is responsible for monitoring that Institution's compliance with the MCA Valuation Notice. The MCA Valuation Notice makes provision for the prudent market valuation, valuation methodology and timing of valuation of Irish Residential Loans and related Irish Residential Property Assets and Relevant Securitised Mortgage Credit Assets (together with related amounts) (see *Cover Assets Pool and Requirements under the ACS Acts — Valuation of assets held by an Institution*). On 2 July 2004 the Central Bank also made the Prudent Market Discount Regulation. The Prudent Market Discount Regulation provides that the Monitor when performing its responsibilities under the ACS Acts must have regard to any contractual undertakings given by the Institution to apply a level of prudent market discount to certain calculations which are to be made by the Institution in respect of the MCA Valuation Notice and the Monitor is responsible for monitoring the Institution's compliance with those undertakings.

On 2 July 2004 the Central Bank made the Overcollateralisation Regulation, which was amended with effect from 31 August 2007 (see *Cover Assets Pool and Requirements under the ACS Acts — Valuation of assets held by an Institution — Valuation of Irish Residential Loans*). Under the Overcollateralisation Regulation a Monitor appointed in respect of any Institution when performing its responsibilities under the ACS Acts must have regard to any contractual undertakings given by the Institution to maintain a level of Contractual Overcollateralisation of Cover Assets as against Mortgage Covered Securities issued by that Institution and the Monitor is responsible for monitoring the Institution's compliance with those undertakings. (see *Characteristics of the Pool/Overcollateralisation — Contractual Overcollateralisation*).

Duty of a Monitor to inform the Central Bank of certain matters

As soon as practicable after the Monitor has become aware, or has formed a reasonable suspicion, that the Institution in respect of which it has been appointed has contravened or failed to comply with a provision of the ACS Acts (which includes regulations made by the Central Bank under the ACS Acts) that relates to the responsibilities of the Monitor, the Monitor is required to provide the Central Bank with a written report of the matter.

The Monitor is also required to provide the Central Bank with such reports and provide such information as the Central Bank notifies to it in writing from time to time with respect to:

- (a) whether or not the Institution in respect of which it has been appointed is, in the opinion of the Monitor, complying with the provisions of the ACS Acts that relate to the responsibilities of the Monitor; and
- (b) if in the Monitor's opinion the Institution is not fully complying with any of those provisions, the extent of non-compliance.

Additional duties which may be imposed on a Monitor by the Central Bank

The Central Bank may, by notice in writing to the Monitor appointed in respect of an Institution, confer on that Monitor such additional responsibilities as it considers appropriate for the effective management of the affairs of the Institution if the relevant Institution:

- (a) has become subject to an insolvency process (for a description of the meaning of "insolvency process" for the purposes of the ACS Acts (see *Insolvency of Institutions — Meanings of "insolvent", "potentially insolvent" and "insolvency process" for the purposes of the ACS Acts*);
- (b) is a formerly designated credit institution (for a description of when an Institution may cease to be designated for the purposes of the ACS Acts, see *Registration of Institutions/ Revocation of Registration — Revocation of Registration*);
- (c) is an Institution to which the Central Bank, reasonably believing that there may be grounds for revoking the registration of the Institution under the ACS Acts, has given a direction under of the ACS Acts prohibiting the Institution from dealing in assets, engaging in transactions, or making payments, except with the Central Bank's permission (for a description of the circumstances in which the Central Bank can give such a direction, see *Registration of Institutions/Revocation of Registration — Direction of the Central Bank requiring an Institution to suspend its business*);
- (d) is an Institution in respect of which a manager has been appointed under the ACS Acts (for a description of the circumstances in which a manager can be appointed to an Institution and the rights and powers of a manager, see *Supervision and Regulation of Institutions/ Managers — Power of the Central Bank to appoint the NTMA or a recommended person as manager of an Institution*).

The ACS Acts provide that if a liquidator, examiner, receiver or manager is appointed in respect of any such Institution, the Monitor appointed in respect of the Institution may enter into arrangements with respect to the management of the Institution on such matters as may be specified in the notice from the Central Bank referred to above. Those arrangements must include arrangements relating to the payment of the remuneration of, and the costs incurred by, the Monitor, and will be subject to such conditions (if any) as are specified in the Central Bank's notice, or as the Central Bank may subsequently notify to the Monitor in writing.

The powers of Monitors with respect to security trustees

The ACS Acts makes provision for the holding by a security trustee of security (other than under the ACS Acts) over assets comprised in the Pool which are located outside of Ireland in order to augment the security provided for under the ACS Acts (see *Insolvency of Institutions — Security Interests on the Pool*). The Monitor may enter into arrangements with the security trustee in connection with:

- (a) their respective functions under the ACS Acts and operations relating to Cover Assets which are also subject to such additional security arrangements;
- (b) their respective functions under the ACS Acts and the enforcement or administration of Cover Assets which are also subject to such additional security arrangements.

Duty of a Monitor to provide reports to the Central Bank

If the Central Bank so directs by notice in writing, the Monitor appointed in respect of an Institution is required to:

- (a) prepare for the Central Bank, or any other person specified by the Central Bank, such reports; and

- (b) provide the Central Bank, or any such person, with such information,

at such times or intervals, in relation to the exercise or performance of the Monitor's responsibilities under the ACS Acts and the performance by the relevant Institution of its obligations under the ACS Acts in so far as the Monitor is responsible for monitoring the carrying out of those obligations, as the Central Bank specifies in the direction.

Power of a Monitor to enter an Institution's business premises

A Monitor may, upon giving the Institution in respect of which it has been appointed reasonable notice, enter at any reasonable time during ordinary business hours any place at which the Institution carries on its business for the purpose of carrying out the Monitor's responsibilities in relation to the Institution.

A Monitor who exercises its power to enter an Institution's place of business may do any of the following:

- (a) inspect the place and examine any record found in the place that the Monitor reasonably believes to be relevant to the performance of its responsibilities in respect of the Institution;
- (b) require the Institution or any person who is apparently a person concerned in the management of the Institution to answer any relevant questions or provide the Monitor with such assistance and facilities as is or are reasonably necessary to enable the Monitor to exercise or perform the Monitor's responsibilities;
- (c) require any person in the place to produce for inspection records in so far as they relate to the responsibilities of the Monitor; and
- (d) make copies of all or any part of those records.

Power of a Monitor to obtain information from an Institution

A Monitor may, by notice in writing to the relevant Institution, require it to give to the Monitor, within such period as may be specified in the notice, any specified information or record that relates to the responsibilities of the Monitor in respect of the Institution, but only if the information or record is in the possession, or under the control, of the Institution.

Duties of an Institution to inform its Monitor of certain matters

The ACS Acts provide that an Institution is required to keep its Monitor informed of the following matters:

- (a) such particulars of payments received by the Institution in respect of Cover Assets included in the relevant cover assets pool, and at such times or intervals, as the Monitor requires;
- (b) any failure of any person who has a financial obligation in respect of those assets to perform the obligation within a period of 10 or 60 days depending on the type of asset (or such other period as may be specified in a regulatory notice published by the Central Bank) after it was due to be performed; and
- (c) any proceedings brought in relation to those assets against any such person by or on behalf of the Institution.

An Institution that, without reasonable excuse, fails to provide its Monitor with the above information commits an offence and is liable on summary conviction to a fine not exceeding €1,000.

Central Bank powers to require information regarding Pool Hedge Collateral to be given to the Monitor

Under the ACS Acts, the Central Bank may require an Institution to provide the Monitor such information in relation to Pool Hedge Collateral held by the Institution and at such intervals as may be specified to the Institution by the Central Bank.

Remuneration of a Monitor

The appointing Institution is responsible for paying any remuneration to the Monitor in connection with the performance of the Monitor's duties.

Priority of a Monitor on an insolvency of the Institution

The Monitor of an Institution, along with any manager and any Pool security trustee that has been appointed to the Institution, constitute "super-preferred" creditors of the Institution. The ACS Acts provide that the claims of super-preferred creditors rank ahead of those of any other preferred creditors, including the holders of Mortgage Covered Securities. For a description of the priority afforded to the claims of preferred creditors of an Institution on the insolvency of such Institution, see *Insolvency of Institutions — Effect of insolvency, potential insolvency or insolvency process with respect to an Institution*.

Termination of appointment of a Monitor

An Institution may terminate the appointment of its Monitor only with the written consent of the Central Bank. The Central Bank may direct an Institution to terminate the appointment of its Monitor and to appoint another qualified person in place of that Monitor. The notice issued by the Central Bank making that direction must specify the Central Bank's reasons.

Resignation of a Monitor

A Monitor may resign by giving at least 30 days' notice in writing to the Central Bank (unless the Central Bank agrees to a shorter notice period) and include in such notice a statement of the reasons for its resignation. In the Cover Assets Monitor Agreement, Mazars has agreed that it will not resign as Monitor in respect of the Issuer unless another entity has agreed to act as Monitor in respect of the Issuer and the Central Bank has approved the appointment of such other entity as Monitor in respect of the Issuer in place of Mazars; provided that if a replacement Monitor has not been appointed within six months of Mazars having given notice of its intention to resign as Monitor, then Mazars will be entitled to resign as Monitor notwithstanding that no replacement Monitor has been appointed.

Effect of the insolvency of an Institution on the appointment of its Monitor

The fact that an Institution, or its parent entity or any company related to the Institution, has become insolvent or potentially insolvent does not affect the appointment of the Monitor appointed in respect of it and the claims and rights of the Monitor in so far as those claims or rights relate to the appointment or arise under the ACS Acts. For a description of the circumstances in which an Institution is regarded as insolvent or potentially insolvent for the purposes of the ACS Acts, see *Insolvency of Institutions — Meanings of "insolvent", "potentially insolvent" and "insolvency process" for the purposes of the ACS Acts*.

The ACS Acts provide that the obligations of the Institution towards the Monitor continue to have effect in relation to the Institution, and be enforceable, despite the Institution, or its parent entity or a company related to the Institution, becoming subject to an insolvency process.

If an Institution, or where the Institution has a parent entity or a company is related to the Institution, the parent entity or related company, becomes subject to an insolvency process, the obligation of the Institution to appoint and maintain a Monitor continues to have effect until the claims of all preferred creditors have been fully satisfied and the functions of each Monitor and manager appointed in respect of the Institution have been fully discharged. In such circumstances, the Monitor continues to hold office in accordance with the terms and conditions applicable to the appointment. For a description of the circumstances in which an Institution is regarded as subject to an insolvency process for the purpose of the ACS Acts (see *Insolvency of Institutions — Meanings of "insolvent", "potentially insolvent" and "insolvency process" for the purposes of the ACS Acts*).

Powers of the Central Bank in relation to a Monitor

The ACS Acts provide that the Central Bank may at any reasonable time:

- (a) enter any premises at which a Monitor carries on its business; and
- (b) inspect and take copies of any records kept by the Monitor in connection with the Monitor's responsibilities under the ACS Acts.

Limitation on the civil liability of a Monitor

The ACS Acts provide that the Monitor, officers and employees of the Monitor, and persons acting under the direction of the Monitor are not liable in any civil proceedings for any act done, or omitted to be done, by the person for the purposes of, or in connection with, performing or exercising any function or power imposed or conferred on the Monitor by or under the ACS Acts if the act was done, or was omitted, in good faith for the purposes of the ACS Acts.

Effect under the ACS Acts of insolvency, potential insolvency or insolvency process with respect to an institution

Part 7 of the 2001 Act contains provisions dealing with the effect of an insolvency, potential insolvency or insolvency process on the rights and obligations of an Institution and other persons connected with an Institution.

A reference in Part 7 of the 2001 Act to **Cover Assets** or a **Pool** includes:

- (a) in the case of mortgage credit assets and substitution assets which constitute Cover Assets, any security, guarantee, indemnity and insurance held by the Institution in respect of such assets; and
- (b) in the case of cover assets hedge contracts, any security, guarantee, indemnity and insurance held by the Institution for, or Pool Hedge Collateral provided to the Institution under, such contracts.

In addition, any reference in Part 7 of the 2001 Act to a **cover assets hedge contract** includes Pool Hedge Collateral or security provided to the Institution under or for that contract.

Part 7 of the 2001 Act disapplies with respect to Institutions, the Companies Act (and every enactment that is to be construed as one with that Act), the Bankruptcy Acts, 1988 and 2001, the Taxes Acts (as defined in section 811(1)(a) of the TCA), legislation relating to the regulation of credit institutions in Ireland and any other enactments or rules of law relating to an insolvency process, except insofar as they are specified in relation to laws relevant to fraud and misrepresentation. Certain insolvency provisions relating to fraud continue to have effect with respect to Part 7 of the 2001 Act, in addition to any enactment or rule of law that would render the security or contract void or unenforceable on the grounds of fraud or misrepresentation.

The ACS Acts provide that the fact that an Institution or its parent entity or any company related to the Institution has become insolvent (to which see the definition under the next heading below) or potentially insolvent (as to which see the definition under the next heading below) does not affect:

- (a) the claims and rights of holders of Mortgage Covered Securities issued by the Institution;
- (b) the claims and rights of a person (other than the holder of a Mortgage Covered Security issued by the Institution) who has rights under or in respect of any such Mortgage Covered Security by virtue of any legal relationship with the holder;
- (c) the claims and rights that the other contracting party has under any cover assets hedge contract entered into by the Institution;
- (d) the appointment of a Monitor and the relevant claims and rights of such Monitor in so far as those claims and rights relate to the appointment or arise under the ACS Acts (for a description of the role of a Monitor see *The Cover Assets Monitor*);
- (e) the appointment of a manager in respect of the Institution and the relevant claims and rights of such manager in so far as those claims and rights relate to the appointment or arise under the ACS Acts (for a description of the circumstances in which a manager may be appointed to an Institution, see *Supervision and Regulation of Institutions/Managers*); or

- (f) the functions of the National Treasury Management Agency under Part 6 of the 2001 Act and the relevant claims and rights of the National Treasury Management Agency in so far as those claims and rights relate to those functions (for a description of the role of the National Treasury Management Agency under Part 6 of the 2001 Act, see *Supervision and Regulation of Institutions/Managers*).

Where an Institution, or its parent entity or any company related to the Institution becomes subject to an insolvency process (as to which see the definition under the next heading below), preferred creditors (see below) are, for the purpose of satisfying their claims and rights under Part 7 of the 2001 Act, entitled to have recourse to the cover assets that are included in the Pool maintained by the Institution ahead of members of, and contributories to, the Institution and all other creditors of the Institution, its parent entity or company related to the Institution. This section applies irrespective of whether the claims of creditors other than preferred creditors are preferred under any other enactment or any rule of law and whether those claims are secured or unsecured.

Preferred creditors are defined in the ACS Acts as all or any of the following persons:

- (a) the holder of an outstanding Mortgage Covered Security issued by the Institution;
- (b) a person (other than the holder) who has rights under or in respect of any such Mortgage Covered Security by virtue of any legal relationship with the holder;
- (c) a person with whom the Institution has entered into a cover assets hedge contract, but only if the person is in compliance with the financial obligations imposed under the contract; and
- (d) a person who is a super-preferred creditor (see below) in relation to the Institution.

The claims of a super-preferred creditors rank ahead of those of the other preferred creditors. **Super-preferred creditors** are defined in the 2001 Act in respect of an Institution as a Monitor or manager appointed in respect of that Institution.

In addition, the claims (approved by a manager or where no manager is appointed, the Monitor) of a security trustee which holds security (other than under the ACS Acts) over assets outside Ireland in order to augment the security under the ACS Acts also have super preferred creditor status.

The ACS Acts provide that the claims of the super-preferred creditors and the other preferred creditors have effect irrespective of when the Mortgage Covered Security, contract or appointment of the Monitor or manager giving rise to a claim was issued or made, of when a claim of a preferred creditor arose and of the terms of that security, contract or appointment.

To the extent that the claims of all preferred creditors are not fully satisfied from the proceeds of the disposal of the Cover Assets included in the Pool maintained by the relevant Institution, such creditors become unsecured creditors in the insolvency process relating to the Institution, the claims of the super-preferred creditors ranking above those of the other preferred creditors in this regard.

Under Part 7 of the 2001 Act the following obligations of an Institution continue to have effect in relation to the Institution, and are enforceable, despite the Institution, or its parent entity or a company related to the Institution, becoming subject to an insolvency process:

- (a) obligations arising under or in respect of a Mortgage Covered Security issued by the Institution;

- (b) obligations arising under or in respect of any cover assets hedge contract entered into by the Institution;
- (c) obligations towards the Monitor appointed in respect of the Institution;
- (d) obligations towards any manager appointed to manage affairs of the Institution; or
- (e) obligations towards the National Treasury Management Agency under Part 6 of the 2001 Act.

The ACS Acts provide that in the event that an Institution or its parent or a related company becomes subject to an insolvency process, the obligation of the Institution to appoint a Monitor, and the powers of the Central Bank and the National Treasury Management Agency with respect to the appointment of a manager, continue to have effect until the claims of all preferred creditors have been fully satisfied and the functions of each Monitor and manager appointed in respect of the Institution have been fully discharged.

Part 7 of the 2001 Act provides that if an Institution, or where the Institution has a parent entity or a company is related to the Institution, the parent entity or related company, becomes subject to an insolvency process:

- (a) all Mortgage Covered Securities issued by the Institution remain outstanding, subject to the terms and conditions specified in the security documents under which those Mortgage Covered Securities are created;
- (b) every cover assets hedge contract relating to those Mortgage Covered Securities continues to have effect, subject to the terms and conditions of the contract;
- (c) each Monitor or manager appointed by or in respect of the Institution continues to hold office as such in accordance with the terms and conditions applicable to the appointment; and
- (d) the Institution's obligations under those Mortgage Covered Securities, or any such contract or appointment, continue to be enforceable.

The ACS Acts expressly excludes Cover Assets that are included in a Pool from forming part of the assets of an Institution, its parent or a related company, for the purposes of any insolvency process until the claims secured by Part 7 of the 2001 Act are fully discharged.

The ACS Acts provide that Cover Assets that are included in a Pool are not liable to attachment, sequestration or other form of seizure, or to set-off by any persons, that would otherwise be permitted by law so long as claims secured under Part 7 of the 2001 Act remain unsatisfied.

The ACS Acts provide that an Institution may not be dissolved under an insolvency process until the claims and rights of all preferred creditors have been fully satisfied. However, if the High Court is satisfied that the Institution has no assets capable of meeting the claims and rights of those creditors, it may make an order dissolving the Institution.

Security interests on the Pool

An Institution may not create a security interest in respect of any Cover Assets in a Pool if Mortgage Covered Securities are outstanding or if a cover assets hedge contract is in existence and if such security interest would, but for Part 7 of the 2001 Act, adversely affect the priority conferred by Part 7 of the 2001 Act on preferred creditors. If an Institution creates any such security interest,

the interest is void and any money secured by it is repayable immediately. The ACS Acts provide that, if a cover asset included in a Pool is subject to a security interest which would contravene the above provisions of the ACS Acts, the relevant Institution is required to replace such cover asset in accordance with the relevant provisions of the ACS Acts.

The ACS Acts permit an Institution to create a security interest in respect of its Cover Assets if:

- (a) the relevant assets are located outside of Ireland; and
- (b) the person who (directly or indirectly) has the benefit of the interest is the same person as the person who is entitled to security over those assets in accordance with the order of priority prescribed by Part 7 of the 2001 Act.

For the purposes of (b) above, there may be disregarded claims over the relevant assets arising from mandatory laws in the relevant jurisdictions and any costs associated with administering the security interest and realising assets under the security interest.

Meanings of "insolvent", "potentially insolvent" and "insolvency process" for the purposes of the ACS Acts

The ACS Acts provide that an Institution becomes insolvent for the purposes of the ACS Acts in any of the following circumstances:

- (a) if the appointment of an examiner in respect of the Institution under the Companies Act, is not terminated or stayed within 30 days after the date of the appointment;
- (b) if the appointment of a liquidator in respect of the Institution is not terminated or stayed within 30 days after the date of the appointment;
- (c) if the appointment of a receiver over any part of the property or undertaking of the Institution is not terminated or stayed within 30 days after the date of the appointment;
- (d) if the Institution is a company and the company is deemed to be unable to pay its debts as provided by relevant provisions of the Companies Act;
- (e) if the Institution is a building society and the High Court makes an order under the Building Societies Act, 1989, directing the society to be wound up on the ground that it is unable to pay its debts;
- (f) if the Institution is the holder of a banking licence issued under section 9 of the Central Bank Act, 1971 and:
 - (i) the Institution is deemed to be unable to meet its obligations under that Act, or
 - (ii) the Institution is deemed to have committed an act of bankruptcy or to be unable to pay its debts under that Act; or
- (g) if the Institution has, in relation to a Mortgage Covered Security that it has issued, failed to pay an amount payable in respect of the Mortgage Covered Security within 30 days after the amount fell due (unless the failure is attributable to administrative difficulties arising from circumstances that are outside the control of the Institution).

The ACS Acts provide that an Institution becomes **potentially insolvent** for the purposes of the ACS Acts in any of the following circumstances:

- (a) if a petition for the appointment of an examiner is presented in relation to the Institution under the Companies Act;
- (b) if a petition is presented, or an effective resolution is passed, for the appointment of a liquidator in relation to the Institution;
- (c) if a receiver over any assets of the Institution is appointed; or
- (d) if the Institution has, in relation to a Mortgage Covered Security that it has issued, failed to pay an amount payable in respect of the Mortgage Covered Security within 10 days after the amount fell due (unless the failure is attributable to administrative difficulties arising from circumstances that are outside the control of the Institution).

The ACS Acts define an **insolvency process** with respect to an Institution as liquidation, examination, receivership, reorganisation, a moratorium, bankruptcy or any similar process related to

the inability of persons to pay their debts, and, in relation to an Institution, includes any process relating to the insolvency or potential insolvency of the Institution.

Developments in European and Irish Insolvency Law relevant to Institutions

Directive 2001/24/EC of the European Parliament and the Council of 4 April 2001 on the reorganisation and winding up of credit institutions (the **CI Insolvency Directive**) was required to be implemented into the national law of the Member States of the European Community (**Member State**) on 5 May 2004. It was implemented in Ireland by the European Communities (Reorganisation and Winding-up of Credit Institutions) Regulations 2004 (the **2004 Regulations**) with effect from 5 May 2004. The 2004 Regulations were repealed and replaced by the European Communities (Reorganisation and Winding-up of Credit Institutions) Regulations 2011 (the **2011 Regulations**).

The purpose of the CI Insolvency Directive is to create unified proceedings for EU credit institutions that are subject to the imposition of reorganisation measures or the commencement of winding-up proceedings (as such terms are defined in the CI Insolvency Directive and the 2011 Regulations). The CI Insolvency Directive provides that, with some exceptions and exclusions, the application of reorganisation measures to, or the winding-up of, a credit institution (including in respect of its branches in other Member States) will be effected in accordance with the national law of its "home" Member State (the Member State in which it has been authorised as a credit institution). It also provides that only the administrative or judicial authorities in that home Member State can authorise the implementation of reorganisation measures or the opening of winding up proceedings in respect of the credit institution, including branches in other Member States.

To this end, the 2011 Regulations provide, among other things, that the "relevant applicable enactment" applies to and in relation to a reorganisation measure imposed, or to be imposed, in respect of an "authorised credit institution" (except as otherwise provided by the 2011 Regulations) and also applies to proceedings to wind up an "authorised credit institution".

An **authorised credit institution** is defined in the 2011 Regulations as including the holder of a licence under section 9 of the Irish Central Bank Act 1971, as amended, which would include an Institution. The term **relevant applicable enactment** would in the context of an Institution include the ACS Acts. Therefore, the 2011 Regulations confirm, subject as described below, that the ACS Acts will apply to any reorganisation measure imposed or to be imposed, or any proceedings to wind up, an Institution.

Reflecting the provisions of the CI Insolvency Directive, the 2011 Regulations recognise that reorganisation measures or winding-up proceedings in respect of an Irish authorised credit institution should not affect certain rights in rem of its creditors to assets of the credit institution located in another Member State when the reorganisation measure is imposed or the winding-up proceedings commenced.

Again reflecting the provisions of the CI Insolvency Directive, the 2011 Regulations provide that reorganisation measures or winding-up proceedings, in respect of an Irish authorised credit institution should not affect certain set-off rights of its creditors where such set-off is permitted by the law that applies to the institution's claims. To the extent that such law is Irish law, a creditor of an Irish authorised credit institution which is subject to reorganisation measures or winding-up proceedings could only assert a right of set-off to the extent that Irish law would otherwise permit. With regard to the prohibition under the ACS Acts of set-off against Cover Assets comprised in the Pool maintained by an Institution, see — *Effect under the ACS Acts of insolvency, potential insolvency or insolvency process with respect to an Institution* above. However, to the extent that the law that applies to any claim of a relevant credit institution, within the meaning of the 2011 Regulations, is a law other than Irish law, the 2011 Regulations, together with that law, may operate

to displace provisions of Irish law prohibiting the exercise of a right of set-off by a creditor against the relevant credit institution, including, in the context of Cover Assets comprised in a Pool maintained by an Institution, the provisions of the ACS Acts referred to above.

It should be noted in this regard that neither the 2011 Regulations nor the CI Insolvency Directive provide any guidance on the meaning of the term "the law applicable to the institution's claim" and so, in the absence of any Irish or EU judicial authority on the point, it is not possible to confirm, for example, whether this would comprise the governing law of the claim or, if different, the *lex situs* of the claim.

Consequences of Issuer's Status as Unlimited Company

The Issuer is an unlimited company. There is no limit on the liability of a then-current member (the registered shareholder of record) of an unlimited company to contribute to that company in an insolvent liquidation of the company to the extent that the company's assets are insufficient to meet its liabilities. In that event, the liquidator of the unlimited company or the court seeks the contributions from each of the members. A company's unlimited status does not confer on the creditors of the company the right to seek payment of the company's liabilities from the company's members or to seek contributions for the company from the members in the event of the unlimited company becoming insolvent or otherwise. This right rests with the liquidator or the court on an insolvent winding-up. If the persons who are the members of an unlimited company at the date of commencement of the winding-up cannot contribute sufficiently to the assets of the company, the liquidator or court may have recourse to persons who were members within one year before the winding up commenced, although these former members will only be liable to contribute in respect of liabilities contracted by the company while they were members.

At the date of this Base Prospectus, Bank of Ireland is a member of the Issuer and the other members are all direct wholly owned subsidiaries of Bank of Ireland. Bank of Ireland beneficially owns the entire issued share capital of the Issuer. The Issuer is thus a wholly-owned subsidiary of Bank of Ireland. The Issuer's liabilities under the Securities will be contracted by the Issuer on the date when the Securities are issued and their issue price is paid up in full. The members of the Issuer on the date on which the Securities are issued and the issue price is paid up in full will be liable to contribute in respect of the Issuer's liabilities in respect of the Securities on an insolvent winding-up of the Issuer (if the Issuer does not have sufficient resources to discharge its liabilities in respect of the Securities in full) if they are still members of the Issuer at the date of the commencement of such winding up, or if they were members of the Issuer within one year before such winding-up commenced.

Bank of Ireland is not a guarantor of the Securities.

Introduction

The Central Bank is primarily responsible for the supervision and regulation of Institutions. In certain circumstances (summarised below) the Central Bank may under the ACS Acts appoint the National Treasury Management Agency (the **NTMA**) or a person recommended by the NTMA as manager of an Institution.

In addition, each Institution is required by the ACS Acts to appoint a Monitor. For a description of the obligations of an Institution towards the Monitor appointed by it, and the rights and duties of a Monitor, see *The Cover-Assets Monitor*.

Regulation of Institutions under banking legislation other than the ACS Acts

As Irish incorporated credit institutions authorised by the Central Bank under legislation relating to banking activities in Ireland, Institutions are subject to regulation under the Irish Banking Code in addition to regulation under the ACS Acts in respect of the activities regulated thereby (see further *Certain Aspects of Regulation of Banks and Residential Lending — Ireland*).

As regards the relationship between the Central Bank's powers and functions under the Irish Banking Code and those under the ACS Acts, the ACS Acts provide that the Central Bank has, in relation to Institutions and other persons to whom the ACS Acts relate, the functions imposed and powers conferred on the Central Bank by or under the Irish Banking Code in relation to credit institutions within the scope of the Irish Banking Code, except as required or provided by the ACS Acts and subject to such modifications to those functions and powers as are necessary in order to adopt those functions and powers for the purposes of the ACS Acts.

General functions of the Central Bank under the ACS Acts

The ACS Acts provide that the functions of the Central Bank are as follows:

- (a) to designate credit institutions for the purposes of the ACS Acts;
- (b) to administer the system of supervision and regulation of designated credit institutions in accordance with the ACS Acts in order to promote the maintenance of the proper and orderly regulation and supervision of those institutions; and
- (c) to perform such other functions as are prescribed by or under the ACS Acts.

The ACS Acts provide that the Minister for Finance may, by order, impose on the Central Bank functions additional to those specified above. At the date of this Base Prospectus, no such order has been made by the Minister for Finance.

In addition, the Central Bank is given a general power pursuant to the ACS Acts to do all things necessary or expedient to be done for or in connection with, or incidental to, the performance of its functions.

Various provisions of the ACS Acts oblige, or confer on the Central Bank the power, to make regulations or publish regulatory notices to make provision for a range of matters arising from the operation of the ACS Acts. In addition, the ACS Acts confer on the Central Bank a general power to make regulations, not inconsistent with the ACS Acts, for or with respect to any matter that by the ACS Acts is required or permitted to be prescribed, or that is necessary or expedient to be

prescribed, for carrying out or giving effect to the ACS Acts.

Where the Central Bank makes an order, regulation, regulatory notice or other notice under the ACS Acts, the Central Bank is required to have regard to the following principals and policies to the extent applicable:

- (a) the facilitation of the establishment and operation in Ireland of designated credit institutions (which include Institutions);
- (b) the facilitation of the establishment and operation of a market in asset covered securities (which include Mortgage Covered Securities) so as to make available further sources of funds to those institutions;
- (c) the need to develop the business of one or more types of designated credit institutions having regard to domestic or international markets in which the institutions operate or may propose to operate;
- (d) the need to protect the interests of preferred creditors or other creditors of one or more types of designated credit institutions;
- (e) the need for proper and proportionate regulation of one or more types of designated credit institutions;
- (f) the Irish CRD Code and any regulations and directives made by competent organs of the EU which have been implemented in Irish law relevant to among other types of securities, asset covered securities.

Power of the Central Bank to appoint the NTMA or a recommended person as manager of an Institution

The ACS Acts set out the circumstances in which the Central Bank may appoint the NTMA or a person recommended by the NTMA as manager of an Institution and the role and functions of the NTMA and a manager appointed under the ACS Acts.

The ACS Acts provide that the Central Bank may request the NTMA to attempt to locate persons who are suitably qualified for appointment to manage asset covered securities business activities (described below), or specified asset covered securities business activities, of an Institution in any of the following circumstances:

- (a) if the Institution has become insolvent or potentially insolvent (for a description of the circumstances in which an Institution is regarded as insolvent or potentially insolvent for the purposes of the ACS Acts (see *Insolvency of Institutions — Meanings of "insolvent", "potentially insolvent" and "insolvency process" for the purposes of the ACS Acts*);
- (b) if as a result of becoming aware of information provided to the Central Bank, it is of the opinion that a manager should be appointed in respect of the Institution in order to safeguard the interests of:
 - (i) holders of Mortgage Covered Securities issued by the Institution; or
 - (ii) persons who have rights under cover assets hedge contracts entered into by the Institution (for a general description of the circumstances in which an Institution may enter into cover assets hedge contracts and the rights and obligations attaching thereto,

see *Permitted Business activities — (f) entering into certain hedging contracts for the purposes of hedging risks associated with the foregoing activities/dealing in and holding Pool Hedge Collateral*); or

(iii) other creditors of the Institution; or

- (c) if the registration of the Institution as a designated credit institution is revoked under the ACS Acts or the Institution is subject to a direction given under sections of the ACS Acts (for a description of the relevant provisions see *Registration of Institutions/Revocation of Registration — Revocation of registration as an Institution and — Direction of the Central Bank requiring an Institution to suspend its business*).

The ACS Acts define asset covered securities business activities in relation to an Institution, for the purposes of Part 6 of the 2001 Act, as:

- (a) issuing Mortgage Covered Securities and otherwise financing or refinancing the activities referred to in (b) to (d) below;
- (b) entering into cover assets hedge contracts;
- (c) dealing with mortgage credit assets or substitution assets;
- (d) holding Cover Assets and maintaining the related Pool;
- (e) the keeping of the Business Register (for a description of the provisions of the ACS Acts requiring an Institution to maintain a Business Register, see *Cover Assets Pool and Requirements under the ACS Acts — Register of mortgage covered securities business*); and
- (f) administering and servicing those activities.

The ACS Acts also contain provisions in relation to nominations by the NTMA to the Central Bank of prospective candidates for manager to an Institution, selection and appointment of the manager by the Central Bank and publication of that appointment.

In the event that such a person cannot be located, the NTMA will then attempt to find an appropriate body corporate to become the parent entity of the Institution concerned in place of the existing parent (if any).

The ACS Acts provide that in the event that the NTMA cannot locate a suitable appointee as manager or replacement parent entity, the Central Bank is required to appoint the NTMA as manager to manage the asset covered securities business activities of the Institution concerned, or such of those activities as are specified by the Central Bank.

The ACS Acts provide that the Central Bank may, while the NTMA is attempting to locate a suitably qualified person for appointment as manager or an appropriate body corporate to become the parent entity of the Institution concerned, appoint the NTMA as a temporary manager to manage the asset covered securities business activities of the Institution concerned, or such of those activities as are specified by the Central Bank.

The ACS Acts provide that, on appointment, a manager becomes responsible for managing the asset covered securities business of the relevant Institution, or such of those activities as are specified in the manager's notice of appointment, and performing the functions, and exercising the powers, of the relevant Institution insofar as they relate to those activities.

The ACS Acts provide that the manager is required to assume control of the assets of the Institution that relate to the Institution's asset covered securities business activities, or such of those assets that relate to the asset covered securities business activities specified in the manager's notice of appointment. The manager is required to carry on that business in such manner as appears to the manager to be in the commercial interest of the holders of Mortgage Covered Securities issued by the relevant Institution and of persons with whom the Institution has entered into cover assets hedge contracts, subject to and in accordance with any directions of the Central Bank.

The ACS Acts provide that the provisions set out in schedule 1 to the 2001 Act are applicable to a manager appointed in respect of an Institution. Schedule 1 includes provisions relating to the replacement of managers in certain circumstances, the vacation of the office of manager in certain circumstances and the fees and expenses payable to a manager.

Limitations on the civil liability of the Central Bank/the NTMA/any manager

The ACS Acts provide that the Central Bank, members and employees of the Central Bank, and persons acting under the direction of the Central Bank are not liable in any civil proceedings for any act done, or omitted to be done, by the person for the purposes of, or in connection with, performing or exercising any function or power imposed or conferred on the Central Bank by or under the ACS Acts if the act was done, or was omitted, in good faith for the purposes of the ACS Acts.

The NTMA and any manager, the chief executive of the NTMA, officers of a manager and employees of the NTMA or a manager, and persons acting under the direction of the NTMA or a manager are not liable in any civil proceedings for any act done, or omitted to be done, by the person for the purposes of, or in connection with, performing or exercising any function or power imposed or conferred on the NTMA or, as applicable, the manager by or under the ACS Acts if the act was done, or was omitted, in good faith for the purposes of the ACS Acts.

The powers of managers with respect to security trustees

The ACS Acts make provisions for the holding by a security trustee of security (other than under the ACS Acts) over assets comprised in the Pool which are located outside of Ireland in order to augment the security provided for under the ACS Acts (see *Insolvency of Institutions — Security interests on the Pool*). A manager may enter into arrangements with the security trustee in connection with:

- (a) their respective functions under the ACS Acts and operations relating to Cover Assets which are also subject to such additional security arrangements;
- (b) their respective functions under the ACS Acts and the enforcement or administration of Cover Assets which are also subject to such additional security arrangements.

Transfers of a Business or Assets under the ACS Acts involving an Institution

Transfer to be effected by means of a statutory scheme

The ACS Acts contain a statutory mechanism for effecting a transfer of a business or assets from a credit institution which is not an Institution to a credit institution which is an Institution. The ACS Acts also contains a statutory mechanism for effecting a transfer of a business or assets from an Institution to another credit institution (which may be another Institution). A transfer is effected by means of a scheme which must be approved by the appropriate relevant person. The ACS Acts provide that the transferor credit institution and transferee credit institution are required to jointly submit to the relevant person (see *Transfers of a Business or Assets under the ACS Acts involving an Institution — Approval of the Minister for Finance or the Central Bank required*) for approval a scheme for the proposed transfer of the business or assets concerned. The scheme must contain such details as the relevant person may require with respect to that business or those assets and must specify the date or dates on which the transfer is to take place or how that date or those dates are to be ascertained.

Transfer may be subject to conditions

As a prerequisite to giving approval, the relevant person may impose on the parties to the proposed transfer such conditions relating to the scheme as that person thinks necessary for the purpose of:

- (a) safeguarding the interests of the parties to the transfer and of persons who have financial obligations in respect of the business or assets concerned;
- (b) ensuring an orderly transfer of that business or those assets; and
- (c) providing for publication of the proposed transfer.

Transfer scheme to be approved by order

On being satisfied that a scheme submitted to the relevant person will achieve the purpose referred to in — *Transfer may be subject to conditions* and that the conditions (if any) imposed by that person in respect of the scheme have been or will be complied with, the relevant person:

- (a) must, by order, approve a transfer of the business or assets concerned; and
- (b) must publish a notice giving particulars of the transfer in one or more daily newspapers circulating in Ireland.

The relevant person may, by further order, vary an initial approval. If such an approval is varied, the relevant person must publish a notice giving particulars of the variation in one or more daily newspapers circulating in Ireland.

Effect of a transfer scheme

The ACS Acts provide that a transfer of a business or assets under the ACS Acts takes effect:

- (a) subject to any conditions imposed on the approval of the transfer; and
- (b) on the date or dates specified in the scheme.

On the transfer of a business or assets under the ACS Acts:

- (a) the transferee credit institution has the same rights (including priorities) and obligations in respect of that business or those assets as the transferor credit institution had immediately before the transfer took effect; and
- (b) the transferor ceases to have those rights and obligations.

The ACS Acts exempt a transfer of an asset under the ACS Acts, whether specifically or as part of a transfer of a business, from any requirement to be registered under the Registration of Deeds (Ireland) Act, 1707, (which has been repealed and replaced by the Registration of Deeds and Title Act, 2006) the Bills of Sale (Ireland) Acts, 1879 and 1883, the Companies Act, the Registration of Title Act, 1964, and any other Act that provides for the registration of assets or details of them.

If legal proceedings are pending immediately before the time when a transfer under the ACS Acts takes effect, those proceedings are to continue. At that time, the transferee credit institution:

- (a) replaces the transferor credit institution as a party to the proceedings; and
- (b) assumes the same rights and obligations in relation to those proceedings as the transferor credit institution had immediately before that time.

Approval of the Minister for Finance or the Central Bank required

For the purposes of the transfer mechanism under the ACS Acts, the relevant person is the Minister for Finance, if the relevant credit institutions are not associated, or the Central Bank, if the relevant credit institutions are associated.

If the approval of the Minister for Finance is required for a transfer of a business or assets under this section (i.e. because the relevant credit institutions are not associated), the Minister for Finance is required to consult the Central Bank before approving the transfer.

For the purposes of this section, a transferor credit institution is associated with the transferee credit institution if:

- (a) either of the institutions is the beneficial owner of not less than 90 per cent. of the issued share capital of the other institution (whether directly or indirectly through any other person or persons); or
- (b) a body corporate (other than the transferor or transferee credit institution) is the beneficial owner of not less than 90 per cent. of the issued share capital of each of the institutions (whether directly or indirectly through any other person or persons).

Transfer of Bank of Ireland's Irish Residential Loan Book and Business to the Issuer

On 5 July 2004, Bank of Ireland transferred substantially all of the Irish residential loans and related security held by it and of its Irish residential loan business to the Issuer. The aggregate principal amount outstanding of and accrued but unpaid interest on the Irish residential loans transferred by Bank of Ireland to the Issuer on 5 July 2004 was €9.1 billion. The transfer was effected pursuant to the statutory transfer mechanism provided for in the ACS Acts described above. This statutory mechanism involved the putting in place of a scheme in accordance with the 2001 Act between Bank of Ireland and the Issuer on 2 July 2004 which permits the transfer of Irish residential loans and related security and/or Irish residential loan business between Bank of Ireland and the

Issuer. Transfers under that scheme were approved on 2 July 2004 by order of IFSRA, (the responsible authority at the time) as required by the ACS Acts. The scheme permits further transfers from Bank of Ireland to the Issuer or from the Issuer to Bank of Ireland in the future. On 6 February 2006 in accordance with the scheme, the Issuer transferred to Bank of Ireland certain Irish residential loans (including the mortgages and other security for those loans) pursuant to section 58 of the 2001 Act and with the approval of IFSRA (as the competent authority at that date). The aggregate principal amount of loans re-transferred from the Issuer to Bank of Ireland amounted to approximately 2 per cent. of the Issuer's then total loan book of approximately €13 billion.

Registration of an eligible credit institution as an institution

A person may not purport to issue Mortgage Covered Securities in accordance with the ACS Acts unless the person is registered as an Institution in accordance with the ACS Acts.

An eligible person may apply to the Central Bank to be registered as an Institution. A person is an eligible person for the purposes of the ACS Acts only if it is a credit institution incorporated or formed in Ireland that holds an authorisation issued by the Central Bank authorising it to carry on business as a credit institution.

A **credit institution** is defined in the ACS Acts to include the holder of a banking licence under section 9 of the Central Bank Act, 1971.

The ACS Acts provide that the Central Bank may register an applicant as an Institution only if it is satisfied that the applicant:

- (a) is or will be able to carry out, in a proper manner, the responsibilities that an Institution is required by the ACS Acts to carry out; and
- (b) complies with, or will be able to comply with, such requirements (if any) relating to Institutions as are prescribed by the regulations made and regulatory notices published by the Central Bank under the ACS Acts.

The ACS Acts provide that in granting an application, the Central Bank may impose conditions on the applicant with respect to the orderly and proper regulation of the applicant's business which it considers appropriate.

The ACS Acts provide for the recording of the particulars of successful applicants for registration in the register of designated mortgage credit institutions as an Institution (see further below) and the issuance of certificates of registration to registered Institutions.

Registration authorises the Institution named in the certificate to carry on the business of an Institution. An Institution is required to comply with the conditions contained in its certificate of registration or in any document issued with the certificate. A registration of an Institution remains in force until it is revoked.

The Central Bank may from time to time vary a condition of an Institution's registration or impose on the Institution a new condition, but only after giving to the Institution concerned notice in writing of its intention to do so and after giving the Institution an opportunity to make written representations to the Central Bank in relation to the proposed variation or proposed new condition.

Register of Institutions maintained by the Central Bank

The Central Bank is required to establish and maintain a register of designated mortgage credit institutions (the **Register of Institutions**). The Register of Institutions must contain the name and address of the principal place of business of each Institution and such other information as the Central Bank determines. The Issuer is registered in the Register of Institutions on the date of this Base Prospectus as an Institution.

Members of the public are entitled, without charge, to inspect the Register of Institutions during the ordinary business hours of the Central Bank. The Central Bank must, not less frequently

than once every 12 months, publish a list of Institutions. If regulations made by the Central Bank so require, the list must contain such other particulars as are prescribed by such regulations. As at the date of this Base Prospectus, no such regulations have been made by the Central Bank.

Revocation of Registration

The ACS Acts provide for the revocation by the Central Bank of the registration of an Institution at the request of the Institution, but only if the Central Bank is of the opinion that the Institution has fully satisfied all claims and liabilities that are secured in respect of the Institution as provided by Part 7 of the 2001 Act (see *Insolvency of Institutions — Effect under the ACS Acts of insolvency, potential insolvency or insolvency process with respect to an Institution*).

The Central Bank may, with the consent of the Minister for Finance, revoke the registration of an Institution in circumstances where the revocation is not requested by the Institution. These circumstances arise when the Central Bank is satisfied on reasonable grounds that:

- (a) the Institution has not begun to carry on any business of a designated mortgage credit institution within 12 months after the date on which the registration was notified to the Institution;
- (b) the Institution has not carried on any of that business within the immediately preceding 6 months;
- (c) the registration was obtained by means of a false or misleading representation;
- (d) the Institution has contravened or is contravening, or has failed or is failing to comply, with a provision of the ACS Acts or a regulatory notice published by the Central Bank;
- (e) the Institution has become subject to an insolvency process (for a description of the meaning of "insolvency process" for the purposes of the ACS Acts (see *Insolvency of Institutions — Meaning of 'insolvent', 'potentially insolvent' and 'insolvency process' for the purposes of the ACS Acts*);
- (f) the Institution no longer has sufficient "own funds" (as referred to in the Irish CRD Code);
- (g) the Cover Assets comprised in a Pool maintained by the Institution do not comply with any provision of Part 4 of the 2001 Act (for a description of the provisions of the ACS Acts governing the composition of a Pool, see *Cover Assets Pool and Requirements under the ACS Acts*);
- (h) the business of, or the corporate structure of, the Institution has been so organised to such an extent that the institution can no longer be supervised to the satisfaction of the Central Bank;
- (i) the Institution has come under the control of any other entity that is not supervised by the Central Bank to such an extent that the Institution can no longer be supervised to the satisfaction, of the Central Bank;
- (j) since the Institution was registered as a designated mortgage credit institution, the circumstances under which the registration was given have changed to the extent that an application for registration would be refused had it been made in the changed circumstances; or

(k) the Institution, or any of its officers, is convicted on indictment of:

- (i) an offence under the ACS Acts or under any other enactment prescribed by regulations made by the Central Bank for the purpose of section 19 of the 2001 Act (as at the date of this Base Prospectus, no such regulations have been made by the Central Bank); or
- (ii) an offence involving fraud, dishonesty or breach of trust.

In the case of an Institution whose registration has been revoked under the ACS Acts, but which is not a company or building society, or, being a company or building society, is not being wound up, the Institution is required to continue to carry out the financial obligations of the Institution that are secured under Part 7 of the 2001 Act (see *Insolvency of Institutions — Effect of insolvency, potential insolvency or insolvency process with respect to an Institution* below) until all those obligations have been fully discharged to the satisfaction of the Central Bank. In relation to such an Institution which is being wound up and the position of the liquidator under the ACS Acts, see *Position of a Liquidator* below.

Direction of the Central Bank requiring an Institution to suspend its business

The ACS Acts provide that if the Central Bank reasonably believes that there may be grounds for revoking the registration of an Institution under the ACS Acts, it may, subject to Part 7 of the 2001 Act (see *Insolvency of Institutions — Effect under the ACS Acts of insolvency, potential insolvency or insolvency process with respect to an Institution*), give to the Institution a direction in writing prohibiting it from engaging in the following specified activities except with the permission of the Central Bank:

- (a) dealing with the Institution's assets generally or dealing with any specified class of assets or any specified asset;
- (b) engaging in transactions generally or engaging in any specified class of transactions or any specified transaction; or
- (c) making payments generally or making any specified class of payments or any specified payment.

If such a direction is in effect:

- (a) winding up or bankruptcy proceedings may be initiated in respect of the Institution concerned;
- (b) a receiver over the assets of that Institution may be appointed; and
- (c) the assets of that Institution may be attached, sequestered or otherwise distributed,

only if the prior approval of the High Court has been obtained.

The ACS Acts also confer on the Central Bank a power in certain circumstances to give an Institution, whose registration has been revoked and which is not a company or a building society, or, being a company or a building society, is not being wound up, a direction to a similar effect as one described above.

A direction given by the Central Bank under the ACS Acts must include a statement of the

Central Bank's reason for giving the direction and its duration (not exceeding six months). The Central Bank may by notice in writing to the relevant Institution amend or revoke a direction and extend the duration of a direction by a further period not exceeding six months.

Position of a liquidator

In the case of an Institution whose registration is revoked under the ACS Acts and that (being a company or a building society) is being wound up, the ACS Acts provide that, except as otherwise provided by the ACS Acts, the liquidator of the Institution has a duty to ensure that the Institution performs the obligations of an Institution under the ACS Acts. The Central Bank may, by notice in writing given to the liquidator, substitute the liquidator's obligations referred to above of a similar nature as specified in that notice.

Taxation

*The following summary of the anticipated tax treatment in Ireland in relation to the payments on the Securities is based on Irish taxation law and the practices of the Irish Revenue Commissioners (the Irish tax authorities) as in force at the date of this Base Prospectus. It does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold, sell, redeem or dispose of the Securities. The summary relates only to the position of persons who are the absolute beneficial owners of the Securities and the interest payable on them (**Security holders**). Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Securities and the receipt of interest on the Securities under the laws of the jurisdictions in which they may be liable to taxation.*

Withholding Tax on Interest

In general, withholding tax at the standard rate of income tax (currently 20 per cent.) must be deducted from Irish source yearly interest payments made by an Irish company. However no withholding for or on account of Irish income tax is required to be made from yearly interest in the circumstances set out below.

Withholding tax on yearly interest does not apply to interest payments made by a company in the ordinary course of an Irish banking business. The Irish Revenue Commissioners regard interest payments made by an Institution on Mortgage Covered Securities issued by that Institution as interest paid by such Institution in the ordinary course of its Irish banking business. In the case of the Issuer and the Securities, this exemption would cease to apply if the Issuer at any time ceased to be the holder of a banking licence under Section 9 or Section 9A of the Central Bank Act, 1971 (as amended), to be a designated credit institution under the ACS Acts, or to carry on business in Ireland.

Separately, section 64 of the TCA provides for the payment of interest on a quoted Eurobond without the deduction of tax in certain circumstances. A **quoted Eurobond** is defined as a Security which:

- (a) is issued by a company (such as the Issuer);
- (b) is quoted on a recognised stock exchange (this would include Euronext Dublin); and
- (c) carries a right to interest (this excludes Zero Coupon Securities).

In addition, there is no obligation to withhold tax on quoted Eurobonds where:

- (i) the person by or through whom the payment is made is not in Ireland; or
- (ii) the payment is made by or through a person in Ireland; and
 - (A) the quoted Eurobond is held in a recognised clearing system (Euroclear and Clearstream, Luxembourg have been designated as recognised clearing systems for this purpose); or
 - (B) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration in the prescribed format to this effect.

Any requirement to operate Irish withholding tax on interest may be obviated or reduced pursuant to the terms of an applicable double tax treaty.

Withholding tax on Discount

Discounts arising on the Securities will not be subject to Irish withholding tax.

Encashment Tax

A paying agent outside Ireland is not obliged to deduct Irish encashment tax from interest on the Securities. A paying agent in Ireland acting on behalf of the holder of the Securities that obtains payment of or realises interest in respect of a Security where interest on that Security qualifies for exemption from withholding as a quoted Eurobond (see above under *Withholding Tax on Interest*) is required to withhold tax at the standard rate of income tax (currently 20 per cent.) unless it is proved, on a claim made in the required manner to the Irish Revenue Commissioners, that the person owning the Securities and beneficially entitled to such interest is not resident in Ireland. It is also necessary that such interest is not deemed under the provisions of Irish tax legislation to be income of another person that is resident in Ireland. No encashment tax will apply where a bank's only role is the clearing of a cheque, or the arranging for the clearing of a cheque, by the bank.

Liability of Security holders to Irish Income Tax

In general, persons who are resident and domiciled in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident or ordinarily resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

Interest earned and discount arising on the Securities is regarded as Irish source income

Notwithstanding that a Security holder may receive interest payments on the Securities free of withholding tax, the Security holder will technically be liable for Irish tax (and the universal social charge if an individual recipient) unless an exemption applies. There is an exemption from Irish income tax on interest/discounts under section 198 of the TCA in certain circumstances.

These circumstances include:

- (a) where interest is paid by the Issuer to a person that is not a resident of Ireland and that is regarded as being resident in an EU Member State (other than Ireland) or is a resident of a country where arrangements have been made with that country which on completion of required ratification procedures in Ireland (as required under s826(1) of the TCA) will have the force of law or is controlled by a person that is so resident (and is not controlled by a person not so resident) or the principal class of shares of the person or its 75 per cent. parent is substantially and regularly traded on a recognised stock exchange in an EU or Treaty country, and
 - (i) that interest is paid on an asset covered security within the meaning of section 3 of the Asset Covered Securities Act 2001 (which includes the Securities);
 - (ii) the interest is interest exempt from withholding tax because it is paid on a quoted Eurobond (see above under *Withholding Tax on Interest*); or
 - (iii) the interest is a payment to which section 246A TCA applies (which would include

interest paid free of deposit interest retention tax (**DIRT**) in accordance with the conditions set out under paragraph (C) of the section below entitled *Deposit Interest Retention Tax*);

- (b) where interest is paid by the Issuer in the ordinary course of its trade or business and the recipient of the interest is a company:
 - (i) resident in an EU Member State (other than Ireland) or in a country where arrangements have been made with that country which on completion of required ratification procedures in Ireland (as required under section 826(1) TCA) will have the force of law and where that country imposes a tax that generally applies to interest receivable in that country by companies from sources outside that country, or
 - (ii) where the interest:
 - (A) is exempted from the charge to income tax under arrangements made with the government of a territory outside the State having the force of law under the procedures set out in section 826(1) TCA, or
 - (B) would be exempted from the charge to income tax if arrangements made, on or before the date of payment of the interest with the government of a territory outside the State, that do not have the force of law under the procedures set out in section 826(1) TCA, had the force of law when the interest was paid; or
- (c) where discount arises to a person which is regarded as resident for tax purposes in an EU Member State other than Ireland or is a resident of a country where arrangements have been made with that country which on completion of required ratification procedures in Ireland (as required under section 826(1) TCA) will have the force of law and the person issuing the securities did so in the ordinary course of a trade or business carried on by it.

In addition, no Irish tax liability will arise to the extent that relief is available under an applicable double tax treaty.

Non-Irish companies, where the income is not attributable to a branch or agency of the company in Ireland (an Irish branch or agency of a non-resident company would be liable to Irish corporation tax), are subject to income tax at the standard rate of income tax (currently 20 per cent.). Credit is available for any Irish tax withheld from income on account of the related income tax liability. Therefore, any withholding tax suffered should be equal to and in satisfaction of the full liability.

With respect to an income tax liability arising for a non-Irish resident person who is not regarded as being resident in an EU Member State (other than Ireland) or resident of a country with which Ireland has a double taxation agreement or is controlled by a person that is so resident (and is not controlled by a person not so resident) or the principal class of shares of the person or its 75 per cent. parent is substantially and regularly traded on a recognised stock exchange in an EU or Treaty country, it is understood that there is a practice of the Irish Revenue Commissioners not to seek to collect such liability from such non-resident persons unless the recipient has any other tax connection with Ireland such as the carrying on of business in Ireland through a branch or agency or a permanent establishment to which the Securities are attributable, or a claim for the refund of Irish tax deducted at source. However, this practice does not reflect the adoption of a policy on the part of the Irish Revenue Commissioners not to collect the relevant tax and there is no guarantee that this practice will continue.

Capital Gains Tax

A holder of Securities will be subject to Irish taxes on capital gains (currently 33 per cent.) on a disposal of such Securities unless such holder is a person neither resident nor ordinarily resident in Ireland and:

- (a) who does not have an enterprise, or an interest in an enterprise, which carries on trade in Ireland through a branch or agency or a permanent representative to which or to whom the Securities are attributable; or
- (b) the Securities are listed on a stock exchange; or
- (c) the Securities do not derive their value or the greater part of their value directly or indirectly from Irish land or certain Irish mineral or exploration rights.

Stamp Duty

No Irish stamp duty is payable on the issue or transfer of the Securities.

Deposit Interest Retention Tax

A relevant deposit taker (as defined by section 256 of the TCA) such as the Issuer is obliged to withhold tax at 33 per cent. from certain interest payments or other returns on a relevant deposit. The term 'deposit' is widely defined and would include a Security. There are a number of exemptions to the requirement to withhold tax, of which the most relevant to the Securities are set out below:

- (a) The interest or discount is paid on a deposit which is a Security issued by a bank (which includes the Issuer) and is listed on a stock exchange (which includes, Euronext Dublin); or
- (b) in cases where the Securities are not listed on a stock exchange, where the person beneficially entitled to the interest, discount or premium thereon is:

- (i) not resident in Ireland; or
- (ii) a company within the charge to corporation tax in Ireland on such interest, discount or premium; or
- (iii) a pension scheme or charity of the kind mentioned in the definition of "relevant deposit" in paragraphs (f) or (h) of section 256(1) of the TCA,

and in each case has provided to Bank of Ireland an appropriate declaration in the case of (i) above, and an appropriate reference number in the case of (ii) and (iii) above, as referred to in section 256 of the TCA; or

- (c) where the Security is issued in a minimum denomination of €500,000 (or its equivalent in its currency of issue, if it is issued in a currency other than euro or US dollars) or US\$500,000 and the Security is held in a recognised clearing system, including Euroclear or Clearstream, or any other clearing system recognised from time to time by the Irish Revenue Commissioners, and has a maturity of not more than 2 years, and
 - (i) either (a) the person by whom the payment is made, or (b) the person through whom the payment is made is not resident in Ireland and the payment is not made either by or through the Irish branch or agency of a non-resident; or

- (ii) either (a) the person by whom the payment is made, or (b) the person through whom the payment is made is resident in Ireland or the payment is made either by or through the Irish branch or agency of a non-resident,
- (d) pursuant to published practice of the Irish Revenue Commissioners in the case of Securities issued which are of medium term, which includes Securities issued hereunder for a term of 2 years or more (and may include Securities with a term of less than 2 years) which satisfy all of the following conditions:
 - (i) the Issuer does not sell or offer the Securities to Irish resident persons;
 - (ii) as far as primary sales are concerned, the Dealers comply with their selling commitments and undertake as a matter of contract not to knowingly offer to sell the Securities to an Irish resident person, or to persons whose usual place of abode is Ireland and also undertake as a matter of contract not to knowingly distribute or cause to be distributed in Ireland any offering material in connection with such instruments;
 - (iii) the Securities are held in a clearing system recognised by the Irish Revenue Commissioners (which would include Clearstream, Euroclear and other specified clearing systems); and
 - (iv) the minimum denomination in which such Securities may be issued is €500,000 or its equivalent in another currency.

With regard to the representations required from the Dealers in paragraph (d)(ii) above, see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements — Selling Restrictions — Ireland* at paragraph (iii)(c).

Reporting Requirements

In the case of an Irish resident issuing or paying agent paying to an Irish resident, there is a requirement to report to the Irish Revenue Authorities the names and addresses of the person to whom interest was paid or credited, the amount of interest paid or credited and the tax reference number of the person to whom the payment was made. In addition, where an exemption from DIRT referred to at paragraph (B)(ii) and (B)(iii) above under the heading Deposit Interest Retention Tax (**DIRT**) is being claimed, by a company within the charge to Irish Corporation Tax or a pension scheme or an Irish registered charity, the details reported to the Revenue Commissioners must include the tax reference number of the person beneficially entitled to the interest.

Capital Acquisitions Tax

A gift or inheritance consisting of Securities will generally be within the charge to Irish Capital Acquisitions Tax (currently 33 per cent.) if either:

- the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or in the case of gifts/inheritances taken under a discretionary trust, capital acquisitions tax will apply where the disponent is resident or ordinarily resident (or in the case of discretionary trusts established before 1 December 1999, domiciled) in Ireland irrespective of the residence or ordinary residence of the donee/successor) on the relevant date; or
- if the Securities are Irish situated property.

Bearer Securities would be regarded as property situate in Ireland if the Securities are physically kept or located in Ireland with a depositary or otherwise at the relevant time. Accordingly, if Bearer Securities are comprised in a gift or inheritance, the recipient and the disponent may be liable to Irish capital acquisitions tax, even though neither the disponent nor the donee/successor is domiciled, resident or ordinarily resident for tax purposes in Ireland, if the Bearer Securities are physically located in Ireland at the date of the gift or inheritance.

Bearer Securities that are not physically located in Ireland would not be regarded as Irish situate property for Irish capital acquisitions tax purposes.

Registered Securities would be regarded as property situate in Ireland if the principal register of the Securities is maintained in Ireland. At the date of this Base Prospectus, the principal register of Registered Securities is maintained outside of Ireland.

Automatic exchange of information

Irish reporting financial institutions, which may include the Issuer, may have reporting obligations in respect of a Security holder under FATCA as implemented pursuant to the Ireland – US intergovernmental agreement and/or the OECD's Common Reporting Standard (see below).

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Ireland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, such withholding would not apply prior to 1 January 2019 and Securities issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Securities (as described under Condition 15) that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

Common Reporting Standard (the CRS)

The CRS framework was first released by the OECD in February 2014. To date, more than 90 jurisdictions have publically committed to implementation, many of which are early adopter countries, including Ireland. On 21 July 2014, the Standard for Automatic Exchange of Financial Account

Information in Tax Matters (the **Standard**) was published, involving the use of two main elements, the Competent Authority Agreement (the **CAA**) and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions (**FIs**) relating to accountholders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information, which was entered into by Ireland in its capacity as a signatory to the Convention on Mutual Administrative Assistance in Tax Matters and which relates to the automatic exchange of financial account information in respect of CRS, while sections 891F and 891G of the 1997 Act and regulations made thereunder contain measures necessary to implement the CRS internationally and across the European Union, respectively. The Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the **CRS Regulations**), giving effect to the CRS from 1 January 2016 came into operation on 31 December 2015.

Under the CRS Regulations, reporting financial institutions, which may include the Issuer, are required to collect certain information on accountholders and on certain controlling persons (as defined in the CRS Regulations) in the case of the accountholder being an entity, as defined for CRS purposes, to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Where a Security is held in a clearing system it is understood that either the clearing system itself or the relevant clearing participants are likely to be considered FIs and accordingly the Issuer should not have reporting obligations in respect of a Security holder holding such Securities. In that event the Issuer will make a nil return for that year to the Irish Revenue Commissioners.

Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements

Subscription and Sale: Programme Agreement

The Dealers have, in an amended and restated programme agreement (the **Programme Agreement**) dated 10 November 2020 agreed with the Issuer a basis upon which they may from time to time agree to purchase Securities. Any such agreement will extend to those matters stated under *Form of the Securities, Issue Procedures and Clearing Systems* and *Terms and Conditions of the Securities*. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Securities under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Issuer may pay the Dealers commission from time to time in connection with the sale of Securities. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of any future update of the Programme and the issue of Securities under the Programme. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase Securities under the Programme Agreement in certain circumstances prior to payment to the Issuer.

The names and address of the initial Dealers are set out at the end of this Base Prospectus. The description of each of the initial Dealers is a financial institution. The name, address and description of any additional Dealer or Manager, as the case may be, appointed after the date of this Base Prospectus will be disclosed in the applicable Final Terms and notified to Euronext Dublin and Central Bank.

Transfer Restrictions

Each purchaser of Registered Securities (other than a person purchasing an interest in Registered Global Security with a view to holding it in the form of an interest in the same Global Security) or person wishing to transfer an interest from one Registered Global Security to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

- (i) that it is outside the United States and is not a US person;
- (ii) that the Securities are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Securities have not been and will not be registered under the Securities Act or any other applicable US State securities law and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except as set forth below;
- (iii) that, unless it holds an interest in a Registered Global Security and either is a person located outside the United States or is not a US person, if in future it decides to resell, pledge or otherwise transfer the Securities or any beneficial interests in the Securities, it will do so, prior to the date which is two years after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Securities, only (a) to the Issuer or any affiliate thereof; (b) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; or (c) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable US State securities laws;

- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Securities from it of the resale restriction referred to in paragraph (iii) above, as applicable;
- (v) if it is outside the United States and is not a US person, that if it should resell or otherwise transfer the Securities prior to the expiration of the distribution compliance period (defined as 40 days after the completion of the distribution of the Securities following the original issuance of the Securities, as certified by the Dealers in accordance with the Agency Agreement), it will do so only (a) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (b) in accordance with all applicable US States securities laws; and it acknowledges that the Registered Global Securities will bear a legend to the following effect unless otherwise agreed to by the Issuer.

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (the "SECURITIES ACT") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO U.S. PERSONS (AS THOSE TERMS ARE DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE."; and

- (vi) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representation or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Securities as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Selling Restrictions

United States

The Securities have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act. The Securities are initially being offered and sold only outside the United States in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, the Securities in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Securities) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of which such Securities are part, as determined and certified to the Agent- by such Dealer (in the case of a non-syndicated issue) or the relevant lead Dealer (in the case of a syndicated issue) within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Securities during the Distribution

Compliance Period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have meanings given to them by Regulation S if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

In addition, until 40 days after the completion of the distribution of all Securities of the Tranche of which such Securities are a part, an offer or sale of the Securities within the United States by any dealer whether or not participating in the offering of such Tranche may violate the registration requirements of the Securities Act.

Each issuance of Exempt Securities which are also Index Linked Securities or Dual Currency Securities will be subject to such additional US selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Securities, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

EEA and UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area and the United Kingdom. For the purposes of this provision the expression retail investor means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (iii) not a qualified investor as defined in the Prospectus Regulation.

United Kingdom

Each Dealer has represented and agreed under the Programme Agreement, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activities (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the **FSMA**)) received by it in connection with the issue or sale of any Securities in circumstances in which section 21 (1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the **FIEA**) and each Dealer has

represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Republic of Italy

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of this document or of any other document relating to the Securities be distributed in the Republic of Italy, other than:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the **Prospectus Regulation**) and any application provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Italian Financial Services Act**) and Italian CONSOB regulations; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Securities or distribution of copies of this document or any other document relating to the Securities in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time; or

in compliance with any other applicable laws and regulations, or requirement imposed by CONSOB or any other Italian authority

Ireland

Each Dealer has agreed and represented in the Programme Agreement, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered, sold, underwritten or placed and will not offer, sell, underwrite or place any Securities other than in conformity with the Irish Prospectus Regulations and Irish prospectus law and any rules and guidance issued by the Central Bank under section 1363 of the Companies Act; and
- (b) to the extent applicable it has complied with and will comply with all applicable provisions of (i) the Companies Act; (ii) the Market Abuse Regulation (EU 596/2014)), the European Union (Market Abuse) Regulations 2016, and any market abuse rules and guidance issued by the Central Bank under section 1370 of the Companies Act; (iii) the Central

Bank Acts 1942 to 2019 (as amended); and (iv) the Irish European Union (Markets in Financial Instruments) Regulations 2017 (as amended) (**MiFID II Regulations**), including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof, or any rules or codes of conduct made under the MiFID II Regulations and the provisions of the Investor Compensation Act 1998 or, in the case of a credit institution, in conformity with the codes of conduct or practice made under section 117(1) of the Central Bank Act 1989 (as amended) of Ireland, with respect to anything done by it in relation to the Securities; and

- (c) in respect of any Securities that are not listed on any recognised stock exchange and that do not mature within two years:
 - (i) its action in any jurisdiction will comply with the then applicable laws and regulations of that jurisdiction;
 - (ii) it will not knowingly offer to sell such Securities to an Irish resident, or to persons whose usual place of abode is Ireland, and it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Securities;
 - (iii) it will not offer, sell or deliver any such Securities to any person in a denomination of less than €500,000 (or its equivalent in another currency); and
 - (iv) such Securities will be held in a recognised clearing system; and
- (d) in respect of any Securities that are not listed on any recognised stock exchange and that mature within two years, it will not offer, sell or deliver any such Securities in Ireland or elsewhere to any person in a denomination of less than €500,000 if the relevant Securities are denominated in euro, US\$500,000 if the relevant Securities are denominated in US dollars, or if the relevant Securities are denominated in a currency other than euro or US dollars, the equivalent of €500,000 as at the date on which the Programme was first publicised and that such Securities will be held in a recognised clearing system.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities except for Securities which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **CWUMPO**) or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to

Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the **SFA** is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary

legislation as may be applicable at the relevant time.

In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has, unless otherwise specified before an offer of Securities, determined the classification of all Securities to be issued under the Programme as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Securities described herein. The Securities may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made to admit the Securities to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Securities constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Securities constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Securities may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not, directly or indirectly, purchase, offer, sell or deliver any Securities or distribute or publish any offering circular, information memorandum, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all purchases, offers, sales and deliveries of Securities by it will be made on the same terms.

Without prejudice to the generality of the above paragraph, each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will obtain any consent, approval or permission which is, to the best of its knowledge and belief, required for the offer, purchase, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases, sales or deliveries and it will, to the best of its knowledge and belief, comply with all such laws and regulations.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Final Terms.

Secondary Market Arrangements

The Issuer may enter agreements with Dealers or other persons in relation to a Tranche or Series of Securities whereby such Dealers may agree to provide liquidity in those Securities through bid and offer rate arrangements. The relevant Dealers or relevant persons in such agreements may agree to quote bid and offer prices for the relevant Securities at such rates and in such sizes as are specified in the relevant agreement and the provision of such quotes may be subject to other conditions as set out in the relevant agreement. Not all issues of Securities under the Programme will benefit from such agreements. A description of the main terms of any such agreements and the names and addresses of the relevant Dealers or other persons who are party to such will be

disclosed in the applicable Final Terms for the relevant Securities.

General Information

1. The Board of Directors of the Issuer authorised the establishment of the Programme and the creation and issue of the Securities on 20 May 2005. The update of the Programme and the issue of Securities within a period of 12 months from the date of this Base Prospectus has been duly authorised by resolutions passed on 22 September 2020 by a sub-committee established by the Board of Directors of the Issuer on 10 September 2020.
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 (also available on the Issuer's website at: <https://www.bankofireland.com/about-bank-of-ireland/about-the-group/boiq-constitution/>);
 - (b) the audited financial statements of the Issuer for the period 1 January 2019 to 31 December 2019 and the auditor's report dated 21 February 2020, by KPMG thereon, each as incorporated by reference in this Base Prospectus (also available on the Issuer's website at: <https://investorrelations.bankofireland.com/debt-investors/covered-bonds/boimb-annual-reports/>; and
 - (c) the audited financial statements of the Issuer for the period 1 January 2018 to 31 December 2018 and the auditor's report dated 22 February 2019, by KPMG thereon, each as incorporated by reference in this Base Prospectus (also available on the Issuer's website at: <https://investorrelations.bankofireland.com/debt-investors/covered-bonds/boimb-annual-reports/>).
3. No governmental, legal or arbitration proceedings which may have or have had a significant effect on the Issuer's financial position or profitability have been held against the Issuer in the 12 months preceding the date of this Base Prospectus and the Issuer is not aware of any such proceedings which are pending or threatened.
4. Agency Agreement/ Deed of Covenant

The following provides a brief description of the contents of each of the Agency Agreement and the Deed of Covenant. A description of the contents of the Programme Agreement is set out in the first paragraph under *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements* above.

(i) *Agency Agreement*

In the Agency Agreement, the Issuer has agreed the terms of the appointment of the principal paying agent, registrar and the other agents specified therein. In particular, the Agency Agreement sets out terms governing the issue of Securities, the duties of the agents, provisions relating to the payment of the agents' commissions and expenses, an indemnity from the Issuer in favour of the agents and provisions governing changes to the identity of the agents. The Agency Agreement also contains in a number of schedules, the forms of the Securities and the form of the Deed of Covenant.

(ii) *Deed of Covenant*

Under the Deed of Covenant the Issuer has agreed, subject to the terms thereof, to

grant certain direct contractual rights to Relevant Account Holders (as defined in the Deed of Covenant) in respect of Securities that are issued initially in global form and where a Global Security becomes void in accordance with its terms provides for such client rights to arise.

5. Save as disclosed in the section of this Base Prospectus entitled "*Description of the Issuer and the Group – Recent Developments*", the risk factors entitled "*The Covid-19 pandemic is having a material adverse effect on the Issuer and the Group*" and "*The Covid-19 pandemic is having a material adverse effect on the Group*" above, there has been:
 - (i) no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements; and
 - (ii) no significant change in the financial performance or position of the Group since the end of the last financial period for which financial information has been published to the date of this Base Prospectus.
6. The Issuer is not party to any material contracts that are entered into outside the ordinary course of the Issuer's business and that could result in any group member being under an obligation or entitlement material to the Issuer's ability to meet its obligations under the Securities.
7. The Bearer Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Securities allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Securities). If the Securities are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement.
8. No website referred to in this Base Prospectus forms part of this Base Prospectus.
9. KPMG, Chartered Accountants, Dublin, registered with Chartered Accountants Ireland, has audited the accounts of the Issuer in accordance with the International Standards on Auditing (Ireland) and issued an unqualified audit opinion for the financial years ended 31 December 2018 and 31 December 2019.
10. Of the credit rating agencies referred to in this Base Prospectus, S&P, Moody's, Fitch and DBRS are established in the EU or in the UK and are registered under the CRA Regulation. DBRS, Inc. and R&I are not established in the EU or in the UK and are not registered under the CRA Regulation.

REGISTERED OFFICE OF THE ISSUER

Bank of Ireland Mortgage Bank

40 Mespil Road
Dublin 4
Ireland

COVER-ASSETS MONITOR

Mazars

Harcourt Centre
Block3 Harcourt Road
Dublin 2
Ireland

ARRANGERS

Barclays Bank PLC

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London E14 4BB
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The Governor and Company of the Bank of Ireland

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DEALERS

Barclays Bank Ireland PLC

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