



**AIB MORTGAGE BANK**

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

**€20,000,000,000**

**MORTGAGE COVERED SECURITIES PROGRAMME**

This prospectus supplement (the "**Second Supplement**") is supplemental to and should be read in conjunction with the base prospectus dated 14 September 2009 (the "**Base Prospectus**"), as amended by the first supplement to the Base Prospectus dated 10 December 2009 (the "**First Supplement**"), issued for the purposes of giving information with regard to the issue of mortgage covered securities (the "**Securities**") by AIB Mortgage Bank (the "**Issuer**") under the Issuer's €20,000,000,000 Mortgage Covered Securities Programme (the "**Programme**") during the period of twelve months after the date of the Base Prospectus.

Words and expressions defined in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Second Supplement. This document constitutes a supplement to the Base Prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and is issued in accordance with article 16 thereof and regulation 51 of the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (the "**Irish Prospectus Regulations**"). This Second Supplement has been approved by the Irish Financial Services Regulatory Authority (the "**Financial Regulator**") as competent authority under the Prospectus Directive. The Financial Regulator only approves the Second Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Securities issued under the Programme which are to be admitted to trading on the regulated market of the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

For the purposes of part 6 of the Irish Prospectus Regulations, the Issuer accepts responsibility for the information contained in this Second Supplement. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information in this Second Supplement is, to the best of the knowledge of the Issuer, in accordance with the facts, and does not omit anything likely to affect the import of such information. This declaration is included in this Second Supplement in compliance with items 1.2 of annex XI to Commission Regulation (EC) No. 809/2004.

The date of this Second Supplement is 2 February 2010.

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

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

Save as disclosed in this Second Supplement, there has been no significant change in the information contained in the Base Prospectus and no significant new matter has arisen in relation to the Issuer since 10 December 2009, the date of publication of the Second Supplement, relevant to Securities to be issued under the Programme.

The issue of this Second Supplement was authorised in accordance with resolutions of the Board of Directors of the Issuer on 8 September 2009.

## **AMENDMENT TO THE BASE PROSPECTUS**

At page 111 of the Base Prospectus delete the fourth, fifth and sixth paragraphs and replace with the following:

“It is the policy of the Issuer in respect of the maintenance of substitution assets comprised in the Pool that, in each case for so long as Fitch, Moody’s or Standard & Poor’s as applicable is appointed by the Issuer to provide credit ratings in respect of Securities issued by the Issuer under the Programme:

- (a) such substitution assets that are represented by deposits with eligible financial institutions will be maintained with (i) an eligible financial institution which is rated at a minimum level of F1 (short term) and A (long term) by Fitch, A-1 (short term) by Standard & Poor’s and P-1 (short term) by Moody’s (together, the “**Minimum Rating Levels**”) or (ii) an eligible financial institution where the relevant deposits are guaranteed by a guarantor which has the Minimum Rating Levels;
- (b) where an eligible financial institution or its guarantor (each as referred to in (a) above) is downgraded below the Minimum Rating Levels and after such downgrade neither has the Minimum Rating Levels, the Issuer will as soon as practicable and in any event within 30 calendar days of such downgrade (in the case a downgrade by Fitch) or 60 calendar days (in the case of a downgrade by Standard & Poor’s) or 30 calendar days (in the case of a downgrade by Moody’s) and provided that neither the eligible financial institution nor its guarantor has, within the applicable maximum period referred to above, been upgraded or restored to the Minimum Rating Levels, ensure that such deposits are:
  - (i) transferred to an eligible financial institution which is itself, or its guarantor in respect of the

relevant deposits is, rated at the Minimum Rating Levels; or

- (ii) maintained with the then existing eligible financial institution but guaranteed by a guarantor rated at the Minimum Rating Levels.”