

Base Prospectus dated 14 March 2018



## AIB Group plc

*(a company incorporated with limited liability in Ireland)*

**€10,000,000,000**

### **Euro Medium Term Note Programme**

AIB Group plc ("AIB" or the "Issuer") may from time to time issue Notes denominated in such currencies as may be agreed with the Dealers specified in this Base Prospectus (each a "Dealer" and together the "Dealers", which expression shall include any additional Dealers appointed under the €10,000,000,000 Euro Medium Term Note Programme described in this Base Prospectus (the "Programme") from time to time, which appointment may be for a specific issue or on a continuing basis). The Notes may be issued as unsubordinated obligations of AIB ("Senior Notes") or as subordinated obligations of AIB ("Subordinated Notes", together with the Senior Notes, the "Notes"). The Notes may be issued on a continuing basis to one or more of the Dealers. The Notes will have maturities of not less than one month from the date of issue. Subject as set out herein, the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed €10,000,000,000 (or its equivalent in other currencies at the time of agreement to issue, subject as further set out herein).

Factors which may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme and factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are set out in "Risk Factors".

This Base Prospectus has been approved by the Central Bank of Ireland (the "Central Bank"), as competent authority under Directive 2003/71/EC (as amended, the "Prospectus Directive"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "MiFID II"), to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for Notes issued under the Programme for the period of 12 months from the date of the approval of the Base Prospectus by the Central Bank to be admitted to the Official List of the Irish Stock Exchange (the "Official List") and to trading on its regulated market. No assurance can be given that such an application to list and trade the Notes will be accepted. A&L Listing Limited (the "Listing Agent") is acting solely in its capacity as listing agent in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on its regulated market for the purposes of the Prospectus Directive.

Notes which are admitted to the Official List are referred to herein as "Listed Notes". Notice of the aggregate principal amount of, interest (if any) payable in respect of, the issue price of and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Description of the Programme") of Notes will be set forth in a set of final terms (the "Final Terms") which, with respect to the Listed Notes, will be delivered to the Irish Stock Exchange on or before the date of issue of such Tranche. As required by the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (as amended) (the "Regulations"), a copy of this Base Prospectus has been filed with the Central Bank and will be filed with the Registrar of Companies within 14 days after its publication. Unlisted Notes and Notes listed on other or additional stock exchanges may also be issued. Any Final Terms in respect of unlisted Notes will not constitute final terms for the purposes of the Prospectus Directive.

Notes issued under the Programme are not guaranteed by the Minister for Finance of Ireland or any other person or entity.

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate ("EURIBOR") or the London Interbank Offered Rate ("LIBOR") which are provided by the European Money Markets Institute ("EMMI") and the ICE Benchmark Administration Limited ("ICE"), respectively. As at the date of this Base Prospectus, EMMI and ICE do not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "BMR"). As far as the Issuer is aware, the transitional provisions in Article 51 of BMR apply, such that EMMI and ICE are not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

#### *Arranger and Dealer*

**Morgan Stanley**

#### *Dealers*

**ABN AMRO**

**BNP PARIBAS**

**Crédit Agricole CIB**

**Deutsche Bank**

**HSBC**

**LLOYDS BANK**

**NatWest Markets**

**UBS Investment Bank**

**BofA Merrill Lynch**

**Citigroup**

**Credit Suisse**

**Goldman Sachs International**

**ING**

**Mizuho Securities**

**Nomura**

**Barclays**

**Commerzbank**

**Davy**

**Goodbody**

**J.P. Morgan**

**NATIXIS**

**Société Générale Corporate & Investment  
Banking**

**UniCredit Bank**

**This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and Regulation 23 of the Regulations.**

**AIB accepts responsibility for the information contained in this Base Prospectus. To the best of AIB's knowledge and belief (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.**

**This Base Prospectus is to be read in conjunction with all the documents which are deemed to be incorporated herein by reference (see "Documents Incorporated By Reference"). This Base Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus save as provided herein.**

**The Notes may not be a suitable investment for all investors. Each potential investor in any Notes must determine the suitability of that investment for that investor in light of its own circumstances. In particular, each potential investor should:**

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference 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 particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;**
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the potential investor's currency;**
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets;**
- (v) be 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 the investor's investment and its ability to bear the applicable risks; and**
- (vi) understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Notes.**

**Some Notes may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in any Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.**

**To the fullest extent permitted by law, none of the Dealers, the Arranger or the Trustee accepts any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger, a Dealer or the Trustee or on its behalf in connection with AIB or the issue and offering of Notes under the Programme. The Arranger, each Dealer and the Trustee accordingly disclaim all and any liability, whether arising in tort or contract or otherwise (save as referred to above), which they might otherwise have in respect of this Base Prospectus or any such statement.**

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any responsibility for any acts or omissions of AIB or any other person (other than the relevant Dealer) in connection with any issue and offering of the Notes under the Programme.

No person is or has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by AIB, the Arranger or any of the Dealers.

This Base Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of AIB, the Arranger or any of the Dealers that any recipient of this Base Prospectus should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary.

Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of AIB and its subsidiaries (the “Group”) since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of AIB and/or the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented. None of the Arranger or the Dealers undertakes to review the financial condition or affairs of AIB or any of its subsidiaries during the life of the arrangements contemplated by this Programme nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger or the Dealers.

MiFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (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 Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each Tranche about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer in respect of the relevant Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**IMPORTANT – EEA RETAIL INVESTORS** – The Notes 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 (“EEA”). 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 2002/92/EC (as amended, the “Insurance Mediation Directive”), 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 Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail

investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

AIB and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by AIB or the Dealers which would permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The distribution of this Base Prospectus and the offering or sale of any of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus comes are required by AIB, the Arranger and the Dealers to inform themselves about and to observe any such restrictions.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be at least €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exemptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale”.

All references in this document to “Ireland” are to the Republic of Ireland, those to the “United Kingdom” or “UK” are to the United Kingdom of Great Britain and Northern Ireland, those to the “United States” or “U.S.” are to the United States of America, those to a “Member State” are references to a Member State of the European Economic Area, those to “U.S. dollars” and “U.S.\$” are to the currency of the United States, those to “euro” and “€” are to the single currency adopted by those states participating in the European Monetary Union from time to time and those to “Sterling”, and “£” are to the currency of the United Kingdom.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of AIB or the Dealers to subscribe for, or purchase, any Notes.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilising Manager(s) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes 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 terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

**Any transaction under this Programme shall be carried out in accordance with all applicable laws and regulations.**

## TABLE OF CONTENTS

	<b>Page</b>
RISK FACTORS .....	7
DOCUMENTS INCORPORATED BY REFERENCE.....	36
SUPPLEMENTARY INFORMATION .....	37
DESCRIPTION OF THE PROGRAMME.....	38
TERMS AND CONDITIONS OF THE SENIOR NOTES .....	39
TERMS AND CONDITIONS OF THE SUBORDINATED NOTES .....	71
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM .....	103
USE OF PROCEEDS .....	109
AIB GROUP PLC AND THE GROUP .....	110
TAXATION .....	115
SUBSCRIPTION AND SALE .....	119
APPLICABLE FINAL TERMS .....	123
GENERAL INFORMATION .....	135

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of all or any of such contingencies occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated in it by reference) and reach their own views prior to making any investment decision.*

### **Macro-economic and geopolitical risks**

#### **1 *The Group's business may be adversely affected by any deterioration in the Irish or UK economy or in global or relevant regional economic conditions***

The Group's business activities are almost entirely based in the Irish and UK markets. Deterioration in the performance of the Irish economy or in the European Union ("EU"), the United Kingdom ("UK") and/or other relevant economies has the potential to adversely affect the Group's overall financial condition and performance. Such deterioration could result in reductions in business activity, lower demand for the Group's products and services, reduced availability of credit, increased funding costs, and decreased asset values.

Deterioration in the economic and market conditions in which the Group operates could negatively impact on the Group's income and level of loan impairments, and put additional pressure on the Group to more aggressively manage its cost base. This could have negative consequences for the Group to the extent that strategic investments are de-scoped or de-prioritised, and could increase operational risk. Market conditions are also impacted by the competitive environment in which the Group operates.

Any deterioration in the UK economy, whether caused by the UK's exit from the EU ("Brexit") or otherwise, could also have an impact on the Group's business in the UK.

#### **2 *Geopolitical developments, particularly in Europe and the United States, could have repercussions that could have a negative impact on global economic growth, disrupt markets and adversely affect the Group***

Geopolitical developments in recent years have given rise to significant market volatility and in certain instances have had an adverse impact on economic growth and performance globally. Expectations regarding geopolitical events and their impact on the global economy remain uncertain in both the short and medium term.

In particular, the European sovereign debt crisis which commenced in 2011 and the emergence of significant anti-austerity sentiment in certain Eurozone countries, including, for example, Greece and Italy, have contributed to, and may continue to contribute to, instability in the European sovereign debt markets and in the eurozone economy generally.

The emergence of anti-EU and anti-establishment political parties and a rise in separatist and protectionist sentiment across the EU may also give rise to further political instability and uncertainty, particularly in light of the contested Catalan independence referendum in 2017 and the inconclusive elections in Italy in March

2018. Brexit has also resulted in significant volatility within the European political environment, as described in further detail hereunder.

In addition, Northern Ireland continues to experience significant political uncertainty from the March 2017 elections and the ongoing failure of the resulting negotiations to form a government. If an arrangement cannot be agreed, the current political structures in Northern Ireland may be subject to significant change. The uncertainty resulting from these developments may have an adverse impact on economic conditions in Northern Ireland and the region, which could in turn have an adverse effect on the Group, given its operations there.

In the United States, the implementation of the new administration's policies, such as trade protectionism and travel restrictions, may in the future have an adverse effect on relations between the United States and the EU and may have an impact on economic conditions generally.

The aforementioned geopolitical developments as well as any further developments may adversely affect global economic growth, heighten trading tensions and disrupt markets, which could in turn have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### ***3 Brexit could lead to a deterioration in market and economic conditions in the UK and Ireland, which could adversely affect the Group's business, financial condition, results of operations and prospects***

Although the overall impact of Brexit remains uncertain, and may remain uncertain for some time, it is expected to have a negative effect on Ireland's GDP growth over the medium term, with the UK's future trading relationship with the EU post-Brexit being the key consideration in this regard.

The legal and regulatory position of the Group's operations in the UK may also become uncertain following Brexit. If UK regulatory capital rules diverge from those of the EU, as a result of future changes in EU law which are not mirrored by the UK or vice versa, the Group's regulatory burden may increase, which likely would increase compliance costs. Depending on the nature of the agreement reached between the UK and the EU on migration and immigration (if any), the UK's exit from the EU could also result in restrictions on mobility of personnel and could create difficulties for the Group in recruiting and retaining qualified employees, both in the UK and Ireland. In addition, financial institutions and other financial operations currently based in the UK may seek to relocate some operations to Ireland. This may result in heightened competition for suitably qualified employees, which could adversely affect the Group's ability to attract and retain employees. Accordingly, if the UK exits the EU, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### ***4 The Group faces risks associated with the level of, and changes in, interest rates, as well as certain other market risks***

The following market risks arise in the normal course of the Group's banking business: interest rate risk, credit spread risk (including sovereign credit spread risk), foreign exchange rate risk, equity risk and inflation risk.

The Group's earnings are exposed to interest rate risk including basis risk, i.e. an imperfect correlation in the adjustment of the rates earned and paid on different products with otherwise similar repricing characteristics. The persistence of exceptionally low interest rates for an extended period could adversely impact the Group's earnings through the compression of net interest margin. Widening credit spreads could adversely impact the value of the Group's available-for-sale-bond positions.

Interest rates also affect the affordability of the Group's products to customers. A rise in interest rates, without sufficient improvements in customers' earnings levels, could lead to an increase in default or re-default rates among customers with variable rate obligations.

Trading book risks predominantly result from supporting client businesses with small residual discretionary positions remaining. Credit valuation adjustments ("CVA") and funding valuation adjustments ("FVA") to derivative valuations arising from customer activity have potentially the largest trading book derived impact on earnings.

Changes in foreign exchange rates, particularly the euro-sterling rate, affect the value of assets and liabilities denominated in foreign currency and the reported earnings of the Group's non-Irish subsidiaries. Any failure to manage market risks to which the Group is exposed could have a material adverse effect on its business, financial conditions and prospects.

### **Regulatory and legal risks**

#### **5 *The Group is subject to increasing regulation and supervision following the introduction of the Single Supervisory Mechanism and the new bank recovery and resolution framework, which may strain its resources***

A significant number of new regulations have been issued by the various regulatory authorities in the recent past. The Eurozone's largest banks, including the Group, came under the direct supervision of, and are authorised by, the European Central Bank ("ECB") since the introduction on 4 November 2014 of the Single Supervisory Mechanism ("SSM").

The main aims of the SSM are to ensure the safety and soundness of the European banking system and to increase financial integration and stability in Europe.

A Single Resolution Mechanism ("SRM") has been introduced, including a single resolution board ("SRB") and a single fund for the resolution of banks. The requirements of the SRM are set out in the Single Resolution Mechanism Regulation (Regulation (EU) No. 806/2014 of 15 July 2014) (the "SRM Regulation") and the Banking Recovery and Resolution Directive (Directive 2014/59/EU) ("BRRD"). The SRM Regulation has been fully applicable from 1 January 2016 and the SRB has also been fully operational since that date. The BRRD has been implemented in Ireland pursuant to the European Union (Bank Recovery and Resolution) Regulations 2015 (the "BRRD Regulations"). The BRRD Regulations, other than regulations 79 to 94, came into effect on 15 July 2015. Regulations 79 to 94 came into effect on 1 January 2016. The establishment of the SRM is designed to ensure that supervision and resolution are exercised at the same level for countries that share the supervision of banks within the SSM. The single resolution fund will be financed by bank levies raised at national level.

The overarching goal of the new bank recovery and resolution framework established by the BRRD/SRM package is to break the linkages between national banking systems and sovereigns. The new framework is intended to enable resolution authorities to resolve failing banks with a lower risk of triggering contagion to the broader financial system, while sharing the costs of resolution with bank shareholders and creditors. Among other provisions, the BRRD requires banks to produce a full recovery plan that sets out detailed measures to be taken in different scenarios when the viability of the institution is at risk. Furthermore, one or more of the Group's regulators may require the Group to make changes to the legal structure of the Group pursuant to its implementation of requirements under the SRM Regulation, the BRRD or other applicable law or regulation.

The Group will have to meet the cost of all levies that are imposed on it in relation to funding the bank resolution fund established under the SRM or those that are imposed on it under other applicable

compensation schemes relating to banks or other financial institutions in financial difficulty. In addition, the challenge of meeting this degree of regulatory change will place a strain on the Group's resources. The challenge of meeting tight implementation deadlines while balancing competing resource priorities and demands adds to the regulatory risk of the Group. These may also impact significantly on the Group's future product range, distribution channels, funding sources, capital requirements and consequently, reported results and financing requirements.

## **6 *The BRRD contains resolution tools and other measures that may have a material adverse effect on the Group and Noteholders***

The BRRD is designed to provide relevant authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing credit institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of a credit institution's failure on the economy and financial system.

The BRRD also equips the resolution authority with certain resolution powers (the "Resolution Tools") in circumstances where the credit institution is failing or is likely to fail to:

- transfer to a purchaser shares, other instruments of ownership and/or all specified assets, rights or liabilities of the credit institution (the "sale of business tool"); transfer all or specified assets, rights or liabilities of the credit institution to a bridge institution which is wholly or partially owned by public authorities (the "bridge institution tool");
- transfer assets, rights or liabilities to a legal entity which is wholly or partially owned by public authorities for the purpose of sale or otherwise ensuring that the business is wound down in an orderly manner, to be applied in conjunction with another resolution tool (the "asset separation tool"); and/or
- write down the claims of unsecured creditors (including the Noteholders) of an institution and convert debt to equity (including the Notes), with, in broad terms, the first losses being taken by shareholders and thereafter by subordinated creditors (including the holders of Subordinated Notes) and then senior creditors (including the holders of Senior Notes), with the objective of recapitalising an institution (the "General Bail-In Tool").

The BRRD also provides for a Member State as a last resort, after having assessed and exhausted the above resolution tools to the maximum extent possible while maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework and is subject to the condition that a contribution to loss absorption and recapitalisation equal to an amount not less than 8 per cent. of total liabilities, including own funds of the institution under resolution, has been made by the shareholders and the holders of other instruments of ownership, the holders of relevant capital instruments and other eligible liabilities through write-down, conversion or otherwise.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

Amongst other provisions, the BRRD also contains a statutory write-down and conversion power to write down or to convert into equity the Issuer's capital instruments (which would include the Subordinated Notes) if certain conditions are met (the "Write-Down Tool"). The Write-Down Tool would be applicable, in particular, if the resolution authority determines that, unless the Write-Down Tool is applied, the Issuer or the

Group will no longer be viable or if a decision has been made to provide the Issuer or the Group with extraordinary public financial support without which the Issuer or the Group will no longer be viable.

The SRB may exercise the Resolution Tools with respect to the Group. In addition, the Bank of England, as resolution authority for AIB Group (UK) p.l.c. (“AIB UK”), could resolve the UK operations under BRRD, which could result in losses being transferred up to AIB through its share ownership and intercompany debt (including internal MREL).

In respect of the Write-Down Tool, which was implemented for Additional Tier 1 instruments (as defined in the BRRD Regulations) and Tier 2 instruments (as defined in the BRRD Regulations) with effect from 15 July 2015, and the General Bail-In Tool, which was implemented in Ireland on 1 January 2016, the resolution authority has the power, upon certain trigger events, to cancel existing shares, to write down eligible liabilities (i.e. own funds instruments and, in the case of the General Bail-In Tool, other subordinated debt and senior debt, subject to exceptions in respect of certain liabilities) of a failing credit institution or to convert such eligible liabilities of a failing credit institution into equity or other instruments of ownership at certain rates of conversion representing appropriate compensation to the affected holder for the loss incurred as a result of the write down and conversion. Where a credit institution meets the conditions for resolution, the resolution regulator and/or authority will be required to apply the Write-Down Tool before applying the Resolution Tools. The write down or conversion will follow the ordinary allocation of losses and ranking in insolvency. Equity holders will be required to absorb losses in full before any debt claim is subject to write-down or conversion. After shares and other similar instruments, the write down or conversion will first, if necessary, impose losses on holders of subordinated debt and then on those senior debt-holders which are subject to the write down or conversion.

Any write down or conversion of amounts in accordance with the Write-Down Tool will not constitute an event of default under the terms of the relevant instruments. Consequently, any amounts so written down will be irrevocably lost and the holders of such instruments will cease to have any claims thereunder, regardless whether or not the credit institution’s financial position is restored. Pursuant to the BRRD, resolution authorities must ensure when applying the Resolution Tools that creditors do not incur greater losses than they would have incurred if the credit institution had been wound down in normal insolvency proceedings. Furthermore, one or more of the Group’s regulators may require the Group to make changes to the legal structures and/or business model of the Group pursuant to its implementation of requirements under the SRM Regulation, the BRRD or other applicable law or regulation.

The Resolution Tools could be used to impose losses on holders of Senior Notes and could result in holders of Senior Notes losing some or all of their investment. The exercise of any such power or any suggestion or anticipation of such exercise could, therefore, materially adversely affect the value of the Senior Notes.

In addition, the BRRD and the SRM Regulation may severely affect the rights of the holders of Subordinated Notes which may result in the loss of the entire investment represented by the Subordinated Notes in the event of non-viability. The exercise of any such power or any suggestion or anticipation of such exercise could, therefore, materially adversely affect the value of the Subordinated Notes. Furthermore, the exercise of the Write-Down Tool in respect of the Subordinated Notes or any suggestion or anticipation of such exercise could materially adversely affect the value of the Subordinated Notes.

**7 *The SRB or SSM may take actions which require the Group to change, or otherwise result in the Group changing, its legal structure, or take other actions which could have a significant impact on the Group's operations, structure, costs and/or capital requirements***

*SRB role in resolution planning*

Pursuant to the SRM Regulation, on 1 January 2016, the SRB became responsible for drawing up the Group's resolution plan providing for resolution actions that may be taken if the Group were to fail or be likely to fail. In drawing up the Group's resolution plan, the SRB identifies any material impediments to the Group's resolvability. Where necessary, the SRB may instruct that actions are taken to remove such impediments.

These actions may include (but are not limited to):

- legal restructuring of the Group, which could lead to high transaction costs, or could make the Group's business operations or its funding mix less optimally composed or more expensive;
- issuing additional liabilities at various levels within the Group. This may result in higher capital and funding costs for the Group, and thus adversely affect the Group's profits and its ability to pay dividends;
- reviewing and amending the Group's contracts for the purposes of ensuring (i) continuity of business operations and (ii) that such contracts do not cause any impediments to the resolvability of the Group. This may result in additional costs and operational complexity for the Group; and
- requiring the Group to enhance its data infrastructure and management information systems to facilitate an expeditious valuation of its assets and liabilities over the course of the resolution event.

If the SRB is of the view that the measures proposed by the Group would not effectively address the impediments to resolvability, the SRB may direct the Group to take alternative measures as outlined in the SRM Regulation.

On 3 February 2017, Allied Irish Banks, p.l.c. ("AIB Bank") announced that it had been notified of a decision by its group-level resolution authority, the SRB, that the Preferred Resolution Strategy ("PRS") for the Group would be a single point of entry via a holding company. Implementation of the PRS would require the introduction of a new holding company, AIB, to sit at the top of the Group, directly above AIB Bank, and mean that any future bail-in of instruments held by external creditors would be expected to be implemented in the first instance at the level of that holding company. On 2 October 2017, AIB Bank announced a corporate reorganisation to effect the SRB's decision, pursuant to which AIB would be introduced as the holding company of the Group. The reorganisation was approved in shareholders' meetings on 3 November 2017 and was implemented on 8 December 2017 by means of a scheme of arrangement under Chapter 1 of Part 9 of the Irish Companies Act of 2014 (the "Scheme"). The Issuer was listed on the Irish and London Stock Exchanges in December 2017. Since the Scheme became effective, the Issuer has been the top holding company of the Group. If the SRB were to invoke the PRS, unsecured instruments issued by the Issuer (including the Notes) would rank higher for bail-in than other unsecured instruments issued by AIB Bank or other Group entities. AIB Bank, the principal operating company and previous holding company of the Group, and its operating subsidiaries continue to be the principal trading entities of the Group.

*SSM role in Recovery planning*

The BRRD sets out functions of the SSM (as consolidated supervisor of the Group) in conjunction with the United Kingdom Prudential Regulation Authority ("PRA") (as competent authority for AIB UK) with respect to the drawing up and maintenance by AIB on a Group basis of a recovery plan which must set out measures to be taken by AIB to restore its financial position following a significant deterioration of that position. An

assessment by the SSM in conjunction with the PRA of such recovery plan proposed by the Group may result in the Group being required to address any material deficiencies in the recovery plan or any material impediments to its implementation. Failure by the Group to satisfy such direction may result in the SSM taking measures against the Group, including, but not limited to, directing the Group to do one or more of the following:

- reduce its risk profile;
- enable timely recapitalisation measures;
- review its strategy and structure;
- make changes to its funding strategy so as to improve the resilience of its business lines and critical functions; and/or
- make changes to its governance structure.

Any further changes to be implemented in respect of the SRM Regulation and the BRRD may have an effect on the Group's business, financial condition or prospects. Failure by the Group to implement those changes and requirements may result in regulatory action such as increased regulatory capital levels, monetary fines or other sanctions and penalties. Depending on the specific nature of the changes and requirements and how they are enforced, such changes and requirements could have a significant impact on the Group's operations, structure, costs and/or capital requirements.

**8 *The Group is required to comply with a wide range of laws and regulations. If the Group fails to comply with these laws and regulations, it could become subject to regulatory actions***

The legal and regulatory landscape in which the Group operates is constantly evolving and the burden of compliance with laws and regulations is increasing. As new laws or regulatory schemes are introduced, the Group may be required to invest significant resources in order to comply with the new legislation or regulations. For example, the introduction of the second Payment Services Directive ("PSD2") will result in the Group being required to introduce significant changes to its systems and processes in order to ensure compliance. Further, the implementation of International Financial Reporting Standards, as adopted by the EU, ("IFRS") of a new IFRS on Financial Instruments ("IFRS 9") for annual periods beginning on or after 1 January 2018 requires investment in developing an IFRS 9-compliant accounting system and models, as well as increased ongoing compliance costs. Similarly, the General Data Protection Regulation will take effect from 25 May 2018, and will replace the Data Protection Acts 1988 and 2003 as the primary legislation governing the Group's use of customer personal data and will require significant investment by the Group in order to comply with this new regulation. 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, resulting in higher compliance costs and resource commitments, and/or a failure by the Group to implement the necessary changes to its business within the time period specified.

The Group is incorporated and has its head office in Ireland, and is authorised as a credit institution in Ireland by the ECB. While the Central Bank continues to regulate certain areas of the Group's business, including consumer protection in Ireland, it is the ECB (together with support from the Central Bank) that has primary responsibility for the prudential supervision of the Group. The Group faces risks associated with an uncertain and rapidly evolving prudential regulatory environment, pursuant to which it is required, among other things, to maintain adequate capital resources and to satisfy specified capital ratios at all times. The Group's borrowing costs and capital requirements could be affected by prudential regulatory developments, including Capital Requirements Directive IV ("CRD IV") and potentially the Capital Requirements Directive V/Bank

Recovery and Resolution Directive 2 Proposals, which include legislative proposals for amendments to the Capital Requirements Regulation (“CRR”) and CRD IV.

In March 2017, the ECB published guidance to banks subject to its supervision on non-performing loans. The ECB’s objective in issuing the guidance is to drive strategic and operational focus on the reduction of non-performing loans, together with further harmonisation and common definitions of non-performing loans and forbearance measures. Non-compliance with the guidance may trigger supervisory measures that are not further specified in the guidance.

Additional capital and liquidity requirements or guidance and other requirements, whether based on an interpretation of current rules or the application of new rules or guidance being proposed by EU legislators, could be imposed on the Group, including as a result of the Supervisory Review and Evaluation Process (“SREP”) carried out under the SSM or stress testing by the ECB and the European Banking Authority (“EBA”), including a revision of the level of Pillar II add-ons as the Pillar II add-on requirements or guidance are a point-in-time assessment and therefore subject to change over time. Additional capital and/or liquidity requirements could lead to increased costs for the Group, limitations on the Group’s capacity to lend and further restructuring of the Group which could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

To support the effectiveness of bail-in and other resolution tools, Article 130(1) of the BRRD requires that from 1 January 2016 Member States apply the BRRD’s provisions requiring EU credit institutions and certain investment firms to maintain minimum requirements for own funds and eligible liabilities (“MREL”), subject to the provisions of the MREL regulatory technical standards.

The MREL requirements are determined on a case-by case basis taking into account (i) resolvability; (ii) capital adequacy; (iii) sufficiency of eligible liabilities; (iv) participation in a deposit guarantee scheme; (v) business risks (business model, funding, risk profile); and (vi) systemic risk (interconnectedness). The Group’s MREL requirements will be set by the SRB, in consultation with the ECB and the Central Bank of Ireland. The calculation of MREL should consider the need, in case of any application of the bail-in tool, to ensure that the institution is capable of absorbing an adequate amount of losses and being recapitalised by an amount sufficient to restore its Common Equity Tier 1 (“CET1”) ratio to a level sufficient to maintain its capital requirements for authorisation and sustain market confidence.

The SRB has been developing its MREL policy with a view to setting binding MREL targets for the most systemic banking groups in the Banking Union and will develop additional policies and methodologies in respect of MREL based on existing legislation and other relevant regulatory developments.

The MREL requirements imposed on the Group could be significant and could require the Group to raise additional funds in order to meet its obligations. The Group’s indicative MREL target is 29.05 per cent., with MREL eligible issuance expected to be in the range of €3 billion to €5 billion. 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.

The Terms and Conditions of the Notes stipulate that the Relevant Resolution Authority or AIB may determine that all or part of the principal amount of the Notes, including accrued but unpaid interest in respect thereof, must be written off or converted into shares or other types of capital instruments or otherwise be applied to absorb losses, all as prescribed by the Irish Statutory Loss Absorption Powers (as defined in Condition 16 of the Senior Notes and the Subordinated Notes). See Condition 15(c) of the Senior Notes and the Subordinated Notes.

The Group has exercised its EU “passport” rights to provide banking, treasury and corporate treasury services in the United Kingdom through the London branch of AIB Bank. The Group must comply with United Kingdom Financial Conduct Authority (“FCA”) Conduct of Business rules in so far as they apply to its business carried out in the United Kingdom. In the United States, the Group is subject to federal and state banking and securities law supervision and regulation as a result of the banking activities conducted by AIB Bank’s branch in New York. Thus, the Group is required to design and implement policies that ensure compliance with legislation promulgated by the FCA and the PRA in the United Kingdom and the relevant regulatory authorities in the United States. This may result in additional compliance costs as well as requiring increased management attention, which may divert focus from other areas of its business.

There is also a risk that pressures from the media, consumer groups and/or politicians could influence the agenda of the ECB, the Central Bank, the FCA or the PRA. For instance, a wide-ranging review of competition within the Irish banking sector has been commenced by the Irish Competition and Consumer Protection Commission (“CCPC”) as part of the current programme for the Government (a similar review having been completed on the UK banking sector in 2016). As a part of such a review, the Group may be required to modify its business and the pricing of its products to satisfy the regulatory requirements arising from the review.

Adverse regulatory action or adverse judgments in litigation could result in a monetary fine or penalty, adverse monetary judgment or settlement and/or restrictions or limitations on the Group’s operations or result in a material adverse effect on the Group’s reputation. The Group may settle litigation or regulatory proceedings prior to a final judgment or determination of liability to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when the Group believes that it has no liability or when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, the Group may, for similar reasons, reimburse counterparties for their losses even in situations where the Group does not believe that it is legally compelled to do so.

**9 *Loan-to-value (“LTV”)/Loan-to-income (“LTI”) related regulatory restrictions on residential mortgage lending may restrict the Group’s mortgage lending activities and balance sheet growth generally***

The Central Bank has, under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2015, as amended by the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2016, imposed restrictions on Irish residential mortgage lending by lenders which are regulated by the Central Bank (such as AIB Bank, AIB Mortgage Bank, EBS d.a.c. (“EBS”), EBS Mortgage Finance and Haven Mortgages Limited (“Haven”) in the case of AIB). The restrictions impose limits on residential mortgage lending by reference to LTV and LTI ceilings.

The Group is required to restrict lending above 3.5 times LTI to no more than 20 per cent. (for first time buyers) of the aggregate value of the principal dwelling home (“PDH”) loans made in the relevant period. The restriction is 10 per cent. for second and subsequent buyers. Mortgages for non-PDH loans are exempt from the LTI limit. The Group needs to ensure that it dedicates sufficient resources to, and has the necessary procedures and controls in place to, ensure that the exception levels permitted under the regulations are monitored and not breached. These restrictions may adversely affect the level of new mortgage lending the Group can undertake and the costs of administering its residential mortgage lending, and hence may have a material adverse effect on its business, results of operations, financial condition and prospects.

**10 *The Group is subject to anti-money laundering, counter-terrorist financing, anti-corruption and sanctions regulations and if it fails to comply with these regulations, it may face administrative sanctions, criminal penalties and/or reputational damage***

The Group is subject to laws and regulations aimed at preventing money laundering, anti-corruption and the financing of terrorism. Monitoring compliance with anti-money laundering (“AML”), counter-terrorist financing (“CTF”) and anti-corruption and sanctions rules can put a significant financial burden on banks and other financial institutions and requires significant technical capabilities. In recent years, enforcement of these laws and regulations against financial institutions has become more intrusive, resulting in several landmark fines against financial institutions. In addition, the Group cannot predict the nature, scope or effect of future regulatory requirements to which it might be subject or the way existing laws might be administered or interpreted.

The 4<sup>th</sup> EU Anti-Money Laundering Directive (“MLD4”) emphasises a “risk-based approach” to AML and CTF and imposes obligations on Irish incorporated bodies to take measures to compile information on beneficial ownership. In addition to this, the AML/CTF regulatory landscape is constantly changing with a series of proposed further amendments to MLD4 arising from events such as terrorist attacks in Europe and the leaking of papers containing highly sensitive information as well as a desire to align European AML/CTF laws with recommendations from the Financial Action Task Force.

The combined impact of these changes is the 5<sup>th</sup> EU Anti-Money Laundering Directive (“MLD5”) which was agreed by the EU Council and Parliament in December 2017. This is expected to come into force in each member state by mid-2019. The Group will need to continue to monitor and reflect the changes under MLD4 and MLD5 in its own policies, procedure and practices, as well as updating its framework to take account of the risk-based approach and the specific manner in which these requirements are transposed into national laws by the transposing legislation in Ireland and the UK.

Although the Group has policies and procedures that it believes are sufficient to comply with applicable AML/CTF, anti-corruption and sanctions rules and regulations, it cannot guarantee that such policies and procedures completely prevent situations of money laundering, terrorist financing or corruption, including actions by the Group’s employees, agents, third party suppliers or other related persons for which the Group might be held responsible. Any such events may have severe consequences, including litigation, sanctions, fines and reputational consequences, which could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

**11 *The Group’s financial results may be negatively affected by changes to, or application of, accounting standards***

The Group reports its results of operations and financial position in accordance with IFRS. Changes to IFRS or interpretations thereof may cause its future reported results of operations and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect the Group’s regulatory capital and ratios by requiring the recognition of additional provisions for loss on certain assets.

The Group monitors potential accounting changes and when these are finalised, it determines the potential impact and discloses significant future changes in its financial statements. The Group has adopted an IFRS 9 methodology from January 2018. This will impact the Group’s reported results of operations, financial position and regulatory capital in the future. For example, the replacement of International Accounting Standard (“IAS”) 39 with IFRS 9 will require the Group to move from an incurred loss model to an expected loss model, requiring it to recognise not only credit losses that have already occurred but also losses that are expected to occur in the future as is the case for the banking industry as a whole.

## **12 Risk of litigation arising from the Group's activities**

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. Disputes and legal proceedings in which the Group may be involved are subject to many uncertainties, and the outcomes of such disputes are often difficult to predict, particularly in the early stages of a case or investigation.

Adverse regulatory action or adverse judgments in litigation could result in a monetary fine or penalty, adverse monetary judgment or settlement and/or restrictions or limitations on the Group's operations or result in a material adverse effect on the Group's reputation.

## **13 The Group may be adversely affected by the budgetary and taxation policies of the Irish, UK and other governments through changes in taxation law and policy**

The future budgetary and taxation policy of Ireland and other measures adopted by the government of the Republic of Ireland (the "Irish Government") or the UK government may have an adverse impact on borrowers' ability to repay their loans and, as a result, the Group's business.

Furthermore, some measures may directly impact the financial performance of the Group through the imposition of measures such as the bank levy introduced by the Irish Government in Finance Act (No. 2) 2013 and which the Irish Government announced during Budget 2016 would be extended to 2021. The annual levy paid by the Group in 2017 amounted to €49 million.

In addition, the UK government introduced legislation restricting the proportion of a bank's taxable profit that can be offset by certain carried forward losses to 50 per cent., effective from 1 April 2015, resulting in a €242 million decrease in the Group's deferred tax asset for the year ended 31 December 2015. This was subsequently further reduced to 25 per cent., effective 1 April 2016. The impact associated with these and any future changes in budgetary and taxation policies globally could have a material adverse effect on the Group's financial position.

In addition, multi-national corporations' recognition of resources for taxation purposes has come under considerable political scrutiny recently. The Organisation for Economic Co-operation and Development, with the support of the G-20, has embarked on a project to address base erosion and profits shifting ("BEPS") by multi-national companies, which is focused on combatting base erosion using arrangements to generate income that is not subject to meaningful taxation in any jurisdiction as well as profit shifting from high tax jurisdictions to low tax jurisdictions.

In August 2016, the European Court of Justice ruled that Apple Inc. had received €13 billion of illegal state aid because of its taxation arrangements with Ireland, which permitted it to pay substantially less tax than it would have been required to pay had its profits been booked in another jurisdiction. Ireland and Apple Inc. are appealing that ruling in the European Court of Justice. If these types of arrangements continue to be challenged, this could result in companies relocating from Ireland or deciding to invest in other jurisdictions, which could have an adverse impact on the Irish economy.

## **14 Irish legislation and regulations in relation to mortgages, as well as judicial procedures for the enforcement of mortgages, 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**

Legislation and regulations introduced in 2013 to the Irish mortgage market have had an effect on the Group's customers' attitudes towards their debt obligations, and hence their interactions with the Group in relation to their mortgages.

Regulations such as the Personal Insolvency Act and the Central Bank's Code of Conduct on Mortgage Arrears ("CCMA") may result in changes in customers' attitudes, where they may be more likely to default even when they have sufficient resources to continue making payments on their mortgages. This 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.

During 2017, legislation was introduced in Dáil Éireann, entitled the 'Keeping People in their Homes Bill 2017' and 'Mortgage Arrears Resolution (Family Home) Bill 2017'. The bills are private members' bills and not sponsored by the Irish Government, but if they were passed into law in their current forms (or if other similar laws or regulations are introduced), the Group would face restrictions on its ability to collect mortgages that are in arrears. The Government may also seek to influence how credit institutions set interest rates on mortgages, may amend the Personal Insolvency Act to reduce the entitlements 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 and 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. 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 loan book (in particular, its residential mortgage book) may become subject to further supervision and scrutiny by the Government, the Central Bank and CCPC, which could result in regulation and control of the Group's loan book and therefore result in a reduction in the Group's level of lending, interest income and net interest margin and/or increased operational costs.

**15 *The Group is subject to conduct risk, including changes in laws, regulations and practices of relevant authorities and the risk that its practices are challenged under current regulations or standards, and if it is deemed to have breached any of these laws or regulations, it could suffer reputational damage or become subject to challenges by customers or competitors, or sanctions, fines or other actions***

The Group is exposed to conduct risk, which the Group defines as the risk that inappropriate actions or inactions cause poor or unfair customer outcomes or market instability. Certain aspects of the Group's business may be determined by regulators in various jurisdictions or by courts not to have been conducted in accordance with applicable local or, potentially, overseas laws and regulations, or in a fair and reasonable manner as determined by the local ombudsman. If the Group fails to comply with any relevant laws or regulations, it may suffer reputational damage and may be subject to challenges by customers or competitors, or sanctions, fines or other actions imposed by regulatory authorities. The Group's practices may also be challenged under current regulations and standards. There is also a risk that pressures from the media, consumer groups and/or politicians could influence the agenda of the Central Bank and the FCA.

In September 2015, the Central Bank wrote to the Group to inform the Group that it had embarked on a broader examination of tracker mortgage-related issues across lenders that offered tracker interest rate mortgages to their customers in the Irish market (including AIB Bank and certain of its subsidiaries located in Ireland) (the "Tracker Mortgage Examination"). In December 2015, the Central Bank confirmed to the affected lenders that the objective of the Tracker Mortgage Examination was to assess compliance with both contractual and regulatory requirements relating to tracker mortgages and in circumstances where customer detriment is identified from the Tracker Mortgage Examination, to provide appropriate redress and compensation in line with the Central Bank's 'Principles for Redress'. In 2015, the Group provisioned €190 million relating to the Tracker Mortgage Examination. In 2017, this was increased by a further €40 million in relation to customer redress and compensation and other costs associated with the Tracker Mortgage

Examination. While the Directors believe that this figure is appropriate, there can be no assurance that the final cost to the Group will not be in excess of this amount, including as a result of:

- challenge by the Central Bank, rulings by the Financial Services Ombudsman or customer litigation, in particular, in relation to the entitlement of particular cohorts of customers to revert to a tracker mortgage and associated redress and compensation;
- sanction by the Central Bank; and
- challenge by the Central Bank to the Group's redress and compensation package.

Other Irish banks have been or are being made subject to regulatory sanctions by the Central Bank in connection with the Tracker Mortgage Examination or related exercises by the Central Bank and the Group cannot rule out the possibility of such sanctions being taken against the Group in connection with the Tracker Mortgage Examination.

In addition, the Group may be subject to allegations of mis-selling of financial products, including as a result of having sales practices and/or reward structures in place that are subsequently determined to have been inappropriate. This may result in adverse regulatory action (including significant fines) or requirements to amend sales processes, withdraw products or provide restitution to affected customers, any or all of which could result in the incurrence of significant costs, may require provisions to be recorded in the financial statements and could adversely impact future revenues from affected products.

Changes in laws or regulations may vastly change the requirements applicable to the Group in a short period of time and/or without transitional arrangements. If the Group is unable to manage these risks, its business, results of operations, financial condition and prospects could be materially adversely affected.

#### **Risks related to business operations, governance and internal control systems**

##### ***16 The Group is subject to credit risks in respect of customers and counterparties, including risks arising due to concentration of exposures across its loan book, and any failure to manage these risks effectively could have a material adverse effect on its business, financial condition, results of operations and prospects***

Risks arising from changes in credit quality and the recoverability of loans and other amounts due from customers and counterparties are inherent in a wide range of the Group's businesses. In addition to the credit exposures arising from loans to individuals, small and medium size enterprises ("SMEs") and corporates, the Group also has exposure to credit risk arising from loans to financial institutions, its trading portfolio, available for sale and held to maturity portfolios, derivatives and from off-balance sheet guarantees and commitments. Due to the nature of its business, the Group has extensive exposure to the Irish property market, both because of its mortgage lending activities and its property and construction loan book. Accordingly, any development that adversely affects the Irish property market could have a significant impact on the Group.

The Group's monitoring of its loan portfolio is dependent on the effectiveness, and efficient operation, of its processes including credit grading and scoring systems and there is a risk that these systems and processes may not be effective in evaluating credit quality. If the Group is unable to manage its credit risk effectively, its business, results of operations, financial condition and prospects could be materially adversely affected.

##### ***17 The Group's strategy may not be optimal and/or not successfully implemented***

The Group has identified several strategic objectives for its business. There can be no assurance that the Group's strategy is the optimal strategy for delivering returns to shareholders. The various elements of the Group's strategy may be individually unnecessary or collectively incomplete. The Group's strategy may also

prove to be based on flawed assumptions regarding the pace and direction of future change across the banking sector. Finally, the Group may not be successful in implementing its strategy in a cost-effective manner. The Group's business, results of operations, financial condition and prospects could be materially adversely affected if any or all of these strategy-related risks were to materialise.

The Group operates in competitive markets in Ireland and the UK, with market share and associated profits depending on a combination of factors including product range, quality and pricing, reputation, brand performance, and relative sales and distribution strength, among others.

Medium-term competitive risks include:

- more intense price-based competition from incumbent providers;
- an increase in the use of intermediaries in the mortgage market;
- the emergence of new, lower-cost, competitors in the Irish mortgage market;
- sustained disintermediation of traditional banks, including the Group, from specialist and generalist product lines;
- the internationalisation of supply and demand for low-complexity products such as deposits;
- the successful establishment of virtual banks; and
- the introduction of the PSD2, which may enable the emergence of payment aggregators, which could in turn significantly reduce the relevance of traditional bank platforms and weaken brand relationships.

In addition, the Central Bank is focused on the promotion of higher levels of competitive intensity in the banking market, in common with regulators in other European jurisdictions. Mortgage interest rates in Ireland are higher than eurozone norms and this, together with the low incidence of switching mortgage providers, is an area of focus for the Central Bank. The entry of bank and non-bank competitors into the Group's markets may put additional pressure on the Group's income streams and, consequently, have an adverse impact on its financial performance.

**18 *If a poor or inappropriate culture develops across the Group's business, this may adversely impact its performance and impede the achievement of its strategic goals***

The Group must continually develop and promote an appropriate culture that drives and influences the activities of its business and staff and its dealings with customers in relation to managing and taking risks and ensuring risk considerations continue to play a key role in business decisions. It is senior management's responsibility to ensure that the appropriate culture is embedded throughout the organisation. As was demonstrated by many banks during the financial crisis, if an inappropriate culture develops, then a strategy or course of action could be adopted that results in poor customer outcomes. If the Group is unable to maintain an appropriate culture, this could have a negative impact on the Group's business, result of operations, financial condition and prospects.

**19 *Damage to the Group's brand or reputation could adversely affect its relationships with customers, staff, shareholders and regulators***

Management aims to ensure that the Group's brands, which include the AIB and EBS brands in Ireland, the Allied Irish Bank (GB) brand in Great Britain and the First Trust Bank brand in Northern Ireland, are at the heart of its customers' financial lives by being useful, informative, easy to use and providing an exceptional customer experience. The Group's relationships with its stakeholders, including its customers, staff and regulators, could be adversely affected by any circumstance that causes real or perceived damage to its brands

or reputation. In particular, any regulatory investigations, inquiries, litigation, actual or perceived misconduct or poor market practice in relation to customer-related issues could damage the Group's brands and/or reputation. Any damage to the Group's brands and/or reputation could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

**20 *Constraints on the Group's access to funding, including a loss of confidence by depositors or curtailed access to wholesale funding markets, may result in the Group being required to seek alternative sources of funding***

Conditions may arise which would constrain funding or liquidity opportunities for the Group over the longer term. Currently, the Group funds its lending activities primarily from customer accounts. Consequently, a loss of confidence by depositors in the Group, the Irish banking industry or the Irish economy, could ultimately lead to a reduction in the availability and/or increase in the cost of funding or liquidity resources. Concerns around debt sustainability and sovereign downgrades in the eurozone could impact the Group's deposit base and could impede access to wholesale funding markets, adversely impacting the ability of the Group to issue debt securities or regulatory capital instruments to the market. Execution risk in respect of the Group's MREL issuance plan may arise as AIB Group MREL-eligible issuance products have limited precedent, and this may result in a lack of depth to the market and minimal investor demand. At the same time, competitor banks across Europe will be following a similar strategy.

The Group could also be negatively affected by actual or perceived deterioration in the soundness of other financial institutions and counterparties. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, industry payment systems, clearing houses, banks, securities firms and exchanges with whom the Group interacts on a daily basis.

A stable customer deposit base has allowed the Group to reduce its wholesale funding requirements over the last several years. This, in turn, has facilitated an increase in the Group's unencumbered high-quality liquid assets. The Group has also identified certain management and mitigating actions which could be considered on the occurrence of a liquidity stress event. However, in the unlikely event that the Group exhausted these sources of liquidity it would be necessary to seek alternative sources of funding from monetary authorities.

**21 *Downgrades to the Issuer's, Ireland's sovereign or other Irish bank credit ratings or outlook could impair the Issuer's access to private sector funding, trigger additional collateral requirements and weaken its financial position***

AIB's long-term senior unsecured debt is rated BB+ (with a positive outlook) by Standard & Poor's Credit Market Services Europe Limited ("S&P") (from March 2018), Ba2 (with a positive outlook) by Moody's Investor Service Limited ("Moody's") (from March 2018) and BBB- (with a positive outlook) by Fitch Ratings Limited ("Fitch") (from March 2018). Each of S&P, Moody's and Fitch is registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. Over the longer term, downgrades in the credit ratings of AIB could have an adverse impact on the volume and pricing of its wholesale funding and its financial position, restrict its access to the debt capital and 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. Furthermore, as a consequence of the Group's operations being focused on the Irish market, any downgrade of Ireland's sovereign credit rating or a downgrade of one or more other Irish banks with large shares in the concentrated Irish banking market would be likely to impair the Group's access to private sector funding and weaken its financial position.

**22 *The Group's risk management systems, processes, guidelines and policies may prove inadequate for the risks faced by its business and any failure to properly assess or manage the risks which it faces could cause harm to the Group's business***

The Group is exposed to a number of material risks, such as business risk, capital adequacy risk, funding and liquidity risk, credit risk, market risk, pension risk, regulatory compliance risk, operational risk, restructure execution risk, model risk and conduct risk, that it manages through its risk management framework. Although the Group invests substantially in its risk management strategies and techniques, there is a risk that these fail to fully mitigate the risks in some circumstances. Furthermore, senior management is required to make complex judgements and there is a risk that the decisions made by senior management may not be appropriate or yield the results expected or that senior management may be unable to recognise emerging risks in order to take appropriate action in a timely manner.

**23 *The Group uses models across many, though not all, of its activities and if these models prove to be inaccurate, its management of risk may be ineffective or compromised and/or the value of its financial assets and liabilities may be overestimated or underestimated***

The Group uses models across many, though not all, of its activities including, but not limited to, capital management, credit grading, provisioning, valuations, liquidity, pricing and stress testing. The Group also uses financial models to determine the fair value of derivative financial instruments, financial instruments through profit or loss, certain hedged financial assets and financial liabilities and financial assets classified as available for sale in accordance with IFRS. Since the Group uses risk measurement models based on historical observations, there is a risk that it underestimates or overestimates exposure to various risks to the extent that future market conditions deviate from historical experience. Furthermore, as a result of evolving regulatory requirements, the importance of models across the Group's business has been heightened and their importance may continue to increase, in particular because of reforms introduced by the Basel Committee on Banking Supervision. If the Group's models do not accurately estimate its exposure to various risks, it may experience unexpected losses. The Group may also incur losses as a result of decisions made based on inaccuracies in these models, including the data used to build them or an incomplete understanding of these models.

The Group's credit models are subject to ongoing regulatory reviews and inspections, which may give rise to additional capital requirements, replacement of internal ratings-based ("IRB") models with a standardised approach or reputational risk for the Group.

CRD IV provides for the use of an IRB approach to credit risk. Subject to certain minimum conditions and disclosure requirements, banks that have received regulatory approval to use the IRB approach may rely on their own internal estimates or risk components in determining the capital requirement for a given exposure.

If the Group's models are not effective in estimating its exposure to various risks or determining the fair value of its financial assets and liabilities or if its models prove to be inaccurate, its business, financial condition, results of operations and prospects could be materially adversely affected.

The Group requires approval from the ECB in order to implement new IRB models or to change existing approved IRB models. It is also subject to reviews and inspections from the ECB and other regulatory bodies in relation to the models, such as the Targeted Review of Internal Models ("TRIM"), a process being undertaken by the ECB in systemically important banks subject to its supervision from 2017. TRIM is being undertaken to increase harmonisation in approaches to internal models used by banks across the EU.

**24 *The Group has a high level of criticised loans on its statement of financial position and there can be no assurance that it will continue to be successful in reducing the level of these loans. The management of criticised loans also gives rise to risks, including the vulnerability to challenge by customers and/or third parties, re-default, changes in the regulatory regime, further losses, costs and the diversion of management attention and other resources from the Group's business***

The Group has a high level of criticised loans, which are defined as loans requiring additional management attention over and above that normally required for the loan type.

Criticised loans include “watch”, “vulnerable” and “impaired” loans. The Group has been proactive in managing its criticised loans, in particular through restructuring activities and the Mortgage Arrears Resolution Process (“MARP”) that was introduced in order to comply with the Central Bank’s CCMA. The Group has reduced the level of criticised loans, however, there can be no assurance that the Group will continue to be successful in reducing the level of its criticised loans.

The percentage of the Group’s loan portfolio which is impaired is higher than the average of other European financial institutions and remains a main concern for the Group’s joint supervisory team at the ECB and Central Bank in light of the implications for the Group’s profitability, capital and senior management agenda.

The monitoring of such loans can be time-consuming and typically requires case-by-case resolution, which may divert resources from other areas of the Group’s business.

The Group’s ability to manage criticised loans may be adversely affected by changes in the regulatory regime or changes in government policy.

**25 *The Group faces operational risks – including people, cyber, outsourcing, process and systems risks***

Operational risk is the risk arising from inadequate or failed internal processes, people and systems, or from external events. This includes legal risk, which is the potential for loss arising from the uncertainty of legal proceedings and potential legal proceedings, but excludes strategic and reputational risk.

Currently, the Group considers an area of heightened risk to be people risk. People risk is the risk associated with being unable to recruit and retain appropriately skilled staff to ensure the stability of the business in the long term.

Under the terms of the recapitalisation of the Group by the Irish Government, the Group is required to comply with certain executive pay and compensation arrangements, including a cap on salaries as well as a ban on bonuses and similar incentive-based compensation applicable to employees of Irish banks who have received financial support from the Irish Government. As a result of these restrictions, and in the increasingly competitive markets in Ireland and the UK, the Group may not be able to attract, retain and remunerate highly skilled and qualified personnel. Failure by the Group to staff its day-to-day operations appropriately or failure to attract and appropriately develop, motivate and retain highly skilled and qualified personnel could have an adverse effect on the Group’s results, financial condition and prospects. In addition, employees have been affected by a number of developments in recent years, including significant headcount reductions, reductions in compensation and a significant level of change across the organisation, and these developments may give rise to employee dissatisfaction and/or tensions with trade unions.

The Group’s employees are expected to continue to be affected by change across the organisation, as the Group’s business model evolves to meet customer demand and reacts to competitive pressures. Additional change within 2018 will be driven by the implementation of the Group’s property programme with

approximately 2,300 employees moving to new locations within Dublin – Central Park (Sandyford) and Molesworth Street.

The Group's business is dependent on the accurate and efficient processing and reporting of a high volume of complex transactions across numerous and diverse products and services. This is enabled by a high-performing information technology (IT) and communications infrastructure, on which the Group relies. Weaknesses or issues, which result in these systems or processes not operating as expected, could have an adverse effect on the Group's results and on its ability to deliver appropriate customer outcomes or to achieve organisational objectives. In addition, any breach in security of the Group's systems (for example from increasingly sophisticated cybercrime attacks), could disrupt its business, result in the disclosure of confidential information or create significant financial and/or legal exposure and the possibility of damage to the Group's reputation and/or brand.

The proper functioning of information technology ("IT") and communications systems and its related operational processes are critical to the Group's success and these may not operate as expected, including as a result of technical failures, human error, unauthorised access, cybercrime, natural hazards or disasters, or similarly disruptive events.

The Group is dependent on the performance of third party service providers and if these providers do not perform their services or fail to provide services to the Group or renew their licences with the Group, the Group's business could be disrupted and it could incur unforeseen costs.

The Group seeks to ensure that procedures are in place to effectively manage the relevant data protection obligations of its employees and any third-party service providers, and also continues to enhance security measures to help prevent cybercrime. Notwithstanding such efforts, the Group is exposed to the risk that personal customer data could be wrongfully lost, disclosed or stolen, as a result of human error or otherwise.

The Group maintains insurance policies to cover a number of risk events. These include financial policies (comprehensive crime/computer crime; professional indemnity/civil liability; employment practices liability; and directors' and officers' liability) and a suite of general insurance policies to cover such matters as property and business interruption, terrorism, combined liability and personal accident. There can be no assurance, however, that the level of insurance the Group maintains is appropriate for the risks to its business or adequate to cover all potential claims.

## ***26 The Group may have insufficient capital to meet increased minimum regulatory requirements***

The Group is subject to minimum capital requirements as set out in CRD IV and implemented under the SSM. As a result of these and other regulatory requirements, banks in the EU have been, and could continue to be, required to increase the quantity and the quality of their regulatory capital. Given this regulatory context and the levels of uncertainty in the current economic environment, there is a possibility that the economic output over the Group's capital planning period may be materially worse than expected and/or that losses on the Group's credit portfolio may be above forecast levels. Were such losses to be significantly greater than currently forecast, or capital requirements for other material risks, such as pension risk, to increase significantly, there is a risk that the Group's capital position could be eroded to the extent that it would have insufficient capital to meet its regulatory requirements. In particular, capital levels may be negatively affected by volatility arising from the defined benefit pension schemes and the available-for-sale portfolio values.

**27 *The Group is subject to the risk that the funding position of its defined benefit pension schemes could deteriorate, requiring it to make additional contributions***

The Group faces the risk that the funding position of its defined benefit pension schemes will deteriorate, requiring it to make additional contributions, adversely affecting its capital position. The Group maintains a number of defined benefit pension schemes for certain current and former employees. These defined benefit schemes were closed to future accruals from 31 December 2013. In relation to these schemes, the Group faces the risk that the funding position of the schemes will deteriorate over the longer term. This may require the Group to make additional contributions above what is already planned to cover its pension obligations towards current and former employees. Furthermore, pension deficits as reported are a deduction from capital under CRD IV. Accordingly, any increase in the Group's pension deficit may adversely affect its capital position. There could also be a negative impact on industrial relations if the funding level of the schemes were to deteriorate.

The Group received approval from the Pensions Authority in 2013 in relation to a funding plan up to 30 June 2018 with regard to the regulatory minimum funding standard (the "MFS") requirements of the AIB Irish Pension Scheme. The Group made the final payment required under the funding plan in January 2018, though the MFS requirements test of assets and liabilities will take place following the end of the funding plan in June 2018. For the defined benefit scheme in the UK, the Group established an asset-backed funding vehicle to provide the required regulatory funding. Nonetheless, a level of volatility associated with pension funding remains due to potential financial market fluctuations and possible changes to pension and accounting regulations. This volatility can be classified as market risk and actuarial risk. Market risk arises because the estimated market value of the pension scheme assets may decline or their investment returns may decrease due to market movements. Actuarial risk arises due to the risk that the estimated value of the pension scheme liabilities may increase due to changes in actuarial assumptions.

Pension risk is monitored and controlled in line with the requirements of the Group's pension risk Framework. The extent of the IAS 19 'Employee Benefits' surplus or deficit is monitored on a monthly basis. In addition, the potential change in this value over a one-year time period is assessed on a monthly basis and is reported versus a Group risk appetite statement watch trigger.

**28 *Deferred tax assets that are recognised by the Group may be affected by changes in tax legislation, the interpretation of such legislation or relevant practices. The Group is also required under capital adequacy rules to deduct from its CET1 capital the value of most of its deferred tax assets, which may result in it being required to hold more capital***

As at 31 December 2017, the Group had €2.7 billion of deferred tax assets on its statement of financial position, substantially all of which related to unused tax losses.

Changes in tax legislation or the interpretation of such legislation, regulatory requirements, accounting standards or practices of relevant authorities could adversely affect the basis for recognition of the value of these losses. In the United Kingdom, for instance, legislation has been introduced to restrict the proportion of a bank's taxable profit that can be offset by certain carried forward losses to 50 per cent., effective from 1 April 2015, resulting in a decrease in the Group's deferred tax asset for the year ended 31 December 2015. This was subsequently further reduced to 25 per cent., effective from 1 April 2016. This legislation has adversely affected the value of the Group's deferred tax assets in relation to its UK operations. If similar legislation were to be introduced in Ireland, this could have a further adverse impact on the value of the Group's deferred tax assets, which could adversely affect the Group's business, results of operations, financial condition and prospects. There is also a risk that the Group may not generate the necessary future taxable profits in Ireland or in the UK, to support the current level of deferred tax assets.

The capital adequacy rules under CRD IV also require the Group, among other things, to deduct from its CET1 capital the value of most of its deferred tax assets, including all deferred tax assets arising from unused tax losses. This deduction from CET1 capital commenced in 2015 and is to be phased in evenly over 10 years, although this phasing may be subject to change. Because of these rules, the Group may be required to hold more capital in the transitional period to offset the phased-in deductions from CET1 capital.

***29 Pursuant to the AIB Relationship Framework, certain other agreements entered into between AIB and the Irish Government, and certain general legislative powers, the Irish Government has the right to exercise a degree of influence over certain specified aspects of the Group's activities***

The Minister for Finance specified an amended and restated relationship framework in relation to AIB Bank (the "AIB Bank Relationship Framework") which took effect on 27 June 2017. The AIB Bank Relationship Framework amended and restated the relationship framework specified by the Minister for Finance in relation to AIB on 29 March 2012 (the "2012 Relationship Framework"). In addition, following the corporate reorganisation, the AIB Bank Relationship Framework was superseded by the relationship framework between the Minister for Finance and AIB, which came into effect on 11 December 2017 (the "AIB Relationship Framework"). Under the AIB Relationship Framework, while the authority and responsibility for strategy and commercial policies (including business plans and budgets) and the conduct of the Group's day-to-day operations rests in all cases with the AIB Board and its management team, AIB, and, where relevant, AIB Bank are required, in connection with certain specified aspects of AIB's activities, to consult with the Minister for Finance. In particular, AIB must, subject to certain exceptions, provide the Minister for Finance with all Board and committee papers concurrently with the distribution to the AIB Board or the Board of AIB Bank, as relevant, copies of its financial, accounting and taxation information and records, copies of relevant audit documents and any other relevant information reasonably required by the Minister for Finance (among other things) to comply with applicable law and regulations or to respond to requests from the Oireachtas (the Irish legislature). The AIB Relationship Framework also grants the Minister for Finance the right, at all times, to nominate up to two non-executive directors for appointment to the AIB Board and to the Board of AIB Bank.

The Group is also subject to various obligations under the placing agreements and minister's letter signed with the government in 2010 and 2011 that relate to: (a) restrictions on reduction of reserves; (b) restrictions on director and senior executive/employee remuneration and termination payments; (c) assisting in the placing, offer to the public or admission to trading of AIB shares owned by the Minister for Finance; and (d) rights to obtain information. These agreements and the letter also impose certain requirements on the Group in relation to its lending activities and remuneration policies, among other areas, including the requirement to continue to provide the Irish Government with certain information and consultation/consent rights.

In addition to these contractual rights, the Irish Government also has certain statutory powers under the National Asset Management Agency Act 2009 ("NAMA"), the credit institutions financial support scheme (the "CIFS Scheme") and the Credit Institutions (Eligible Liabilities Guarantees) Scheme (the "ELG Scheme"). As such, the NAMA programme continues to apply to the Group, and the CIFS Scheme and the ELG Scheme continues to apply to the AIB CIFS-covered institutions and the AIB ELG-participating institutions, and their respective subsidiaries. The terms and conditions of the CIFS Scheme and the ELG Scheme place certain restrictions on, and require AIB to submit to a degree of governmental regulation in relation to, the operation of AIB's business, including the payment of dividends, the appointment of directors, and restructuring plans. In the event the Irish Government elects to exercise these powers or invoke these rights, this may serve to limit the Group's operations and place significant demands on the reporting systems and resources of the Group.

The composition of the Irish Government is subject to change depending on the ability of the Irish Government to arrive at and maintain an agreed position on its programme, policies and actions, the outcome of elections for the Oireachtas and support by the Oireachtas for that programme and those policies and actions. The current Irish Government is not in a position to rely on a majority of members of the Oireachtas to support it in all circumstances. Changes in the composition of the Oireachtas or the Irish Government may result in changes to the laws or the programme, policies or actions of the Irish Government, which may have a material adverse effect on the Group's business, results of operations, financial condition, ownership and prospects.

### **Risks Related to the Issuance of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

#### **30 *Notes subject to optional redemption by the Issuer***

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, or during any period in which there is an actual or perceived increase in the likelihood that the Issuer may elect to redeem the Notes in the future, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor would generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

#### **31 *Subordinated Notes subject to redemption for regulatory reasons***

Subordinated Notes may be redeemed for regulatory reasons in accordance with Condition 5(d) of the Subordinated Notes upon the occurrence of a Capital Disqualification Event (as defined in Condition 16 of the Subordinated Notes). In the event of a redemption for regulatory reasons, there can be no assurance that an investor will be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Subordinated Notes being redeemed. In addition, there can be no assurance that the market value of the Subordinated Notes immediately prior to notice of the redemption for regulatory reasons being given will not be higher than the price at which they can be redeemed. Conversely, the market price of Subordinated Notes may be affected following the occurrence of a Capital Disqualification Event or as a result of the perception that the right to redeem for regulatory reasons may be triggered in the future.

#### **32 *Certain Senior Notes subject to redemption following a Loss Absorption Disqualification Event***

As the implementation of MREL under the BRRD is subject to the adoption of further secondary legislation and implementation in Ireland, there can be no assurance that Loss Absorption Notes will qualify in full towards the Issuer's, or the Regulatory Group's (as defined in Condition 16 of the Senior Notes), minimum requirements for (A) own funds and eligible liabilities and/or (B) loss absorbing capacity instruments, in each case as such minimum requirements are applicable to AIB and/or the Regulatory Group.

Further, if at any time a Loss Absorption Disqualification Event (as defined in Condition 16 of the Senior Notes) occurs and is continuing in relation to any Series of Loss Absorption Notes, and if the relevant Final Terms specify that AIB has the option to redeem such Senior Notes upon the occurrence of a Loss Absorption Disqualification Event, AIB may redeem all, but not some only, of the Senior Notes of such Series in

accordance with Condition 5(c) of the Senior Notes at the applicable Early Redemption Amount, together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption.

In the event of such a redemption, there can be no assurance that an investor will be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Senior Notes being redeemed. In addition, there can be no assurance that the market value of the Senior Notes immediately prior to notice of the redemption being given will not be higher than the price at which they can be redeemed. Conversely, the market price of Senior Notes may be affected following the occurrence of a Loss Absorption Disqualification Event or as a result of the perception that such right to redeem may be triggered in the future.

### **33 *Redemption for Taxation Reasons***

On the occurrence of a tax event (as described in Condition 5(b) of the Senior Notes or, as applicable, the Subordinated Notes), AIB may, at its option (but subject to certain conditions, including, in the case of Subordinated Notes, Condition 5(h) and, in the case of Loss Absorption Notes, Condition 5(i)) redeem all, but not some only, of any relevant Series of Notes at the applicable Early Redemption Amount, together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption.

### **34 *Substitution or variation of Notes***

If, in the case of any Series of Subordinated Notes, “Substitution and Variation” is specified as being applicable in the relevant Final Terms, then following the occurrence of a Tax Event or Capital Disqualification Event, AIB may, subject as provided in Condition 5(i)(ii) of the Subordinated Notes and without the need for any consent of the Noteholders or the Couponholders, substitute all (but not some only) of such Series of Subordinated Notes for, or vary the terms of such Series of Subordinated Notes so that they remain or become, Tier 2 Compliant Notes (as defined in Condition 16 of the Subordinated Notes).

If, in the case of any Series of Senior Notes, “Substitution and Variation” is specified as being applicable in the relevant Final Terms, then following the occurrence of a Loss Absorption Disqualification Event, AIB may, subject as provided in Condition 5(j)(ii) of the Senior Notes and without the need for any consent of the Noteholders or the Couponholders, substitute all (but not some only) of such Series of Senior Notes for, or vary the terms of such Series of Senior Notes so that they remain or become, Loss Absorption Compliant Notes (as defined in Condition 16 of the Senior Notes).

No assurance can be given as to whether any of these changes will negatively affect any particular holder. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding such Notes prior to such substitution or variation.

### **35 *Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest rate may affect the secondary market in, and the market value of, such Notes. If the Notes are converted from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Notes are converted from a floating rate to a fixed rate, the fixed rate in such circumstances may be lower than then prevailing market rates.

### **36 *Resetable Notes***

In the case of any Notes that are Resetable Notes, the rate of interest on such Resetable Notes will be reset by reference to the then prevailing Mid-Swap Rate, as adjusted for any applicable margin, on the reset dates

specified in the relevant Final Terms. This is more particularly described in Condition 4(b)(i) of the Senior Notes and the Subordinated Notes. The reset of the rate of interest in accordance with such provisions may affect the secondary market for, and the market value of, such Resettable Notes. Following any such reset of the rate of interest applicable to Resettable Notes, the new rate may be lower than the previous rate of interest.

### **37 *Notes issued at a substantial discount or premium***

The market values of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### **38 *The Issuer's obligations under the Subordinated Notes***

The Issuer's obligations under the Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of Senior Creditors (as defined in Condition 16 of the Subordinated Notes). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is an increased risk that an investor in Subordinated Notes will lose all or some of his investment should the Subordinated Notes become subject to the Write-Down Tool when the Issuer is failing or likely to fail or the Issuer becomes insolvent or subject to the Resolution Tools (see "*—The BRRD contains resolution tools and other measures that may have a material adverse effect on the Group and Noteholders*").

### **39 *Limited remedies for non-payment in respect of Subordinated Notes and certain Senior Notes***

The sole remedy against AIB available to the Trustee or any Noteholder or Couponholder for recovery of amounts owing in respect of or arising under any Subordinated Notes will be the institution of proceedings for the winding up of AIB in Ireland but not elsewhere and/or proving in any Winding-Up of AIB.

Similarly, in respect of any Senior Notes where the relevant Final Terms specify "Restricted Events of Default" as being applicable, the sole remedy against AIB available to the Trustee or any Noteholder or Couponholder for recovery of amounts owing in respect of or arising under such Senior Notes will be the institution of proceedings for the winding up of AIB in Ireland but not elsewhere and/or proving in any Winding-Up of AIB.

As the remedies available to holders of Subordinated Notes or of Senior Notes with restricted events of default are restricted as described above, the enforcement rights of holders' in respect of these Notes are extremely limited.

### **40 *No limitation on issuing senior or pari passu securities***

There is no restriction on the amount of securities or other liabilities which AIB (or other members of the Group) may issue or incur and which rank senior to, or *pari passu* with, Subordinated Notes. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Notes on a Winding-Up of AIB.

### **41 *Limitation on gross-up obligation under Subordinated Notes***

AIB's obligation to pay additional amounts in respect of any withholding or deduction for or on account of Irish taxes under the terms of the Subordinated Notes applies only to payments of interest due and payable under the Subordinated Notes and not to payments of principal (which term, for these purposes, includes any premium, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Amortised Face Amount and any other amount (other than interest) payable in respect of Subordinated Notes). As such, AIB would not be required to pay any additional amounts under the terms of the Subordinated Notes to the extent any withholding or deduction for or on account of Irish tax is applied to payments of principal.

Accordingly, if any such withholding or deduction were to apply to any payments of principal under any Subordinated Notes, holders of such Subordinated Notes would, upon repayment or redemption of such Subordinated Notes, be entitled to receive only the net amount of such redemption or repayment proceeds after deduction of the amount required to be withheld. Therefore, holders may receive less than the full amount due under such Subordinated Notes, and the market value of such Subordinated Notes may be adversely affected as a result.

#### ***42 No rights of set-off***

Subject to applicable law, no holder of a Subordinated Note or a Senior Note where the relevant Final Terms specify “Waiver of Set-off” as being applicable (or, in each such case, a Coupon relating thereto) may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by AIB in respect of, arising under or in connection with such Note (or the Coupons relating thereto) and each holder of such Note (or the Coupons relating thereto) shall, by virtue of its holding of any such Note or Coupon, be deemed to have waived all such rights of set-off.

#### ***43 Notes issued as Green Bonds may not be a suitable investment for all investors seeking exposure to green assets***

The Final Terms relating to any specific Tranche of Notes may provide that it will be AIB’s intention to apply the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and other environmental purposes (“Green Projects”). Prospective investors should have regard to the information set out in the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary.

In particular no assurance is given by AIB that the use of such proceeds for any Green 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 Green Projects.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or “sustainable” or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as “green” or “sustainable” or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Projects will meet any or all investor expectations regarding such “green”, “sustainable” 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 Green Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by AIB) which may be made available in connection with the issue of any Notes and in particular with any Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by AIB or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as at 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 such Notes. 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 such Notes are listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by AIB 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 Green Projects. 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 AIB or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for Green Projects in, or substantially in, the manner described in the relevant Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Green 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 proceeds will be totally or partially disbursed for such Green Projects. Nor can there be any assurance that such Green 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. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any Green Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that AIB 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 such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance Green Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

#### ***44 The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”***

Interest rates and indices which are deemed to be “benchmarks” (such as a Reference Rate), 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 Notes linked to or referencing such a “benchmark”. Regulation (EU) 2016/1011 (the “Benchmarks Regulation”) was published in the Official Journal of the European Union on 29 June 2016 and became applicable from 1 January 2018. 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. It will, among other things, (i) require 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) prevent certain uses by EU supervised entities (such as the Issuer) of

“benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a “benchmark” (such as Floating Rate Notes and Resetable Notes), 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 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, the Chief Executive of the FCA announced that the FCA 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. The potential elimination of the LIBOR benchmark or any other benchmark (including, for example, EURIBOR), or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Floating Rate Notes and Resetable Notes whose interest rates are linked to LIBOR). Such factors may have the following effects on certain “benchmarks” (i) discourage market participants from continuing to administer or contribute to the “benchmark”, (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead 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 Notes linked to or referencing a “benchmark”.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark”.

Investors should be aware that, if LIBOR or any other benchmark (including, for example, EURIBOR) were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes or Resetable Notes which reference LIBOR or such other benchmark will be determined for the relevant period by the fallback provisions applicable to such Notes. Depending on the manner in which the LIBOR (or other benchmark) rate is to be determined under the Terms and Conditions, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for the LIBOR (or such other benchmark) rate which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR (or such other benchmark) was available.

### **Risks Related to Notes Generally**

Set out below is a brief description of certain risks relating to the Notes generally:

#### **45 *The Issuer is a holding company***

The Notes issued by the Issuer are the obligation of the Issuer only. The Issuer is a holding company and conducts substantially all of its operations through its subsidiaries, and accordingly the claims of the Noteholders under the Notes issued by the Issuer will be structurally subordinated to the creditors of the Issuer’s subsidiaries. The Issuer’s subsidiaries are separate and distinct legal entities, and have no

obligation to pay any amounts due or to provide the Issuer with funds to meet any of the Issuer's payment obligations under the Notes. The Issuer's rights to participate in the assets of any subsidiary if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and any preference shareholders, except in the circumstance where the Issuer is also a creditor of such subsidiary with claims that are recognised to be ranked ahead of or *pari passu* with such claims. Accordingly, if one of the Issuer's subsidiaries were to be wound up, liquidated or dissolved, (i) the holders of Notes issued by the Issuer would have no right to proceed against the assets of such subsidiary, and (ii) the Issuer would only recover any amounts (directly, or indirectly through its holdings of other subsidiaries) in the liquidation of that subsidiary in respect of its direct or indirect holding of ordinary shares in such subsidiary, if and to the extent that any surplus assets remain following payment in full of the claims of the creditors and preference shareholders (if any) of that subsidiary.

As well as the risk of losses in the event of a Group subsidiary's insolvency, the Issuer may suffer losses if any of its loans to, or investments in, its subsidiaries are subject to statutory write-down and conversion powers or if the subsidiary is otherwise subject to resolution proceedings. The Issuer may in the future make loans to AIB Bank and its other subsidiaries, with the proceeds received from the Issuer's issuance of debt instruments. Where securities issued by the Issuer have been structured so as to qualify as capital instruments under CRD IV, the terms of the corresponding on-loan to AIB Bank may be structured to achieve equivalent regulatory capital treatment for such subsidiary. Accordingly, loans to AIB Bank may contain contractual mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of the Group or such subsidiary, would automatically result in a write-down or conversion into equity of such loans.

The Issuer retains its absolute discretion to restructure such loans to (or any other investments in) any of its Group subsidiaries, including the AIB Bank, at any time and for any purpose including, without limitation, in order to provide different amounts or types of capital or funding to such subsidiary as part of meeting regulatory requirements, including the implementation of MREL or the total loss absorbing capacity in respect of the Group and the relevant subsidiaries. A restructuring of a loan or investment made by the Issuer in a Group subsidiary could include changes to any or all features of such loan, including its legal or regulatory form, how it would rank in the event of resolution and/or insolvency proceedings in relation to the Group subsidiary, and the inclusion of a mechanism that provides for an automatic write-down and/or conversion into equity upon specified triggers. Any restructuring of the Issuer's loans to any of the Group subsidiaries may be implemented by the Issuer without prior notification to, or consent of, the Noteholders.

#### **46 *Modification, waivers and substitution***

The Terms and Conditions of the Senior Notes and the Subordinated Notes will contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) the substitution of a successor in business of the Issuer, a subsidiary of the Issuer or a successor in business thereof as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 10 of the Terms and Conditions of the Senior Notes and the Subordinated Notes.

#### **47 *European Monetary Union***

The Eurozone sovereign debt crisis has led to continuing and increased speculation that one or more Eurozone countries might abandon the euro as its national currency and even, although generally thought of as an extreme circumstance, the possible disappearance of the euro as a currency. There is a great deal of legal uncertainty surrounding these possibilities but it is likely, in the event that Ireland were to abandon the euro as its national currency, that contracts denominated in euro, including the Notes, would be redenominated into whatever currency replaced the euro as the national currency of Ireland with the possibility of consequent foreign exchange risk and the other uncertainties attendant on such an eventuality constituting risks relating to Notes denominated in euro.

#### **48 *Change of law***

The Terms and Conditions of the Notes are based on English law (and, to a limited extent, Irish law), in each case in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or Irish law or administrative practice after the date of issue of the relevant Notes.

#### **Risks Related to the Market Generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### **49 *The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This may particularly be the case for Notes 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 Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Illiquidity may have a severe adverse effect on the market value of Notes.

#### **50 *Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in the Specified Currency (as defined in Condition 16 of the Senior Notes and the Subordinated Notes). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes in the Investor's Currency.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of AIB to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### **51 *Interest rate risks***

Investment in Fixed Rate Notes or Resetable Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes or Resetable Notes, as the case may be.

### **52 *Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The 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 Notes. Further, one or more credit rating agencies may from time to time release unsolicited credit ratings reports in relation to the Notes without the consent or knowledge of AIB. AIB does not have any control over such reports or analyses and any adverse credit rating of the Notes could adversely affect the value of Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

### **53 *The Issuer is exposed to changing methodology by rating agencies***

The Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may result in a change in the ratings given to AIB or the Notes which in turn may materially and adversely affect AIB's operations or financial condition and capital market standing.

### **54 *Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are investments in which it may legally invest, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to any purchase or pledge by it of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be incorporated in, and form part of, this Base Prospectus:

- (a) (i) the audited consolidated financial statements of the Issuer prepared in accordance with IFRS for the financial year ended 31 December 2017, together with the audit report thereon as set out on pages 229 to 376 and (ii) the sections titled “Board of Directors” and “Leadership Team” on pages 28 to 31, in each case of the annual financial report of the Issuer for the year ended 31 December 2017, which has been previously published; and
- (b) the Pillar 3 disclosures of the Group for the year ended 31 December 2017, which have been previously published,

save that any statement contained herein, or in a document all or the relative portion of which is 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 herein or in any such document, all or the relative portion of which is deemed to be incorporated by reference herein, 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.

AIB will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the written request of any such person, a copy of any or all of the documents which, or portions of which, are incorporated herein by reference. Written requests for such documents should be directed to AIB at its registered office set out at the end of this Base Prospectus.

The documents referred to above are available electronically on AIB’s website via the following links:

<https://aib.ie/content/dam/aib/investorrelations/docs/resultscentre/annualreport/aib-annual-financial-report-2017.pdf>

<https://aib.ie/content/dam/aib/investorrelations/docs/resultscentre/pillar3/aib-2017-pillar-3-report.pdf>

The Issuer’s website and its contents are not otherwise incorporated into, and do not form part of, this Base Prospectus.

## **SUPPLEMENTARY INFORMATION**

If at any time AIB shall be required to prepare a supplement to this Base Prospectus pursuant to Article 16 of the Prospectus Directive, AIB will prepare and make available an appropriate supplement to this Base Prospectus as required by the Central Bank and Article 16 of the Prospectus Directive.

AIB has given an undertaking to the Dealers that if at any time during the duration of the Programme a significant new factor, material mistake or inaccuracy arises or is noted relating to the information included in this Base Prospectus which is capable of affecting an assessment by investors of any Notes and whose inclusion would reasonably be expected by them to be found in this Base Prospectus, for the purpose of enabling them to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of AIB and/or of the rights attaching to such Notes, AIB shall update or prepare an amendment or supplement to this Base Prospectus or publish a replacement base prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

## **DESCRIPTION OF THE PROGRAMME**

AIB may, from time to time, issue Notes denominated in such currencies as may be agreed with the relevant Dealer(s).

The Notes will be issued in series (each a “Series”). Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The issue price, issue date, maturity date, principal amount, interest rate (if any) applicable to any Notes, ranking and any other relevant provisions of such Notes will be agreed between AIB and the relevant Dealer(s) at the time of agreement to issue and will be specified in the Final Terms in respect of such Notes. In accordance with the Regulations and the prospectus rules issued by the Central Bank from time to time under Section 1363 of the Companies Act 2014 of Ireland or any equivalent provision in prior legislation (the “Prospectus Rules”), all Final Terms in respect of Listed Notes will be filed with the Central Bank.

Subject as set out herein, this Base Prospectus and any supplement hereto will only be valid for listing Notes up to an aggregate principal amount of €10,000,000,000 (or its equivalent in the other currencies specified herein) outstanding at any one time calculated on the basis specified in the Trust Deed.

## TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following (other than any sections in italics) is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Senior Notes in definitive form (if any) issued in exchange for Notes represented by a Note or Certificate in global form. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on Certificates relating to such Registered Notes (each capitalised term as defined below). All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Senior Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by a Trust Deed dated 14 March 2018 (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) between AIB Group plc (the “Issuer”) and BNY Mellon Corporate Trustee Services Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons (as defined below). An Agency Agreement dated 14 March 2018 (as amended or supplemented from time to time, the “Agency Agreement”) has been entered into in relation to the Notes between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Registrar”, the “Transfer Agents” and the “Calculation Agent(s)”. Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge during usual business hours at the specified offices of each of the Paying Agents and the Transfer Agents.

The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes in bearer form, talons for further Coupons (the “Talons”) (the “Couponholders”) are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed and are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

### **1 Form, Denomination and Title**

The Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”), in each case in the Specified Denomination(s) (as defined hereon).

This Note is a Fixed Rate Note, a Resettable Note, a Floating Rate Note, or a Zero Coupon Note.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2 No Exchange of Notes and Transfers of Registered Notes**

### **(a) No Exchange of Notes**

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes may not be exchanged for Registered Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

### **(b) Transfer of Registered Notes**

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar, the Issuing and Paying Agent, the Transfer Agents and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

### **(c) Delivery of New Certificates**

Each new Certificate to be issued pursuant to Condition 2(b) shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate(s) shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays

in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

**(d) *Transfers Free of Charge***

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

**(e) *Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(f), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

**3 Status**

**(a) *Status***

The Notes and Coupons constitute unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and Coupons shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

**(b) *No Set-off***

This Condition 3(b) shall apply only if “Waiver of Set-off” is specified on this Note as being applicable.

Subject to applicable law, no holder of a Note, or a Coupon relating thereto, may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, arising under, or in connection with the Notes or the Coupons relating thereto or the Trust Deed and each holder of a Note or a Coupon relating thereto shall, by virtue of his holding of any such Note or Coupon, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder or Couponholder by the Issuer in respect of or arising under or in connection with the Notes or the Coupons relating thereto is discharged by set-off, such Noteholder and Couponholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or in the event of its winding-up or examinership, the liquidator or, as applicable, examiner of the Issuer) and accordingly such discharge will be deemed not to have taken place, and until such payment is made shall hold an amount equal thereto in trust for the Issuer (or, as the case may be, the liquidator or, as applicable, examiner of the Issuer).

## 4 Interest and other Calculations

### (a) *Interest on the Notes*

#### (i) *Interest Payment Dates (Floating Rate Notes)*

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

#### (ii) *Business Day Convention*

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day (as defined below), then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such 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 (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (C) the Modified Following Business Day Convention, such 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 date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

#### (iii) *Rate of Interest for Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f).

#### (iv) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

##### (A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means

a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean 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 as at either 11.00 a.m. (London time in the case of London Interbank Offered Rate (“LIBOR”) or Brussels time in the case of Euro Interbank Offered Rate (“EURIBOR”)) on the Interest Determination Date in question as determined by the Calculation Agent. 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(i) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(ii) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of

Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels 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, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation 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 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, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels 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 Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period, provided however, that if there is no such rate available for the period of time next shorter or, as the case may be,

next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**(b) *Resetable Notes***

- (i) Each Resetable Note bears interest on its outstanding amount:
  - (A) from (and including) the Interest Commencement Date up to (but excluding) the First Resetable Note Reset Date at the Initial Rate of Interest;
  - (B) from (and including) the First Resetable Note Reset Date to (but excluding) the Second Resetable Note Reset Date or, if no such Second Resetable Note Reset Date is specified hereon, the Maturity Date, at the First Reset Rate of Interest; and
  - (C) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest.

Interest will be payable in arrear on each Resetable Note Interest Payment Date and on the date specified hereon as the Maturity Date.

**(ii) *Fallback Provisions for Resetable Notes***

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable) with such sum converted as set out in the definition of First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 4(b)(ii), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Resetable Note Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest (though substituting, in each case, the Subsequent Margin or First Margin, as appropriate, if different for each Reset Period).

**(c) *Zero Coupon Notes***

Where a Note, the Interest Basis of which is specified to be zero coupon, is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(e)(i)).

**(d) *Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 16).

**(e) *Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding***

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(a) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin specified on the Notes, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Optional Redemption Amount is specified on the Notes, then such Rate of Interest or Optional Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) Unless otherwise stated hereon, the Rate of Interest in respect of any Interest Period shall not be less than zero.
- (iv) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts which fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency which is available as legal tender in the countries of such currency.

**(f) *Calculations***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

**(g) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts***

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or (if applicable) Reset Determination Date or such other time on such date as it may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine

such rate and calculate the Interest Amounts for the relevant Interest Accrual Period or Reset Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period or Reset Period and the relevant Interest Payment Date and/or Resettable Note Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period or Reset Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any date is subject to adjustment pursuant to Condition 4(a)(ii), the Interest Amounts and the Interest Payment Date or Resettable Note Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period or Reset Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(h) *Calculation Agents***

The Issuer will procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Conditions applicable to this Note and for so long as it is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or Reset Period or to calculate any Interest Amount, Early Redemption Amount, Final Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirements, the Issuer will appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## **5 Redemption, Purchase and Options**

**(a) *Final redemption***

Unless previously redeemed, purchased and cancelled or (pursuant to Condition 5(j)) substituted, each Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) on the Maturity Date specified on each Note.

**(b) *Redemption for taxation reasons***

If, as a result of any amendment to, or change in, the laws or regulations of Ireland or any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the officially published application or interpretation or administration of any such laws or regulations which becomes effective on or after the Issue Date, the Issuer would, on the occasion of the next payment date in respect of the Notes, be required to pay additional amounts as provided in Condition 7, the Issuer may, at its sole discretion, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note) on giving not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 13 and (if this Note is a Loss Absorption Note) subject to Condition 5(i), redeem all, but not some only, of the Notes at their Early Redemption Amount as specified hereon together with interest accrued to the date fixed for redemption. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Trustee shall be entitled to accept such certificate without further inquiry as sufficient evidence of the satisfaction of the conditions precedent referred to above, in which event it shall be conclusive and binding on the Trustee and the holders of the Notes and Coupons.

**(c) *Redemption due to Loss Absorption Disqualification Event***

If a Loss Absorption Disqualification Event is specified on this Note as being applicable and if the Issuer determines that a Loss Absorption Disqualification Event has occurred and is continuing, the Issuer may redeem (at its sole discretion and subject to Condition 5(i)) all, but not some only, of the Notes, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) at their Early Redemption Amount as specified hereon together with interest accrued to the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice in accordance with Condition 13 (which notice shall be irrevocable).

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Trustee shall be entitled to accept such certificate without further inquiry as sufficient evidence of the satisfaction of the conditions precedent referred to above, in which event it shall be conclusive and binding on the Trustee, the Noteholders and the Couponholders.

**(d) *Purchases***

Subject, as applicable, to Condition 5(i), the Issuer and any of its subsidiaries may purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Notes (provided that, in the case of Bearer Notes, all unmatured Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in any manner and at any price.

**(e) *Early redemption***

**(i) *Zero Coupon Notes***

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Conditions 5(b) and 5(c) above or upon it

becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Conditions 5(b) and 5(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as described in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in paragraph (i) above), upon redemption of such Note pursuant to Conditions 5(b) and 5(c) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

(f) ***Redemption at the option of the Issuer***

If Call Option is specified on the Notes as being applicable, the Issuer may, at its sole discretion but subject to Condition 5(i) in the case of Loss Absorption Notes, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified on the Notes) redeem all (or, if so provided, some) of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the serial numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such

place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

**(g) *Redemption at the option of Noteholders***

If Put Option is specified on this Note as being applicable, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

**(h) *Cancellation***

All Notes redeemed or substituted by the Issuer pursuant to this Condition 5 will forthwith be cancelled. All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together, in the case of Bearer Notes, with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**(i) *Conditions to Redemption, Purchase or Modification of Loss Absorption Notes***

Any redemption, purchase or modification of any Loss Absorption Note in accordance with Conditions 5(b), 5(c), 5(d), 5(f) or 10, as the case may be, is subject to the following conditions:

- (i) the Issuer giving notice to the Relevant Regulator and the Relevant Regulator granting permission to redeem, purchase or modify the relevant Loss Absorption Notes (in each case to the extent, and in the manner, required by the Relevant Regulator and the Loss Absorption Regulations); and/or (as appropriate)
- (ii) compliance with any alternative or additional pre-conditions to such redemption, purchase or modification as may be required by the Relevant Regulator or the Loss Absorption Regulations at such time.

**(j) *Substitution and Variation***

If "Substitution and Variation" is specified on this Note as being applicable, then:

**(i) *Substitution and Variation***

If a Loss Absorption Disqualification Event has occurred and is continuing, the Issuer (in its sole discretion but subject to the provisions of paragraph (ii) below), having given:

- (A) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and
- (B) prior notice to the Trustee before the giving of the notice referred to in (A) and having delivered to the Trustee the certificate referred to in the definition of "Loss Absorption Compliant Notes" in Condition 16,

(which notices shall be irrevocable), may, without any requirement for the consent or approval of the Noteholders, either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Loss Absorption Compliant Notes. Upon the expiry of the notice referred to in (A) above, the Issuer shall either vary the terms of or, as the case may be, substitute the Notes in accordance with this Condition 5(j)(i) and, subject as set out in Conditions 5(j)(ii) and (iii), the Trustee shall agree to such substitution or variation.

In connection with any substitution or variation in accordance with this Condition 5(j), the Issuer shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading.

(ii) *Conditions to Substitution and Variation*

Any substitution or variation in accordance with this Condition 5(j) is subject to the following conditions:

- (A) the Issuer shall have obtained the permission from the Relevant Regulator (if then required by the Relevant Regulator or by the Loss Absorption Regulations at such time);
- (B) such substitution or variation must be permitted by, and conducted in accordance with, any other applicable requirement of the Relevant Regulator or under the Loss Absorption Regulations at such time;
- (C) such substitution or variation shall not result in any event or circumstance which at or around that time gives the Issuer a redemption right in respect of the Notes; and
- (D) prior to the publication of any notice of substitution or variation pursuant to this Condition 5(j), the Issuer shall have delivered to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Loss Absorption Disqualification Event giving rise to the right to substitute or vary the Notes has occurred and is continuing as at the date of the certificate, that all conditions set out in (A), (B) and (C) above have been satisfied and the Trustee shall be entitled to accept such certificate without any further inquiry as sufficient evidence thereof, in which event it shall be conclusive and binding on the Trustee, the Noteholders and, as applicable, the Couponholders.

(iii) *Role of the Trustee in Substitution and Variation*

The Trustee shall, subject to the Issuer's compliance with Condition 5(j)(ii) and the provision of the certificates signed by two Authorised Signatories of the Issuer and at the expense and cost of the Issuer, use its reasonable endeavours to assist the Issuer in any substitution or variation of Notes pursuant to this Condition 5(j), except that the Trustee shall not be obliged to assist in any such substitution or variation if either such substitution or variation itself or the terms of the proposed Loss Absorption Compliant Notes would impose, in the Trustee's opinion, more onerous obligations upon it or require the Trustee to incur any liability for which it is not indemnified and/or secured and/or pre-funded to its satisfaction.

## **6 Payments and Talons**

### **(a) *Bearer Notes***

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 6(f)(v)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

### **(b) *Registered Notes***

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

### **(c) *Payments in the United States***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

### **(d) *Payments subject to law etc.***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

### **(e) *Appointment of Agents***

The Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and, in certain circumstances specified in the Agency Agreement, of the Trustee and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval

of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13.

**(f) *Unmatured Coupons and unexchanged Talons***

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note which provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

**(g) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8).

**(h) Non-Business Days**

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## **7 Taxation**

All payments of principal and interest in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Ireland or any authority therein or thereof having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders or, as the case may be, the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented (or in respect of which the Certificate representing it is presented) for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with Ireland, other than the mere holding of such Note or Coupon or the receipt of the relevant payment in respect thereof; or
- (ii) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on such 30th day; or
- (iii) presented (or in respect of which the Certificate representing it is presented) by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it) or Coupon is presented for payment.

References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or

any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

For the avoidance of doubt, payments will be subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and Ireland, facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

## 8 Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

## 9 Events of Default

### (a) *Non-restricted Events of Default*

This Condition 9(a) shall apply unless “Restricted Events of Default” is specified as being applicable on this Note (in which case Condition 9(b) shall apply).

If any of the following events (“Events of Default”) occurs and is continuing, the Trustee, at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject, in each case, to being indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer that the Notes are, and they shall immediately become, due and repayable at their Early Redemption Amount together (if applicable) with accrued interest as provided in the Trust Deed:

- (i) **Non-Payment:** default is made for more than 15 days (in the case of interest) or seven days (in the case of principal) after the due date for payment of interest or principal in respect of any of the Notes provided that it shall not be an Event of Default if the non-payment is due solely to administrative error (whether by the Issuer or a bank involved in transferring funds to the Issuing and Paying Agent) and payment is made within three business days in London after notice of that non-payment has been given to the Issuer by the Trustee; or
- (ii) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee, is capable of remedy, and is not in the opinion of the Trustee remedied within 60 days after notice of such default shall have been given to the Issuer by the Trustee, provided that the Trustee shall have certified that, in its opinion, such breach is materially prejudicial to the interests of the Noteholders; or
- (iii) **Insolvency:** the Issuer is (or is, or could be, deemed by law or a court to be) insolvent or is unable or deemed to be unable to pay its debts (within the meaning of section 570 of the Companies Act 2014 of Ireland or Section 28 of the Central Bank Act 1971 of Ireland (as amended)), as the same may be amended, modified or re-enacted, or admits in writing its inability to pay its debts as they mature; or

- (iv) **Winding-up:** an order is made or an effective resolution passed for the winding-up of the Issuer, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of, and followed by, a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders.

(b) ***Restricted Events of Default***

(i) *Restricted Events of Default*

This Condition 9(b) shall apply only if “Restricted Events of Default” is specified on this Note as being applicable.

- (A) If the Issuer shall not make payment in respect of the Notes (in the case of any payment of principal and/or premium) for a period of seven days or more after the due date for the same or (in the case of any payment of interest) for a period of 15 days or more after a date upon which the payment of interest is due (provided that it shall not be a Restricted Event of Default if the non-payment is due solely to administrative error (whether by the Issuer or a bank involved in transferring funds to the Issuing and Paying Agent) and payment is made within three business days in London after notice of that non-payment has been given to the Issuer by the Trustee), the Trustee may, subject as provided in (ii) below, at its discretion, institute proceedings in Ireland (but not elsewhere) for the winding-up of the Issuer but (save as provided in (B) below) may take no further action in respect of such default.
- (B) In the event of a Winding-Up, whether or not instituted by the Trustee pursuant to (A), the Trustee may, subject as provided in (ii) below, at its discretion, give written notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount as defined in Condition 5(e), plus accrued interest as provided in the Trust Deed.
- (C) Without prejudice to paragraphs (A) and (B) above, the Trustee may, subject as provided in (ii) below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, the Coupons or the Trust Deed (other than any obligation for the payment of any principal, premium or interest in respect of the Notes), provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it or any damages.

(ii) *Enforcement*

The Trustee shall be bound to take action as referred to in Condition 9(b)(i)(A), (B) or (C) above if (1) it shall have been so requested by an Extraordinary Resolution of the Noteholders or in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (2) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and the failure shall be

continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise pursuant to this Condition 9.

No Noteholder shall be entitled to institute proceedings for the winding-up of the Issuer, or to prove in any Winding-Up of the Issuer, except that if the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so within a reasonable period and the failure shall be continuing or, being able to prove in any Winding-Up of the Issuer, fails to do so, then any such holder may, on giving an indemnity satisfactory to the Trustee, institute proceedings for the winding-up in Ireland (but not elsewhere) of the Issuer and/or prove in any Winding-Up of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do in respect of his Notes.

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Noteholders whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its obligations under the Trust Deed or the Notes (other than for recovery of the Trustee's remuneration or expenses).

## **10 Meetings of Noteholders, Modifications, Waiver and Substitution**

### **(a) *Meetings of Noteholders***

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, or any date for payment of interest or Interest Amounts thereon, (ii) to reduce or cancel the principal amount, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect thereof, (iv) if there is shown on the face of the Notes a Minimum Rate of Interest and/or a Maximum Rate of Interest, to reduce such Minimum Rate of Interest and/or such Maximum Rate of Interest, (v) to change any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or the Amortised Face Amount of any Note, (vi) to change the currency or currencies of payment of the Notes (other than upon the country of such currency adopting the euro as its currency), (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or any adjournment thereof or the majority required to pass an Extraordinary Resolution or (viii) to alter the provisions as to the status of the Notes contained in Condition 3 and in the Trust Deed (except to the extent that such alteration would, in the opinion of the Trustee, not be materially prejudicial to the interests of the Noteholders), in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 5(j) in connection with the variation of the terms of the Notes and to which the Trustee has agreed pursuant to the relevant provisions of Condition 5(j).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

**(b) *Modification and Waiver***

The Trustee may agree, without the consent of the Noteholders or Couponholders but subject to Condition 10(f), to (i) any modification of any of these Conditions or the provisions of the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

**(c) *Substitution***

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require and Condition 10(f), but without the consent of the Noteholders or the Couponholders, to the substitution of a successor in business of the Issuer, a subsidiary of the Issuer or a successor in business thereof in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes provided that, unless such substituted company is a successor in business of the Issuer, the Issuer unconditionally and irrevocably guarantees the payment of all moneys payable by the substituted company as principal debtor under the Trust Deed and the Notes, and subject to the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Noteholders. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

**(d) *Entitlement of the Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(e) ***Indemnification of the Trustee***

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any entity related to the Issuer. The Trustee is entitled to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely without liability to the Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to the Trustee and whether its liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

The Trustee shall not be liable for any consequences of any application of Irish Statutory Loss Absorption Powers (as provided in Condition 15(c) below) in respect of the Issuer or any of its affiliates or any Notes and shall not be required to take any action in connection therewith that would, in the Trustee's opinion, expose the Trustee to any liability or expense unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction; provided that nothing in this Condition shall prevent any application of Irish Statutory Loss Absorption Powers in respect of the Issuer or any of its affiliates or any Notes from taking effect, and each Noteholder or Couponholder, by its acquisition of any Note or Coupon, authorises and instructs the Trustee to take such steps as may be necessary or expedient in order to give effect to any such application of Irish Statutory Loss Absorption Powers.

(f) ***Regulatory consent***

If this Note is a Loss Absorption Note, any modification pursuant to this Condition 10 is subject to Condition 5(i).

## **11 Replacement of Notes, Certificates, Coupons and Talons**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 13, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## **12 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes or the same in all respects (or in all respects except for the first payment of interest thereon) and so that such further notes shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## **13 Notices**

Notices required to be given to the holders of Registered Notes pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices required to be given to the holders of Bearer Notes pursuant to the Conditions shall be valid if published in a daily newspaper of general circulation in London and Dublin or, if in the opinion of the Trustee, such publication is not practicable, in another leading daily English language newspaper of general circulation in Europe approved by the Trustee. It is expected that such publication will be made in the *Financial Times* in London and in *The Irish Times* in Dublin. So long as the Notes are listed and/or admitted to trading, the Issuer shall ensure that notices required to be given to the holders of the Notes pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are listed/and or admitted to trading. Notices, will, if published more than once, be deemed to have been given on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## **14 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## **15 Governing Law, Jurisdiction and Acknowledgement of Irish Statutory Loss Absorption Powers**

### **(a) Governing law**

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

### **(b) Jurisdiction**

The Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with any Notes, Coupons or Talons or the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons or the Trust Deed (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of

venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Coupons and Talons and, to the extent permitted by law, shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) ***Acknowledgement of Irish Statutory Loss Absorption Powers***

Notwithstanding, and to the exclusion of, any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and the Trustee or any Noteholder or Couponholder, the Trustee and, by its acquisition of any Note or Coupon, each Noteholder and Couponholder (which for the purposes of this Condition, includes each holder of a beneficial interest in the Notes and/or the Coupons) acknowledges and accepts that any liability arising under the Notes or Coupons may be subject to the exercise of Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (i) the effect of the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
  - (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes and/or Coupons;
  - (B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes and/or Coupons into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder or Couponholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes and/or Coupons;
  - (C) the cancellation of the Notes and/or Coupons or the Relevant Amounts in respect thereof; and
  - (D) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the Notes and/or Coupons as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes and/or Coupons will be an event of default.

Upon the exercise of the Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes and/or Coupons, the Issuer will provide a written notice to the Noteholders and Couponholders in accordance with Condition 13 as soon as practicable regarding such exercise of the Irish Statutory Loss Absorption Powers. The Issuer will also deliver a copy of such notice to the Trustee for information purposes.

**(d) *Service of process***

The Issuer agrees that the process by which any proceedings in England are begun may be served on it by being delivered to Allied Irish Banks, p.l.c., London Branch at St. Helen's, 1 Undershaft, London EC3A 8AB (Head of Branch). If for any reason service of process cannot be made in accordance with the above, the Issuer must immediately appoint an agent for service of process and notify the Noteholders of such appointment. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. This Condition 15(d) does not affect any other method of service allowed by law.

## **16 Definitions**

In these Conditions, the following expressions have the following meanings:

“Agency Agreement” has the meaning given to it in the preamble to these Conditions;

“Applicable Maturity” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity;

“Authorised Signatory” means any director or any other officer of the Issuer who has been authorised by the Issuer to sign the certificates and other documents required or contemplated under these Conditions, the Trust Deed and any other transaction document in relation to the Notes on behalf of, and so as to bind, the Issuer;

“Bearer Notes” has the meaning given to it in Condition 1;

“Benchmark Duration” means the duration specified as such hereon;

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a TARGET Business Day; and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

“Calculation Agent” has the meaning given to it in the preamble to these Conditions;

“Certificates” has the meaning given to it in Condition 1;

“Code” means the U.S. Internal Revenue Code of 1986;

“Conditions” has the meaning given to it in the preamble to these Conditions;

“Couponholders” has the meaning given to it in the preamble to these Conditions;

“Coupons” has the meaning given to it in the preamble to these Conditions;

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

- (viii) if “Actual/Actual – ICMA” is specified hereon, (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year where:

“Determination Date” means each date specified hereon or, if none is so specified, each Interest Payment Date; and

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date;

“EEA regulated market” means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended;

“Euro-zone” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

“Extraordinary Resolution” has the meaning given to it in the Trust Deed;

“First Margin” means the margin specified hereon;

“First Reset Period” means the period from (and including) the First Resettable Note Reset Date to (but excluding) the Second Resettable Note Reset Date or, if no such Second Resettable Note Reset Date is specified hereon, the Maturity Date;

“First Reset Rate of Interest” means, subject to Condition 4(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date corresponding to the First Reset Period as the sum of the relevant Reset Rate plus the First Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Duration to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Calculation Agent));

“First Resettable Note Reset Date” means the date specified hereon, provided, however, that if the date specified hereon is not a Business Day, then such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;

“holder” has the meaning given to it in Condition 1;

“Initial Rate of Interest” means the initial rate of interest per annum specified hereon;

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon;

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified hereon;

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon;

“Irish Statutory Loss Absorption Powers” means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Ireland, relating to (i) Directive 2014/59/EU (“BRRD”) and/or Irish legislation transposing BRRD into Irish law, in each case as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

“Issue Date” has the meaning given to it in the preamble to these Conditions;

“Issuing and Paying Agent” has the meaning given to it in the preamble to these Conditions;

“Loss Absorption Compliant Notes” means securities that comply with the following (which compliance has been certified to the Trustee in a certificate signed by two Authorised Signatories of the Issuer and delivered to the Trustee prior to the relevant substitution or variation):

- (A) are issued by the Issuer or any wholly-owned direct or indirect subsidiary of the Issuer with a guarantee of such obligations by the Issuer;
- (B) rank (or, if guaranteed by the Issuer, benefit from a guarantee that ranks) equally with the ranking of the relevant Notes;
- (C) have terms not materially less favourable to Noteholders than the terms of the relevant Notes (as reasonably determined by the Issuer in consultation with an independent adviser of recognised standing);
- (D) (without prejudice to (C) above) (1) contain terms such that they comply with the then applicable Loss Absorption Regulations in order to be eligible to qualify in full towards the Issuer’s and/or the Regulatory Group’s minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments; (2) bear the same rate of interest from time to time applying to the relevant Notes and preserve the same Interest Payment Dates; (3) do not contain terms providing for mandatory or discretionary deferral of payments of interest and/or principal; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the relevant Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (but without prejudice to any acknowledgement of statutory resolution powers substantially similar to Condition 15(c)); and (6) preserve any existing rights to any accrued and unpaid interest and any other amounts payable under the relevant Notes which has accrued to Noteholders and not been paid;
- (E) are listed on the same stock exchange or market as the relevant Notes or the regulated market of the London Stock Exchange or another EEA regulated market selected by the Issuer and approved in writing by the Trustee; and
- (F) where the relevant Notes which have been substituted or varied had a published rating solicited by the Issuer from one or more Rating Agencies immediately prior to their substitution or variation, benefit from (or will, as announced by each such Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the relevant Notes;

“Loss Absorption Disqualification Event” shall be deemed to have occurred if, as a result of any amendment to, or change in, any Loss Absorption Regulations, or any change in the application or official interpretation of any Loss Absorption Regulations, in any such case becoming effective on or after the Issue Date of the first Tranche of the Notes, the Notes are or (in the opinion of the Issuer or the Relevant Regulator) are likely to become fully (or, if “Loss Absorption Disqualification Event for partial exclusion” is specified on this Note as being applicable, fully or partially) excluded from the Issuer’s and/or the Regulatory Group’s minimum requirements for (A) own funds and eligible liabilities and/or (B) loss absorbing capacity instruments, in each case as such minimum requirements are applicable to the Issuer and/or the Regulatory Group and determined in accordance with, and pursuant to, the relevant Loss Absorption Regulations; provided that a Loss Absorption Disqualification Event shall not occur where the exclusion of the Notes from the relevant minimum requirement(s) is due to the remaining maturity of the Notes being less than any period prescribed by any applicable eligibility criteria for such minimum requirements under the relevant Loss Absorption Regulations effective with respect to the Issuer and/or the Regulatory Group on the Issue Date of the first Tranche of the Notes;

“Loss Absorption Note” means any Note where “Loss Absorption Note” is specified hereon as being applicable;

“Loss Absorption Regulations” means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of Ireland, the Relevant Regulator and/or of the European Parliament or of the Council of the European Union then in effect in Ireland and applicable to the Issuer and/or the Regulatory Group including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Relevant Regulator from time to time (whether such regulations, requirements, guidelines, rules, standards or policies are applied generally or specifically to the Issuer or to the Regulatory Group);

“Mid-Market Swap Rate” means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Swap Duration specified hereon during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Resettable Note Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified hereon) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

“Mid-Market Swap Rate Quotation” means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

“Mid-Swap Floating Leg Benchmark Rate” means:

- (i) where the Specified Currency is a currency other than euro, LIBOR; and
- (ii) where the Specified Currency is euro, EURIBOR;

“Mid-Swap Rate” means, in relation to a Reset Determination Date and subject to Condition 4(b)(ii) below, either:

- (i) if Single Mid-Swap Rate is specified hereon, the rate for swaps in the Specified Currency;

- (A) with a term equal to the relevant Reset Period; and
- (B) commencing on the relevant Resettable Note Reset Date,

which appears on the Relevant Screen Page; or

- (ii) if Mean Mid-Swap Rate is specified hereon, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of the bid and offered swap rate quotations for swaps in the Specified Currency:

- (A) with a term equal to the relevant Reset Period; and
- (B) commencing on the relevant Resettable Note Reset Date,

which appears on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

“Noteholder” has the meaning given to it in Condition 1;

“Paying Agents” has the meaning given to it in the preamble to these Conditions;

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

“Rating Agency” means each of Standard & Poor’s Credit Market Services Europe Limited, Moody’s Investor Service Limited or Fitch Ratings Limited and each of their respective affiliates or successors;

“Record Date” has the meaning given to it in Condition 6(b)(ii);

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer in consultation with the Calculation Agent or as specified hereon;

“Reference Bond” means for any Reset Period, a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period;

“Reference Bond Price” means, with respect to any Reset Determination Date, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Calculation Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations. If no quotations are provided, the Reference Rate will be determined by the Calculation Agent in its sole discretion following consultation with the Issuer;

“Reference Bond Rate” means the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price, as calculated by the Calculation Agent;

“Reference Government Bond Dealer” means each of five banks (selected by the Issuer on the advice of an investment bank of international repute), or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Calculation Agent by such Reference Government Bond Dealer;

“Reference Rate” means the rate specified as such hereon;

“Register” has the meaning given to it in Condition 1;

“Registered Notes” has the meaning given to it in Condition 1;

“Registrar” has the meaning given to it in the preamble to these Conditions;

“Regulatory Group” means the Issuer, its subsidiary undertakings, participations, participating interests and any subsidiary undertakings, participations or participating interests held (directly or indirectly) by any of its subsidiary undertakings from time to time and any other undertakings from time to time consolidated with the Issuer for regulatory or resolution purposes, in each case in accordance with the rules and guidance of the Relevant Regulator then in effect;

“Relevant Amounts” means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts and any other amounts due on or in respect of the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority;

“Relevant Date” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

“Relevant Regulator” means the European Central Bank and/or such successor or other authority having for the time being primary supervisory authority and/or responsibility with regards to prudential, conduct and/or resolution matters in respect of the Issuer and/or its group, as may be relevant in the context and circumstances;

“Relevant Resolution Authority” means the resolution authority with the ability to exercise any Irish Statutory Loss Absorption Powers in relation to the Issuer (being, as at the Issue Date, the Single Resolution Board);

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service);

“Reset Determination Date” means, in respect of the First Reset Period, the second Business Day prior to the First Resettable Note Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Resettable Note Reset Date and, in respect of each Reset Period thereafter, the second Business Day prior to the first day of each such Reset Period;

“Reset Period” means the First Reset Period or a Subsequent Reset Period;

“Reset Rate” means (a) the relevant Mid-Swap Rate as specified hereon or (b) if “Reference Bond” is specified hereon, the relevant Reference Bond Rate;

“Resettable Note Reset Date” means the First Resettable Note Reset Date, the Second Resettable Note Reset Date and every Subsequent Resettable Note Reset Date as may be specified hereon; provided, however, that if the date specified in the relevant Final Terms is not a Business Day, then such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;

“Second Resettable Note Reset Date” means the date specified hereon; provided, however, that if the date specified hereon is not a Business Day, then such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated;

“Subsequent Margin” means the margin(s) specified hereon;

“Subsequent Reset Period” means the period from (and including) the Second Resettable Note Reset Date to (but excluding) the next Resettable Note Reset Date, and each successive period from (and including) a Resettable Note Reset Date to (but excluding) the next succeeding Resettable Note Reset Date;

“Subsequent Reset Rate of Interest” means, in respect of any Subsequent Reset Period and subject to Condition 4(b)(ii), the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date corresponding to such Subsequent Reset Period as the sum of the relevant Reset Rate plus the applicable Subsequent Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Duration to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Calculation Agent));

“Talons” has the meaning given to it in the preamble to these Conditions;

“TARGET Business Day” means a day on which the TARGET System is operating;

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

“Tranche” means Notes which are identical in all respects;

“Transfer Agents” has the meaning given to it in the preamble to these Conditions;

“Trust Deed” has the meaning given to it in the preamble to these Conditions;

“Trustee” has the meaning given to it in the preamble to these Conditions; and

“Winding-Up” means:

- (i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a winding-up solely for the purpose of, and followed by, a reconstruction, amalgamation, reorganisation, merger or consolidation, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) above.

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following (other than any sections in italics) is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Subordinated Notes in definitive form (if any) issued in exchange for Notes represented by a Note or Certificate in global form. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on Certificates relating to such Registered Notes (each capitalised term as defined below). All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Subordinated Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by a Trust Deed dated 14 March 2018 (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) between AIB Group plc (the “Issuer”) and BNY Mellon Corporate Trustee Services Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons (as defined below). An Agency Agreement dated 14 March 2018 (as amended or supplemented from time to time, the “Agency Agreement”) has been entered into in relation to the Notes between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Registrar”, the “Transfer Agents” and the “Calculation Agent(s)”. Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge during usual business hours at the specified offices of each of the Paying Agents and the Transfer Agents.

The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes in bearer form, talons for further Coupons (the “Talons”) (the “Couponholders”) are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed and are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

### **1 Form, Denomination and Title**

The Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”), in each case in the Specified Denomination(s) (as defined hereon).

This Note is a Fixed Rate Note, a Resettable Note, a Floating Rate Note, or a Zero Coupon Note.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2 No Exchange of Notes and Transfers of Registered Notes**

### **(a) *No Exchange of Notes***

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes may not be exchanged for Registered Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

### **(b) *Transfer of Registered Notes***

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar, the Issuing and Paying Agent, the Transfer Agents and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

### **(c) *Delivery of New Certificates***

Each new Certificate to be issued pursuant to Condition 2(b) shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate(s) shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new

Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

**(d) *Transfers Free of Charge***

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

**(e) *Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(e), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

### **3 Status and Subordination**

**(a) *Status***

The Notes and Coupons constitute direct and unsecured obligations of the Issuer, subordinated in the manner set out in Condition 3(b) below and shall at all times rank *pari passu* without any preference among themselves.

**(b) *Subordination***

If a Winding-Up occurs, the rights and claims against the Issuer of the holders of the Notes and Coupons (and of the Trustee on their behalf) in respect of, or arising under, the Notes, the Coupons or the Trust Deed (including any damages awarded for breach of any obligations) shall be subordinated as provided in this Condition 3(b) and in the Trust Deed to the claims of all Senior Creditors but shall rank (i) at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital or that rank or are expressed to rank *pari passu* with the Notes and (ii) in priority to the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and to the claims of holders of all classes of share capital of the Issuer.

The subordination provisions apply to amounts payable under the Notes and Coupons and nothing contained therein or in the Trust Deed shall affect or prejudice any claim by the Trustee against the Issuer in respect of the costs, charges, expenses, liabilities or remuneration of the Trustee.

**(c) *No Set-off***

Subject to applicable law, no holder of a Note, or a Coupon relating thereto, may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, arising under, or in connection with the Notes or the Coupons relating thereto or the Trust Deed and each holder of a Note or a Coupon relating thereto shall, by virtue of his holding of any such

Note or Coupon, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder or Couponholder by the Issuer in respect of or arising under or in connection with the Notes or the Coupons relating thereto is discharged by set-off, such Noteholder and Couponholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or in the event of its winding-up or examinership, the liquidator or, as applicable, examiner of the Issuer) and accordingly such discharge will be deemed not to have taken place, and until such payment is made shall hold an amount equal thereto in trust for the Issuer (or, as the case may be, the liquidator or, as applicable, examiner of the Issuer).

#### **4 Interest and other Calculations**

##### **(a) Interest on the Notes**

###### *(i) Interest Payment Dates (Floating Rate Notes)*

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

###### *(ii) Business Day Convention*

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day (as defined below), then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such 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 (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (C) the Modified Following Business Day Convention, such 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 date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

###### *(iii) Rate of Interest for Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f).

(iv) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean 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 as at either 11.00 a.m. (London time in the case of London Interbank Offered Rate ("LIBOR") or Brussels time in the case of Euro Interbank Offered Rate ("EURIBOR")) on the Interest Determination Date in question as determined by the Calculation Agent. 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(i) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(ii) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels 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, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation 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 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, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels 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 Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period, provided however, that if there is no such rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**(b) Resetable Notes**

- (i) Each Resetable Note bears interest on its outstanding amount:
- (A) from (and including) the Interest Commencement Date up to (but excluding) the First Resetable Note Reset Date at the Initial Rate of Interest;
  - (B) from (and including) the First Resetable Note Reset Date to (but excluding) the Second Resetable Note Reset Date or, if no such Second Resetable Note Reset Date is specified hereon, the Maturity Date, at the First Reset Rate of Interest; and
  - (C) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest.

Interest will be payable in arrear on each Resetable Note Interest Payment Date and on the date specified hereon as the Maturity Date.

(ii) *Fallback Provisions for Resetable Notes*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable) with such sum converted as set out in the definition of First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 4(b)(ii), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Resetable Note Reset Date or, in the case of the first Reset Determination Date, the

First Reset Rate of Interest shall be the Initial Rate of Interest (though substituting, in each case, the Subsequent Margin or First Margin, as appropriate, if different for each Reset Period).

**(c) *Zero Coupon Notes***

Where a Note the Interest Basis of which is specified to be zero coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(f)(i)).

**(d) *Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 16).

**(e) *Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding***

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(a) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin specified on the Notes, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Optional Redemption Amount is specified on the Notes, then such Rate of Interest or Optional Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) Unless otherwise stated hereon, the Rate of Interest in respect of any Interest Period shall not be less than zero.
- (iv) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts which fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency which is available as legal tender in the countries of such currency.

**(f) *Calculations***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation

Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

**(g) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts***

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or (if applicable) Reset Determination Date or such other time on such date as it may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period or Reset Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period or Reset Period and the relevant Interest Payment Date and/or Resettable Note Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Issuer, the Trustee, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period or Reset Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any date is subject to adjustment pursuant to Condition 4(a)(ii), the Interest Amounts and the Interest Payment Date or Resettable Note Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period or Reset Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(h) *Calculation Agents***

The Issuer will procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Conditions applicable to this Note and for so long as it is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or Reset Period or to calculate any Interest Amount, Early Redemption Amount, Final Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirements, the Issuer will appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place.

The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## **5 Redemption, Purchase and Options**

### **(a) Final redemption**

Unless previously redeemed, purchased and cancelled or (pursuant to Condition 5(i)) substituted, each Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) on the Maturity Date specified on each Note.

### **(b) Redemption for taxation reasons**

If, as a result of any amendment to, or change in, the laws or regulations of Ireland or any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the officially published application or interpretation or administration of any such laws or regulations which becomes effective on or after the Issue Date, (i) the Issuer would, on the occasion of the next payment date in respect of the Notes, be required to pay additional amounts as provided in Condition 7, or (ii) any relief from tax in respect of interest paid on the Notes would be withdrawn by Ireland or (iii) any payment of interest would be treated as a distribution by Ireland (each, a “Tax Event”), the Issuer may, at its sole discretion, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note) on giving not more than 45 nor less than 30 days’ notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 13 and subject to Condition 5(h), redeem all, but not some only, of the Notes at their Early Redemption Amount as specified hereon together with interest accrued to the date fixed for redemption. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Trustee shall be entitled to accept such certificate without further inquiry as sufficient evidence of the satisfaction of the conditions precedent referred to above, in which event it shall be conclusive and binding on the Trustee and the holders of the Notes and Coupons.

### **(c) Purchases**

Subject to Condition 5(h) and Applicable Regulatory Capital Requirements, the Issuer and any of its subsidiaries may purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Notes (provided that, in the case of Bearer Notes, all unmatured Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in any manner and at any price.

### **(d) Redemption for Regulatory Reasons**

Subject to Condition 5(h), if a Capital Disqualification Event (as defined in Condition 16) has occurred and is continuing, the Issuer may, at its sole discretion, having given:

- (i) not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 13; and
- (ii) prior notice to the Trustee before the giving of the notice referred to in (i),

(which notices shall be irrevocable), redeem all (but not some only) of the Notes then outstanding at any time at the Early Redemption Amount(s) specified hereon together with interest accrued to (but excluding) the relevant date fixed for redemption.

**(e) *Redemption at the Option of the Issuer***

Subject to Condition 5(h), if Call Option is specified on the Notes as being applicable, the Issuer may, at its sole discretion, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified on the Notes) redeem all (or, if so provided, some) of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the serial numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

**(f) *Early Redemption***

**(i) *Zero Coupon Notes***

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Conditions 5(b) and 5(d) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of such Note upon its redemption pursuant to Conditions 5(b) and 5(d) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as described in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

*(ii) Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(b) or Condition 5(d) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

**(g) Cancellation**

All Notes redeemed or substituted by the Issuer pursuant to this Condition 5 will forthwith be cancelled. All Notes purchased by or on behalf of the Issuer or any of its subsidiaries, subject to obtaining any Supervisory Permission therefor, may be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note (together with all unmatured Coupons and all unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together, in the case of Bearer Notes, with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**(h) Conditions to Redemption or Purchase**

Any redemption or purchase of the Notes in accordance with Conditions 5(b), (c), (d) or (e) is subject to (in each case, if and to the extent then required under the Applicable Regulatory Capital Requirements) the following conditions:

- (i) the Issuer obtaining prior Supervisory Permission for such redemption or purchase (as the case may be);
- (ii) in the case of any redemption or purchase, either: (A) the Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (B) the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the own funds of the Issuer would, following such redemption or purchase, exceed its minimum capital requirements (including any capital buffer requirements) by a margin that the Relevant Regulator considers necessary at such time; and
- (iii) in the case of any redemption prior to the fifth anniversary of the Issue Date, (A) in the case of redemption upon a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the change in tax treatment is material and was not reasonably foreseeable as at the Issue Date, or (B) in the case of redemption upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date.

Notwithstanding the above conditions, if, at the time of any redemption or purchase, the Applicable Regulatory Capital Requirements permit the repayment or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 5(h), the Issuer shall comply with such alternative and/or, as appropriate, additional pre-condition(s).

In addition, in the case of a redemption occurring in respect of a Tax Event pursuant to Condition 5(b), the Issuer shall deliver to the Trustee a copy of an opinion of an independent nationally recognised law firm or other tax adviser in Ireland experienced in such matters that a Tax Event has occurred and is continuing.

Prior to the publication of any notice of early redemption pursuant to this Condition 5 (other than redemption pursuant to Condition 5(e)), the Issuer shall deliver to the Trustee a certificate signed by any two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Trustee shall be entitled to accept such certificate without further inquiry as sufficient evidence of the satisfaction of the conditions precedent referred to above, in which event it shall be conclusive and binding on the Trustee and the holders of the Notes and Coupons.

**(i) *Substitution and Variation***

If “Substitution and Variation” is specified on this Note as being applicable, then:

**(i) *Substitution and Variation***

If a Tax Event or a Capital Disqualification Event has occurred and is continuing, the Issuer (in its sole discretion but subject to the provisions of paragraph (ii) below), having given:

- (A) not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 13; and
- (B) prior notice to the Trustee before the giving of the notice referred to in (A) and having delivered to the Trustee the certificate referred to in the definition of “Tier 2 Compliant Notes” in Condition 16,

(which notices shall be irrevocable), may, without any requirement for the consent or approval of the Noteholders, either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Tier 2 Compliant Notes. Upon the expiry of the notice referred to in (A) above, the Issuer shall either vary the terms of or, as the case may be, substitute the Notes in accordance with this Condition 5(i)(i) and, subject as set out in Conditions 5(i)(ii) and (iii), the Trustee shall agree to such substitution or variation.

In connection with any substitution or variation in accordance with this Condition 5(i), the Issuer shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading.

**(ii) *Conditions to Substitution and Variation***

Any substitution or variation in accordance with this Condition 5(i) is subject to the following conditions:

- (A) the Issuer shall have obtained prior Supervisory Permission therefor from the Relevant Regulator (if then required by the Relevant Regulator or by the Applicable Regulatory Capital Requirements);
- (B) such substitution or variation must be permitted by, and conducted in accordance with, any other applicable requirement of the Relevant Regulator or under the Applicable Regulatory Capital Requirements;

- (C) such substitution or variation shall not result in any event or circumstance which at or around that time gives the Issuer a redemption right in respect of the Notes; and
- (D) prior to the publication of any notice of substitution or variation pursuant to this Condition 5(i), the Issuer shall have delivered to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Capital Disqualification Event or Tax Event giving rise to the right to substitute or vary the Notes has occurred and is continuing as at the date of the certificate, that all conditions set out in (A), (B) and (C) above have been satisfied and the Trustee shall be entitled to accept such certificate without any further inquiry as sufficient evidence thereof, in which event it shall be conclusive and binding on the Trustee, the Noteholders and, as applicable, the Couponholders.

(iii) *Role of the Trustee in Substitution and Variation*

The Trustee shall, subject to the Issuer's compliance with Condition 5(i)(ii) and the provision of the certificates signed by two Authorised Signatories of the Issuer and at the expense and cost of the Issuer, use its reasonable endeavours to assist the Issuer in any substitution or variation of Notes pursuant to this Condition 5(i), except that the Trustee shall not be obliged to assist in any such substitution or variation if either such substitution or variation itself or the terms of the proposed Tier 2 Compliant Notes would impose, in the Trustee's opinion, more onerous obligations upon it or require the Trustee to incur any liability for which it is not indemnified and/or secured and/or pre-funded to its satisfaction.

## **6 Payments and Talons**

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 6(f)(v)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) *Registered Notes*

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) ***Payments in the United States***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) ***Payments subject to law etc.***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Appointment of Agents***

The Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and, in certain circumstances specified in the Agency Agreement, of the Trustee and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13.

(f) ***Unmatured Coupons and unexchanged Talons***

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such

missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note which provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

**(g) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8).

**(h) Non-Business Days**

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## **7 Taxation**

All payments of principal and interest in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Ireland or

any authority therein or thereof having power to tax, unless such deduction or withholding is required by law. In such event, in respect of payments of interest (but not principal or any other amount), the Issuer shall pay such additional amounts as will result in receipt by the Noteholders or, as the case may be, the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented (or in respect of which the Certificate representing it is presented) for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with Ireland, other than the mere holding of such Note or Coupon or the receipt of the relevant payment in respect thereof; or
- (ii) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on such 30th day; or
- (iii) presented (or in respect of which the Certificate representing it is presented) by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it) or Coupon is presented for payment.

References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “interest” shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

For the avoidance of doubt, payments will be subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and Ireland, facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

## **8 Prescription**

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

## **9 Events of Default and Enforcement**

### **(a) *Events of Default***

- (i) If the Issuer shall not make payment in respect of the Notes (in the case of any payment of principal and/or premium) for a period of seven days or more after the due date for the same or (in the case of any payment of interest) for a period of 15 days or more after a date upon which

the payment of interest is due (other than where such non-payment is due solely to administrative error (whether by the Issuer or a bank involved in transferring funds to the Paying Agent) and payment is made within three business days in London after notice of that non-payment has been given to the Issuer by the Trustee), the Trustee may, subject as provided in Condition 9(b) below, at its discretion, institute proceedings in Ireland (but not elsewhere) for the winding-up of the Issuer but (save as provided in (ii) below) may take no further action in respect of such default.

- (ii) In the event of a Winding-Up, whether or not instituted by the Trustee pursuant to (i), the Trustee may, subject as provided in Condition 9(b) below, at its discretion, give written notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount as defined in Condition 5(f), plus accrued interest as provided in the Trust Deed.
- (iii) Without prejudice to paragraphs (i) and (ii) above, the Trustee may, subject as provided in Condition 9(b) below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, the Coupons or the Trust Deed (other than any obligation for the payment of any principal, premium or interest in respect of the Notes), provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it or any damages.

**(b) Enforcement**

The Trustee shall be bound to take action as referred to in Condition 9(a)(i), (ii) or (iii) above if (i) it shall have been so requested by an Extraordinary Resolution of the Noteholders or in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and the failure shall be continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise pursuant to this Condition 9.

No Noteholder shall be entitled to institute proceedings for the winding-up of the Issuer, or to prove in any Winding-Up of the Issuer, except that if the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so within a reasonable period and the failure shall be continuing or, being able to prove in any Winding-Up of the Issuer, fails to do so, then any such holder may, on giving an indemnity satisfactory to the Trustee, institute proceedings for the winding-up in Ireland (but not elsewhere) of the Issuer and/or prove in any Winding-Up of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do in respect of his Notes.

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Noteholders whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its obligations under the Trust Deed or the Notes (other than for recovery of the Trustee's remuneration or expenses).

## **10 Meetings of Noteholders, Modifications, Waiver and Substitution**

### **(a) Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, or any date for payment of interest or Interest Amounts thereon, (ii) to reduce or cancel the principal amount, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect thereof, (iv) if there is shown on the face of the Notes a Minimum Rate of Interest and/or a Maximum Rate of Interest, to reduce such Minimum Rate of Interest and/or such Maximum Rate of Interest, (v) to change any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or the Amortised Face Amount of any Note, (vi) to change the currency or currencies of payment of the Notes (other than upon the country of such currency adopting the euro as its currency), (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or any adjournment thereof or the majority required to pass an Extraordinary Resolution or (viii) to alter the provisions as to subordination contained in Condition 3 and in the Trust Deed (except to the extent that such alteration would, in the opinion of the Trustee, not be materially prejudicial to the interests of the Noteholders), in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 5(i) in connection with the variation of the terms of the Notes and to which the Trustee has agreed pursuant to the relevant provisions of Condition 5(i).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

### **(b) Modification and Waiver**

The Trustee may agree, without the consent of the Noteholders or Couponholders but subject to Condition 10(f), to (i) any modification of any of these Conditions or the provisions of the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any

breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

**(c) *Substitution***

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require and Condition 10(f), but without the consent of the Noteholders or the Couponholders, to the substitution of a successor in business of the Issuer, a subsidiary of the Issuer or a successor in business thereof in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes provided that, unless such substituted company is a successor in business of the Issuer, the Issuer unconditionally and irrevocably guarantees, on a subordinated basis, the payment of all moneys payable by the substituted company as principal debtor under the Trust Deed and the Notes, and subject to the Trustee being satisfied that the substitution is not materially prejudicial to the interests of the Noteholders. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

**(d) *Entitlement of the Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

**(e) *Indemnification of the Trustee***

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any entity related to the Issuer. The Trustee is entitled to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely without liability to the Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to the Trustee and whether its liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

The Trustee shall not be liable for any consequences of any application of Irish Statutory Loss Absorption Powers (as provided in Condition 15(c) below) in respect of the Issuer or any of its affiliates or any Notes and shall not be required to take any action in connection therewith that would, in the Trustee's opinion, expose the Trustee to any liability or expense unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction; provided that nothing in this Condition

shall prevent any application of Irish Statutory Loss Absorption Powers in respect of the Issuer or any of its affiliates or any Notes from taking effect, and each Noteholder or Couponholder, by its acquisition of any Note or Coupon, authorises and instructs the Trustee to take such steps as may be necessary or expedient in order to give effect to any such application of Irish Statutory Loss Absorption Powers.

**(f) *Supervisory Permission***

Any substitution, variation or modification of the Notes or (to the extent such substitution, variation or modification relates to Notes which are outstanding) the Trust Deed in accordance with this Condition 10 is subject to the Issuer obtaining Supervisory Permission therefor, provided that at the relevant time such permission is required to be given.

## **11 Replacement of Notes, Certificates, Coupons and Talons**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 13, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## **12 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders, but subject to any Supervisory Permission required (if required), create and issue further notes having the same terms and conditions as the Notes or the same in all respects (or in all respects except for the first payment of interest thereon) and so that such further notes shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## **13 Notices**

Notices required to be given to the holders of Registered Notes pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices required to be given to the holders of Bearer Notes pursuant to the Conditions shall be valid if published in a daily newspaper of general circulation in London and Dublin or, if in the opinion of the Trustee, such publication is not practicable, in another leading daily English language newspaper of general circulation in Europe approved by the Trustee. It is expected that such publication will be made in the Financial Times in London and in The Irish Times in Dublin. So long as the Notes are listed and/or admitted to trading, the Issuer shall ensure that notices required to be given to the

holders of the Notes pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are listed/and or admitted to trading. Notices, will, if published more than once, be deemed to have been given on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

#### **14 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

#### **15 Governing Law, Jurisdiction and Acknowledgement of Irish Statutory Loss Absorption Powers**

**(a) *Governing Law***

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that Condition 3 and provisions of the Trust Deed relating to postponement of the claims of Noteholders and Couponholders on a Winding-Up of the Issuer shall be construed in accordance with the laws of Ireland.

**(b) *Jurisdiction***

The Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons or the Trust Deed (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Coupons and Talons and, to the extent permitted by law, shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

**(c) *Acknowledgement of Irish Statutory Loss Absorption Powers***

Notwithstanding, and to the exclusion of, any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and the Trustee or any Noteholder or Couponholder, the Trustee and, by its acquisition of any Note or Coupon, each Noteholder and Couponholder (which for the purposes of this Condition, includes each holder of a beneficial interest in the Notes and/or the Coupons) acknowledges and accepts that any liability arising under the Notes or Coupons may be subject to the exercise of Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (i) the effect of the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:

- (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes and/or Coupons;
  - (B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes and/or Coupons into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder or Couponholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes and/or Coupons;
  - (C) the cancellation of the Notes and/or Coupons or the Relevant Amounts in respect thereof; and
  - (D) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the Notes and/or Coupons as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes and/or Coupons will be an event of default.

Upon the exercise of the Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes and/or Coupons, the Issuer will provide a written notice to the Noteholders and Couponholders in accordance with Condition 13 as soon as practicable regarding such exercise of the Irish Statutory Loss Absorption Powers. The Issuer will also deliver a copy of such notice to the Trustee for information purposes.

**(d) *Service of Process***

The Issuer agrees that the process by which any proceedings in England are begun may be served on it by being delivered to Allied Irish Banks, p.l.c., London Branch at St. Helen's, 1 Undershaft, London EC3A 8AB (Head of Branch). If for any reason service of process cannot be made in accordance with the above, the Issuer must immediately appoint an agent for service of process and notify the Noteholders of such appointment. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. This Condition 15(d) does not affect any other method of service allowed by law.

**16 Definitions**

In these Conditions, the following expressions have the following meanings:

“Agency Agreement” has the meaning given to it in the preamble to these Conditions;

“Applicable Maturity” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity;

“Applicable Regulatory Capital Requirements” means, at any time, the capital adequacy requirements of the Relevant Regulator, or any other regulation, directive or other binding rules, standards or decisions adopted by the institutions of the EU (being the regulatory capital rules applicable to the Issuer at the relevant time) which include the relevant provisions of CRD IV for so long as the same are applicable;

“Authorised Signatory” means any director or any other officer of the Issuer who has been authorised by the Issuer to sign the certificates and other documents required or contemplated under these Conditions, the Trust Deed and any other transaction document in relation to the Notes on behalf of, and so as to bind, the Issuer;

“Bearer Notes” has the meaning given to it in Condition 1;

“Benchmark Duration” means the duration specified as such hereon;

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a TARGET Business Day; and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

“Calculation Agent” has the meaning given to it in the preamble to these Conditions;

“Capital Disqualification Event” is deemed to occur if the Issuer, after consultation with the Relevant Regulator, determines that there has been a change (which has occurred or which the Relevant Regulator considers to be sufficiently certain) in the regulatory classification of the Notes, in any such case becoming effective on or after the Issue Date, that results, or would be likely to result, in the entire principal amount of such Series of Notes (or if “Capital Disqualification Event for partial exclusion” is specified hereon to be applicable, the entire principal amount of such Series of Notes or any part thereof) being excluded from the Issuer’s Tier 2 Capital, whether on a solo or consolidated basis;

“Certificates” has the meaning given to it in Condition 1;

“Code” means the U.S. Internal Revenue Code of 1986;

“Conditions” has the meaning given to it in the preamble to these Conditions;

“Couponholders” has the meaning given to it in the preamble to these Conditions;

“Coupons” has the meaning given to it in the preamble to these Conditions;

“CRD IV” means the CRR and the CRD IV Directive;

“CRD IV Directive” means Directive (2013/36/EU) of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time and, as the context permits, any provision of the laws of Ireland transposing or implementing the CRD IV Directive;

“CRR” means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended or replaced from time to time;

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation 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:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

- (viii) if “Actual/Actual – ICMA” is specified hereon, (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year where:

“Determination Date” means each date specified hereon or, if none is so specified, each Interest Payment Date; and

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date;

“EEA regulated market” means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended;

“Euro-zone” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

“Extraordinary Resolution” has the meaning given to it in the Trust Deed;

“First Margin” means the margin specified hereon;

“First Reset Period” means the period from (and including) the First Resettable Note Reset Date to (but excluding) the Second Resettable Note Reset Date or, if no such Second Resettable Note Reset Date is specified hereon, the Maturity Date;

“First Reset Rate of Interest” means, subject to Condition 4(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date corresponding to the First Reset Period as the sum of the relevant Reset Rate plus the First Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Duration to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Calculation Agent));

“First Resettable Note Reset Date” means the date specified hereon, provided, however, that if the date specified hereon is not a Business Day, then such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;

“holder” has the meaning given to it in Condition 1;

“Initial Rate of Interest” means the initial rate of interest per annum specified hereon;

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon;

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified hereon;

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon;

“Irish Statutory Loss Absorption Powers” means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Ireland, relating to (i) Directive 2014/59/EU (“BRRD”) and/or Irish legislation transposing BRRD into Irish law, in each case as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

“Issue Date” has the meaning given to it in the preamble to these Conditions;

“Issuing and Paying Agent” has the meaning given to it in the preamble to these Conditions;

“Mid-Market Swap Rate” means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Swap Duration specified hereon during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Resetable Note Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified hereon) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

“Mid-Market Swap Rate Quotation” means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

“Mid-Swap Floating Leg Benchmark Rate” means:

- (i) where the Specified Currency is a currency other than euro, LIBOR; and
- (ii) where the Specified Currency is euro, EURIBOR;

“Mid-Swap Rate” means, in relation to a Reset Determination Date and subject to Condition 4(b)(ii) below, either:

- (i) if Single Mid-Swap Rate is specified hereon, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Resetable Note Reset Date,which appears on the Relevant Screen Page; or
- (ii) if Mean Mid-Swap Rate is specified hereon, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of the bid and offered swap rate quotations for swaps in the Specified Currency;

- (A) with a term equal to the relevant Reset Period; and
- (B) commencing on the relevant Resetable Note Reset Date,

which appears on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

“Noteholder” has the meaning given to it in Condition 1;

“Paying Agents” has the meaning given to it in the preamble to these Conditions;

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

“Rating Agency” means each of Standard & Poor’s Credit Market Services Europe Limited, Moody’s Investor Service Limited or Fitch Ratings Limited and each of their respective affiliates or successors;

“Record Date” has the meaning given to it in Condition 6(b)(ii);

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer in consultation with the Calculation Agent or as specified hereon;

“Reference Bond” means for any Reset Period, a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period;

“Reference Bond Price” means, with respect to any Reset Determination Date, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Calculation Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations. If no quotations are provided, the Reference Rate will be determined by the Calculation Agent in its sole discretion following consultation with the Issuer;

“Reference Bond Rate” means the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price, as calculated by the Calculation Agent;

“Reference Government Bond Dealer” means each of five banks (selected by the Issuer on the advice of an investment bank of international repute), or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Calculation Agent by such Reference Government Bond Dealer;

“Reference Rate” means the rate specified as such hereon;

“Register” has the meaning given to it in Condition 1;

“Registered Notes” has the meaning given to it in Condition 1;

“Registrar” has the meaning given to it in the preamble to these Conditions;

“Relevant Amounts” means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts and any other amounts due on or in respect of the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority;

“Relevant Date” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

“Relevant Regulator” means the European Central Bank and/or such successor or other authority having for the time being primary supervisory authority and/or responsibility with regards to prudential, conduct and/or resolution matters in respect of the Issuer and/or its group, as may be relevant in the context and circumstances;

“Relevant Resolution Authority” means the resolution authority with the ability to exercise any Irish Statutory Loss Absorption Powers in relation to the Issuer (being, as at the Issue Date, the Single Resolution Board);

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service);

“Reset Determination Date” means, in respect of the First Reset Period, the second Business Day prior to the First Resettable Note Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Resettable Note Reset Date and, in respect of each Reset Period thereafter, the second Business Day prior to the first day of each such Reset Period;

“Reset Period” means the First Reset Period or a Subsequent Reset Period;

“Reset Rate” means (a) the relevant Mid-Swap Rate as specified hereon or (b) if “Reference Bond” is specified hereon, the relevant Reference Bond Rate;

“Resettable Note Reset Date” means the First Resettable Note Reset Date, the Second Resettable Note Reset Date and every Subsequent Resettable Note Reset Date as may be specified hereon; provided, however, that if the date specified in the relevant Final Terms is not a Business Day, then such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;

“Second Resettable Note Reset Date” means the date specified hereon; provided, however, that if the date specified hereon is not a Business Day, then such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;

“Senior Creditors” means (a) unsubordinated creditors of the Issuer and (b) creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable

limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of holders in respect of the Notes);

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated;

“Subsequent Margin” means the margin(s) specified hereon;

“Subsequent Reset Period” means the period from (and including) the Second Resettable Note Reset Date to (but excluding) the next Resettable Note Reset Date, and each successive period from (and including) a Resettable Note Reset Date to (but excluding) the next succeeding Resettable Note Reset Date;

“Subsequent Reset Rate of Interest” means, in respect of any Subsequent Reset Period and subject to Condition 4(b)(ii), the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date corresponding to such Subsequent Reset Period as the sum of the relevant Reset Rate plus the applicable Subsequent Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Duration to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Calculation Agent));

“Supervisory Permission” means, in relation to any action, such supervisory permission (or, as appropriate, waiver) as is required therefor under the Applicable Regulatory Capital Requirements (if any);

“Talons” has the meaning given to it in the preamble to these Conditions;

“TARGET Business Day” means a day on which the TARGET System is operating;

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

“Tax Event” has the meaning given to it in Condition 5(b);

“Tier 1 Capital” and “Tier 2 Capital” have the respective meanings given in the Applicable Regulatory Capital Requirements from time to time;

“Tier 2 Compliant Notes” means securities that comply with the following (which compliance has been certified to the Trustee in a certificate signed by two Authorised Signatories of the Issuer and delivered to the Trustee prior to the relevant substitution or variation):

- (A) are issued by the Issuer or any wholly-owned direct or indirect subsidiary of the Issuer with a subordinated guarantee of such obligations by the Issuer;
- (B) rank (or, if guaranteed by the Issuer, benefit from a guarantee that ranks) at least equally with the ranking of the relevant Notes;
- (C) have terms not materially less favourable to Noteholders than the terms of the relevant Notes (as reasonably determined by the Issuer in consultation with an independent adviser of recognised standing);
- (D) (without prejudice to (C) above) (1) contain terms such that they comply with the Applicable Regulatory Capital Requirements in relation to Tier 2 Capital; (2) bear the same rate of interest from time to time applying to the relevant Notes and preserve the same Interest Payment Dates; (3) do not contain terms providing for mandatory deferral of payments of interest and/or principal; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to

redemption of the relevant Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (but without prejudice to any acknowledgement of statutory resolution powers substantially similar to Condition 15(c)); and (6) preserve any existing rights to any accrued and unpaid interest and any other amounts payable under the relevant Notes which has accrued to Noteholders and not been paid;

- (E) are listed on the same stock exchange or market as the relevant Notes or the regulated market of the London Stock Exchange or another EEA regulated market selected by the Issuer and approved in writing by the Trustee; and
- (F) where the relevant Notes which have been substituted or varied had a published rating solicited by the Issuer from one or more Rating Agencies immediately prior to their substitution or variation, benefit from (or will, as announced by each such Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the relevant Notes;

“Transfer Agents” has the meaning given to it in the preamble to these Conditions;

“Trust Deed” has the meaning given to it in the preamble to these Conditions;

“Trustee” has the meaning given to it in the preamble to these Conditions; and

“Winding-Up” means:

- (i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a winding-up solely for the purpose of, and followed by, a reconstruction, amalgamation, reorganisation, merger or consolidation, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) above.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **1 Initial Issue of Notes**

If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in new global note (“NGN”) form or to be held under the new safekeeping structure (the “NSS”) (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to the common safekeeper appointed by Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking, SA (“Clearstream, Luxembourg”) in respect of such notes (the “Common Safekeeper”). Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes 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 eligibility criteria.

Global Notes which are not issued in NGN form (each a “CGN” and together, the “CGNs”) and Global Certificates which are not held under the NSS may 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.

If the Global Note is a CGN, upon the initial deposit of a Global Note with the Common Depository, or registration of the Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **2 Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or any other permitted clearing system (the “Alternative Clearing System”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by AIB to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against AIB in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of AIB will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### **3 Exchange**

#### **3.1 Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

#### **3.2 Permanent Global Notes**

Each permanent Global Note is exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

#### **3.3 Permanent Global Certificates**

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

### **3.4 Delivery of Notes**

If the Global Note is a CGN, on or after any Exchange Date (as defined below) the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, AIB will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is an NGN, AIB will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system.

“Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest which have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in Part A of Schedule 2 to the Trust Deed. On exchange in full of each permanent Global Note, AIB will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### **3.5 Exchange Date**

“Exchange Date” in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## **4 Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

### **4.1 Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of CGNs represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. If the Global Note is an NGN or if the Global Certificate is held under

the NSS, AIB shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge AIB's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 6(h).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

So long as the Notes are represented by a Global Note or Global Certificate and the Global Note or Global Certificate is held on behalf of a clearing system, the Issuer has undertaken, *inter alia*, to pay interest in respect of such Notes from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by the Global Note or Global Certificate.

#### **4.2 Prescription**

Claims against AIB in respect of Notes which are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 16).

#### **4.3 Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

#### **4.4 Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant permanent Global Note.

#### **4.5 Purchase**

Notes represented by a permanent Global Note may only be purchased by AIB or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

#### **4.6 AIB's Option**

Any option of AIB provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by AIB giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes will be required. In the event that any option of AIB is exercised in respect of some but not all of the Notes of any series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures 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) or any other Alternative Clearing System (as the case may be).

#### **4.7 Noteholders' Option**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting such permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is an NGN or where the Global Certificate is held under the NSS, AIB shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

#### **4.8 NGN Nominal Amount**

Where the Global Note is an NGN, AIB shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### **4.9 Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

#### **4.10 Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for

publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

## **5 Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an “Electronic Consent” as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the “relevant clearing system”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## **USE OF PROCEEDS**

The net proceeds of the sale of any Tranche of Notes will be used for the general funding purposes of the Issuer. If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

In particular, if so specified in the relevant Final Terms, the Issuer will apply the net proceeds from an offer of Notes specifically for projects and activities that promote climate and other environmental purposes. Such Notes may also be referred to as “Green Bonds”.

## AIB GROUP PLC AND THE GROUP

### Overview

The Issuer is a public limited company incorporated in Ireland on 8 December 2016 under the Companies Act 2014, with registration number 594283. The Issuer is the ultimate holding company of a financial services group operating predominantly in Ireland, providing a comprehensive range of services to retail, business and corporate customers. The Group had leading market shares in its core retail banking products within Ireland in 2017, including a 33 per cent. share of mortgages across all three of its mortgage brands, according to BPF published figures for mortgage lending flows, as well as a 36 per cent. share of personal main current accounts, a 21 per cent. share of personal loans (excluding car finance loans) and a 35 per cent. share of personal credit cards, according to the Ipsos MRBI Personal Tracker Q4 2017. The Group also retains strong market shares in products for SMEs, including a 41 per cent. share of business current accounts, a 39 per cent. share of business credit cards, a 43 per cent. share of main business loans and a 20 per cent. share of business leasing for 2017 according to the Ipsos MRBI AIB SME Financial Services Monitor H2 2017. The Group also has operations in Great Britain, trading as Allied Irish Bank (GB), and in Northern Ireland, trading as First Trust Bank.

The Group offers a full suite of products for retail customers, including mortgages, personal loans, credit cards, current accounts, insurance, pensions, financial planning, investments, savings and deposits. Its products for business and corporate customers include finance and loans, business current accounts, deposits, foreign exchange and interest rate risk management products, trade finance products, invoice discounting, leasing, credit cards, merchant services, payments and corporate finance.

The Group is managed through the following segments:

- **Retail & Commercial Banking (“RCB”):** RCB is Ireland’s leading provider of retail and commercial banking products and services based on its market shares across key products. It has approximately 2.4 million retail and SME customers. RCB offers retail banking services through three brands, AIB, EBS and Haven, and commercial banking services through the AIB brand. It has the largest distribution network in Ireland, comprising 297 locations (including 207 AIB Bank branches, 71 EBS offices and 19 business centres), 979 ATMs and AIB telephone, internet, mobile and tablet banking, as well as a partnership with An Post through which it offers certain banking services at approximately 1,100 locations in Ireland. Complementing its physical infrastructure, RCB has a market-leading digital banking proposition with approximately 1.3 million active digital customers, which has contributed to its strengthened customer experience, as measured by the Group’s net promoter score, and underpins a broader efficiency-focused strategy.
- **Wholesale, Institutional & Corporate Banking (“WIB”):** WIB provides wholesale, institutional and corporate banking services to the Group’s larger customers or customers requiring specific sector or product expertise. WIB serves customers through a relationship-driven model with a sector specialist focus. In addition to traditional credit products, WIB offers corporate customers mezzanine finance, structured and specialist finance, equity investments and corporate finance. WIB teams are based in Dublin and New York. WIB’s activities in New York comprise syndicated and international finance activities.
- **AIB UK:** AIB UK operates in two distinct markets: providing corporate and commercial banking services in Great Britain, trading as Allied Irish Bank (GB), and retail and business banking services in Northern Ireland, trading as First Trust Bank. Allied Irish Bank (GB) is a niche commercial & corporate bank with locations in key cities across Great Britain, targeting mid-tier corporates in chosen sectors. First Trust Bank is long established in Northern Ireland, operating as a focused retail and SME

challenger bank. During 2017 First Trust Bank’s distribution model was re-shaped to provide broader, multi-channel access to simple products & services at a lower cost to serve. New regional business centers were established and the retail branch footprint was rationalised, complemented by a new Post Office offering and upgraded Digital banking. AIB UK’s overall proposition includes simplified products and improved digital capability, with closer alignment over time to that offered by the retail operations of the Group in Ireland.

- Group (the “Group Segment”): The Group Segment comprises wholesale treasury activities, central control and support functions. The support functions include business and customer services, marketing, risk, compliance, audit, finance, legal, human resources and corporate affairs. Certain overheads related to these activities are managed and reported in the Group Segment.

The following table provides a breakdown of net loans and customer accounts across the Group’s four segments as at 31 December 2017.

	<b>As at 31 December 2017</b>	
	<b>Net Customer</b>	
	<b>Loans</b>	<b>Accounts</b>
	<i>(€ billions)</i>	
RCB .....	41.4	46.6
WIB.....	10.3	5.7
AIB UK <sup>1</sup> .....	8.2	10.1
Group Segment .....	0.1	2.2
	<u>60.0</u>	<u>64.6</u>

Note:

- (1) Net loans were £7.3 billion and customer accounts were £9.0 billion as at 31 December 2017. Euro amounts calculated using the pound sterling to euro exchange rate of 0.8872, being the period end exchange rate.

Within the above segments, AIB has migrated the management of the vast majority of its non-performing loans to the Financial Solutions Group (the “FSG”), the Group’s standalone dedicated workout unit which supports personal and business customers in financial difficulty, leveraging on FSG’s well-resourced operational capacity, workout expertise and skillset. FSG has developed a comprehensive suite of sustainable solutions for customers in financial difficulty. The Group is moving into the mature stage of managing customers in difficulty and non-performing loan portfolios.

The Group’s profit before taxation from continuing operations was €1,306 million and €1,682 million for the years ended 31 December 2017 and 2016, respectively. As at 31 December 2017, the Group had total assets of €90.1 billion and equity of €13.6 billion.

## History

The Group has a long history of operating in Ireland, with its predecessor organisations having been part of the Irish banking sector for almost 200 years. The Group’s origins date back to the amalgamation in 1966 of three long-established banks: the Munster and Leinster Bank Limited (established 1885), the Provincial Bank of Ireland Limited (established 1825) and the Royal Bank of Ireland Limited (established 1836). AIB Bank

was incorporated as a limited company on 21 September 1966 and was subsequently re-registered as a public limited company on 2 January 1985.

In 1991, the Group merged its interests in Northern Ireland with those of TSB Northern Ireland to create First Trust Bank. In 1996, the Group's retail operations in the United Kingdom were integrated and the resulting entity was renamed AIB Group (UK) p.l.c., with two distinct trading names: First Trust Bank in Northern Ireland and Allied Irish Bank (GB) in Great Britain. During the 1980s and 1990s, the Group entered a phase of international expansion in select markets, acquiring businesses in the United States and Poland.

In the context of the global financial crisis beginning in 2008, the Irish Government recognised the need to stabilise Irish financial institutions and to create greater certainty for all stakeholders. It implemented a number of measures in response to the crisis, including the introduction of the CIFS Scheme and the ELG Scheme and the establishment of NAMA, and several capital investments in AIB Bank and EBS during 2009, 2010 and 2011 amounting to a total of €20.8 billion, which included the National Pensions Reserve Fund Commission making a €3.5 billion investment in the Group by way of a subscription for preference shares (the "2009 Preference Shares") in AIB Bank on 13 May 2009. The Group was also required to deleverage approximately €20.5 billion of non-core assets by December 2013.

During 2012, the Group made significant progress in restructuring its balance sheet and also introduced a series of cost reduction programmes, including a voluntary severance scheme and an early retirement scheme, and for the year ended 31 December 2014, the Group announced a pre-tax profit of €1,111 million, its first annual profit since 2008. The Group has since continued its positive momentum and in December 2015 met all of the medium-term targets it had set in December 2012.

The Group was subject to the 2016 EU-wide stress test conducted by the EBA, in cooperation with the Central Bank, the ECB, the European Commission and the SRB (the "2016 EBA stress test"), the results of which were published in July 2016. The Group's result was a 7.4 per cent. projected CET1 ratio in the adverse scenario (transitional basis), which was a 0.5 per cent. improvement over the result of the 2014 comprehensive assessment, and 4.3 per cent. (fully loaded basis). There was no pass/fail threshold in the 2016 EBA stress test; instead the results of the exercise were taken into account in the Group's SREP, the results of which were communicated to the Group in December 2016. The Group's minimum requirements for 2017 were set at 9.0 per cent. for the CET1 ratio and 12.5 per cent. for the total capital ratio. This excludes Pillar 2 guidance that is not publicly disclosed. Given the strength of the Group's capital position, no mitigating capital actions were required as a result of the 2016 EBA stress test or the SREP. The Group's minimum requirements for 2018 were set at 9.525 per cent. for the CET1 ratio and 13.025 per cent. for the total capital ratio.

Publication of the 2016 EBA stress test results and the Group's relative ranking in the list of participating banks generated some adverse commentary in the media. In response, the Group drew attention to:

- the strength of its capital position following the implementation of a capital reorganisation in December 2015, including the partial conversion by AIB Bank of the 2009 Preference Shares (which increased CET1 capital on a fully loaded CRD IV basis by €1.8 billion, net of the redemption of the remaining 2009 Preference Shares) and the issuance by AIB Bank of additional non-equity capital instruments (€500 million in AT1 notes and €750 million in Tier 2 capital instruments); and
- having received SSM approval where required, the Group's ability to make significant capital and income payments to the Irish State during this period, including the capital repayment by AIB Bank of €1.6 billion, and a further coupon payment by AIB Bank of €160 million, to the Minister for Finance upon the maturity of the contingent capital notes in July 2016, and the €1.7 billion paid by AIB Bank on partial redemption of the 2009 Preference Shares, together with the dividends on the 2009

Preference Shares paid by AIB Bank to the Minister for Finance during 2015 in an aggregate amount of €446 million.

#### *IPO and Scheme of Arrangement*

On 30 May 2017, the Minister for Finance and AIB Bank announced an intention to seek admission of the AIB Bank shares to the Official Lists of each of the Irish Stock Exchange and the FCA and to trading on the main markets of the Irish Stock Exchange and the London Stock Exchange and to proceed with a secondary offering of ordinary shares in AIB Bank by the Minister for Finance. Pursuant to this secondary offering, on 23 June 2017, the Minister for Finance sold 780,384,606 ordinary shares in AIB Bank to certain institutional and retail investors (including on the exercise of an over-allotment option) (the “AIB Bank IPO”), comprising in aggregate 28.75 per cent. of the issued ordinary share capital of AIB Bank. AIB Bank did not receive any of the proceeds of the AIB Bank IPO, all of which were received by the Minister for Finance.

On 3 February 2017, AIB Bank announced that it had been notified of a decision by the SRB that the PRS for the Group would be a single point of entry via a holding company. Implementation of the PRS would require the introduction of a new holding company, AIB, to sit at the top of the Group, directly above AIB Bank, and mean that any future bail-in of instruments held by external creditors would be expected to be implemented in the first instance at the level of that holding company.

On 2 October 2017, AIB Bank announced a corporate reorganisation to effect the SRB’s decision, pursuant to which AIB would be introduced as the holding company of the Group. The reorganisation was approved in shareholders’ meetings on 3 November 2017 and was implemented by means of a scheme of arrangement under Chapter 1 of Part 9 of the Irish Companies Act 2014 (the “Scheme”). On 8 December 2017, the Scheme became effective and AIB Bank’s shares were cancelled, with one AIB share being issued for every AIB Bank share held at such time. On 11 December 2017, the entire issued ordinary share capital of AIB, comprising 2,714,381,237 shares, was admitted to the Official Lists of each of the Irish Stock Exchange and the FCA for trading on the main markets of the Irish Stock Exchange and the London Stock Exchange. With effect from the time the Scheme became effective, AIB has owned 100 per cent. of AIB Bank, the principal operating company and previous holding company of the Group, and AIB Bank and its operating subsidiaries continue to be the principal trading entities of the Group. As at 31 December 2017, the Irish Government maintained a 71.1 per cent. shareholding in AIB.

#### **Board of Directors and Executive Officers**

The following is a list of directors and officers of the Issuer as at the date of this Base Prospectus. The business address of each of the directors and officers referred to below is c/o Bankcentre, Ballsbridge, Dublin 4. The contact telephone number for the Issuer is: +353 16417803.

<b>Name</b>	<b>Title</b>
Richard Pym, CBE	Non-Executive Chairman
Catherine Woods	Senior Independent Non-Executive Director & Deputy Chairman
Simon Ball	Non-Executive Director
Tom Foley	Non-Executive Director
Peter Hagan	Non-Executive Director
Carolán Lennon	Non-Executive Director
Brendan McDonagh	Non-Executive Director
Helen Normoyle	Non-Executive Director

<b>Name</b>	<b>Title</b>
Jim O'Hara	Non-Executive Director
Bernard Byrne	Chief Executive Officer
Mark Bourke	Chief Financial Officer

As far as is known to AIB, no potential conflicts of interest exist between any duties to AIB of the persons listed under “*Board of Directors and Executive Officers*” above and their private interests and/or other duties.

The Board-approved Code of Conduct and Conflicts of Interest Policy sets out how actual, potential or perceived conflicts of interest are to be evaluated, reported and managed to ensure that Directors act at all times in the best interests of the Group and its stakeholders. Executive Directors, as employees of the Group, are also subject to the Group’s Code of Conduct and Conflicts of Interests Policy for employees.

### **Leadership Team**

<b>Name</b>	<b>Title</b>
Bernard Byrne	Chief Executive Officer
Mark Bourke	Chief Financial Officer
Helen Dooley	Group General Counsel
Triona Ferriter	Chief People Officer
Donal Galvin	Group Treasurer
Deirdre Hannigan	Chief Risk Officer
Colin Hunt	Managing Director, Wholesale Institutional & Corporate Banking
Tom Kinsella	Chief Marketing Officer
Robert Mulhall	Managing Director, Retail & Commercial Banking Ireland
Brendan O'Connor	Managing Director, AIB Group (UK) plc
Jim O'Keeffe	Head of Financial Solutions Group
Tomás O'Midheach	Chief Operating Officer

## TAXATION

*The following is a summary of certain Irish tax consequences of the purchase, ownership and disposal of Notes. It applies to the absolute beneficial owners of Notes (including all amounts payable by the Issuer in respect of their Notes). However, it does not apply to certain classes of persons such as dealers in securities. The summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of Notes. The summary is based upon Irish laws and the practice of the Revenue Commissioners of Ireland, in effect on the date of this Base Prospectus. The summary does not constitute tax or legal advice and is of a general nature only. Prospective holders should consult their own tax adviser with respect to the applicable tax consequences of the purchase, ownership and disposal of Notes.*

### **1 Irish Taxation**

#### **1.1 Withholding tax**

There are two different types of Irish withholding tax relevant to payments on the Notes, namely Irish interest withholding tax and Irish encashment tax. However, there are broad exemptions available from these withholding taxes, which are described in the following paragraphs. As the Issuer is not a “relevant deposit taker” as defined in Section 256 of the Taxes Consolidation Act 1997, Irish deposit interest retention tax (“DIRT”) is not applicable to payments of interest made by it.

By way of background, Irish interest withholding tax can apply to interest payments at a rate of 20 per cent., unless an exemption is available. This interest withholding tax can also apply to any premium paid on notes (but does not apply to any discount on notes). An encashment tax at a rate of 20 per cent. can apply to certain categories of listed notes issued by companies.

##### **1.1.1 Listed Notes**

Listed Notes are Notes which have been admitted to the Official List of the Irish Stock Exchange. Payments of interest in respect of Listed Notes may be made without any deduction of Irish tax by the Issuer, provided the Listed Notes remain quoted on the Irish Stock Exchange and remain held in Euroclear and Clearstream, Luxembourg.

If Notes are quoted on another “recognised” stock exchange (instead of the Irish Stock Exchange) but remain held in Euroclear and Clearstream, Luxembourg, the same treatment should apply. Broadly, a “recognised” stock exchange is understood to mean a stock exchange in a jurisdiction which is regulated by the appropriate regulatory authority of that jurisdiction and has substantially the same level of recognition in that jurisdiction as the Irish Stock Exchange has in Ireland. If Notes are held in another “recognised” clearing system (instead of Euroclear and Clearstream, Luxembourg), the same treatment should apply. A list of “recognised” clearing systems for these purposes is included in Irish tax legislation and this list includes the Depository Trust Company of New York.

Irish encashment tax may apply where a collecting agent in Ireland obtains payment of interest (whether in Ireland or elsewhere) on Listed Notes or realises in Ireland any Coupon in respect of Listed Notes. In these circumstances, the collecting agent may be required to deduct Irish encashment tax from such interest or realisation proceeds at the standard rate of tax. An exemption from this Irish encashment tax is available if the holder is not tax resident in Ireland and has provided a declaration in the prescribed form to the collecting agent. Therefore, holders should note that, if they appoint an Irish collecting agent in respect of their Listed Notes, it may result in Irish encashment tax being deducted by their collecting agent from payments made in respect of their Listed Notes.

### **1.1.2 Unlisted Notes**

The Issuer may issue Notes which are not quoted on the Irish Stock Exchange (or another “recognised” stock exchange). Payments in respect of such Notes may be made without any deduction of Irish tax by the Issuer, provided one of the following exemptions from each of Irish interest withholding tax and Irish encashment tax is available:

- (a) no Irish interest withholding tax will be deducted by the Issuer on payments in respect of such Notes, if one of the following applies:
  - (i) the Notes qualify for the “commercial paper” exemption (see below); or
  - (ii) interest on the Notes is not “yearly interest” (generally, interest on Notes would not be considered to be “yearly interest” if the Notes had a maturity of 364 days or less and there was no intention to extend the maturity of the Notes beyond 364 days); and
- (b) no Irish encashment tax will be deducted, provided the Notes are not quoted on any “recognised” stock exchange (see above).

Other exemptions from Irish withholding tax may also be available in certain circumstances. For example, an exemption is available from Irish interest withholding tax where the holder of Notes is a company resident in an EU jurisdiction (other than Ireland) or in a jurisdiction with which Ireland has a double tax treaty, provided a number of conditions are satisfied. The terms of a double tax treaty may also provide relief from Irish withholding tax.

### **1.1.3 What is the “commercial paper” exemption?**

As described above, one of the exemptions from Irish interest withholding tax is the “commercial paper” exemption. Notes will qualify as “commercial paper” if the relevant Notes mature within two years, recognise an obligation to pay a stated amount and carry a right to interest or are issued at a discount or at a premium.

Where Notes qualify as “commercial paper”, an exemption from Irish interest withholding tax will be available on payments of interest in respect of such Notes where the Notes have a denomination of not less than €500,000 (or its currency equivalent) or U.S.\$500,000 and the Notes are held in Euroclear and Clearstream, Luxembourg (or another recognised clearing system).

Other exemptions for “commercial paper” may be available where holders of Notes provide certain specified information or declarations to the Issuer.

## **1.2 Taxation of Noteholders**

### **1.2.1 Noteholders resident in Ireland**

Generally, if holders are tax resident in Ireland, they will be subject to Irish tax on their worldwide income, including their return on the Notes. They will be obliged to account for any Irish tax on a self-assessment basis. There is no requirement for the Revenue Commissioners to issue or raise an assessment on them.

### **1.2.2 Noteholders not resident in Ireland**

If holders are not tax resident in Ireland, they will generally only be subject to Irish tax on their Irish source income (on a self-assessment basis). A corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed may have a liability to Irish corporation tax on the interest.

Interest payable on the Notes may be regarded as Irish source income, as the Issuer is resident in Ireland.

However, where the Notes are Listed Notes (and continue to be held in Euroclear and Clearstream, Luxembourg) or the “commercial paper” exemption (see above) applies, a holder should nevertheless be exempt from Irish income tax on interest paid on the Notes if it is:

- (a) a person (including a company) who is not tax resident in Ireland and is regarded (for the purposes of section 198 of the Taxes Consolidation Act 1997 of Ireland) as being a resident of a EU member state (other than Ireland) or a territory with which Ireland has a double tax treaty that has the force of law;
- (b) a company which is under the control (whether directly or indirectly) of a person or persons who, by virtue of the laws of a “relevant territory”, is or are tax resident in the “relevant territory” and who is or are (as the case may be) not under the control (whether directly or indirectly) of a person, or persons who are, not so resident. A “relevant territory” for these purposes means (i) a member state of the EU (other than Ireland), (ii) a territory with which Ireland has a double tax treaty that has the force of law, or (iii) a territory with which Ireland has signed a double tax treaty, which has yet to have the force of law; or
- (c) a company the principal class of shares of which, or:
  - (i) where the company is a 75 per cent. subsidiary of another company, of that other company; or
  - (ii) where the company is wholly-owned by two or more companies, of each of those companies,

is substantially and regularly traded on a stock exchange in Ireland, or on one or more recognised stock exchanges in a “relevant territory” (see just above) or on such other stock exchange as may be approved of by the Minister for Finance of Ireland for these purposes.

If the Notes are neither Listed Notes nor Notes to which the “commercial paper” exemption (see above) applies, a holder should nevertheless be exempt from Irish income tax on interest paid on the Notes if the interest is paid by the Issuer in the ordinary course of its trade or business and it is:

- (a) a company which is not tax resident in Ireland and which is regarded (for the purposes of section 198 of the Taxes Consolidation Act 1997 of Ireland) as being a resident of a EU member state (other than Ireland) or a territory with which Ireland has a double tax treaty that has the force of law provided, in either case, that the relevant territory imposes a tax that generally applies to interest receivable in that territory by companies from sources outside that territory; or
- (b) a company and the interest paid on the Notes is exempted from the charge to Irish income tax under a double tax treaty in force on the date the interest is paid, or would be exempted from the charge to Irish income tax if a double tax treaty which has been signed but is not yet in force had the force of law on the date the interest is paid.

If a holder earns a discount on Notes, it will not be chargeable to Irish income tax on such discount if the Notes were issued by the Issuer in the ordinary course of its trade or business and it is a person (including a company) who is not tax resident in Ireland and who is regarded

(for the purposes of section 198 of the Taxes Consolidation Act 1997 of Ireland) as being a resident of a EU member state (other than Ireland) or a territory with which Ireland has a double tax treaty that has the force of law.

If the above exemptions do not apply, and the terms of a double tax treaty do not fully relieve Irish income tax payable on income earned on the Notes, the terms of a double tax treaty may provide for relief for Irish income tax paid, against a foreign tax liability arising on the same income.

### **1.3 Irish capital gains tax**

If a holder is a tax resident or ordinarily resident in Ireland, it may be subject to Irish tax on capital gains (currently 33 per cent.) on gains arising on a disposal of Notes.

If a holder is not tax resident or ordinarily resident in Ireland, it should not be subject to Irish tax on capital gains arising on a disposal of the Notes, provided the Notes are or were not held for the use of or for the purposes of an Irish branch or agency.

### **1.4 Irish capital acquisitions tax**

Irish capital acquisitions tax applies to gifts and inheritances. The rate of capital acquisitions tax is currently 33 per cent. A gift or inheritance of the Notes may be subject to capital acquisition tax if:

- (a) the disponent is tax resident or ordinarily resident in Ireland (or, in the case of value settled in a discretionary trust established before 1 December 1999, was then or later became domiciled in Ireland) on the relevant date;
- (b) the donee (or successor) is tax resident or ordinarily resident in Ireland on the relevant date; or
- (c) the Notes are regarded as property situated in Ireland.

### **1.5 Irish stamp duty**

The issue of Notes will not give rise to a charge to Irish stamp duty.

The transfer of interests in the Notes may, in certain circumstances, result in a charge to Irish stamp duty. However, a transfer of the Notes by physical delivery only (and not otherwise) should not give rise to a charge to Irish stamp duty.

A transfer of Notes satisfying the terms of the loan capital exemption will be exempt from stamp duty. There are four conditions that must be satisfied to avail of this exemption:

- (a) the Notes must not carry a right of conversion into shares or marketable securities (other than loan capital) of an Irish incorporated company or into loan capital having such a right;
- (b) the Notes must not carry rights similar to those attaching to shares, including voting rights, entitlement to a share of profits or a share in surplus on liquidation of the Issuer;
- (c) the Notes must be issued for a price which is not less than 90 per cent. of the nominal value of the Notes; and
- (d) the Notes must not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any document relating to the Notes.

## **SUBSCRIPTION AND SALE**

The Dealers have in a Dealer Agreement dated 14 March 2018 (the “Dealer Agreement”) agreed with AIB a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement for any particular purchase will extend to those matters stated under “Terms and Conditions of the Senior Notes” and “Terms and Conditions of the Subordinated Notes” above.

In the Dealer Agreement, AIB has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement may be terminated in relation to all the Dealers or any of them by AIB or, in relation to itself, by any Dealer, at any time on giving not less than 15 days’ written notice. The Dealers are entitled in certain circumstances to be released and discharged from their obligations under a subscription agreement prior to the closing of the issue of the relevant Notes.

### **United States**

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes 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 U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code, as amended and the regulations thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Agent shall notify such Dealer when all such Dealers have so certified), 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 any Notes during the distribution compliance period, a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act.

### **Prohibition of Sales to EEA 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 Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) 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 Directive 2014/65/EU (as amended, “MiFID II”); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “Insurance Mediation Directive”), 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 Directive 2003/71/EC (as amended, the “Prospectus Directive”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and, it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom; and
- (b) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

### **Ireland**

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Notes, or do anything in Ireland in respect of the Notes, otherwise than in conformity with the provisions of:

- (a) the European Union (Markets in Financial Instruments) Regulations 2017 and any codes or rules of conduct applicable thereunder, Regulation (EU) No 600/2014 and any delegated or implementing acts adopted thereunder and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) the Irish Central Bank Acts 1942 – 2015 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);

- (c) the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules and guidance issued under Section 1363 of the Companies Act, by the Central Bank;
- (d) the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules and guidance issued under Section 1370 of the Companies Act by the Central Bank;
- (e) the Companies Act 2014; and
- (f) in respect of Notes with a maturity at less than one year, the terms of Central Bank Notice BSD C 01/02.

## **Republic of Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

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 delivered, and will not offer, sell or deliver, any Notes or distribute any copy of this Base Prospectus or any other document relating to the Notes in the Republic of Italy (“Italy”) except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the “Consolidated Financial Services Act”) and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “CONSOB Regulation”), all as amended from time to time; or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Consolidated Financial Services Act and Article 34-ter of the CONSOB Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in Italy under (a) and (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “Banking Act”) and CONSOB Regulation No. 16190 of 29 October 2007, all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time pursuant to which the Bank of Italy may request post-offering information on the issue or the offer of securities in Italy; and
- (iii) in compliance with any other applicable laws and regulations, including any requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy or any other competent authority.

See also “Transfer Restrictions in Italy” below.

### ***Transfer Restrictions in Italy***

Investors should note that, in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent

distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and the CONSOB Regulation. Furthermore, where no exemption from the rules on public offerings applies, the Notes which are initially offered and placed in Italy or abroad to professional investors only but in the following year are “systematically” distributed on the secondary market in Italy become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and CONSOB Regulation. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by purchasers of Notes who are acting outside of the course of their business or profession.

This Base Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

## **Japan**

The Notes 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 “Financial Instruments and Exchange Act”). 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, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **General**

These selling restrictions may be modified by the agreement of AIB and the relevant Dealer(s) following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will (to the best of its knowledge) comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms.

## APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

**Final Terms dated [●]**

**AIB Group plc**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €10,000,000,000

**Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes 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 (“EEA”). 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; (ii) a customer within the meaning of Directive 2002/92/EC, 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 Directive 2003/71/EC (as amended, the “Prospectus Directive”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 14 March 2018 [and the supplemental Base Prospectuses dated [●]] [which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented].]<sup>1</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus[, as so supplemented]. The Final Terms and the Base Prospectus [and the supplemental Base Prospectuses] are available for inspection at the London office of the Agent and the office of the Issuer and in electronic form on the website of the Issuer [www.aibgroup.com](http://www.aibgroup.com) (access through the “Investor Relations” link)[, the website of the Central Bank, [www.centralbank.ie](http://www.centralbank.ie) (for so long as the Central Bank decides to

---

<sup>1</sup> Delete this statement and any other references to the Prospectus Directive in these Final Terms in the case of an issuance of unlisted Notes and an issuance of Notes which will not be admitted to trading on a regulated market.

provide a service of publishing such documents on its website) and on the website of the Irish Stock Exchange at [www.ise.ie](http://www.ise.ie)].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus (or equivalent) with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated [●] [and the supplemental Base Prospectuses dated [●]]. [This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated [●] [and the supplemental Base Prospectuses dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [●] [and the supplemental Base Prospectuses dated [●]] and are attached hereto]<sup>1</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Base Prospectus dated [●]]/[Base Prospectuses dated [●] and [●]] [and the supplemental Base Prospectuses dated [●] and [●]]. The [Base Prospectus dated [●]]/[Base Prospectuses dated [●]] [and the supplemental Base Prospectuses[es]] are available for inspection at the London office of the Agent and the office of the Issuer.]

The securities described by these Final Terms (the “Securities”) constitute Commercial Paper for the purposes of Notice BSD C 01/02 issued by the Central Bank of Ireland (the “Notice”). The Securities are issued in accordance with one of the exemptions from the requirement to hold a banking licence provided by the Notice pursuant to section 8(2) of the Central Bank Act 1971 of Ireland, inserted by section 31 of the Central Bank Act 1989 of Ireland, as amended. The Securities do not have the status of a bank deposit and are not within the scope of the Deposit Protection Scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland.<sup>2</sup>

- |    |  |   |
|----|--|---|
| 1. | <b>Issuer:</b>                                 | AIB Group plc   |
| 2. | [i] Series Number:                             | [●]   |
|    | [ii] Tranche Number:                           | [●]   |
|    | [iii] Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the <i>[insert description of the Series]</i> on <i>[insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in item [26] below [which is expected to occur on or about [insert date]].]</i> |
| 3. | <b>Specified Currency or Currencies:</b>       | [●]   |
| 4. | <b>Aggregate Nominal Amount of Notes:</b>      | [●]   |
|    | [i] Series:                                    | [●]   |
|    | [ii] Tranche:                                  | [●]   |

<sup>2</sup> Include for Notes which have a maturity of less than one year from the Issue Date. Any such Notes must be issued and transferable in a minimum amount of €125,000 (or its equivalent in other currencies). Such Notes fall outside the scope of the Prospectus Directive.

5. **Issue Price:** [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations: [●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
- (ii) 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. (i) Issue Date: [●]  
(ii) Interest Commencement Date: *[specify]*/Issue Date/Not Applicable]
8. **Maturity Date:** *[specify]*/Interest Payment Date falling in or nearest *[specify month and year]*]
9. **Interest Basis:** [[●] per cent. Fixed Rate]  
[[●] per cent. Resettable Notes]  
*[LIBOR/EURIBOR]* +/- [●] per cent. Floating Rate]  
[Zero Coupon]
10. **Redemption/Payment Basis:** Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. **Change of Interest Basis:** [Applicable/Not Applicable]
12. **Put/Call Options:** [Put (further particulars specified at item 20 below)]  
[Call (further particulars specified at item 19 below)]
13. (i) Status of the Notes: [Senior/Subordinated]  
[(ii) Loss Absorption Note<sup>3</sup>: [Applicable/Not Applicable]]  
[(iii) Waiver of Set-off<sup>4</sup>: [Applicable – Condition 3(b) applies]/[Not Applicable – Condition 3(b) does not apply]]  
[(iv) Restricted Events of [Applicable – Condition 9(b) applies]/[Not

<sup>3</sup> Senior Notes only.

<sup>4</sup> Senior Notes only.

- Default<sup>5</sup>: Applicable – Condition 9(b) does not apply]]
- [(v)] [Date [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]
14. **Method of distribution:** [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 15 **Fixed Rate Note Provisions:** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [Actual/Actual / Actual/Actual – ISDA]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360 / 360/360 / Bond Basis]  
[30E/360 / Eurobond Basis]  
[30E/360 (ISDA)]  
[Actual/Actual – ICMA]
- (vi) Determination Date(s): [[●] in each year/Not Applicable]
16. **Resettable Note provisions:** [Applicable/Not Applicable]
- (i) Initial Rate of Interest: [●] per cent. per annum [payable annually/semi-annually/ quarterly/ monthly] in arrear]
- (ii) First Margin: [+/-][●] per cent. per annum
- (iii) Subsequent Margin: [+/-][●] per cent. per annum
- (iv) Resettable Note Interest Payment Date(s): [●] in each year commencing on [●] and ending on [●]
- (v) First Resettable Note Reset Date: [●]
- (vi) Second Resettable Note Reset Date: [[●]/Not Applicable]

---

<sup>5</sup> Senior Notes only.

(vii)	Subsequent Resetable Note Reset Date:	[[●]/Not Applicable]
(viii)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention]
(ix)	Business Centre(s):	[●]
(x)	Reset Rate:	[Single Mid-Swap Rate]/[Mean Mid-Swap Rate]/[Reference Bond]
(xi)	Relevant Screen Page:	[●]
(xii)	Mid-Swap Maturity:	[●]
(xiii)	Fixed Leg Swap Duration:	[●]
(xiv)	Benchmark Duration:	[Fixed Leg Swap Duration/[●]]
(xv)	Subsequent Reset Rate Time:	[●]
(xvi)	Day Count Fraction:	[Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
17.	<b>Floating Rate Note Provisions:</b>	[Applicable/Not Applicable]
(i)	Interest Period(s):	[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below
(ii)	Specified Interest Payment Dates:	[●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below
(iii)	First Interest Payment Date:	[●]
(iv)	Interest Period Date:	[●]
(v)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention]
(vi)	Business Centre(s):	[●]
(vii)	Manner in which the	[Screen Rate Determination/ISDA Determination]

	Rate(s) of Interest is/are to be determined:	
(viii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(ix)	Screen Rate Determination: – Reference Rate:  – Interest Determination Date(s):  – Relevant Screen Page:	[●]  [●]  [●] (or any replacement page which displays that rate)
(x)	ISDA Determination:  – Floating Rate Option:  – Designated Maturity:  – Reset Date:  – ISDA Definitions:	[●]  [●]  [●]  [●]  [2000/2006]
(xi)	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)]
(xii)	Margin(s):	[+/-][●] per cent. per annum
(xiii)	Minimum Rate of Interest:	[●] per cent. per annum
(xiv)	Maximum Rate of Interest:	[●] per cent. per annum
(xv)	Day Count Fraction:	[Actual/Actual / Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]

18. **Zero Coupon Note Provisions:** [Applicable/Not Applicable]
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Day Count Fraction: [Actual/Actual / Actual/Actual – ISDA]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360 / 360/360 / Bond Basis]  
 [30E/360 / Eurobond Basis]  
 [30E/360 (ISDA)]  
 [Actual/Actual – ICMA]

**PROVISIONS RELATING TO REDEMPTION**

19. **Call Option:** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]
20. **Put Option<sup>6</sup>:** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
- (iii) Notice period: [●]
- [21. **Capital Disqualification Event for partial exclusion:**<sup>7</sup> [Applicable/Not Applicable]]
- [22. **Loss Absorption Disqualification Event:** [Applicable/Not Applicable]  
*(This item may only be expressed to be Applicable where the Notes are Senior Notes. If Not Applicable, delete the remaining subparagraph of*

<sup>6</sup> Senior Notes only.

<sup>7</sup> Subordinated Notes only.

- this paragraph)*
- [Applicable/Not Applicable]]
- Loss Absorption Disqualification Event for partial exclusion:
23. **Final Redemption Amount of each Note:** [●] per Calculation Amount
24. **Early Redemption Amount:**
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default [or on redemption for regulatory reasons<sup>8</sup>][or on redemption following a Loss Absorption Disqualification Event<sup>9</sup>]:
25. **Substitution and Variation:** [Applicable/Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. **Form of Notes:**
- [Bearer Notes:]
- [Temporary Global Note exchangeable for Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Registered Notes:]
- [Registered Global Note registered in the name of a nominee for a [common depository/common safekeeper] for Euroclear and Clearstream, Luxembourg]

---

<sup>8</sup> Subordinated Notes only.

<sup>9</sup> Senior Notes only.

27. **New Global Note:** [Yes] [No]
28. **Green Bonds:** [Yes] [No]  
*If Not Applicable, delete the remaining subparagraphs of this paragraph)*
- [i] [Reviewer(s):] *[Name of sustainability rating agencies and name of third party assurance agent, if any and details of compliance opinion(s) and availability]*
- [i] [Date of Second Party Opinion(s):] *[Give details]*
29. **Financial Centre(s):** *[Not Applicable/give details. [Note that this paragraph relates to the date [and place] of payment, and not the end date of the interest period for the purposes of calculating the amount of interest, to which sub-paragraph 17(v) relates]]*
30. **Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):** *[No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made]*

#### **[USE OF PROCEEDS**

*Give details if different from the “Use of Proceeds” section in the Base Prospectus.]*

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. *[(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

- (i) Listing: [Irish Stock Exchange/other(*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to the Official List and to be admitted to trading on the regulated market of the Irish Stock Exchange with effect from [●]. No assurance can be given that such listing will be obtained and/or maintained/Other/Not Applicable].
- [(iii) [Estimate of total expenses related to admission to trading: [●]

### 2. Ratings

Ratings: [The following ratings reflect the ratings allocated to Notes of this type issued under the Programme generally:]

The Notes are expected to be rated [●] by [●][on or shortly after the Issue Date].

No assurance can be given that such rating will be obtained and/or retained.

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

*Insert one (or more) of the following options, as applicable:*

**Option 1: CRA is (i) established in the EU and (ii) registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009 (the “CRA Regulation”).*

**Option 2: CRA is (i) established in the EU, (ii) not registered under the CRA Regulation but (iii) has applied for registration:**

*[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and has applied for registration under Regulation (EC) No 1060/2009 (the “CRA Regulation”) although notification of the registration decision has not yet been provided.*

**Option 3: CRA is (i) established in the EU and (ii) has not applied for registration and is not registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009 (the “CRA Regulation”).*

**Option 4: CRA is not established in the EU but the relevant**

**rating is endorsed by a CRA which is established and registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but the rating it has given to the [Notes] is endorsed by [insert legal name of credit rating agency], which is established in the EU and registered under Regulation (EC) No 1060/2009 (the “CRA Regulation”).*

**Option 5: CRA is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but is certified under Regulation (EC) No 1060/2009 (the “CRA Regulation”).*

**Option 6: CRA is neither established in the EU nor certified under the CRA Regulation and the relevant rating is not endorsed under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU and is not certified under Regulation (EC) No 1060/2009 (the “CRA Regulation”) and the rating it has given to the [Notes] is not endorsed by a credit rating agency under Regulation (EC) No 1060/2009 (the “CRA Regulation”).*

3. **Interests of Natural and Legal Persons involved in the Issue**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/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. *(Amend as appropriate if there are other interests)*]

4. **[Fixed Rate Notes only – Yield**

Indication of yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. **[Floating Rate Notes only – Historic Interest Rates**

Details of historic [LIBOR/EURIBOR/replicate other as specified in the Conditions] rates can be obtained from [Reuters].]

6. **Operational Information**

ISIN: [●]

Common Code: [●]

CFI: [Not Applicable][●]

FISN: [Not Applicable][●]

*(If the CFI and/or FISN is not required, requested or available,*

*it/they should be specified to be "Not Applicable"*)

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):

[Not Applicable/give name(s) and number(s)[and address(es)]]

Delivery:

Delivery [against/free of] payment

Name and address of additional Paying Agent(s) (if any):

[●]

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories 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 notes*) and does not necessarily mean that the Notes 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. 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 Notes are capable of meeting them the Notes 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 notes*). Note that this does not necessarily mean that the Notes 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.]

## 7. **Distribution**

(i) Method of distribution:

[Syndicated/Non-syndicated]

(ii) If syndicated:

(A) Names of Managers:

[Not Applicable/give names]

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

[Not Applicable/give names]

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

[Not Applicable/give name]

(iv) U.S. Selling Restrictions:

[Reg. S Compliance Category 2] [TEFRA C / TEFRA D / TEFRA Not Applicable]

## GENERAL INFORMATION

- 1 It is expected that approval of the Programme in respect of the Notes will be granted on or before 14 March 2018 subject only to the issue of a temporary Global Note or Global Certificate (as applicable) in respect of each Tranche. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, Notes may be issued pursuant to the Programme which will not be listed on any stock exchange. The Listing Agent is not seeking admission to listing of the Notes on the Irish Stock Exchange for the purposes of the Prospectus Directive on its own behalf, but as agent on behalf of AIB.
- 2 The establishment of the Programme and the issue of Notes under the Programme have been authorised by a resolution of the Board of Directors of AIB passed on 22 February 2018 and by a resolution of a committee of the Board of Directors of AIB passed on 28 February 2018.
- 3 Each Bearer Note, Coupon and Talon will bear the following legend: “Any U.S. 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”.
- 4 There are no, and there have not been any, governmental, legal or arbitration actions, suits or proceedings (including any such proceedings which are pending or threatened of which AIB is aware) involving AIB or any of its subsidiaries during the 12 months preceding the date of this Base Prospectus, which may have, or have had in recent past significant effects on the financial position or profitability of AIB and/or the Group taken as a whole.
- 5 There has been no significant change in the financial or trading position of the Group and no material adverse change in the prospects of the Issuer since 31 December 2017, the date of the Issuer’s last published audited financial statements.
- 6 The issue price and the amount of the relevant Notes will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. AIB does not intend to provide any post- issuance information in relation to any issues of Notes.
- 7 The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code and ISIN (and any other relevant identification number for any alternative clearing system) for each Series of Notes will be set out in the relevant Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
- 8 The legal entity identifier of AIB is 635400AKJBGNS5WNQL34.
- 9 Copies of the following documents (in physical form) will be available for inspection during usual business hours on any weekday (Saturday and public holidays excepted) from the date hereof for so long as the Programme remains in effect or any Notes remain outstanding at the London office of the Agent and the office of AIB specified at the end of this Base Prospectus:
  - (i) the Memorandum and Articles of Association of AIB;
  - (ii) the Trust Deed;
  - (iii) the Agency Agreement;
  - (iv) the annual financial report of AIB for the year ended 31 December 2017;

- (v) each Final Terms for Notes which are listed on the Irish Stock Exchange or any other stock exchange;
  - (vi) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus; and
  - (vii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in any supplement to this Base Prospectus or further Base Prospectus.
- 10** Deloitte & Touche of Deloitte & Touche House, Earlsfort Terrace, Dublin (a member of the Institute of Chartered Accountants in Ireland) have audited, without qualifications, the annual consolidated financial statements of the Issuer for the financial year ended 31 December 2017, in accordance with Auditing Standards issued by the Auditing Practices Board.
- 11** Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial transactions with, and may perform services to the Issuer and/or the Issuer's affiliates in the ordinary course of business. In addition, 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 the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer and/or the Issuer's affiliates routinely hedge their credit exposure to the Issuer and/or the Issuer's affiliates 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 Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes 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.

## DEALERS

**ABN AMRO Bank N.V.**  
Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Commerzbank Aktiengesellschaft**  
Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Federal Republic of Germany

**Credit Suisse Securities (Europe) Limited**  
One Cabot Square  
London E14 4QJ  
United Kingdom

**Goldman Sachs International**  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**J&E Davy t/a Davy**  
49-50 Dawson Street  
Dublin 2  
Ireland

**Lloyds Bank plc**  
10 Gresham Street  
London EC2V 7AE  
United Kingdom

**Mizuho International plc**  
Mizuho House  
30 Old Bailey  
London EC4M 7AU  
United Kingdom

**Nomura International plc**  
1 Angel Lane  
London EC4R 3AB  
United Kingdom

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Crédit Agricole Corporate and Investment Bank**  
12, place des Etats-Unis  
CS 70052  
92 547 Montrouge Cedex  
France

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**Goodbody Stockbrokers UC**  
Ballsbridge Park  
Ballsbridge  
Dublin 4  
Ireland

**ING Bank N.V.**  
Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Merrill Lynch International**  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Natixis**  
30 avenue Pierre Mendès-France  
75013 Paris  
France

**Société Générale**  
29, boulevard Haussmann  
75009 Paris  
France

**The Royal Bank of Scotland plc (trading as NatWest Markets)**

250 Bishopsgate  
London EC2M 4AA  
United Kingdom

**UBS Limited**  
5 Broadgate  
London EC2M 2QS  
United Kingdom

**UniCredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

**ARRANGER AND DEALER**

**Morgan Stanley & Co. International plc**

Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**REGISTERED OFFICE OF AIB**

**AIB Group plc**

Bankcentre  
Ballsbridge  
Dublin 4  
Republic of Ireland  
Tel: +353 16417803

**TRUSTEE**

**BNY Mellon Corporate Trustee Services Limited**

One Canada Square  
Canary Wharf  
London E14 5AL  
United Kingdom

**ISSUING AND PAYING AGENT**

**The Bank of New York Mellon, London Branch**

One Canada Square  
Canary Wharf  
London E14 5AL  
United Kingdom

**REGISTRAR**

**The Bank of New York Mellon SA/NV, Luxembourg Branch**

Vertigo Building – Polaris  
2-4 rue Eugène Ruppert  
L-2453 Luxembourg

**LEGAL ADVISERS**

***to AIB***

*(as to English law)*

**Linklaters LLP**

One Silk Street  
London EC2Y 8HQ  
United Kingdom

*(as to Irish law)*

**A&L Goodbody**

25-28 North Wall Quay  
Dublin 1  
Republic of Ireland

***to the Dealers***

*(as to English law)*

**Allen & Overy LLP**

One Bishops Square  
London E1 6AD  
United Kingdom

*(as to Irish law)*

**Matheson**

70 Sir John Rogerson's Quay  
Dublin 2  
Republic of Ireland

**AUDITORS OF AIB**

**Deloitte & Touche**

Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2  
Republic of Ireland

**LISTING AGENT**

**A&L Listing Limited**

IFSC  
North Wall Quay  
Dublin 1  
Republic of Ireland