



AIB Group plc

(a company incorporated with limited liability in Ireland)

€10,000,000,000

Euro Medium Term Note Programme

This supplement (the “**Supplement**”) to the Base Prospectus dated 14 May 2019 (the “**Base Prospectus**”) is prepared in connection with the €10,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by AIB Group plc (“**AIB**”).

This Supplement constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to and should be read in conjunction with the Base Prospectus. The purpose of this Supplement is to (i) reflect certain recent developments in relation to AIB, (ii) amend and update certain risk factors in the Base Prospectus, (iii) update the documents incorporated by reference into the Base Prospectus, (iv) update the business description of AIB and (v) update certain general information in relation to AIB.

This Supplement has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under the Prospectus Directive. The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive.

AIB accepts responsibility for the information contained in this Supplement. 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.

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

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme since the publication of the Base Prospectus.

RECENT DEVELOPMENTS

Unaudited trading update for the nine months ended 30 September 2019

Financial performance

In the nine months ended 30 September 2019, net interest margin (“NIM”) was 2.42 per cent., the yield on customer loans was 3.46 per cent. and the spread between customer loans and deposits continues to widen. The excess liquidity continues to weigh on NIM (7 basis points impact on year-to-date) along with lower income from investment securities and increased MREL-related funding costs. In the third quarter of 2019, the yield on customer loans was 3.46 per cent., which remained stable for the quarter and widened the spread between customer loans and deposit costs. The enduring negative interest rate environment has manifested in a negative 11 basis points impact on NIM of 2.32 per cent. in the third quarter of 2019.

Fee and commission income remained stable in the third quarter ended 30 September 2019.

The operating costs of the Group in the year ended 31 December 2019 are anticipated to be approximately €1.5 billion.

Balance sheet

Gross loans as at 30 September 2019 were €62.7 billion.

New lending in the nine months to September 2019 was in line with the equivalent period in 2018.

Non-performing exposures (“NPE”)¹ in the third quarter ended 30 September 2019 were €4.5 billion, in comparison to the NPE of €6.1 billion in the year ended 31 December 2018 and €4.7 billion in the six months ended 30 June 2019.

Customer accounts increased to €70.2 billion from €67.7 billion as at 31 December 2018 reflecting the strong Irish macro-economic backdrop. The loan to deposit ratio was 87 per cent. at 30 September 2019.

Funding and Capital

On 9 October 2019, AIB issued €500,000,000 fixed rate reset additional tier 1 perpetual contingent temporary write down securities.

The fully loaded CET1 at 30 September 2019 was 16.5 per cent. (17.3 per cent. at the six months ended 30 June 2019) and represents solid underlying third quarter profitability offset by third quarter dividend accrual and indicative Targeted Review of Internal Models impact of 90 basis points.

Sale of non-performing loan portfolio

As announced on 1 November 2019, AIB has agreed to sell a non-performing loan portfolio to Everyday Finance DAC (“**Everyday**”) as part of a consortium arrangement with Everyday and affiliates of Cerberus Capital Management.

At completion, AIB will receive cash consideration of approximately €0.7 billion. The proceeds will be used for general corporate purposes including the continuation of support for customer restructuring. The sale is expected to have a negative profit and loss impact but overall will have a net capital accretive impact due to the reduction in RWAs, the timing of which will occur upon receipt of proceeds in early 2020.

¹ NPEs can broadly be split into two categories: customers that AIB has resolved subject to a probationary period or completion of property sales before the loans exit from NPE; customers yet to be resolved (previously defined as impaired and 90 days past due).

AMENDMENTS TO THE “RISK FACTORS” SECTION

In the “Risk Factors” section on pages 1 to 32 of the Base Prospectus:

- (i) The last sentence of the first paragraph of the risk factor “*1 The Group’s business may be adversely affected by any deterioration in Irish, UK or global economic conditions*” shall be deleted and replaced with the following:

“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, including property prices.”

- (ii) In the first sentence of the third paragraph of the risk factor “*1 The Group’s business may be adversely affected by any deterioration in Irish, UK or global economic conditions*”, the words “and level of loan impairments” shall be deleted and replaced with “, lead to higher expected credit losses”.

- (iii) The first three paragraphs of the risk factor “*2 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*” shall be deleted and replaced with the following:

“Although the overall impact of Brexit remains uncertain, and may remain uncertain for some time, it is expected to have an adverse impact on economic activity in the Issuer’s and the Group’s core markets over the short to medium term, with the UK’s future trading relationship with the EU post-Brexit being the key consideration in this regard.

The EU and the UK agreed a revised Withdrawal Agreement in October 2019. However, the deal was not ratified by the UK Parliament. The UK sought and was granted by the EU a further extension to the Article 50 negotiating period so as to avoid a no-deal Brexit on 31 October 2019. The terms of the extension allow the UK to leave the EU prior to 31 January 2020 if both parties have ratified the Withdrawal Agreement before this date. However, the UK government has suspended efforts to pass the Withdrawal Agreement Bill and has called a general election for 12 December 2019. There is considerable uncertainty regarding the composition of the UK Parliament post the election and this in turn means a wide range of Brexit outcomes are still possible. As a result, there is no guarantee that the Withdrawal Agreement will be ratified by 31 January 2020. Indeed, another hung UK Parliament would increase the risk once again that the UK could leave the EU without a deal. Even if the Withdrawal Agreement is ratified by the UK Parliament, uncertainty may persist or worsen throughout the process of negotiation to determine the future terms of the UK’s economic relationship with the EU.”

- (iv) The second sentence of the second paragraph of the risk factor “*4 The Group faces risks associated with the level of, and changes in, interest rates, as well as certain other market risks*” shall be deleted and replaced with the following:

“The persistence of exceptionally low or negative interest rates for an extended period could adversely impact the Group’s earnings through the compression of net interest margin.”

- (v) The second paragraph of the risk factor “*6 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*” shall be deleted and replaced with the following:

“The Issuer (which is the parent company of the Group) is incorporated and has its head office in Ireland. 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 the Capital Requirements Directive IV (Directive 2013/36/EU), the Capital Requirements Directive V (Directive (EU) 2019/878) (“**CRD V**”), which includes amendments to CRD IV (Directive 2013/36/EU) (as so amended, “**CRD IV**”), the Capital Requirements Regulation II (Regulation (EU) 2019/876) (“**CRR II**”) which includes amendments to the Capital Requirements Regulation (Regulation (EU) No. 575/2013) (as so amended, the “**CRR**”) and amendments which have been made to BRRD by way of Directive (EU) 2019/879 (“**BRRD II**”). On 25 May 2018, the Council of the EU agreed its stance on the proposals included in CRD V and CRR II and asked the presidency to start negotiations with the European Parliament. The European Parliament confirmed its position on the proposals at its June 2018 plenary. The European Parliament and the Council of the EU reached agreement on the main elements of the proposals in late 2018, which were endorsed by the Committee of Permanent Representatives (“**COREPER**”) on 30 November 2018 and approved by the Economic and Financial Affairs Council on 4 December 2018. In February 2019, COREPER endorsed the positions agreed with the European Parliament on all elements of the proposals. On 16 April 2019, the European Parliament endorsed the provisional agreement reached with Member States during the political trilogues. The agreed text was published in the Official Journal on 7 June 2019. Most of the provisions of CRD V and BRRD II are required to be transposed into national law by 28 December 2020, with application immediately thereafter. CRR II will apply from 28 June 2021 (subject to certain earlier applications and exemptions, such as those relating to the transitional arrangements for IFRS 9 and the characteristics of new regulatory capital instruments).”

- (vi) The first sentence of the fifth paragraph of the risk factor “6 *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*” shall be deleted and replaced with the following:

“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 SREP carried out under the SSM or stress testing by the ECB and the European Banking Authority (“**EBA**”). Such additional requirements could include a revision of the level of Pillar 2 add-ons as the Pillar 2 add-on requirements or guidance are a point-in-time assessment and therefore subject to change over time, or changes to the combined buffer requirements applicable (see “—*The Group may have insufficient capital to meet increased minimum regulatory requirements*”).”

- (vii) The ninth paragraph of the risk factor “6 *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*” shall be deleted and replaced with the following:

“The SRB has set the Group’s MREL target at 16.76 per cent. of Total Liabilities and Own Funds (“**TLOF**”) (representing 28.22 per cent. of risk weighted assets (“**RWAs**”) at 31 December 2017) to be met by 1 January 2021. The implementation of the Countercyclical Capital Buffer (“**CCyB**”) for Ireland will increase the MREL target for future years. In addition, an estimated increase in RWAs of approximately €2 billion due to the Targeted Review of Internal Models (“**TRIM**”) is also likely to increase the quantum of MREL issuance required. The MREL requirements could have an impact on the Group’s operations, structure, costs and/or capital/funding requirements.”

- (viii) In the first sentence of the penultimate paragraph of the risk factor “6 *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 term “AIB” shall be deleted and replaced with “The Group”.

- (ix) The following sentence shall be added to the end of the first paragraph of the risk factor “*8 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*”:

“Furthermore, there is a greater focus by regulators on the overall effectiveness of financial institutions’ efforts to tackle financial crime beyond issues of mere technical compliance which requires constant enhancement of and investment in their overall financial crime response.”

- (x) The third and fourth paragraph of the risk factor “*8 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*” shall be deleted and replaced with the following:

“The combined impact of these changes is the 5th EU Anti-Money Laundering Directive (“**MLD5**”), the final text of which was published on 19 June 2018. Member States have until January 2020 to implement this into domestic law (with certain later transposition dates for some aspects of MLD5 over an 18 month period), but it is expected to be transposed in most Member States by the third quarter of 2019. In addition, a 6th EU Anti-Money Laundering Directive (“**MLD6**”) was agreed by the EU in December 2018 which means Member States will have until mid-2021 to harmonise predicate offences giving rise to money laundering.

Moreover, global money laundering cases have recently received increased scrutiny, with a number of major European banks implicated in such matters. A further 7th EU Anti-Money Laundering Directive is currently being discussed in order to deal with the fallout from these banking cases. The Group will need to continue to monitor and reflect the changes under MLD4, MLD5 and MLD6 in its own policies, procedure and practices, and to update its framework to take account of the risk-based approach and the specific manner in which these requirements are transposed into national law by the transposing legislation in Ireland and the UK, together with any related industry guidance from regulators in each jurisdiction.”

- (xi) The seventh paragraph of the risk factor “*9 The BRRD contains resolution tools and other measures that may have a material adverse effect on the Group and Noteholders*” shall be deleted and replaced with the following:

“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. Any such compensation may not compensate that holder for the losses it has actually incurred and there may be a considerable delay in the recovery of such compensation. Compensation payments (if any) may also be made considerably later than when amounts may otherwise have been payable under the Notes. Any shares issued to holders of Subordinated Notes may also be subject to any future application of the General Bail-In Tool. 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 and any additional tier 1 instruments, the write down or conversion will first, if necessary, impose losses evenly on holders of other subordinated debt instruments which rank *pari passu* according to their terms and then evenly on those senior debt-holders which are subject to the write down or conversion. This application may result in such holders losing some or all of their investment.”

- (xii) The following shall be added as a new paragraph after the ninth paragraph of the risk factor “9 *The BRRD contains resolution tools and other measures that may have a material adverse effect on the Group and Noteholders*”:

“The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Under the BRRD, holders of Notes may be subject to write down or conversion into equity on any application of the General Bail-In Tool or in the case of Subordinated Notes non-viability loss absorption, which may result in such holders losing some or all of their investment.”

- (xiii) The fourth paragraph under the section ‘SRB role in resolution planning’ of the risk factor “10 *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*” shall be deleted and replaced with the following:

“The SRB has communicated to all banks under its remit areas of focus where potential impediments to resolvability could arise. The Group has initiated programs to work to mitigate any such potential impediments. In addition, the SRB has communicated that its preferred resolution strategy for the Group is single point of entry bail-in through the Issuer.”

- (xiv) In the first paragraph under the section ‘SSM role in Recovery planning’ of the risk factor “10 *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*”, the words “AIB” shall be deleted and replaced with “the Group”.

- (xv) In the last sentence of the first paragraph of the risk factor “11 *The Group’s financial results may be negatively affected by changes to, or application of, accounting standards*”, the text “ratios by requiring the recognition of additional provisions for loss on certain assets” shall be deleted.

- (xvi) The second paragraph of the risk factor “11 *The Group’s financial results may be negatively affected by changes to, or application of, accounting standards*” shall be deleted and replaced with the following:

“The Group monitors potential changes to accounting standards and when these are finalised, it determines the potential impact and discloses significant future changes in its financial statements.”

- (xvii) The third paragraph of the risk factor “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*” shall be deleted and replaced with the following:

“In addition to potential impacts from the OECD BEPS project, ATAD1 and ATAD2, other international initiatives in recent years which could have such impacts include the Decision of the European Commission in the Apple case and various initiatives in relation to the digital economy. In the Apple case, the European Commission ruled that Apple Inc. had received €13 billion of illegal state aid from

Ireland in its taxation arrangements. Ireland and Apple are appealing that ruling. There were various international initiatives in relation to the taxation of the digital economy, which if enacted could have a significant impact on a number of digital companies with a large presence in Ireland. These and any other similar actions could result in companies relocating from Ireland or deciding to invest in other jurisdictions, which could have an adverse impact on the Irish economy and, as a result, on the Group's business."

- (xviii) The first three sentences of the second paragraph of the risk factor "*14 The 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*" shall be deleted and replaced with the following:

"As of August 2019, the Land and Conveyancing Law Reform (Amendment) Act 2019 has come into force. This Act adopts similar protective measures for home owners as proposed in the Keeping People in their Homes Bill 2017. As a result, the Group may face certain additional restrictions on its ability to collect or enforce mortgages that are in arrears."

- (xix) The second and third paragraph of the risk factor "*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*" shall be deleted and replaced with the following:

"In September 2015, the Central Bank wrote to the Group to inform the Group that it had embarked on 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'. Provisions of €178 million were created in the period 2015 to June 2019 relating to customer redress and compensation in respect of the Tracker Mortgage Examination. The Group has utilised over €170 million of these provisions up to June 2019.

In March 2018, AIB Bank and EBS were advised by the Central Bank of the commencement of investigations in connection with the Tracker Mortgage Examination. The investigations relate to alleged breaches of the relevant consumer protection legislation, principally regarding inadequate controls or instances where AIB Bank or EBS acted with a lack of transparency, unfairly or without due skill and care. In this regard, the Group created a provision of €35 million for the impact of monetary penalties that is expected to be imposed on the Group by the Central Bank being its best estimate based on external developments in the industry at 30 June 2019. However, this matter is still considered to be at a relatively early stage, and the amount provided for is subject to uncertainty with a range of outcomes possible, with the final outcome being higher or lower depending on finalisation of all matters associated with the investigation."

- (xx) In the first sentence of the first paragraph of the risk factor "*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*" shall be deleted and replaced with the following:

"AIB's long-term senior unsecured debt is rated BBB- (with a stable outlook) by S&P Global Ratings Europe Limited ("S&P") (from December 2018), Baa3 (with a positive outlook) by Moody's Investor

Service Limited (“Moody’s”) (from July 2018) and BBB (with a stable outlook) by Fitch Ratings Limited (“Fitch”) (from October 2019).”

- (xxi) The first sentence of the second paragraph of the risk factor “*24 The Group has a high level of criticised loans and non-performing exposures 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 and non-performing exposures 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*” shall be deleted and replaced with the following:

“As at 30 June 2019, the Group had €4.7 billion in non-performing exposures on its balance sheet, representing 7.5 per cent. of total gross loans to customers.”

- (xxii) In the heading for risk factor “*26 The Group faces operational risks – including information technology, cyber, change, continuity management, outsourcing and cloud computing, products, and property protection and legal risks*”, the words “cloud computing, products” shall be deleted and replaced with “third party management”.

- (xxiii) The third and fourth paragraph of the risk factor “*26 The Group faces operational risks – including information technology, cyber, change, continuity management, outsourcing and cloud computing, products, and property protection and legal risks*” shall be deleted and replaced with the following:

“The proper functioning of information technology and communications systems and the related operational processes are critical to the Group’s success. The risk exists that these may not operate as expected, including as a result of technical failures, human error, unauthorised access, cybercrime, natural hazards or disasters, including climate events or similarly disruptive events.

The Group is dependent on the performance of third party service providers, for instance, AIB engages in selective outsourcing of certain back office and support functions to manage elements of its infrastructure and systems. If these providers do not adequately perform their services or fail to renew their licences with the Group, the Group’s business could be disrupted and/or it could incur unforeseen costs.”

- (xxiv) The second sentence of the second paragraph of the risk factor “*27 The Group may be unable to recruit and retain appropriately skilled and experienced staff*” shall be deleted and replaced with the following:

“The Minister for Finance announced a plan to review pay restrictions across banks in 2018, in the context of the proposed introduction of a deferred annual share plan by the Group which was not approved at the 2018 annual general meeting.”

- (xxv) The first paragraph of the risk factor “*28 The Group may have insufficient capital to meet increased minimum regulatory requirements*” shall be deleted and replaced with the following:

“The Group is subject to minimum capital requirements as set out in CRD IV and implemented under the SSM. AIB’s minimum requirements for 2019 were set at 11.55 per cent., comprising a Pillar 1 requirement of 4.5 per cent., Pillar 2 requirement (“**P2R**”) of 3.15 per cent., a Capital Conservation Buffer (“**CCB**”) of 2.5 per cent., Other Systemically Important Institutions (“**O-SII**”) buffer of 0.5 per cent. and an expected Countercyclical Capital Buffer (“**CCyB**”) of 0.9 per cent. The indicative 2020 SREP of 11.90 per cent. includes the scheduled 50 basis points phase-in of the O-SII buffer to 1.0 per cent and the P2R reduction of 15 basis points to 3.00 per cent, reflecting the significant progress made in reducing NPEs.”

- (xxvi) The fourth sentence of the second paragraph of the risk factor “*28 The Group may have insufficient capital to meet increased minimum regulatory requirements*” shall be deleted and replaced with the following:

“As the Group is designated as an O-SII, a 0.5 per cent. buffer applies from 1 July 2019 (rising to 1.0 per cent. on 1 July 2020 and 1.5 per cent. on 1 July 2021). In July 2019, the Minister for Finance approved a request from the Central Bank to activate a systemic risk buffer. If implemented this would further increase the Group’s minimum capital requirement. There is currently no indication as to what level the systemic risk buffer would be set at.”

- (xxvii) The fourth paragraph of the risk factor “*29 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*” shall be deleted and replaced with the following:

“The most recent valuation of the UK scheme was carried out on 31 December 2017. The Group agreed in 2019 to provide a level of funding for increases in pensions in payment for 2019. The trustees of certain Irish schemes awarded an increase in the range of 0.50 per cent. to 0.60 per cent. in respect of pensions eligible for discretionary pension increases. This resulted in a past service cost of €12 million in the six months period ending 30 June 2019.”

- (xxviii) The first paragraph of the risk factor “*30 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*” shall be deleted and replaced with the following:

“As at 30 June 2019, the Group had €2.6 billion of deferred tax assets on its statement of financial position, substantially all of which related to unused tax losses.”

- (xxix) The following shall be added as the new third paragraph of the risk factor “*30 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*”:

“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. A change in these rules may have the impact of reducing the Group’s buffer over regulatory capital requirements.”

- (xxx) The first sentence of the second paragraph of the risk factor “*32 Notes subject to optional redemption by the Issuer*” shall be deleted and replaced with the following:

“The Issuer may redeem Notes when its cost of borrowing is lower than the interest rate on the Notes at times when the redemption proceeds are less than the current market value of the Notes.”

- (xxxi) The following shall be added to the end of the paragraph of the risk factor “*50 Change of law*”:

“Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss absorption tools which may affect the rights of Holders. Such tools may include the ability to write off sums otherwise payable on the Notes.”

(xxxii) The following shall be inserted after the risk factor “50 Change of law” as a new risk factor “50A The Notes are not protected under any deposit scheme”:

“50A The Notes are not protected under any deposit protection scheme

Under the European Communities (Deposit Guarantee Schemes) Regulations 2015, the Central Bank operates a statutory depositor protection scheme. Holders of the Notes will not qualify under the deposit protection scheme.”

(xxxiii) The following shall be added to the end of the paragraph of the risk factor “51 The secondary market generally”:

“If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Notes. Publicly traded notes from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes in full, or of the Notes being subject to loss absorption under an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer’s control, including:

- actual or expected variations in the Group’s operating performance;
- any shortfall in revenue or net profit or any increase in losses from levels expected by market commentators;
- increases in capital expenditure compared with expectations;
- any perception that the Group’s strategy is or may be less effective than previously assumed or that the Group is not effectively implementing any significant projects;
- changes in financial estimates by securities analysts;
- changes in market valuations of similar entities;
- announcements by the Group of significant acquisitions, strategic alliances, joint ventures, new initiatives, new services or new service ranges;
- regulatory matters, including changes in regulatory regulations or Central Bank requirements;
- additions or departures of key personnel; and
- future issues or sales of Notes or other notes.

Any or all of these events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Issuer and any subsidiary of the Issuer can (subject to regulatory approval and compliance with prevailing prudential requirements) purchase Notes at any time, they have no obligation to do so. Purchases made by the Issuer or any member of the Group could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Holders should be aware of the prevailing and widely reported global credit market conditions (which continue, to some extent, at the date of the Base Prospectus), whereby there has been a general lack of liquidity in the secondary market which, if it were to continue or worsen in future, could result in investors suffering losses on the Notes in secondary resales even if there were no decline in the performance of the Notes or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although application has been made for the Programme to be listed and admitted to trading on Euronext Dublin, there is no assurance that such application will be accepted or that an active trading market in any Notes issued under the Programme (whether listed on Euronext Dublin or not) will develop.”

- (xxxiv) The following shall be added to the end of the second paragraph of the risk factor “52 Exchange rate risks and exchange controls”: “as measured in the Investor’s Currency.”

AMENDMENTS TO THE “DOCUMENTS INCORPORATED BY REFERENCE” SECTION

In the “Documents Incorporated by Reference” section on page 33 of the Base Prospectus:

- (i) The following shall be added as (f) to paragraph 1:
- “(f) the condensed consolidated interim financial statements of the Issuer for the six months ended 30 June 2019 on pages 76 to 82, the notes to the condensed consolidated interim financial statements on pages 83 to 130 and the independent review report on page 132, in each case of the half-yearly financial report of the Issuer for the six months ended 30 June 2019, which has been previously published;”
- (ii) The following links shall be added as the fifth bullet point to paragraph 3:
- <https://aib.ie/content/dam/aib/investorrelations/docs/resultscentre/2019/aib-group-half-yearly-financial-report-2019.pdf>”

AMENDMENTS TO THE “AIB GROUP PLC AND THE GROUP” SECTION

In the “AIB Group plc and the Group” section on pages 116 to 120 of the Base Prospectus:

- (i) The “Overview” section shall be deleted and replaced with the following:

“Overview

The Issuer is a public limited company incorporated in Ireland on 8 December 2016 under the Companies Act 2014, with registration number 594283. AIB Group plc and its subsidiaries (“the Group”) is a financial services group operating predominantly in Ireland, providing a comprehensive range of services to retail, business and corporate customers, and holds market-leading positions in key segments in Ireland using the AIB, EBS and Haven brands. The Group also operates in Great Britain, as Allied Irish Bank (GB), and in Northern Ireland, under the trading name of First Trust Bank (“FTB”). In April 2019, it was announced that FTB operations, products and services will rebrand, on a phased basis, as AIB in Northern Ireland.

On 28 November 2019, FTB will officially be rebranded to AIB to create a shared and unified brand for the Group's customers across all of its business operations in 2020.

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.

During 2019, the Group's operating model reflected the development of end-to-end customer strategy and propositions for its Homes, Consumer and Business segments. The UK operates, at a customer level, on a stand-alone basis. Further change to the organisation structure was announced in Quarter 4 2019 which effectively brings together the Homes and Consumer segments into a new core segment, Retail Banking, with the Business segment continuing as Corporate, Institutional and Business Banking.

- *Retail Banking*: Retail Banking comprises of Homes, Consumer and Financial Solutions Group (“**FSG**”). Homes is responsible for meeting the homes needs of customers in Ireland across the AIB, EBS and Haven brands. It delivers sustainable growth in the Group's core mortgages business with a culture of agility and innovation and will transform over time into a full homes customer centric ecosystem. Consumer is focused on defining and delivering innovative and differentiated products, propositions and services to meet the Group's customers' everyday banking needs through an extensive range of physical and digital channels. Consumer's core purpose is to achieve a seamless, transparent and simple customer experience in all of the Group's propositions across current accounts, personal and SME lending, payments and credit cards, deposits, insurance and wealth to maintain and grow the Group's market position. FSG is a standalone dedicated work out unit to which the Group has migrated the management of the vast majority of its non-performing exposures (“**NPEs**”), predominantly consisting of homes and consumer products, with the objective of delivering the Group's NPE strategy to reduce NPEs in line with European standards.
- *Corporate Institutional & Business Banking (“**CIB**”)*: CIB provides institutional, corporate and business banking services to AIB's larger customers and customers requiring specific sector or product expertise. CIB's relationship driven model serves customers through sector specialist teams, including Corporate Banking, Real Estate Finance, Business Banking, Energy, Climate Action & Infrastructure and Private Banking. In addition to traditional credit products, CIB offers customers foreign exchange and interest rate risk management products, cash management products, trade finance, mezzanine finance, structured and specialist finance, equity investments and also provides corporate finance advisory services. CIB also has a syndicated lending team based in Dublin and an office in New York.
- *AIB UK*: AIB UK offers retail and business banking services in two distinct markets, a sector-led corporate and commercial bank supporting businesses in Great Britain trading as Allied Irish Bank (GB), and a retail and business bank in Northern Ireland trading as First Trust Bank. In April 2019, it was announced that First Trust Bank operations, products and services will rebrand as AIB on a phased basis to create a shared and unified brand for the Group's customers across all of its business operations in 2020.
- *Group*: The Group segment comprises wholesale treasury activities and Group control and support functions. Treasury manages the Group's liquidity and funding positions and provides customer treasury services and economic research. The Group control and support functions include business and customer services, risk, audit, finance, legal and human resources.”

- (ii) In the last sentence of the fourth paragraph of the “History” section, the word “AIB’s” shall be deleted and replaced with “AIB Bank’s”.
- (iii) The last sentence of the fifth paragraph of the “History” section shall be deleted.
- (iv) The list of directors and officers of AIB in the “Board of Directors and Executive Officers” section shall be deleted and replaced with the following:

Name	Title
Richard Pym*	Non-Executive Chairman
Brendan McDonagh	Deputy Chairman and Non-Executive Director
Tom Foley	Senior Independent Non-Executive Director
Basil Geoghegan	Non-Executive Director
Sandy Kinney Pritchard	Non-Executive Director
Carolan Lennon	Non-Executive Director
Elaine MacLean	Non-Executive Director
Helen Normoyle	Non-Executive Director
Ann O’Brien	Non-Executive Director
Raj Singh	Non-Executive Director
Colin Hunt	Chief Executive Officer
Tomás O’Midheach	Chief Operating Officer and Deputy Chief Executive Officer

* As announced on 24 October 2019, Richard Pym will be stepping down as Non-Executive Chairman of AIB and Allied Irish Banks, p.l.c. in March 2020. The formal date of his resignation will be advised in due course.

- (v) The title of Donal Galvin in the “Executive Committee” section shall be amended by the deletion of the words “and Group Treasurer”.
- (vi) In the name of the titleholder of ‘Managing Director, Corporate, Institutional & Business Banking’ in the “Executive Committee section”, the name “Vacant” shall be deleted and replaced with “Cathy Bryce”.
- (vii) With effect from 11 November 2019, Mary Whitelaw, Director of Corporate Affairs and Strategy shall be added to the “Executive Committee” section.
- (viii) With effect from 11 November 2019, Tom Kinsella, Managing Director, Homes shall be deleted from the “Executive Committee” section.
- (ix) With effect from 11 November 2019, Jim O’Keeffe’s title shall be deleted and replaced with “Managing Director of Retail Banking”.
- (x) With effect from 11 November 2019, Robert Mulhall’s title shall be deleted and replaced with “Managing Director Designate of AIB UK”.

AMENDMENT TO THE “GENERAL INFORMATION” SECTION

In the “General Information” section on pages 144 to 145 of the Base Prospectus, paragraph 5 shall be deleted and replaced with the following wording:

“5 There has been no material adverse change in the prospects of the Issuer since 31 December 2018, the date of the Issuer’s last published audited financial statements. There has been no significant change in the financial or trading position of the Group since 30 June 2019, the date of the Group’s last published unaudited interim financial information.”