Base Prospectus dated 9 June 2016

Allied Irish Banks, p.l.c.

(a company incorporated with limited liability in Ireland)

€10,000,000,000
Euro Medium Term Note Programme

This Base Prospectus supersedes any previous Information Memorandum, Base Prospectus or supplement thereto. Any notes (the "Notes") issued under the €10,000,000,000 Euro Medium Term Note Programme (the "Programme") on or after the date of this Base Prospectus are issued subject to the provisions herein. This Base Prospectus does not affect any Notes issued prior to the date hereof.

Allied Irish Banks, p.l.c., acting through its registered office in Dublin or its London branch as set out at the end of this Base Prospectus, ("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 Programme (as defined below) 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"). 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 (except as set out herein). 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 the Prospectus Directive (as defined herein). 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 2004/39/EC of the European Parliament and of the Council on markets in financial instruments as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area and/or which are to be offered to the public in any 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 trading on its regulated market. No assurance can be given that such an application to list and trade the Notes will be accepted. Arthur Cox Listing Services 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 have been admitted to the Official List will be referred to 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 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 (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.

Arranger

HSBC

Dealers

Allied Irish Banks, p.l.c.	**BNP PARIBAS**
BofA Merrill Lynch	**Credit Suisse**
Commerzbank	**Deutsche Bank**
HSBC	**J.P. Morgan**
Morgan Stanley	**UBS Investment 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.

Persons Responsible

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 has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final Terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression "Prospectus Directive" means for the purposes of this Base Prospectus, Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, and includes any relevant implementing measure in the Relevant Member State).

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.

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with AIB or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. The statements made in this paragraph are without prejudice to the responsibility of AIB under the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other financial statements or further information supplied pursuant to the terms of the Programme or the Notes and, if given or made, such

information or representation must not be relied upon as having been authorised by either AIB or any of the Dealers.

Neither this Base Prospectus nor any other financial statements nor any further information supplied pursuant to the terms of the Programme or the Notes, is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, or constituting an invitation or offer, by or on behalf of either AIB or any of the Dealers, that any recipient of this Base Prospectus or any other financial statements or any further information supplied pursuant to the terms of the Programme or the Notes should subscribe for or purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of AIB.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning AIB and its Subsidiaries (the "Group") is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied pursuant to the terms of the Programme or the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of AIB or any of its subsidiaries during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of AIB when deciding whether or not to purchase any Notes.

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 (save for the delivery of copies of this Base Prospectus to the Registrar of Companies in Ireland) 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 and the Dealers have represented that all offers and sales by them will be made on the same terms.

The distribution of this Base Prospectus and the offer or sale of any of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and 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 as amended (the "Securities Act") and 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 United States persons (see "Subscription and Sale").

All references in this document to a "Member State" are references to a Member State of the European Economic Area, "U.S. dollars", "U.S.$", "$", "USD" and "U.S. cent" refer to the currency of the United States of America, those to "euro", "€" and "EUR" are to the single currency adopted by

those states participating in the European Monetary Union from time to time and those to "Sterling", "GBP" and "£" refer to the currency of the United Kingdom.

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

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, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. 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 be ended 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.

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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.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

The Group is exposed to a number of material risks and in order to minimise these risks, the Group has implemented risk management strategies. There is a risk that these strategies may fail to fully mitigate the risks in certain circumstances, particularly if confronted with risks that were not identified or anticipated.

Macro-economic and geopolitical risks

The Group's business may be adversely affected by deterioration of the Irish economy, the economy of the United Kingdom or the global economy

Deterioration in the performance of the Irish economy 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.

While the Irish economy has performed well with GNP up 5.7 per cent. in 2015 following growth of 6.9 per cent in 2014 (CSO Quarterly National Accounts, Quarter 4 2015), any renewed stress on or deterioration of the economy could impact the return of normalised markets for commercial and residential property. As the Group remains heavily exposed to the Irish property market, a prolonged delay in the recovery of the Irish market could have a negative impact on levels of arrears, the Group's collateral values and consequently, have a material impact on the Group's future performance and results.

General economic conditions, while improving, continue to be challenging for customers. Further reductions in borrowers' disposable income has the potential to negatively impact customers' ability to repay existing loans which could result in additional write downs and impairment charges for the Group and negatively impact its capital and earnings position. Challenging economic conditions would also influence the demand for credit in the economy. A declining or continuing muted demand for credit has the potential to impact the Group's financial position.

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

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 having to seek alternative sources of funding

Conditions could arise which would constrain funding or liquidity opportunities for the Group. Currently, the Group funds its activities primarily from customer deposits. However, a loss of confidence by depositors in the Group, the Irish or UK banking industry or the Irish or UK economies, could lead to losses of funding or liquidity resources over a short period of time. 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, impacting the ability of the Group to issue debt securities to the market.

A stable customer deposit base and asset deleveraging has allowed the Group to materially reduce its funding from the European Central Bank ("ECB"). This, in turn, has allowed an increase in 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.

The Capital Requirements Regulation (No. 575/2013) ("CRR") and the Capital Requirements Directive (2013/36/EU) ("CRD" and together with the CRR, "CRD IV") require banks such as the Group to meet targets set for the new Basel III liquidity related ratios: the Net Stable Funding Ratio and Liquidity Coverage Ratio. Meeting the phased implementation deadlines of these requirements could impose additional costs on the Group while failure to demonstrate appropriate progress may lead to regulatory sanction.

Downgrades to the Irish sovereign's credit ratings or outlook could impair the Group's access to private sector funding and weaken its financial position.

Fitch upgraded Ireland's credit rating to A in February 2016, S&P upgraded Ireland's credit rating to A+ in June 2015 and Moody's upgraded Ireland's credit rating to A3 in May 2016. Moody's have Ireland on a positive outlook, S&P and Fitch have Ireland on a stable outlook for their respective ratings. There can be no assurance, however, that the Irish sovereign's credit rating would not be downgraded in the future. Any such downgrade could impair the Group's access to private sector funding and weaken its financial position. Downgrades could also adversely impact the National Asset Management Agency ("NAMA") senior bonds and the Group's use of them as collateral for the purposes of accessing the liquidity provision operations offered by monetary authorities, as well as the Group's holdings of Irish Government securities as part of its available-for-sale ("AFS") and held to maturity ("HTM") portfolios.

Credit ratings may not reflect all risks and downgrades to the Group's credit ratings and/or outlook could impair the Group's access to private sector funding, trigger additional collateral requirements and weaken its financial position

The Group's senior unsecured debt not covered by the Credit Institutions (Eligible Liabilities Guarantees) Scheme (the "ELG Scheme") is rated Ba1 by Moody's with a positive outlook and its debt and deposits not covered by the ELG Scheme are rated BB+ with a positive outlook by both Fitch and S&P. Moody's has rated the Group's long-term deposits Baa3 and has assigned Counterparty Risk Assessments (CR Assessment) of Baa2(cr)/P-2(cr) to the Group. Downgrades in the credit ratings of the Group could have an adverse impact on the volume and pricing of its wholesale funding and its financial position, restrict its access to the 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, the availability of deposits is often dependent on credit ratings and downgrades of the Group’s debt could lead to withdrawals of deposits, which could result in deterioration in the Group’s funding and liquidity position. Any of the foregoing could have a material adverse effect on the Group’s business, financial condition and prospects.

The Group is exposed to 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 risk), basis risk and foreign exchange risk.

Changes in the shape and level of interest rate curves impact the economic value of the Group's underlying assets and liabilities. The level of the Group's earnings is exposed to 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 AFS bond positions.

Trading book risks predominantly result from supporting client businesses with small residual discretionary positions remaining. Credit Value Adjustments and Funding Value Adjustments 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.

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 maintains a number of defined benefit pension schemes for certain current and former employees. In relation to these schemes, the Group faces the risk that the funding position of the schemes could deteriorate to such an extent that it would be required to make additional contributions above what is already planned to cover its pension obligations towards current and former employees. The Group received approval from the Pensions Authority in 2013 in relation to a funding plan up to January 2018 with regard to the regulatory minimum funding standard requirements of the Group's Irish defined benefit scheme. For its 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. Furthermore, International Accounting Standard (“IAS”) pension deficits are now a deduction from capital under CRD IV which came into force on 1 January 2014. Any failure by the Group to manage its pension deficit could have a material adverse effect on its business, financial condition and prospects.

Contagion risks could disrupt the markets and adversely affect the Group’s financial condition

The risk of contagion in the markets in which the Group operates and dislocations caused by the interdependency of financial markets’ participants and of members of currency and supranational economic associations is an on-going risk to the Group’s financial condition. Any change in membership of such associations or reductions in the perceived creditworthiness of one or more significant borrower or financial

institution, could lead to market-wide liquidity problems, losses and defaults, which could adversely affect the Group's results, financial condition and future prospects.

Departure of one or more member countries from the common currency or a decision by the UK to leave the European Union could disrupt the markets and adversely affect the Group's business and financial performance

Although the severity of the European-wide financial crisis has abated over the last several years, the emergence of significant anti-austerity sentiment in some member countries, may contribute to renewed instability in the European sovereign debt markets and in the economy more generally. There can be no assurance that actions taken by European policymakers will be sufficient to counteract any such instability. If one or more members of the Eurozone defaults on their debt obligations or decides to leave the common currency, this could result in the reintroduction of one or more national currencies. Should a Eurozone country conclude it must exit the common currency, the resulting need to reintroduce a national currency and restate existing contractual obligations could have unpredictable financial, legal, political and social consequences, leading not only to significant losses on the sovereign debt of that country but also on private debt in that country. Given the highly interconnected nature of the financial system within the Eurozone, this could result in dislocation across the financial markets and the Group's ability to plan for such a contingency in a manner that would reduce its exposure may be limited. If the overall economic climate deteriorates as a result of one or more departures from the Eurozone, the Group's business, financial condition and prospects could be materially adversely affected.

In addition, the UK will hold a referendum on continued UK membership of the European Union on 23 June 2016. The outcome of such a referendum is uncertain. The impacts of a UK exit from the European Union on the UK economy and trade is unknown but may have negative consequences for the Group both in terms of its UK and Irish operations and impacts on the UK and Irish economies.

The regulatory position of the Group's operations in the UK, may also become uncertain. Accordingly, if the UK were to exit the European Union, this could have a material adverse effect on the Group's business, financial condition and prospects.

The Group may be adversely affected by further austerity or budget measures introduced by the Irish Government or the UK Government

The current and future budgetary and taxation policy of Ireland and the UK and other measures adopted by 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 Budget 2014 and which the Irish Government announced during Budget 2016 would be extended to 2021. The annual levy paid by the Group in 2015 amounted to €60 million. Equally, the UK Treasury have imposed a corporation tax surcharge effective from 2016. These measures may be further extended and increased in the future.

Regulatory and Legal risks

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. The Group is subject to European Commission supervision and oversight

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

deemed to be authorised by the 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 been fully operational from January 2016. 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 is 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. In relation to the BRRD and the SRM Regulation, see below "*The BRRD and the SRM Regulation provide for resolution tools that may have a material adverse effect on the Group and the Notes*".

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.

The BRRD and the SRM Regulation provide for resolution tools that may have a material adverse effect on the Group and the Notes

The BRRD establishes a European framework dealing with resolution mechanisms, loss absorbency and bail-in rules. The SRB has been established to exercise a centralised power of resolution in the Eurozone and any other participating Member States. Since 1 January 2016, the SRB has become principally responsible for determining the Group's resolution strategy.

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 an investor shares, other instruments of ownership and/or all specified assets, rights or liabilities of the credit institution (the "sale of business tool"); and/or
- to 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"); and/or
- to 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
- to write down the claims of unsecured creditors of an institution and convert debt to equity (including the Senior Notes), with, in broad terms, the first losses being taken by shareholders and thereafter by subordinated and then senior creditors, 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 exploited the above resolution tools to the maximum extent possible whilst 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 absorbtion 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; when its assets are, or are likely in the near future to be, less than its liabilities; when it is, or is likely in the near future to be, unable to pay its debts as they fall due; or when it requires extraordinary public financial support (except in limited circumstances).

Amongst other provisions, the BRRD introduces a statutory write-down and conversion power to write down or to convert into equity the Issuer's capital instruments (which would include 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.

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 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 equally on holders of subordinated debt and then equally 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 General Bail-In Tool 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.

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 would fail or would 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 cause the Group's business operations or its funding mix to become 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 as a result adversely affect the Group's profits and its possible ability to pay dividends; and
- reviewing and amending the Group's contracts for the purposes of ensuring continuity of business operations and that such contracts do not cause any impediments to resolvability of the Group. This may result in additional costs and operational complexity for the Group.

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.

The introduction of the SRM Regulation and the BRRD may have an effect on the Group's business, financial condition or prospects. The exercise of any powers under the SRM Regulation or the BRRD in respect of the Group or the imposition of any requirements on the Group could have a significant impact on the Group's operations, structure, costs and/or capital requirements.

The Group is subject to conduct risk claims

The Group is exposed to many forms of conduct risk, which may arise in a number of ways. The Group needs to be able to demonstrate how it delivers fair treatment and transparency, while upholding the best interests of customers. The evidential standards required by the Group's regulators in this regard are very high. The Group may be subject to allegations of mis-selling of financial products, including, having sales practices and/or reward structures in place that are determined to have been inappropriate. The Group may also be subject to allegations of overcharging and breach of contract and/or regulation. Any of the foregoing 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. The Central Bank announced in October 2015 that it had commenced a broad examination (the "**Examination**") of tracker mortgage-related issues across Irish banks (including AIB and Republic of Ireland ("**ROI**") subsidiaries of AIB). In December 2015, the Central Bank confirmed to the affected banks, (including AIB and ROI subsidiaries of AIB), that the objective of the Examination is to assess compliance with both contractual and regulatory requirements. In circumstances where customer detriment is identified from this Examination, AIB is required to provide appropriate redress and compensation in line with the Central Bank's 'Principles for Redress'. It is not possible at this stage to assess the final outcome of the Examination or any related litigation or regulatory action required. However, such matters may result in any of the consequences described above and may materially adversely affect the Group's business, financial condition or prospects.

The Group must comply with anti-money laundering, anti-bribery and sanctions regulations

The Group is subject to laws regarding money laundering and the financing of terrorism, as well as laws that prohibit the Group, its employees or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business, including the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 and 2013 and, in relation to its business in the UK, the UK Bribery Act 2010. Monitoring compliance with anti-money laundering and anti-bribery 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 aggressive, resulting in several landmark fines against UK 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 manner in which existing laws might be administered or interpreted. Although the Group believes that its current policies and procedures are sufficient to comply with applicable anti-money laundering, anti-bribery and sanctions rules and regulations, it cannot guarantee that such policies completely prevent situations of money laundering or bribery, including actions by the Group's employees, for which the Group might be held responsible. Any of such events may have severe consequences, including sanctions, fines and reputational consequences, which could have a material adverse effect on the Group's financial condition.

The Group is exposed to risks associated with its compliance with a wide range of laws, accounting standards and regulations

The Group must comply with numerous laws, accounting standards and regulations and, consequently, it faces risks, including:

- Detailed and emerging prudential regulatory requirements in the form of CRR/CRD IV, BRRD, European Banking Authority ("EBA") and Central Bank requirements;
- New accounting standards, for example, IFRS 9 *Financial Instruments*, which will replace IAS 39 *Financial Instruments: Recognition and Measurement*, will change the classification and measurement

of certain financial assets, the recognition and the financial impact of impairment and hedge accounting. IFRS 9 is mandatorily effective for periods beginning on or after 1 January 2018;

- Conduct risk exists and may occur when certain aspects of the Group's business may be determined by the relevant authorities or the courts not to have been conducted in accordance with applicable local, or, potentially overseas laws or regulations;
- Contractual obligations may either not be enforceable as intended or may be enforced against the Group in an adverse way;
- Regulatory actions pose a number of risks to the Group, including substantial monetary damages or fines, the amounts of which are difficult to predict and may exceed the amount of provisions set aside to cover such risks. In addition, the Group may be subject to other penalties and injunctive relief, civil or private litigation arising out of a regulatory investigation, the potential for criminal prosecution in certain circumstances and regulatory restrictions on the Group's business. The Group needs to be aware of and comply with new regulation as it emerges and existing regulation as it evolves. All of these issues could have a negative effect on the Group's reputation and the confidence of its customers in the Group as well as taking a significant amount of management time and resources away from the implementation of the Group's business strategy; and
- The Group may settle litigation or regulatory proceedings prior to a final judgement or determination of liability to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability.

The future of the Group's business activities are subject to possible interventions by the Irish Government or the disposal of the Irish State's ownership and other interests in the Group

The Group is substantially owned by an agency of the Irish State and accordingly, subject to EU state aid rules, controlled by the Irish Government. Such ownership or control may affect the Group's operations, financial condition and future prospects.

In order to comply with contractual commitments imposed on the Group in connection with its recapitalisation by the Irish State and with the requirements of EU state aid applicable in respect of that recapitalisation, a relationship framework (the "Relationship Framework") was agreed between the Minister for Finance of Ireland ('the Minister') and the Group in March 2012. This Relationship Framework provides the framework under which the relationship between the Minister and the Group is governed. Under the Relationship Framework, the authority and responsibility for strategy and commercial policies (including business plans and budgets) and conducting the Group's day-to-day operations rest with the Board of the Group and its management team, but the appointment or removal of the Chairman or Chief Executive Officer of the Group are reserved for the Minister, and in respect of which the Board may only engage with the prior consent of the Minister.

Nevertheless, for so long as ownership of the Group remains within Irish State control, there remains a risk of undue pressure by the Irish Government in relation to the operations and policies of the Group.

Such pressure may have a negative impact on the operations of the Group. The Irish Government may sell or otherwise dispose of its ownership and other economic interests in the Group to any private or public entity, including any intergovernmental institution. Any such sale or disposal, and any conditions attaching to it, may materially affect the Group's operations, financial condition and future prospects.

Furthermore, the ongoing instability of the political landscape following the Irish general election on 26 February 2016 may lead to changes to the Irish Government's approach to its relationship with the Group.

Intervention by the Irish Government may have a material adverse effect on the Group's business, financial condition and prospects.

The Group's participation in the NAMA Programme gives rise to certain residual financial risks

As a participating institution under the NAMA Act, during 2010 and 2011, the Group transferred financial assets to NAMA with a net carrying value of €15.5 billion for which it received as consideration NAMA senior bonds and NAMA subordinated bonds. NAMA senior bonds were also received as consideration as part of the 'Anglo' transaction (in February 2011 AIB acquired deposits of €7 billion and NAMA senior bonds with a nominal value of €12 billion from Anglo Irish Bank, pursuant to a transfer order issued by the High Court under the Credit Institutions (Stabilisation) Act 2010) and 'EBS' transaction (in July 2011, AIB acquired €301 million of NAMA senior bonds and €6 million of NAMA junior bonds as part of the acquisition of EBS).

Provisions of the NAMA Act provide for certain circumstances in which the Group could face additional liabilities in relation to assets transferred.

In addition, credit exposure to NAMA arises from the senior and subordinated NAMA bonds.

Risks related to business operations, governance and internal control systems

The Group's management may not be able to successfully implement its strategic objectives, in particular with respect to its omni-channel distribution model

The Group has identified several strategic objectives for its business. However, there can be no guarantee that the Group would be successful in implementing its strategy. In particular, in relation to its omni-channel distribution model, which combines its physical branch network with online, mobile and direct channels, the Group is focused on increasing usage and integration of digital distribution channels and continuing to build on its mobile and online adoption rates. There can be no guarantee that the Group would be successful in achieving such integration and increased usage or in anticipating evolving customer preferences for access to banking services. Furthermore, it may not be able to develop in a timely manner the technology necessary to accommodate these preferences, such as internet banking channels and new applications for mobile and tablet banking. The Group may also be required to invest more than it has currently planned in order to expand and improve its internet banking channels and it may not realise cost efficiencies resulting from increasing digitisation at the level or in the time frame that it expects.

Fostering of a poor or inappropriate culture across the Group may adversely impact performance and impede achievement of strategic goals

If the Group does not continuously develop and promote an appropriate culture that drives and influences the activities of businesses and staff and our dealings with customers in relation to managing and taking risks and ensuring risk considerations continue to play a key role in business decisions, then a strategy or actions could be adopted which may result in the business, customer outcomes, financial condition and prospects being materially adversely affected.

The Group is subject to inherent credit risks in respect of customers and counterparties, which could have a material adverse effect on its business, financial condition 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 and corporates, the Group also has exposure to credit risk arising from loans to financial institutions, its trading portfolio, AFS and HTM portfolios, derivatives and from off-balance sheet guarantees and commitments.

The Group has a relatively high level of criticised loans on its statement of financial position which require a significant level of monitoring and case-by case resolution

The Group has a relatively 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 development of a Mortgage Arrears Resolution Strategy ("MARS"), which built on and formalised the Mortgage Arrears Resolution Process ("MARP") it was required to introduce in order to comply with the Code of Conduct on Mortgage Arrears ("CCMA"). The Group has reduced the level of criticised loans in 2015 and as a percentage of total loans and receivables to customers criticised loans were at 35 per cent as at 31 December, 2015 (31 December 2014: 45 per cent). However, there can be no assurance that the Group will continue to be successful in reducing the level of its criticised loans. The Group's criticised loans are subject to more intense assessment and review because of the increased risk associated with them, and typically require case-by-case resolution, which may divert resources from other areas of the Group's business. The Group's ability to manage criticised loans however may be adversely affected by changes in the regulatory regime or changes in government policy. If the Group is required to devote significant resources over a prolonged period to the monitoring of criticised loans, it could have a material adverse effect on the Group's business, financial condition and prospects.

Irish legislation, regulations and Government policy in relation to mortgages may adversely affect the Group's mortgage business

Legislation and regulations have been introduced to the Irish mortgage market which may affect the Group's customers' attitudes towards their debt obligations, and hence their interactions with the Group in relation to their mortgages.

In particular, on 1 July 2013, a revised CCMA came into force. The CCMA requires mortgage lenders to develop a MARP with specific procedures when dealing with borrowers experiencing arrears and financial difficulties. It applies only to mortgages on primary residences and outlines timelines and conditions to be followed by lenders in relation to the arrears resolution process.

In addition, the Personal Insolvency Act 2012 (the "Personal Insolvency Act") came into force on 26 December 2012. The Personal Insolvency Act introduced a personal insolvency arrangement for the agreed settlement of secured debt up to an amount of €3 million (subject to extension by agreement of all of the debtor's secured creditors) and for unsecured debt, with no limit. On 28 July 2015, the Personal Insolvency Act was amended so as to give the courts power to review and, where appropriate, approve arrangements in respect of secured debt which have been rejected by a bank or other secured creditors.

The Group has been proactive in developing forbearance solutions for borrowers experiencing arrears and financial difficulties. In accordance with Central Bank requirements, it has developed Resolution Strategy MARS, which builds on and formalises the MARP it was required to introduce in order to comply with the CCMA. Nonetheless, there is a risk that legislation and regulations such as the Personal Insolvency Act and the CCMA will result in changes in customers' attitudes towards their debt obligations. Customers 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, financial condition and prospects.

Irish Government policy in relation to mortgages is continuing to evolve and it is possible that further changes in legislation or regulation could be introduced, for example, the Government or the Oireachtas (Irish legislature) may seek to influence how credit institutions set interest rates on mortgages, may seek to amend the Personal Insolvency Act to adversely impact the position of secured or unsecured creditors of an

individual, may seek to limit further the ability of credit institutions and other lenders to repossess principal private residences and 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.

Loan-to-value ("LTV")/ loan-to-income ("LTI") related regulatory restrictions on residential mortgage lending may restrict the Group's mortgage lending activities.

The Central Bank has, under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2015, imposed restrictions on Irish residential mortgage lending by lenders that are regulated by the Central Bank (such as the Group). The restrictions impose limits on residential mortgage lending by reference to LTV and LTI ceilings.

The regulations impose different LTV limits for different categories of buyers. A limit of 80 per cent. LTV applies to new mortgage lending for non-first time buyers of a private dwelling home ("PDH"). For first time buyers of PDHs, a limit of 90 per cent. LTV applies on the first €220,000 of the value of a residential property and a limit of 80 per cent. LTV applies on any excess thereafter. For non-PDH purchases (e.g., buy-to-let properties) a limit of 70 per cent. LTV applies.

In relation to these LTV restrictions, the Group is required:

- in the case of a loan for the purpose of purchasing a PDH, to restrict lending beyond the prescribed LTV limits to no more than 15 per cent. of the aggregate value of all PDH loans advanced between 9 February 2015 and 31 December 2015, and on an annual basis thereafter; and
- in the case of loans other than PDH loans, to restrict lending above 70 per cent. LTV to 10 per cent. of the aggregate value of all such loans advanced during the same periods.

The Group is required to restrict lending above 3.5 times LTI to no more than 20 per cent. of the aggregate value of PDH loans advanced in the relevant period. Mortgages for non-PDH loans are exempt from the LTI limit. These restrictions may adversely affect the level of new mortgage lending the Group is able to undertake, and hence may have a material adverse effect on its business, financial condition and prospects. Conversely, a risk also exists that, in seeking to utilise these allowable exceptions for risk-acceptable mortgage underwriting, the Group erroneously breaches the maximum thresholds, and is open to sanction by the Central Bank.

Additional requirements when lending to small and medium-sized enterprises

The Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations (the "**SME Regulations**") were enacted in December 2015 and will apply to the Group from 1 July 2016. The SME Regulations will replace the Central Bank's Code of Conduct for Business Lending to Small and Medium Enterprises 2012. The SME Regulations introduce a number of new procedural requirements to be complied with by the Group when lending to small and medium-sized enterprises ("**SMEs**") and include revised requirements in respect of the information to be provided to SMEs. The new requirements are designed to introduce greater protection and enhanced transparency for SMEs with respect to the process of granting credit, the monitoring of their ongoing compliance and arrears management. It is likely that the introduction of the SME Regulations will result in some additional costs being incurred by the Group in ensuring it has the systems and training in place to address the new requirements. The additional rights and entitlements afforded to borrowers and guarantors coming within the scope of the SME Regulations may also impact the Group's financial condition or prospects.

The Group is exposed to risk in respect of the manner in which it determines and maintains interest rates on certain loans

In common with other residential mortgage lenders, the Group faces increased scrutiny and focus by the Irish Government, the Oireachtas (Irish legislature) and consumer protection regulators such as the Central Bank and the Competition and Consumer Protection Commission, in relation to the level of its interest rates on loans, in particular, its standard variable interest rate (the rate where the lender has the ability to unilaterally vary the rate, unlike a fixed rate or a rate which tracks changes to an ECB official rate) ("SVR") on principal private residence ("PPR") mortgage lending.

In common with other mortgage lenders, the Group is at risk of a review or investigation by regulators such as the Central Bank or the Competition and Consumer Protection Commission, and potentially serious sanctions or penalties in respect of any perceived or actual failure to act appropriately when setting interest rates on their mortgage products. Any such review or investigation, and any related litigation or regulatory action, could adversely affect the Group's business, financial condition, results of operations and profitability, and could result in negative public opinion towards the Group. In relation to the ongoing Examination of tracker mortgage related issues, see also "The Group is subject to conduct risk claims".

On 16 May 2016, a bill entitled the Central Bank (Variable Rate Mortgages) Bill 2016 (the "VRM Bill") was initiated in the Dail (the lower house of the Irish legislature) which, if passed into law by the Oireachtas, would specifically authorise the Central Bank in prescribed circumstances to impose maximum variable interest rates on PPR mortgage loans made by certain lenders such as the Group. The VRM Bill also prohibits discrimination between new borrowers and existing borrowers in the setting of variable interest rates.

In addition, the Group's mortgage or other interest rates may come under further pressure from competitors in the future.

Increasing competitive pressure or political or regulatory focus on an alignment of the Group's SVR with other interest rates charged to customers or on an alignment of interest rates with those charged by lenders in other euro area markets, may result in a reduction in the Group's SVR or other interest rates, and any such reduction in those rates could impact adversely the Group's net interest income and net interest margin, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group faces elevated operational risks – including people, outsourcing, process and systems risks

Operational risk is defined as risks arising from inadequate or failed internal processes, people and systems, or from external events. The Group faces an elevated operational risk profile given the on-going significant organisational changes.

One of the Group's key operational risks is people risk. The Group's efforts to restore and sustain the stability of its business on a long-term basis depend, in part, on the availability of skilled management and the continued service of key members of staff.

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. As a result of these restrictions, the Group cannot guarantee that it would be able to attract, retain and remunerate highly skilled and qualified personnel in the highly competitive markets in Ireland and the UK. 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.

The Group's business is dependent on processing and reporting accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, which often includes personal customer data. Any weakness in these systems or processes including failure of third party processes, infrastructure and services on which the Group relies could have an adverse effect on the Group's results and

on its ability to deliver appropriate customer outcomes during the affected period and/or expose the Group to investigative or enforcement actions by the relevant regulatory authorities. 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.

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 judgements in litigation could result in a monetary fine or penalty, adverse monetary judgement 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 be subject to the risk of having 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 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 outturn 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 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 AFS portfolio values. In the event that the Group had insufficient capital to meet its regulatory requirements, it may have to raise additional capital. This could have a material adverse effect on the profitability of the Group to the extent that raising such additional capital increased the funding costs of the Group. If the Group were to experience difficulties in raising such capital, it may have to reduce its lending or investments in other operations which could have a material adverse effect on the Group's business, financial condition and prospects.

The Group's deferred tax assets depend substantially on the generation of future profits over an extended number of years and the Group's ability to utilise these deferred tax assets could be affected by changes in tax legislation

The Group's business performance may not reach the level assumed in the projections supporting the carrying value of the deferred tax assets. Lower than anticipated profitability within Ireland and the UK would lengthen the anticipated period over which the Group's Irish and UK tax losses could be used. The value of the deferred tax assets relating to unused tax losses constitutes substantially all of the deferred tax assets recognised in the Group's statement of financial position. A significant reduction in anticipated profit, or changes in tax legislation, regulatory requirements, accounting standards or relevant practices, could adversely affect the basis for recognition of the value of these losses, which would adversely affect the Group's results and financial condition, including capital and future prospects.

The capital adequacy rules under the CRD IV, require the Group inter alia, to deduct from its common equity capital, the value of most of the Group's deferred tax assets, including all deferred tax assets arising from

unused tax losses. This deduction from common equity capital is to be phased in evenly over 10 years commencing in 2015, although this phasing may be subject to change.

The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time, or may ultimately turn out to be inaccurate, and the value realised by the Group for these assets may be materially different from their current, or estimated, fair value

In accordance with International Financial Reporting Standards, the Group recognises at fair value:

(i) derivative financial instruments;

(ii) financial instruments at fair value through profit or loss;

(iii) certain hedged financial assets and financial liabilities; and

(iv) financial assets classified as AFS.

The best evidence of fair value is quoted prices in an active market. Disruption to quoted prices increases reliance on valuation techniques which requires the use of judgement in the estimation of fair value. This judgement includes, but is not limited to, evaluating available market information, determining the cash flows for the instruments, identifying a risk free discount rate and applying an appropriate credit spread. Valuation techniques that rely to a greater extent on non-observable data require a higher level of management judgement to calculate fair value than those based on wholly observable credit spread.

The choice of contributors, the quality of market data used for pricing, and the valuation techniques used are all subject to internal review and approval procedures. Given the uncertainty and subjective nature of valuing financial instruments at fair value, any change in these variables could give rise to the financial instruments being carried at a different value, with a consequent impact on the Group's results, financial condition and future prospects.

The Group's risk management systems and processes as well as 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 strategic risk, credit risk, capital risk, liquidity risk, market risk, operational risk, competition risk and conduct risk. 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 are 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.

Risk models used by the Group may not provide an accurate estimate of risk exposure

The Group develops and uses models across a range of risks and activities including, but not limited to, capital management, credit grading, valuations, liquidity, pricing and stress testing. Where the Group uses risk measurement techniques based on historical observations, there is a risk that these under or over-estimate exposure to the extent that future market conditions deviate from historic norms. As a result, the Group may experience material unexpected losses.

The Group may incur losses as a result of inaccuracies in these models, the data used to build them or decisions made based on incomplete understanding of these models.

If the Group's models are not effective in estimating its exposure to various risks or its models prove to be inaccurate, its business, financial condition and prospects could be materially adversely affected.

Negative impacts on the Group's reputation may impact its financial performance

Damage to the Group's reputation may adversely affect relationships with the Group's stakeholders including customers, staff and supervisors. Such damage may lead to impacts on the Group's capability to attract and retain customers, attract, motivate and retain staff and engage positively with supervisors. This may lead to impacts on the Group's ability to conduct its affairs and in turn on the financial performance of the Group.

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

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 the investor's 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, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio in the context of the particular financial situation of that investor;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(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.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They generally purchase such instruments 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 Notes which are complex financial instruments 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.

Risks related to the structure of a particular issue 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:

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, 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 be expected to 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. Potential investors should consider reinvestment risk in terms of what other investments might, in the event of redemption of the Notes, be likely to be available at the time of such redemption.

Subordinated Notes subject to redemption for regulatory reasons

Subordinated Notes may be redeemed for regulatory reasons in accordance with Condition 4(d) of the Subordinated Notes upon the occurrence of a Capital Disqualification Event (as defined in Condition 4(h) of the Subordinated Notes). Potential investors should consider reinvestment risk in terms of what other investments might, in the event of regulatory redemption of the Subordinated Notes, be likely to be available at the time of such redemption. 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.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer’s ability to convert the interest rate will affect the secondary market and the market value of such Notes, since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts 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 Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

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 the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

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 “Terms and Conditions of the Subordinated Notes”). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

Resettable Notes

In the case of any Subordinated Notes that are Resettable Notes, the rate of interest on such Resettable 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 3(b)(i) of 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. Capitalised terms used in this paragraph but not otherwise defined elsewhere in this Base Prospectus shall have the meanings given to such terms in Condition 3(h) (Definitions) of the Subordinated Notes.

Risks related to Notes generally

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

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions 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 Terms and Conditions of the Subordinated Notes also provide that 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 another company as principal debtor under any Subordinated Notes in place of the Issuer, in the circumstances described in Condition 9(c) of the Terms and Conditions of the Subordinated Notes.

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.

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. 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 Noteholders.

For example, as described below, the Financial Stability Board (the "FSB") has published a common international standard on the total loss-absorbing capacity ("TLAC") for global systemically important banks ("G-SIBs"). It is possible that similar requirements could be imposed on non-G-SIBs. As a result, if the Issuer were to become a G-SIB or if similar requirements for non-G-SIBs are introduced, the TLAC requirement could require the Issuer to maintain a ratio of its regulatory capital plus certain types of TLAC-eligible debt to its assets and exposures (on a non risk-weighted basis and on a risk-weighted basis), which is significantly higher than current capital requirements under CRD IV.

The TLAC requirement will apply in addition to the minimum requirement for own funds and eligible liabilities ("MREL") pursuant to the BRRD and the SRM Regulation. However, based on the most recently updated FSB list of G-SIBs published in November 2015, the Issuer does not currently constitute a G-SIB and therefore no TLAC requirements currently apply to the Issuer.

FSB Principles for Total Loss-Absorbing Capacity

In November 2015, the FSB published its final Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution (the "FSB Principles"). The FSB Principles seek to ensure that G-SIBs will have sufficient loss absorbing capacity available in a resolution of such an entity, in order to minimise any impact on financial stability, ensure the continuity of critical functions and avoid exposing taxpayers to loss. The FSB's Principles also include a specific term sheet for TLAC which defines an internationally agreed standard. The FSB's Principles require all G-SIBs (other than those headquartered in emerging market economies) to maintain a minimum level of TLAC eligible capital of at least 16 per cent. of risk weighted assets ("RWA") and 6 per cent of the Basel III leverage ratio denominator from 1 January 2019 and at least 18 per cent of RWA and 6.75 per cent the Basel III leverage ratio denominator from 1 January 2022. Local authorities are not restricted from setting additional requirements above the minimum levels. The minimum TLAC requirements apply alongside minimum regulatory capital requirements. The FSB Principles also require G-SIBs to pre-position such loss-absorbing capacity amongst material subsidiaries on an intra-group basis. Common equity Tier 1 which is used to satisfy the minimum TLAC requirement may not also be used to satisfy CRD IV buffers. Based on the most recently updated FSB list of G-SIBs published in November 2015, the Issuer does not currently constitute a G-SIB. However, the Irish legislator could impose similar requirements on non-GSIBs.

Minimum requirement for own funds and eligible liabilities

On 23 May 2016, the European Commission adopted regulatory technical standards ("RTS") on the criteria for determining MREL under the BRRD. The RTS have been passed to the European Parliament and Council for consideration.

In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, credit institutions must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities. The RTS provide for resolution authorities to allow credit institutions a transitional period which is as short as possible to reach the applicable MREL requirements.

Unlike the FSB Principles discussed under "FSB Principles for Total Loss-Absorbing Capacity" above, there is no minimum EU-wide level of MREL, and the MREL requirement applies to all credit institutions, not just to those identified as being of a particular size or of systemic importance. Each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each credit institution. The MREL requirement for each credit institution will be comprised of a number of key elements, including the required loss absorbing capacity of the credit institution (which will, as a minimum, equate to the credit institution's capital requirements under CRD IV, including applicable buffers), and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process.

Other factors to be taken into consideration by resolution authorities when setting the MREL requirement include: the extent to which an credit institution has liabilities in issue which are excluded from contributing to loss absorption or recapitalisation; the risk profile of the credit institution; the systemic importance of the credit institution; and the contribution to any resolution that may be made by deposit guarantee schemes.

Items eligible for inclusion in MREL will include a credit institution's own funds (within the meaning of CRD IV), along with "Eligible Liabilities", meaning liabilities which, inter alia, are issued and fully paid up, have a maturity of at least one year (or do not give the investor a right to repayment within one year), and do not arise from derivatives.

Whilst there are a number of similarities between the MREL requirements and the FSB's Principles, there are also certain differences, including the express requirement that TLAC be subordinated to insured deposits (which is not specifically the case for MREL eligible liabilities), and the timescales for implementation. The

EBA is required to submit a report to the European Commission by 31 October 2016 on the implementation and operation of the MREL requirements which must take account of the consistency of the MREL requirements with the minimum requirements relating to any international standards developed by international fora. It is possible that this report may lead to further convergence in the detailed requirements of the two regimes and how they apply to non-G-SIBs such as the Issuer.

Risks relating to the FSB Principles and MREL

It is not possible to give any assurances as to the ultimate level of the MREL requirement that will apply to the Issuer or the impact that complying with the MREL requirement will have on the Issuer once applicable. However, it is possible that the Issuer may have to issue a significant amount of additional MREL eligible liabilities. Furthermore, if the Issuer were to become a G-SIB or if the FSB's Principles are applied to non G-SIBs, the Issuer may have to issue a significant amount of additional TLAC eligible liabilities. The issuance of such additional eligible liabilities may have a material adverse effect on the profitability of the Issuer to the extent that such issuance raises the funding costs of the Issuer. If the Issuer were to experience difficulties in raising such eligible liabilities, it may have to reduce its lending or investments in other operations which could have a material adverse effect on the Issuer's business, financial condition and prospects.

Risks related to the market generally.

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

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. 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 is particularly 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. Illiquidity may have a severe adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency (as defined in "Terms and Conditions of the Senior Notes" or "Terms and Conditions of the Subordinated Notes", as the case may be). 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 equivalent yield on the Notes in the Investor's Currency, (ii) the equivalent value of the principal payable on the Notes in the Investor's Currency and (iii) the 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. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

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

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. The market value of the Notes may be affected if a rating assigned to the Notes is suspended, lowered or withdrawn, or if an unsolicited rating is assigned to the Notes for any reason. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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 the Issuer's operations or financial condition and capital market standing.

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) the annual financial report of the Issuer, including audited consolidated financial statements of the Issuer for each of the financial years ended 31 December 2014 and 31 December 2015, respectively, in each case together with the audit reports thereon, which in each case have been previously published;

(b) the terms and conditions of the Senior Notes as contained in pages 31 to 47 of the base prospectus dated 21 May 2013 in respect of the Programme;

(c) the terms and conditions of the Senior Notes as contained in pages 24 to 42 and the terms and conditions of the Subordinated Notes as contained in pages 43 to 65 of the base prospectus dated 9 June 2014 in respect of the Programme;

(d) the terms and conditions of the Senior Notes as contained in pages 29 to 47 and the terms and conditions of the Subordinated Notes as contained in pages 48 to 75 of the base prospectus dated 11 June 2015 in respect of the Programme;

(e) the interim management statement of the Issuer dated 24 May 2016 filed with the Irish Stock Exchange on 24 May 2016; and

(f) the Pillar 3 disclosures of the Group for the years ended 31 December 2014 and 31 December 2015, 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 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. As regards information contained in the base prospectuses dated 21 May 2013, 9 June 2014 and 11 June 2015 which is not incorporated by reference in this Base Prospectus, such information is not relevant to investors in Notes to be issued on or after the date of this Base Prospectus or is covered elsewhere in 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://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/resultscentre/annualreport/aib_afr_2014_v1.pdf

https://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/resultscentre/annualreport/aib-annual-financial-report-2015.pdf

http://www.ise.ie/debt_documents/Base%20Prospectus_50482.PDF

http://www.ise.ie/debt_documents/Base%20Prospectus_fde82589-0eba-4102-bd56-02b15f72fbb5.PDF?v=1242015

http://www.ise.ie/debt_documents/Base%20Prospectus_24b62006-5fa8-449a-b8af-3340d2c8ddaf.PDF?v=3122016

https://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/se-announcements/2016/aib-trading-update-final-24%20May%202016.pdf

https://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/resultscentre/pillar3/pillar3-disclosures-2014.pdf

https://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/resultscentre/pillar3/AIB-Pillar-3-Disclosures-2015.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 information included in this Base Prospectus which is capable of affecting the 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 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"). The issue price, issue date, maturity date, principal amount, interest rate (if any) applicable to any Notes 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 "Terms and Conditions of the Senior Notes" or "Terms and Conditions of the Subordinated Notes", as the case may be.

TERMS AND CONDITIONS OF THE SENIOR NOTES

The following is the text of the terms and conditions which, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, will be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series of Notes and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on such Notes, details of the relevant Series being shown on the relevant Notes and in Part A of the relevant Final Terms:

The Notes are issued pursuant to an amended and restated Agency Agreement dated 9 June 2016 (the "Agency Agreement" as amended or supplemented as at the date of issue of the Notes (the "Issue Date")), between Allied Irish Bank, p.l.c., acting through its registered office in Dublin or its London branch (the "Issuer"), Citibank, N.A., London Branch as agent (the "Agent" which expression shall include any successor agent) and the other paying agents named in it (together with the Agent and any additional or other paying agents in respect of the Notes from time to time appointed, (the "Paying Agents")). The initial Calculation Agent (if any) is specified on the Notes. The Noteholders (as defined below), the holders of the interest coupons (the "Coupons") relating to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (the "Couponholders") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these Conditions, "Tranche" means Notes which are identical in all respects.

Copies of the Agency Agreement are available for inspection free of charge at the specified offices of each of the Paying Agents.

1 Form, Denomination and Title

The Notes are issued in bearer form in the Specified Denomination(s) (as defined hereon) and shall be serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. The Notes 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.

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

Title to the Notes, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Note, "holder" (in relation to a Note, Coupon or Talon) means the bearer of any Note, Coupon or Talon (as the case may be) and capitalised terms have the meanings given to them on the Notes, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 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.

3 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 3(d). 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 Specified 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, (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) Interest on 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 3(d).

(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 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.

(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 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.

"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.

(b) 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 4(d)).

(c) Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding

(i) If any Rate of Interest is expressed to be as adjusted by a Margin, such adjustment shall be made by adding (if a positive number) or subtracting (if a negative number) the absolute value of any Margin specified on the Notes, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified on the Notes, then such Rate of Interest or Redemption Amount shall in no event exceed the maximum or be less than the minimum.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves 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.

(d) 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 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 will equal such Interest Amount. 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 will 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.

(e) 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 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, 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 and the relevant 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 Agent, the Issuer, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and such exchange so requires, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 8, 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 3 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(f) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"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 day on which the TARGET System is operating (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.

"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/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) 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_1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y_2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M_1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M_2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D_1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

“D_2” 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_1 is greater than 29, in which case D_2 will be 30;

(v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360

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

where:

“Y_1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y_2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M_1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M_2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D_1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

“D_2” 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_2 will be 30;

(vi) 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_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" 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_1 will be 30; and

"D_2" 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_2 will be 30; and

(vii) 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.

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"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 by the Treaty on European Union and the Treaty of Amsterdam.

"Interest Accrual Period" means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Period Date and each successive period beginning from (and including) an Interest Period Date to (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, and 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 Relevant 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 Relevant Currency is euro.

"Interest Period" means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon.

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

"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.

"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 Rate" means the rate specified as such hereon.

"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).

"Specified Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"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.

(g) Calculation Agent

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 to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

4 Redemption, Purchase and Options

(a) Final redemption

Unless previously redeemed, purchased and cancelled as provided below, 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 and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom, or, in any case, any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the officially published application or interpretation 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 6 the Issuer may, at its option, 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 12 redeem all, but not some only, of the Notes at their Early Redemption Amount (as described in Condition 4(d)) together with interest accrued to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 4(b), the Issuer shall deliver to the Agent a certificate signed by two persons each of whom is a Director 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.

(c) Purchases

The Issuer and any of its subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

(d) 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 paragraph (b) above or upon it becoming due and

payable as provided in Condition 8 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 Condition 4(b) or upon it becoming due and payable as provided in Condition 8 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 reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this paragraph (i) will 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 together with any interest which may accrue in accordance with Condition 3(b).

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 Condition 4(b) or upon it becoming due and payable as provided in Condition 8, shall be the Final Redemption Amount unless otherwise specified hereon.

(e) Redemption at the option of the Issuer

If Call Option is specified on the Notes, the Issuer may, 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 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 Notes to be redeemed, which shall have been drawn in such place as the Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

(f) Redemption at the option of Noteholders

If Put Option is specified on this Note, 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 such Note with any Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from any Paying Agent within the notice period. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(g) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered to the Agent for cancellation and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together 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.

5 Payments and Talons

(a) Payments

Payments of principal and interest in respect of Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes (as specified in Condition 5(e)(v)) or Coupons (in the case of interest, save as specified in Condition 5(e)(v)), 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 holders, by transfer to an account denominated in such currency with, 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) Payments in the United States

Notwithstanding the foregoing, if any 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, adverse tax consequence to the Issuer.

(c) Payments subject to law etc.

All payments will be subject in all cases to any other applicable fiscal or other laws and regulations in any jurisdiction, including in the place of payment, or other laws and regulations to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) ***Appointment of Agents***

The Agent, the other Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Agent, the other Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent, any other Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents, provided that the Issuer will at all times maintain (i) an Agent, (ii) a Calculation Agent where the Conditions so require one, (iii) a Paying Agent having a specified office in at least two major European cities and (iv) a Paying Agent having a specified office in a EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives.

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

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 12.

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

(i) Upon the due date for redemption of Notes, Notes which comprise Fixed Rate Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured 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 7).

(ii) Upon the due date for redemption of any 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 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 Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any 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 Note. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation thereof.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the 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 7).

(g) 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.

6 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 and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom, or, in any case, 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 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 and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom, other than the mere holding of such Note or Coupon or the receipt of the relevant payment in respect thereof; or

(ii) 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 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 Coupon is presented for payment; or

(iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(v) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note and/or Coupon to another Paying Agent in a Member State of the EU.

As used in these Conditions, "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 12 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. 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 4 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 3 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.

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 U.S. Internal Revenue Code of 1986 (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 or the United Kingdom, respectively, 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.

7 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.

8 Events of Default

If any of the following events ("Events of Default") occurs and is continuing, the holder of any Note may give written notice to the Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

(a) **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 Agent) and payment is made within three Business Days in London after notice of that non-payment has been given to the Agent by any Noteholder; or

(b) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or is not remedied within 60 days after notice of such default shall have been given to the Agent at its specified office by any Noteholder; or

(c) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries in respect of a debt of more than €10,000,000 (or its equivalent in another currency) and is not discharged or stayed within 60 days; or

(d) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it in respect of a debt of more than €10,000,000 (or its equivalent in another currency) (including the taking of possession or the appointment of a receiver, manager or other similar person) and such step is not discharged or stayed within 30 days; or

(e) **Insolvency**: the Issuer or any of its Material Subsidiaries 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

(f) **Winding-up**: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders, or (ii) in the case of a winding-up or dissolution of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or one or more of its Subsidiaries.

Any such notice by a Noteholder to the Agent shall specify the serial number(s) of the Note(s) concerned. For the purposes of this Condition:

"Material Subsidiary" means any Subsidiary of the Issuer the amount of whose gross assets (being the sum of fixed assets and current assets but excluding any assets of such Subsidiary which are excluded in the latest audited consolidated accounts of the Issuer referred to in paragraphs (i) and (ii) below) are equal to or exceed 10 per cent. of the consolidated gross assets of the Issuer and its Subsidiaries, where:

(i) the gross assets of such Subsidiary have been ascertained by reference to:

    (a) the accounts (consolidated in the case of a company which itself has Subsidiaries and which, in the normal course, prepares consolidated accounts) of such Subsidiary based upon which the latest audited consolidated accounts of the Issuer have been made up; or

    (b) if such Subsidiary becomes a Subsidiary of the Issuer after the end of the financial period to which these latest audited consolidated accounts of the Issuer relate, the latest accounts (consolidated in the case of a company which itself has Subsidiaries and which, in the normal course, prepares consolidated accounts) of such Subsidiary;

(ii) the consolidated gross assets of the Issuer and its Subsidiaries shall be ascertained by reference to the latest audited consolidated accounts of the Issuer; and

"Subsidiary" means a subsidiary for the purposes of section 7 of the Companies Act 2014 of Ireland.

A report of the auditors for the time being of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding.

9 Meetings of Noteholders and Modifications

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Notes (including these Conditions insofar as the same may apply to such Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *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 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) or (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, will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Agency Agreement) is present.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) Modification of Agency Agreement

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

10 Replacement of Notes, Coupons and Talons

If a Note, 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 Agent or such other Paying Agent 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 12 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, 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, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11 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 and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

12 Notices

Notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in London and Dublin or if such publication is not practicable, in another leading daily English language newspaper of general circulation in Europe approved by the Agent. It is expected that such publication will be made in the *Financial Times* in London and in *The Irish Times* in Dublin. 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 to the holders of Notes in accordance with this Condition.

13 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.

14 Governing Law and Jurisdiction

(a) Governing law

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 and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons ("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 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) 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 the London branch of the Issuer at 1st Floor, St. Helen's, Undershaft, London EC3A 8AB or at any other address for the time being at which process may be served on it in accordance with Part XXIII of the Companies Act 1985 (as modified or re-enacted from time to time). 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 14(c) does not affect any other method of service allowed by law.

TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

The following is the text of the terms and conditions which, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, will be applicable to the Subordinated Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series of Subordinated Notes and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on such Notes, details of the relevant Series being shown on the relevant Notes and in Part A of the relevant Final Terms:

The Notes are constituted by an amended and restated Trust Deed dated 9 June 2016 (the "Trust Deed" as amended or supplemented as at the date of issue of the Notes (the "Issue Date") between Allied Irish Banks, p.l.c., acting through its registered office in Dublin or its London branch (the "Issuer") and Citibank, N.A., London Branch (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 include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and the Coupons and Talons (as defined below). Copies of the Trust Deed and the amended and restated Agency Agreement (as amended or supplemented from time to time, the "Agency Agreement") dated 9 June 2016 between the Issuer, the Trustee, Citibank N.A., London Branch, as agent (the "Agent" which expression shall include any successor agent) and the other paying agents named in it (together with the Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the "Paying Agents") are available for inspection free of charge at the London office of the Trustee, currently at 13th Floor Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified offices of each of the Paying Agents. The initial Calculation Agent (if any) is specified on the Notes. The Noteholders, the holders of the interest coupons (the "Coupons") relating to interest bearing Notes and, where applicable in the case of such Notes, 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 in the Specified Denomination(s) (as defined hereon) and shall be serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

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

The Notes 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.

Title to the Notes, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Note, "holder" (in relation to a Note, Coupon or Talon) means the bearer of any Note, Coupon or Talon (as the case may be) and capitalised terms have the meanings given to them on the Notes, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 Status and Subordination

(a) Status

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

(b) Subordination

This Condition 2(b) shall apply and the rights and claims against the Issuer of the holders of the Notes and Coupons and of the Trustee in respect of principal of, and interest on, the Notes will be subordinated, in the event of the winding-up of the Issuer, to the claims of Senior Creditors of the Issuer (as defined below) so that amounts due and payable under such Notes and Coupons shall be due and payable by the Issuer in such winding-up only if, and to the extent that, the Issuer could make payment thereof rateably with the claims of all other creditors of the Issuer ranking equally with the Notes and still be solvent immediately thereafter. For this purpose, the Issuer shall be considered to be solvent if it is able to pay its debts to Senior Creditors in full.

A report in writing as to the solvency of the Issuer by its liquidator in winding up shall, in the absence of proven error, be treated and accepted by the Issuer, the Trustee and the holders of the Notes and Coupons as correct and sufficient evidence thereof.

In these Conditions:

"Senior Creditors" means in respect of the Issuer (a) creditors of the Issuer whose claims are admitted to proof in the winding-up or administration of the Issuer and who are unsubordinated creditors of the Issuer and (b) if, and only for so long as, there exist creditors whose claims, at the date of creation of such claims, are by law, or by their terms are expressed to be, subordinated obligations of the Issuer which rank in priority to Tier 2 Capital, (i) 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 by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the holders of the Notes) and (ii) holders of any dated subordinated obligations of the Issuer issued prior to 11 June 2015.

"Tier 2 Capital" has the meaning given to it in the Applicable Regulatory Capital Requirements at such time.

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) Set-off

Subject to applicable law, no holder of a Note, or a Coupon relating thereto, may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Notes or the Coupons relating thereto and each holder of a Note or a Coupon relating thereto shall, by virtue of his subscription, purchase, or holding of any such Note or Coupon, be deemed to have waived all such rights of set-off.

3 Interest and Other Calculations

(a) Interest on 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 3(e). 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 Specified 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, 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, (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 3(e).

(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 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.

(y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) 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 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 Trustee and 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.

"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.

(b) Resettable Notes

(i) Each Resettable Note bears interest on its outstanding amount:

(A) from (and including) the Interest Commencement Date until (but excluding) the First Resettable Note Reset Date at the Initial Rate of Interest;

(B) 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, at the First Reset Rate of Interest; and

(C) for each Subsequent Reset Period thereafter (if any), at the relevant Rate of Interest.

Interest will be payable in arrear on each Resettable Note Interest Payment Date and on the date specified in the relevant Final Terms as the Maturity Date.

(ii) Fallback Provisions for Resettable 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), 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 3(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 Resettable 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.

(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 4(f)(i)).

(d) ***Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding***

(i) If any Rate of Interest is expressed to be as adjusted by a Margin, such adjustment shall be made by adding (if a positive number) or subtracting (if a negative number) the absolute value of any Margin specified on the Notes, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified on the Notes, then such Interest Rate or Redemption Amount shall in no event exceed the maximum or be less than the minimum.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves 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.

(e) ***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 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 will equal such Interest Amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will 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.

(f) ***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, 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 and the relevant 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 Agent, the Issuer, the Trustee, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and such exchange so requires, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the 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. If the Notes become due and payable under Condition 8, 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 shall (in the absence of manifest error) be final and binding upon all parties.

(g) Determination or calculation by Trustee

If the Calculation Agent does not at any time for any reason so determine any Rate of Interest, Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(h) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"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 day on which the TARGET System is operating (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.

"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/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) 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_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" 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_1 is greater than 29, in which case D_2 will be 30;

(v) 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_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" 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_2 will be 30;

(vi) 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_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" 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_1 will be 30; and

"D_2" 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_2 will be 30; and

(vii) 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.

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"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 by the Treaty on European Union and the Treaty of Amsterdam.

"First Margin" means the margin specified hereon.

"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.

"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 3(b)(ii), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate plus the First Margin.

"Initial Rate of Interest" means the initial rate of interest per annum specified hereon.

"Interest Accrual Period" means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Period Date and each successive period beginning from (and including) an Interest Period Date and to (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 from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon.

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

"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 frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the basis of the Day Count Fraction specified hereon 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 basis of the Day Count Fraction specified in the relevant Final Terms 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 3(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.

"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.

"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 Rate" means the rate specified as such hereon.

"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.

"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.

"Reset Period" means the First Reset Period or a Subsequent Reset Period.

"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.

"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;

"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 3(b)(ii), the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate plus the applicable Subsequent Margin; and

"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.

(i) 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 to calculate the Interest Amounts or any other required amounts, the Issuer will (with the prior approval of the Trustee) appoint the London office of a leading bank engaged in the London interbank market to act as such in its place subject as provided in paragraph (g) above. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

4 Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed or purchased and cancelled, 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

Subject to Condition 4(h), if the Issuer at any time satisfies the Trustee that, as a result of any amendment to or change in the laws or regulations of Ireland and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom or, in either case, 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 6, or (ii) any relief from tax in respect of interest paid on the Notes would be withdrawn by Ireland and/or (in the case of Notes issued through the London Branch of the Issuer) the United Kingdom or (iii) any payment of interest would be treated as a distribution by Ireland and/or (in the case of Notes issued through the London Branch of the Issuer) the United Kingdom (a "Tax Event"), the Issuer may, at its option, 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 12 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 provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 4(b), the Issuer shall deliver to the Trustee a certificate signed by two persons each of whom is a Director 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 as sufficient evidence of the satisfaction of the condition precedent referred to above, in which event it shall be conclusive and binding on the holders of the Notes and Coupons.

(c) Purchases

Subject to Condition 4(h) and Applicable Regulatory Capital Requirements, the Issuer and any of its subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price, provided that for so long as required by Applicable Regulatory Capital Requirements, the Issuer and any of its subsidiaries may only purchase Notes prior to the fifth anniversary of the Issue Date in amounts not exceeding the lower of (i) 10 per cent. of the amount of the relevant Notes; or (ii) 3 per cent. of the total amount of outstanding Tier 2 Capital, provided Supervisory Permission has been obtained in accordance with Article 29 (and any other provision of the Applicable Regulatory Capital Requirements) of Commission Delegated Regulation (EU) No 241/2014 (as the same may be amended, restated, replaced or re-enacted from time to time) and/or such alternative or additional pre-conditions as are prescribed by Applicable Regulatory Capital Requirements.

(d) Redemption for Regulatory Reasons

Subject to Condition 4(h), upon the occurrence of a Capital Disqualification Event, the Issuer may, having given:

(i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 12; 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 4(h), if Call Option is specified on the Notes, 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 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 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 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 Condition 4(b) or upon it becoming due and payable as provided in Condition 8 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 Condition 4(b) or upon it becoming due and payable as provided in Condition 8 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 3(b).

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 4(b) or Condition 4(d) or upon it becoming due and payable as provided in Condition 8, shall be the Final Redemption Amount unless otherwise specified hereon.

(g) ***Cancellation***

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered to the Agent for cancellation and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together 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***

Any redemption or purchase of the Notes in accordance with Conditions 4(b), (c), (d) or (e) is subject to (in each case, if and to the extent then required under the Applicable Regulatory Requirements):

(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 Financial 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 Financial 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 Financial 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 Financial 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 4(h), the Issuer shall comply with such other 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 4(b), the Issuer shall make available to the Noteholders and the Trustee a copy of an opinion of an independent nationally recognised law firm or other tax adviser in Ireland (or the United Kingdom in respect of a Tax Event relating to the United Kingdom) 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 4 (other than redemption pursuant to Condition 4(e)), the Issuer shall deliver to the Trustee a certificate signed by any two directors of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied. The Trustee shall be entitled, without liability to any person, to accept such certificate (together with any accompanying opinion as referred to above) without any further inquiry as sufficient evidence of the satisfaction of the relevant conditions precedent, in which event it shall be conclusive and binding on the Trustee and the Noteholders.

In these Conditions:

"Applicable Regulatory Capital Requirements" means, at any time, the capital adequacy requirements of the Financial 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.

"Capital Disqualification Event" is deemed to occur if the Issuer and the Financial Regulator determine that the Notes are fully excluded from the Issuer's Tier 2 Capital within the meaning and for the purposes of the Applicable Regulatory Capital Requirements.

"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.

"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.

"Financial Regulator" means the European Central Bank or any successor or replacement thereto, or other authority having primary supervisory authority with respect to the Issuer (and such definition shall also refer to the Central Bank of Ireland where appropriate including where it is performing the relevant supervisory role).

"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).

5 Payments and Talons

(a) Payments

Payments of principal and interest in respect of Notes will, 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 5(e)(v)) or Coupons (in the case of interest, save as specified in Condition 5(e)(v)), 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 holders, by transfer to an account denominated in such currency with, 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) Payments in the United States

Notwithstanding the foregoing, if any 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, adverse tax consequence to the Issuer.

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

All payments will be subject in all cases to any other applicable fiscal or other laws and regulations in any jurisdiction, including in the place of payment, or other laws and regulations to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) ***Appointment of Agents***

The Agent, the other Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Agent, the other Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Agent, any other Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents, provided that the Issuer will at all times maintain (i) an Agent, (ii) a Calculation Agent where the Conditions so require one, (iii) a Paying Agent having a specified office in at least two major European cities and (iv) a Paying Agent having a specified office in a EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives.

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

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 12.

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

(i) Upon the due date for redemption of Notes, Notes which comprise Fixed Rate Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured 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 7).

(ii) Upon the due date for redemption of any 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 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 Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any 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 Note. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation thereof.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the 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 7).

(g) 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.

6 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 and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom or, in either case, 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 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 and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom, other than the mere holding of such Note or Coupon or the receipt of the relevant payment in respect thereof; or

(ii) 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 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 Coupon is presented for payment; or

(iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(v) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note and/or Coupon to another Paying Agent in a Member State of the EU.

As used in these Conditions, "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 12 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. 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 4 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 3 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 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 U.S. Internal Revenue Code of 1986 (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 or the United Kingdom, respectively, 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.

7 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.

8 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) 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, the Trustee may institute proceedings in Ireland (but not elsewhere) for the winding-up of the Issuer. For the purpose of this paragraph a payment shall be deemed to be due even if the condition set out in Condition 2 above is not satisfied.

(ii) If, otherwise than for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, an order is made or an effective resolution is passed for the winding up of the Issuer in Ireland (but not elsewhere), the Trustee may, subject as provided below, at its discretion, give 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 4(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 (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 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 8(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 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 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 8. 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 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, in the name of the Trustee (but not otherwise) himself 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 the institution of proceedings for the winding-up in Ireland of the Issuer or the proving or claiming in any winding-up of the Issuer, 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).

9 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 modification by Extraordinary Resolution of the Notes (including these Conditions insofar as the same may apply to such Notes) or any provisions of the Trust Deed. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *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 nominal 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 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 will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Noteholders or Couponholders, 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, 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 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. 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 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 without accounting for any profit. The Trustee may rely without liability to the Noteholders or Couponholders on any certificate or report by the auditors of the Issuer pursuant to the Conditions and/or the Trust Deed whether or not addressed to the Trustee and whether or not it, or any engagement letter entered into in connection therewith, contains any limitation or restrictions on the liability of the auditors of the Issuer.

(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 9 is subject to the Issuer obtaining Supervisory Permission therefor, provided that at the relevant time such permission is required to be given.

10 Replacement of Notes Coupons and Talons

If a Note, 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 Agent or such other Paying Agent 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 12 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, 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, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11 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 and so that the same 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.

12 Notices

Notices to the holders of Notes will 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. 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 to the holders of Notes in accordance with this Condition.

13 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.

14 Governing Law and Jurisdiction

(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 the provisions of the Trust Deed and the Notes relating to the postponement of the claims of the 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 ("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 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) 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 the London branch of the Issuer at 1st Floor, St Helen's, Undershaft, London EC3A 8AB or at any other address for the time being at which process may be served on it in accordance with Part XXIII of the Companies Act 1985 (as modified or re-enacted from time to time). 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 14(c) does not affect any other method of service allowed by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Each Tranche of Notes with a maturity of more than 365 days will initially be represented by a temporary Global Note, unless the Agent is notified to the contrary by AIB, and each Tranche of Notes with a maturity of 365 days or less, or in relation to which AIB so notifies the Agent, will be initially represented by a permanent Global Note, each in bearer form without Coupons or Talons.

If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("NGN") form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to the common safekeeper appointed by Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") in respect of such notes (the "Common Safekeeper"). Depositing the Global Notes 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") may be delivered on or prior to the original issue date of the Tranche to a common depositary (the "Common Depositary") for Euroclear and Clearstream, Luxembourg.

If the Global Note is a CGN, upon the initial deposit of a Global Note with the Common Depositary, 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.

In the case of a Tranche intended to be cleared through a clearing system other than Euroclear or Clearstream, Luxembourg or delivered outside a clearing system, the Global Note will be deposited as agreed between AIB, the Agent, the Trustee (in the case of Subordinated Notes) and the relevant Dealer(s). No interest will be payable in respect of a temporary Global Note, except as provided below.

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg (or any other clearing system) as the holder of a Note represented by a Global Note must look solely to Euroclear or Clearstream, Luxembourg (or any other clearing system) (as the case may be) for his share of each payment made by AIB to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg (or any other clearing system). 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 and such obligations of AIB will be discharged by payment to the bearer of such Global Note in respect of each amount so paid. The temporary Global Notes and the permanent Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the Terms and Conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

1 Exchange

Each temporary Global Note will be exchangeable in whole or in part for interests in a permanent Global Note or, if so provided in a temporary Global Note, for Definitive Notes after the date falling 40 days after the issue date of the Notes upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. Each permanent Global Note is exchangeable in whole for Definitive Notes on or

after the Exchange Date specified in the notices referred to hereafter by the holder thereof giving notice to the Agent at the cost and expense of AIB (i) if the permanent Global Note is held on behalf of a clearing system and 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 does in fact do so or (ii) if an Event of Default occurs in relation to the Notes represented by such permanent Global Note.

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 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 (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) 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 will be security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 5 to the Agency Agreement (in the case of Senior Notes) or Schedule 2 to the Trust Deed (in the case of Subordinated Notes) and 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. On exchange in full of each 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.

In relation to any issue of Notes which are expressed to be temporary Global Notes exchangeable for definitive Notes, such Notes may only be issued in denominations equal to, or greater than EUR 100,000 (or equivalent) and integral multiples thereof.

"Exchange Date" means 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 Agent is located and in the cities in which the relevant clearing system is located.

2 Payments

No payment falling due more than 40 days after its issue date will be made on a temporary 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 during the period up to 40 days after its issue 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 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. Condition 5(d)(iv) and Condition 6(v) will apply to the Definitive Notes only. If the Global Note is an NGN, AIB shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global

Note will be reduced accordingly. 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 5(g).

3 Notices

So long as all the Notes of any Series are represented by a permanent Global Note and such permanent Global Note is held on behalf of a clearing system, notices to Noteholders 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.

4 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 6).

5 Meetings

The holder of a permanent Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, 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.

6 Purchase and Cancellation

Cancellation of any Note surrendered for cancellation following its purchase will be effected by reduction in the principal amount of the relevant Global Note.

7 Trustee's Powers

In considering the interests of Noteholders while any Global Note representing Subordinated Notes is held on behalf of 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 and may consider such interests as if such accountholders were the holder of such Global Note.

8 Default

Each Global Note representing Senior Notes provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 8 by stating in the notice to the Agent the nominal amount of such Global Note which is becoming due and repayable. Upon such notice being given by or through a Common Depositary for Euroclear and Clearstream, Luxembourg or if so specified by the holder giving such notice, the Global Note will become void as to the relevant amount and the persons entitled to such amount as accountholders with a clearing system will acquire direct enforcement rights against AIB under the terms of a Deed of Covenant originally executed as a deed by AIB on 30 November 1993, as amended and restated on various occasions including, most recently, on 9 June 2016 (the "Deed of Covenant").

9 AIB's Option

No drawing of Notes will be required under Condition 4 in the event that AIB exercises any option relating to those Notes while all such Notes which are outstanding are represented by a permanent Global Note. 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 Euroclear and Clearstream, Luxembourg 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 clearing system (as the case may be).

10 Noteholders' Option

Any Noteholders' option may be exercised by the holder of a permanent Global Note giving notice to the Agent of the nominal amount of Notes in respect of which the option is exercised and, where the permanent Global Note is a CGN, presenting such permanent Global Note for endorsement of exercise within the time limits specified in the Conditions. Where the Global Note is an NGN, 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.

11 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, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

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.

ALLIED IRISH BANKS, P.L.C.

General

AIB, originally named Allied Irish Banks Limited, is a public limited company incorporated in Ireland on 22 September 1966 under the Companies Act, 1963 with registration number 24173.

AIB and its subsidiaries provide a diverse range of banking, financial and related services, principally in Ireland and the United Kingdom ("UK").

AIB was incorporated in Ireland on 22 September 1966 as a result of the amalgamation 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).

During the 1990's and early 2000's, the Group experienced considerable growth, expanding in the UK, the United States of America and Eastern Europe. However, as a result of the global financial crisis and the crisis in the Irish banking sector, the Group underwent significant deleveraging and today operates predominantly in the Republic of Ireland and the UK.

Between 2009 and 2011, in response to the crisis in the Irish banking sector, the Irish Government invested approximately €20.8 billion in AIB, in the form of ordinary shares, preference shares and capital contributions. As a result, the State, through the Ireland Strategic Investment Fund ("ISIF") owned 99.8% of the ordinary shares of AIB.

In July 2011, AIB completed the acquisition of EBS Limited, a significant mortgage provider in the Irish market, for a nominal cash amount. This transaction represented a significant consolidation within the Irish banking sector, resulting in the formation of one of the two pillar banks in Ireland.

The European Commission approved, under State Aid rules, AIB's restructuring plan (the "Restructuring Plan") in May 2014, which covers the period from 2014 to 2017. In arriving at its final decision, the European Commission acknowledged the significant number of restructuring measures already implemented by AIB comprising: business divestments; asset deleveraging; liability management exercises; and, significant cost reduction actions. The European Commission concluded that the Restructuring Plan sets out the path to restoring long term viability to the Group.

AIB has committed the Group to a range of measures relating to customers in difficulty, cost caps and reductions, acquisitions and exposures, coupon payments, promoting competition, and the repayment of aid to the Irish State. All of the commitments are aligned to AIB's operational plans and are supportive of the Group's return to viability.

Developments in 2015 and 2016

In addition to the developments detailed above, the following notable events occurred during 2015 and 2016 (up to the date of this Base Prospectus).

Capital Reorganisation

In November 2015, AIB announced that regulatory approval had been received from the SSM to undertake a capital reorganisation (the "Capital Reorganisation").

Resolutions in respect of the Capital Reorganisation were approved at an extraordinary general meeting of the shareholders of AIB, held on 16 December 2015, enabling the implementation of the following actions:

- Partial redemption of the €3.5 billion of non-cumulative redeemable preference shares AIB issued in 2009 (the "2009 Preference Shares"): 1.36 billion of the 3.5 billion 2009 Preference Shares were redeemed on 17 December 2015 which resulted in the repayment of €1.7 billion of capital to the State;
- Conversion of the remainder of the 2009 Preference Shares: 2.14 billion of the 3.5 billion 2009 Preference Shares were converted on 17 December 2015 into ordinary shares of €0.0025 each ("Existing Ordinary Shares") at a price of approximately 1.72 cent per Existing Ordinary Share resulting in circa 155.1 billion additional Existing Ordinary Shares;
- A dividend of €166 million, representing the accrued dividend on the 3.5 billion 2009 Preference Shares in respect of the period from 13 May 2015 (the last dividend payment date) to the date of conversion/redemption of the 2009 Preference Shares was paid to the NTMA on 17 December 2015.
- Ordinary share consolidation: On conversion of the 2009 Preference Shares, AIB had circa 678.6 billion Existing Ordinary Shares in issue. On 18 December 2015, consolidation of the Existing Ordinary Share resulted in shareholders holding one new ordinary share of €0.625 each ("New Ordinary Share") for every 250 Existing Ordinary Shares. AIB has now circa 2.714 billion New Ordinary Shares in issue.
- Following the ordinary share consolidation, the Irish Government though the ISIF, held 2,710,821,147 New Ordinary Shares at 31 December 2015, 99.9% of AIB's total issued ordinary share capital.
- EBS promissory note redemption: In conjunction with the partial redemption of the 2009 Preference Shares, the promissory note issued by the Irish Government to EBS in June 2010 was redeemed by way of transfer to the Minister for Finance at its carrying value on 15 December 2015 (€225 million) and subsequently cancelled.
- Potential warrant issue: AIB has agreed to the potential issue of warrants of up to 9.99% of AIB's issued ordinary share capital to the Minister for Finance at the time of any re-admission of AIB's ordinary shares to a regulated market.

It was a condition of the SSM's approval of the Capital Reorganisation that the conversion and redemption of the 2009 Preference Shares could only be implemented by AIB following the issue of a minimum of €750 million of Tier 2 capital and a minimum of €500 million of Additional Tier 1 ("AT1") capital.

On 26 November 2015, AIB issued €750 million of fixed rate resettable Tier 2 subordinated notes with a maturity of 10 years, with one call option after 5 years and an initial coupon fixed at 4.125%.

On 3 December 2015, AIB issued €500 million of fixed rate resettable AT1 perpetual contingent temporary write-down securities. The coupon for the initial fixed rate period until December 2020 has been fixed at 7.375%.

Funding transactions

The Group's access to wholesale funding markets has normalised since 2012 following restrictions during the banking crisis, during which the Group relied on funding from monetary authorities. To date, in 2016, the Group completed a market issuance of €1 billion in mortgage-covered securities following on from 2015 when it completed market issuances of debt instruments amounting to €3.25 billion. The Group's funding from monetary authorities continues to reduce substantially and amounted to €2.95 billion as at 31 December 2015.

Operating Segments

The Group reorganised its business in 2015 to enable a customer focused, profitable and low risk enterprise, which is well positioned to support the economic recovery in Ireland while seeking to generate sustainable shareholder returns. This change focuses on the needs of its customers, so as to combine customer groups with similar needs into franchises able to deliver co-ordinated services. Previously the Group's loan restructuring activity was reported within the Financial Solutions Group ("FSG") segment and is now integrated back into business as usual. Customers are included in respective segments regardless of the credit quality of the customer. The Group's operations are reported under the following key segments: AIB Ireland, AIB UK, and Group & International:

AIB Ireland

AIB Ireland comprises Personal, Business and Corporate Banking. It is the leading franchise bank across key segments and products in the domestic market and is well positioned for growth. With an integrated customer focussed approach, from product design to distribution, AIB Ireland has over 2.3 million customers. AIB Ireland is divided into the following sub-segments: Retail Ireland, which consists of personal and business, and Corporate Ireland, which consists of corporate and property lending.

AIB UK

AIB UK comprises of two long established and distinct businesses offering full banking services operating as Allied Irish Bank (GB) in Great Britain and First Trust Bank in Northern Ireland.

Group & International

Group & International includes the businesses outside Ireland and the UK. It also includes wholesale treasury activities, central control and support functions (business and customer services, risk, audit, finance, general counsel, human resources and corporate affairs). Certain overheads related to these activities are managed and reported in the Group & International segment.

Legal structure

The Group comprises a number of legal entities, the parent company being Allied Irish Banks, p.l.c. that has investments in a number of subsidiaries and associated companies. The principal legal entities as well as the more significant business activities are shown below:

Allied Irish Banks, p.l.c.

General retail and business banking through some 200 branches and outlets in the State.

AIB Mortgage Bank

AIB Mortgage Bank is a wholly owned subsidiary of Allied Irish Banks, p.l.c. regulated by the ECB and the Central Bank of Ireland. Its principal activity is the issue of mortgage-covered securities for the purpose of financing loans secured on residential property, in accordance with the Asset Covered Securities Act, 2001 and 2007.

EBS Limited

EBS, which is regulated by the ECB and the Central Bank of Ireland, became a wholly owned subsidiary of AIB on 1 July 2011. EBS has a countrywide network of 71 outlets, comprising 52 tied branch agencies and 19 tied agencies in Ireland. EBS also has a direct telephone based distribution division, EBS Direct and has

"www.ebs.ie", the online channel. EBS originates residential mortgages and savings products, and sells bancassurance, life assurance and general insurance on an agency basis.

AIB Leasing Limited

Asset financing company providing leasing products.

AIB Insurance Services Limited

Provision of general insurance services. Acts as an insurance intermediary.

AIB Corporate Finance Limited

Provision of corporate advisory services to companies including merger, acquisition, capital raising and strategic financial advice.

AIB Group (UK) p.l.c.

AIB Group (UK) p.l.c. is a company incorporated in Northern Ireland through which the bulk of AIB's operations in the UK are conducted. It has 16 branches in Britain trading as Allied Irish Bank (GB), focused primarily on the mid-corporate business sector and 30 branches and outlets in Northern Ireland, trading as First Trust Bank, focused on general retail and commercial banking and also asset finance and leasing.

Board of Directors and Executive Officers

Certain information in respect of Board of Directors and Executive Officers as of the date of this Base Prospectus is set out below.

Name	**Function within AIB/Principal Outside Activities**
Non-Executive Chairman	
† ○ Richard Pym	Mr Pym was co-opted to the Board on 13 October 2014 as Chairman Designate and Non-Executive Director and was appointed Chairman with effect from 1 December 2014. Mr Pym is a Chartered Accountant with extensive experience in financial services having held a number of senior roles including Group Chief Executive Officer of Alliance & Leicester plc. He is Chairman of UK Asset Resolution Limited, the entity which manages, on behalf of the UK Government, the run off of the Government owned closed mortgage books of Bradford & Bingley plc and NRAM No 1 Limited. Mr Pym is a Director and former Chairman of Nordax Bank AB (publ). He was also previously Chairman of the Boards of The Co-operative Bank plc, BrightHouse Group plc, Halfords Group plc and a former Non-Executive Director of The British Land Company plc, Old Mutual plc and Selfridges plc. He is Chairman of the Nomination and Corporate Governance Committee and a member of the Remuneration Committee.
Chief Executive Officer	

Bernard Byrne

Mr Byrne was appointed Chief Executive Officer in May 2015. He joined AIB in May 2010 as Group Chief Financial Officer and member of the Bank's Leadership Team and was co-opted to the Board on 24 June 2011. Since then he has held a number of leading director roles including Director of Personal, Business & Corporate Banking and more recently Director of Retail & Business Banking. Mr Byrne was appointed to the Board of EBS Limited in July 2011. In January 2015, he was appointed President of Banking & Payments Federation Ireland (BPFI). A Chartered Accountant by profession, Mr Byrne joined PricewaterhouseCoopers in 1988 and moved to ESB International in 1994, where he worked as Commercial Director for International Investments. He later became Group Finance Director and Commercial Director with parent company, ESB, until he left to join AIB. Prior to that, he was Finance Director, and later the Deputy CEO of IWP International plc.

Chief Financial Officer

Mark Bourke

Mr Bourke joined AIB in April 2014 as Chief Financial Officer and member of the Leadership Team and was co-opted to the Board on 29 May 2014.

He joined AIB from IFG Group plc where he held a number of senior roles, including Group Chief Executive Officer, Deputy Chief Executive Officer and Finance Director. Mr Bourke began his career at PricewaterhouseCoopers ("PwC") in 1989 and is a former partner in international tax services with PwC US in California. He is a member of Chartered Accountants Ireland and the Irish Taxation Institute.

Non-Executive Directors

†^○ Simon Ball

Mr Ball has previously held roles as Non-Executive Deputy Chairman and Senior Independent Director of Cable & Wireless Communications plc and has served as Group Finance Director of 3i Group plc and the Robert Fleming Group. He has held a series of senior finance and operational roles at Dresdner Kleinwort Benson and was Director General, Finance, for HMG Department for Constitutional Affairs. He is Chairman of Anchura Group Limited and a member of the Board of Commonwealth Games England. Mr Ball was appointed Chairman of the Nomination and Corporate Governance Committee in June 2013 to oversee the process to appoint a new Non-Executive Chairman and stood down from that role in December 2014 following the Chairman's appointment. He remains a member of the Nomination and Corporate Governance Committee. He is also a member of the Board Risk Committee and the Remuneration Committee.

○ Thomas Foley

Mr Foley is a former Executive Director of KBC Bank Ireland, former CEO of KBC Homeloans and has held a variety of

senior management and board positions with KBC in Corporate, Treasury and Personal Banking in Ireland and the UK. He was a member of the Nyberg Commission of Investigation into the Banking Sector during 2010 and 2011 and the Department of Finance Expert Group on Mortgage Arrears and Personal Debt during 2010. He qualified as a Chartered Accountant with PricewaterhouseCoopers (PwC) and is a former senior executive with Ulster Investment Bank. He is a Non-Executive Director of AIB Group (UK) p.l.c. since April 2015 and of Intesa SanPaolo Life Limited, and he is a former Non-Executive Director of BPV Finance (International) plc. He was appointed Non-Executive Director of EBS Limited in November 2012. He is a member of the Board Audit Committee and the Remuneration Committee.

#^ Peter Hagan	Mr Hagan is former Chairman and CEO of Merrill Lynch's US commercial banking subsidiaries and was also a director of Merrill Lynch International Bank (London), Merrill Lynch Bank (Swiss), ML Business Financial Services, FDS Inc and The Thomas Edison State College Foundation. Over a period of 35 years he has held senior positions in the international banking industry, including as Vice Chairman and Representative Director of the Aozora Bank (Tokyo, Japan). During 2011 and until September 2012, he was a director of each of the US subsidiaries of IBRC. He is at present a consultant in the fields of financial service litigation and regulatory change. He is currently a Director and Treasurer of 179 East 70th Corp. He is a Chairman of the Board Risk Committee and a member of the Board Audit Committee.
†# ○ Jim O'Hara	Mr O'Hara is a former Vice President of Intel Corporation and General Manager of Intel Ireland, where he was responsible for Intel's technology and manufacturing group in Ireland. He is a Non-Executive Director of Fyffes plc and Chairman of a number of indigenous technology start-up companies. He is a past President of the American Chamber of Commerce in Ireland and former board member of Enterprise Ireland. Mr O'Hara joined the Board in October 2010 and has been a member of the Board Audit Committee, Remuneration Committee and Nomination and Corporate Governance Committee since January 2011, and was appointed Chairman of the Remuneration Committee in July 2012. He was appointed Non-Executive Director of EBS Limited in June 2012.
†^ Dr Michael Somers	Dr Somers is former Chief Executive Officer of the National Treasury Management Agency. He is Chairman of Goodbody Stockbrokers, a Non-Executive Director of Fexco Holdings Limited, Hewlett-Packard International Bank plc, the Institute of Directors, and President of the

Ireland Chapter of the Ireland-US Council. He has previously held the posts of Secretary, National Debt Management, in the Department of Finance, and Secretary, Department of Defence. He is a former Chairman of the Audit Committee of the European Investment Bank and Director of the European Investment Bank and former Member of the EC Monetary Committee. Dr Somers was Chairman of the group that drafted the National Development Plan 1989-1993 and of the European Community group that established the European Bank for Reconstruction and Development. He was formerly a member of the Council of the Dublin Chamber of Commerce and a Non-Executive Director of St. Vincent's Healthcare Group Limited and Willis Group Holdings plc. He is a member of the Nomination and Corporate Governance Committee and the Board Risk Committee.

# ^ Catherine Woods	Ms Woods is a Non-Executive Director of AIB Mortgage Bank and EBS Limited. She has been a Director of Beazley Re DAC since July 2015 and became a Director of Beazley plc in January 2016. She is the Finance Expert on the adjudication panel established by the Irish Government to oversee the rollout of the National Broadband scheme and is a former Vice President and Head of the JPMorgan European Banks Equity Research Team, where her mandates included the recapitalisation of Lloyds of London and the re-privatisation of Scandinavian banks. Ms Woods is a former Chairman of EBS Limited, director of An Post, and a former member of the Electronic Communications Appeals Panel. She was appointed Senior Independent Non-Executive Director of AIB in January 2015. She is Chairman of the Board Audit Committee and a member of the Board Risk Committee.
Helen Normoyle	Ms Normoyle is the Chief Marketing Officer of Countrywide, the UK's largest estate agency group. She previously held the role of Chief Marketing Officer at DFS, Britain's leading upholstered furniture retailer, responsible for all aspects of the company's marketing communications and PR. Prior to joining DFS, she was Director of Marketing & Audiences at the BBC, responsible for the corporation's marketing, research, planning and audience services. In 2003, she joined Ofcom, the UK's telecoms and communications regulator as Director of Market Research where she established and led Ofcom's market research and intelligence team and, latterly, the Media Literacy team. Before joining Ofcom, she held a range of posts over an eight year period at Motorola, including Director of Marketing and Director of Global Consumer Insights and Product Marketing. She started her career working for one of Europe's leading market research agencies, Infratest+GfK, based in

Germany.

†	Indicates member of the Nomination and Corporate Governance Committee
#	Indicates member of the Board Audit Committee
○	Indicates member of the Remuneration Committee
^	Indicates member of the Board Risk Committee

The business address of each of the above Directors is c/o Bankcentre, Ballsbridge, Dublin 4.

As far as is known to AIB, other than as set out below and, in the case of current or former employees of the Group, as may arise from other roles within the Group, no potential conflicts of interest exist between any duties of members of AIB's administrative management or supervisory bodies to AIB and their private interests and/or other duties. In considering and/or proposing the appointment of directors, the board assesses possible conflicts of interest including, but not limited to personal relationships, business relationships and common directorships among its members and proposed members. Where, in the course of this assessment, potential possible conflicts of interest emerge, which are regarded as significant to the overall work of the Board, the appointment will not be made. During a Director's tenure on the Board, situations may nevertheless arise in which a Director will be faced with an actual or potential conflict between AIB's interests and other business or private interests of that Director. Such situations and areas of conflict, actual, perceived or potential, are recognised and identified so that the Board may acknowledge the conflict and deal with it in the best interests of AIB and all its stakeholders in accordance with Irish law. Directors do not participate in any decision where a potential conflict of interest is reasonably perceived to exist.

Leadership Team (in addition to the Executive Directors above)

Robert Mulhall	Managing Director of Retail, Corporate and Business Banking
Jim O'Keefe	Head of FSG
Brendan O'Connor	Managing Director, AIB Group (UK) p.l.c.
Tomás O'Midheach	Chief Operating Officer
Tom Kinsella	Chief Marketing Officer
See note below	Chief People Officer
Helen Dooley	Group General Counsel
Dominic Clarke	Chief Risk Officer
Dr Colin Hunt*	Managing Director of Wholesale & Institutional Banking
Donal Galvin**	Group Treasurer

The position of Chief People Officer is currently subject to an executive search.

*The appointment of Dr Colin Hunt as Managing Director of Wholesale & Institutional Banking will take effect on 1 September 2016

**The appointment of Donal Galvin as Group Treasurer will take effect on 1 September 2016

TAXATION

The following is a summary of certain Irish and United Kingdom tax consequences of the purchase, ownership and disposal of Notes. It applies to you if you are the absolute beneficial owner of Notes (including all amounts payable by the Issuer in respect of your 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 and United Kingdom laws, and the practice of the Revenue Commissioners of Ireland and HM Revenue & Customs of the United Kingdom, 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. You should consult your own tax adviser with respect to the applicable tax consequences of the purchase, ownership and disposal of Notes.

Irish Taxation

1 Notes issued by the registered office in Dublin

1.1 Withholding tax

There are three different types of Irish withholding tax relevant to payments on the Notes, namely Irish interest withholding tax, Irish deposit interest retention tax ("DIRT") and Irish encashment tax. However, there are broad exemptions available from these withholding taxes, which are described in the following paragraphs.

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). DIRT can also apply to interest payments made by banks (such as the Issuer), unless an exemption is available. The rate of DIRT is currently 41 per cent. DIRT can also apply to any premium or discount on notes. Finally, 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 in respect of Listed Notes may be made to you without any deduction of Irish tax by the Issuer, on the following basis:

(a) no Irish interest withholding tax will be deducted by the Issuer, provided the Listed Notes remain quoted on the Irish Stock Exchange and remain held in Euroclear and Clearstream, Luxembourg; and

(b) no Irish DIRT will be deducted by the Issuer, provided the Listed Notes remain quoted on the Irish Stock Exchange.

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 Depositary 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. An exemption from this Irish encashment tax is available if you are not tax resident in Ireland and have provided a declaration in the prescribed form to the collecting agent. Therefore, you should note that, if you appoint an Irish collecting agent in respect of your Listed Notes, it may result in Irish encashment tax being deducted by your collecting agent from payments made in respect of your 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 to you without any deduction of Irish tax by the Issuer, provided one of the following exemptions from each of Irish interest withholding tax, Irish DIRT 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 to you, if one of the following applies:

   (i) interest on the Notes is paid by the Issuer in the ordinary course of the Issuer carrying on its bona fide banking business in Ireland;

   (ii) the Notes qualify for the "commercial paper" exemption (see below); or

   (iii) 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);

(b) no Irish DIRT will be deducted by the Issuer on payments in respect of such Notes to you, if one of the following applies:

   (i) the Notes qualify for exemption under the terms of the Revenue Commissioners' published practice for medium term notes (see below); or

   (ii) the Notes qualify for the "commercial paper" exemption (see below); and

(c) 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. An exemption from Irish DIRT is available where the holders of Notes are not tax resident in Ireland (or fall within certain categories of Irish tax resident persons) and provide specified information or declarations to the Issuer. 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 both Irish interest withholding tax and Irish DIRT 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 and Irish DIRT will be available on payments of interest in respect of such Notes to you 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.

1.1.4 What is the Revenue Commissioners' medium term note exemption from DIRT?

As described above, it is the published practice of the Revenue Commissioners to grant an exemption from Irish DIRT in respect of medium term notes issued by banks. The terms which must be satisfied for this exemption to be available are as follows:

(a) the Issuer must not sell such Notes to persons who are tax resident in Ireland and must not offer such Notes in Ireland;

(b) as far as primary sales of such Notes are concerned, the Dealers must (as a matter of contract) undertake to the Issuer that (a) their actions in any jurisdiction will comply with applicable laws and regulations, and (b) they will not knowingly make primary sales (or knowingly offer to do so or distribute any material in that connection in Ireland) to any persons who are tax resident in Ireland;

(c) the Base Prospectus must confirm that each Dealer has agreed that, with respect to such Notes, it will not knowingly offer to sell such Notes to persons who are tax resident in Ireland or to persons whose usual place of abode is Ireland and that it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Notes. The Base Prospectus contains this confirmation (see "Subscription and Sale");

(d) the Notes must be cleared through Euroclear, Clearstream, Luxembourg or the Depository Trust Company of New York or any other clearing system recognised for this purpose by the Revenue Commissioners (save that Notes represented by definitive bearer notes may be taken out of Euroclear and Clearstream, Luxembourg and cleared outside those systems, it being acknowledged that definitive bearer notes may be issued in exchange for interests in a global note held in Euroclear or Clearstream, Luxembourg (in accordance with the terms of the global note) and, in the case of sterling, denomination global notes, on demand by the holder for as long as this is a requirement); and

(e) the minimum denomination of such Notes must be £300,000 sterling or its equivalent.

1.2 Taxation of Noteholders

1.2.1 Noteholders resident in Ireland

Generally, if you are tax resident in Ireland, you will be subject to Irish tax on your worldwide income, including your return on the Notes. You 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 you.

1.2.2 Noteholders not resident in Ireland

If you are not tax resident in Ireland, you will generally only be subject to Irish tax on your Irish source income (on a self-assessment basis). 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, you should nevertheless be exempt from Irish income tax on interest paid on the Notes if you are:

(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, you 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 you are:

(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 you earn a discount on Notes, you 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 you are 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, the terms of a double tax treaty may provide relief from Irish income tax payable on income earned on the Notes. In addition, it is understood that there is a long standing unpublished practice of the Revenue Commissioners of Ireland that no action will be taken to pursue any liability to Irish tax arising on interest payments in respect of persons who are regarded as not being tax resident in Ireland, except where such persons:

(a) are chargeable to Irish tax in the name of another person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest;

(b) seek to claim relief or repayment of tax deducted at source in respect of taxed income from Irish sources; or

(c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There is no assurance that this practice will continue to apply.

1.3 Irish capital gains tax

If you are tax resident or ordinarily resident in Ireland, you may be subject to Irish tax on capital gains (currently 33 per cent.) on gains arising on a disposal of Notes.

If you are not tax resident or ordinarily resident in Ireland, you 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 disponer 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 donnee (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. In addition, the Irish Revenue Commissioners have confirmed that, provided the Notes are deposited with a depository or safekeeper on behalf of Euroclear or Clearstream, Luxembourg, transfers of equitable interests in the Notes through such electronic clearing systems will (as a concession) be treated as not giving rise to a charge to Irish stamp duty.

1.6 Reporting

The Issuer may be required to report information to the Revenue Commissioners regarding the Notes, including the identity of the payee (or person entitled to the interest) and the amount of the interest paid. This reporting requirement may arise pursuant to FATCA, the "Common Reporting Standard" developed by the Organisation for Economic Co-operation and Development or otherwise. In certain circumstances, such information may be exchanged with tax authorities in other countries. Such reporting requirements may also apply to any paying agent in Ireland paying interest on the Notes and any person in Ireland who receives interest on the Notes on behalf of another person.

2 Notes issued by the London Branch

While the matter is not free from doubt, it is considered that any interest, premium or discount on Notes issued by the London Branch should generally not be regarded as constituting Irish source income. However, if interest, premium or discount on particular Notes issued by the London Branch were treated to be Irish source income, section 1 ("Notes issued by the registered head office in Dublin") would also apply to such Notes, subject to two exceptions:

(a) The exemption available for interest paid by the Issuer in the ordinary course of the Issuer carrying on its bona fide banking business in Ireland may not be available. This is because the interest may be paid on such Notes by the Issuer in the course of its business in the United Kingdom.

(b) Interest, premium and discount on such Notes would not be subject to Irish DIRT.

United Kingdom Taxation

The comments below are of a general nature and relate only to United Kingdom withholding tax on payments of interest in respect of the Notes and certain information reporting requirements. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. They are not intended to be exhaustive. The comments address the position under current United Kingdom tax law and published practice of HM Revenue and Customs ("HMRC") of persons who are the absolute beneficial owners of their Notes and may not apply to certain classes of person (such as dealers and persons connected with the Issuer). The United Kingdom tax treatment of prospective holders of Notes depends on their individual circumstances and may be subject to change in the future. Prospective holders of the Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek independent advice.

1 United Kingdom Withholding tax

United Kingdom withholding tax, applied at the basic rate (currently 20 per cent.), may be relevant to payments on the Notes if such payments are treated as payments of yearly interest arising in the United Kingdom for United Kingdom tax purposes. However, there are broad exemptions from United Kingdom withholding tax in these circumstances, certain of which are described in the following paragraphs.

1.1 Notes issued by the London Branch

Notes which are Tier 2 instruments

Pursuant to the Taxation of Regulatory Capital Securities Regulations 2013 (the "Regulations") payments of interest on Notes may be made without deduction of or withholding on account of United Kingdom income tax under section 874 of the Income Tax Act 2007 (the "2007 Act") provided that such Notes qualify, or have qualified, as Tier 2 instruments under Article 63 of the CRR and such

Notes form, or formed, a component of Tier 2 Capital for the purposes of the CRR and provided further that there are not arrangements that have a main purpose of obtaining a tax advantage for any person as a result of the application of the Regulations in respect of such Notes.

Notes which are listed

While the Notes are and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the 2007 Act, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax. The London Stock Exchange and the Irish Stock Exchange are recognised stock exchanges for these purposes. Notes will be treated as listed on the London Stock Exchange if they are included in the Official List of the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange. Notes will be treated as listed on the Irish Stock Exchange if they are included in the Official List of the Irish Stock Exchange and are admitted to trading on the regulated market of the Irish Stock Exchange.

Notes which are not listed

The Issuer, provided that it continues to be a "bank" within the meaning of section 991 of the 2007 Act, and provided that the interest on the Notes is paid in the ordinary course of its business within the meaning of section 878 of the 2007 Act, will be entitled to make payments of interest without withholding or deduction for or on account of United Kingdom income tax. According to HMRC's published practice, HMRC will accept that interest is paid in the ordinary course of a bank's business unless the borrowing conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the Bank of England (whether or not the borrowing actually counts towards tier 1, 2 or 3 capital for regulatory purposes) or the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax. However, HMRC has indicated that this published practice will be amended in light of the introduction of the Regulations.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where at the time interest on the Notes is paid, the Issuer reasonably believes either:

(a) that the beneficial owner is a United Kingdom resident company or is a non-United Kingdom resident company which is within the charge to United Kingdom corporation tax as regards the payment of interest; or

(b) that the payment is made to one of the bodies or persons, and in accordance with any applicable conditions, set out in sections 935 to 937 of the 2007 Act,

provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on Notes with a maturity date of less than a year after the issue date and which are not issued with the intention, or under a scheme or arrangement the effect of which is, that such Notes form part of a borrowing with a total term of one year or more, may be paid without withholding or deduction on account of United Kingdom income tax.

All other cases

In other cases, interest will generally be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to the availability of other exemptions or reliefs, or to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

All Notes

Notes may be issued at a discount or be redeemable at a premium whether or not periodic interest payments are due on the Notes. Where Notes may be redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to the rules on United Kingdom withholding tax outlined above. Any discount element on the Notes should not generally be subject to United Kingdom withholding tax pursuant to the provisions outlined above.

Interest on the Notes issued by the London Branch has a United Kingdom source and accordingly will be chargeable to income tax by direct assessment irrespective of the residence of the Noteholder. Where that interest is paid without deduction or withholding, the interest will not be assessed to United Kingdom tax in the hands of a Noteholder who is not resident for tax purposes in the United Kingdom (other than certain trustees) unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a branch, agency or, in the case of a corporate Noteholder, a permanent establishment, in the United Kingdom in connection with which the interest is received or to which the Notes are attributable, in which case, tax may be levied on the United Kingdom branch, agency or permanent establishment. There are certain exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Noteholders should note that the provisions relating to additional amounts referred to in Terms and Conditions of the Senior Notes – Taxation and Terms and Conditions of the Subordinated Notes – Taxation above would not apply if HMRC sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However, exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

The references to “interest” above mean “interest” as understood in United Kingdom tax law.

1.2 Notes issued by the registered office in Dublin

Payments on the Notes may be made without withholding on account of United Kingdom income tax, unless such payments constitute yearly interest which has a United Kingdom source for United Kingdom tax purposes. Notes issued by the registered office in Dublin should generally not be regarded as giving rise to United Kingdom source income, but this will depend on the circumstances relevant to the particular issue of Notes. Where payments of interest on the Notes have a United Kingdom source, the exemptions summarised in paragraph 1.1 (Notes issued by the London Branch) above should also apply to Notes issued by the registered office in Dublin.

1.3 United Kingdom information reporting

HMRC has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes and payments of interest, payments treated as interest and other payments derived from the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HMRC may be exchanged with tax authorities in other countries. The United Kingdom has also implemented legislation that may require the Issuer (and certain other entities acting in the United Kingdom) to report certain information relating to the Notes and their holders to HMRC, in accordance with the

United Kingdom's exchange of information obligations under intergovernmental agreements relating to FATCA and with the United Kingdom's Crown Dependencies and Overseas Territories, under the EU Directive on administrative co-operation (Council Directive 2014/107/EU of 9 December 2014) and in relation to the "common reporting standard" developed by the Organisation for Economic Co-operation and Development.

FATCA Withholding

Pursuant to certain provisions if the Code, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the Ireland and the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of FATCA and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments made prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under "*Terms and Conditions of the Senior Notes – Further Issues*" and "*Terms and Conditions of the Subordinated Notes – Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. If any amount were to be deducted or withheld from payments made in respect of the Notes as a result of FATCA, neither the Issuer nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated Dealer Agreement dated 9 June 2016 (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.

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.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except 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 U.S. Internal Revenue Code of 1986, as amended and the regulations thereunder.

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 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.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means 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, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and for the purposes of this provision the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has 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

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

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:

(i) the Regulations and any rules issued by the Central Bank under Section 1363 of the Companies Act 2014 of Ireland (or any equivalent provision in prior legislation);

(ii) the Companies Act 2014;

(iii) the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank; and

(iv) the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) (as replaced with effect from 3 July 2016 by Regulation (EU) No 596/2014 on market abuse) and any rules issued by the Central Bank under Section 1370 of the Companies Act 2014 of Ireland (or any equivalent provision in prior legislation).

Each Dealer has further represented and agreed that, to the extent that the Notes (i) are not listed on a stock exchange, (ii) do not qualify for the "commercial paper" exemption from Irish withholding tax (see "Irish Taxation"), and (iii) are not Notes in respect of which the Issuer has confirmed in writing to the Dealers (in advance of the issuance of such Notes) that the Issuer will not be relying on the Irish Revenue Commissioners' medium term note exemption from DIRT (see "Irish Taxation") in respect of such Notes, it will not offer to sell such Notes to persons who are tax resident in Ireland or to persons whose usual place of abode is Ireland and that it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Notes.

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 Italy except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "Financial Services Act") and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "Issuers 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 Financial Services Act and Article 34-*ter* of the Issuers 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) or (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 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; 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 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 Issuers 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 Issuers 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 the Final Terms issued in respect of the issue of Notes to which it relates or 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 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 [●]

Allied Irish Banks, p.l.c.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 9 June 2016 [and the supplemental Base Prospectuses dated [●]] [which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (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].][1] 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. 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 offices in Dublin and London of the Issuer and in electronic form on the website of the Issuer www.aibgroup.com (access through the "Investor Relations" link), the website of the Central Bank, www.centralbank.ie (for so long as the Central Bank decides to provide a service of publishing such documents on its website) and on the website of the Irish Stock Exchange at 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 *[21 May 2013/9 June 2014/ 11 June 2015]* [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 Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "Prospectus Directive") and must be read in conjunction with the Base Prospectus dated 9 June 2016 [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 *[21 May 2013/9 June 2014/ 11 June 2015]* [and the supplemental Base Prospectuses dated [●]] and are attached hereto][1]. 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 9 June 2016] /[Base Prospectuses dated *[21 May 2013/9 June 2014/ 11 June 2015]* and 9 June 2016] [and the supplemental Base Prospectuses dated [●] and [●]]. The [Base Prospectus dated 9 June 2016]/[Base Prospectuses dated *[21 May 2013/9 June 2014/11 June 2015]*] [and the supplemental Base

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[1] 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.

Prospectuses[es]] are available for inspection at the London office of the Agent and the offices in Dublin and London of the Issuer.]

1.	(a)	Issuer:	Allied Irish Banks, p.l.c. acting through its [registered office in Dublin/ London Branch]
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 [*insert description of the Series*] on [*insert date*/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [23] below [which is expected to occur on or about [*insert date*]].]
3.	**Specified Currency or Currencies:**		[●]
4.	**Aggregate Nominal Amount of Notes:**		[●]
	[(i)]	Series:	[●]
	[(ii)	Tranche:	[●]]
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:	[●]
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] [*[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)]	[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/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
	(vi)	Determination Dates:	[●] in each year
16.	**Resettable Note provisions[2]:**		[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]
	(vii)	Relevant Screen Page:	[●]

[2] Subordinated Notes only.

	(viii)	Subsequent Resettable Note Reset Date:	[[●]/Not Applicable]
	(ix)	Mid-Swap Rate:	[Single Mid-Swap Rate] [Mean Mid-Swap Rate]
	(x)	Mid-Swap Maturity:	[●]
	(xi)	Day Count Fraction:	[Actual/Actual / Actual/Actual – ISDA] [Actual/365(Fixed)] [Actual/360] [30/360 / 360/360 / Bond Basis] [30E/360 / Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
17.	**Floating Rate Note Provisions:**		[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/ISDA Determination]
	(vi)	Business Centre(s):	[●]
	(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(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:	[●]
	(xvi)	Linear Interpolation:	[Applicable/Not Applicable]
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/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 Note of [●] Specified Denomination
	(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:**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount each Note:
	(iii)	Notice period:	[●]
21.	**Final Redemption Amount of each Note:**		[●]
22.	**Early Redemption Amount:**		
	(i)	Early Redemption Amount(s)	[●] per Calculation Amount

	per Calculation Amount payable on redemption for taxation reasons or on event of default [or on redemption for regulatory reasons[3]]:	

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23.	**Form of Notes:**	[Bearer Notes/ Exchangeable Bearer Notes] [Temporary Global Note exchangeable for Permanent Global Note which is exchangeable for [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]
24.	**New Global Note:**	[Yes] [No]
25.	**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*]
26.	**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]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(*Relevant third party information*) has been extracted from (*specify source*).

[Each of the] [The] Issuer [and the Guarantor(s)] 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

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[3] Subordinated Notes only.

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.
[(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 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**

"So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer." – Amend as appropriate. [*Only required where Notes are being listed.*]

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. **Operational Information**

ISIN:	[●]
Common Code:	[●]
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* 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	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the

eligibility:	International Central Securities Depositaries as common safekeeper 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 satisfaction of the Eurosystem eligibility criteria.] [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. 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.]

6. **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 9 June 2016 subject only to the issue of a temporary Global Note 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 issue of the Notes and the establishment of the Programme was authorised by a resolution of the Board of Directors of AIB passed on 2 November 1993. Updates to the Programme and changes in the Programme size were authorised by resolutions of the Board of Directors of AIB passed on 10 December 1996, 18 May 1999, 26 June 2002, 31 August 2004, 7 September 2006, 7 September 2009, 13 December 2012, 18 April 2013, 29 May 2014, 21 May 2015 and 28 April 2016.

3 Each Bearer Note, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

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 2015, 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 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 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 offices in Dublin and London of AIB specified at the end of this Base Prospectus:

(i) the Memorandum and Articles of Association of AIB;

(ii) the Trust Deed (which includes the form of the Global Notes, the Definitive Notes, the Coupons and Talons for Subordinated Notes);

(iii) the Agency Agreement (which includes the form of the Global Notes, the Definitive Notes, the Coupons and Talons for Senior Notes);

(iv) the Dealer Agreement;

(v) the Deed of Covenant;

(vi) the audited annual consolidated financial statements of AIB for the financial years ended 31 December 2014 and 31 December 2015, respectively, in each case together with the audit reports thereon;

(vii) following its publication, the half-year financial report of AIB for the six months ended 30 June 2016;

(viii) each Final Terms for Notes which are listed on the Irish Stock Exchange or any other stock exchange;

(ix) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus; and

(x) 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.

9 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 AIB for the financial year ended 31 December 2014 and 31 December 2015, in accordance with Auditing Standards issued by the Auditing Practices Board.

10 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 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 Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short 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

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Morgan Stanley & Co. International plc
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to the Dealers
(as to English law)

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