



## **AIB Group plc**

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

**€10,000,000,000**

## **Euro Medium Term Note Programme**

This supplement (the “**Supplement**”) to the Base Prospectus dated 25 March 2022 and the supplements to the Base Prospectus dated 8 June 2022 and 8 November 2022 (together, the “**Base Prospectus**”) is prepared in connection with the €10,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by AIB Group plc (“**AIB**”).

This Supplement constitutes a supplement for the purposes of Article 23(1) of Regulation (EU) 2017/1129, as amended (the “**Prospectus Regulation**”).

This Supplement is supplemental to and should be read in conjunction with the Base Prospectus. Terms defined in the Base Prospectus have the same meaning when used in this Supplement. The purpose of this Supplement is to reflect certain recent developments in relation to AIB, to amend certain of the risk factors and to update the documents incorporated by reference.

This Supplement has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer that is the subject of this Supplement nor as an endorsement of the quality of any Notes that are the subject of the Supplement and investors should make their own assessment as to the suitability of investing in the Notes.

AIB accepts responsibility for the information contained in this Supplement. To the best of AIB’s knowledge, such information is in accordance with the facts and this Supplement makes no omission likely to affect its import.

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

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

## RECENT DEVELOPMENTS

In the “AIB Group plc and the Group — Recent Developments” section, beginning on page 161 of the Base Prospectus:

- (i) The section titled “Government shareholding” shall be deleted in its entirety and replaced with the following:

*“Government shareholding*

In December 2021, the Minister for Finance announced a planned sell down of part of the Irish Government’s shareholding in AIB Group plc through a pre-arranged trading plan. As at 7 November 2022, the Irish Government retained a majority holding in AIB Group plc at a lower amount of 56.89 per cent., as compared to 71.12 per cent. as at 31 December 2021.”

- (ii) The section titled “Ulster Bank tracker mortgage portfolio” shall be deleted in its entirety and replaced with the following:

*“Ulster Bank tracker mortgage portfolio*

On 1 June 2022, AIB announced that it had entered into a binding agreement with NatWest Group plc and Ulster Bank Ireland DAC for the acquisition of the mortgage portfolio for a total consideration of €5.4 billion. Subject to obtaining any necessary customary regulatory approvals, AIB will retrospectively acquire an economic interest in the mortgage portfolio effective from the second half of 2022, with formal completion of the transaction expected in 2023.”

- (iii) The section titled “Ulster Bank corporate and commercial loans – CCPC approval” shall be deleted in its entirety and replaced with the following:

*“Ulster Bank corporate and commercial loans – CCPC approval*

AIB received competition clearance from the Competition and Consumer Protection Commission (“CCPC”) on 28 April 2022 for the acquisition of c. €3.7 billion Ulster Bank performing corporate and commercial loans.

AIB commenced the migration of loans in 2022 on a phased basis and this is expected to complete over the coming months to ensure optimised outcomes for the c. 5,000 impacted customers. In line with previous guidance, CET1 was reduced by c. 130bps as at June 2022 due to increased risk-weighted assets in relation to the above-mentioned corporate and commercial loan book acquisition.”

## AMENDMENTS TO THE “RISK FACTORS” SECTION

In the “Risk Factors” section on pages 1 to 45 of the Base Prospectus:

- (i) The fourth sentence of the second paragraph of the risk factor titled “—*The Group may be adversely affected by the budgetary and taxation policies of the Irish, UK and other governments through changes in taxation law and policy*” shall be deleted and replaced with the following:

“In addition, in December 2021, as part of the BEPS project, the OECD published model rules for a global minimum effective corporation tax rate of 15 per cent. and in December 2022 the EU Commission adopted a directive setting out how these model rules should be applied within the EU.”

- (ii) The fourth paragraph of the risk factor titled “— *The Group is subject to credit risks in respect of customers and counterparties, including risks arising due to concentration of exposures across its loan*

*book, and any failure to manage these risks effectively could have a material adverse effect on its business, financial condition, results of operations and prospects shall be deleted and replaced with the following:*

“The asset quality of the Group’s loan portfolios, including recently acquired loans, remains a priority and continues to be carefully managed. The Group is particularly monitoring those sectors impacted by the combined effects of cost of living challenges, persistent inflationary pressures and rising interest rates on customer’s affordability. The ultimate impact of these effects is highly uncertain, however should they lead to a reduction in customers’ ability to meet their loan repayment obligations, there could be an increase in credit risk which could have a negative impact on the asset quality of the Group’s loan portfolios. Unexpected credit losses could have a significant adverse effect on the Group’s business, financial condition, operations and prospects.”

- (iii) The first sentence of the second paragraph of the risk factor titled “—*Downgrades to the Issuer’s, Ireland’s sovereign or other Irish bank credit ratings or outlook could impair the Issuer’s access to private sector funding, trigger additional collateral requirements and weaken its financial position*” shall be deleted and replaced with the following:

“As at the date of this Base Prospectus, the Group’s long-term senior unsecured debt is rated BBB- (outlook revised to positive from stable) by S&P Global Ratings Europe Limited (“S&P”) (from December 2022), A3 from Baa1 (stable outlook) by Moody’s Investors Service Limited (“Moody’s”) (from May 2022) and BBB (outlook revised to stable from negative outlook) by Fitch Ratings Ireland Limited (“Fitch”) (from October 2021).”

- (iv) The first sentence of the first paragraph of the risk factor titled “—*The Group’s strategy may not be optimal and/or successfully implemented which may negatively affect the Group’s business, results of operations, financial condition or prospects*” shall be deleted and replaced with the following:

“The Group reviewed its strategy during 2020 and presented the outcome of its review to the market in December 2020. Updated medium-term targets were subsequently communicated to the market in December 2022.”

- (v) The fifth paragraph of the risk factor titled “—*The Group’s strategy may not be optimal and/or successfully implemented which may negatively affect the Group’s business, results of operations, financial condition or prospects*” shall be deleted and replaced with the following:

“Finally, as at 7 November 2022, the Minister maintained a majority 56.89 per cent. shareholding in the Group, and through the relationship framework which governs the Group’s day to day engagement with the Minister as a shareholder (the “AIB Relationship Framework”), could exert a significant level of influence over the Group. The Minister for Finance has been reducing the State’s shareholding in recent months and it has fallen from approximately 71 per cent. in March 2022. Under the AIB Relationship Framework, while the authority and responsibility for strategy and commercial policies (including business plans and budgets) and the conduct of the Group’s day-to-day operations rests in all cases with the AIB Board and its management team, AIB Group plc, and, where relevant, Allied Irish Banks, p.l.c. (“AIB Bank”) are required, in connection with certain specified aspects of the Group’s activities, to consult with the Minister. The AIB Relationship Framework also grants the Minister the right, at all times, to nominate up to two non-executive directors for appointment to the AIB Board.”

## **AMENDMENTS TO THE “DOCUMENTS INCOPORATED BY REFERENCE” SECTION**

In the “Documents Incorporated by Reference” section on page 46 of the Base Prospectus, the following shall be added as (l) to the first paragraph:

“(l) the Pillar 3 disclosures of the Group for the nine months ended 30 September 2022, available at:

<https://aib.ie/content/dam/frontdoor/investorrelations/docs/resultscentre/pillar3/AIB-Group-plc-Q3-2022-Pillar-3-Disclosures.pdf>”