

Base Prospectus dated 21 September 2020



## AIB Group plc

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

**€10,000,000,000**

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

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

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

This Base Prospectus has been approved by the Central Bank of Ireland (the “Central Bank”), as competent authority under Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, “MiFID II”), to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area. Application has been made to the Irish Stock Exchange plc (trading as Euronext Dublin) (“Euronext Dublin”) 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 Euronext Dublin (the “Official List”) and to trading on its regulated market. No assurance can be given that such an application to list and trade the Notes will be accepted. A&L Listing Limited (the “Listing Agent”) is acting solely in its capacity as listing agent in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on its regulated market for the purposes of the Prospectus Regulation.

Notes which are admitted to the Official List are referred to herein as “Listed Notes”. Notice of the aggregate principal amount of, interest (if any) payable in respect of, the issue price of and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “*Description of the Programme*”) of Notes will be set forth in a set of final terms (the “Final Terms”) which, with respect to the Listed Notes, will be delivered to Euronext Dublin on or before the date of issue of such Tranche. 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 Regulation.

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

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate (“EURIBOR”) or the London Interbank Offered Rate (“LIBOR”) which are provided by the European Money Markets Institute (“EMMI”) and the ICE Benchmark Administration Limited (“ICE”), respectively. As at the date of this Base Prospectus, ICE and EMMI appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (as amended, the “Benchmark Regulation”).

This Base Prospectus will be valid as a base prospectus under the Prospectus Regulation for 12 months from 21 September 2020. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply following the expiry of that period.

#### **Arranger and Dealer**

**Morgan Stanley**

#### **Dealers**

**BofA Securities**

**Citigroup**

**Credit Suisse**

**Goldman Sachs International**

**ING**

**Mizuho Securities**

**Nomura**

**Barclays**

**Commerzbank**

**Davy**

**Goodbody**

**J.P. Morgan**

**NATIXIS**

**Société Générale Corporate & Investment  
Banking**

**UniCredit Bank**

**ABN AMRO**

**BNP PARIBAS**

**Crédit Agricole CIB**

**Deutsche Bank**

**HSBC**

**Lloyds Bank Corporate Markets**

**Wertpapierhandelsbank**

**NatWest Markets**

**UBS Investment Bank**

**This Base Prospectus constitutes a base prospectus for the purposes of the Prospectus Regulation.**

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

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

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;**
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;**
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the potential investor's currency;**
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets;**
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect the investor's investment and its ability to bear the applicable risks; and**
- (vi) understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Notes.**

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

**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 and any other relevant 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.**

**Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest rate may affect the secondary market in, and the market value of, such Notes. If the Notes are converted from a fixed rate to a floating**

rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Notes are converted from a floating rate to a fixed rate, the fixed rate in such circumstances may be lower than then prevailing market rates.

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

Though the NGN and NSS allow for the possibility of Notes, which are specified to be issued as New Global Notes, being issued and held in a manner which will permit them to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations or as eligible under quantitative easing related bond purchase programmes, by the Eurosystem either upon issue or at any or all times during their life, in any particular case, such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Neither the Arranger, nor the Dealers, nor any of their respective affiliates, nor the Trustee gives any representation as to the eligibility of the Notes pursuant to such Eurosystem eligibility criteria.

Bearer or registered form Global Notes that are deposited with a Common Depositary on behalf of the ICSDs under the classic global note structure are not eligible for Eurosystem purposes. In addition, Notes in definitive form are not eligible for Eurosystem purposes.

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

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

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

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

Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of AIB and its subsidiaries (the “Group”) since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of AIB and/or the Group since the date hereof or the date upon which this Base Prospectus has been most

recently amended or supplemented. None of the Arranger or the Dealers undertakes to review the financial condition or affairs of AIB or any of its subsidiaries during the life of the arrangements contemplated by this Programme nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger or the Dealers.

**MiFID II product governance / target market** – The Final Terms in respect of any Notes will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

**IMPORTANT – EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”) or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended, the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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

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

If a jurisdiction requires that an offering of Notes be made by a licensed broker or dealer and any Dealer or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of AIB in such jurisdiction.

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

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

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

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

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilisation Manager(s) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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

## TABLE OF CONTENTS

	<b>Page</b>
RISK FACTORS .....	1
DOCUMENTS INCORPORATED BY REFERENCE.....	44
SUPPLEMENTARY INFORMATION .....	46
DESCRIPTION OF THE PROGRAMME.....	47
TERMS AND CONDITIONS OF THE SENIOR NOTES .....	48
TERMS AND CONDITIONS OF THE SUBORDINATED NOTES .....	85
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM .....	122
USE OF PROCEEDS .....	128
GREEN BOND FRAMEWORK OVERVIEW.....	129
AIB GROUP PLC AND THE GROUP .....	131
TAXATION .....	135
SUBSCRIPTION AND SALE .....	139
APPLICABLE FINAL TERMS .....	145
GENERAL INFORMATION .....	159

## RISK FACTORS

*Investing in the Notes involves certain risks. If any of the risks described below materialise, the Group's business, financial condition and results of operations could suffer, and the trading price and liquidity of the Notes could decline, in which case an investor may lose some or all of the value of its investment. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but it may be unable to pay interest, principal or other amounts on or in connection with Notes for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.*

### **Macroeconomic and Geopolitical Risks**

#### **1 *The Group's business has been and will continue to be adversely affected by the economic and social impact of policies designed to contain the spread of COVID-19 in the Group's core markets***

An outbreak of a novel strain of coronavirus (i.e. COVID-19) in late December 2019 has been spreading globally, including within Ireland and the Group's other core markets. In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Given the ongoing and fluid nature of the circumstances, it is difficult to predict the overall effect of the COVID-19 pandemic on the Group's business. The impact to date has included a sharp decline in economic activity, which in combination with general uncertainty regarding the evolution of the pandemic, has resulted in significant volatility in financial markets and substantial harm to the economies in which the Group operates.

In addition, measures by various governments to reduce the spread of COVID-19 have led to a sharp decline in global economic activity, resulting in widespread closure of companies and steep rises in the level of unemployment. According to the quarterly economic commentary published by the Economic & Social Research Institute ("ESRI") on 28 May 2020, baseline Irish GDP could contract by 12.4 per cent. in 2020 as consumption, investment and trade declines, while the unemployment rate could rise to 17.4 per cent. A separate scenario analysis, also conducted by the ESRI, shows that the fall in Irish property prices resulting from the "sudden stop" in economic activity could be between 4 per cent. and 7 per cent. lower than a "no COVID-19" baseline in 2020 (depending on the assumptions regarding the speed of economic recovery). The impact of the COVID-19 outbreak on health, global economies and financial markets could become more severe if a potential second wave of the virus was to occur, delaying or postponing the re-opening of the economies that the Group operates in.

During March and April 2020 the Group announced schemes to support its customers and the Irish economy through the unprecedented challenges presented by the COVID-19 pandemic. These customer measures ("COVID-19 Customer Measures") involved the implementation of close to 64,000 payment breaks (as outlined in AIB's half-yearly financial report for the six months ended 30 June 2020) for mortgage, personal and business customers and enhanced flexible credit lines. If mortgage, personal and business customers are unable to repay their loans due to the COVID-19 crisis, this would increase default rates and result in higher expected credit losses. The financial stress experienced by customers is expected, to some degree, to be mitigated by a package of measures implemented by the Irish Government. These include *inter alia* a temporary wage subsidy scheme (which refunds employers up to 70 per cent. of salary up to a certain level) and a pandemic unemployment payment that exceeds regular welfare benefits. The ultimate impact of these developments on the Group's profitability and financial position remains uncertain at present.

The financial strains caused by the COVID-19 pandemic are expected to be extensive in the Group's core markets, and deteriorating macroeconomic conditions have led to an increase in, and will likely lead to further increases in, the Group's expected credit loss estimates. In the first half of 2020, the expected credit loss ("ECL") was a charge of €1.2 billion, primarily due to the economic impact of the COVID-19 pandemic on the economy.

The likelihood of customer behavioural change as a result of the crisis (for example an accelerated move to digital and appetite for different products and services) is as yet unknown. The Group has seen increased high levels of usage across its digital channels and significant growth in contactless payments by Irish consumers in the first few months of the crisis. In addition, the COVID-19 pandemic has led the Group to modify its operational practices, including closing offices, ensuring social distancing in branches and facilitating remote working wherever possible. Over 7,000 of the Group's circa 9,500 staff are currently working remotely.

There is no certainty regarding the duration, severity and lingering effects of the COVID-19 crisis. Any of the factors described above could have a material adverse effect on the Group's business, financial condition and results of operations in addition to those described above.

For more information on the main risks associated with the COVID-19 pandemic, see Risk Factor 6 "*—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*"; Risk Factor 9 "*—The Group may require higher provision coverage due to ECB guidance which could negatively impact the Group's financial condition or prospects*"; Risk Factor 12 "*—Constraints on the Group's access to funding and liquidity, including a loss of confidence by depositors or curtailed access to wholesale funding markets, may result in the Group being required to seek alternative sources of funding markets and/or may result in the Group not being able to meet its obligations as they fall due without incurring unacceptable costs and being required to seek alternative sources of funding*"; Risk Factor 14 "*—The Group faces risks associated with the level of, and changes in, interest rates, as well as certain other market risks*"; and Risk Factor 18 "*—The Group faces operational risks – including change, continuity management, property protection and insurance risks, which could negatively impact the Group's business, results of operations, financial condition or prospects*".

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

On 31 January 2020, the UK formally withdrew from the European Union ("EU") and entered into an 11-month transition period (the "Transition Period"), during which the existing (UK-EU) trading arrangements will continue to apply while substantive negotiations take place regarding the UK's future relationship with the EU based on the Political Declaration agreed at the European Council on 17 October 2019.

These negotiations will determine the long term economic impact of the UK's exit from the EU ("Brexit"). There have been indications that the UK Government intends to establish its own regulatory and customs regime. However, the EU has emphasised that guaranteeing and enforcing a "level playing field" (to ensure open and fair competition) must underpin any future EU-UK trade deal in order to protect the integrity of the Single Market. These differences are likely to create difficulties in reaching a negotiated outcome. As a result, there is a risk that the UK and the EU will not be able to conclude a comprehensive and balanced free trade agreement (or only a limited scope trade deal) prior to the end of the Transition Period. If the UK were to leave without a deal (or only a limited scope trade deal), this could have a significant and immediate impact on Ireland's trading activity and interactions with the UK. As a result, it is likely that a so-called hard Brexit would act as a significant 'headwind' to growth in the short- to medium-term and delay the reversion of the economy to pre-pandemic levels of activity. There is a possibility that a hard Brexit could occur before there has been



any meaningful economic recovery following the impact of the COVID-19 pandemic or that a hard Brexit could occur at a time when the coronavirus may be more virulent.

Given the above, the overall impact of Brexit remains uncertain. The level of uncertainty associated with the ultimate outcome is expected to have a negative effect on business and consumer sentiment. This could create a headwind to investment, as companies delay capital expenditure, and to certain types of household purchases, which dampens economic activity in the Group's core markets over the medium term.

Furthermore, the UK is a significant trading partner for Ireland. The impact of Brexit may be disproportionate in relation to sectors of the Irish economy with significant linkages to the UK, in particular the agri-food and tourism sectors. The UK also acts as the land bridge route for much of Ireland's exports to mainland Europe. In addition, the imposition of any tariffs or customs controls including the possibility of a hard border on the island of Ireland as a result of the UK's withdrawal from the EU could have an adverse effect on the level of exports of goods or services from Ireland to the UK. Regions of Ireland in proximity to the border with Northern Ireland may be particularly subject to the negative effects from a withdrawal of the UK from the EU due to the close day-to-day cross-border interactions.

The UK's withdrawal from the EU may also lead to volatility in the pound sterling to euro exchange rates and interest rates and, as a result, adversely affecting the competitiveness of the Irish economy. Such volatility may adversely affect AIB's operations.

The UK's withdrawal from the EU may also have an impact on labour market conditions in Ireland. In particular, financial institutions and other financial operations currently based in the UK that rely on an EEA "passport" to access the EEA market for financial services may seek an alternative base for their operations and relocate such operations to other jurisdictions, including Ireland. Depending on the nature of the agreement reached between the UK and the EU on migration and immigration (if any), the UK's exit from the EU could also result in restrictions on mobility of personnel and could create difficulties for the Group in recruiting and retaining qualified employees, both in the UK and Ireland. This may result in heightened competition for suitably qualified employees, which could adversely affect the Group's ability to attract and retain employees.

The legal and regulatory position of the Group's operations in the UK may also become uncertain following Brexit. If UK regulatory capital rules diverge from those of the EU, as a result of future changes in EU law which are not mirrored by the UK or vice versa, the Group's regulatory burden may increase, which likely would increase compliance costs.

### ***3 The Group's business may be adversely affected by any deterioration in Irish, UK or global economic conditions***

The Group's business activities are almost entirely based in the Irish and UK markets. Deterioration in the performance of the Irish economy or in the EU, the UK and/or other relevant economies has the potential to affect adversely 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, including property prices.

Ireland is a small open economy which could be adversely affected by deterioration in UK or global economic conditions or an external economic shock. For example, the global health pandemic arising from COVID-19 (see Risk Factor 1 "*—The Group's business has been and will continue to be adversely affected by the economic and social impact of policies designed to contain the spread of COVID-19 in the Group's core markets*"), has already triggered a global downturn. A re-escalation of US-China trade tensions, or pre-existing fragilities in risky corporate credit and sovereign debt markets could exacerbate an already severe downturn. Moreover, future changes in taxation policy and other tax measures introduced by international organisations such as the Organisation for Economic Co-operation and Development ("OECD") and/or EU and adopted by the Irish or

UK Governments, could also result in the loss of new, and some existing, foreign direct investment. This may also lead to lower activity in the wider economy (for example, consumer spending, tax revenues, etc.), slower growth in new lending and some deterioration in the quality of loan portfolios among Irish banks, including AIB (see Risk Factor 5 “—*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*”). No assurance can be given that the Irish economy or the Group’s business, financial condition, operating results and prospects would remain immune to any such external deterioration or shock.

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

Any deterioration in the UK economy, whether caused by Brexit (see Risk Factor 2 “—*Brexit could lead to a deterioration in market and economic conditions in the UK and Ireland, which could adversely affect the Group’s business, financial condition, results of operations and prospects*”) or otherwise, could also have an impact on the Group’s business in the UK.

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

Geopolitical developments in recent years have given rise to significant market volatility and in certain instances have had an adverse impact on economic growth and performance globally. Expectations regarding geopolitical events and their impact on the global economy remain uncertain in both the short and medium term. The confluence of geopolitical risks, including Brexit (see Risk Factor 2 “—*Brexit could lead to a deterioration in market and economic conditions in the UK and Ireland, which could adversely affect the Group’s business, financial condition, results of operations and prospects*”), tax policy (see Risk Factor 3 “—*The Group’s business may be adversely affected by any deterioration in Irish, UK or global economic conditions*”) and the rise in protectionism in the context of the progression of the COVID-19 pandemic (see Risk Factor 1 “—*The Group’s business has been and will continue to be adversely affected by the economic and social impact of policies designed to contain the spread of COVID-19 in the Group’s core markets*”) has added to this uncertainty.

The increase in public debt levels, necessitated by the fiscal policy response to the pandemic, may trigger a reassessment of sovereign risk by market participants. A more protracted and severe economic downturn than expected, if coupled with higher sovereign borrowing costs, may result in unsustainable public finances in some already highly-indebted Member States of the Eurozone and lead to volatile bond yields on the sovereign debt of Member States. Initiatives that demonstrate enhanced fiscal solidarity among EU Member States (such as the EU Commission’s €750 billion COVID-19 recovery fund and a reinforced long-term budget which was agreed by EU leaders on 21 July 2020) could, however, lower such risks.

The emergence of anti-EU and anti-establishment political parties and a rise in separatist and protectionist sentiment across the EU may also give rise to further political instability and uncertainty. Brexit has also resulted in significant volatility within the European political environment, as described in further detail above.

A general election was held in Ireland on 8 February 2020, with no political party receiving an overall majority. In June 2020, the parties of Fianna Fáil, Fine Gael and the Green Party voted to go into government together and Micheál Martin was elected as Taoiseach. The new government may have different policies and priorities

to the previous government and any change in such policy or priorities may have a material adverse effect on the Group's business, results of operations, financial condition, ownership and prospects.

The power-sharing executive in Northern Ireland has reconvened after a three-year impasse. There is no guarantee, however, that the re-formed administration will prove resilient and, if it collapses again, the current political structures in Northern Ireland may be subject to significant change. The uncertainty resulting from these possible future developments may have an adverse impact on economic conditions in Northern Ireland and the region, which could in turn have an adverse effect on the Group, given its operations there.

In the United States, the implementation of the Republican administration's policies, such as trade protectionism, use of targeted financial sanctions, travel restrictions and the withdrawal from the Joint Comprehensive Plan of Action with respect to Iran may in the future have an adverse effect on relations between the United States and the EU and may have an impact on economic conditions generally.

After three years of a trade dispute between the U.S. and China, the signing of the 'phase-one' trade deal between the U.S. and China earlier this year alleviated tensions somewhat. More recently, there have been recriminations over the origins of the spread of the coronavirus and a growing dispute over the question of the autonomy of Hong Kong, however, tensions are simmering. The risk is a further escalation of the dispute, in addition to the current recession, could act as headwinds to global free trade with a further shift away from globalisation and a focus on more secure local supply chains. As Ireland is a highly open economy, with exports comprising a high proportion of GDP, activity could be adversely affected with knock-on effects on the Group's financial performance and profitability.

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

##### ***5 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***

Changes in taxation policy and other tax measures adopted by the Irish or UK Governments, or by international organisations such as the EU, may have an adverse impact on economic activity generally, or on borrowers' ability to repay their loans which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. For example, the financial performance of the Group may be adversely affected by taxation measures introduced by the Irish Government, such as a change in the current Irish corporation tax rate of 12.5 per cent. As a result of financial support measures in response to the COVID-19 pandemic, governments may consider future changes to budgetary and taxation policies to address the increased burden on public finances, which may have an adverse impact on future economic activity and the Group's business, results of operations, financial condition and prospects.

Changes in Irish or UK taxation will arise from the OECD Base Erosion and Profits Shifting ("BEPS") project and the EU Anti-Tax Avoidance Directives ("ATAD"). The detail of these changes is not yet clear in all cases and there remains potential for them to have an adverse impact on the Group's financial position.

In addition to potential impacts from the OECD BEPS project, ATAD and other international initiatives in recent years could have impacts on economic activity generally. For example, the various international initiatives in relation to the taxation of the digital economy, if enacted could have a significant impact on a number of digital companies with a large presence in Ireland. These and any other similar actions could result in companies relocating from Ireland or deciding to invest in other jurisdictions, which could have an adverse impact on the Irish economy and, as a result, on the Group's business.

Changes in tax legislation or the interpretation of such legislation, regulatory requirements, accounting standards or practices of relevant authorities could also adversely affect the basis for recognition of the value of deferred tax assets. In the UK, for instance, legislation was introduced in 2015 and 2016 to restrict the proportion of a bank's taxable profit that can be offset by certain carried forward losses to 50 per cent. and to 25 per cent. respectively. If similar legislation were to be introduced in Ireland, this could have a further adverse impact on the value of the Group's deferred tax assets, which could adversely affect the Group's business, results of operations, financial condition and prospects. As at 30 June 2020, the Group had €2.7 billion of deferred tax assets on its statement of financial position, substantially all of which related to unused tax losses. There is also a risk that the Group may not generate the necessary future taxable profits in Ireland or in the UK, to support the current level of deferred tax assets.

## **Business Risks**

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

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

At 30 June 2020, based on geographic concentration of gross loans and advances to customers, 77 per cent. of the Group's loans and advances to customers were in the Republic of Ireland, 15 per cent. in the UK and 8 per cent. in other jurisdictions. Also, as at 30 June 2020, residential mortgages represented 51 per cent. of gross loans (i.e., loans comprising of all capital outstanding and interest accrued prior to the deduction of impairment charges) and advances to customers.

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

The Group's half-yearly financial results were significantly impacted by the COVID-19 public health crisis which has provoked such a severe and rapid deterioration in the global and national economy. Against this backdrop of this sudden and ongoing emergency, AIB has taken a €1.2 billion ECL charge for the first six months of 2020, which represents the significant majority of the full year 2020 anticipated ECL charge. Based on the Group's current view of the macroeconomic scenarios, the Group believes that the ECL approach is conservative, forward looking and comprehensive. The impact on ECLs as a result of the COVID-19 pandemic will continue to be closely monitored throughout the second half of 2020 and beyond.

Regulatory and accounting guidance from the European Banking Authority (the "EBA"), the European Central Bank (the "ECB"), the European Securities and Markets Authority (the "ESMA"), the Prudential Regulation Authority (the "PRA") and the International Accounting Standards Board (the "IASB") has consistently encouraged the application of appropriate judgement in relation to COVID-19 impacted customers and confirms

that banks' judgement in determining ECLs under International Financial Reporting Standard ("IFRS") 9 (i.e. a grant of a moratorium) should not in itself result in a movement of exposures between IFRS 9 stages due to an automatic trigger of significant increase in credit risk. The Group is conscious of this regulatory guidance and will apply it as appropriate to its credit exposures. The onset of the COVID-19 pandemic and associated lockdown measures and restrictions on economic activity has resulted in a material change in the macroeconomic scenarios and weightings used for the purpose of ECL calculation. The revision of the macroeconomic factors and probability weightings throughout the six months to 30 June 2020 has led to significant changes in the probability of default across the Group's loan portfolio.

Unexpected events, such as the COVID-19 pandemic, have proven to increase the Group's credit and other risks, for example, the potential for increased chargeback risk arising to the Group out of merchant processing services provided by First Merchant Processing (Ireland) dac ("FMPI"), the Group's 49.9 per cent. indirectly owned associate, and the potential obligations of AIB as card scheme member for FMPI. The Group has established a monitoring group which continues to assess the range of possible impacts of the COVID-19 pandemic, responding accordingly as the situation evolves. Any further impacts on the Group will depend on future developments, which remain highly uncertain at present but could potentially continue to materially adversely affect the Group's business, results of operations, financial conditions and prospects.

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

The Group has a high level of criticised loans and non-performing exposures ("NPEs"), which are defined as loans requiring additional management attention over and above that normally required for the loan type. Criticised loans are accounts of lower quality and include "criticised watch" and "criticised recovery", and NPEs are accounts which have defaulted.

As at 30 June 2020, the Group had €3.8 billion in NPEs on its balance sheet compared to €3.3 billion as at 31 December 2019. The increase reflects an additional €0.3 billion following amendments made to the Group's definition of default exit criteria, and alignment of arrears days past due count methodology to the EBA convention, and €0.2 billion of net underlying flow to non-performing loans. Further NPE reduction remains a priority of the Group given the impact of holding NPEs has on the Group's costs, capital requirements and balance sheet resilience. NPEs are defined by the EBA to include material exposures which are more than 90 days past due and/or exposures in respect of which the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past due amount or the number of days the exposure is past due.

The Group has been proactive in managing its criticised loans and NPEs, in particular through restructuring activities and the Mortgage Arrears Resolution Process that was introduced in order to comply with the Central Bank's Code of Conduct on Mortgage Arrears ("CCMA"). The management of criticised loans and NPEs also gives rise to risks, including the protracted resolution of NPEs, increased levels of re-default, and the diversion of management attention and other resources from the business. Any of the foregoing risks could have a material adverse effect on the Group's business, financial condition and results of operations. Despite the Group making significant reductions to the level of criticised loans and NPEs in recent years, the COVID-19 pandemic has resulted in an increase in both criticised loans and NPEs in the six months up to 30 June 2020. The impact of

the COVID-19 pandemic will continue to be closely monitored throughout 2020 and as a result there can be no assurance that the Group will continue to be successful in reducing the level of its criticised loans and NPEs.

While the consequences of the COVID-19 pandemic has impacted NPE levels negatively during 2020, significant NPE reductions have been achieved over the past few years through a strategy of customer restructuring combined with selected portfolio sales of deep arrears non-performing loans. Further reduction in the level of non-performing loans remains a key focus for AIB.

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

In 2015, the Central Bank imposed residential mortgage restrictions on Irish residential mortgage lending, under the LTV/LTI Regulations, which include LTV rules which set a minimum deposit requirement for the purchase of property, and LTI rules which set a maximum residential mortgage value which could be borrowed, measured against the borrower’s gross salary. Specific LTV and LTI limits were introduced for purchasers of their principal dwelling home including separate rules for first-time buyers, as well as those purchasing Buy-to-Let properties. These macro-prudential measures are subject to annual review by the Central Bank.

The Group’s risk appetite is evolving in response to the emerging impacts of the COVID-19 pandemic, with a cautious approach to ‘high impact sectors’. The Group will ensure regulatory compliance with Central Bank macro-prudential limits, by prioritising consistent and fair customer outcomes over maximising the usage of these limits.

The Group needs to ensure that it dedicates sufficient resources, and has the necessary procedures and controls in place, to ensure that the exception levels permitted under the regulations are monitored and not breached. These restrictions may adversely affect the level of new mortgage lending the Group can undertake and the costs of administering its residential mortgage lending, and hence may have a material adverse effect on its business, results of operations, financial condition and prospects.

**9 *The Group may require higher provision coverage due to ECB guidance which could negatively impact the Group’s financial condition or prospects***

The ECB published guidance to banks on NPEs in March 2017. The ECB’s objective in issuing the guidance was to drive strategic and operational focus on the reduction of NPEs, together with further harmonisation and common definitions of NPEs and forbearance measures. Non-compliance with the guidance may trigger supervisory measures that are not further specified in the guidance. Subsequently the ECB published the “Addendum to the ECB Guidance to banks on non-performing exposures: supervisory expectations for prudential provisioning of non-performing exposures” in March 2018, which could lead to the phasing in of stricter provisioning or capital guidance in any future Group Supervisory Review and Evaluation Process (“SREP”) if the Group does not continue to execute its NPEs deleveraging strategy. On 4 April 2019, the European Council adopted a “prudential backstop” for NPEs complementing the existing prudential rules (which was subsequently revised in August 2019). The purpose of this requirement is to ensure sufficient coverage for NPEs. This could require the Group to have higher provision coverage for NPEs in the future or make a deduction from own funds and given the quantum of NPEs currently on the Group’s balance sheet this could have a material impact on the financial condition or results of operations. Delivery of the Group’s NPE strategy is key to minimising the impact on capital from December 2020.

**10 *The Group is subject to credit risks arising due to the impact of climate change on the Group’s customers such as extreme weather events and the transition to a low carbon economy***

Climate risk impacts in terms of the increasing incidence of extreme and unseasonal weather conditions may impact certain sectors in the short-term, for example, the agricultural sector. The impact of a longer term transition to a low carbon economy may also have an impact on certain sectors (for example extraction industry sectors such as oil, gas and mining). The Group currently has limited exposure to what would be considered “carbon intensive sectors” within the exploration and extraction sectors, however the impact of climate change on the Group’s overall portfolio is as yet unknown, but any such future impact could have a material impact on the Group’s financial condition or results of operations.

**11 *The Group may have insufficient capital to meet increased minimum regulatory requirements or to support its business, which could negatively impact its business, results of operations, financial condition or prospects***

The Group aims at all times to comply with all regulatory capital requirements and to ensure that it has sufficient capital to cover the current and future risk inherent in their business and to support its future development. Failure to maintain adequate levels of capital and meet minimum regulatory requirements may threaten the viability of the Group and may trigger actions by management (under management’s recovery plan for the purposes of the Banking Recovery and Resolution Directive (Directive 2014/59/EU as amended by way of Directive (EU) 2019/879 (“BRRD II”) (as so amended, the “BRRD”)) or the resolution authority (under relevant provisions of the BRRD) to restore the Group to viability which may impact the Group’s operations and/or results from financial operations. A lack of sufficient capital to conduct its business activities or meet its minimum capital requirements could ultimately lead to the resolution and/or insolvency of the Group.

The Group is subject to minimum capital requirements as set out in Capital Requirements Directive IV (Directive 2013/36/EU) (“CRD IV”), the Capital Requirements Directive V (Directive (EU) 2019/878) (“CRD V”), which includes amendments to CRD IV (as so amended, “CRD”), and implemented under the Single Supervisory Mechanism (“SSM”). AIB’s minimum capital requirements for 2020 are currently set at 14.50 per cent., comprising a Pillar 1 requirement of 8.00 per cent., Pillar 2 requirement (“P2R”) of 3.00 per cent. (of which 1.69 per cent. must be held in Common Equity Tier 1 (“CET1”)), a Capital Conservation Buffer (“CCB”) of 2.50 per cent., and an Other Systemically Important Institutions (“O-SII”) buffer of 1.00 per cent. These requirements reflect the recent reduction in the Countercyclical Buffer (“CCyB”) to zero per cent. by both the Central Bank and Bank of England as part of a suite of measures to support the financial sector through the current COVID-19 pandemic.

As a result of these and other regulatory requirements, banks in the EU have been, and could continue to be, required to increase the quantity and the quality of their regulatory capital. For example, as the Group is designated as an O-SII, a 1.00 per cent. buffer applies from 1 July 2020, rising to 1.50 per cent. on 1 July 2021. In addition, and notwithstanding recent regulatory actions related to COVID-19 (see below), regulators may in future increase CCyB or other buffer requirements on banks.

In reaction to the COVID-19 pandemic, the ECB and national central banks have announced a wide range of measures aimed at supporting the banking system and the macro-economy through the crisis. These include, on a temporary basis, allowing banks to operate below the level of capital defined by the ECB (and Pillar 2 Guidance where applicable), in addition to the reduction of the CCyB buffer noted above. The ECB has brought forward less stringent rules on the capital that is required to cover the P2R. Previously, only CET1 could be used to cover the P2R but, as of 8 April 2020, the ECB has allowed a portion of surplus AT1 and Tier 2 capital towards covering the P2R. The ECB has stated that it expects banks under its supervision to use the positive effects coming from these measures to support the economy and not to increase dividend distributions or variable remuneration. On 28 July 2020, the ECB confirmed its commitment to allow banks to operate below the Pillar 2 Guidance and the combined buffer requirement until at least the end of 2022, and below the liquidity coverage ratio until at least the end of 2021, without automatically triggering supervisory actions. The ECB

also announced an extension of its dividend recommendation until 1 January 2021 (Recommendation ECB/2020/35). The ECB considers that there is an ongoing need in this environment of exceptional systemic uncertainty and stressed economic conditions for prudent capital planning, which includes preserving credit institutions' capital position by postponing or cancelling distributions. This approach is consistent with Recommendation ESRB/2020/7 of the ESRB. The ECB intends to decide in the fourth quarter of 2020 on the approach to be followed after 1 January 2021, taking into account the economic environment, the stability of the financial system and the level of certainty around capital planning.

Given this regulatory context and the levels of uncertainty in the current economic environment, there is a possibility that the economic output over the Group's capital planning period may be materially worse than expected and/or that losses on the Group's credit portfolio may be above forecast levels. Were such losses to be significantly greater than currently forecast, or capital requirements for other material risks, such as operating or financial 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 all or some of its regulatory requirements and expectations and to support the current and future risk inherent in its business and its future development.

In addition to the minimum capital requirements as set out in CRD, the Group's capital position may also be impacted by other regulatory processes, such as the ECB's Targeted Review of Internal Models ("TRIM") process. The current estimated capital impact under TRIM on AIB's Mortgage Model is a reduction of circa 80 basis points on the Group's CET1 ratio, with a circa €2.0 billion increase in risk weighted assets ("RWAs"). The impact on the Group will be included in the Group's capital position following the finalisation of the process, albeit it is noted that the ECB in its announcement on 20 March 2020 on supervisory measures in reaction to the COVID-19 pandemic has indicated that finalisation of TRIM outcomes will be postponed by six months. Were such impact to be significantly greater than currently forecast, it could negatively impact the Group's capital position relative to current expectations.

**12 *Constraints on the Group's access to funding and liquidity, including a loss of confidence by depositors or curtailed access to wholesale funding markets, may result in the Group being required to seek alternative sources of funding markets and/or may result in the Group not being able to meet its obligations as they fall due without incurring unacceptable costs and being required to seek alternative sources of funding***

Financial/macro-economic/geopolitical volatility is a key risk driver as a negative macro-economic environment can lead to market instability and increased funding and liquidity risk. Consequently, the Group's ability to monetise assets (marketable and non-marketable assets) without incurring a loss could be compromised amid the market volatility that would exist against such a backdrop. 'Lower for longer' interest rates will continue to suppress the Group's profitability.

The Group could be negatively affected by actual or perceived deterioration in the soundness of other financial institutions and counterparties. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, industry payment systems, clearing houses, banks, securities firms and exchanges with whom the Group interacts on a daily basis. This could impact the Group's ability to meet its intraday liquidity requirements as the failure of a market participant to meet its payment, clearing, and settlement obligations can have a material impact on connected counterparties, and ultimately lead to systemic disruption.

On 30 April 2020 the ECB modified the parameters of the third series of targeted longer-term refinancing operations (TLTRO-III) to support the continued access of firms and households to bank credit in the face of disruptions and temporary funding shortages associated with the COVID-19 pandemic. This primarily consisted of reducing the interest rate applicable on eligible lending, extension of the scheme benchmark period out to June 2021 and an increase in the amount that counterparties can borrow from the scheme. In addition, the ECB



launched a series of additional longer-term refinancing operations called pandemic emergency longer-term refinancing operations (“PELTROs”). These operations provide an effective backstop after the expiry of the bridge longer-term refinancing operations (“LTROs”). Counterparties participating in PELTROs will be able to benefit from the collateral easing measures in place until the end of September 2021. There can be no guarantee that the ECB will continue to adopt accommodative monetary policies in the future.

Conditions may arise which would constrain funding or liquidity opportunities for the Group over the longer term. Currently, the Group funds its lending activities primarily from customer accounts. Consequently, a loss of confidence by depositors in the Group, the Irish banking industry or the Irish economy, could ultimately lead to a reduction in the availability and/or increase in the cost of funding or liquidity resources. This could impact the Group’s ability to have the necessary resources in place to fund net outflows in the major currencies in which it operates which in turn would put added pressure on cross currency funding.

Concerns around debt sustainability and sovereign downgrades in the eurozone could impact the Group’s deposit base and could impede access to wholesale funding markets, adversely impacting the ability of the Group to issue debt securities or regulatory capital instruments to the market. Furthermore, execution risk in respect of the Group’s MREL issuance plan may arise in light of the current COVID-19 pandemic. The Group’s plans for MREL issuance have been reviewed in light of the pandemic and the regulatory response as it applies to future requirements regarding the BRRD. The Single Resolution Board (“SRB”) has provided the Group with its default formula for the MREL target calibration under the new BRRD II legislative framework to be complied with by 1 January 2022. The Group has estimated its January 2022 intermediate binding target is 27.1 per cent. of RWA including the combined buffer requirement. At 30 June 2020 the Group had an actual MREL ratio of 30 per cent. of RWAs (inclusive of mortgage TRIM impact).

A stable and sustainable customer deposit base has allowed the Group to reduce its wholesale funding requirements over the last several years. This, in turn, has facilitated an increase in the Group’s unencumbered assets. The Group recognises the restrictions on the transfer of liquidity between jurisdictions and separately monitors asset encumbrance by jurisdiction. 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.

Unexpected events such as the COVID-19 pandemic could lead to a material cut in global economic growth. This could lead to a negative impact on supply chains, commodities and a drop in tourism. Consequently, market confidence may falter and this could lead to a reduction in liquidity resources and a loss in liquidity value of marketable assets. See also Risk Factor 1 “—*The Group’s business has been and will continue to be adversely affected by the economic and social impact of policies designed to contain the spread of COVID-19 in the Group’s core markets*”.

Climate change is a risk driver for funding and liquidity. In the event the Group is not fully cognisant of climate change-related risks, this may increase costs over the medium to long term (e.g. more significant weather events requiring financial intervention or relief could begin to impact on government finances and thereby impacting sovereign bond prices). See Risk Factor 10 “— *The Group is subject to credit risks arising due to the impact of climate change on the Group’s customers such as extreme weather events and the transition to a low carbon economy*”.

Cyber security is a key risk driver as an increased risk of cyber-attacks on the Group may result in loss of customer data and negative media commentary which increases the risk of deposit outflows. See Risk Factor 17 “— *The Group may be subject to privacy or data protection failures, cybercrime and fraudulent activity in relation to relevant data subject (i.e. customer) personal data, which could result in investigations by regulators,*

*liability to data subjects and/or reputational damage, which could negatively impact the Group's business, results of operations, financial condition or prospects”.*

Regulatory and legal change is a key risk due to its potential impact on customer behaviours, markets and internal Group processes and resources. On 20 March 2020, the ECB issued a market notice in the form of frequently asked questions “FAQ” outlining ECB supervisory measures in reaction to the COVID-19 pandemic. This consisted of, but was not limited to, the postponement of operational aspects of supervision and measures concerning capital and liquidity requirements. The ECB indicated that it expects banks to use the positive effects coming from these measures to support the economy.

The Group's MREL target in future years may be impacted by changes in regulatory requirements or other risks impacting either the capital requirement or the actual level of capital held (see Risk Factor 11 “—*The Group may have insufficient capital to meet increased minimum regulatory requirements or to support its business, which could negatively impact its business, results of operations, financial condition or prospects*”).

The Group is required to comply with the liquidity requirements of the SSM/Central Bank and also with the requirements of local regulators in jurisdictions in which it operates. In addition, the Group is required to carry out liquidity stress testing capturing firm specific, systemic risk events and a combination of both. The Group adheres to these requirements. Additionally, the Group monitors and reports its current and forecast position against CRD related (the Liquidity Coverage Requirements, the Net Stable Funding Requirements) and other related liquidity metrics.

Additional liquidity requirements or guidance and other requirements, whether based on an interpretation of current rules or the application of new rules or guidance being proposed by EU legislators, could be imposed on the Group, including as a result of the SREP carried out under the SSM or stress testing by the ECB and the EBA. Such additional requirements could include a revision of the level of Pillar 2 add-ons as the Pillar 2 add-on requirements or guidance are a point-in-time assessment and therefore subject to change over time, or changes to the combined buffer requirements applicable. Additional liquidity requirements could lead to increased costs for the Group, limitations on the Group's capacity to lend and further restructuring of the Group which could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

**13 *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***

Changing external perceptions of AIB is a key risk driver as a change in the Group's credit rating and/or changing market perception may lead to increased funding costs. AIB's long-term senior unsecured debt is rated BBB- (revised to negative outlook from stable) by S&P Global Ratings Europe Limited (“S&P”) (from April 2020), Baa2 (revised to stable outlook from positive) by Moody's Investors Service Limited (“Moody's”) (from May 2020) and BBB (revised to negative outlook from stable) by Fitch Ratings Limited (“Fitch”) (from April 2020). Each of S&P, Moody's and Fitch is registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. Over the longer term, downgrades in the credit ratings of AIB could have an adverse impact on the volume and pricing of its wholesale funding and its financial position, restrict its access to the debt capital and funding markets, trigger material collateral requirements or associated obligations in other secured funding arrangements or derivative contracts, make ineligible or lower the liquidity value of pledged securities and weaken the Group's competitive position in certain markets. Furthermore, as a consequence of the Group's operations being focused on the Irish market, any downgrade of Ireland's sovereign credit rating or a downgrade of one or more other Irish banks with large shares in the concentrated Irish banking market would be likely to impair the Group's access to private sector funding and weaken its financial position.

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

The following market risks arise in the normal course of the Group's banking business: interest rate risk, credit spread risk (including sovereign credit spread risk), foreign exchange rate risk, equity risk and inflation risk. Unexpected events such as the COVID-19 pandemic can significantly increase market volatility which may impact and increase the likelihood and effect of any or all of these risks. Such events typically result in a withdrawal of market liquidity and an increase in risk aversion which may result in sharp falls in the prices of assets such as equity and fixed income securities and may lead to capital losses on the Group's trading book and through its fair-valued investment securities in its banking book. See also Risk Factor 1 "*—The Group's business has been and will continue to be adversely affected by the economic and social impact of policies designed to contain the spread of COVID-19 in the Group's core markets*". The Group's earnings are exposed to interest rate risk including basis risk, i.e. an imperfect correlation in the adjustment of the rates earned and paid on different products with otherwise similar repricing characteristics. The persistence of exceptionally low or negative 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 hold-to-collect-and-sell bond positions.

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

Trading book risks predominantly result from supporting client businesses with small residual discretionary positions remaining. Credit valuation adjustment and funding valuation 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.

**15 *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***

The Group has identified several strategic objectives for its business. The various elements of the Group's strategy may be individually unnecessary or collectively incomplete. The Group's strategy may also prove to be based on flawed assumptions regarding the pace and direction of future change across the banking sector. The COVID-19 pandemic may have a more detrimental impact on the Group's resources and ability to implement its strategic objectives than currently assumed. Finally, the Group may not be successful in implementing its strategy in a cost-effective manner. The Group's business, results of operations, financial condition and prospects could be materially adversely affected if any or all of these strategy-related risks were to materialise.

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

Medium-term competitive risks include:

- more intense price-based competition from incumbent providers;
- an increase in the use of intermediaries in the residential mortgage market;

- the emergence of new, lower-cost, competitors in the Irish residential mortgage market, particularly new entrants from the Fintech sector;
- sustained disintermediation of traditional banks, including the Group, from specialist and generalist product lines;
- the internationalisation of supply and demand for low-complexity products such as deposits;
- the successful establishment of virtual banks; and
- the introduction of Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, which may enable the emergence of payment aggregators, which could in turn significantly reduce the relevance of traditional bank platforms and weaken brand relationships.

In addition, the Central Bank is focused on the promotion of higher levels of competitive intensity in the banking market, in common with regulators in other European jurisdictions. Residential mortgage interest rates in Ireland are higher than Eurozone norms and this, together with the low incidence of switching residential mortgage providers, is an area of focus for the Central Bank. The entry of bank and non-bank competitors into the Group's markets may put additional pressure on the Group's income streams and/or result in pressure to maintain market share, which may lead to reduced pricing and/or increase credit risk, which could have a negative impact on the asset quality of the Group's loan portfolios.

Finally, the Minister holds a circa 71 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. 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.

The composition of the Irish Government is subject to change depending on the ability of the Irish Government to arrive at and maintain an agreed position on its programme, policies and actions, the outcome of elections for the Oireachtas (being the Irish legislature) and support by the Oireachtas for that programme and those policies and actions. Such changes in Irish Government policy may include changes to AIB's Relationship Framework, which could result in a change in Group strategy directly or negatively affect its implementation. See also Risk Factor 5 "*—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*" on risks to the Group posed by changes in government budgetary and taxation policy.

**16 *Damage to the Group's brand or reputation could adversely affect its relationships with customers, staff, shareholders and regulators, and negatively impact the Group's business, results of operations, financial condition or prospects***

Damage to the Group's brand or reputation could adversely affect its relationships with customers, staff, shareholders and regulators, which may impact on its ability to attract and retain customers and conduct business with counterparties. The Group's relationships with such stakeholders could be adversely affected by any circumstance that causes real or perceived damage to the Group's brands or reputation. In particular, any regulatory investigations (such as the Tracker Mortgage Examination), inquiries, litigation, actual or perceived misconduct or poor market practice in relation to customer-related issues could damage the Group's brands

and/or reputation. Any damage to the Group's brand and/or reputation could have a material adverse effect on the Group's business, results of operations, financial conditions or prospects.

The Group aims to ensure that its brands, which include the AIB, EBS and Haven brands in Ireland, the AIB brand in Northern Ireland and the Allied Irish Bank (GB) brand in Great Britain, are at the heart of its customers' financial lives by being useful, informative, easy to use and providing an exceptional customer experience.

### **Governance, Operations and Internal Controls**

#### **17 *The Group may be subject to privacy or data protection failures, cybercrime and fraudulent activity in relation to relevant data subject (i.e. customer) personal data, which could result in investigations by regulators, liability to data subjects and/or reputational damage, which could negatively impact the Group's business, results of operations, financial condition or prospects***

The Group processes significant volumes of personal data relating to relevant data subjects (i.e. customers) (including name, address, identification and banking details) as part of its business, some of which may also be classified under legislation as special category personal data. The Group therefore must comply with strict data protection and privacy laws and regulations, including the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011, as amended (the "ePrivacy Regulations") and Regulation 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "GDPR"). The GDPR introduced substantial changes to data protection law, including an increased emphasis on businesses being able to demonstrate compliance with their data protection obligations, which required significant investment by the Group in its compliance strategies. In addition, relevant supervisory authorities are given the power to issue fines of up to 4 per cent. of an undertaking's annual global group turnover or €20 million (whichever is the greater) for failure to comply with certain provisions of the GDPR. The Presidency of the Council of the European Union released revised text of the proposed new ePrivacy Regulation (Regulation concerning the Respect for Private Life and the Protection of Personal Data in Electronic Communications and Repealing Directive 2002/58/EC (Regulation on Privacy and Electronic Communications)) on 6 March 2020. There have, as at the date of this Base Prospectus, been protracted discussions between the member states of the European Union on the text of this new ePrivacy Regulation and it is unclear as to when resolution on the outstanding matters may occur.

The Group also faces the risk of a breach in security of its systems, for example, from increasingly sophisticated attacks by cybercrime groups. The Group's data protection policy is part of the Compliance Risk Management Framework and defines the Group's approach to the effective management of its data protection risks. The policy aims to ensure that the Group complies with the spirit and the letter of all laws, codes and regulations that apply to the Group in relation to data protection and privacy laws. This policy applies to all staff, contractors, consultants, agents or other third parties which have access to personal data either directly or indirectly, in the capacity of a data controller and/or data processor. In addition, the Group continues to enhance security measures to help prevent cybercrime. Notwithstanding such efforts, the Group is exposed to the risk that relevant data subject personal data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection and privacy laws and regulations including as a result of human error.

The Group relies on remote access services through the internet, or otherwise, by relevant data subjects including customers, employees and third-party service providers, and these services have seen increased use as a result of the COVID-19 pandemic. Failure of any of the foregoing parties to access the Group's systems on a systemic or large-scale basis could impact the Group's ability to operate. Remote access also increases inherent exposure to cybercrime, systems compromises or information leaks, in spite of any information security technology, protocols, policies or other controls which may be in place.

The Irish Government has announced special measures in response to the COVID-19 pandemic and their impact on the Group's Operational Risk profile continues to be assessed. To date any impact on the operational capacity of the Group to deliver services to relevant data subjects has been in line with expectations.

Any of the abovementioned events could result in the loss for the Group of the goodwill of its customers and deter new customers from availing of the services and products provided by the Group, which could have a material adverse effect on the Group's business, financial condition, results of operation and prospects.

**18 *The Group faces operational risks – including change, continuity management, property protection and insurance risks, which could negatively impact the Group's business, results of operations, financial condition or prospects***

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

Examples of the types of risks that the Group faces in this regard include, but are not limited to:

**Change Risk:** The Group's business processes are subject to ongoing change as a result of both changes in the way in which it interacts with customers and as a result of the implementation of mandatory changes as a result of new or changed regulatory requirements. Careful monitoring of the scope and scale of ongoing change across the Group is required to ensure that ongoing change does not impact its operational risk profile. For example, a failure of the Group to effectively implement new processes to accommodate new regulatory requirements, could result in a regulatory sanction and reputational damage.

**Business Continuity Risk:** The current or prospective risk that critical business services operated by the Group, cannot be maintained or recovered in a timely fashion, in the event of a disruption, could have an adverse effect on the Group's results and on its ability to deliver appropriate customer outcomes or to achieve organisational objectives.

In light of the outbreak of COVID-19, the Group's Incident Management Process was invoked and a response coordinated through the Group's Gold and Silver Incident Management Teams, supported by the relevant business subject matter experts. As at the date of this Base Prospectus, the operation of the Group's branch network continues and a significant number of staff are working remotely, which increases the possibility of errors occurring; however some of these may not manifest until some time in the future. Any future impact will depend on future developments, which remain largely uncertain at present. For more on the risks associated with the COVID-19 pandemic, see also Risk Factor 1 "*—The Group's business has been and will continue to be adversely affected by the economic and social impact of policies designed to contain the spread of COVID-19 in the Group's core markets*".

Other examples of such events could be the improper functioning of information technology and/or communications systems as a result of technical failures, human error, unauthorised access, cybercrime, natural hazards or disasters, including climate events or similarly disruptive events.

**Protection of People and Property Risk:** The Group's provision of products and services are dependent on staff and property infrastructure. The current or prospective risk of the loss or damage to the Group's property assets as well as the safety of staff and customers could affect the performance of these services negatively impacting its business, financial condition or prospects. For example, the Group is reliant on its branch network to distribute its products and a small number of key locations provide back-office services. Damage to any of these properties could impact the Group's business or result in additional financial costs.

In light of the outbreak of COVID-19, the Group has made a number of changes to how staff and property infrastructure have been managed, including the majority of staff working remotely and buildings being suitably

configured in line with Government guidelines, for those that are required to attend branches and offices. If the situation is not managed appropriately, both from a returning to office or the continued absence of staff from AIB offices perspective, it could lead to disengagement of staff from on-going activities, ultimately resulting in a diminished service to customers. The on-going situation is kept under review.

**Products and Proposition Risk:** The Group looks to develop appropriate products and propositions. The current or prospective risk resulting from poor risk assessment, inappropriate governance, or inadequate approach to products and propositions at the point of development, introduction, or at through-the-lifecycle reviews could affect the performance of these services. The Group provides products which are covered by consumer protection legislation. A failure to meet regulatory standards in consumer protection and/or customer needs, could result in regulatory sanction and take a significant amount of resources to rectify, such as the Tracker Mortgage Examination. This could have an adverse effect on the Group's results and on its ability to deliver appropriate customer outcomes or to achieve its organisational objectives.

In response to the COVID-19 pandemic, the Group introduced a significant number of product modifications to assist customers through the pandemic, including payment breaks across its portfolios. As these new product modifications were developed at pace within an evolving regulatory environment and an altered working environment with large numbers of staff working from home, there is increased risk that product design flaws could be introduced.

**Execution, Delivery and Process Risk:** The Group's provision of its products and services are heavily process driven with a reliance on people and technology. The current or prospective risk resulting from inadequate or failed internal processes, people and systems, or from external events could negatively impact the Group's business, financial condition or prospects. Where customers are impacted or the Group fails to comply with a regulatory requirement as a result, this may result in a financial impact where restitution payments result, reputational damage, regulatory sanction and take a significant amount of resources to rectify. This could have an adverse effect on the Group's results and on its ability to deliver appropriate customer outcomes or to achieve organisational objectives.

**Fraud Risk:** The current or prospective fraud risks relate to and may result from the dishonest and false representation by any person, internal, external or third parties including acts or omissions with the intention to make gain or cause loss. This encompasses acts of theft which may be directly from the Group or from the Group's customers. Theft from the Group's customers could result in financial loss and compensation payments and may also result in regulatory sanction, should it be established that the theft was a result of the Group's inadequate internal controls. This could have an adverse effect on the Group's results and on its ability to deliver appropriate customer outcomes or to achieve organisational objectives.

**Third Party Management Risk:** The Group outsources a number of activities to outsource service providers and has a wide range of 3<sup>rd</sup> Party suppliers from which it procures services. The Group relies on a number of these providers for the provision of critical activities in serving customers. If these providers do not perform their services or fail to provide services to the Group or renew their licences with the Group, the Group's business could be disrupted and it could incur unforeseen costs and reputational damage. There is an active Third Party Management process in the Group which manages these risks and looks specifically at on-going performance of suppliers and risks arising from any concentrations that may arise. The Group has engaged with key suppliers during the COVID-19 pandemic to determine their on-going service capacity and any contingency plans in place. Service from suppliers has remained consistent and in line with previous periods.

The Group maintains insurance policies to cover a number of risk events. These include financial policies (comprehensive crime/computer crime, professional indemnity/civil liability, employment practices liability, and directors' and officers' liability) and a suite of general insurance policies to cover such matters as property and business interruption, terrorism, combined liability and personal accident. There can be no assurance,

however, that the level of insurance the Group maintains is appropriate for the risks to its business or adequate to cover all potential claims.

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

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

**20 *The Group may be unable to recruit and retain appropriately skilled and experienced management and staff which could have a negative impact on the Group's business, result of operations, financial condition and prospects***

The Group may be unable to recruit and retain appropriately skilled and experienced staff to ensure the stability of the business in the long-term. In particular the Group is restricted in the remuneration it can offer to senior management which creates a risk that the Group may not be able to attract and retain the right skills and experience within key senior management roles. The Group's performance is heavily dependent on the talents and efforts of highly skilled individuals, and the continued ability of the Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees.

Mr Richard Pym resigned as AIB Chairman on 6 March 2020. The Group is in the process of identifying the next Chair and an announcement will be made in due course. In the interim, authority has been delegated to Brendan McDonagh, Deputy Chair, for all matters previously carried out by or delegated to the Chair. In addition, the resignation of Tomas O'Midheach as Chief Operating Officer and Executive Director was received on 30 July 2020, which triggered his six month notice period. He is therefore scheduled to resign from AIB in early 2021.

The Minister for Finance announced a plan to review pay restrictions across banks in 2018. A report into the matter has been completed by Korn Ferry, but has not been published and remains with the Minister. As at the date of this Base Prospectus, the review remains on-going. Under the terms of the recapitalisation of the Group by the Irish Government, the Group is required to comply with certain executive pay and compensation arrangements, including a cap on salaries as well as a ban on bonuses and similar incentive-based compensation applicable to employees of Irish banks who have received financial support from the Irish Government. As a result of these restrictions, as well as the limits on certain types of remuneration paid by credit institutions and investment firms set forth in CRD, and in the increasingly competitive markets in Ireland and the UK, the Group may not be able to attract, retain and remunerate highly skilled and qualified personnel, and any such failure to do so attract could have a material impact on the Group's financial condition or results of operations.

**21 *A deterioration in employee relations could adversely affect the Group's business, result of operations, financial condition and prospects***

A significant proportion of the Group's employees are members of trade unions. The Group adheres to established industrial relations mechanisms in each jurisdiction in which the Group operates. The Group seeks to ensure transparency, fairness and collaboration in all its dealings with employees. In the event that the Group



becomes subject to industrial action or other labour conflicts, including strikes or other forms of industrial actions, this may lead to a reduced level of service provided by the Group to its customers, which may result in reputational damage impacting its business result of operations, financial condition and prospects.

**22 *The Group uses models across many of its activities and if these models prove to be inaccurate, or are used incorrectly then the Group's management of risk may be ineffective or compromised and/or the value of its financial assets and liabilities may be overestimated or underestimated***

The Group uses models across many, though not all, of its activities including, but not limited to, capital management, credit grading, loan loss provisioning, valuations, liquidity, pricing and stress testing. The Group also uses financial models to determine the fair value of derivative financial instruments, financial instruments through profit or loss, certain hedged financial assets and financial liabilities and financial assets at fair value through other comprehensive income. Since the Group uses risk measurement models based on historical observations, there is a risk that it underestimates or overestimates exposure to various risks to the extent that future market conditions deviate from historical experience. Furthermore, as a result of evolving regulatory requirements, the importance of models across the Group's business has been heightened and their importance may continue to increase, in particular because of reforms introduced by the Basel Committee on Banking Supervision. If the Group fails to identify a model or if the Group's models do not accurately estimate its exposure to various risks, it may experience unexpected losses. The Group may also incur losses, for example, as a result of decisions made based on inaccuracies in the build or implementation of these models, as a result of poor data quality or an incomplete understanding by users. Model risk levels may also rise as a result of a significantly changing environment, as models are built using historical data. Models are kept under regular review to ensure that they remain representative of the current environment. For example, a model factor selected at development may no longer be a key driver in the current environment.

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

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

The Group requires approval from the ECB in order to implement new IRB models or to change existing approved IRB models. It is also subject to reviews and inspections from the ECB and other regulatory bodies in relation to the models.

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

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

The AIB Irish Pension Scheme exited its funding plan on target at 30 June 2018 and now meets the minimum funding standard requirements. The AIB Irish Pension Scheme's triennial actuarial valuation was also completed at 30 June 2018, resulting in an actuarial surplus at that date. On this basis, the AIB Irish Pension Scheme's actuary has concluded that the scheme requires no deficit funding at this time.

In December 2019, the Group and the scheme trustee undertook a substantial de-risking of the UK scheme. The Group agreed with the scheme trustee a revised funding arrangement for the UK scheme to support the purchase of the pensioner buy-in contract and the Assured Payment Policy ("APP"). A contribution of £10 million was made in December 2019 and an additional one-off £12 million contribution will also be made in 2020. Under the revised funding arrangement, the Group expects to make annual payments of £18.5 million each year during 2020 to 2023, with a final balancing payment in 2024, which is currently expected to be £50 million.

Pension risk is monitored and controlled in line with the requirements of the Group's pension risk framework and policy. The surplus or deficit is monitored on a monthly basis by the Group's risk team and is currently reported monthly in both the financial risk report to the Group Assets and Liability Committee ("ALCo") and the Group Chief Risk Officer ("CRO") report. A pension capital at risk exposure is assessed on a monthly basis and is reported versus a "Group Risk Appetite Statement" watch trigger in the CRO report. Pension risk is also included in the quarterly internal stress test. The output of quarterly stress tests is reviewed by ALCo and on an annual basis a report on the internal capital adequacy assessment process is produced which is a comprehensive analysis of the Group's capital position in base and stress scenarios over a three year horizon. This document is reviewed and approved by the Board and is submitted to the ECB/Central Bank Joint Supervisory Team. While the Group has taken certain risk mitigating actions, a level of volatility associated with pension funding remains due to potential financial market fluctuations and possible changes to pension and accounting regulations.

#### **Regulatory and Legal Risks**

**24 *The Group is required to comply with a wide range of laws and regulations. The constantly evolving and increasing complex legal and regulatory landscape significantly increases the burden and risks associated with compliance with such laws and regulations. If the Group fails to comply with these laws and regulations, it could become subject to regulatory actions***

A failure by the Group to comply with all applicable laws, regulations, rules, standards and codes of conduct may result in regulatory sanctions, material financial loss or loss to reputation.

The legal and regulatory landscape in which the Group operates is constantly evolving and the burden of compliance with laws and regulations is increasing. As new laws or regulatory schemes are introduced, the Group may be required to invest significant resources in order to comply with the new legislation or regulations. Furthermore, the laws and regulations to which the Group is already subject could change as a result of changes in interpretation or practice by courts, regulators or other authorities, resulting in higher compliance costs and resource commitments, and/or a failure by the Group to implement the necessary changes to its business within the time period specified.

The Issuer (which is the parent company of the Group) is incorporated and has its head office in Ireland. While the Central Bank continues to regulate certain areas of the Group's business, including consumer protection in Ireland, it is the ECB (together with support from the Central Bank) that has primary responsibility for the prudential supervision of the Group. The Group faces risks associated with an uncertain and rapidly evolving prudential regulatory environment, pursuant to which it is required, among other things, to maintain adequate capital resources and to satisfy specified capital ratios at all times. The Group's borrowing costs and capital requirements could be affected by prudential regulatory developments, including the CRD IV and CRD V, the Capital Requirements Regulation II (Regulation (EU) 2019/876) ("CRR II") which includes amendments to the Capital Requirements Regulation (Regulation (EU) No. 575/2013) (as so amended, the "CRR") and

amendments which have been made to the BRRD. The agreed text was published in the Official Journal on 7 June 2019. Most of the provisions of CRD V and BRRD II are required to be transposed into national law by 28 December 2020, with application immediately thereafter. CRR II will apply from 28 June 2021 (subject to certain earlier applications and exemptions, such as those relating to the transitional arrangements for IFRS 9 and the characteristics of new regulatory capital instruments). However, given the ECB's announcements in March 2020 in relation to temporary capital and operational relief due to the COVID-19 pandemic, some delay may be given to the timeframes for the implementation of these and other regulations, which may impact the Group's capital requirements. See Risk Factor 11 "*—The Group may have insufficient capital to meet increased minimum regulatory requirements or to support its business, which could negatively impact its business, results of operations, financial condition or prospects*".

On 28 April 2020, the European Commission proposed certain legislative amendments in order to maximise the ability of banks to lend and absorb losses related to the COVID-19 pandemic and alleviate the immediate impact of COVID-19 developments. The amendments were proposed in a draft Regulation of the European Parliament and of the Council amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (the "CRR Amendment Regulation"). The measures include adapting the timeline of the application of IFRS 9 on a bank's capital and modifying the method of excluding certain exposures from the calculation of the leverage ratio. The European Commission also proposed to advance the date of application of agreed measures that change the regulatory treatment of certain salary and pension backed loans and prudently valued software and incentivise banks to finance small and medium sized enterprises and infrastructure projects. On 19 June 2020, the European Parliament adopted the CRR Amendment Regulation. The CRR Amendment Regulation (Regulation (EU) No. 2020/873) became applicable on 27 June 2020.

It is also possible that additional capital and liquidity requirements or guidance and other requirements, whether based on an interpretation of current rules or the application of new rules or guidance proposed by EU legislators, could be imposed on the Group. Such an instance may occur as a result of the SREP carried out under the SSM or stress testing by the ECB and the EBA. Additional requirements could include a revision of the level of Pillar 2 add-ons, as the Pillar 2 add-on requirements or guidance are a point-in-time assessment and could therefore be subject to change over time, or changes to the combined buffer requirements applicable. See Risk Factor 11 "*—The Group may have insufficient capital to meet increased minimum regulatory requirements or to support its business, which could negatively impact its business, results of operations, financial condition or prospects*". Additional capital and/or liquidity requirements could lead to increased costs for the Group, limitations on the Group's capacity to lend and further restructuring of the Group which could have a material adverse effect on its business, financial condition, results of operations and/or prospects.

The Group also faces risks and challenges due to interest rate benchmark reform, including preparation for the reform of LIBOR, EURIBOR and discontinuation of EONIA beginning January 2020. For example, conduct risk could arise for the Group as a result of changes to customers' terms and conditions for banking products that reference discontinued interest rate benchmarks. For further detail regarding changes to benchmarks, see Risk Factor 46 "*—The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"*".

The EBA Guidelines on Loan Origination and Monitoring and the EC Directive on Credit Servicers, published on 29 May 2020, will impact the Group in terms of additional administration in respect of the portfolio, additional data requirements and the return from any future portfolio disposals, as may the EC Directive on Credit Services, Credit Purchasers and Recovery of Collateral, expected for implementation during 2021.

Regulatory and accounting guidance from the EBA, the ECB, the ESMA, the PRA and the IASB has consistently encouraged the application of appropriate judgement in relation to COVID-19 impacted customers and confirms that banks' judgement in determining ECLs under IFRS 9 (i.e. a grant of a moratorium) should

not in itself result in a movement of exposures between IFRS 9 stages due to an automatic trigger of significant increase in credit risk. The Group is conscious of this regulatory guidance and will apply it as appropriate to its credit exposures.

The Group is subject to the Central Bank macro-prudential measures which are subject to annual review and therefore could create further lending restrictions, increasing existing deposit financing thresholds for borrowers. See Risk Factor 8 “—*Loan-to-value (“LTV”)/Loan-to-income (“LTI”) related regulatory restrictions on residential mortgage lending may restrict the Group’s mortgage lending activities and balance sheet growth generally*”.

In addition to the above, the Group is also subject to regulatory reviews, such as those on the residential mortgage and retail banking sectors. Such reviews may require the Group to modify its business to satisfy new or amended regulatory requirements.

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

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

The Group continues to monitor changes in MREL requirements together with developments in the SRB’s MREL policy, which has the potential to impact the Group’s MREL target. In addition and in the wake of the COVID-19 pandemic, future changes to the Group’s capital requirements may also impact the Group’s MREL requirements. See Risk Factor 12 “—*Constraints on the Group’s access to funding and liquidity, including a loss of confidence by depositors or curtailed access to wholesale funding markets, may result in the Group being required to seek alternative sources of funding markets and/or may result in the Group not being able to meet its obligations as they fall due without incurring unacceptable costs and being required to seek alternative sources of funding*”.

The Group operates in the UK through its subsidiary, AIB Group (UK) plc. In addition, the Group has exercised its EU “passport” rights to provide banking, treasury and corporate treasury services in the UK through the London branch of AIB Bank. The Group must comply with the FCA’s conduct of business rules in so far as they apply to its business carried out in the UK. In the US, the Group is subject to federal and state banking and securities law supervision and regulation as a result of the banking activities conducted by AIB Bank’s branch in New York. Thus, the Group is required to design and implement policies that ensure compliance with legislation promulgated by the FCA and the Prudential Regulatory Authority in the UK and the relevant regulatory authorities in the US.

Failure by the Group to meet regulatory expectations, including in relation to governance, behaviour and culture, or repeated breaches of regulation could adversely impact regulatory confidence in how the Group conducts its business. Failure to engage appropriately with regulators, risks damaging relations with statutory authorities, and could lead to increased regulatory oversight, intrusive supervision and/or restrictions in the Group’s authorisations curtailing its ability to operate some of its business. These outcomes could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

Group entities are required to submit data and information to regulatory authorities on a scheduled or ad hoc basis which are necessary for effective regulatory oversight and supervision. There is a risk that some data required to complete the returns, some of which is required to be manually populated, may not be sufficiently reliable. This could result in inaccurate returns being provided to regulatory authorities or submissions of returns being delayed. If any failings in regulatory reporting existed and were to be considered as material by regulatory authorities, it could result in the Group being subject to sanction or fines for failure to provide accurate returns or failure to submit returns within required timeframes, reputational damage and the Group being required to conduct data rectification.

There is also a risk that pressures from the media, consumer groups and/or politicians could influence the agenda of the ECB, the Central Bank, the FCA or the PRA. For instance, a wide-ranging review of competition within the Irish mortgage sector by the Competition and Consumer Protection Commission of Ireland (“CCPC”) took place in 2017 as part of the programme for the Irish Government (a similar review having been completed on the UK banking sector in 2016), and in June 2017, the CCPC published its report on “options for the Irish mortgage market”. The report, which followed an extensive public consultation process outlined a range of options and areas for further study to assist the Irish Government develop a better-functioning, competitive and stable mortgage market. The issues of “mortgage switching behaviour” and “consumer attitudes to switching” were some of the areas identified in the report as requiring further regulatory focus. In this regard, in August 2017, the Central Bank published a consultation paper entitled “Enhanced Mortgage Measures: Transparency and Switching” proposing to amend the Consumer Protection Code 2012 (“CPC”) by introducing enhanced transparency measures for fixed rate interest rate mortgage holders. In June 2018, the Central Bank, having considered the responses received from the published consultation paper announced that it proposed to introduce new and amend certain existing provisions of the CPC to give effect to these enhanced protections by publishing an addendum to the CPC which became effective from 1 January 2019.

Additionally, in July 2018, the Central Bank published the outputs of its review of behaviour and culture in the five main retail banks in Ireland, including the Group. The report recommends the introduction of legislation to support an individual accountability framework, which would set conduct standards for staff and ensure clearer lines of accountability within firms. As a part of such regulatory reviews as those on the mortgage and retail banking sectors, as well as the introduction of the Senior Executive Accountability Regime in Ireland, the Group may be required to modify its business and the pricing of its products to satisfy new or amended regulatory requirements.

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

Additionally, the Group may be subject to future regulatory requirements related to sustainable finance. “Sustainable finance” generally refers to the process of taking due account of environmental and social considerations when making investment decisions, leading to increased investment in longer-term and sustainable activities. The threat and consequences of climate change has necessitated a strong focus on legislative change promoting sustainability at EU level.

These legislative proposals and requirements include:

- introducing a ‘green supporting factor’ in the EU prudential rules for banks;

- amendments to MiFID II and the Insurance Distribution Directive to include sustainability considerations into the advice offered to individual clients;
- the EBA Guidelines on Loan Origination and Monitoring which require institutions that originate or plan to originate green credit facilities to develop specific green lending policies and procedures covering granting and monitoring of such credit facilities, required to be implemented by 30 June 2021;
- EU Regulation on Sustainability-Related Disclosures in the Financial Services Sector required to be implemented by 10 March 2021; and
- establishing EU labels for green financial products.

There is a risk that the Group, which will be impacted by each of the above proposals, will not engage the requisite expertise to direct the implementation of these changes or that the required expertise will not be readily available. Failure to implement this comprehensive package of measures successfully and within the required timeframes could result in regulatory sanction, reputational damage and competitive disadvantage as a result of not having available suitable products being sought by customers. The Group would also risk mis-selling by its possible failure to provide suitable products to match a consumer's environmental preferences.

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

A significant number of new regulations have been issued by the various regulatory authorities that regulate the Group's business 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 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 an SRB, which focuses on resolution planning and enhancing resolvability, to avoid the potential negative impacts of a bank failure on the economy and financial stability. 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 BRRD. The SRM Regulation has been fully applicable from 1 January 2016 and the SRB has also been fully operational since that date. The BRRD has been implemented in Ireland pursuant to the European Union (Bank Recovery and Resolution) Regulations 2015, as amended (the "BRRD Regulations"). The BRRD Regulations, other than regulations 79 to 94, came into effect on 15 July 2015. Regulations 79 to 94 came into effect on 1 January 2016. The establishment of the SRM is designed to ensure that supervision and resolution are exercised at the same level for countries that share the supervision of banks within the SSM. The single resolution fund will be financed by bank levies raised at national level.

The overarching goal of the bank recovery and resolution framework established by the BRRD/SRM package is to break the linkages between national banking systems and sovereigns. The 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 and also minimising cost to taxpayers. Among other provisions, the BRRD requires banks to produce a comprehensive recovery plan that sets out detailed measures that could be taken to restore the viability of the institution in the event of extreme stress. Furthermore, one or more of the Group's regulators may require the Group to make changes to the legal structure of the Group pursuant to its implementation of requirements under the SRM Regulation, the BRRD or other applicable law or regulation.

The Group will have to meet the cost of all levies that are imposed on it in relation to funding the bank resolution fund established under the SRM or those that are imposed on it under other applicable compensation schemes relating to banks or other financial institutions in financial difficulty. In addition, the challenge of meeting this degree of regulatory change will place a strain on the Group's resources. The challenge of meeting tight implementation deadlines while balancing competing resource priorities and demands adds to the regulatory risk of the Group. These may also impact significantly on the Group's future product range, distribution channels, funding sources, capital requirements and consequently, reported results and financing requirements.

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

The Group is subject to laws and regulations aimed at preventing money laundering, anti-corruption and the financing of terrorism. Monitoring compliance with anti-money laundering ("AML"), Countering the Financing of Terrorism ("CFT") and anti-corruption and sanctions rules can put a significant financial burden on banks and other financial institutions and requires significant technical capabilities. In recent years, enforcement of these laws and regulations against financial institutions has become more intrusive, resulting in several landmark fines against financial institutions. In addition, the Group cannot predict the nature, scope or effect of future regulatory requirements to which it might be subject or the way existing laws might be administered or interpreted. Furthermore, there is a greater focus by regulators on the overall effectiveness of financial institutions' efforts to tackle financial crime beyond issues of mere technical compliance which requires constant enhancement of and investment in their overall financial crime response

The 4<sup>th</sup> EU Anti-Money Laundering Directive ("MLD4"), transposed into Irish law by the Criminal Justice (Money Laundering and Terrorist Financing) Act 2018, emphasises a "risk-based approach" to AML and CFT and imposes obligations on Irish incorporated bodies (such as AIB) to take measures to compile information on beneficial ownership. In addition to this, the AML/CFT regulatory landscape is constantly changing with a series of proposed further amendments to MLD4 arising from events such as terrorist attacks in Europe and the leaking of papers containing highly sensitive information as well as a desire to align European AML/CFT laws with recommendations from the Financial Action Task Force.

The combined impact of these changes is the 5<sup>th</sup> EU Anti-Money Laundering Directive ("MLD5"), the final text of which was published on 19 June 2018, though it has not yet been transposed into Irish law. In addition, a 6<sup>th</sup> EU Anti-Money Laundering Directive ("MLD6") was agreed by the EU in December 2018 which means Member States will have until mid-2021 to harmonise predicate offences giving rise to money laundering.

Moreover, global money laundering cases have received increased scrutiny, with a number of major European banks implicated in such matters. A further 7<sup>th</sup> EU Anti-Money Laundering Directive is currently being discussed in order to deal with the fallout from these banking cases. The Group will need to continue to monitor and reflect the changes under MLD5 and MLD6 in its own policies, procedure and practices, and to update its framework to take account of the risk-based approach and the specific manner in which these requirements are transposed into national law by the transposing legislation in Ireland and the UK, together with any related industry guidance from regulators in each jurisdiction. Moreover, global money laundering cases have received increased scrutiny, with a number of major European banks implicated in such matters. Given the scale, nature and complexity of the financial sanctions regimes in the UK, EU and US, there remains an increased risk that the Group could find itself transacting with customers who could become subject to such sanctions and potentially face the consequence of secondary US sanctions as a result of this.

Although the Group has policies and procedures that are designed to comply with applicable AML/CFT, anti-corruption and sanctions rules and regulations, it cannot guarantee that such policies and procedures completely prevent situations of money laundering, terrorist financing, breaches of sanctions or corruption, including

actions by the Group's employees, agents, third party suppliers or other related persons for which the Group might be held responsible. Any such events may have severe consequences, including litigation, sanctions, fines and reputational consequences, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

While the SRB has indicated its Preferred Resolution Strategy ("PRS") for the Group is single point of entry bail-in through AIB Group plc, the BRRD is designed to provide relevant authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing credit institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of a credit institution's failure on the economy and financial system.

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

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

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

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

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



The PRS is a group-wide concept involving a single point of entry through AIB Group plc and is executed by the SRB in consultation with the Resolution College.

Amongst other provisions, the BRRD contains a statutory write-down and conversion power to write down or to convert into equity the Issuer's capital instruments (which would include the Subordinated Notes) if certain conditions are met (the "Write-Down Tool"). The Write-Down Tool would be applicable, in particular, if the resolution authority determines that, unless the Write-Down Tool is applied, the Issuer or the Group will no longer be viable or if a decision has been made to provide the Issuer or the Group with extraordinary public financial support without which the Issuer or the Group will no longer be viable.

In respect of the Write-Down Tool, which was implemented for Additional Tier 1 instruments (as defined in the BRRD Regulations) and Tier 2 instruments (as defined in the BRRD Regulations) with effect from 15 July 2015, and the General Bail-In Tool, which was implemented in Ireland on 1 January 2016, the resolution authority has the power, upon certain trigger events, to cancel existing shares, to write down eligible liabilities (i.e. own funds instruments and, in the case of the General Bail-In Tool, other subordinated debt and senior debt, subject to exceptions in respect of certain liabilities) of a failing credit institution or to convert such eligible liabilities of a failing credit institution into equity or other instruments of ownership at certain rates of conversion representing appropriate compensation to the affected holder for the loss incurred as a result of the write down and conversion. Any such compensation may not compensate that holder for the losses it has actually incurred and there may be a considerable delay in the recovery of such compensation. Compensation payments (if any) may also be made considerably later than when amounts may otherwise have been payable under the Notes. Any shares issued to holders of Subordinated Notes may also be subject to any future application of the General Bail-In Tool. Where a credit institution meets the conditions for resolution, the resolution regulator and/or authority will be required to apply the Write-Down Tool before applying the Resolution Tools. The write down or conversion will follow the ordinary allocation of losses and ranking in insolvency. Equity holders will be required to absorb losses in full before any debt claim is subject to write-down or conversion. After shares and other similar instruments and any additional tier 1 instruments, the write down or conversion will first, if necessary, impose losses evenly on holders of other subordinated debt instruments which rank *pari passu* according to their terms and then evenly on those senior debt-holders which are subject to the write down or conversion. This application may result in such holders losing some or all of their investment.

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

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

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

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.

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

*SRB role in resolution planning*

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

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

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

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

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

*SSM role in Recovery planning*

The BRRD sets out functions of the SSM (as consolidated supervisor of the Group) in conjunction with the PRA (as competent authority for AIB UK) with respect to the drawing up and maintenance by the Group on a Group basis of a recovery plan which must set out measures to be taken by the Group to restore its financial position following a significant deterioration of that position. An assessment by the SSM in conjunction with the PRA of such recovery plan proposed by the Group may result in the Group being required to address any material deficiencies in the recovery plan or any material impediments to its implementation. Failure by the

Group to satisfy such direction may result in the SSM taking measures against the Group, including, but not limited to, directing the Group to do one or more of the following:

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

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

***29 The Irish legislation and regulations in relation to mortgages, as well as judicial procedures for the enforcement of mortgages, custom, practice and interpretation of such legislation, regulations and procedures, may result in higher levels of default by the Group's customers, delays in the Group's recoveries in its mortgage portfolio and increased impairments***

Legislative and regulatory requirements such as the Personal Insolvency Act 2012 (the "Personal Insolvency Act") and the CCMA could result in delays in the Group's recoveries in respect of its mortgage portfolio and increased impairments, which could have a material adverse effect on its business, results of operations, financial condition and prospects. Furthermore, in instances where the Group seeks to enforce security on commercial or residential property (in particular over a borrower's principal dwelling house ("PDH")), the Group may encounter significant delays arising from judicial procedures, which often entail significant legal and other costs. Custom, practice and interpretation of Irish legislation, regulations and procedures may also contribute to delays or restrictions on the enforcement of security. The courts or legislature in Ireland may have particular regard to the interests and circumstances of borrowers in disputes relating to the enforcement of security above or sale of their loans which is different to the custom and practice of courts in other jurisdictions. As a result of these factors, enforcement of security or recovery of delinquent loans in Ireland may be more difficult, take longer and involve higher costs for lenders as compared to other jurisdictions, or it may not be feasible for the Court to enforce security. The CPC is designed to protect the interests of consumers (as defined in the CPC) and is applicable (in part) to the activities of the Group. The CPC sets out specified information which must be provided to borrowers throughout the lifecycle of the mortgage product. The CPC requires the Group to inter alia, act fairly, in the best interests of its customers and the integrity of the market, and to comply with the letter and spirit of the CPC. There is a risk that the Group may be found to be in breach of CPC provisions due to unforeseen market developments or scenarios arising, potentially leading to regulatory sanction and customer restitution.

The Land and Conveyancing Law Reform (Amendment) Act 2019 ("LCLRA") which came into force on 1 August 2019 provides further protections for home owners in residential mortgage difficulties. Courts must take into account a range of factors set out in the LCLRA when considering whether or not to grant an order for possession in respect of a borrower's PDH and may take these factors into account when considering whether to make any other order it considers appropriate in the circumstances. While many of the now statutory-imposed considerations are ones a court already had taken into account, the LCLRA reinforces the special status of a

PDH in residential mortgage arrears proceedings in Ireland and the Irish Government's policy objective that repossession of a defaulting borrower's PDH should be an action of last resort. In enforcement proceedings affecting a PDH, lenders must now be prepared to demonstrate reasonable conduct towards seeking a sustainable solution with the borrower. As a result, the Group may face certain additional restrictions on its ability to collect or enforce mortgages that are in arrears. This could result in delays in the Group's recoveries in respect of its mortgage portfolio and increased impairments. Legislation has also been introduced with regard to loans sold to third parties under the Consumer Protection (Regulation of Credit Servicing Firms) Act 2018, which regulates third party loan acquirers and may give rise to further implications for future loan sales undertaken by the Group.

Furthermore, the Irish Competition and Consumer Protection Commission conducted a study on the mortgage market in Ireland. A report was published in June 2017 outlining options for the government in relation to the market structure, legislation and regulation to lower the cost of secured mortgage lending and improve competition and consumer protection.

It is unclear whether any legislation in respect of the foregoing (either in the proposed form or a different form) will be enacted or whether further legislative initiatives to regulate the Irish mortgage market will be introduced. If enacted, any further legislation could potentially impact the Group.

The Irish Government may also seek to influence how credit institutions set interest rates on mortgages, may amend the Personal Insolvency Act to reduce the entitlements currently afforded to mortgage holders thereunder or may enact other legislation or introduce further regulation that affects the rights of lenders in other ways which could have a material adverse effect on the Group's business, financial condition and prospects. Furthermore, the laws and regulations to which the Group is already subject could change as a result of changes in interpretation or practice by courts, regulators or other authorities.

In common with other residential mortgage lenders, the Group faces increased supervisory engagement and focus by the Irish Government, the Oireachtas and regulators such as the Central Bank and the CCPC, on its loan book, in particular its residential mortgage book, with respect to such matters as the interest rates it charges on loans. This could result in increased regulation of the Group's loan book which may impact the Group's level of lending, interest income and net interest margin and/or increased operational costs.

Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

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

The Group is exposed to conduct risk, which the Group defines as the risk that inappropriate actions or inactions cause poor or unfair customer outcomes or market instability. Certain aspects of the Group's business may be determined by regulators in various jurisdictions or by courts not to have been conducted in accordance with applicable local or, potentially, overseas laws and regulations, or in a fair and reasonable manner as determined by the local ombudsman. Regulators want senior leaders to drive effective cultures that focus on the organisation values and conduct that puts the customer first; they expect to see conduct promoted in remuneration policies and disciplinary processes.

If the Group fails to comply with any relevant laws, regulations, or regulatory expectations, it may suffer reputational damage and may be subject to challenges by customers or competitors, or sanctions, fines or other actions imposed by regulatory authorities. There is also a risk that failure to recognise the impact of the COVID-

19 pandemic on vulnerable customers or those in financial difficulties could lead to claims for conduct matters. The Group's practices may also be challenged under current regulations and standards. In such circumstances, the Group may be required to redress customers, may be subject to regulatory sanctions, material financial loss or loss to reputation, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Risks may also arise for the Group in relation to employee conduct. Regulators expect to see desired behaviours and conduct re-enforced at all stages of the employee lifecycle, from recruitment, to training and promotion. Poor employee conduct can result in mis-selling, inappropriate actions where a conflict of interest arises, internal fraud or otherwise not acting in a customer's best interest. Such actions may result in the bank having to make redress to impacted customers, potential regulatory sanction, adverse media coverage and potential reputational damage.

In September 2015, the Central Bank wrote to the Group to inform the Group that it had embarked on the Tracker Mortgage Examination. In December 2015, the Central Bank confirmed to the affected lenders that the objective of the Tracker Mortgage Examination was to assess compliance with both contractual and regulatory requirements relating to tracker mortgages and in circumstances where customer detriment is identified from the Tracker Mortgage Examination, to provide appropriate redress and compensation in line with the Central Bank's 'Principles for Redress'. Provisions amounting to €201 million were created in the period from 2015 to 30 June 2020 (€7 million in the six months up to 30 June 2020). Over €178 million of these provisions have now been utilised (€3 million in the six months up to 30 June 2020).

In March 2018, AIB and EBS were advised by the Central Bank of the commencement of investigations as part of an administrative sanctions procedure in connection with the Tracker Mortgage Examination. The investigations relate to alleged breaches of the relevant consumer protection legislation, principally, regarding inadequate controls or instances where AIB or EBS acted with a lack of transparency, unfairly or without due skill and care. The investigations are ongoing and AIB and EBS are co-operating with the Central Bank.

A €70 million provision was put in place during 2019 for the impact of potential monetary penalties expected to be imposed on the Group by the CBI.

In February 2020, the Group made a market announcement concerning a preliminary decision of the Financial Services and Pensions Ombudsman ("FSPO") regarding compensation due to a customer who was in a previously identified group within the tracker mortgage review, but where the Group had concluded that no financial detriment had been incurred (circa 5,900 customers are affected). The Group has received final confirmation of this decision from the FSPO and has accepted the decision in full. Remedial action and the customer payment process commenced in July 2020.

It is unpredictable how these tracker mortgage related issues may turn out, with a range of outcomes possible depending on finalisation of all matters associated with the investigations.

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

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

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

The Group monitors potential changes to accounting standards and when these are finalised, it determines the potential impact and discloses significant future changes in its financial statements. Any changes to, or application of, accounting standards may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

### **32 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. For example, litigation has been served on the Group by customers that are pursuing claims in relation to the Tracker Mortgage Examination (see Risk Factor 30 "*—The Group is subject to conduct risk, including changes in laws, regulations and practices of relevant authorities and the risk that its practices are challenged under current regulations or standards, and if it is deemed to have breached any of these laws or regulations, it could suffer reputational damage or become subject to challenges by customers or competitors, or sanctions, fines or other actions*" below for further information). In the future, further legal claims may also be served, and further complaints may be referred by customers to the FSPO for adjudication in relation to tracker mortgages. These outcomes are uncertain and unpredictable.

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

### **Risks Related to the 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:

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

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

As well as the risk of losses in the event of a Group subsidiary's insolvency, the Issuer may suffer losses if any of its loans to, or investments in, its subsidiaries are subject to statutory write-down and conversion powers or if the subsidiary is otherwise subject to resolution proceedings. The Issuer may in the future make loans to AIB

Bank and its other subsidiaries, with the proceeds received from the Issuer's issuance of debt instruments. Where securities issued by the Issuer have been structured so as to qualify as capital instruments under CRD, the terms of the corresponding on-loan to AIB Bank may be structured to achieve equivalent regulatory capital treatment for such subsidiary. Accordingly, loans to AIB Bank may contain contractual mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of the Group or such subsidiary, would automatically result in a write-down or conversion into equity of such loans.

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

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

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

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

In the case of Subordinated Notes or applicable Senior Notes which are issued as Green Bonds, please also see Risk Factor 45 "*—Notes issued as Green Bonds may not be a suitable investment for all investors seeking exposure to green assets*".

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

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

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

As the implementation of any further amendments to MREL under the BRRD is subject to the adoption of further secondary legislation and implementation in Ireland, there can be no assurance that Loss Absorption Notes will qualify in full towards the Issuer's, or the Regulatory Group's (as defined in Condition 16 of the

Senior Notes), minimum requirements for (A) own funds and eligible liabilities and/or (B) loss absorbing capacity instruments, in each case as such minimum requirements are applicable to AIB and/or the Regulatory Group.

Further, if at any time a Loss Absorption Disqualification Event (as defined in Condition 16 of the Senior Notes) occurs and is continuing in relation to any Series of Loss Absorption Notes, and if the relevant Final Terms specify that AIB has the option to redeem such Senior Notes upon the occurrence of a Loss Absorption Disqualification Event, AIB may redeem all, but not some only, of the Senior Notes of such Series in accordance with Condition 5(c) of the Senior Notes at the applicable Early Redemption Amount, together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption.

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

### ***37 Redemption for Taxation Reasons***

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

### ***38 Substitution or variation of Notes***

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

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

While Tier 2 Compliant Notes or Loss Absorption Compliant Notes, as the case may be, must otherwise contain terms that are not materially less favourable to Noteholders than the original terms of the relevant Notes, there can be no assurance that the terms of any Tier 2 Compliant Notes or Loss Absorption Compliant Notes, as the case may be, will be viewed by the market as equally favourable to Noteholders, or that such Notes will trade at prices that are equal to the prices at which the Notes would have traded on the basis of their original terms.

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



### **39 *Resetable Notes***

In the case of any Notes that are Resetable Notes, the rate of interest on such Resetable Notes will be reset by reference to the then prevailing Mid-Swap Rate, as adjusted for any applicable margin, on the reset dates specified in the relevant Final Terms. This is more particularly described in Condition 4(b)(i) of the Senior Notes and the Subordinated Notes. The reset of the rate of interest in accordance with such provisions may affect the secondary market for, and the market value of, such Resetable Notes. Following any such reset of the rate of interest applicable to Resetable Notes, the new rate may be lower than the previous rate of interest.

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

The Issuer's obligations under the Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of Senior Creditors (as defined in Condition 16 of the Subordinated Notes). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is an increased risk that an investor in Subordinated Notes will lose all or some of his investment should the Subordinated Notes become subject to the Write-Down Tool when the Issuer is failing or likely to fail or the Issuer becomes insolvent or subject to the Resolution Tools. These risks apply equally to Subordinated Notes which are issued as Green Bonds. See Risk Factor 27 "*—The BRRD contains resolution tools and other measures that may have a material adverse effect on the Group and Noteholders*".

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

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

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

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

In the case of Subordinated Notes or applicable Senior Notes which are issued as Green Bonds, please also see Risk Factor 45 "*—Notes issued as Green Bonds may not be a suitable investment for all investors seeking exposure to green assets*".

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

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

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

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

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

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

Subject to applicable law, no holder of a Subordinated Note or a Senior Note where the relevant Final Terms specify “Waiver of Set-off” as being applicable (or, in each such case, a Coupon relating thereto) may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by AIB in respect of, arising under or in connection with such Note (or the Coupons relating thereto) and each holder of such Note (or the Coupons relating thereto) shall, by virtue of its holding of any such Note or Coupon, be deemed to have waived all such rights of set-off and therefore any such Noteholder will not be able to exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, arising under or in connection with the Notes or the Coupons relating thereto, or the Trust Deed.

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

The Final Terms relating to any specific Tranche of Notes may provide that it will be AIB’s intention to apply an amount equal to the net proceeds from an offer of those Notes specifically to an eligible loan portfolio of new and existing green loans (the “Eligible Green Project Portfolio”). See the section entitled “*Green Bond Framework Overview*”. Prospective investors should have regard to the information set out in “*Green Bond Framework Overview*” and the relevant Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary.

In particular, no assurance is given by AIB or any Dealer that the use of such proceeds for any Eligible Green Project Portfolio will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Project Portfolio. None of the Dealers shall be responsible for (i) any assessment of the Eligible Green Project Portfolio, (ii) any verification of whether the Eligible Green Project Portfolio falls within an investor’s requirements or expectations of a “green” or “sustainable” or equivalently-labelled project or (iii) the ongoing monitoring of the use of proceeds in respect of any such Notes.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or “sustainable” or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as “green” or “sustainable” or such other equivalent label and if developed in the future, such Notes may not comply with any such definition or label.

A basis for the determination of such a definition has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the “Sustainable Finance Taxonomy Regulation”) on the establishment of a framework to facilitate sustainable investment (the “EU Sustainable Finance Taxonomy”). The EU Sustainable Finance Taxonomy is subject to further development by way of the implementation by the European

Commission through delegated regulations of technical screening criteria for the environmental objectives set out in the Sustainable Finance Taxonomy Regulation. While the Group's Green Bond Framework (as defined below) (as amended, supplemented, restated or otherwise updated) is in alignment with the relevant objectives for the EU Sustainable Finance Taxonomy, until the technical screening criteria for such objectives have been developed it is not known whether the Group's Green Bond Framework will satisfy those criteria. Accordingly, alignment with the EU Sustainable Finance Taxonomy, once the technical screening criteria are established, is not certain.

Additionally, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Green Project Portfolio will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Project Portfolio.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by AIB) which may be made available in connection with the issue of any Notes and in particular with any Eligible Green Project Portfolio to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by AIB or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by AIB or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Project Portfolio. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by AIB or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply an amount equal to the net proceeds of any Notes so specified to an Eligible Green Project Portfolio in, or substantially in, the manner described in "*Green Bond Framework Overview*" and the relevant Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Project Portfolio will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Project Portfolio. Nor can there be any assurance that such Eligible Green Project Portfolio will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not (i) give rise to any claim of a Noteholder against AIB; (ii) constitute an Event of Default under the Notes; (iii) lead to an obligation of AIB to redeem such Notes or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in

respect of any Notes; or (iv) affect the qualification of such Notes which are also Tier 2 Notes or Loss Absorption Notes (as the case may be) as Tier 2 Capital or as eligible liabilities or loss absorbing capacity instruments (as applicable).

Any such event or failure to apply an amount equal to the net proceeds of any issue of Notes for any Eligible Green Project Portfolio as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that AIB is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes the proceeds of which are intended to be allocated to an Eligible Green Project Portfolio and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

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

Interest rates and indices which are deemed to be “benchmarks” (such as a Reference Rate), are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a “benchmark”. The Benchmark Regulation was published in the Official Journal of the European Union on 29 June 2016 and became applicable from 1 January 2018. The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmark Regulation could have a material impact on any Notes linked to or referencing a “benchmark” (such as Floating Rate Notes and Resettable Notes), in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. For example, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the Chief Executive of the FCA announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “FCA Announcement”). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Subsequent speeches by Andrew Bailey and other FCA officials have emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. The potential elimination of the LIBOR benchmark or any other benchmark (including, for example, EURIBOR), or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Floating Rate Notes and Resettable Notes whose interest rates are linked to LIBOR). Such factors may have the following effects on certain “benchmarks”: (i) discourage market

participants from continuing to administer or contribute to the “benchmark”, (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a “benchmark”.

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

The Conditions provide for certain fallback arrangements in the event that a published benchmark, including an inter-bank offered rate such as LIBOR, EURIBOR or other relevant reference rates (including, without limitation, mid-swap rates) and including any page on which such Benchmark may be published (or any successor service)), becomes unavailable or a Benchmark Event otherwise occurs, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required), all as determined by the Issuer in consultation with an Independent Adviser, acting in good faith in a commercially reasonable manner. Any adjustment spread could be positive, negative or zero. In making such determinations, it is possible that the interests of the Issuer might not align with those of Noteholders. No Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the then current or future qualification of the Notes as (i) Tier 2 Capital, or (ii) own funds and eligible liabilities or loss absorbing capacity instruments for the purposes of the Relevant Regulator or by the Loss Absorption Regulations in the case of Notes that are Loss Absorption Notes, as applicable, or in the case of Loss Absorption Notes, could reasonably be expected to result in the Relevant Regulator treating the next Interest Payment Date or Reset Date, as the effective maturity dates of the Notes, rather than the relevant Maturity Date. In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page or the last ISDA rate calculable by the Calculation Agent, or, in the case of Resettable Notes, the application of the Reset Rate for a preceding Reset Period or the application of the Initial Rate of Interest applicable to such Notes on the Interest Commencement Date. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or Resettable Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes or Resettable Notes or could impact the availability and cost of hedging instruments and borrowings or cause a potential mismatch with any hedging instruments or borrowing arrangements already in place relating to such Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes or Resettable Notes.

#### **47 *Modification, waivers and substitution***

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

majorities to bind minorities, a Noteholder could find that an amendment is made to the Notes, which binds all Noteholders, that it did not support.

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

In addition, pursuant to Condition 4(i) of the Terms and Conditions of the Senior Notes and the Subordinated Notes, certain changes may be made to the interest calculation provisions of the Floating Rate Notes or Resettable Notes in the circumstances set out in Condition 4(a) of the Terms and Conditions of the Senior Notes and the Subordinated Notes without the requirement for consent of the Noteholders. See “—*The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”*” above.

#### **48 *European Monetary Union***

The Eurozone sovereign debt crisis which started in 2008 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.

#### **49 *Change of law***

The Terms and Conditions of the Notes are based on either English or Irish law, as specified in the Final Terms. Further, in respect of English Law Notes, the Conditions in respect of subordination, waiver of set-off and Acknowledgement of Irish Loss Absorption Powers will be governed by Irish law. 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 holders of the Notes. Such tools may include the ability to write off sums otherwise payable on the Notes.

#### **50 *The Notes are not protected under any deposit scheme***

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

#### **51 *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.

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

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

## **52 *The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This may particularly be the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors. Illiquidity may have a severe adverse effect on the market value of Notes. If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Notes. Publicly traded notes from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes in full, or of the Notes being subject to loss absorption under an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control, including:

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

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

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

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

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

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

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

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

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

### **54 *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 as measured in the Investor's Currency.

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

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



**56 *The Issuer is exposed to changing methodology by rating agencies***

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

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) (i) the audited consolidated financial statements of the Issuer prepared in accordance with IFRS for the financial year ended 31 December 2019, together with the audit report thereon as set out on pages 225 to 374, (ii) the sections titled “*Our Board of Directors*” and “*Executive Committee*” on pages 44 to 47 and (iii) the section entitled “*Operating and Financial Review*” on pages 52 to 66, in each case of the annual financial report of the Issuer for the year ended 31 December 2019 (the “2019 Annual Financial Report”), available at <https://aib.ie/content/dam/aib/investorrelations/docs/resultscentre/annualreport/aib-group-plc-annual-financial-report-2019.pdf>;
- (b) the audited consolidated financial statements of the Issuer prepared in accordance with IFRS for the financial year ended 31 December 2018, together with the audit report thereon as set out on pages 217 to 370 of the annual financial report of the Issuer for the year ended 31 December 2018, available at <https://aib.ie/content/dam/aib/investorrelations/docs/resultscentre/annualreport/aib-annual-financial-report-2018.pdf>;
- (c) (i) the condensed consolidated financial statements of the Issuer for the six months ended 30 June 2020, together with the independent review report thereon as set out on pages 89 to 143, (ii) the section entitled “*Business Review – 1. Operating and financial review*” on pages 16 to 30 and (iii) the section entitled “*Business Review – 2. Capital*” on pages 31 to 34, in each case of the half-yearly financial report of the Issuer for the six months ended 30 June 2020 (the “H1 2020 Financial Report”), available at <https://aib.ie/content/dam/aib/investorrelations/docs/resultscentre/2020/aib-half-yearly-financial-report-2020.pdf>;
- (d) the Pillar 3 disclosures of the Group for the year ended 31 December 2019, available at <https://aib.ie/content/dam/aib/investorrelations/docs/resultscentre/pillar3/aib-2019-pillar-3-report.pdf>;
- (e) the Pillar 3 supplement report of the Group dated 30 June 2020, available at <https://aib.ie/content/dam/aib/investorrelations/docs/resultscentre/pillar3/2020/aib-group-half-yearly-2020-pillar-3-report.pdf>;
- (f) the terms and conditions of the Notes as contained in pages 37 to 108 of the base prospectus dated 14 May 2019 in respect of the Programme, available at <https://aib.ie/content/dam/aib/investorrelations/docs/issuance%20programme/prospectus-190514-final.pdf>;
- (g) the terms and conditions of the Notes as contained in pages 39 to 102 of the base prospectus dated 14 March 2018 in respect of the Programme, available at <https://aib.ie/content/dam/aib/investorrelations/docs/issuance%20programme/10-million-euro-medium-term-note-programme.pdf>; and
- (h) the section “*Amendments to the “Terms and Conditions of the Senior Notes” Section*” on pages 6 and 7 of the supplement dated 25 June 2018 to the base prospectus dated 14 March 2018 in respect of the Programme, available at <https://aib.ie/content/dam/aib/investorrelations/docs/issuance%20programme/aib-group-plc-1000000000-euro-medium-term-note-programme-supplement.pdf>,

save that any statement contained herein, or in a document all or the relative portion of which is incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein or in any such document, all or the relative portion of which is

deemed to be incorporated by reference herein, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus may be obtained (without charge) from the Issuer's website at <https://aib.ie/investorrelations> and Euronext Dublin at <https://www.ise.ie/Products-Services/Quoted-Companies/>.

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

### **Alternative Performance Measures**

In addition to the financial information prepared in accordance with IFRS, this Base Prospectus includes certain alternative performance measures ("APMs") as defined in the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415) (the "ESMA APM Guidelines"). The ESMA APM Guidelines define an APM as a financial measure of historical or future performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

AIB uses certain APMs, which have not been audited, for a better understanding of its financial performance. These measures are considered additional disclosures and in no case replace the financial information prepared under IFRS. Moreover, the way AIB defines and calculates these measures may differ from the way similar measures are calculated by other companies. Accordingly, they may not be comparable.

In the "*Operating and Financial Review*" section in the 2019 Annual Financial Report and the H1 2020 Financial Report, both incorporated by reference herein, AIB's results of operations are presented on a management basis with exceptional items reported separately. Exceptional items are items that management believes obscure the underlying performance trends in the business. See "*Operating and Financial Review—Alternative performance measures*" in the 2019 Annual Financial Report and the H1 2020 Financial Report, both incorporated by reference herein, for a description of exceptional items that management believes obscure the underlying performance trends in the business and a reconciliation to each resulting APM from the most directly reconcilable IFRS line item.

For further information, including a complete list of APMs, including definitions and reconciliations, see "*Operating and Financial Review—Alternative performance measures*" in the 2019 Annual Financial Report and the H1 2020 Financial Report, both incorporated by reference herein.

## **SUPPLEMENTARY INFORMATION**

If at any time AIB shall be required to prepare a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation, AIB will prepare and make available an appropriate supplement to this Base Prospectus as required by the Central Bank and Article 23 of the Prospectus Regulation.

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

## **DESCRIPTION OF THE PROGRAMME**

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

The Notes will be issued in series (each a “Series”). Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The issue price, issue date, maturity date, principal amount, interest rate (if any) applicable to any Notes, ranking and any other relevant provisions of such Notes will be agreed between AIB and the relevant Dealer(s) at the time of agreement to issue and will be specified in the Final Terms in respect of such Notes. In accordance with the Prospectus Regulation, the European Union (Prospectus) Regulation 2019 and Central Bank (Investment Market Conduct) Rules 2019, all Final Terms in respect of Listed Notes will be filed with the Central Bank.

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

## TERMS AND CONDITIONS OF THE SENIOR NOTES

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

The Notes are constituted by a Trust Deed dated 21 September 2020 (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) between AIB Group plc (the “Issuer”) and BNY Mellon Corporate Trustee Services Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons (as defined below). An Agency Agreement dated 14 March 2018 (as amended or supplemented from time to time, the “Agency Agreement”) has been entered into in relation to the Notes between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Registrar”, the “Transfer Agents” and the “Calculation Agent(s)”. Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge during usual business hours at the specified offices of each of the Paying Agents and the Transfer Agents.

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

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

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

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

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

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

Title to the Bearer Notes, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the

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

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

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

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

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

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

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

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

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

other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

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

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

**(e) *Closed Periods***

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

### **3 Status**

**(a) *Status***

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

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

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

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

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

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

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

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of



Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

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

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

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

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

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

(A) *ISDA Determination for Floating Rate Notes*

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

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and

- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

(B) Screen Rate Determination for Floating Rate Notes

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

- (i) the offered quotation; or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of London Interbank Offered Rate (“LIBOR”) or Brussels time in the case of Euro Interbank Offered Rate (“EURIBOR”)) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

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

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

such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) **Linear Interpolation**

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

**(b) Resettable Notes**

- (i) Each Resettable Note bears interest on its outstanding amount:
  - (A) from (and including) the Interest Commencement Date up to (but excluding) the First Resettable Note Reset Date at the Initial Rate of Interest;

- (B) from (and including) the First Resetable Note Reset Date to (but excluding) the Second Resetable Note Reset Date or, if no such Second Resetable Note Reset Date is specified hereon, the Maturity Date, at the First Reset Rate of Interest; and
- (C) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest.

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

(ii) *Fallback Provisions for Resetable Notes*

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

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

(c) *Zero Coupon Notes*

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

(d) *Accrual of Interest*

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

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

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in

accordance with Condition 4(a) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin specified on the Notes, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest or Optional Redemption Amount is specified on the Notes, then such Rate of Interest or Optional Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) Unless otherwise stated hereon, the Rate of Interest in respect of any Interest Period shall not be less than zero.
- (iv) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts which fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency which is available as legal tender in the countries of such currency.

**(f) *Calculations***

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

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

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or (if applicable) Reset Determination Date or such other time on such date as it may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period or Reset Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period or Reset Period and the relevant Interest Payment Date and/or Resettable Note Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event

later than (i) the commencement of the relevant Interest Period or Reset Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any date is subject to adjustment pursuant to Condition 4(a)(ii), the Interest Amounts and the Interest Payment Date or Resettable Note Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period or Reset Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(h) Calculation Agents**

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

**(i) Benchmark Discontinuation**

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply (with effect from 30 days prior to the first date when such determination is necessary).

**(i) Independent Adviser**

The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to consult with the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(i)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(i)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 4(i) and the Issuer shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Issuer and the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Calculation Agent, the Paying Agents or the Noteholders, as applicable, for any determination made by the Issuer and/or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(i).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall (subject as provided below) be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the Initial Rate of Interest. Where a different Margin or Maximum Rate of Interest 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 Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(i)(i).

For the purposes of this Condition 4(i) only, in respect of any Resetable Notes, references to (i) Interest Determination Date shall be read as references to Reset Determination Date, (ii) Interest Accrual Period shall be read as references to Reset Period and (iii) Interest Payment Date shall be read as references to Resetable Note Reset Date.

(ii) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(i)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(i)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(i) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "Benchmark Amendments") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(i)(v) without any requirement for the consent or approval of Noteholders, vary these Conditions and/or of the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of an officer's certificate pursuant to Condition 4(i)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a supplemental trust deed to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way. In connection with any such variation in accordance with this Condition 4(i), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(i), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the then current or future qualification of the Notes as own funds and eligible liabilities or loss absorbing capacity instruments for the purposes of the Relevant Regulator or by the Loss Absorption Regulations in the case of Notes that are Loss Absorption Notes or further, in the case of Loss Absorption Notes, could reasonably be expected to result in the Relevant Regulator treating the next Interest Payment Date or Reset Date, as the effective maturity date of the Notes, rather than the relevant Maturity Date.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(i) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee an officer's certificate:

- (A) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate, (c) the applicable Adjustment Spread and (d) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(i); and
- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.



(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 4(i)(i), 4(i)(ii), 4(i)(iii) and 4(i)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 4(a)(iv) and Condition 4(b), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

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

(a) *Final redemption*

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

(b) *Redemption for taxation reasons*

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

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

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

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

**(d) Purchases**

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

**(e) Early redemption**

**(i) Zero Coupon Notes**

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

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

**(ii) Other Notes**

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

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

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

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

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

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

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

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

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

**(h) *Cancellation***

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

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

Any redemption, purchase or modification of any Loss Absorption Note in accordance with Conditions 5(b), 5(c), 5(d), 5(f) or 10, as the case may be, is subject to the following conditions (in each case to the extent, and in the manner, required by the Relevant Regulator and the Loss Absorption Regulations):

- (i) the Issuer giving notice to the Relevant Regulator and the Relevant Regulator granting permission to redeem, purchase or modify the relevant Loss Absorption Notes; and/or

- (ii) the Issuer, before or at the same time as any redemption or purchase, replaces the relevant Loss Absorption Notes with own funds or eligible liabilities instruments of equal or higher quality at terms that are sustainable for the income capacity of the institution; and/or
- (iii) the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the own funds and eligible liabilities of the Issuer would, following any such redemption or purchase of the Loss Absorption Notes, exceed the requirements for own funds and eligible liabilities laid down in CRR and CRD IV by a margin that the Relevant Regulator considers necessary; and/or
- (iv) the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the partial or full replacement of the Notes is necessary to ensure compliance with the own funds requirements laid down in CRR and CRD IV for continuing authorisation; and/or
- (v) compliance with any alternative or additional pre-conditions to such redemption, purchase or modification as may be required by the Relevant Regulator or the Loss Absorption Regulations at such time.

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

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

(i) *Substitution and Variation*

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

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

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

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

(ii) *Conditions to Substitution and Variation*

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

- (A) the Issuer shall have obtained the permission from the Relevant Regulator (if then required by the Relevant Regulator or by the Loss Absorption Regulations at such time);

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

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

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

## **6 Payments and Talons**

(a) *Bearer Notes*

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

(b) *Registered Notes*

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

Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

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

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

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

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

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

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

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

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

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

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

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

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

**(g) Talons**

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

**(h) Non-Business Days**

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

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

## **7 Taxation**

All payments of principal and interest in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for, any taxes, duties, assessments or governmental

charges of whatever nature imposed, levied, collected, withheld or assessed by Ireland or any authority therein or thereof having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders or, as the case may be, the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

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

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

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

## **8 Prescription**

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

## **9 Events of Default**

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

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



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

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

**(b) Restricted Events of Default**

*(i) Restricted Events of Default*

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

- (A) If the Issuer shall not make payment in respect of the Notes (in the case of any payment of principal and/or premium) for a period of seven days or more after the due date for the same or (in the case of any payment of interest) for a period of 15 days or more after a date upon which the payment of interest is due (provided that it shall not be a Restricted Event of Default if the non-payment is due solely to administrative error (whether by the Issuer or a bank involved in transferring funds to the Issuing and Paying Agent) and payment is made within three business days in London after notice of that non-payment has been given to the Issuer by the Trustee), the Trustee may, subject as provided in (ii) below, at its discretion, institute proceedings in Ireland (but not elsewhere) for the winding-up of the Issuer but (save as provided in (B) below) may take no further action in respect of such default.

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

(ii) *Enforcement*

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

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

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

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

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

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

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at

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

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 4(i) or those described in Condition 5(j) in connection with the variation of the terms of the Notes and to which the Trustee has agreed pursuant to the relevant provisions of Condition 4(i) or, as applicable, Condition 5(j).

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

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

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

The Trustee may agree, without the consent of the Noteholders or Couponholders but subject to Condition 10(f), to (i) any modification of any of these Conditions or the provisions of the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. In addition, the Trustee shall be obliged to effect such modifications to the Trust Deed and/or these Conditions as may be required in order to give effect to Condition 4(i) in connection with effecting any Benchmark Amendments, subject to the provisions thereof, without the requirement for the consent of the Noteholders or Couponholders.

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

(c) ***Substitution***

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

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

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

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

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

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

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

(f) **Regulatory consent**

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

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

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

## **12 Further Issues**

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

## **13 Notices**

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

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

## **14 Rights of Third Parties**

In the case of English Law Notes, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

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

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

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with (i) in the case of an English Law Note, English law (except that Conditions 3(b) and 15(c) shall be construed in accordance with the laws of Ireland) or (ii) in the case of an Irish Law Note, the laws of Ireland.

### **(b) *Jurisdiction***

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

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

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

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

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

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

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

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

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

## 16 Definitions

Capitalised terms not defined in these Terms and Conditions will have the meaning given to them in the relevant Final Terms.

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

“Adjustment Spread” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied)
- (iii) in the case of an Alternative Rate, is in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate;
- (iv) if no such recommendation or option or replacement has been made (or made available), or the Issuer determines there is no such spread, formula or methodology in customary market usage, the Issuer, following consultation with the Independent Adviser, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (v) if the Issuer determines that no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate;

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

“Alternative Rate” means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser, determines in accordance with Condition 4(i)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining Rates of Interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

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

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

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

“Benchmark Amendments” has the meaning given to it in the provision Condition 4(i)(iv);

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

“Benchmark Event” means:



- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will be (or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate, and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and in each case, not the date of the relevant public statement;

“Business Day” means:

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

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

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

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

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

“English Law Note” means any Note where “English Law Note” is specified hereon as being applicable;

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

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

“First Margin” means the margin specified hereon;

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

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

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

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

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(i)(i);

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

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

“Interest Amount” means:

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

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

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

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

Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified hereon;

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

“Irish Law Note” means any Note where “Irish Law Note” is specified hereon as being applicable;

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

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

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

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

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

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

- (F) where the relevant Notes which have been substituted or varied had a published rating solicited by the Issuer from one or more Rating Agencies immediately prior to their substitution or variation, benefit from (or will, as announced by each such Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the relevant Notes;

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

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

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

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

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

“Mid-Swap Floating Leg Benchmark Rate” means:

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

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

- (i) if Single Mid-Swap Rate is specified hereon, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Resettable Note Reset Date,  
which appears on the Relevant Screen Page; or
- (ii) if Mean Mid-Swap Rate is specified hereon, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) of the bid and offered swap rate quotations for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Resettable Note Reset Date,  
which appears on the Relevant Screen Page,

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

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

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of
  - (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;



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

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

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

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

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

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

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

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

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

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

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

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

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

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

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

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

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

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

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

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

“Winding-Up” means:

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

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

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

The Notes are constituted by a Trust Deed dated 21 September 2020 (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) between AIB Group plc (the “Issuer”) and BNY Mellon Corporate Trustee Services Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons (as defined below). An Agency Agreement dated 14 March 2018 (as amended or supplemented from time to time, the “Agency Agreement”) has been entered into in relation to the Notes between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Registrar”, the “Transfer Agents” and the “Calculation Agent(s)”. Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge during usual business hours at the specified offices of each of the Paying Agents and the Transfer Agents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(e) *Closed Periods***

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

### **3 Status and Subordination**

**(a) *Status***

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

**(b) *Subordination***

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

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

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

Subject to applicable law, no holder of a Note, or a Coupon relating thereto, may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, arising under, or in connection with the Notes or the Coupons relating thereto or the Trust Deed and each holder of a Note or a Coupon relating thereto shall, by virtue of his holding of any such Note or Coupon, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to

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

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

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

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

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

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

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

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

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

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

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA

Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

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

- (i) the offered quotation; or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of London Interbank Offered Rate (“LIBOR”) or Brussels time in the case of Euro Interbank Offered Rate (“EURIBOR”)) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

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

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(i) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(ii) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case at the time specified above, subject as

provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

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

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as



applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period, provided however, that if there is no such rate available for the period of time next shorter or, as the case may be, next longer, then the Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate.

**(b) *Resettable Notes***

- (i) Each Resettable Note bears interest on its outstanding amount:
  - (A) from (and including) the Interest Commencement Date up to (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 Subsequent Reset Rate of Interest.

Interest will be payable in arrear on each Resettable Note Interest Payment Date and on the date specified hereon 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) with such sum converted as set out in the definition of First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable), all as determined by the Calculation Agent.

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

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

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

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

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

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

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

(f) ***Calculations***

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

required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

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

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

**(h) *Calculation Agents***

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

(i) ***Benchmark Discontinuation***

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply (with effect from 30 days prior to the first date when such determination is necessary).

(i) *Independent Adviser*

The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to consult with the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(i)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(i)(iv)).

In making such determination, the Independent Adviser appointed pursuant to this Condition 4(i) and the Issuer shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Issuer and the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Calculation Agent, the Paying Agents, or the Noteholders, as applicable, for any determination made by the Issuer and/or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(i).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall (subject as provided below) be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the Initial Rate of Interest. Where a different Margin or Maximum Rate of Interest 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 Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(i)(i).

For the purposes of this Condition 4(i) only, in respect of any Resetable Notes, references to (i) Interest Determination Date shall be read as references to Reset Determination Date, (ii) Interest Accrual Period shall be read as references to Reset Period and (iii) Interest Payment Date shall be read as references to Resetable Note Reset Date.

(ii) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(i)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original

Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(i)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(i) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “Benchmark Amendments”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(i)(v) without any requirement for the consent or approval of Noteholders, vary these Conditions and/or of the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of an officer’s certificate pursuant to Condition 4(i)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a supplemental trust deed to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 4(i), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(i), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the then current or future qualification of the Notes as Tier 2 Capital.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(i) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee an officer’s certificate:

- (A) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate, (c) the applicable Adjustment Spread and (d) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(i); and
- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 4(i)(i), 4(i)(ii), 4(i)(iii) and 4(i)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 4(a)(iv) and Condition 4(b), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

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

(a) ***Final redemption***

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

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

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

(c) **Purchases**

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

(d) **Redemption for Regulatory Reasons**

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

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

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

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

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

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

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

(f) **Early Redemption**

(i) *Zero Coupon Notes*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Conditions 5(b) and 5(d) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce

an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

- (C) If the Early Redemption Amount payable in respect of such Note upon its redemption pursuant to Conditions 5(b) and 5(d) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as described in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

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

(ii) *Other Notes*

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

(g) ***Cancellation***

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

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

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

- (i) the Issuer obtaining prior Supervisory Permission for such redemption or purchase (as the case may be);
- (ii) in the case of any redemption or purchase, save in the case of Condition 5(h)(v)(A) below, 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; (B) the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum applicable capital requirements (including any applicable buffer requirements) by a margin



(calculated in accordance with prevailing Applicable Regulatory Capital Requirements) that the Relevant Regulator considers necessary at such time; and

- (iii) in the case of any redemption prior to the fifth anniversary of the Issue Date, upon the occurrence of a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the change in tax treatment is material and was not reasonably foreseeable as at the Issue Date;
- (iv) in the case of any redemption prior to the fifth anniversary of the Issue Date upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Relevant Regulator that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date; and
- (v) in the case of any purchase prior to the fifth anniversary of the Issue Date pursuant to Condition 5(c), either (A) the issuer having, before or at the same time as such purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Regulator having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) the relevant Notes are being purchased for market-making purposes in accordance with the Applicable Regulatory Capital Requirements.

Any refusal by the Relevant Regulator to give its Supervisory Permission as contemplated above shall not constitute a default for any purpose.

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

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

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

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

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

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

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

- (A) not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 13; and

- (B) prior notice to the Trustee before the giving of the notice referred to in (A) and having delivered to the Trustee the certificate referred to in the definition of “Tier 2 Compliant Notes” in Condition 16,

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

(ii) *Conditions to Substitution and Variation*

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

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

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

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

## **6 Payments and Talons**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(g) *Talons***

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

specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8).

**(h) *Non-Business Days***

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

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

## **7 Taxation**

All payments of principal and interest in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Ireland or any authority therein or thereof having power to tax, unless such deduction or withholding is required by law. In such event, in respect of payments of interest (but not principal or any other amount), the Issuer shall pay such additional amounts as will result in receipt by the Noteholders or, as the case may be, the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

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

References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “interest” shall be

deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

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

## **8 Prescription**

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

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

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

- (i) If the Issuer shall not make payment in respect of the Notes (in the case of any payment of principal and/or premium) for a period of seven days or more after the due date for the same or (in the case of any other amount in respect of the Notes) for a period of 15 days or more after a date upon which the payment of interest is due (other than where such non-payment is due solely to administrative error (whether by the Issuer or a bank involved in transferring funds to the Paying Agent) and payment is made within three business days in London after notice of that non-payment has been given to the Issuer by the Trustee), the Trustee may, subject as provided in Condition 9(b) below, at its discretion, institute proceedings in Ireland (but not elsewhere) for the winding-up of the Issuer but (save as provided in (ii) below) may take no further action in respect of such default.
- (ii) In the event of a Winding-Up, whether or not instituted by the Trustee pursuant to (i), the Trustee may, subject as provided in Condition 9(b) below, at its discretion, give written notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount as defined in Condition 5(f), plus accrued interest as provided in the Trust Deed.
- (iii) Without prejudice to paragraphs (i) and (ii) above, the Trustee may, subject as provided in Condition 9(b) below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, the Coupons or the Trust Deed (other than any obligation for the payment of any principal, premium or interest in respect of the Notes), provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it or any damages.

### **(b) Enforcement**

The Trustee shall be bound to take action as referred to in Condition 9(a)(i), (ii) or (iii) above if (i) it shall have been so requested by an Extraordinary Resolution of the Noteholders or in writing by the

holders of at least one-fifth in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

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

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

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

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

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

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

per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 4(i) or those described in Condition 5(i) in connection with the variation of the terms of the Notes and to which the Trustee has agreed pursuant to the relevant provisions of Condition 4(i) or, as applicable, Condition 5(i).

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

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

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

The Trustee may agree, without the consent of the Noteholders or Couponholders but subject to Condition 10(f), to (i) any modification of any of these Conditions or the provisions of the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. In addition, the Trustee shall be obliged to effect such modifications to the Trust Deed and/or these Conditions as may be required in order to give effect to Condition 4(i) in connection with effecting any Benchmark Amendments, subject to the provisions thereof, without the requirement for the consent of the Noteholders or Couponholders.

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

**(c) *Substitution***

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



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

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

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

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

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

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

**(f) *Supervisory Permission***

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

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

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 13, in each case on payment by the claimant of the fees and costs incurred in connection therewith

and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## **12 Further Issues**

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

## **13 Notices**

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

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

## **14 Rights of Third Parties**

In the case of English law Notes, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

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

### **(a) *Governing Law***

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with (i) in the case of an English Law Note, English law (except that Conditions 3 and 15(c) and provisions of the Trust

Deed relating to postponement of the claims of Noteholders and Couponholders on a Winding-Up of the Issuer shall be construed in accordance with the laws of Ireland) or (ii) in the case of an Irish Law Note, the laws of Ireland.

**(b) Jurisdiction**

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

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

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

- (i) the effect of the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
  - (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes and/or Coupons;
  - (B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes and/or Coupons into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder or Couponholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes and/or Coupons;

- (C) the cancellation of the Notes and/or Coupons or the Relevant Amounts in respect thereof; and
  - (D) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the Notes and/or Coupons as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority.

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

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

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

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

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

**16 Definitions**

Capitalised terms not defined in these Terms and Conditions will have the meaning given to them in the relevant Final Terms.

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

“Adjustment Spread” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)

- (ii) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied)
- (iii) in the case of an Alternative Rate, is in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate;
- (iv) if no such recommendation or option or replacement has been made (or made available), or the Issuer determines there is no such spread, formula or methodology in customary market usage, the Issuer, following consultation with the Independent Adviser, determines and is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (v) if the Issuer determines that no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate;

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

“Alternative Rate” means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser, determines in accordance with Condition 4(i)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining Rates of Interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

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

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

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

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

“Benchmark Amendments” has the meaning given to it in the provision Condition 4(i)(iv);

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

“Benchmark Event” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will be (or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate, and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and in each case, not the date of the relevant public statement;

“Business Day” means:

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

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

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

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

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

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

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

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

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

“CRD IV Directive” means Directive (2013/36/EU) of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time (including without limitation by Directive (EU) 2019/878) and, as the context permits, any provision of the laws of Ireland transposing or implementing the CRD IV Directive (as it is 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 (including without limitation by Regulation (EU) 2019/876);

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

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

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

where:

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

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

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

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

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

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

- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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



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

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

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

“English Law Note” means any Note where “English Law Note” is specified hereon as being applicable;

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

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

“First Margin” means the margin specified hereon;

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

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

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

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

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(i)(i);

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

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

“Interest Amount” means:

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

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

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

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

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

“Irish Law Note” means any Note where “Irish Law Note” is specified hereon as being applicable;

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

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

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

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

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

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

“Mid-Swap Floating Leg Benchmark Rate” means:

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

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

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

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

which appears on the Relevant Screen Page; or

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

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

which appears on the Relevant Screen Page,

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

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

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

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

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

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

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

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

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

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

“Reference Bond Rate” means the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a

percentage of its nominal amount) equal to the relevant Reference Bond Price, as calculated by the Calculation Agent;

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

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

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

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

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

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

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

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

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

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

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

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

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

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

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

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

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

“Senior Creditors” means (a) unsubordinated creditors of the Issuer and (b) creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of holders in respect of the Notes);

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

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

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

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

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

“Supervisory Permission” means, in relation to any action, such notice, supervisory permission (and/or, as appropriate, consent, approval or waiver) as is required therefor under the Applicable Regulatory Capital Requirements (if any);

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

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

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

“Tax Event” has the meaning given to it in Condition 5(b);

“Tier 1 Capital” and “Tier 2 Capital” have the respective meanings given in the Applicable Regulatory Capital Requirements from time to time;

“Tier 2 Compliant Notes” means securities that comply with the following (which compliance has been certified to the Trustee in a certificate signed by two Authorised Signatories of the Issuer and delivered to the Trustee prior to the relevant substitution or variation):

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

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

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

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

“Winding-Up” means:

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

- (ii) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) above.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **1 Initial Issue of Notes**

If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in new global note (“NGN”) form or to be held under the new safekeeping structure (the “NSS”) (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to the common safekeeper appointed by Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking, SA (“Clearstream, Luxembourg”) in respect of such notes (the “Common Safekeeper”). Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are not issued in NGN form (each a “CGN” and together, the “CGNs”) and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a common depository (the “Common Depository”) for Euroclear and Clearstream, Luxembourg.

If the Global Note is a CGN, upon the initial deposit of a Global Note with the Common Depository, or registration of the Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **2 Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or any other permitted clearing system (the “Alternative Clearing System”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by AIB to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against AIB in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of AIB will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.



### **3 Exchange**

#### **3.1 Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

#### **3.2 Permanent Global Notes**

Each permanent Global Note is exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

#### **3.3 Permanent Global Certificates**

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

### **3.4 Delivery of Notes**

If the Global Note is a CGN, on or after any Exchange Date (as defined below) the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, AIB will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is an NGN, AIB will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system.

“Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest which have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in Part A of Schedule 2 to the Trust Deed. On exchange in full of each permanent Global Note, AIB will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### **3.5 Exchange Date**

“Exchange Date” in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## **4 Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

### **4.1 Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of CGNs represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. If the Global Note is an NGN or if the Global Certificate is held under the NSS, AIB shall

procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge AIB's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 6(h).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

So long as the Notes are represented by a Global Note or Global Certificate and the Global Note or Global Certificate is held on behalf of a clearing system, the Issuer has undertaken, *inter alia*, to pay interest in respect of such Notes from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by the Global Note or Global Certificate.

#### **4.2 Prescription**

Claims against AIB in respect of Notes which are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 16).

#### **4.3 Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

#### **4.4 Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant permanent Global Note.

#### **4.5 Purchase**

Notes represented by a permanent Global Note may only be purchased by AIB or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

#### **4.6 AIB's Option**

Any option of AIB provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by AIB giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes will be required. In the event that any option of AIB is exercised in respect of some but not all of the Notes of any series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

#### **4.7 Noteholders' Option**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting such permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is an NGN or where the Global Certificate is held under the NSS, AIB shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

#### **4.8 NGN Nominal Amount**

Where the Global Note is an NGN, AIB shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### **4.9 Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

#### **4.10 Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for

publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

## **5 Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an “Electronic Consent” as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the “relevant clearing system”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## USE OF PROCEEDS

An amount equal to the net proceeds from the issue of any Tranche of Notes will be applied by the Issuer for the general funding purposes of the Issuer. If in respect of a particular Tranche of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms. The Issuer may, in particular, issue Notes (including Senior Notes and Subordinated Notes) as Green Bonds (as indicated in the applicable Final Terms) and in the case of such Notes, an amount equal to the net proceeds from the issue of any Tranche of Notes will (subject as set out below) be allocated to an Eligible Green Project Portfolio (as defined in “*Green Bond Framework Overview*” below and selected in accordance with the criteria set out in “*Green Bond Framework Overview—Use of Proceeds*” and “*—Process for Project Evaluation and Selection*”).

Whilst any portion of an amount equal to the net proceeds of any Tranche of Green Bonds remains unallocated, the Group will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other liquid instruments, the balance of an amount equal to the net proceeds not yet allocated to the Eligible Green Project Portfolio.

## GREEN BOND FRAMEWORK OVERVIEW

As a bank, the Group believes that it has a meaningful contribution to make in addressing many pressing current and emerging societal issues, and a strategic priority for the Group is to lead Ireland's response to climate change. Aligned with this strategy, the Group has established a Green Bond framework (the "Green Bond Framework").

This Green Bond Framework sets out how the Group proposes to use an amount equal to the net proceeds of Green Bonds in a manner consistent with its sustainable values. The objective of the Green Bonds issued by the Issuer will be to fund projects or assets that mitigate climate change by reducing emissions, protecting ecosystems or otherwise creating a positive environmental impact.

The Green Bond Framework adheres to the Green Bond Principles, a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the market by clarifying the approach for issuing a green bond (the "Green Bond Principles").

### Use of Proceeds

AIB, at its discretion but in accordance with the Green Bond Principles, will allocate an amount equal to the net proceeds of the Green Bonds to an eligible loan portfolio of new and existing green loans (the "Eligible Green Project Portfolio"). The eligible loans are to be funded in whole or in part by an allocation of an amount equal to the net proceeds of the Green Bonds.

Eligible use of proceeds categories include:

- Loans to finance or refinance new or existing environmentally-sustainable commercial buildings in Ireland and/or the UK;
- Loans to finance or refinance new or existing environmentally-sustainable residential buildings in Ireland; and
- Loans to finance or refinance equipment, development, manufacturing, construction, operation, distribution and maintenance of renewable energy generation and storage (i.e. battery storage) in Ireland, the UK and across the EU.

### Process for Project Evaluation and Selection

The Group's Green Bond Framework is prepared with due care and attention and on a best effort basis by a cross functional working group of relevant business areas (the "Green Bond Working Group"). The projects to be financed and/or refinanced through the proceeds of any Green Bond will be evaluated and selected for inclusion in the eligible pool by the Group's employees based on compliance with the eligibility criteria described in "*—Use of Proceeds*". When assessing prospective eligible projects and their non-financial impacts, the Group may rely on analysis provided by external parties, in addition to its own assessment.

### Management of Proceeds

The Group intends to allocate an amount equal to the net proceeds from the Green Bonds to an Eligible Green Project Portfolio, selected in accordance with the criteria set out in "*—Use of Proceeds*" and "*—Process for Project Evaluation and Selection*" above.

The Group will strive, over time, to achieve a level of allocation for the Eligible Green Project Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches the balance of net proceeds from its outstanding Green Bonds. Additional eligible green projects will be added to the Eligible Green Project Portfolio to the extent required to ensure that the net proceeds from outstanding Green Bonds will be allocated to eligible green projects.

Whilst any portion of an amount equal to the net proceeds of any Tranche of Green Bonds remains unallocated, the Group will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other liquid instruments, the balance of an amount equal to the net proceeds not yet allocated to the Eligible Green Project Portfolio.

### **Reporting**

The Group will make and keep readily available reporting on the allocation of an amount equal to the net proceeds to the Eligible Green Project Portfolio and wherever feasible reporting on the impact of the Eligible Green Project Portfolio, at least at the category level, after a year from the issuance of the applicable Green Bonds to be renewed annually until maturity of the instruments. The Group intends to provide aggregated reporting for all of its Green Bonds and other potential green financings outstanding, which may include reports on the allocation and impact of the Eligible Green Project Portfolio.

### **External Review**

Sustainalytics, a provider of environmental, social and governance research and analysis, has evaluated the Group's Green Bond Framework and its alignment with relevant industry standards and has provided views on the robustness and credibility of the Green Bond Framework within the meaning of the Green Bond Principles, in its "Second Party Opinion", which views are intended to inform investors in general, and not for a specific investor. The Sustainalytics Second Party Opinion, as well as the Green Bond Framework, are available at <https://aib.ie/sustainability> and <https://aib.ie/investorrelations/debt-investor/green-bonds>. For the avoidance of doubt, the Second Party Opinion and the Green Bond Framework are not incorporated into, and do not form part of, this Base Prospectus.

Additionally, the Group may request on an annual basis, starting one year after issuance and until maturity, a limited assurance report of the allocation of the Green Bond proceeds to eligible assets, provided by its external auditor.

None of the Dealers shall be responsible for (i) any assessment of the Eligible Green Project Portfolio, (ii) any verification of whether the Eligible Green Project Portfolio falls within an investor's requirements or expectations of a "green" or "sustainable" or equivalently-labelled project or (iii) the ongoing monitoring of the use of proceeds in respect of any such Notes.



## AIB GROUP PLC AND THE GROUP

### Overview

The Issuer is a public limited company incorporated in Ireland on 8 December 2016 under the Companies Act 2014, with registration number 594283. The Group is a financial services group operating predominantly in Ireland and the United Kingdom. The Group provides a range of services to retail, business and corporate customers, with market-leading positions in key segments. AIB is the principal brand of the Group across all geographies in which it operates. In Ireland, EBS is a challenger brand and Haven is a mortgage broker channel. Both EBS and Haven are subsidiaries of the Group.

The Group offers a full suite of products for retail customers, including mortgages, personal loans, credit cards, current accounts, insurance, pensions, financial planning, investments, savings and deposits. Its products for business and corporate customers include finance and loans, business current accounts, deposits, foreign exchange and interest rate risk management products, trade finance products, invoice discounting, leasing, credit cards, merchant services, payments and corporate finance.

The Group's performance is managed and reported across Retail Banking, Corporate, Institutional & Business Banking ("CIB"), AIB UK and Group segments.

### *Retail Banking*

Retail Banking comprises Homes & Consumer, SME and Financial Solutions Group (FSG) in a single integrated segment, focused on meeting the current, emerging and future needs of the Group's personal and SME customers.

- Homes & Consumer is responsible for meeting the homes needs of customers in Ireland across the AIB, EBS and Haven brands and delivering innovative and differentiated products, propositions and services to meet customers' everyday banking needs through an extensive range of physical and digital channels. The Group's purpose is to achieve a seamless, transparent and simple customer experience in all of the Group's propositions across current accounts, personal lending, payments and credit cards, deposits, insurance and wealth to maintain and grow the Group's market leading position.
- SME is a leading provider of financial services to micro and small SMEs through the Group's sector-led strategy and local expertise with an extensive product and proposition offering across a number of channels. The Group's purpose is to help the Group's customers create and build sustainable businesses in their communities.
- FSG is a standalone dedicated workout unit to which the Group has migrated the management of the majority of its NPEs, with the objective of delivering the Group's strategy to reduce NPEs.

### *Corporate, Institutional & Business Banking (CIB)*

CIB provides institutional, corporate and business banking services to the Group's larger customers and customers requiring specific sector or product expertise. CIB's relationship driven model serves customers through sector specialist teams including: Corporate Banking, Real Estate Finance, Business Banking and Energy, Climate Action & Infrastructure. In addition to traditional credit products, CIB offers customers foreign exchange and interest rate risk management products, cash management products, trade finance, mezzanine finance, structured and specialist finance, equity investments and corporate finance advisory services, as well as Private Banking services and advice. CIB also has syndicated and international finance teams based in Dublin and in New York.

## ***AIB UK***

AIB UK offers retail and business banking services in two distinct markets, a sector-led corporate and commercial bank supporting businesses in Great Britain (Allied Irish Bank (GB)), and a retail and business bank in Northern Ireland (AIB (NI)).

## ***Group***

The Group segment comprises wholesale treasury activities and Group control and support functions. Treasury manages the Group's liquidity and funding positions and provides customer treasury services and economic research. The Group control and support functions include Business & Customer Services, Risk, Group Internal Audit, Finance, Legal & Corporate Governance, Human Resources and Corporate Affairs and Strategy.

## ***History***

The Group has a long history of operating in Ireland, with its predecessor organisations having been part of the Irish banking sector for almost 200 years. The Group's origins date back to the amalgamation in 1966 of three long-established banks: (i) the Munster and Leinster Bank Limited (established 1885), (ii) the Provincial Bank of Ireland Limited (established 1825) and (iii) the Royal Bank of Ireland Limited (established 1836). AIB Bank was incorporated as a limited company on 21 September 1966 and was subsequently re-registered as a public limited company on 2 January 1985.

In 1991, the Group merged its interests in Northern Ireland with those of TSB Northern Ireland to create First Trust Bank. In 1996, the Group's retail operations in the UK were integrated and the resulting entity was renamed AIB Group (UK) p.l.c., with two distinct trading names: Allied Irish Bank (GB) in Great Britain and First Trust Bank (which rebranded as AIB (NI) in November 2019) in Northern Ireland. During the 1980s and 1990s, the Group entered a phase of international expansion in select markets, acquiring businesses in the United States and Poland.

In the context of the global financial crisis beginning in 2008, the Irish Government recognised the need to stabilise Irish financial institutions and to create greater certainty for all stakeholders. It implemented a number of measures in response to the crisis, including the introduction of the CIFS Scheme and the ELG Scheme and the establishment of NAMA, and several capital investments in AIB Bank and EBS during 2009, 2010 and 2011 amounting to a total of €20.8 billion, which included the National Pensions Reserve Fund Commission making a €3.5 billion investment in the Group by way of a subscription for preference shares (the "2009 Preference Shares") on 13 May 2009. Following these investments the Irish Government owned 99.8 per cent. of the ordinary shares in the capital of AIB Bank. The Group was also required to deleverage approximately €20.5 billion of non-core assets by December 2013.

AIB Bank's ordinary shares were delisted from both the Main Securities Market of the Irish Stock Exchange (now known as the Regulated Market of Euronext Dublin) and the UK Official List and were subsequently admitted to the Enterprise Securities Market of the Irish Stock Exchange (now known as Euronext Dublin Enterprise Securities Market) ("ESM") in January 2011. Also in 2011, AIB Bank's American Depositary Shares were delisted and ceased to be traded on the New York Stock Exchange.

During 2012, the Group made significant progress in restructuring its balance sheet and also introduced a series of cost reduction programmes, including a voluntary severance scheme and an early retirement scheme.

## ***Initial Public Offering***

On 30 May 2017, the Irish Government and AIB Bank announced an intention to seek admission of the AIB Bank shares to the Official Lists of each of the Irish Stock Exchange (now known as Euronext Dublin) and the FCA and to trading on the main markets of the Irish Stock Exchange (now known as Euronext Dublin) and the London Stock Exchange and to proceed with a secondary offering of ordinary shares in AIB Bank by the Irish

Government. Pursuant to this secondary offering in June 2017, the Irish Government sold 780,384,606 ordinary shares in AIB Bank to certain institutional and retail investors (the “IPO”), comprising 28.75 per cent. of the issued ordinary share capital of AIB Bank. On completion of this sale the Irish Government holding reduced to 71.12 per cent. Admission to the Official Lists together with admission to trading on the main markets for listed securities on the Irish Stock Exchange (now known as Euronext Dublin) and the London Stock Exchange commenced on 27 June 2017.

### *Scheme of Arrangement*

Following High Court of Ireland approval in December 2017, AIB Bank completed a corporate reorganisation to effect the SRB’s decision that the preferred resolution strategy for the Group would be a single point of entry via a holding company. The Scheme involved the establishment of a new group holding company, AIB Group plc. The reorganisation had been approved by shareholders’ meetings in November 2017 and was implemented by means of a scheme of arrangement under Chapter 1 of Part 9 of the Irish Companies Act 2014.

In December 2017, the Scheme became effective and AIB Bank’s shares were cancelled, with one share of the Issuer being issued for every AIB Bank share held at such time. On 11 December 2017, the entire issued ordinary share capital of AIB Group plc, comprising 2,714,381,237 ordinary shares, was admitted to the Official Lists of each of the Irish Stock Exchange (now known as Euronext Dublin) and the FCA and to trading on the main markets of the Irish Stock Exchange (now known as Euronext Dublin) and the London Stock Exchange. With effect from the time the Scheme became effective, the Issuer has owned 100 per cent. of AIB Bank. As at 30 June 2020, the Irish Government maintained a 71.12 per cent. shareholding in AIB Group plc.

### **Board of Directors and Executive Officers**

The following is a list of directors and officers of the Issuer as at the date of this Base Prospectus. The business address of each of the directors and officers referred to below is c/o 10 Molesworth Street, Dublin 2, D02 R126. The contact telephone number for the Issuer is: +353 (1) 660 0311.

<b>Name</b>	<b>Title</b>
Brendan McDonagh	Deputy Chair and Non-Executive Director
Carolán Lennon	Senior Independent Non-Executive Director
Basil Geoghegan	Non-Executive Director
Sandy Kinney Pritchard	Non-Executive Director
Elaine MacLean	Non-Executive Director
Helen Normoyle	Non-Executive Director
Ann O’Brien	Non-Executive Director
Raj Singh	Non-Executive Director
Colin Hunt	Chief Executive Officer and Executive Director
Tomás O’Midheach*	Chief Operating Officer, Deputy Chief Executive Officer and Executive Director

As far as is known to AIB, no potential conflicts of interest exist between any duties to AIB of the persons listed under “*Board of Directors and Executive Officers*” above and their private interests and/or other duties.

The Board-approved Code of Conduct and Conflicts of Interest Policy sets out how actual, potential or perceived conflicts of interest are to be evaluated, reported and managed to ensure that Directors act at all times

in the best interests of the Group and its stakeholders. Executive Directors, as employees of the Group, are also subject to the Group's Code of Conduct and Conflicts of Interests Policy for employees.

### **Executive Committee**

<b>Name</b>	<b>Title</b>
Colin Hunt	Chief Executive Officer
Tomás O'Midheach*	Chief Operating Officer and Deputy Chief Executive Officer
Cathy Bryce	Managing Director, Corporate, Institutional & Business Banking
Geraldine Casey	Chief People Officer
Helen Dooley	Group General Counsel
Donal Galvin	Chief Financial Officer
Deirdre Hannigan	Chief Risk Officer
Robert Mulhall	Managing Director, AIB Group (UK) plc
Jim O'Keefe	Managing Director of Retail Banking
Mary Whitelaw	Director of Corporate Affairs and Strategy

\* Mr Tomás O'Midheach tendered his resignation on 30 July 2020, triggering his six month notice period. He is therefore scheduled to resign from AIB and the roles mentioned above in early 2021.

## TAXATION

*The following is a summary of certain Irish tax consequences of the purchase, ownership and disposal of Notes. It applies to the absolute beneficial owners of Notes (including all amounts payable by the Issuer in respect of their Notes). However, it does not apply to certain classes of persons such as dealers in securities. The summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of Notes. The summary is based upon Irish laws and the practice of the Revenue Commissioners of Ireland, in effect on the date of this Base Prospectus. The summary does not constitute tax or legal advice and is of a general nature only. Prospective holders should consult their own tax adviser with respect to the applicable tax consequences of the purchase, ownership and disposal of Notes.*

### **Irish Taxation**

#### ***Withholding tax***

There are two different types of Irish withholding tax relevant to payments on the Notes, namely Irish interest withholding tax and Irish encashment tax. However, there are broad exemptions available from these withholding taxes, which are described in the following paragraphs. As the Issuer is not a “relevant deposit taker” as defined in Section 256 of the Taxes Consolidation Act 1997, Irish deposit interest retention tax (“DIRT”) is not applicable to payments of interest made by it.

By way of background, Irish interest withholding tax can apply to interest payments at a rate of 20 per cent., unless an exemption is available. This interest withholding tax can also apply to any premium paid on notes (but does not apply to any discount on notes). An encashment tax at a rate of 20 per cent. can apply to certain categories of listed notes issued by companies.

#### ***Listed Notes***

Listed Notes are Notes which have been admitted to the Official List of Euronext Dublin. Payments of interest in respect of Listed Notes may be made without any deduction of Irish tax by the Issuer, provided the Listed Notes remain quoted on Euronext Dublin and remain held in Euroclear and Clearstream, Luxembourg.

If Notes are quoted on another “recognised” stock exchange (instead of Euronext Dublin) 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 Euronext Dublin has in Ireland. If Notes are held in another “recognised” clearing system (instead of Euroclear and Clearstream, Luxembourg), the same treatment should apply. A list of “recognised” clearing systems for these purposes is included in Irish tax legislation and this list includes the Depository Trust Company of New York.

Irish encashment tax may apply where a collecting agent in Ireland obtains payment of interest (whether in Ireland or elsewhere) on Listed Notes or realises in Ireland any Coupon in respect of Listed Notes. In these circumstances, the collecting agent may be required to deduct Irish encashment tax from such interest or realisation proceeds at the standard rate of tax. An exemption from this Irish encashment tax is available if the holder is not tax resident in Ireland and has provided a declaration in the prescribed form to the collecting agent. Therefore, holders should note that, if they appoint an Irish collecting agent in respect of their Listed Notes, it may result in Irish encashment tax being deducted by their collecting agent from payments made in respect of their Listed Notes.

### *Unlisted Notes*

The Issuer may issue Notes which are not quoted on Euronext Dublin (or another “recognised” stock exchange). Payments in respect of such Notes may be made without any deduction of Irish tax by the Issuer, provided one of the following exemptions from each of Irish interest withholding tax and Irish encashment tax is available:

- (a) no Irish interest withholding tax will be deducted by the Issuer on payments in respect of such Notes, if one of the following applies:
  - (i) the Notes qualify for the “commercial paper” exemption (see below); or
  - (ii) interest on the Notes is not “yearly interest” (generally, interest on Notes would not be considered to be “yearly interest” if the Notes had a maturity of 364 days or less and there was no intention to extend the maturity of the Notes beyond 364 days); and
- (b) no Irish encashment tax will be deducted, provided the Notes are not quoted on any “recognised” stock exchange (see above).

Other exemptions from Irish withholding tax may also be available in certain circumstances. For example, an exemption is available from Irish interest withholding tax where the holder of Notes is a company resident in an EU jurisdiction (other than Ireland) or in a jurisdiction with which Ireland has a double tax treaty, provided a number of conditions are satisfied. The terms of a double tax treaty may also provide relief from Irish withholding tax.

#### *What is the “commercial paper” exemption?*

As described above, one of the exemptions from Irish interest withholding tax is the “commercial paper” exemption. Notes will qualify as “commercial paper” if the relevant Notes mature within two years, recognise an obligation to pay a stated amount and carry a right to interest or are issued at a discount or at a premium.

Where Notes qualify as “commercial paper”, an exemption from Irish interest withholding tax will be available on payments of interest in respect of such Notes where the Notes have a denomination of not less than €500,000 (or its currency equivalent) or U.S.\$500,000 and the Notes are held in Euroclear and Clearstream, Luxembourg (or another recognised clearing system).

Other exemptions for “commercial paper” may be available where holders of Notes provide certain specified information or declarations to the Issuer.

### ***Taxation of Noteholders***

#### *Noteholders resident in Ireland*

Generally, if holders are tax resident in Ireland, they will be subject to Irish tax on their worldwide income, including their return on the Notes. They will be obliged to account for any Irish tax on a self-assessment basis. There is no requirement for the Revenue Commissioners to issue or raise an assessment on them.

#### *Noteholders not resident in Ireland*

If holders are not tax resident in Ireland, they will generally only be subject to Irish tax on their Irish source income (on a self-assessment basis). A corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed may have a liability to Irish corporation tax on the interest.

Interest payable on the Notes may be regarded as Irish source income, as the Issuer is resident in Ireland.

However, where the Notes are Listed Notes (and continue to be held in Euroclear and Clearstream, Luxembourg) or the “commercial paper” exemption (see above) applies, a holder should nevertheless be exempt from Irish income tax on interest paid on the Notes if it is:

- (a) a person (including a company) who is not tax resident in Ireland and is regarded (for the purposes of section 198 of the Taxes Consolidation Act 1997 of Ireland) as being a resident of a EU member state (other than Ireland) or a territory with which Ireland has a double tax treaty that has the force of law;
- (b) a company which is under the control (whether directly or indirectly) of a person or persons who, by virtue of the laws of a “relevant territory”, is or are tax resident in the “relevant territory” and who is or are (as the case may be) not under the control (whether directly or indirectly) of a person, or persons who are, not so resident. A “relevant territory” for these purposes means (i) a member state of the EU (other than Ireland), (ii) a territory with which Ireland has a double tax treaty that has the force of law, or (iii) a territory with which Ireland has signed a double tax treaty, which has yet to have the force of law; or
- (c) a company the principal class of shares of which, or:
  - (i) where the company is a 75 per cent. subsidiary of another company, of that other company; or
  - (ii) where the company is wholly-owned by two or more companies, of each of those companies, is substantially and regularly traded on a stock exchange in Ireland, or on one or more recognised stock exchanges in a “relevant territory” (see just above) or on such other stock exchange as may be approved of by the Minister for Finance of Ireland for these purposes.

If the Notes are neither Listed Notes nor Notes to which the “commercial paper” exemption (see above) applies, a holder should nevertheless be exempt from Irish income tax on interest paid on the Notes if the interest is paid by the Issuer in the ordinary course of its trade or business and it is:

- (a) a company which is not tax resident in Ireland and which is regarded (for the purposes of section 198 of the Taxes Consolidation Act 1997 of Ireland) as being a resident of a EU member state (other than Ireland) or a territory with which Ireland has a double tax treaty that has the force of law provided, in either case, that the relevant territory imposes a tax that generally applies to interest receivable in that territory by companies from sources outside that territory; or
- (b) a company and the interest paid on the Notes is exempted from the charge to Irish income tax under a double tax treaty in force on the date the interest is paid, or would be exempted from the charge to Irish income tax if a double tax treaty which has been signed but is not yet in force had the force of law on the date the interest is paid.

If a holder earns a discount on Notes, it will not be chargeable to Irish income tax on such discount if the Notes were issued by the Issuer in the ordinary course of its trade or business and it is a person (including a company) who is not tax resident in Ireland and who is regarded (for the purposes of section 198 of the Taxes Consolidation Act 1997 of Ireland) as being a resident of a EU member state (other than Ireland) or a territory with which Ireland has a double tax treaty that has the force of law.

If the above exemptions do not apply, and the terms of a double tax treaty do not fully relieve Irish income tax payable on income earned on the Notes, the terms of a double tax treaty may provide for relief for Irish income tax paid, against a foreign tax liability arising on the same income.

### ***Irish capital gains tax***

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

If a holder is not tax resident or ordinarily resident in Ireland, it should not be subject to Irish tax on capital gains arising on a disposal of the Notes, provided the Notes are or were not held for the use of or for the purposes of an Irish branch or agency.

### ***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 donee (or successor) is tax resident or ordinarily resident in Ireland on the relevant date; or
- (c) the Notes are regarded as property situated in Ireland.

### ***Irish stamp duty***

The issue of Notes will not give rise to a charge to Irish stamp duty.

The transfer of interests in the Notes may, in certain circumstances, result in a charge to Irish stamp duty. However, a transfer of the Notes by physical delivery only (and not otherwise) should not give rise to a charge to Irish stamp duty.

A transfer of Notes satisfying the terms of the loan capital exemption will be exempt from stamp duty. There are four conditions that must be satisfied to avail of this exemption:

- (a) the Notes must not carry a right of conversion into shares or marketable securities (other than loan capital) of an Irish incorporated company or into loan capital having such a right;
- (b) the Notes must not carry rights similar to those attaching to shares, including voting rights, entitlement to a share of profits or a share in surplus on liquidation of the Issuer;
- (c) the Notes must be issued for a price which is not less than 90 per cent. of the nominal value of the Notes; and
- (d) the Notes must not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any document relating to the Notes.



## SUBSCRIPTION AND SALE

The Dealers have in a Dealer Agreement dated 21 September 2020 (the “Dealer Agreement”) agreed with AIB a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement for any particular purchase will extend to those matters stated under “Terms and Conditions of the Senior Notes” and “Terms and Conditions of the Subordinated Notes” above.

In the Dealer Agreement, AIB has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement may be terminated in relation to all the Dealers or any of them by AIB or, in relation to itself, by any Dealer, at any time on giving not less than 15 days’ written notice. The Dealers are entitled in certain circumstances to be released and discharged from their obligations under a subscription agreement prior to the closing of the issue of the relevant Notes.

### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code, as amended and the regulations thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells any Notes during the distribution compliance period, a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act.

### Prohibition of Sales to EEA and UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA or in the UK. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or

- (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

## **United Kingdom**

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

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and, it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom; and
- (b) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

## **Ireland**

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Notes, or do anything in Ireland in respect of the Notes, otherwise than in conformity with the provisions of:

- (a) the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) and any codes or rules of conduct applicable thereunder, Regulation (EU) No 600/2014 and any delegated or implementing acts adopted thereunder and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) the Irish Central Bank Acts 1942 – 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);
- (c) the Prospectus Regulation, the European Union (Prospectus) Regulations 2019 (as amended) and any rules and guidance issued under Section 1363 of the Companies Act 2014, by the Central Bank;

- (d) the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules and guidance issued under Section 1370 of the Companies Act 2014 (as amended) by the Central Bank;
- (e) the Companies Act 2014 (as amended); and
- (f) in respect of Notes with a maturity at issuance of less than one year, the terms of Central Bank Notice BSD C 01/02.

## **Republic of Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver, any Notes or distribute any copy of this Base Prospectus or any other document relating to the Notes in the Republic of Italy (“Italy”) except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree no. 58 of 24 February 1998, as amended (the “Financial Services Act”) and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “CONSOB Regulation”), all as amended from time to time; or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-*ter* of the CONSOB Regulation and applicable Italian laws, each as amended from time to time.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in Italy under (a) and (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “Banking Act”) and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time pursuant to which the Bank of Italy may request post-offering information on the issue or the offer of securities in Italy; and
- (iii) in compliance with any other applicable laws and regulations, including any requirement or limitation which may be imposed from time to time by CONSOB or the Bank of Italy or any other competent authority.

See also “*Transfer Restrictions in Italy*” below.

### ***Transfer Restrictions in Italy***

Investors should note that, in accordance with Article 100-*bis* of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer

and the prospectus requirement rules provided under the Financial Services Act and the CONSOB Regulation. Furthermore, where no exemption from the rules on public offerings applies, the Notes which are initially offered and placed in Italy or abroad to professional investors only but in the following year are “systematically” distributed on the secondary market in Italy become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and CONSOB Regulation. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by purchasers of Notes who are acting outside of the course of their business or profession.

This Base Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended the “Financial Instruments and Exchange Act”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been, and will not be, registered as a prospectus in Singapore with the Monetary Authority of Singapore. 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 offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-Based Derivatives Contracts) Regulations 2018 of Singapore.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **Switzerland**

No Notes may be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit any Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither the Base Prospectus nor any other offering or marketing material relating to any Notes constitutes a prospectus pursuant to the FinSA, and neither the Base Prospectus nor any other offering or marketing material relating to any Notes may be publicly distributed or otherwise made publicly available in Switzerland.

## **Canada**

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any supplement or amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

## **General**

These selling restrictions may be modified by the agreement of AIB and the relevant Dealer(s) following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will (to the best of its knowledge) comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of AIB in such jurisdiction.

## APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

**Final Terms dated [●]**

**AIB Group plc**

**Legal Entity Identifier (LEI): 635400AKJBGNS5WNQL34**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €10,000,000,000

**Euro Medium Term Note Programme**

### **PART A – CONTRACTUAL TERMS**

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”) or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**[Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended, the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products][capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded][Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.)<sup>1</sup>

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<sup>1</sup> For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 21 September 2020 [and the supplemental Base Prospectuses dated [●]] [which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented].<sup>2</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus[, as so supplemented]. The Final Terms and the Base Prospectus [and the supplemental Base Prospectuses] are available for inspection at the London office of the Agent and the office of the Issuer and in electronic form on the website of the Issuer [www.aibgroup.com](http://www.aibgroup.com) (access through the “Investor Relations” link)[, the website of the Central Bank, [www.centralbank.ie](http://www.centralbank.ie) (for so long as the Central Bank decides to provide a service of publishing such documents on its website) and on the website of Euronext Dublin at [www.ise.ie](http://www.ise.ie)].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus (or equivalent) with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated [14 March 2018][14 May 2019] [and the supplemental Base Prospectuses dated [●]]. [This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 21 September 2020 [and the supplemental Base Prospectuses dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, save in respect of the Conditions which are extracted from the Base Prospectus dated [14 March 2018][14 May 2019] [and the supplemental Base Prospectuses dated [●]] and are attached hereto<sup>1</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Base Prospectus dated [●]]/[Base Prospectuses dated [●] and [●]] [and the supplemental Base Prospectuses dated [●] and [●]]. The [Base Prospectus dated [●]]/[Base Prospectuses dated [●]] [and the supplemental Base Prospectuses[es]] are available for inspection at the London office of the Agent and the office of the Issuer.]

[The securities described by these Final Terms (the “Securities”) constitute Commercial Paper for the purposes of Notice BSD C 01/02 issued by the Central Bank of Ireland (the “Notice”). The Securities are issued in accordance with one of the exemptions from the requirement to hold a banking licence provided by the Notice pursuant to section 8(2) of the Central Bank Act 1971 of Ireland, inserted by section 31 of the Central Bank Act 1989 of Ireland, as amended. The Securities do not have the status of a bank deposit and are not within the scope of the Deposit Protection Scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland.]<sup>3</sup>

1.	<b>Issuer:</b>	AIB Group plc
2.	[(i)]	Series Number: [●]
	[(ii)]	Tranche Number: [●]
	[(iii)]	Date on which the Notes become fungible: [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the <i>[insert description of the Series]</i> on <i>[insert date/the Issue Date/exchange of</i>

<sup>2</sup> Delete this statement and any other references to the Prospectus Regulation 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.

<sup>3</sup> Include for Notes which have a maturity of less than one year from the Issue Date. Any such Notes must be issued and transferable in a minimum amount of €125,000 (or its equivalent in other currencies). Such Notes fall outside the scope of the Prospectus Regulation.



the Temporary Global Note for interests in the Permanent Global Note, as referred to in item [26] below [which is expected to occur on or about [insert date]].]

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: [EUR100,000] [and integral multiples of [EUR1,000] in excess thereof up to and including [EUR199,000]. No Notes in definitive form will be issued with a denomination above [EUR199,000]][●]
- (ii) Calculation Amount: [●]
 

*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
8. **Maturity Date:** [specify/Interest Payment Date falling in or nearest [specify month and year]]
9. **Interest Basis:**

[[●] per cent. Fixed Rate]

[[●] per cent. Resettable Notes]

[[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate]

[Zero Coupon]
10. **Redemption/Payment Basis:** Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. **Change of Interest Basis:** [Applicable/Not Applicable]
12. **Put/Call Options:** [Put (further particulars specified at item 20 below)]

- [Call (further particulars specified at item 19 below)]
13. (i) Status of the Notes: [Senior/Subordinated]
- [(ii) Loss Absorption Note<sup>4</sup>: [Applicable/Not Applicable]]
- [(iii) Waiver of Set-off<sup>5</sup>: [Applicable – Condition 3(b) applies]/[Not Applicable – Condition 3(b) does not apply]]
- [(iv) Restricted Events of Default<sup>6</sup>: [Applicable – Condition 9(b) applies]/[Not Applicable – Condition 9(b) does not apply]]
- [(v) [Date [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]
14. **Method of distribution:** [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions:** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [Actual/Actual / Actual/Actual – ISDA]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360 / 360/360 / Bond Basis]  
[30E/360 / Eurobond Basis]  
[30E/360 (ISDA)]  
[Actual/Actual – ICMA]
- (vi) Determination Date(s): [[●] in each year/Not Applicable]
16. **Resettable Note provisions:** [Applicable/Not Applicable]

<sup>4</sup> Senior Notes only.

<sup>5</sup> Senior Notes only.

<sup>6</sup> Senior Notes only.

- |        |   |  |
|--------|---|--|
| (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)  | Subsequent Resettable Note Reset Date:    | [[●]/Not Applicable]   |
| (viii) | Business Day Convention:                  | [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention]  |
| (ix)   | Business Centre(s):                       | [●]  |
| (x)    | Reset Rate:                               | [Single Mid-Swap Rate]/[Mean Mid-Swap Rate]/[Reference Bond]   |
| (xi)   | Relevant Screen Page:                     | [●]  |
| (xii)  | Mid-Swap Maturity:                        | [●]  |
| (xiii) | Fixed Leg Swap Duration:                  | [●]  |
| (xiv)  | Benchmark Duration:                       | [Fixed Leg Swap Duration/[●]]  |
| (xv)   | Subsequent Reset Rate Time:               | [●]  |
| (xvi)  | Day Count Fraction:                       | [Actual/Actual / Actual/Actual – ISDA]<br>[Actual/365 (Fixed)]<br>[Actual/365 (Sterling)]<br>[Actual/360]<br>[30/360 / 360/360 / Bond Basis]<br>[30E/360 / Eurobond Basis]<br>[30E/360 (ISDA)]<br>[Actual/Actual – ICMA] |
| 17.    | <b>Floating Rate Note Provisions:</b>     | [Applicable/Not Applicable]  |
| (i)    | Interest Period(s):                       | [●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below  |

- (ii) Specified Interest Payment Dates: [●] in each year, subject to adjustment in accordance with the Business Day Convention set out in (v) below
- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention]
- (vi) Business Centre(s): [●]
- (vii) Manner in which the 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: [LIBOR][EURIBOR]  
 – Reference Rate:  
 – Interest Determination Date(s): [●]  
 – Relevant Screen Page: [●] (or any replacement page which displays that rate)
- (x) ISDA Determination:  
 – Floating Rate Option: [●]  
 – Designated Maturity: [●]  
 – Reset Date: [●]  
 – ISDA Definitions: [2000/2006]
- (xi) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (xii) Margin(s): [+/-][●] per cent. per annum
- (xiii) Minimum Rate of Interest: [●] per cent. per annum

- |       |                                     |  |
|-------|-------------------------------------|--|
| (xiv) | Maximum Rate of Interest:           | [●] per cent. per annum  |
| (xv)  | Day Count Fraction:                 | [Actual/Actual / Actual/Actual – ISDA]<br>[Actual/365 (Fixed)]<br>[Actual/365 (Sterling)]<br>[Actual/360]<br>[30/360 / 360/360 / Bond Basis]<br>[30E/360 / Eurobond Basis]<br>[30E/360 (ISDA)]<br>[Actual/Actual – ICMA] |
| 18.   | <b>Zero Coupon Note Provisions:</b> | [Applicable/Not Applicable]  |
| (i)   | Amortisation Yield:                 | [●] per cent. per annum  |
| (ii)  | Day Count Fraction:                 | [Actual/Actual / Actual/Actual – ISDA]<br>[Actual/365 (Fixed)]<br>[Actual/365 (Sterling)]<br>[Actual/360]<br>[30/360 / 360/360 / Bond Basis]<br>[30E/360 / Eurobond Basis]<br>[30E/360 (ISDA)]<br>[Actual/Actual – ICMA] |

**PROVISIONS RELATING TO REDEMPTION**

- |       |   |                             |
|-------|---|-----------------------------|
| 19.   | <b>Call Option:</b>                         | [Applicable/Not Applicable] |
| (i)   | Optional Redemption Date(s):                | [●]                         |
| (ii)  | Optional Redemption Amount(s) of each Note: | [●] per Calculation Amount  |
| (iii) | If redeemable in part:                      |                             |
|       | (a) Minimum Redemption Amount:              | [●] per Calculation Amount  |
|       | (b) Maximum Redemption Amount:              | [●] per Calculation Amount  |
| (iv)  | Notice period:                              | [●]                         |
| 20.   | <b>Put Option<sup>7</sup>:</b>              | [Applicable/Not Applicable] |
| (i)   | Optional Redemption Date(s):                | [●]                         |

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<sup>7</sup> Senior Notes only.

	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii)	Notice period:	[●]
[21.]		<b>Capital Disqualification Event for partial exclusion:</b> <sup>8</sup>	[Applicable/Not Applicable]
[22.]		<b>Loss Absorption Disqualification Event:</b>	[Applicable/Not Applicable] <i>(This item may only be expressed to be Applicable where the Notes are Senior Notes. If Not Applicable, delete the remaining subparagraph of this paragraph)</i>
		– Loss Absorption Disqualification Event for partial exclusion:	[Applicable/Not Applicable]
23.		<b>Final Redemption Amount of each Note:</b>	[●] per Calculation Amount
24.		<b>Early Redemption Amount:</b>	
		– Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default [or on redemption for regulatory reasons <sup>9</sup> ][or on redemption following a Loss Absorption Disqualification Event <sup>10</sup> ]:	[●] per Calculation Amount
25.		<b>Substitution and Variation:</b>	[Applicable/Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	<b>Form of Notes:</b>	[Bearer Notes:] [Temporary Global Note exchangeable for Permanent Global Note which is exchangeable for
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<sup>8</sup> Subordinated Notes only.

<sup>9</sup> Subordinated Notes only.

<sup>10</sup> Senior Notes only.

- Definitive Notes in the limited circumstances specified in the Permanent Global Note]  
 [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]  
 [Temporary Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]  
 [Registered Notes:]  
 [Registered Global Note registered in the name of a nominee for a [common depository/common safekeeper] for Euroclear and Clearstream, Luxembourg]
27. **Governing Law:** [English][Irish] Law Notes
28. **New Global Note:** [Yes] [No]
29. **Green Bonds:** [Yes] [No]  
*If Not Applicable, delete the remaining subparagraphs of this paragraph)*
- [(i)] [Reviewer(s):] *[Name of sustainability rating agencies and name of third party assurance agent, if any and details of compliance opinion(s) and availability]*
- [(i)] [Date of Second Party Opinion(s):] *[Give details]*
30. **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]*]
31. **Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):** [No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made]

## [USE OF PROCEEDS

*Give details if different from the “Use of Proceeds” section in the Base Prospectus.]*

## RESPONSIBILITY

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

The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by *(specify source)*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised



## PART B – OTHER INFORMATION

### 1. Listing

- (i) Listing: [Euronext Dublin/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 Euronext Dublin with effect from [●]. No assurance can be given that such listing will be obtained and/or maintained/Other/Not Applicable].
- [(iii) [Estimate of total expenses related to admission to trading: [●]

### 2. Ratings

Ratings: [The following ratings reflect the ratings allocated to Notes of this type issued under the Programme generally:]

The Notes are expected to be rated [●] by [●][on or shortly after the Issue Date].

No assurance can be given that such rating will be obtained and/or retained.

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

*(Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)*

*Insert one (or more) of the following options, as applicable:*

**Option 1: CRA is (i) established in the EU and (ii) registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and registered under Regulation (EC) No 1060/2009 (the “CRA Regulation”).*

**Option 2: CRA is (i) established in the EU, (ii) not registered under the CRA Regulation but (iii) has applied for registration:**

*[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and has applied for registration under Regulation (EC) No 1060/2009 (the “CRA Regulation”) although notification of the registration decision has not yet been provided.*

**Option 3: CRA is (i) established in the EU and (ii) has not applied for registration and is not registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating] is established in the EU and is neither*

registered nor has it applied for registration under Regulation (EC) No 1060/2009 (the “CRA Regulation”).

**Option 4: CRA is not established in the EU but the relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but the rating it has given to the [Notes] is endorsed by [insert legal name of credit rating agency], which is established in the EU and registered under Regulation (EC) No 1060/2009 (the “CRA Regulation”).*

**Option 5: CRA is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU but is certified under Regulation (EC) No 1060/2009 (the “CRA Regulation”).*

**Option 6: CRA is neither established in the EU nor certified under the CRA Regulation and the relevant rating is not endorsed under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU and is not certified under Regulation (EC) No 1060/2009 (the “CRA Regulation”) and the rating it has given to the [Notes] is not endorsed by a credit rating agency under Regulation (EC) No 1060/2009 (the “CRA Regulation”).*

3. **Interests of Natural and Legal Persons involved in the Issue**

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

4. **Estimated Net Proceeds**

Estimated net proceeds: [●]

5. **[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.]

6. **[Floating Rate Notes only –  
Historic Interest Rates**

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].]

7. **Operational Information**

ISIN:	[•]
Common Code:	[•]
CFI:	[[•], as updated, as set out on the website of the Association of National Number Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable]
FISN:	[[•], as updated, as set out on the website of the Association of National Number Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN /Not Applicable] <i>(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be “Not Applicable”)</i>
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)[and address(es)]]
Delivery:	Delivery [against/free of] payment
Name and address of additional Paying Agent(s) (if any):	[•]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] ( <i>include this text for registered notes</i> ) and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]  [No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] ( <i>include this text for registered notes</i> ). 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.]
<b>8. Distribution</b>	
(i) Method of distribution:	[Syndicated/Non-syndicated]

- (ii) If syndicated:
  - (A) Names of Managers: [Not Applicable/*give names*]
  - (B) Stabilisation Manager(s) [Not Applicable/*give names*]  
(if any):
- (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 21 September 2020 by Euronext Dublin subject only to the issue of a temporary Global Note or Global Certificate (as applicable) in respect of each Tranche. 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 Euronext Dublin for the purposes of the Prospectus Regulation on its own behalf, but as agent on behalf of AIB.
- 2 The update of the Programme and the issue of Notes under the Programme have been authorised by a resolution of the Board of Directors of AIB passed on 26 March 2020.
- 3 Each Bearer Note, Coupon and Talon will bear the following legend: “Any U.S. person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- 4 Save as disclosed in Risk Factor 30 with respect to the tracker mortgage related issues and decisions, 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 Save as disclosed elsewhere in this Base Prospectus, including but not limited to the COVID-19 related disclosures contained herein and the condensed consolidated financial statements of the Issuer for the six months ended 30 June 2020, there has been no significant change in the financial performance of the Group since 30 June 2020 and there has been no material adverse change in the prospects of the Issuer since 31 December 2019.
- 6 The issue price and the amount of the relevant Notes will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. AIB does not intend to provide any post-issuance information in relation to any issues of Notes.
- 7 The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code and ISIN (and any other relevant identification number for any alternative clearing system) for each Series of Notes will be set out in the relevant Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.
- 8 The legal entity identifier of AIB is 635400AKJBGNS5WNQL34.
- 9 Copies of the following documents (in physical form) will be available at the Issuer’s registered office from the date hereof for so long as the Programme remains in effect or any Notes remain outstanding at the London office of the Agent and the office of AIB specified at the end of this Base Prospectus:
  - (i) the Memorandum and Articles of Association of AIB;
  - (ii) the Trust Deed;
  - (iii) the Agency Agreement;
  - (iv) the annual financial report of AIB for the years ended 31 December 2019 and 31 December 2018;
  - (v) the half-yearly financial report for the six months ended 30 June 2020;

- (vi) each Final Terms for Notes which are listed on Euronext Dublin or any other stock exchange;
  - (vii) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus; and
  - (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in any supplement to this Base Prospectus or further Base Prospectus.
- 10** Deloitte Ireland LLP of Deloitte & Touche House, Earlsfort Terrace, Dublin (a member of the Institute of Chartered Accountants in Ireland) have audited, without qualifications, the annual consolidated financial statements of the Issuer for the financial years ended 31 December 2019 and 31 December 2018, in accordance with Auditing Standards issued by the Auditing Practices Board.
- 11** Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking, commercial banking, hedging, monetary policy and/or financing transactions with, and may perform services for the Issuer and/or the Issuer's affiliates or for clients in transactions which involve the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer and/or the Issuer's affiliates routinely hedge their credit exposure to the Issuer and/or the Issuer's affiliates consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
- 12** The website of the Issuer is <https://aib.ie/investorrelations>. The information on the Issuer's website does not form part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus.
- 13** A&L Listing Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Market for the purposes of the Prospectus Regulation.

## DEALERS

**ABN AMRO Bank N.V.**  
Gustav Mahlerlaan 10  
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The Netherlands

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**BofA Securities Europe SA**  
51 rue La Boétie  
75008 Paris  
France

**Commerzbank Aktiengesellschaft**  
Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Germany

**Credit Suisse Securities (Europe) Limited**  
One Cabot Square  
London E14 4QJ  
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**Goldman Sachs International**  
Plumtree Court  
25 Shoe Lane  
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United Kingdom

**HSBC France**  
103, avenue des Champs Elysées  
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France

**J&E Davy t/a Davy**  
49-50 Dawson Street  
Dublin 2  
Ireland

**Lloyds Bank Corporate Markets Wertpapierhandelsbank  
GmbH**  
Thurn-und-Taxis Platz 6  
60313 Frankfurt am Main  
Germany

**Mizuho International plc**  
Mizuho House  
30 Old Bailey  
London EC4M 7AU  
United Kingdom

**Barclays Bank Ireland PLC**  
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**BNP Paribas**  
16, boulevard des Italiens  
75009 Paris  
France

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Crédit Agricole Corporate and Investment Bank**  
12, place des Etats-Unis  
CS 70052  
92 547 Montrouge Cedex  
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**Deutsche Bank Aktiengesellschaft**  
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**Goodbody Stockbrokers UC**  
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**J.P. Morgan Securities plc**  
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London E14 5JP  
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**Merrill Lynch International**  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Natixis**  
30 avenue Pierre Mendès-France  
75013 Paris  
France

**NatWest Markets N.V.**  
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1082 MD Amsterdam  
The Netherlands

**Nomura International plc**  
1 Angel Lane  
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**Société Générale**  
29, boulevard Haussmann  
75009 Paris  
France

**UBS AG London Branch**  
5 Broadgate  
London EC2M 2QS  
United Kingdom

**UniCredit Bank AG**  
Arabellastrasse 12  
81925 Munich  
Germany

**ARRANGER AND DEALER**

**Morgan Stanley & Co. International plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**REGISTERED OFFICE OF AIB**

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10 Molesworth Street  
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**TRUSTEE**

**BNY Mellon Corporate Trustee Services Limited**  
One Canada Square  
Canary Wharf  
London E14 5AL  
United Kingdom

**ISSUING AND PAYING AGENT**

**The Bank of New York Mellon, London Branch**  
One Canada Square  
Canary Wharf  
London E14 5AL  
United Kingdom



**REGISTRAR**

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**LEGAL ADVISERS**

***to AIB***

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*(as to Irish law)*

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***to the Dealers***

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**A&L Listing Limited**

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