



## AIB Group plc

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

**€10,000,000,000**

## **Euro Medium Term Note Programme**

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

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

This Supplement is supplemental to and should be read in conjunction with the Base Prospectus. Terms defined in the Base Prospectus have the same meaning when used in this Supplement. The purpose of this Supplement is to reflect certain recent developments in relation to AIB, to amend certain of the risk factors, to incorporate by reference AIB’s unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2022, to provide an update on AIB’s financial performance for the nine months ended 30 September 2022, to make certain amendments to the description of AIB’s Executive Committee, to make certain amendments to the Issuer’s Green and Social Bond Framework overviews and to update the Issuer’s no material adverse change statement.

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

AIB accepts responsibility for the information contained in this Supplement. To the best of AIB’s knowledge and belief such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

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

## RECENT DEVELOPMENTS

The following shall be inserted after the final paragraph in the “Recent Developments” section on page 161 of the Base Prospectus:

### **“Government shareholding**

In December 2021, the Minister for Finance announced a planned sell down of part of the Irish Government’s shareholding in AIB Group plc through a pre-arranged trading plan, following which the State’s holding was reduced from 71.12 per cent. to 62.96 per cent. (as at 12 October 2022).

### **Financial Performance for the nine months ended 30 September 2022<sup>1</sup>**

#### ***Financial Performance***

The Group recorded a strong financial performance in the nine months ended 30 September 2022 (“9M22”).

Net interest income (“NII”) increased by 10 per cent. in 9M22 compared to the equivalent period in 2021, reflecting the impact of a higher interest rate environment. Non-performing exposures (“NPEs”) were €2.4 billion or 3.9 per cent. of gross loans (December 2021: €3.1 billion or 5.4 per cent.). 9M22 net interest margin (“NIM”) of 1.57 per cent. was 9 bps higher than the NIM of 1.48 per cent. for the six months ended 30 June 2022 as official ECB rates turned positive.

Other income, inclusive of Goodbody, increased by 40 per cent. compared to the equivalent period in 2021 with strong performances across fee-based lines.

9M22 operating costs, inclusive of Goodbody, increased by 7 per cent., resulting from the impacts of wage inflation and costs to onboard new customers from banks exiting the Irish market.

A small net credit impairment charge was recorded in the three months ended 30 September 2022 due to changes in the economic outlook and the day 1 ECL charge related to the migrated Ulster Bank corporate and commercial loans.

On 17 October 2022, AIB announced an agreement with NTR plc to buy energy from two new solar farms to be built in Ireland, capable of providing 80 per cent. of AIB’s energy requirements.

#### **Balance sheet**

Gross loans of €60.5 billion were up €2.1 billion at 30 September 2022 (December 2021: €58.4 billion) driven by strong new lending and the migration to date of €1.5 billion of Ulster Bank corporate and commercial loans.

In 9M2022 total new lending of €9.0 billion (+25 per cent. compared to the equivalent period in 2021) was recorded with positive trends across Retail Banking and Capital Markets segments. In the three months ended 30 September 2022 total new lending of €3.5 billion was recorded (+33 per cent. compared to the equivalent period in 2021).

The Irish mortgage market continues to perform strongly in 2022. In 9M2022 drawdowns were up 60 per cent. compared to the equivalent period in 2021. New mortgage lending in Ireland totalled €1.3 billion in the three months ended 30 September 2022 (+37 per cent. compared to the previous quarter). AIB’s mortgage market share in the Republic of Ireland was 31.2 per cent. in 9M22.

---

<sup>1</sup> As reported in the AIB Q3 2022 Trading Update published on 28 October 2022. For the avoidance of doubt, the AIB Q3 2022 Trading Update is not incorporated by reference in this Supplement and the AIB Q3 2022 Trading Update has not been filed with or reviewed by the Central Bank.

Green lending accounted for 24 per cent. of new lending whilst the green mortgage product represented 26 per cent. of new Republic of Ireland mortgage lending.

AIB's loan to deposit ratio was 61 per cent. at 30 September 2022. Customer deposits of €97.3 billion were up 5 per cent. (December 2021: €92.9 billion), reflecting inflows from banks exiting the Irish market and increased customer savings. In 9M2022, approximately 350,000 new accounts were opened with AIB, representing an increase of 82 per cent. compared to the equivalent period in 2021.

### **Capital / MREL**

AIB's fully loaded CET1 at 30 September 2022 was 15.4 per cent. This compares to 15.3 per cent. at 30 June 2022 on an equivalent basis, which is well ahead of AIB's minimum regulatory requirements. The main movements since 30 June 2022 are organic capital generation offset by increased risk-weighted assets ("RWAs") as a result of organic balance sheet growth and a dividend accrual. AIB expects the acquisition of the approximately €5.7bn Ulster Bank performing tracker mortgage portfolio to reduce AIB's CET1 by approximately 60 bps, reflecting increased RWAs of approximately €2.5 billion."

### **AMENDMENTS TO THE "RISK FACTORS" SECTION**

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

- (i) Risk Factor 4 "*—The Group's business may be adversely affected by any deterioration in Irish, UK or global economic conditions*" shall be moved and renumbered as Risk Factor 1 (and all subsequent risk factors shall be renumbered accordingly) and the first and second paragraphs shall be deleted and replaced with the following:

"The Group's business activities are almost entirely based in the Irish and UK markets. Deterioration in the performance of the Irish economy or in the European Union (the "EU"), the UK and/or other relevant economies has the potential to adversely affect the Group's overall financial condition and performance. Such deterioration could result in reductions in business activity, lower demand for the Group's products and services, reduced availability of credit, increased funding costs, and decreased asset values, including property prices. In relation to residential property, the Central Bank recently reviewed its mortgage measures framework and decided that "targeted changes were appropriate" which entail *inter alia* raising the loan-to-income limit for first time buyers from 3.5 to 4 times income and raising the loan-to-value ratio for second and subsequent buyers from 80 per cent. to 90 per cent. These changes will help alleviate some of the issues facing prospective buyers and add to demand which will help offset the adverse effects arising from the higher cost of living and from the expected series of mortgage interest rate increases impacting customers.

Ireland is a small open economy which could be adversely affected by deterioration in UK or global economic conditions or an external economic shock. Continued inflationary pressures, combined with a slowdown in economic growth and the potential for a recession in the UK or globally, could exacerbate an already severe downturn. Moreover, future changes in taxation policy and other tax measures introduced by international organisations such as the 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."

The final paragraph shall be deleted.

- (ii) The risk factor entitled “—*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*” shall be deleted and replaced with the following:

“Recent geopolitical developments, in particular related to the Russia/Ukraine conflict, have given rise to significant market volatility and are having an adverse impact on economic growth and performance globally. Uncertainty regarding the global economic outlook is likely to remain elevated in the short to medium term. The confluence of geopolitical risks, including the consequences of Brexit (see Risk Factor 4 “—*The consequences of the UK’s withdrawal from the EU 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 1 “—*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 3 “—*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 sovereign borrowing, necessitated by the fiscal policy support measures introduced in response to the pandemic, have added to pre-existing elevated public debt burdens in many economies. In addition, there has been an extended period of loose financial conditions and rising asset prices (including residential real estate) with record levels of high yield corporate bond issuance and leveraged loans. The war in Ukraine, and the possibility of further adverse economic consequences of the conflict, may act as a trigger for a reassessment of corporate and sovereign risk by market participants leading to further sharp re-pricing of financial assets and a rise in risk premia. A more protracted and severe economic downturn than expected, if coupled with higher sovereign borrowing costs, may result in unsustainable public finances in some Member States of the Eurozone. Furthermore, the supply chain issues arising from the Russia-Ukraine war, alongside the economic impacts that continue to result from COVID-19, have pushed up the prices of a broad range of commodities, with the resulting increase in inflation creating further challenges for monetary authorities and the Group’s customers. Having pre-announced the end of the prolonged period of extraordinary monetary accommodation in the latter part of 2021, central banks in developed markets have stepped up the pace of increases in official interest rates in 2022 to help ease inflationary pressures. Central banks will calibrate the policy response to reflect their evolving assessment of the outlook for economic growth. There is a risk that a combination of excessive tightening and worse-than-anticipated economic effects from the Russia-Ukraine war (including, inter alia, the impact of the extensive sanctions, trade restrictions etc.) precipitates a recession in parts of the global economy.

Since the start of 2022, the military conflict between the Russian Federation and Ukraine has contributed to increases in the prices of energy, oil and other commodities and to volatility in financial markets globally, as well as a new landscape in relation to international sanctions. The Group continues to closely monitor the situation in Ukraine and the potential impact it may have on the Group’s business. The Group has negligible direct credit exposure to Ukraine, Russia or Belarus and is closely monitoring payment flows. Risk assessments of the key impacts on the Group have identified the key risks as being operationalising complex sanctions regimes, potential for increase in cyberattacks and financial and market risks arising from volatility in asset values, interest rates or foreign exchange markets.

In addition, 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 below.

The stability of the power-sharing executive (the “Executive”) in Northern Ireland has been severely tested following disagreement regarding the implementation of the Northern Ireland Protocol (the “Protocol”), which came into force on 1 January 2021 and which provides for a new arrangement between Northern Ireland and the Republic of Ireland following Brexit regarding the movement of goods at the point of entry into the EU’s single market. The resignation of the First Minister (and the automatic departure of the Deputy First Minister) on 3 February 2022 means that the Executive, restored two years ago, can no longer meet and is unable to take significant policy decisions. The ruling Conservative Party in the UK has elected a new leader, Rishi Sunak, following the resignation of Liz Truss. Rishi Sunak is the fifth Prime Minister since the holding of the referendum on the withdrawal of the UK from the EU. It is important that, with the change in leadership, clarity regarding the course of future fiscal and tax policies is established to restore credibility with the financial markets. This would help to reduce uncertainty that impinges on decision-making by households and firms, to the extent that spending and investment plans are delayed or even cancelled, which could adversely impact economic activity.

It is now evident, based on UK Office for National Statistics data, that economic activity in Northern Ireland has recently been outperforming most other regions of the UK. Indeed, recently the National Institute for Economic and Social Research (UK Economic Outlook: A Risky Present, Summer 2022), have attributed this outperformance to the operation of the Protocol. However, the decision to override key parts of the Protocol with the proposed enactment of new legislation through parliament at Westminster has raised uncertainty, which, combined with the current political situation in Stormont, may inhibit growth in the region.

Following the Northern Ireland Assembly election on 5 May 2022, the Assembly has been unable to reconvene due to failure to nominate a first and deputy first minister arising from a dispute over the continuation of the Protocol arrangements. There is now uncertainty over the future of existing political structures in Northern Ireland and a risk that civil unrest may occur if a satisfactory resolution of the dispute over the Protocol cannot be reached. 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, more globalist policies of the Democrat administration may result in an easing of trade disputes with the EU, although not necessarily with China (given tensions in the recent past over developments in Xinjiang, Hong Kong and Taiwan and cyber-attacks on the United States). Furthermore, it is possible that the United States may adopt a more conciliatory approach to relations with Iran, for example by re-joining the Joint Comprehensive Plan of Action with respect to Iran, which if it does would influence relations between the United States and the EU and may have an impact on economic conditions generally.

Given the trade tensions of recent years and the upheaval caused by the COVID-19 pandemic, a further shift away from globalisation and a focus on more secure local supply chains remains a risk in the medium-term. As Ireland is a highly open economy, with exports and imports comprising a very large 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.”

- (iii) The risk factor entitled “—*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*” shall be deleted and replaced with the following:

“The spread of a novel strain of coronavirus (i.e. COVID-19) from late December 2019 onwards proceeded at such a rapid pace that by March 2020, the World Health Organization (“WHO”) declared COVID-19 to be a global pandemic precipitating a public health crisis in Ireland and in the Group’s other core markets. The initial stage of the pandemic was marked by episodes of financial market volatility, and a sharp decline in economic activity arising from measures introduced by various governments in the markets in which the Group operates, to reduce the spread of COVID-19. This resulted in widespread closure of companies and steep rises in the level of unemployment.

Nonetheless, over time businesses, households and policymakers have learnt to adapt to the pandemic environment such that the re-introduction of social mobility restrictions to counter subsequent waves of new infections have had a much smaller economic impact. Experience has shown that economies have bounced back relatively quickly, with minor economic ‘scarring’, following the lifting of restrictions on social mobility. For example, according to official data from national statistics authorities, economic output returned to pre-pandemic levels in the second quarter of 2021 in both Ireland and the U.S. (fourth quarter of 2021 in the Euro Area) while the UK exceeded this threshold in the first quarter of 2022. Labour markets in Ireland and the Euro Area have recovered quicker than expected though in its March 2022 Economic and Fiscal Outlook, the Office for Budget Responsibility do not expect employment in the UK to recover to more normalised (pre-pandemic) levels until the third quarter of 2023.

According to the Economic and Social Research Institute (“ESRI”) Quarterly Economic Commentary (Summer 2022) Modified Domestic Demand is projected to grow by 4.4 per cent. during 2022 and 3.7 per cent. for 2023 (this measure removes many of the distortions arising from the activities of multinational firms located in Ireland and is a better gauge of underlying economic performance than GDP in an Irish context). These forecasts represent a further downward revision to the outlook compared to ESRI’s previous commentary, reflecting, inter alia, the growing problem of high inflation coupled with uncertainty surrounding the conflict in Ukraine on global and domestic economies. Furthermore, the rise in inflation is presenting significant challenges for households in terms of the cost of living. The ESRI note, however, the strong growth performance of the Irish labour market with unemployment continuing to fall and likely to average 5.0 per cent. in 2022 and 4.0 per cent. in 2023. Uncertainty regarding the evolution of the COVID-19 virus nevertheless remains ever-present, with the risk that the impact on health, the global economy and financial markets could become more severe once again if vaccine-resistant strains of the virus emerge, resulting in further health restrictions and closure of parts of the economies that the Group operates in.

The financial stress experienced by customers was eased, to some degree, by a package of measures implemented by the Irish Government. These include inter alia the Employment Wage Subsidy Scheme (“EWSS”) which provided a flat-rate subsidy to qualifying employers, based on the number of qualifying employees on the payroll and the Pandemic Unemployment Payment (“PUP”) scheme that exceeded regular welfare benefits. The PUP and EWSS schemes ended in late March and late April 2022, respectively. The financial strains caused by the COVID-19 pandemic on the Group’s core markets have receded along with the Group’s expected credit loss estimates.

The permanence of any customer behavioural change as a result of the crisis (i.e., an accelerated move to digital and appetite for different products and services) is not yet fully measurable. The Group has seen much higher levels of usage across its digital channels and significant growth in contactless payments by Irish consumers throughout the crisis.

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 7 “—*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 “—*Capital implications to ensure minimum coverage levels on long term NPE exposures due to ECB guidance may continue to negatively impact the Group's financial condition*”; Risk Factor 12 “—*Constraints on the Group's access to liquidity and funding, including a loss of confidence by depositors or curtailed access to wholesale funding markets, may result in the Group being required to seek alternative sources of funding 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 which could negatively impact the Group's business, results of operations, financial condition or prospects*”.

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

“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 2022, the Group had €2.899 billion of net deferred tax assets on its statement of financial position, substantially all of which related to unused tax losses. Currently, it is not possible to determine the impact the proposals for a global minimum effective corporation tax rate of 15 per cent. will have on the value of the Group's deferred tax assets.”

- (v) The risk factor entitled “—*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*” shall be deleted and replaced with the following:

“The Group has a material 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 2022, total criticised loans amounted to €4.0 billion, of which €1.8 billion were “criticised watch” and €2.2 billion were “criticised recovery” (31 December 2021: €4.5 billion, of which €2.1 billion were “criticised watch” and €2.4 billion were “criticised recovery”). In addition, the Group had a further €2.4 billion in NPEs on its balance sheet representing 4.2 per cent. of total gross loans to customers, compared to €3.1 billion as at

31 December 2021 (5.4 per cent. of total gross loans to customers), The Group remains on track to achieve its approximately 3 per cent. target of total gross loans to customers by 2023. The Group made significant progress by reducing NPEs by €0.7 billion in the first half of 2022, predominately due to the sale of non-performing loan portfolios in long-term default which was completed in the period and accounted for €0.4 billion. The Group's total NPE portfolio of €2.4 billion can be further split between legacy and non-legacy NPEs. Exposures that entered into default prior to 31 December 2018 amount to €0.3 billion or 0.6 per cent. of total gross loans and advances to customers (31 December 2021: €0.9 billion or 1.5 per cent.) and are classified as legacy. The reduction in the period is due to aforementioned non-performing loan portfolio sale and cures. The remaining balances relate to exposures which may form part of alternative recovery strategies. Exposures that have defaulted after 31 December 2018 amount to €2.1 billion or 3.6 per cent. of total gross loans and advances to customers (31 December 2021: €2.2 billion or 3.8 per cent.) and are classified as non-legacy. These exposures were largely impacted by COVID-19 and spread across all asset classes, however as economic conditions improved, this has led to a €0.1 billion reduction in the period.

Further NPE reduction continues to remain a priority of the Group given the impact 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. 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. While the Group has made significant progress in reducing the level of NPEs, the impact of the volatility in economic conditions will continue to be closely monitored throughout 2022. The macroeconomic outlook for 2022 remains challenging, due to inflationary pressures, rising interest rates and supply chain issues globally 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."

- (vi) The risk factor entitled "*—The Group is subject to credit risks in respect of customers and counterparties, including risks arising due to concentration of exposures across its loan book, and any failure to manage these risks effectively could have a material adverse effect on its business, financial condition, results of operations and prospects*" shall be deleted and replaced with the following:

"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.

As at 30 June 2022, 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, 14 per cent. in the



UK and 9 per cent. in other jurisdictions. Also, as at 30 June 2022, residential mortgages represented 50 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.

Despite the backdrop of ongoing economic uncertainty, the Group disclosed a net credit impairment writeback of €309 million for the six months ended 30 June 2022. The key drivers of the ECL writeback in the period were due to post model adjustment releases, robust credit quality resulting in repayments and updated macroeconomic scenarios and weightings applied at 30 June 2022, which led to releases predominately reflecting improvements in the Republic of Ireland's unemployment rate. Asset quality remains a priority as the Group continues to carefully manage the loan portfolio, particularly those sectors impacted by inflationary pressures and rising interest rates. The Group continues to believe that the ECL approach remains conservative, forward looking and comprehensive."

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

"The Group's risk appetite has evolved as a result of the COVID-19 pandemic with the ongoing cautious approach to customers in 'high impact sectors', particularly as Government supports are fully withdrawn, coupled with the increasing inflationary environment and rising interest rates. This has resulted in tightened credit management relating to net disposable income parameters within Credit Policy. 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."

- (viii) The last two sentences of the risk factor entitled "*—Capital implications to ensure minimum coverage levels on long term NPE exposures due to ECB guidance may continue to negatively impact the Group's financial condition*" shall be deleted and replaced with the following:

"As a result of the SREP guidance, the Group incurred a €93 million CET1 deduction at 30 June 2022 (31 December 2021: €136 million) which reflects the difference between the SREP recommended minimum coverage levels on long term NPE exposures and the International Financial Reporting Standard ("IFRS") 9 ECL NPE cover. Continued delivery of the Group's NPE strategy is key to minimising the impact on capital throughout the second half of 2022 and into 2023."

- (ix) The risk factor entitled "*—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*" shall be deleted and replaced with the following:

"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 continues to adapt its credit risk management processes and policies to capture environmental, social, and governance ("ESG") risks, including key steps taken throughout 2021 such as a heat mapping exercise to scale individual sub-sector exposures to levels of climate change and environmental risks.

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 continues to be closely monitored. For example, the impact of climate risk was considered as part of the ECL governance process for the position as at 31 December 2021, and the Group determined that insufficient evidence of the likely loss impacts from climate events was available to adjust ECLs materially and that the Group’s approach to individual counterparty risk assessment adequately captures climate risk where appropriate. However, the impact of climate risk continues to be monitored, and any such future impact could have a material adverse effect on the Group’s financial condition or results of operations.”

- (x) The risk factor entitled “—*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*” shall be deleted and replaced with the following:

“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 requirement is currently set at 14.77 per cent., comprising a Pillar 1 requirement of 8.00 per cent., Pillar 2 requirement (“P2R”) of 2.75 per cent. (of which 1.55 per cent. must be held in Common Equity Tier 1 (“CET1”)), a Capital Conservation Buffer (“CCB”) of 2.50 per cent., an Other Systemically Important Institutions (“O-SII”) buffer of 1.50 per cent. and a Countercyclical Capital Buffer (“CCyB”) of 0.01 per cent. In addition, the reintroduction of the CCyB has been announced in both the UK and ROI. In the UK, a rate of 1 per cent. (0.15 per cent. Group requirement) will apply from December 2022 and 2 per cent. (0.35 per cent. Group requirement) in December 2023. In ROI, a rate of 0.5 per cent. will apply in 2023 (0.35 per cent. Group requirement) while the Central Bank has advised a full reintroduction at 1.5 per cent. (1.05 per cent. Group requirement) may be announced in mid-2023 (effective 2024) should “macro-financial conditions evolve consistent with the central economic outlook”.

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. Regulators in other jurisdictions may in future increase CCyB or other buffer requirements on banks, such as a systemic risk buffer.

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 European Central Bank's ("ECB") Targeted Review of Internal Models ("TRIM") process and calendar provisioning which is a SREP recommendation to ensure minimum coverage levels on long term NPE exposures. The difference between the SREP recommended coverage levels and the IFRS 9 ECL coverage is taken as a CET1 deduction of €93 million as at 30 June 2022."

- (xi) The risk factor entitled "*—Constraints on the Group's access to liquidity and funding, including a loss of confidence by depositors or curtailed access to wholesale funding markets, may result in the Group being required to seek alternative sources of funding 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*" shall be deleted and replaced with the following:

"Financial/macro-economic/geopolitical volatility is a key risk driver as a negative macro-economic environment can lead to market instability and increased liquidity and funding 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.

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.

The Group has participated in the ECB targeted longer-term refinancing operations scheme, drawing €4 billion in September 2020 and a further €6 billion in June 2021. The objective of the scheme is 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. 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"). There can be no guarantee that the ECB will continue to adopt accommodative monetary policies in the future.

Conditions may arise which would constrain liquidity or funding opportunities for the Group on commercially practicable terms 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.

The Group's funding ratios remain above regulatory minimum metrics (liquidity coverage ratio of 215 per cent. and net stable funding ratio of 164 per cent.). As deposits continue to accumulate, the Group's loan to deposit ratio was 59 per cent. at the end of June 2022.

Concerns around inflation, a slowdown in economic growth, expectations around further tightening of monetary policy, 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 unexpected market volatility. The Group's plans for MREL issuance continue to be reviewed to align to the regulatory requirements regarding the BRRD. In December 2021, the Single Resolution Board ("SRB") determined the MREL for the Group on a consolidated basis at the level of its resolution group as 23.91 per cent. of total risk exposure amount ("TREA") and 7.54 per cent. of Leverage Ratio Exposure ("LRE"), to be met by 1 January 2024. A linear build up is assumed from the current regulatory level of 23.1 per cent. of TREA and 5.91 per cent. of LRE. As at 30 June 2022, the Group had an actual MREL ratio of 30.8 per cent. of TREA, which is in excess of its 1 January 2024 binding target (the Group's current MREL ratio based on LRE of 12.9 per cent. is also in excess of the Group's 1 January 2024 intermediate binding).

Like all major financial institutions, the Group is also dependent on the short- and long-term wholesale funding markets for liquidity. 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.

Financial institutions are still at an early stage of use of big data, machine learning and blockchain technology. There is a risk that developments in the FinTech space and Open Banking could create increased competition for new business and could challenge the Group's ability to retain existing customers. This could impact the Group's ability to maintain pace in its digital services offering to customers and could ultimately lead to a reduction in the availability and/or increase in the cost of funding or liquidity resources.

Unexpected events such as the conflict between Russia and Ukraine and the continuing impact of 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.

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.

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."

- (xii) The first sentence of the second paragraph of the risk factor entitled "*—Downgrades to the Issuer's, Ireland's sovereign or other Irish bank credit ratings or outlook could impair the Issuer's access to*

*private sector funding, trigger additional collateral requirements and weaken its financial position*” shall be deleted and replaced with the following:

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

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

“The 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 conflict between Russia and Ukraine and 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 3 “—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. Elevated inflation can affect the affordability of the Group’s products to customers in this way. For example, the announcement from the ECB to raise interest rates due to inflation could lead to an increase in default or re-default rates among customers with variable rate obligations without sufficient improvements in customers’ earning levels. Widening credit spreads could adversely impact the value of the Group’s hold-to-collect-and-sell bond positions.”

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

“The Group reviewed its strategy during 2020 and presented the outcome of its review to the market in December 2020. The review 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 negative effects of the COVID-19 pandemic, coupled with additional demands on the Group’s business to manage the impact of customers migrating to AIB due to the exits of KBC and Ulster Bank from the Irish market, may have a more detrimental impact on the Group’s resources and ability to implement its strategic objectives than currently assumed, including the integration of acquired businesses and/or loan portfolios. 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.”

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

“Finally, as at 12 October 2022, the Minister held a 62.96 per cent. shareholding in the Group, and through the relationship framework which governs the Group’s day to day engagement with the Minister as a shareholder (the “AIB Relationship Framework”), could exert a significant level of influence over the Group. The Minister for Finance has been reducing the State’s shareholding in recent months and it has fallen from approximately 71 per cent. in March 2022. Under the AIB Relationship Framework, while the authority and responsibility for strategy and commercial policies (including business plans and budgets) and the conduct of the Group’s day-to-day operations rests in all cases with the AIB Board and its management team, AIB Group plc, and, where relevant, Allied Irish Banks, p.l.c. (“AIB Bank”) are required, in connection with certain specified aspects of the Group’s activities, to consult with the Minister. The AIB Relationship Framework also grants the Minister the right, at all times, to nominate up to two non-executive directors for appointment to the AIB Board.”

- (xvi) The words “, which resulted in a fine of €96.7 million in June 2022” shall be added after “such as the Tracker Mortgage Examination” in the risk factor entitled “—*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*”.

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

“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 hybrid working arrangements.”

- (xviii) The fourth paragraph of the risk factor entitled “—*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*” shall be deleted.

- (xix) The title of the risk factor “—*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*” shall be amended to “*The Group faces operational risks which could negatively impact the Group’s business, results of operations, financial condition or prospects*” and the contents of the risk factor shall be deleted and replaced with the following:

“Operational risk is the risk arising from inadequate or failed internal processes, people and systems, or from external events. This includes legal risk –the potential for loss arising from the uncertainty of legal proceedings and potential legal proceedings.

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

**Change Risk:** The Group’s strategy will drive change across the organisation. It is critical that this change, and the risks associated with it, are managed in a consistent, effective and appropriate manner. It is essential that not only the risks within a programme or project to implement change are considered, but also the risks that the change may introduce to the wider operational risk profile, both during and after the lifecycle of the change. A lack of a strategic, coordinated and comprehensive approach to

managing change could lead to significant business disruption, customer detriment, financial loss or reputational damage.

**Continuity & Operational Resilience 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.

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.

The Group is implementing a new model of managing operational resilience risk in order to align to operational resilience regulations in the UK and the CBI Cross Industry Guidelines for Operational Resilience in the Republic of Ireland.

**Physical Safety & 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.

The Group has made a number of changes to how staff and property infrastructure are managed, including the introduction of a hybrid working model for the majority of staff and buildings being suitably configured in line with Government guidelines. If the hybrid working model is not managed appropriately, 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 as we return to the office environment.

**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. 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.

**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 Risk:** The Group outsources a number of activities to outsource service providers and has a wide range of 3rd 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 is engaged with key suppliers to ensure on-going service capacity and any contingency plans are in place. Service from suppliers has remained consistent and in line with previous periods.

**Cyber & Information Security Risk:** The Group faces risk associated with financial loss, disruption or damage to the reputation of the organisation as a result of a loss of the confidentiality, integrity and availability of information in all its forms.

**IT Risk:** The Group is reliant on its technical infrastructure for the provision of systems and services to support critical processes and operations. The failure of production infrastructure, applications, networking, storage, information assets and resources, and all supporting components, processes and procedures could have an adverse effect on the Group's ability to deliver services to customers and to achieve organisational objectives.

The Group has mobilised a change programme to implement the regulatory requirements that are laid out in the EU's proposed Digital Operational Resilience Act and this will result in a holistic management of IT resilience risks within Group and across our third-party supplier landscape.

**Data Risk:** The Group faces risks associated with failing to appropriately manage and maintain data. This could have an adverse effect on quality or accessibility of the data, resulting in poor decision making and inaccurate or inadequate internal and external reporting. The Group has made a number of changes in how data is aggregated and reported in line with BCBS-239 principles.

**Legal Risk:** The Group faces the risk of sanctions, material financial loss or loss to reputation as a result of failure to comply with new or existing laws, changes to laws, as a result of a defective transaction, disputes or litigation by or against the Group and failure to take appropriate measures to protect intellectual property and its real estate assets.

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."

- (xx) The words "and monitored" shall be inserted after "is embedded" in the risk factor entitled "*—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*".
- (xxi) The following wording shall be inserted as the second paragraph in the risk factor entitled "*—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*":

"Competition from within the financial services industry, including from other financial institutions, as well as from businesses outside the financial services industry for key employees is intensifying. The elevated people risk profile, particularly with respect to the recruitment and retention of senior management, is likely to continue for the foreseeable future."



- (xxii) The following wording shall be inserted after the words “other comprehensive income” in the first paragraph of the risk factor entitled “—*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*”:

“(“FVOCI”). IFRS 9 requires the Group to move from an incurred loss model to an expected loss model, requiring it to recognise not only credit losses that have already occurred but also losses that are expected to occur in the future”

- (xxiii) The third paragraph of the risk factor entitled “—*The Group is subject to the risk that the funding position of its defined benefit pension schemes could deteriorate, requiring it to make additional contributions*” shall be deleted and replaced with the following:

“Actuarial valuations of the AIB Group Irish Pension Scheme and the AIB Group UK Pension Scheme are carried out on a triennial basis by the schemes’ actuary, Mercer. The most recent valuation of the Irish scheme was carried out on 30 June 2021 and reported the scheme to be in surplus. No deficit funding is anticipated at this time as the Irish scheme continues to meet the Funding Standard. The most recent valuation of the UK scheme was carried out on 31 December 2020. The Group and the Trustee of the UK scheme previously agreed funding payments under an arrangement agreed in December 2019 which is described below.”

- (xxiv) The following wording shall be added after the words “The surplus or deficit” in the final paragraph of the risk factor entitled “—*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*”:

“calculated in accordance with IAS 19 ‘Employee Benefits’”

- (xxv) The seventh and eighth paragraphs of the risk factor entitled “—*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 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*” shall be deleted and replaced with the following:

“The EBA Guidelines on Loan Origination and Monitoring have applied since 30 June 2021, with further dates for regulatory implementation, the first bringing additional requirements applying since June 2022 and further requirements to be met by 2024, and specify the internal governance arrangements for the granting and monitoring of credit facilities throughout their lifecycle. A programme has been mobilised within the Group to oversee the implementation of these guidelines which aim to ensure that institutions have robust and prudent standards for credit risk taking, management and monitoring, and that newly originated loans are of high credit quality.

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*”.

- (xxvi) The first and third paragraphs of the risk factor entitled “—*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*” shall be deleted and replaced with the following, respectively:

“A significant number of regulations have been issued by the various regulatory authorities that regulate the Group’s business. The Eurozone’s largest banks, including the Group, are under the direct supervision of, and are deemed to be authorised by, the ECB since the introduction on 4 November 2014 of the SSM.”

“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), as amended (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. Regulation (EU) 2019/877 of 20 May 2019, amending the SRM Regulation, applied from 28 December 2020.”

(xxvii) 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*” shall be moved and renumbered as Risk Factor 26 (and all subsequent risk factors shall be renumbered accordingly) and the contents of the risk factor shall be deleted in its entirety and replaced with the following:

“The Group is exposed to conduct risk, which the Group defines as the risk that inappropriate actions or inactions by AIB cause poor and unfair customer outcomes or negatively impact on market integrity. 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.

The Group is cognisant of its responsibilities regarding wholesale market conduct risk which has been subject to increased regulatory scrutiny in recent years. Domestic and European regulators have provided guidance as to how regulated entities should manage wholesale market conduct risk, particularly in relation to dealing with the impact of external events, managing the increasing complexity in securities markets and the rules that govern them and ensuring meaningful transparency for investors and other market participants, in particular on costs and fees. As such, the Group continues to respond to changes in this environment and strengthen regulatory practices.

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 of 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'. The Central Bank concluded its enforcement investigation in June 2022 and the Group agreed to pay a fine of €96.7 million. The fine was settled prior to 30 June 2022, which brought the Central Bank's Tracker Mortgage Examination to a close.

In 2020, following a Financial Services and Pensions Ombudsman ("FSPO") decision in relation to a complaint by a customer from the '06-09 Ts & Cs who never had a tracker' cohort, found that the Group had breached the terms of the customer's mortgage loan contract and directed it to remedy the matter in what the FSPO believed was a fair and proportionate manner. The Group accepted the decision in full. Furthermore, the Group decided to apply the remedy to all other customers within this cohort, and payments to customers were substantially completed by December 2020.

The Group continued to engage with stakeholders during 2020 and 2021 and a number of related issues also exist that have yet to be resolved, including tax liabilities arising that the Group will be required to discharge on behalf of impacted customers. Notwithstanding the near completion of payments to customers based on the FSPO decision, the level of provision required for these other costs has been assessed at €79 million at 31 December 2021 (31 December 2020: €80 million), following utilisations of €1 million up to June 2022.

These issues are subject to uncertainty with a range of outcomes possible and the final outcome being higher or lower depending on the finalisation of such issues.

The Group is also required to manage potentially heightened conduct and regulatory risks associated with strategic growth, such as the acquisition of Goodbody Stockbrokers UC ("Goodbody"). Additional regulatory requirements need to be considered along with the conduct implications of managing a different customer base, business portfolio and product suite. As a result, effective integration with appropriate alignment and oversight between the Group and any such subsidiary or joint venture is required to mitigate these risks."

- (xxviii) Risk Factor 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*" shall be moved and renumbered as Risk Factor 28 (and all subsequent risk factors shall be renumbered accordingly) and shall be deleted in its entirety and replaced with the following:

***"The Irish legislation and regulations in relation to mortgages, as well as judicial procedures for the enforcement of mortgage, 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***

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 courts 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 homeowners 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 CCPC 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 2012 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."

- (xxix) The fifth paragraph of the risk factor entitled "*—The SRB or SSM may take actions which require the Group to change, or otherwise result in the Group changing, its legal structure, or take other actions which could have a significant impact on the Group's operations, structure, costs and/or capital requirements*" shall be deleted and replaced with the following:

"The BRRD sets out functions of the SSM (as consolidated supervisor of the Group) with respect to the drawing up and maintenance by AIB on a Group basis of a recovery plan which must set out measures to be taken by AIB to restore its financial position following a significant deterioration of that position. An assessment by the SSM 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:"

- (xxx) The risk factor entitled "*—The Group's financial results may be negatively affected by changes to, or application of, accounting standards*" shall be deleted and replaced in its entirety with the following:

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

The Group reports its results of operations and financial position in accordance with the International Financial Reporting Standards, as adopted by the EU ("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."

- (xxxi) The risk factor entitled "*—Risk of litigation arising from the Group's activities*" shall be deleted and replaced with the following:

***"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 26 "*—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”* 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 the Tracker Mortgage Examination. 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.

During the period from 2002 to 2006 the Group sold a series of investment property funds, known as Belfry, which subsequently incurred losses to approximately 2,500 individual investors (approximately £214 million invested). The Group settled claims from certain of those investors in 2021 which resulted in a €25 million charge including amounts for legal and settlement costs. Following this, the Group instigated a programme to review the suitability of advice outcomes for individual investors to determine if redress may be due in certain instances. Based on an initial assessment, a provision was also recorded for €75 million in June 2021. Following the approval by the Board in June 2022 of the customer treatment methodology and the close out of the individual case assessments, the provision for the cost of redress has been reassessed and increased to €148 million. Associated costs, required to conclude the redress programme, of €7 million have separately been provided for at 30 June 2022. Payments will be made to impacted investors in the second half of 2022. The provisions represent the Group’s best estimate at 30 June 2022. Notwithstanding that the programme is significantly advanced, the final cost is subject to uncertainty as individual investors will have the right to appeal the outcome of their case assessment to an independent appeals panel.”

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

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

- “(j) the unaudited condensed consolidated interim financial statements of the Issuer prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” as at and for the six months ended 30 June 2022, together with the review report thereon as set out on pages 79 to 122 and page 124, available at:

<https://aib.ie/content/dam/frontdoor/investorrelations/docs/resultscentre/annualreport/aib-group-plc-half-yearly-financial-report-2022.pdf>; and

- (k) the Pillar 3 disclosures of the Group for the three months ended 30 June 2022, available at:

<https://aib.ie/content/dam/frontdoor/investorrelations/docs/resultscentre/pillar3/AIB-Group-plc-Q2-2022-Pillar-3-Disclosures.pdf>”

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

The section titled “Board of Directors and Executive Officers” shall be deleted in its entirety and replaced with the following:

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>
Jim Pettigrew	Chair and Non-Executive Director
Brendan McDonagh	Deputy Chair and Non-Executive Director
Helen Normoyle	Senior Independent Non-Executive Director
Anik Chaumartin	Non-Executive Director
Donal Galvin	Chief Financial Officer and Executive Director
Basil Geoghegan	Non-Executive Director
Tanya Horgan	Non-Executive Director
Colin Hunt	Chief Executive Officer and Executive Director
Sandy Kinney Pritchard	Non-Executive Director
Elaine MacLean	Non-Executive Director
Andy Maguire	Non-Executive Director
Ann O'Brien	Non-Executive Director
Fergal O'Dwyer	Non-Executive Director
Raj Singh	Non-Executive Director
Jan Sijbrand	Non-Executive Director

*Note: Ms Helen Normoyle was appointed as Senior Independent Non-Executive Director on 1 July 2022 replacing Ms Carolan Lennon who resigned from the Board on 30 June 2022.*

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 for Directors 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
CJ Berry	Chief Enterprise Development Officer
Cathy Bryce	Managing Director, AIB Capital Markets
Geraldine Casey	Chief People Officer
Fergal Coburn	Chief Technology Officer
Helen Dooley	Group General Counsel

<b>Name</b>	<b>Title</b>
Donal Galvin	Chief Financial Officer
Hilary Gormley	Managing Director, AIB Group (UK) p.l.c
Michael Frawley	Chief Risk Officer
Andrew McFarlane	Chief Operating Officer
Jim O’Keeffe	Managing Director, Retail Banking
Mary Whitelaw	Chief Sustainability and Corporate Affairs Officer

## **AMENDMENTS TO THE “GREEN BOND FRAMEWORK OVERVIEW” SECTION**

- i) The following shall be added as the final paragraph to the “Use of Proceeds” section:  
“New use of proceeds categories and sub-categories may be added as part of the annual framework review process”.
- ii) The following shall be added as a new final sentence to the first paragraph of the “External Review” section:  
“Any new categories or sub-categories added as part of the annual framework review process will be subject to external review and will be included in a second party opinion”.

## **AMENDMENTS TO THE “SOCIAL BOND FRAMEWORK OVERVIEW” SECTION**

- i) The following shall be added as the final paragraph to the “Use of Proceeds” section:  
“New use of proceeds categories and sub-categories may be added as part of the annual framework review process”.
- ii) The following shall be added as a new final sentence to the first paragraph of the “External Review” section:  
“Any new categories or sub-categories added as part of the annual framework review process will be subject to external review and will be included in a second party opinion”.

## **AMENDMENT TO THE “GENERAL INFORMATION” SECTION**

In the “General Information” section on pages 187 to 188 of the Base Prospectus, paragraph 5 shall be deleted and replaced with the following wording:

- “5 There has been no significant change in the financial performance of the Group since 30 June 2022 and there has been no material adverse change in the prospects of the Issuer since 31 December 2021.”