SUPPLEMENT DATED 8 JUNE 2022 TO THE BASE PROSPECTUS DATED 25 MARCH 2022

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 (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 Pillar 3 Report for the three months ended 31 March 2022 and to make certain amendments to the description of AIB's Executive Committee.

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:

"**Ulster Bank tracker mortgage portfolio**

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

Ulster Bank corporate and commercial loans - CCPC approval

AIB received competition clearance from the Competition and Consumer Protection Commission ("**CCPC**") on 28 April 2022 for the acquisition of c. €3.7 billion Ulster Bank performing corporate and commercial loans[1].

AIB intends to commence the migration of loans on a phased basis over the coming months to ensure optimised outcomes for the c. 5,000 impacted customers. In line with previous guidance the Group expects a CET1 reduction of c. 130bps in relation to the above-mentioned corporate and commercial loan book acquisition.

Government shareholding

On 5 May 2022, AIB commenced a share buyback programme to repurchase ordinary shares of AIB (the "**Shares**") for up to a maximum aggregate amount of €91 million entailing an on-market buyback of Shares and a directed buyback of Shares from the Minister for Finance. The share buyback programme was completed on 25 May 2022. Upon cancellation of all Shares repurchased under the share buyback programme, the total number of Shares in issue (excluding treasury shares) is 2,673,428,473.

As announced on 19 May 2022, the Minister's shareholding was 68.97 per cent. on 18 May 2022.

Financial Performance for the three months ended 31 March 2022[2]

Financial Performance

The Group recorded a strong financial performance in the first quarter of 2022 ending 31 March 2022 ("**Q1**").

Net interest income ("**NII**") was stable in Q1 compared to the equivalent period in 2021 despite lower gross loans following disposals in 2021 of c. €1 billion non-performing exposures ("**NPEs**") and lower UK loans following the Group's decision to exit the GB SME market. Deposits at negative rates increased from c. €12 billion in December 2021 to current levels of c. €14 billion. Q1 net interest margin ("**NIM**") of 1.45 per cent. was 4bps higher than the exit NIM of 1.41 per cent.[3] for the three months ended 31 December 2021.

Other income, inclusive of Goodbody post acquisition, increased 14 per cent. compared to the equivalent period in 2021 with strong performances across fee-based lines.

Q1 operating costs, inclusive of Goodbody, were broadly flat.

Regulatory costs and levies for the year ended 31 December 2022, including the Single Resolution Fund ("**SRF**"), the Deposit Guarantee Scheme and the Bank Levy, are expected to be c. €150 million for the full year including the impact of higher than expected SRF costs.

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[1] Estimate based on the transaction had it completed on 31 December 2021

[2] Based on internal management accounts and as reported in the AIB Q1 2022 Trading Update published on 5 May 2022. For the avoidance of doubt, the AIB Q1 2022 Trading Update is not incorporated by reference in this Supplement.

[3] Q4 exit NIM excludes €50m of net TLTRO benefit

A net credit impairment writeback was recorded in Q1 of c. €50 million and reflects a number of factors including some release of COVID-19-related post model adjustments, recoveries/payments, changes to macroeconomic scenario weightings to reflect global slowdown following the increase in geopolitical risks and an element of new business expected credit loss charge.

Balance sheet

Gross loans of €58.7 billion were up €0.3 billion in Q1 (December 2021: €58.4 billion) primarily driven by new lending exceeding redemptions. Performing loans of €55.7 billion were up €0.4 billion versus December 2021.

In Q1 total new lending of €2.8 billion (+18 per cent. compared to the equivalent period in 2021) was recorded.

Green lending accounted for 22 per cent. of new lending whilst the green mortgage product represented 23 per cent. of new Republic of Ireland mortgage lending.

NPEs decreased to €3.0 billion or 5.1 per cent. of gross loans (December 2021: €3.1 billion or 5.4 per cent.), the lowest level since the global financial crisis.

AIB's loan to deposit ratio was 62 per cent. at the end of Q1.

Capital / MREL

On 4 April 2022, AIB issued €1,000,000,000 of fixed rate Reset Callable Senior Social Notes due 2028.

AIB's fully loaded CET1 at 31 March 2022 was 16.6 per cent. and reflects the impact of the €91 million share buyback. This compares to 16.5 per cent. at 31 December 2021 on an equivalent basis. AIB's strong capital position, which is ahead of AIB's medium-term target of greater than 13.5 per cent., enables AIB to invest in AIB's business, pursue return on tangible accretive inorganic opportunities and make distributions to shareholders."

AMENDMENTS TO THE "RISK FACTORS" SECTION

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

(i) The fifth paragraph of risk factor "*1 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:

"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. 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 Northern Ireland 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."

(ii) The third sentence of the second paragraph of risk factor "*2 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:

"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 ("OBR") do not expect employment in the UK to recover to more normalised (pre-pandemic) levels until the third quarter of 2023."

(iii) The third paragraph of risk factor "*2 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:

"According to the Economic and Social Research Institute ("ESRI") Quarterly Economic Commentary (Spring 2022) Modified Domestic Demand is projected to grow by 5.0 per cent. during 2022 and 4.5 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 downward revision to the outlook compared to their previous commentary reflecting the impact of the Ukrainian crisis. The war in Ukraine will further exacerbate inflationary pressures, which have already been evident in the economy according to the ESRI. Any rise in inflation will pose 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 decline to 5.0 per cent by the end of 2022. Uncertainty regarding the evolution of the COVID-19 virus 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."

(iv) The final two sentences of the second paragraph of risk factor "*11 The Group may have insufficient capital to meet increased minimum regulatory requirements or to support its business, which could negatively impact its business, results of operations, financial condition or prospects*" shall be deleted and replaced with the following:

"In addition, the re-introduction of the countercyclical capital buffer in the UK has been announced at 1 per cent. in December 2022, and 2 per cent. in December 2023. This equates to an estimated Group requirement increase of approximately 0.15 per cent. and approximately 0.35 per cent. respectively."

(v) An additional sentence shall be added to third paragraph of risk factor "*11 The Group may have insufficient capital to meet increased minimum regulatory requirements or to support its business, which could negatively impact its business, results of operations, financial condition or prospects*":

"For example, in the November 2021 Financial Stability report, the CBI signalled the re-introduction of the Irish CCyB "if pandemic related risks continue to reduce and medium-term vulnerabilities continue to build.""

(vi) The following shall be added as the new eighth paragraph of the 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*":

"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 have the potential for increased competition for new business and challenges 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."

(vii) The first sentence of the second paragraph of the risk factor "*13 Downgrades to the Issuer's, Ireland's sovereign or other Irish bank credit ratings or outlook could impair the Issuer's access to private sector funding, trigger additional collateral requirements and weaken its financial position*" 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) by Fitch Ratings Ireland Limited ("Fitch") (from October 2021)."

(viii) In the second sentence of the first paragraph of risk factor "*14 The Group faces risks associated with the level of, and changes in, interest rates, as well as certain other market risks*" the words "the continuing" shall be deleted.

(ix) The fifth sentence of the first paragraph of risk factor "*15 The Group's strategy may not be optimal and/or successfully implemented which may negatively affect the Group's business, results of operations, financial condition or prospects*" shall be deleted and replaced with the following:

"The negative effect of the COVID-19 pandemic coupled with additional demands on the business to manage the impact of customers migrating to AIB due to the exits of KBC Bank 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 the acquired business and/or loan portfolios."

(x) The first paragraph of risk factor "*18 The Group faces operational risks – including change, continuity management, property protection and insurance risks, which could negatively impact the Group's business, results of operations, financial condition or prospects*" 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 but excludes strategic and reputational risk."

(xi) The heading "Continuity and Resilience Risk" in the fourth paragraph of risk factor "*18 The Group faces operational risks – including change, continuity management, property protection and insurance risks, which could negatively impact the Group's business, results of operations, financial condition or prospects*" shall be deleted and replaced with "Continuity and Operational Resilience Risk".

(xii) The third paragraph of risk factor "*23 The Group is subject to the risk that the funding position of its defined benefit pension schemes could deteriorate, requiring it to make additional contributions*" shall be deleted and replaced with the following:

"Actuarial valuations for 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 30th 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 minimum funding standard. The most recent valuation of the UK scheme was carried out at 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."

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 (i) to the first paragraph:

"(i) the Pillar 3 disclosures of the Group for the three months ended 31 March 2022, available at:

https://aib.ie/investorrelations/financial-information/results-centre/2022-financial-results/pillar-3-disclosures-q1-2022"

AMENDMENTS TO THE "AIB GROUP PLC AND THE GROUP" SECTION

In the "Executive Committee" section on page 161 of the Base Prospectus, a "*" shall be added next to "Deirdre Hannigan", and "Deirdre Hannigan will resign from the Chief Risk Officer role on 30 June 2022. Michael Frawley will join the Company as Chief Risk Officer from 1 July 2022." shall be added below the table of Executive Committee members.