AIB MORTGAGE BANK u.c.

(a public unlimited company incorporated under the laws of Ireland with registration number 404926)

€20,000,000,000

MORTGAGE COVERED SECURITIES PROGRAMME

The Issuer is a designated mortgage credit institution for the purposes of the ACS Act. The Securities will constitute mortgage covered securities for the purposes and with the benefit of the ACS Act.

See *Definitions and Interpretation* for definitions of defined terms used in, and rules of interpretation applying to, this Base Prospectus. Under the Programme, the Issuer may from time to time issue the Securities denominated in any currency agreed between the Issuer and the relevant Dealer and subject to the minimum denomination of any Security to be admitted to trading on a regulated market for the purposes of the Prospectus Regulation or offered to the public in a Member State of the EEA being €100,000 (or the equivalent thereof in another currency).

Securities may be issued in bearer or registered form (respectively, Bearer Securities and Registered Securities). The maximum aggregate nominal amount of all Securities from time to time outstanding under the Programme will not exceed €20,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein. Securities may be issued on a continuing basis to one or more of the Dealers, which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Securities being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Securities.

See *Risk Factors* for a discussion of certain risk factors to be considered in connection with an investment in Securities.

This Base Prospectus is valid for a period of twelve months from the date hereof. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Base Prospectus is no longer valid. This Base Prospectus constitutes a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") and has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities. Such approval relates only to the Securities which are to be admitted to trading on a regulated market or which are to be offered to the public in any Member State of the EEA. Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin, for the Securities issued under the Programme to be admitted to the Official List and to trading on its regulated market. The Programme provides that Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) (including regulated markets) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market.

Amounts payable under the Securities may be calculated by reference to the EURIBOR which is provided by the EMMI. As at the date of this Base Prospectus, EMMI appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation.

Arrangers

AIB Bank J.P. Morgan

Dealers

AIB Bank J.P. Morgan

The date of this Base Prospectus is 16 December 2020.

INTRODUCTION

For the purposes of Article 11 of the Prospectus Regulation, the Issuer accepts responsibility for the information contained or incorporated by reference in this Base Prospectus. To the best of the knowledge of the Issuer, such information contained or incorporated by reference in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. This declaration is included in this Base Prospectus in compliance with Article 8 of the Prospectus Regulation.

For the purposes of Article 11 of the Prospectus Regulation, AIB Bank accepts responsibility for the information contained or incorporated by reference in this Base Prospectus relating to AIB Bank and the Group (but excluding information specifically relating to the Issuer and the Securities). To the best of the knowledge of AIB Bank, such information (other than as aforesaid) is in accordance with the facts and does not omit anything likely to affect the import of such information. This declaration is included in this Base Prospectus in compliance with Article 8 of the Prospectus Regulation.

No Relevant Person accepts any responsibility for the contents of, or makes any representation or warranty as to the accuracy, completeness or fairness of any information in, this Base Prospectus or any Transaction Document. Each Relevant Person expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of any Transaction Document. No Relevant Person has authorised or will authorise the contents of any Transaction Document, or has recommended or endorsed the merits of the offering of securities or any other course of action contemplated by any Transaction Document.

No person is or has been authorised by the Issuer, the Arrangers or the Dealers to give any information or to make any representation other than those contained in this Base Prospectus or which are incorporated by reference in this Base Prospectus and referred to below under *Documents Incorporated by Reference* and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers or any of the Dealers.

None of the Dealers or the Arrangers have separately verified the information contained or incorporated by reference herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers or the Dealers or any of them as to the accuracy or completeness of the information contained or incorporated by reference, in this Base Prospectus or any other information provided by the Issuer or AIB Bank in connection with the Programme, any Securities or the distribution of any Securities. No Dealer or Arranger accepts liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer or AIB Bank in connection with the Programme.

None of the Dealers or the Arrangers shall be responsible for any matter which is the subject of any statement, representation, warranty, obligation or covenant of the Issuer contained in the Securities, the Transaction Documents or any other agreement or document relating to the Securities, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof, with respect to any person (other than the relevant Dealer and/or, as applicable, the relevant Arranger). Securities issued under the Programme will be liabilities only of the Issuer and not any other person, including the Dealers and the Arrangers. The Securities will not be guaranteed by the Government, any other organ or agency of the State, AIB Bank, AIB Group plc, the Dealers or the Arrangers.

An investment in Securities involves a reliance on the Pool and the creditworthiness of the Issuer. The Securities are not guaranteed by AIB Bank, AIB Group plc or by the Government or the State.

The Securities will not represent an obligation or be the responsibility of any of any person other than the Issuer. Although the Issuer is an unlimited company and AIB Bank is the sole member of the Issuer, AIB Bank will not be acting as a guarantor and Security holders will have no right of recourse against AIB Bank. Only the liquidator of the Issuer or the courts may proceed against AIB Bank to require it as a member of an unlimited company to make a contribution on the winding-up of the Issuer. No agency or organ of the State is a guarantor of the Securities.

An investment in Securities involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer or other entities (including AIB Bank, AIB Group plc or the State) may adversely affect the market value of the relevant Securities.

Notice of the aggregate nominal amount of Securities, interest (if any) payable in respect of Securities, the issue price of Securities and any other terms and conditions not contained or incorporated by reference in this Base Prospectus which are applicable to each Tranche of Securities will be set out in the Final Terms which, with respect to Securities to be listed on the Official List of the Irish Stock Exchange plc, trading as Euronext Dublin and to be admitted to trading on the regulated market of the Irish Stock Exchange plc, trading as Euronext Dublin will be delivered to the Irish Stock Exchange plc, trading as Euronext Dublin.

The Issuer anticipates that Securities issued under the Programme may be issued and used by the Group as collateral for monetary policy operations. Accordingly, an issue of Securities by the Issuer and admission of such Securities to listing or trading on a regulated market should not necessarily be taken as an indication that there is an active and liquid market for such Securities at the time of issue, listing or admission to trading.

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold in the US or to, or for the account or benefit of, US persons unless an exemption from the registration requirements of the Securities Act is available or in a transaction not subject to the registration requirements of the Securities Act. Accordingly, the Securities are being offered and sold only outside the US in reliance upon Regulation S of the Securities Act. The Securities are also subject to US tax law requirements. See *Form of the Securities, Issue Procedures and Clearing Systems* for a description of the manner in which Securities will be issued. Registered Securities are subject to certain restrictions on transfer; see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*.

Securities in bearer form are subject to US tax law requirements and may not be offered, sold or delivered within the US or its possessions or to US persons, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and the regulations promulgated thereunder.

The Issuer may agree with one or more Dealers that Securities may be issued in a form not contemplated by the Conditions, in which event, a supplementary base prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Securities.

Securities issued under the Programme may on issue be rated by Moody's and/or S&P and/or such other rating agency or agencies as may be appointed by the Issuer to rate the Securities, such rating(s) to be disclosed in the applicable Final Terms for the relevant Securities. The rating of Securities will not necessarily be the same as the rating applicable to the Issuer and/or the Group. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The rating methodology employed by a rating agency when rating Securities is subject to change at any time at the discretion of that rating agency and may affect ratings attributed to Securities already issued under the Programme.

Where required, the Final Terms will disclose whether or not each credit rating applied for in relation to relevant Securities is issued by a credit rating agency established in the EU and registered under the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EU and registered under the CRA Regulation. Each of Moody's and S&P is established in the EU, registered under the CRA Regulation and appears on the latest update of the list of registered credit rating agencies on the European Securities and Markets Authority website at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk.

A determination will be made in relation to each Tranche about whether, for the purpose of the MiFID Product Governance Rules, any Dealer in respect of the relevant Securities is a manufacturer in respect of such Securities, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

IMPORTANT –EEA AND UK RETAIL INVESTORS –If the Final Terms in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II Directive; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a

professional client as defined in point (10) of Article 4(1) of MiFID II Directive; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by the PRIIPs Regulation for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

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

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

This Base Prospectus may only be used for the purposes for which it has been published. This Base Prospectus supersedes the base prospectus dated 19 December 2019 issued by the Issuer in connection with the Programme.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Securities (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Arrangers or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Securities should purchase any Securities. Each investor contemplating purchasing any Securities should: (i) determine for itself the relevance of the information contained in (including incorporated by reference into) this Base Prospectus, (ii) make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and such Securities and (iii) make its own determination of the suitability of any such investment in light of its own circumstances, with particular reference to its own investment objectives and experience, and any other factors that are relevant to it in connection with such investment, in each case, based upon such investigation as it deems necessary. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Securities constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers or the Arrangers to any person to subscribe for or to purchase any Securities.

In making an investment decision, investors must rely on their own examination of the terms of the relevant issue of Securities including the merits and risks involved. The contents of this Base Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Securities.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained or incorporated by reference herein concerning the Issuer and/or AIB Bank and/or the Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. Each potential or actual purchaser of Securities should determine the relevance of the information contained in this Base Prospectus or part hereof and the purchase of Securities should be based upon such investigation as each purchaser deems necessary. The Dealers and the Arrangers expressly do not undertake to review the financial condition or affairs of the Issuer or AIB Bank and/or the Group on or before the date of this Base Prospectus or during the life of the Programme or to advise any investor in the Securities of any information coming to their attention.

This Base Prospectus or any Final Terms does not constitute an offer to sell or a solicitation of an offer to buy any securities other than Securities or an offer to sell or a solicitation of any offer to buy any Securities in any circumstances in which such offer or solicitation is not authorised or is unlawful. The distribution of this Base Prospectus and the offer or sale of Securities may be restricted by law in certain jurisdictions. The Issuer, the Arrangers and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any

Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, save as indicated in the next sentence, no action has been taken by the Issuer, the Arrangers or the Dealers which would permit a public offering of any Securities outside the EEA or distribution of this document in any jurisdiction where action for that purpose is required.

This document has been approved by the Central Bank of Ireland as competent authority under Regulation (EU) 2017/1129 and application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin, for approval for Securities issued under the Programme to be admitted to the Official List and trading on its regulated market. No Securities may be offered or sold, directly or distributed or published in any jurisdiction, and neither this Base Prospectus nor any advertisement or other offering material may be distributed in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Securities. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Securities in the US, the UK, the EEA, Japan, Republic of Italy, Ireland, Singapore and Switzerland. See *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements.*

None of the Dealers, the Arrangers, the Issuer, AIB Group plc or AIB Bank makes any representation to any prospective or actual investor or purchaser of the Securities regarding the legality of its investment therein by such prospective or actual investor or purchaser under applicable legal investment or similar laws or regulations. Any investor in the Securities should be able to bear the economic risk of an investment in the Securities for an indefinite period of time.

In the case of any Securities that are not listed on any recognised stock exchange and that do not mature within two years, the Issuer will not sell such Securities to Irish residents and the Issuer will not offer any such Securities in Ireland.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Securities to be issued under the Programme, prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Securities.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Securities are legal investments for it, him or her, (2) Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

A wide range of Securities may be issued under the Programme. Potential investors should consider the terms of Securities before investing.

Each potential investor in the Securities must determine the suitability of that investment in light of its, his or her own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its, his or her particular financial situation, an investment in the Securities and the impact the Securities will have on its, his or her overall investment portfolio;

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

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

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its, his or her investment and its, his or her ability to bear the applicable risks.

The past performance of Securities or other Mortgage Covered Securities issued by the Issuer may not be a reliable guide to future performance of Securities. The Securities may fall as well as rise in value. Income or gains from Securities may fluctuate in accordance with market conditions and taxation arrangements. Where Securities are denominated in a currency other than the reference currency used by the investor, changes in currency exchange rates may have an adverse effect on the value, price or income of the Securities. It may be difficult for investors in Securities to sell or realise the Securities and/or obtain reliable information about their value or the extent of the risks to which they are exposed (other than as set out in this Base Prospectus).

SUPPLEMENT TO THIS BASE PROSPECTUS

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

The Issuer has given an undertaking to the Dealers under the Programme Agreement that prior to the issue by the Issuer and purchase by any Dealer of, any Series or Tranche of Securities, the Issuer will update or amend this Base Prospectus by the publication of a supplement to this Base Prospectus or a new base prospectus if at the relevant time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information contained or incorporated by reference in this Base Prospectus which is capable of affecting the assessment of any Securities.

STABILISATION

In connection with the issue and distribution of any Tranche of Securities, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Securities (provided that, in the case of any Tranche of Securities to be listed on or admitted to trade on the regulated market of the Irish Stock Exchange plc, trading as Euronext Dublin or any other regulated market in the EEA, the aggregate principal amount of Securities allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Final Terms of the offer of the relevant Tranche of Securities is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Securities and 60 days after the date of the allotment of the relevant Tranche of Securities. Any stabilisation action or over-allotment is required to be conducted in accordance with all applicable laws and rules.

CONTENTS

OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Base Prospectus and any decision to invest in any Securities should be based on a consideration of this Base Prospectus as a whole including the documents incorporated by reference.

This overview is not a 'summary' for the purposes of the Prospectus Regulation, the EU Prospectus Regulations or the Irish Prospectus Regulations.

This overview constitutes a general description of the Programme for the purposes of Article 25.1(b) of the Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

This overview is qualified in its entirety by the rest of this Base Prospectus.

Capitalised terms used in this overview have the respective meanings given in the Definitions and Interpretation section of this Base Prospectus.

Issuer:	AIB Mortgage Bank u.c.. See *Description of the Issuer*.
Issuer LEI:	549300CGO72ED3XVUZ04.
The Group:	The Issuer is a member of the Group as a wholly-owned subsidiary of AIB Bank which is a wholly-owned subsidiary of AIB Group plc. See *Description of the Group*.
Programme Description:	Mortgage Covered Securities Programme.
Risk Factors:	There are risk factors that may affect the Issuer's ability to fulfil its obligations under Securities issued under the Programme. In addition, there are risk factors which are material for the purpose of assessing the other risks associated with Securities issued under the Programme. See *Risk Factors*.
Arrangers:	AIB Bank and J.P. Morgan Securities plc.
Dealers:	AIB Bank, J.P. Morgan Securities plc and any other Dealers appointed in accordance with the Programme Agreement.
Principal Paying Agent, Issuing Agent and (if applicable) Calculation Agent:	The Bank of New York Mellon, London Branch.
Transfer Agent:	The Bank of New York Mellon, London Branch.
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Cover-Assets Monitor:	Mazars. See *Cover-Assets Monitor*.
Irish Listing Agent:	McCann FitzGerald Listing Services Limited.
Programme Size:	Up to €20,000,000,000 (or its equivalent in other currencies) calculated as described below outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Securities outstanding under the Programme from

time to time:

(a) the euro equivalent of Securities denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the Securities, see *Final Terms for Securities*) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Securities or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case, on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation; and

(b) the euro equivalent of Zero Coupon Securities (as specified in the applicable Final Terms in relation to the Securities, see *Final Terms for Securities*) and other Securities issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

Distribution: Securities may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis. Securities will be issued only outside the US in reliance on Regulation S. See *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*.

Currencies: euro, Sterling, US dollars, Japanese Yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Maturities: Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as set out in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. See also *Extended Maturity Date.*

Issue Price: Securities will be issued on a fully-paid basis and may be issued at an issue price which is at par or at a discount to, or premium over, par.

Form of Securities, Issue Procedures and Clearing Systems: The Securities will be issued in bearer or registered form as described in *Form of the Securities, Issue Procedures and Clearing System*s. Registered Securities will not be exchangeable for Bearer Securities and vice versa.

Fixed Rate Securities: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Floating Rate Securities: Floating Rate Securities will bear interest at a rate determined:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by ISDA and as amended and updated

as at the issue date of the first Tranche of the Securities of the relevant Series); or

(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Securities as set out in the applicable Final Terms.

Floating Rate Securities may also have a maximum rate of interest, a minimum rate of interest or both, as may be specified in the applicable Final Terms.

Benchmark Discontinuation: In the event that a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Final Terms, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Tranche of Securities and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 4(b)(ii)(B) (*Interest on Floating Rate Securities – Benchmark Discontinuation*) for further information.

Zero Coupon Securities: Zero Coupon Securities will be offered and sold at a discount or premium to their nominal amount and will not bear interest.

Redemption: The applicable Final Terms relating to each Tranche of Securities will indicate either that the relevant Securities cannot be redeemed prior to their stated maturity (unless the relevant Securities have been purchased by the Issuer) or that such Securities will be redeemable at the option of the Issuer and/or the holders of the Securities upon giving notice to the holders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s). The applicable Final Terms may provide that Securities may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms. See also *Extended Maturity Date* below.

Extended Maturity Date: The Final Terms shall specify whether an Extended Maturity Date applies to a Series of Securities. See also *Maturities*.

As regards redemption of Securities to which an Extended Maturity Date so applies, if the Issuer fails to redeem the relevant Securities in full on the Maturity Date (or within two Business Days thereafter), the maturity of the principal amount outstanding of the Securities not redeemed will automatically extend for one or more consecutive Interest Periods up to but, no later than, the Extended Maturity Date, as provided for in the applicable Final Terms. In that event the Issuer may redeem all or any part of the principal amount outstanding of the Securities on any Interest Payment Date after the Maturity Date up to and including the Extended Maturity Date as provided for in the applicable Final Terms.

As regards interest on Securities to which an Extended Maturity Date so applies, if the Issuer fails to redeem the relevant Securities in full

on the Maturity Date (or within two Business Days thereafter), the Securities will bear interest, at the rate provided for in the applicable Final Terms, on the principal amount outstanding of the Securities from (and including) the Maturity Date to (but excluding) the earlier of the Interest Payment Date after the Maturity Date on which the Securities are redeemed in full or the Extended Maturity Date, which interest will be payable on each Interest Payment Date in respect of the Interest Period ending immediately prior to that Interest Payment Date in arrear.

In the case of a Series of Securities to which an Extended Maturity Date so applies, those Securities may for the purposes of the Programme be:

(a) Fixed Rate Securities, Zero Coupon Securities or Floating Rate Securities in respect of the period from the issue date to (and including) the Maturity Date; or

(b) Fixed Rate Securities or Floating Rate Securities in respect of the period from (but excluding) the Maturity Date to (and including) the Extended Maturity Date,

as set out in the applicable Final Terms.

In the case of Securities which are Zero Coupon Securities up to (and including) the Maturity Date and for which an Extended Maturity Date applies, the initial outstanding principal amount on the Maturity Date for the above purposes will be the total amount otherwise payable by the Issuer but unpaid on the relevant Securities on the Maturity Date.

Denomination of Securities: Securities will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) save that the minimum denomination of each Security to be admitted to trading on a regulated market for the purposes of the MiFID II Directive or offered to the public in a Member State of the EEA will be €100,000 (or the equivalent thereof in another currency) or such higher denomination as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency or as may be required in order to avail of any applicable tax exemptions.

In the case of Securities that are not listed on a recognised stock exchange (including the ISE), the minimum denomination of such Securities will be €500,000 if the relevant Securities are denominated in euro, US$500,000 if the relevant Securities are denominated in US dollars, or if the relevant Securities are denominated in a currency other than euro or US dollars, the equivalent of €500,000 at the date that the Programme was first publicised.

Taxation: All payments in respect of the Securities will be made without deduction for, or on account of, withholding taxes imposed by any jurisdiction, unless the Issuer shall be obliged by law to make such deduction or withholding. The Issuer will not be obliged to make any additional payments in respect of any such withholding or deduction imposed. See *Taxation*.

Guarantor: None.

Events of Default:	None.
Negative Pledge:	None.
Cross Default:	None.
Status of the Securities:	The Securities will constitute direct, unconditional and senior obligations of the Issuer and will rank *pari passu* among themselves. The Securities will be Mortgage Covered Securities issued in accordance with the ACS Act, will be secured on cover assets that comprise a Pool maintained by the Issuer in accordance with the terms of the ACS Act, and will rank *pari passu* with all other obligations of the Issuer under Mortgage Covered Securities issued or to be issued by the Issuer pursuant to the ACS Act. See *ACS Act.*
Listing and Admission to Trading:	Application has been made for Securities issued under the Programme during the period of twelve months from the date of this Base Prospectus to be listed on the Official List of the ISE and to be admitted to trading on the regulated market of the ISE. The Securities may also be listed on such other or further stock exchange(s) and/or admitted to trading on such other/further markets (including regulated markets) as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series. Unlisted Securities and those not admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Securities are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or market(s).
Ratings:	Securities issued under the Programme may on issue be rated by Moody's and/or S&P and/or such other rating agency or agencies as may be appointed by the Issuer to rate Securities, such rating(s) to be disclosed in the applicable Final Terms for the relevant Securities. The rating of Securities will not necessarily be the same as the rating applicable to the Issuer and/or AIB Bank and/or AIB Group plc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The rating methodology employed by a rating agency when rating Securities is subject to change at any time at the discretion of that rating agency and may affect ratings attributed to Securities issued under the Programme.
Governing Law/Jurisdiction:	The Securities will be governed by, and construed in accordance with, Irish law and subject to the jurisdiction of the courts of Ireland.
Terms and Conditions/Final Terms:	The applicable terms of any Securities will be agreed between the Issuer and the relevant Dealer prior to the issue of those Securities and will be set out in the Conditions (see *Terms and Conditions of the Securities)* endorsed on or attached to, or incorporated by reference in, the Securities as completed by the applicable Final Terms attached to, or endorsed on, such Securities, as more fully described under *Final Terms for Securities* below.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Securities in the US, the UK, the EEA, Japan, Italy, Ireland, Singapore and Switzerland and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Securities, see *Subscription and Sale, Transfer and Selling*

Restrictions and Secondary Market Arrangements.

US Selling Restrictions: The Securities have not been and will not be registered under the Securities Act and may not be offered or sold in the US or to, or for the account or benefit of, US persons unless an exemption from the registration requirements of the Securities Act is available or in a transaction not subject to the registration requirements of the Securities Act. Accordingly, the Securities are being offered and sold only outside the US in reliance upon Regulation S. There are also restrictions under US tax laws on the offer or sale of Bearer Securities to US persons; Bearer Securities may not be sold to US persons except in accordance with US treasury regulations as set forth in the applicable Final Terms – see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*.

Use of Proceeds: Proceeds from the issue of Securities will be used to support the business of the Issuer permitted by the ACS Act.

The Issuer may issue Securities as Green Securities (as indicated in the applicable Final Terms) and in the case of such Securities, an amount equal to the net proceeds from the issue of any Tranche of Securities will be allocated to an Eligible Green Mortgage Portfolio (as defined in *Green Bond Framework Overview*). Please see *Use of Proceeds* and *Green Bond Framework Overview* for further information.

ACS Act: The ACS Act provides for a statutory framework for the issuance of covered bonds known as asset covered securities. Asset covered securities can only be issued by Irish credit institutions that are registered under the ACS Act and restrict their principal activities to public sector or property financing. Those credit institutions, such as the Issuer, that are registered under the ACS Act and restrict their principal activities for the main part to residential property sector financing, are called "designated mortgage credit institutions" and issue asset covered securities known as "mortgage covered securities".

The ACS Act provides, among other things, for the registration of eligible credit institutions as Institutions, the maintenance by Institutions of a defined pool, known as a cover assets pool, of prescribed mortgage credit assets (including mortgage credit assets in securitised form) and limited classes of other assets (known as cover assets), and the issuance by Institutions of certain asset covered securities secured by a statutory preference under the ACS Act on the Cover Assets comprised in the Pool.

The ACS Act also makes provision for the inclusion in the Pool as Cover Assets of certain hedging contracts which are called cover assets hedge contracts and makes provision for Pool Hedge Collateral and the maintenance by Institutions of a register in respect of Pool Hedge Collateral. The ACS Act also varies the general provisions of Irish insolvency law which would otherwise apply with respect to an Institution, Cover Assets, cover assets hedge contracts, Pool Hedge Collateral and Mortgage Covered Securities on the insolvency of the Institution and replaces them with a special insolvency regime applicable to Institutions.

The ACS Act further provides for the supervision and regulation of Institutions by the Central Bank, for the role of a Monitor in respect

of each Institution and the Pool maintained by it, for restrictions on the types and status of Cover Assets which may be included in the Pool (including the LTV restrictions and duration restrictions), for asset/liability management between the Pool and Mortgage Covered Securities, for overcollateralisation of the Pool with respect to Mortgage Covered Securities, for transfers between an Institution and other credit institutions (including another Institution) of assets and/or business, and, in certain circumstances, for the role with respect to an Institution, and its Pool and Mortgage Covered Securities of the NTMA or a manager appointed by the Central Bank.

See *Cover Assets Pool, The Cover-Assets Monitor, Insolvency of Institutions, Supervision and Regulation of Institutions/Managers, Transfers of a Business or Assets under the ACS Act involving an Institution* and *Registration of Institutions/Revocation of Registration.*

The Securities will qualify as Mortgage Covered Securities for the purposes of the ACS Act. See *Status of the Securities*. In the event of an insolvency of an Institution, the holders of Mortgage Covered Securities issued by an Institution together with limited categories of other preferred and super-preferred creditors have recourse under the ACS Act to Cover Assets included in the Pool in priority to other creditors (whether secured or unsecured) of the Institution who are not preferred under the ACS Act. See *Insolvency of Institutions – Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution* for further information.

Representation of holders of Securities:

There is no provision for representation of holders of Securities.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Securities. All of these factors are contingencies which may or may not occur and which may impact on the Issuer's and/or, as applicable, the Group's business, financial condition, results of operations and prospects.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Securities issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Securities, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Securities for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents deemed to be incorporated in it by reference) and reach their own views prior to making any investment decision.

The majority of the Issuer's activities are outsourced to the Group under the Outsourcing Agreement. The Group, as service agent for the Issuer, originates residential mortgage loans through its retail branch network and other distribution channels in Ireland, services the residential mortgage loans, and provides treasury services in connection with financing as well as a range of other support services.

The Issuer is reliant upon the Group to perform these services to a satisfactory level in line with the Outsourcing Agreement. Any failure in the capacity of the Group to continue to provide these services to the required level of performance, may negatively impact the Issuer. In this context, the risk factors below address risks specific to the Issuer, however they also include risks which impact the Group. The latter could indirectly impact the Issuer to the extent that they may impact the ability of the Group to effectively provide services to the Issuer to the required level of performance under the Outsourcing Agreement.

Each risk factor below has been allocated to one of five risk categories; Macroeconomic and Geopolitical Risks; Business Risks; Governance, Operations & Internal Controls; Regulatory and Legal Risk; and Risks Relating to the Securities, with the most material risk factors appearing first in each of the categories.

Macroeconomic and Geopolitical Risks

1 The Issuer's and 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 Issuer's and the Group's core markets

An outbreak of a novel strain of coronavirus (i.e. COVID-19) in late December 2019 has been spreading globally, including within Ireland and the Issuer's and the Group's other core markets. In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Given the significant uncertainty arising from the public health and economic impacts of COVID-19, it is difficult to predict the cumulative effect of the COVID-19 pandemic on the Issuer's and the Group's business. The impact to date has included significant public health measures which have given rise to a sharp decline in economic activity, which in turn, has resulted in significant volatility in financial markets and substantial impacts to the economies in which the Issuer and the Group operate.

In addition, measures by various governments to reduce the spread of COVID-19 have led to a sharp decline in global economic activity, resulting in widespread closure of companies and steep rises in the level of unemployment. According to the Quarterly Bulletin (Q4) published by the Central Bank on 6 October 2020, baseline Irish GDP is expected to contract by only 0.4 per cent. in 2020 despite large contractions in consumption and, particularly, investment due to the robustness of net trade (notably the export-oriented pharmaceuticals sector). The Central Bank, however, forecasts underlying domestic demand (which excludes certain activities of multi-national corporations (as these generate little value-added for Irish residents)) to fall by 7.1 per cent. in 2020. This is more in line with the declines in GDP observed for many economies internationally. Given the scale of income supports and other Government measures for the labour market, it is difficult to establish with confidence the actual increase in unemployment since the outbreak of COVID-19. The Central Bank, which uses the internationally-accepted (ILO) measure, expects the unemployment rate to average 5.3 per cent. in 2020 (rising to 8.0 per cent. in 2021). By contrast, the ESRI in its recent (8 October 2020)

Quarterly Economic Commentary, forecasts an unemployment rate of 16.9 per cent. in 2020 (falling to 9.9 per cent. in 2021) and includes income supports in its measure of unemployment.

The pandemic has also had an adverse effect on a number of real estate market metrics during 2020 with, for example, a 0.6 per cent. national decrease in residential property prices in the year to August 2020 (according to the Central Statistics Office Residential Property Price Index, August 2020) and the volume of new Irish mortgage lending being 20 per cent. lower in the year to September 2020 as compared to September 2019 (according to the BPFI). See *Description of the Issuer – Irish Housing/Residential Loan Market* for further information. A separate scenario analysis, conducted by the ESRI, shows that Irish property prices could remain unchanged in a 'benign' scenario or decline by 12 per cent. in a 'severe' scenario over the period Q1 2020 to Q4 2021 relative to a "no COVID-19" baseline. Accordingly, the longer-term impact of COVID-19 on the Irish real estate market remains, as at the date of this Base Prospectus, uncertain as does any potential impact on the value of the Cover Assets within the Pool.

The COVID-19 pandemic continues to evolve and as such the impact on public health, global economies and financial markets could become more severe than currently expected. Alternatively, should a vaccine become available more quickly than anticipated or be more effective than estimated, there may be a rapid rebound in economic activity. Given the nature of the Issuer's business, with its focus on mortgage lending in Ireland, any negative impact which the pandemic has on Irish property prices, or the mortgage market in Ireland, could have a material adverse effect on the Issuer's business, financial condition and results of operations. See Risk Factor 3 - "*The Issuer's and the Group's business may be adversely affected by any deterioration in Irish, UK or global economic conditions*".

During March and April 2020 the Group announced schemes to support its customers and the Irish economy through the unprecedented challenges presented by the COVID-19 pandemic. These customer measures ("**COVID-19 Customer Measures**") involved the implementation of close to 66,000 payment breaks for mortgage, personal and business customers and enhanced flexible credit lines. If mortgage, personal and business customers are unable to repay their loans due to the COVID-19 crisis, this would increase default rates and result in higher expected credit losses. The financial stress experienced by customers is expected, to some degree, to be mitigated by a package of measures implemented by the Government. These include *inter alia* a temporary wage subsidy scheme which has since been replaced by a more targeted range of measures (which will give a flat-rate subsidy to qualifying employers, based on the number of qualifying employees on the payroll) and a pandemic unemployment payment that exceeds regular welfare benefits (although some tapering of payments has been introduced). The ultimate impact of these developments on the Issuer's and the Group's profitability and financial position remains uncertain at present.

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

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

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

For more information on the main risks associated with the COVID-19 pandemic, see Risk Factor 6 - "*The Issuer and 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 11 - "*The Issuer and/or the Group may have insufficient capital to meet increased minimum regulatory requirements and to support their business, which could negatively impact the Issuer or the Group's business, results of operations, financial condition or prospects*"; Risk Factor 12 "*Constraints on the Group's access to*

funding and liquidity, including a loss of confidence by depositors or curtailed access to wholesale funding markets, may impair the Issuer's ability to issue covered bonds and result in the Group being required to seek alternative sources of funding markets and/or may result in the Group not being able to meets its obligations as they fall due without incurring unacceptable costs and being required to seek alternative sources of funding"; Risk Factor 14 - "*The Issuer and the Group faces risks associated with the level of, and changes in, interest rates, as well as certain other market risks*"; and Risk Factor 19 - "*The Issuer and the Group face operational risks – including change, continuity management, property protection and insurance risks, which could negatively impact the Issuer's business, results of operations, financial condition or prospects*".

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

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

These negotiations will determine the long term economic impact of the UK's exit from the EU ("**Brexit**"). There remain a number of differences between the UK and the EU negotiators that may create difficulties in reaching a negotiated outcome. As a result, there is a risk that the UK and the EU will not be able to conclude a comprehensive and balanced free trade agreement (or only a limited scope trade deal) prior to the end of the Transition Period. If the UK were to leave without a deal (or only a limited scope trade deal), i.e. a "hard Brexit", this could have a significant and immediate impact on Ireland's trading activity and interactions with the UK. As a result, it is likely that a so-called hard Brexit would impede growth in the short- to medium-term and delay the reversion of the economy to pre-pandemic levels of activity. There is a possibility that a hard Brexit could occur before there has been any meaningful economic recovery following the impact of the COVID-19 pandemic or that a hard Brexit could occur at a time when the coronavirus has become more virulent. A recent study by the Department of Finance and the ESRI has found that there is limited overlap between the sectors of the economy most vulnerable to a COVID-19 'second wave' (i.e. customer-facing sectors) and those vulnerable to a no-deal Brexit. It found that while these simultaneous shocks to the economy result in a wider range of sectors exposed to risk, the impacts are not magnified by interaction effects.

Given the above, the overall impact of Brexit on the Issuer and the Group remains highly uncertain as at the date of this Base Prospectus. The level of uncertainty associated with the ultimate outcome is heightened by the fact that businesses in both Ireland and the UK have been managing the effects of COVID-19 at a time when they also need to prepare for Brexit. In either outcome, a negotiated Brexit or a hard Brexit, it is expected that there will be a negative effect on business and consumer sentiment. This could create a headwind to investment, as companies delay capital expenditure, and to certain types of household purchases, which dampens economic activity in the Issuer's and the Group's core markets over the medium term.

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

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

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

retaining qualified employees, both in the UK and Ireland. This may result in heightened competition for suitably qualified employees, which could adversely affect the Issuer's and the Group's ability to attract and retain employees.

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

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

A deterioration in Irish, UK or global economic conditions, could adversely affect the Issuer directly and/or have a material adverse effect on the Group's business, results of operations, financial condition and prospects, which could lead to an underperformance of the provision of services by the Group to the Issuer under the Outsourcing Agreement.

The Issuer's business activities are entirely based in the Irish market, and the Group's business activities are almost entirely based in the Irish and UK markets. Deterioration in the performance of the Irish economy or in the EU, the UK and/or other relevant economies has the potential to adversely affect the Issuer and the Group's overall financial condition and performance, including a decline in the Issuer and the Group's asset values and increase the risk of residential mortgage default. 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 and increase the risk of residential mortgage default.

Ireland is a small open economy which could be adversely affected by deterioration in UK or global economic conditions or an external economic shock. For example, the global health pandemic arising from COVID-19 (see Risk Factor 1- "*The Issuer's and 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 Issuer's and the Group's core markets*"), has already triggered a global downturn. A re-escalation of US-China trade tensions, or pre-existing fragilities in risky corporate credit and sovereign debt markets could exacerbate an already severe downturn. Moreover, future changes in taxation policy and other tax measures introduced by international organisations such as the 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 Issuer or 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 Issuer's and the Group's business, financial condition, operating results and prospects would remain immune to any such external deterioration or shock.

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

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

4 Geopolitical developments could have a negative impact on global economic growth, disrupt markets and adversely affect the Issuer and the Group. To the extent there is a knock on economic impact on conditions in the Irish market, in particular that impacts the residential mortgage market or residential property prices, there is likely to be a direct negative impact on the Issuer's business and operations

Geopolitical developments in recent years have given rise to significant market volatility and in certain instances have had an adverse impact on economic growth and performance globally. Expectations regarding geopolitical events and their impact on the global economy remain uncertain in both the short and medium term. The

confluence of geopolitical risks, including Brexit (see Risk Factor 2 - "*Brexit could lead to a deterioration in market and economic conditions in the UK and Ireland, which could adversely affect the Issuer's or the Group's business, financial condition, results of operations and prospects*"), tax policy (see Risk Factor 3 - "*The Issuer's and the Group's business may be adversely affected by any deterioration in Irish, UK or global economic conditions*") and the rise in protectionism in the context of the progression of the COVID-19 pandemic (see Risk Factor 1 - "*The Issuer's and 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 Issuer's and the Group's core markets*") has added to this uncertainty.

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

The emergence of anti-EU and anti-establishment political parties and a rise in separatist and protectionist sentiment across the EU may also give rise to further political instability and uncertainty. Brexit has also resulted in significant volatility within the European political environment, as described in further detail above. Such developments could impact the Irish political system and/or the devolved power-sharing arrangements in Northern Ireland.

A general election was held in Ireland on 8 February 2020, with no political party receiving an overall majority. In June 2020, the parties of Fianna Fáil, Fine Gael and the Green Party voted to go into government together and Micheál Martin was elected as Taoiseach. The new government may have different policies and priorities to the previous government and any change in such policy or priorities may have a material adverse effect on the Issuer's and the Group's business, results of operations, financial condition, ownership and prospects.

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

In the US, legal challenges taken by the incumbent administration to the outcome of the 2020 presidential election will take some time to resolve. Until the outcome of these legal proceedings is known, uncertainty over the direction of trade and foreign policies and public health initiatives is likely to remain elevated as will their consequential impact on economic conditions.

After three years of a trade dispute between the US and China, the signing of the 'phase-one' trade deal between the US and China earlier this year alleviated tensions somewhat. The risk is a further escalation of trade frictions, in addition to the current recession, could act as headwinds to global free trade with a further shift away from globalisation and a focus on more secure local supply chains. As Ireland is a highly open economy, with exports comprising a high proportion of GDP, activity could be adversely affected with knock-on effects on the Issuer's and 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 Issuer and the Group's business, financial condition, results of operations and prospects, including a decline in asset values and increase the risk of residential mortgage default, which could lead to an underperformance of the provision of services by the Group to the Issuer under the Outsourcing Agreement.

5 The Issuer or the Group may be adversely affected by the budgetary and taxation policies of the Irish, UK and other governments through changes in taxation law and policy

Changes in taxation policy and other tax measures adopted by the Irish or UK governments, or by international organisations such as the EU, may have an adverse impact on economic activity generally, or on borrowers' ability to repay their loans, which may have a material adverse effect on the Issuer directly and/or, have a material adverse effect on the Group's business, results of operations, financial condition and prospects. For

example, the financial performance of the Issuer may be adversely affected by taxation measures introduced by the Government, such as a change in the current Irish corporation tax rate of 12.5 per cent. As a result of financial support measures in response to the COVID-19 pandemic, governments may consider future changes to budgetary and taxation policies to address the increased burden on public finances, which may have an adverse impact on future economic activity and the Group's business, results of operations, financial condition and prospects.

Changes in Irish or UK taxation will continue to arise from the BEPS project and the ATADs. The detail of these changes is not yet clear in all cases and there remains potential for them to have an adverse impact on the Issuer's and the Group's financial position.

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

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

Business Risk

6 The Issuer and the Group are subject to credit risks in respect of customers and counterparties, including risks arising due to concentration of exposures across their loan books, and any failure to manage these risks effectively could have a material adverse effect on their businesses, financial condition, results of operations and prospects

Credit risks in respect of customers and counterparties, including risks arising due to concentration of exposures across their loan books, and any failure to manage these risks effectively may have a material adverse effect on the Issuer's assets. In addition, credit risks impacting the Group may have a material adverse effect on the Group's business, results of operations, financial condition and prospects, which could lead to an underperformance of the provision of services by the Group to the Issuer under the Outsourcing Agreement.

Risks arising from changes in credit quality and the recoverability of loans and other amounts due from customers and counterparties are inherent in the Issuer and a wide range of the Group's businesses. The Issuer's credit exposures are predominantly loans to individuals, while the wider Group also has exposure to credit risk arising from loans to SMEs, corporates, financial institutions, its trading portfolio, investment securities, derivatives and from off-balance sheet guarantees and commitments including potential obligations due to membership of the Group under certain card schemes. The Issuer's exposure to residential property is 100 per cent. in Ireland, while the Group also 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 Issuer and the Group. On a geographic basis, adverse developments in the wider Irish economy could have a significant impact on both the Issuer and the Group given the concentration of lending in the Irish market.

As disclosed in the Group's interim financial statements, as at 30 June 2020, based on geographic concentration of gross loans and advances to customers, 77 per cent. of the Group's loans and advances to customers were in the Republic of Ireland, 15 per cent. in the UK and 8 per cent. in other jurisdictions. Also, as disclosed in the Group's interim financial statements, as at 30 June 2020, residential mortgages represented 51 per cent. of gross loans (i.e., loans comprising of all capital outstanding and interest accrued prior to the deduction of impairment charges) and advances to customers. The Issuer accounts for 29 per cent. of the total of the Group's loans and

advances to customers. At 30 June 2020 the Issuer's gross loans and advances to customers were 100 per cent. to residential mortgage customers in Ireland.

The Issuer's and 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 Issuer or the Group are unable to manage their credit risk effectively, its business, results of operations, financial condition and prospects could be materially adversely affected.

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

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

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

7 The Issuer and the Group have a material level of non-performing exposures and criticised loans on their statements of financial position and despite significant reductions there can be no assurance that it will continue to be successful in reducing the level of these loans. Higher levels of non-performing exposures and criticised loans gives rise to risks of protracted resolutions, re-defaults and diversion of management attention, which could negatively impact the Issuer's business, results of operations, financial condition or prospects

The Issuer and the Group have a high level of criticised loans and 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 31 December 2019, the Issuer had €1.0 billion in NPEs on its balance sheet representing 6 percent. of total gross loans to customers. As disclosed in the Group's interim financial statements, total Group NPEs were €3.8 billion as at 30 June 2020 as compared to €3.3 billion as at 31 December 2019. The increase reflects an additional €0.3 billion following amendments made to the Group's definition of default exit criteria, and alignment of arrears days past due count methodology to the EBA convention, and €0.2 billion of net underlying flow to non-performing loans. Further NPE reduction remains a priority given the impact holding NPEs has on risk profile, 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 MARP that was introduced in order to comply with the Central Bank's CCMA. The management of criticised loans and NPEs also gives rise to risks, including the protracted resolution of NPEs, increased levels of re-default, and the diversion of management attention and other resources from the business. Any of the foregoing risks could have a material adverse effect on the Group's business, financial condition and results of operations, which could lead to an underperformance of the provision of services by the Group to the Issuer under the Outsourcing Agreement. Despite the Group making significant reductions to the level of criticised loans and NPEs in recent years, the COVID-19 pandemic has resulted in an increase in both criticised loans and NPEs in the six months up to 30 June 2020. The impact of the COVID-19 pandemic will continue to be closely monitored throughout 2020 and as a result there can be no assurance that the Group will continue to be successful in reducing the level of its criticised loans and NPEs.

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

8 LTV/LTI related regulatory restrictions on residential mortgage lending may restrict the Issuer and the Group's residential mortgage lending activities and balance sheet growth generally

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

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

The Issuer is reliant upon the Group to ensure compliance with these regulations. The Group needs to ensure that it dedicates sufficient resources, and has the necessary procedures and controls in place, to ensure that the exception levels permitted under the regulations are monitored and not breached. These restrictions may adversely affect the level of new residential mortgage lending which both the Issuer and the Group can undertake and the costs of administering its residential mortgage lending, and hence may have a material adverse effect on their business, results of operations, financial condition and prospects. For more information on the LTV/LTI Regulations, see "*Certain Aspects of Regulation of Residential Lending in Ireland – Regulatory LTV/Regulatory LTI restrictions on residential mortgage lending*."

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

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

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

Climate risk impacts in terms of the increasing incidence of extreme and unseasonal weather conditions may impact certain sectors in the short-term, for example, the agricultural sector. The impact of a longer term transition to a low carbon economy may also have an impact on certain sectors (for example extraction industry sectors such as oil, gas and mining). The Issuer currently has no exposure and the Group currently has limited exposure to what would be considered "carbon intensive sectors" within the exploration and extraction sectors, however the impact of climate change on the Group's overall portfolio is as yet unknown, but any such future impact could have a material impact on the Issuer and the Group's financial condition or results of operations.

11 The Issuer and/or the Group may have insufficient capital to meet increased minimum regulatory requirements and to support their business, which could negatively impact the Issuer or the Group's business, results of operations, financial condition or prospects

Capital is the means by which the Issuer and the Group absorb unexpected losses. It is of critical importance to the Issuer and the Group themselves, their shareholder, depositors, creditors, other stakeholders and their regulators, including the Central Bank.

The Issuer and the Group aim at all times to comply with all regulatory capital requirements and to ensure that the Issuer and the Group respectively have 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/or the Issuer and may trigger actions by management (under management's recovery plan for the purposes of BRRD) or the resolution authority (under relevant provisions of BRRD) to restore the Group to viability which may impact on the Group or the Issuer'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 Issuer is subject to minimum capital requirements as set out in CRD. The Issuer's minimum capital requirement is 10.5 per cent. comprising a Pillar 1 requirement of 8.0 per cent. and a CCB of 2.5 per cent.

The Group is subject to minimum capital requirements as set out in CRD, and implemented under the SSM. The Group's minimum capital requirements for 2020 are currently set at 14.50 per cent., comprising a Pillar 1 requirement of 8.00 per cent., Pillar 2 requirement ("**P2R**") of 3.00 per cent. (of which 1.69 per cent. must be held in CET1), a CCB of 2.50 per cent., and an Other Systemically Important Institutions ("**O-SII**") buffer of 1.00 per cent. These requirements reflect the recent reduction in the CCyb to zero per cent. by both the Central Bank and Bank of England as part of a suite of measures to support the financial sector through the current COVID-19 pandemic.

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

In reaction to the COVID-19 pandemic, the ECB and national central banks have announced a wide range of measures aimed at supporting the banking system and the macro-economy through the crisis. These include, on a temporary basis, allowing banks to operate below the level of capital defined by the ECB (and Pillar 2 Guidance where applicable), in addition to the reduction of the CCyB buffer noted above. The ECB has also brought forward less stringent rules on the capital that is required to cover the P2R. Previously, only CET1 could be used to cover the P2R but, as of 8 April 2020, the ECB has allowed a portion of surplus AT1 and Tier 2 capital towards covering the P2R. The ECB has stated that it expects banks under its supervision to use the positive effects coming from these measures to support the economy and not to increase dividend distributions or variable remuneration. On 28 July 2020, the ECB confirmed its commitment to allow banks to operate below the Pillar 2 Guidance and the combined buffer requirement until at least the end of 2022, and below the liquidity coverage ratio until at least the end of 2021, without automatically triggering supervisory actions. In addition, the ECB announced an extension of its dividend recommendation until 1 January 2021 (Recommendation ECB/2020/35). The ECB considers that there is an ongoing need in this environment of exceptional systemic

uncertainty and stressed economic conditions for prudent capital planning, which includes preserving credit institutions' capital position by postponing or cancelling distributions. This approach is consistent with Recommendation ESRB/2020/7 of the ESRB. The ECB intends to decide in the fourth quarter of 2020 on the approach to be followed after 1 January 2021, taking into account the economic environment, the stability of the financial system and the level of certainty around capital planning.

Given this regulatory context and the levels of uncertainty in the current economic environment, there is a possibility that the economic output over the Group's capital planning period may be materially worse than expected and/or that losses on the Issuer's and/or 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, or capital allocations across the Group to change, there is a risk that the Issuer or 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 and the Issuer's capital position may also be impacted by other regulatory processes, such as the ECB's TRIM process. As disclosed in the Group's interim financial report for the six months ended 30 June 2020, the capital impact under TRIM on the Group's Mortgage Model for the Group's CET1 ratio is a reduction of 80 basis points with a circa €2.0 billion increase in risk weighted assets ("**RWAs**"). The final TRIM letter has been received and the impact will be included in the Group's and the Issuer's capital position as at December 2020. The Issuer remains strongly capitalised post the impact of TRIM.

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

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

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

On 30 April 2020 the ECB modified the parameters of the third series of targeted longer-term refinancing operations (TLTRO-III) to support the continued access of firms and households to bank credit in the face of disruptions and temporary funding shortages associated with the COVID-19 pandemic. This primarily consisted of reducing the interest rate applicable on eligible lending, extension of the scheme benchmark period out to June 2021 and an increase in the amount that counterparties can borrow from the scheme. To that end, the Group participated in this scheme at the end of September 2020 drawing down €4 billion. In addition, the ECB launched a series of additional longer-term refinancing operations called pandemic emergency longer-term refinancing operations ("**PELTROs**"). These operations provide an effective backstop after the expiry of the bridge longer-term refinancing operations ("**LTROs**"). Counterparties participating in PELTROs will be able to benefit from the collateral easing measures in place until the end of September 2021. There can be no guarantee that the ECB will continue to adopt accommodative monetary policies in the future.

Conditions may arise which would constrain funding or liquidity opportunities for the Group over the longer term. Currently, the Group funds its lending activities primarily from customer accounts. Consequently, a loss of confidence by depositors in the Group, the Irish banking industry or the Irish economy, could ultimately lead to a reduction in the availability and/or increase in the cost of funding or liquidity resources. This could impact the

Group's ability to have the necessary resources in place to fund net outflows in the major currencies in which it operates which in turn would put added pressure on cross currency funding.

Concerns around debt sustainability and sovereign downgrades in the eurozone could impact the Group's deposit base and could impede access to wholesale funding markets, adversely impacting the ability of the Group and the Issuer to issue debt securities (including Securities) and/or regulatory capital instruments to the market. Furthermore, execution risk in respect of the Group's MREL issuance plan may arise in light of the current COVID-19 pandemic. The Group's plans for MREL issuance have been reviewed in light of the pandemic and the regulatory response as it applies to future requirements regarding the BRRD. The SRB has provided the Group with its default formula for the MREL target calibration under the new BRRD II legislative framework to be complied with by 1 January 2022. The Group is currently in excess of its expected January 2022 intermediate binding target of 27.1 per cent. of RWA including the combined buffer requirement.

A stable and sustainable customer deposit base has allowed the Group to reduce its wholesale funding requirements over the last several years which in turn has reduced the need for the Issuer to issue covered bonds such as Securities. This has facilitated an increase in the Group's unencumbered assets. The Group recognises the restrictions on the transfer of liquidity between jurisdictions and separately monitors asset encumbrance by jurisdiction. The Group has also identified certain management and mitigating actions which could be considered on the occurrence of a liquidity stress event. However, in the unlikely event that the Group exhausted these sources of liquidity it would be necessary to seek alternative sources of funding from monetary authorities.

Unexpected events such as the COVID-19 pandemic could lead to a material cut in global economic growth. This could lead to a negative impact on supply chains, commodities and a drop in tourism. Consequently, market confidence may falter and this could lead to a reduction in liquidity resources and a loss in liquidity value of marketable assets. See also Risk Factor 1 - "*The Issuer's and 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 Issuer's and the Group's core markets*".

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

Cyber security is a key risk driver as an increased risk of cyber-attacks on the Issuer and the Group may result in loss of customer data and negative media commentary which increases the risk of deposit outflows. See Risk Factor 18 - "*The Issuer and 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 Issuer's business, results of operations, financial condition or prospects*".

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

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

The Issuer's liquidity risk is managed as part of the overall AIB Bank liquidity management. In accordance with the CCR, the Issuer has appointed AIB Bank as its liquidity manager to fulfil daily cash flow management, oversee any changes required in liquidity management or reporting and manage the Issuer's liquidity risk as part of the overall AIB Bank liquidity risk management process.

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

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

13 Downgrades to the Group's, Ireland's sovereign or other Irish bank credit ratings or outlook could impair the Issuer's residential Mortgage Covered Securities rating, as well as the Group's access to private sector funding, trigger additional collateral requirements and weaken its financial position

A downgrade in the Group's, Ireland's sovereign credit ratings or outlook could result in a downgrade in the Issuer's Mortgage Covered Securities rating. This could result in an increase in the cost of funding or an inability to source funding. The Issuer is a source of private sector funding for the Group. A lack of access to private sector funding for the Group, may trigger additional collateral requirements and weaken its financial position. This may affect divert management attention and resources, and erode the ability of the Group to provide sufficient services under the Outsourcing Agreement.

Changing external perceptions of the Group is a key risk driver as a change in the Group's credit rating and/or changing market perception may lead to increased funding costs. AIB Group plc's long-term senior unsecured debt is rated BBB- (revised to negative outlook from stable) by S&P Global Ratings Europe Limited ("**S&P**") (from April 2020), Baa2 (revised to stable outlook from positive) by Moody's Investors Service Limited ("**Moody's**") (from May 2020) and BBB (revised to negative outlook from stable) by Fitch Ratings Limited ("**Fitch**") (from October 2020). In addition, the Issuer's long term senior secured debt is rated Aaa by Moody's (from June 2020) and AAA by S&P (from August 2019). Each of S&P, Moody's and Fitch is registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. Over the longer term, downgrades in the credit ratings of AIB Bank or the Issuer could have an adverse impact on the volume and pricing of its wholesale funding and its financial position, restrict its access to the debt capital and funding markets, trigger material collateral requirements or associated obligations in other secured funding arrangements or derivative contracts, make ineligible or lower the liquidity value of pledged securities and weaken the Group's competitive position in certain markets. Furthermore, as a consequence of the Group's operations being focused on the Irish market, any downgrade of Ireland's sovereign credit rating or a downgrade of one or more other Irish banks with large shares in the concentrated Irish banking market would be likely to impair the Group's access to private sector funding and weaken its financial position.

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

The Issuer is exposed to interest rate risk arising from residential mortgage lending activities and the issuance of Mortgage Covered Securities, and this risk is managed using interest rate swaps transacted with AIB Bank

allowing the transfer of the interest rate sensitivity out of the Issuer to AIB Bank. This interest rate risk transfer is performed in accordance with the ACS Act.

There is some immaterial residual interest rate risk in the Issuer. This residual interest rate risk is transferred centrally to Group Finance for management, subject to oversight by AIB Group ALCo. Treasury proactively manages the market risk on AIB Bank's balance sheet, which is managed against a range of limits approved at AIB Group ALCo, incorporating forward-looking measures such as VaR limits and stress test limits and financial measures such embedded value limits.

The Issuer is not permitted to engage in proprietary trading and it is not directly exposed to any other market risks, i.e. foreign exchange rates or equity prices.

According to the ACS Act, the net present value changes on the Issuer balance sheet arising from (i) 100 bps upward shift, (ii) 100 bps downward shift and (iii) 100 bps twist, in the yield curve, must not exceed 10 per cent. of the Issuer's total own funds at any time. This test is applied to the residual open risk left on the Issuer's balance sheet.

At 30 September 2020, this limit was €154 million (Issuer's total own funds was €1.54 billion so the limit is 10 per cent. of €1.54 billion which is equal to €154 million). The Up 100 rate and Twist Down scenario produced the largest interest rate sensitivity. This interest rate sensitivity was €8.2 million (0.53 per cent. of own funds) as of 30 September 2020, which is in compliance with the ACS Act.

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

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

Trading book risks predominantly result from supporting client businesses with small residual discretionary positions remaining. Credit valuation adjustments and funding valuation adjustments to derivative valuations arising from customer activity have potentially the largest trading book derived impact on earnings.

Changes in foreign exchange rates, particularly the Euro-Sterling rate, affect the value of assets and liabilities denominated in foreign currency and the reported earnings of the Group's non-Irish subsidiaries. Any failure to manage market risks to which the Group is exposed could have a material adverse effect on its business, financial conditions and prospects, which could lead to an underperformance of the provision of services by the Group to the Issuer under the Outsourcing Agreement.

15 The Group and the Issuer's strategy may not be optimal and/or successfully implemented which may negatively affect the Issuer's business, results of operations, financial condition or prospects

The Irish mortgage market is of strategic importance to the Group. The Issuer's strategy is formed in the context of the overall Group strategy and the board of directors of the Issuer is accountable for the execution of its underlying strategy. The Group and/or the Issuer may not identify, or may not take appropriate action in the response to, changes in the Irish mortgage market. A failure of the Issuer or the Group to optimise its strategy or failure to successfully implement its strategy, may lead to a loss of competitiveness which may ultimately lead

to financial underperformance, and the diverting of management attention and resources. This may also result in an erosion of the ability of the Group to provide sufficient services under the Outsourcing Agreement.

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

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

Increased competition in the markets in Ireland and the UK in which the Issuer and the Group operate is expected in the medium term as a result of:

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

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

Finally, the Minister holds a circa 71 per cent. shareholding in the Group, and through the AIB Relationship Framework, could exert a significant level of influence over the Group. Under the AIB Relationship Framework, while the authority and responsibility for strategy and commercial policies (including business plans and budgets) and the conduct of the Group's day-to-day operations rests in all cases with the AIB Board and its management team, AIB Group plc, and, where relevant, AIB Bank are required, in connection with certain specified aspects of the Group's activities, to consult with the Minister. The AIB Relationship Framework also grants the Minister the right, at all times, to nominate up to two non-executive directors for appointment to the AIB Board.

The composition of the Government is subject to change depending on the ability of the Government to arrive at and maintain an agreed position on its programme, policies and actions, the outcome of elections for the Oireachtas (being the Irish legislature) and support by the Oireachtas for that programme and those policies and actions. Such changes in Government policy may include changes to the AIB Relationship Framework, which

could result in a change in Group strategy directly or negatively affect its implementation. See also Risk Factor 5 - "*The Issuer or the Group may be adversely affected by the budgetary and taxation policies of the Irish, UK and other governments through changes in taxation law and policy*" on risks to the Issuer and the Group posed by changes in government budgetary and taxation policy.

16 The Issuer operates under the Group's brand and therefore any damage to the Group's brand and/or reputation could adversely affect its relationships with customers, staff, shareholders and regulators, and negatively impact the Issuer's business, results of operations, financial condition or prospects

Damage to the Group's brand or reputation could adversely affect the Issuer's relationships with customers, staff, shareholders and regulators, which may impact on its ability to attract and retain customers and conduct business with counterparties. The Issuer's relationships with such stakeholders could be adversely affected by any circumstance that causes real or perceived damage to the Group's brands or reputation, under which it operates. In particular, any regulatory investigations (such as the Tracker Mortgage Examination), inquiries, litigation, actual or perceived misconduct or poor market practice in relation to customer-related issues could damage the Group's brands and/or reputation. This may lead to a reduced ability of the Issuer to attract and retain customers or result in a regulatory sanction, resulting in a loss of income and reduced franchise value. In addition, an issue with the Group's brands, has the potential to divert management time at the Group, and may also impact on the level of service provided to the Issuer via the Outsourcing Agreement. Any damage to the Group's brand and/or reputation, under which the Issuer operates, could have a material adverse effect on the Issuer's business, results of operations, financial conditions or prospects.

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

Governance, Operations & Internal Controls

17 The Issuer may not receive the appropriate level of services from the Group under the Outsourcing Agreement, which could negatively impact the Issuer's business, results of operations, financial condition or prospects.

The Group provides services to the Issuer through the Outsourcing Agreement which is tracked by a formal managed services agreement. Services include the origination and servicing of Irish residential loans, administration and accounting services, treasury services, hedging arrangements, funding, liquidity, equity and regulatory capital and services relating to the issuance of the Securities. A failure or underperformance of these services could have a negative impact on the Issuer's ability to function and business model. Furthermore, a failure by the Group to provide sufficient risk management services to the Issuer under the Outsourcing Agreement may expose the Issuer to increased risk and/or insufficient data for the Issuer to make informed risk based decisions.

The Issuer may also outsource activities to entities who are not members of the Group.

The Group, in turn, is also dependent on the performance of third party service providers in the delivery of certain services. Any failure or detriment in the services provided by third party providers to the Group could have a knock-on impact on the services the Group provides to the Issuer.

The performance of each business area within the Group that provides services to the Issuer, is evaluated on an ongoing basis in line with the requirements of the Group's third party management risk process.

18 The Issuer and 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 Issuer's business, results of operations, financial condition or prospects

The Group processes significant volumes of personal data relating to the Issuer's relevant data subjects (i.e. customers) (including name, address, identification and banking details) as part of the Issuer's business, some of which may also be classified under the GDPR and related legislation as special category personal data. The Issuer therefore must comply with strict data protection and privacy laws and regulations, including the ePrivacy Regulations, the Data Protection Act 2018 and the GDPR. The GDPR introduced substantial changes to data

protection law, including an increased emphasis on businesses being able to demonstrate compliance with their data protection obligations. This required significant investment by the Group in its compliance strategies, including the Issuer, but is now well embedded having been in effect for over 2 years. In addition, relevant supervisory authorities are given the power to issue fines of up to 4 per cent. of an undertaking's annual global group turnover or €20 million (whichever is the greater) for failure to comply with certain provisions of the GDPR. The Presidency of the Council of the European Union released revised text of the proposed new ePrivacy Regulation (Regulation concerning the Respect for Private Life and the Protection of Personal Data in Electronic Communications and Repealing Directive 2002/58/EC (Regulation on Privacy and Electronic Communications)) on 6 March 2020. There have, as at the date of this Base Prospectus, been protracted discussions between the member states of the European Union on the text of this new ePrivacy Regulation and it is unclear as to when resolution on the outstanding matters may occur.

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

The Issuer's business relies on remote access services to Group systems through the internet, or otherwise, by relevant data subjects including customers, employees and third-party service providers, and these services have seen increased use as a result of the COVID-19 pandemic. Failure of any of the foregoing parties to access the Group's systems on a systemic or large-scale basis could impact the Issuer's ability to operate. Remote access also increases inherent exposure to cybercrime, systems compromises or information leaks, in spite of any information security technology, protocols, policies or other controls which may be in place. The Data Protection Commission has highlighted that in a rapidly changing environment the importance of being cognisant of cyber related risks. There is an increasing level of sophistication in cybercrime, and risks are further heightened by an increase in vulnerability of people during a pandemic.

The Government has announced special measures (working from home unless providing an essential service, travel restrictions etc.) in response to the COVID-19 pandemic and their impact on the Group's Operational Risk profile continues to be assessed. To date any impact on the operational capacity of the Group to deliver services to relevant data subjects has been in line with expectations.

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

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

Operational risk is the risk arising from inadequate or failed internal processes, people and systems, or from external events. This includes legal risk, which is the potential for loss arising from the uncertainty of legal proceedings and potential legal proceedings, but excludes strategic and reputational risk. Operational risks are inherently present in the Issuer's businesses, primarily via the services (people, processes and systems) provided to it via the Outsourcing Agreement with the Group. See Risk Factor 17 - "*The Issuer may not receive the appropriate level of services from the Group under the Outsourcing Agreement, which could negatively impact the Issuer's business, results of operations, financial condition or prospects*".

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

Change Risk: The Issuer's business processes are subject to ongoing change as a result of both changes in the way in which the Issuer interacts with customers and as a result of the implementation of mandatory changes as a result of new or changed regulatory requirements. Careful monitoring of the scope and scale of ongoing change across both the Issuer and the Group is required to ensure that ongoing change does not impact on the Issuer's operational risk profile and the Group's ability to meet its obligations to the Issuer under the Outsourcing Agreement. For example, a failure of the Group to effectively implement new processes to accommodate new regulatory requirements, could result in a regulatory sanction and reputational damage. This could directly impact on the Issuer to the extent that mortgage customers were negatively impacted and result in a loss of income and reduced franchise value.

Business Continuity Risk: The Issuer is reliant on the Group for the provision of services under the Outsourcing Agreement. 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 Issuer's results and on its ability to deliver appropriate customer outcomes or to achieve organisational objectives.

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

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

Protection of People & Property Risk: The Issuer is reliant on the Group for the provision of a wide range of services under the Outsourcing Agreement, which are dependent on Group 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 for the Issuer negatively impacting its business, financial condition or prospects. For example, the Issuer is reliant on the Group's branch network to distribute its products and it is also reliant on the Group for the provision of back office services through a small number of key locations. Damage to any of these properties could impact the Issuer's business or result in additional financial costs.

In light of the outbreak of COVID-19, the Group has made a number of changes to how staff and property infrastructure have been managed, including the majority of staff working remotely and buildings being suitably configured in line with Government guidelines, for those that are required to attend branches and offices. If the situation is not managed appropriately, both from a returning to office or the continued absence of staff from the Group offices perspective, it could lead to disengagement of staff from on-going activities, ultimately resulting in a diminished service to customers. The on-going situation is kept under review.

Products & Proposition Risk: The Issuer is reliant on the Group for the provision of services under the Outsourcing Agreement, which include the development of 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 Issuer provides products which are covered by consumer protection legislation. A failure to meet regulatory standards in consumer protection and/or customer needs, could result in regulatory sanction and take a significant amount of resources to rectify, such as the Tracker Mortgage Examination. This could have an adverse effect on the Issuer's results and on its ability to deliver appropriate customer outcomes or to achieve its organisational objectives.

In response to the COVID-19 pandemic, the Group introduced a significant number of product modifications to assist customers through the pandemic, including payment breaks across its portfolios. As these new product modifications were developed at pace within an evolving regulatory environment and an altered working

environment with large numbers of staff working from home, there is increased risk that product design flaws could be introduced.

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

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

Third Party Management Risk: The Group outsources a number of activities to outsource service providers and has a wide range of third 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 risk 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 during the COVID-19 pandemic to ensure on-going service capacity and any required contingency plans are in place. Monitoring of service capacity is an ongoing process.

IT Risk: The Issuer 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 would have an adverse effect on the Issuer's ability to deliver services to customers and to achieve organisational objectives.

Data Risk: The Issuer 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 maintains insurance policies to cover a number of risk events, including those directly impacting the Issuer. 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, which could have an adverse effect on the Issuer's results and on its ability to deliver appropriate customer outcomes or to achieve organisational objectives.

20 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, which could have a negative impact on the Issuer's business, result of operations, financial condition and prospects

The Issuer is reliant upon an appropriate culture developed by the Group in support of its performance of services under the Outsourcing Agreement. The Group must continually develop and promote an appropriate culture that drives and influences the activities of its business and staff and its dealings with customers in relation to managing and taking risks and ensuring risk considerations continue to play a key role in business decisions. It is senior management's responsibility to ensure that the appropriate culture is embedded throughout the organisation. As was demonstrated by many banks during the financial crisis, if an inappropriate culture develops, then a strategy or course of action could be adopted that results in poor customer outcomes. If the

Group is unable to maintain an appropriate culture, this could have a negative impact on the Issuer's business, result of operations, financial condition and prospects.

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

The Issuer is reliant upon the Group to dedicate sufficient resources, including significant numbers of skilled staff, to provide services under the Outsourcing Agreement. The Group may be unable to recruit and retain appropriately skilled and experienced staff to ensure the stability of the business in the long-term. In particular the Group is restricted in the remuneration it can offer to senior management which creates a risk that the Group may not be able to attract and retain the right skills and experience within key senior management roles. The Group's performance and its ability to provide a quality service to the Issuer under the Outsourcing agreement is heavily dependent on the talents and efforts of highly skilled individuals, and the continued ability of the Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. The longer term impacts of COVID-19 on the Irish and UK labour markets and, in particular, on the continued availability of skilled resources, is uncertain.

Mr Richard Pym resigned as AIB Chairman on 6 March 2020. The Group is in the process of identifying the next Chair and an announcement will be made in due course. In the interim, authority has been delegated to Brendan McDonagh, Deputy Chair, for all matters previously carried out by or delegated to the Chair. In addition, Tomas O'Midheach resigned as Chief Operating Officer and Executive Director from AIB with effect from 4 November 2020.

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

22 A deterioration in employee relations could adversely affect the Group, which could have a negative impact on the Issuer and the Group's business, result of operations, financial condition and prospects

The Issuer is reliant upon the Group to dedicate sufficient resources to provide services under the Outsourcing Agreement. A significant proportion of the Group's employees are members of trade unions. The Group adheres to established industrial relations mechanisms in each jurisdiction in which the Group operates. The Group seeks to ensure transparency, fairness and collaboration in all its dealings with employees. In the event that the Group becomes subject to industrial action or other labour conflicts, including strikes or other forms of industrial actions, this may lead to a reduced level of service provided by the Group to the Issuer under the Outsourcing Agreement including reputational damage impacting the Issuer's business and a reduced ability of the Issuer to attract and retain customers, which may result in reputational damage impacting its business result of operations, financial condition and prospects.

23 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. This could have a negative impact on the Issuer's business, result of operations, financial condition and prospects

The Issuer is reliant upon the Group's use of models across many, though not all, of its activities including, but not limited to, capital management, credit grading, loan loss provisioning, valuations, liquidity, pricing and stress testing. The Group also uses financial models to determine the fair value of derivative financial instruments, financial instruments through profit or loss, certain hedged financial assets and financial liabilities and financial assets at fair value through other comprehensive income. Since the Group uses risk measurement models based on historical observations, there is a risk that it underestimates or overestimates exposure to

various risks to the extent that future market conditions deviate from historical experience. Furthermore, as a result of evolving regulatory requirements, the importance of models across the Group's business has been heightened and their importance may continue to increase, in particular because of reforms introduced by the Basel Committee on Banking Supervision. If the Group fails to identify a model or if the Group's models do not accurately estimate its exposure to various risks, it may experience unexpected losses. The Group may also incur losses, for example, as a result of decisions made based on inaccuracies in the build or implementation of these models, as a result of poor data quality or an incomplete understanding by users. Model risk may increase as a result of a significantly changing environment, such as COVID-19, as models are built using historical data to establish relationships which no longer be valid. Models are kept under regular review to ensure that they remain representative of the current environment. For example, a model factor selected at development may no longer be a key driver in the current environment.

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

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

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

Regulatory and Legal Risks

24 The Issuer and the Group are 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 and expectations associated with compliance with such laws and regulations. If the Issuer or the Group fail to comply with these laws and regulations, it could become subject to regulatory actions

A failure by the Issuer or the Group to comply with all applicable laws, regulations, rules, standards and codes of conduct may result in regulatory sanctions, material financial loss or loss to reputation. Where this failure relates to the Group, it may lead to an underperformance of the provision of services by the Group under the Outsourcing Agreement, which may negatively impact the Issuer.

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

While the Central Bank continues to regulate certain areas of the Group's business, including consumer protection in Ireland, it is the ECB (together with support from the Central Bank) that has primary responsibility for the prudential supervision of the Group. The Group is required to provide a number of regulatory returns relating to a number or risk areas including capital, liquidity, finance, credit and conduct. As such it is imperative that these returns are punctual, accurate, robust and meet the standards and detail expected of the regulator, otherwise there is a risk of material errors, failure to meet reporting requirements, or failure to meet deadlines. The Group faces risks associated with an uncertain and rapidly evolving prudential regulatory environment, pursuant to which it is required, among other things, to maintain adequate capital resources and to satisfy specified capital ratios at all times. The Group's borrowing costs and capital requirements could be affected by prudential regulatory developments, including the CRD IV and CRD V, CRR II which includes amendments CRR and amendments which have been made to the BRRD. The agreed text was published in the Official Journal of the EU on 7 June 2019. Most of the provisions of CRD V and BRRD II are required to be transposed into national law by 28 December 2020, with application immediately thereafter. CRR II will apply from 28 June 2021 (subject to certain earlier applications and exemptions, such as those relating to the transitional arrangements for IFRS 9 and the characteristics of new regulatory capital instruments). However, given the ECB's announcements in March 2020 in relation to temporary capital and operational relief due to the

COVID-19 pandemic, some delay may be given to the timeframes for the implementation of these and other regulations, which may impact the Group's capital requirements. See Risk Factor 11 - "*The Issuer and/or the Group may have insufficient capital to meet increased minimum regulatory requirements and to support their business, which could negatively impact the Issuer or the Group's business, results of operations, financial condition or prospects*".

On 28 April 2020, the European Commission proposed certain legislative amendments in order to maximise the ability of banks to lend and absorb losses related to the COVID-19 pandemic and alleviate the immediate impact of COVID-19 developments. The amendments were proposed in a draft Regulation of the European Parliament and of the Council amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (the "**CRR Amendment Regulation**"). The measures include adapting the timeline of the application of IFRS 9 on a bank's capital and modifying the method of excluding certain exposures from the calculation of the leverage ratio. The European Commission also proposed to advance the date of application of agreed measures that change the regulatory treatment of certain salary and pension backed loans and prudently valued software and incentivise banks to finance small and medium sized enterprises and infrastructure projects. On 19 June 2020, the European Parliament adopted the CRR Amendment Regulation. The CRR Amendment Regulation (Regulation (EU) No. 2020/873) entered into force and applies from 27 June 2020, with the exception of amendments to the calculation of the leverage ratio which will apply from 28 June 2021.

It is also possible that additional capital and liquidity requirements or guidance and other requirements, whether based on an interpretation of current rules or the application of new rules or guidance proposed by EU legislators, could be imposed on the Issuer or the Group. Of particular relevance to the Issuer's business and the Securities, as part of the EU Capital Markets Union action plan, are the Covered Bonds Directive and Covered Bonds Regulation which entered into force on 7 January 2020. The Covered Bonds Directive lays down conditions that covered bonds (including ACS and hence, the Securities) must meet in order to be granted preferential capital treatment under CRR. While the Covered Bonds Directive has not, as at the date of this Base Prospectus, been transposed into Irish law, when so transposed, it could result in changes being required to the ACS Act which could have a negative effect on the Issuer's business and the Securities. The Covered Bonds Regulation will directly apply from 8 July 2022. In addition, such an instances may occur as a result of the SREP carried out under the SSM or stress testing by the ECB and the EBA. Additional requirements could include a revision of the level of Pillar 2 add-ons, as the Pillar 2 add-on requirements or guidance are a point-in-time assessment and could therefore be subject to change over time, or changes to the combined buffer requirements applicable. See Risk Factor 11 - "*The Issuer and/or the Group may have insufficient capital to meet increased minimum regulatory requirements and to support their business, which could negatively impact the Issuer or the Group's business, results of operations, financial condition or prospects*". Additional capital and/or liquidity requirements could lead to increased costs for the Issuer or 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.

The Issuer and the Group also face risks and challenges due to interest rate benchmark reform introduced by the EU Benchmarks Regulation, which came into force on 1 January 2018. Regulators are pushing the transition from the use of certain benchmark rates, including LIBOR, to alternative risk free rates. Conduct risk could arise for the Group as a result of changes to customers' terms and conditions for banking products that reference discontinued interest rate benchmarks. For further detail regarding changes to benchmarks, see Risk Factor 33 - "*The regulation and reform of "benchmarks" may adversely affect the value or operation of Securities linked to or referencing such "benchmarks"*.

Both the EBA Guidelines on Loan Origination and Monitoring , due to be implemented by 30 June 2021 (with some transitional arrangements until 2024), and the EC Directive on Credit Servicers, Credit Purchasers and Recovery of Collateral, expected for implementation during 2021, will impact the Issuer and the Group in terms of additional administration in respect of the portfolio, data requirements and the return from any future portfolio disposals.

Regulatory and accounting guidance from the EBA, the ECB, the ESMA, the PRA and the IASB has consistently encouraged the application of appropriate judgement in relation to COVID-19 impacted customers and confirms that banks' judgement in determining ECLs under IFRS 9 (i.e. a grant of a moratorium) should not in itself result in a movement of exposures between IFRS 9 stages due to an automatic trigger of significant increase in credit risk. The Group is conscious of this regulatory guidance and will apply it as appropriate to its credit exposures.

The Issuer and the Group are subject to the Central Bank's "Mortgage 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 - "*LTV/LTI related regulatory restrictions on residential mortgage lending may restrict the Issuer and the Group's residential mortgage lending activities and balance sheet growth generally*".

In addition to the above, the Issuer and the Group are also subject to regulatory reviews, such as those on the residential mortgage and retail banking sectors. Such reviews may require the Issuer and the Group to modify their businesses and the pricing of their products to satisfy new or enhanced regulatory requirements and expectations.

The Group operates in the UK through its subsidiary, AIB Group (UK) plc. In addition, the Group has exercised its EU "passport" rights to provide banking, treasury and corporate treasury services in the UK through the London branch of AIB Bank. The Group must comply with the FCA's conduct of business rules in so far as they apply to its business carried out in the UK. In the US, the Group is subject to federal and state banking and securities law supervision and regulation as a result of the banking activities conducted by AIB Bank's branch in New York. Thus, the Group is required to design and implement policies that ensure compliance with legislation promulgated by the FCA and the Prudential Regulatory Authority in the UK and the relevant regulatory authorities in the US. This may result in additional compliance costs as well as requiring increased management attention, which may divert focus from other areas of its business, including the performance of the provision of services by the Group to the Issuer under the Outsourcing Agreement.

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

The Issuer and 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 Issuer and/or 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 27 - "*The Issuer and the Group are 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*" above for further information). In the future, further legal claims may also be served, and further complaints may be referred by customers to the FSPO for adjudication in relation to tracker mortgages. These outcomes are uncertain and unpredictable.

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

25 The Issuer and the Group are subject to anti-money laundering, counter-terrorist financing, anti-corruption and sanctions regulations and, if the Issuer or the Group fail to comply with these regulations, they may face administrative sanctions, criminal penalties and/or reputational damage

The Issuer and the Group are subject to laws and regulations aimed at preventing money laundering, anti-corruption and the financing of terrorism. Monitoring compliance with AML and CFT and anti-corruption and sanctions rules can put a significant financial burden on banks and other financial institutions and requires significant technical capabilities. In recent years, enforcement of these laws and regulations against financial

institutions has become more intrusive, resulting in several landmark fines against financial institutions. In addition, the Issuer and the Group cannot predict the nature, scope or effect of future regulatory requirements to which it might be subject or the way existing laws might be administered or interpreted. Furthermore, there is a greater focus by regulators on the overall effectiveness of financial institutions' efforts to tackle financial crime beyond issues of mere technical compliance which requires constant enhancement of and investment in their overall financial crime response.

AMLD4, transposed into Irish law by the Criminal Justice (Money Laundering and Terrorist Financing) Act 2018, emphasises a "risk-based approach" to AML and CFT and imposes obligations on Irish incorporated bodies (such as the Issuer) to take measures to compile information on beneficial ownership. In addition to this, the AML/CFT regulatory landscape is constantly changing with a series of proposed further amendments to AMLD4 arising from events such as terrorist attacks in Europe and the leaking of papers containing highly sensitive information as well as a desire to align European AML/CFT laws with recommendations from the Financial Action Task Force.

The combined impact of these changes is the AMLD5, the final text of which was published on 19 June 2018, though it has not yet been fully transposed into Irish law. In addition, AMLD6 was agreed by the EU in December 2018 which means Member States will have until mid-2021 to harmonise predicate offences giving rise to money laundering.

Moreover, global money laundering cases have received increased scrutiny, with a number of major European banks implicated in such matters. A further 7th AML Directive is currently being discussed in order to deal with the fallout from these banking cases. The Issuer and the Group will need to continue to monitor and reflect the changes under AMLD5 and AMLD6 in its applicable policies, procedure and practices, and to update its framework to take account of the risk-based approach and the specific manner in which these requirements are transposed into national law by the transposing legislation in Ireland and the UK, together with any related industry guidance from regulators in each jurisdiction. Moreover, global money laundering cases have received increased scrutiny, with a number of major European banks implicated in such matters. Given the scale, nature and complexity of the financial sanctions regimes in the UK, EU and US, there remains an increased risk that the Group could find itself transacting with customers who could become subject to such sanctions and potentially face the consequence of secondary US sanctions as a result of this.

Although the Group (which includes the Issuer) has policies and procedures that are designed to comply with applicable AML/CFT, anti-corruption and sanctions rules and regulations, it cannot guarantee that such policies and procedures completely prevent situations of money laundering, terrorist financing, breaches of sanctions or corruption, including actions by either the Group's or the Issuer's employees, agents, third party suppliers or other related persons for which the Group and/or the Issuer might be held responsible. Any such events may have severe consequences, including litigation, sanctions, fines and reputational consequences, which could have a material adverse effect on the Group's and/or the Issuer's business, financial condition, results of operations and prospects.

26 The Irish legislation and regulations in relation to residential mortgages, as well as judicial procedures for the enforcement of residential mortgages, custom, practice and interpretation of such legislation, regulations and procedures, represent the regulatory environment in which the Issuer operates and therefore must be factored in to the residential mortgage recoveries process

Legislation and regulations in relation to residential mortgages, as well as judicial procedures for the enforcement of residential mortgages, custom, practice and interpretation of such legislation, regulations and procedures, may have a material adverse effect on the Issuer directly and/or have a material adverse effect on the Group's business, results of operations, financial condition and prospects, which could lead to an underperformance of the provision of services by the Group to the Issuer under the Outsourcing Agreement.

Legislative and regulatory requirements such as the Personal Insolvency Act, the CPC and the CCMA could result in delays in the Issuer and the Group's recoveries in respect of its residential mortgage portfolio and increased impairments, which could have a material adverse effect on its business, results of operations, financial condition and prospects. Furthermore, in instances where the Issuer or the Group seeks to enforce security on commercial or residential property (in particular over a borrower's PDH), the Issuer or the Group may encounter significant delays arising from judicial procedures, which often entail significant legal and other costs. Custom, practice and interpretation of Irish legislation, regulations and procedures may also contribute to delays or restrictions on the enforcement of security. The courts or legislature in Ireland may have particular

regard to the interests and circumstances of borrowers in disputes relating to the enforcement of security above or sale of their loans which is different to the custom and practice of courts in other jurisdictions. As a result of these factors, enforcement of security or recovery of delinquent loans in Ireland may be more difficult, take longer and involve higher costs for lenders as compared to other jurisdictions, or it may not be feasible for the court to enforce security. The CPC is designed to protect the interests of consumers (as defined in the CPC) and is applicable (in part) to the activities of the Issuer and AIB Bank being the originator and servicer of the portfolio. The CPC sets out specified information which must be provided to borrowers throughout the lifecycle of the mortgage product. The CPC requires the Issuer 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 Issuer 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 LCLRA 2019 which came into force on 1 August 2019 provides further protections for home owners in residential mortgage difficulties. Courts must take into account a range of factors set out in the LCLRA 2019 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 2019 reinforces the special status of a PDH in residential mortgage arrears proceedings in Ireland and the 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 Issuer and 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 Issuer's and the Group's recoveries in respect of its residential 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 their loan servicers and may give rise to further implications for future loan sales undertaken by the Group. Further legislation is proposed with regard to loans sold to third parties, such as the No Consent, No Sale Bill 2019. This Bill seeks to transpose the Central Bank's Code of Practice on Transfer of Mortgages into statute and would restrict banks from selling residential mortgages without the written consent of the borrower, which may give rise to further implications for future loan sales undertaken by the Issuer or the Group.

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

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

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

In common with other residential mortgage lenders, the Group faces increased supervisory engagement and focus by the 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 Issuer's or the Group's business, results of operations, financial condition and prospects.

27 The Issuer and the Group are subject to conduct risk, including changes in laws, regulations and practices of relevant authorities and the risk that its practices are challenged under current regulations or standards, and if it is deemed to have breached any of these laws or regulations, it could suffer

reputational damage or become subject to challenges by customers or competitors, or sanctions, fines or other actions

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

If the Issuer or 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 Issuer's and the Group's practices may also be challenged under current regulations and standards. In such circumstances, the Issuer and/or the Group may be required to redress customers, may be subject to regulatory sanctions, material financial loss or loss to reputation, which may have a material adverse effect on the Issuer directly and/or have a material adverse effect on the Group's business, results of operations, financial condition and prospects, which could lead to an underperformance of the provision of services by the Group to the Issuer under the Outsourcing Agreement.

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 residential mortgages and in circumstances where customer detriment is identified from the Tracker Mortgage Examination, to provide appropriate redress and compensation in line with the Central Bank's 'Principles for Redress'. Provisions amounting to €201 million were created in the period from 2015 to 30 June 2020 (€7 million in the six months up to 30 June 2020 as disclosed in the Group's interim financial statements). Over €178 million of these provisions have now been utilised (€3 million in the six months up to 30 June 2020 as disclosed in the Group's interim financial statements).

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

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

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

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

In addition, the Group may be subject to allegations of mis-selling of financial products, including as a result of having sales practices and/or reward structures in place that are subsequently determined to have been inappropriate. This may result in adverse regulatory action (including significant fines) or requirements to

amend sales processes, withdraw products or provide restitution to affected customers, any or all of which could result in the incurrence of significant costs, may require provisions to be recorded in the financial statements and could adversely impact future revenues from affected products.

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

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

The Issuer and the Group monitor 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 negatively affect the Issuer directly and/or have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Risks Relating to the Securities

29 Reliance on ACS Act and change of law and regulation

The Issuer is only one of three Institutions registered under the ACS Act, another of which "EBS Mortgage Finance" is also part of the Group and is being wound down. The claims of Security holders have a preference on the Cover Assets included in the Issuer's Pool based solely on the ACS Act. See Insolvency of Institutions. Any amendments to, or repeal or change in interpretation of, provisions of the ACS Act may have an adverse effect on the Securities or the Issuer's ability to meet its obligations under the Securities.

As part of the EU Capital Markets Union action plan, the Covered Bonds Directive and Covered Bonds Regulation entered into force on 7 January 2020. The Covered Bonds Directive lays down conditions that covered bonds (including ACS and hence, the Securities) would have to respect in order to be recognised under EU law and the Covered Bonds Regulation amends the CRR in that regard. While the Covered Bonds Directive has not, as at the date of this Base Prospectus, been transposed into Irish law, when so transposed, it could result in changes being required to the ACS Act which could have a negative effect on the Issuer's business and the Securities. The Covered Bonds Regulation will directly apply from 8 July 2022. At the date of this Base Prospectus, the mortgage credit assets comprised in the Issuer's Cover Assets Pool and their related primary security are governed by Irish law. No assurance can be given as to the impact of any possible judicial decision or change to EU or Irish law (including in connection with the ACS Act or affecting the Issuer or the Group), regulation or administrative or regulatory practice after the date of issue of the relevant Securities. Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss absorption tools which may affect the rights of Security holders.

30 Secondary market for Mortgage Covered Securities

No assurance can be given as to the existence, continuation or effectiveness of any market-making activity or as to whether any secondary market or liquidity may develop with respect to the Securities.

Although application has been made to list the Securities on the Official List of the ISE and to admit the Securities to trading on the regulated market of the ISE, Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors or where Securities are issued for the purpose of the Group accessing funding or liquidity from central bank monetary policy operations. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Securities.

31 Exchange rate risks and exchange controls

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

Governmental and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

32 Credit rating risks

One or more independent credit rating agencies may assign credit ratings to an issue of Securities. The ratings may not reflect the potential impact of all risks related to structure, market, the additional factors discussed above, and other factors that may affect the value of the Securities. The ratings may be given at the initiative of the Issuer (where the Issuer appoints the rating agency) or without the solicitation of the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. A credit rating agency may lower or withdraw its rating in respect of the Securities and that action may reduce the market value of the Securities.

However, the rating methodology employed by a rating agency with respect to Securities may link the rating applicable to the Securities with the rating applicable to AIB Bank or AIB Group plc. Such a methodology may, for example, include a ceiling on 'notching up' so that the Securities may not be assigned a rating higher than a specified number of notches above the rating applicable to AIB Bank or AIB Group plc. The credit ratings of Securities may also be subject to a ceiling or otherwise linked by reference to a credit rating applicable to other entities, including the credit rating applicable to Irish sovereign debt.

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

33 The regulation and reform of "benchmarks" may adversely affect the value or operation of Securities linked to or referencing such "benchmarks"

Interest rates (such as EURIBOR and LIBOR) and indices which are "benchmarks", are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to or referencing such a "benchmark". The Benchmark Regulation became effective from 1 January 2018. The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmark Regulation could have a material impact on any Securities linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of that regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a

"benchmark" and complying with any such regulations or requirements. For example, the sustainability of the LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. That announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Subsequent speeches by Andrew Bailey and other FCA officials have emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to or referencing a "benchmark". Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the reforms and changes referred to above in making any investment decision with respect to any Securities linked to or referencing a "benchmark".

The Conditions provide for certain fallback arrangements in the event that a published benchmark, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or a Benchmark Event otherwise occurs, including the possibility that the rate of interest could be set by reference to a Successor Rate or an alternative reference rate and that such Successor Rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, all as determined by the Issuer (acting in consultation with an Independent Adviser). In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest for the last preceding interest period being used. This may result in the effective application of a fixed rate for Floating Rate Securities based on the rate which was last observed on the Relevant Screen Page or, the application of the Initial Rate of Interest applicable to such Securities on the Interest Commencement Date. In addition, due to the uncertainty concerning the availability of Successor Rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended €STR as the new risk free rate. The ECB published the €STR for the first time on 2 October 2019, reflecting trading activity on 1 October 2019. €STR will replace EONIA with effect from 3 January 2022. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on any such Securities. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Securities or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Securities. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Securities.

34 European Monetary Union

The Eurozone sovereign debt crisis which started in 2008 has led to continuing and increased speculation that one or more Eurozone countries might abandon the euro as its national currency and even, although generally thought of as an extreme circumstance, the possible disappearance of the euro as a currency. There is a great deal of legal uncertainty surrounding these possibilities but it is likely, in the event that Ireland were to abandon the euro as its national currency, that contracts denominated in euro, including the Securities, would be redenominated into whatever currency replaced the euro as the national currency of Ireland with the possibility of consequent foreign exchange risk and the other uncertainties attendant on such an eventuality constituting risks relating to Securities denominated in euro.

35 Extended maturity of the Securities

If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Securities and the Issuer fails to redeem at par all of those Securities in full on the Maturity Date, the maturity of the principal amount outstanding of the Securities will automatically be extended to the Extended Maturity Date, specified in the applicable Final Terms. In that event, the Issuer may redeem at par all or part of the principal amount outstanding of those Securities on an Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date. In that event also, the interest payable on the principal amount outstanding of those Securities will change as provided in the applicable Final Terms and such interest may apply on a fixed or floating basis. The extension of the maturity of the principal amount outstanding of those Securities from the Maturity Date up to the Extended Maturity Date will not result in any right of Security holders to accelerate payments on those Securities or constitute an event of default for any purpose and no payment will be payable to the Security holders in that event other than as set out in the Conditions (see *Terms and Conditions of the Securities*) and the applicable Final Terms (see *Final Terms for Securities*).

36 Increases in Overcollateralisation Percentage may be reversed

The Overcollateralisation Percentage is relevant to the level of Contractual Overcollateralisation applicable to a Series of Securities, see *Cover Assets Pool - The Pool maintained by the Issuer - Overcollateralisation*. The Conditions provide that the Overcollateralisation Percentage will be specified in the Final Terms for a Series of Securities and will not, for so long as the Securities are outstanding, be reduced by the Issuer below the percentage specified in the applicable Final Terms relating to that Series of Securities.

The Conditions contemplate that the Overcollateralisation Percentage may be increased by the Issuer from time to time. However, any such increase may be reversed by the Issuer in whole or part at any time subject to the provisions of Condition 11(c). Such a reversal may occur where the increased Overcollateralisation Percentage is no longer required (i) to support the then credit rating of the Securities by any credit rating agency then appointed by the Issuer in respect of the Securities or (ii) for the Securities to meet the requirements of level 1 assets or level 2 assets for the purposes of the LCR Commission Regulation. However, such a reversal is not permitted under the Conditions if to do so would result in any credit rating then applying to the Securities by any credit rating agency appointed by the Issuer in respect of the Securities being reduced, removed, suspended or placed on credit watch.

Accordingly, investors in the Securities should be aware that any increase in the Overcollateralisation Percentage subsequent to an issue of Securities may be reversed by the Issuer in whole or part at any time subject to the provisions of Condition 11(c).

37 Sharing of Pool

The Cover Assets included in the Pool benefit not only the holders of the Securities but also other preferred creditors of the Issuer. These preferred creditors are all other holders of the Issuer's Mortgage Covered Securities (whether outstanding at the date of this Base Prospectus or in the future), counterparties under cover assets hedge contracts at the date of this Base Prospectus or in the future (provided that such counterparties fulfil their financial obligations under the relevant cover assets hedge contracts), the Monitor, any manager appointed to the Issuer and, a Pool security trustee appointed by the Issuer, in each of the above cases, whether at the date of this Base Prospectus or in the future. None of the Cover Assets in the Pool are or will be exclusively available to meet the claims of the holders of the Securities ahead of such other preferred creditors of the Issuer at the date of this Base Prospectus or in the future. In addition, the claims of super-preferred creditors of the Issuer (being the Monitor, any such Pool security trustee and any manager appointed to the Issuer) rank ahead of those of other preferred creditors.

38 Dynamic nature of the Pool

The Pool may contain mortgage credit assets, substitution assets and cover assets hedge contracts, subject to the limitations provided for in the ACS Act. At the date of this Base Prospectus, the Pool contains mortgage credit assets, substitution assets and cover assets hedge contracts in accordance with the ACS Act. The ACS Act permits the composition of the Pool to be dynamic and does not require it to be static. Accordingly, the composition of mortgage credit assets (and other permitted assets) comprised in the Pool will change from time to time in accordance with the ACS Act. A mortgage credit asset, cover assets hedge contract or substitution asset may only be included in or removed from the Pool if the Monitor agrees to its inclusion or removal and it

is permitted by the ACS Act. Accordingly, any changes to mortgage credit assets, cover assets hedge contracts, or substitution assets comprised in the Pool from time to time will require the Monitor's approval. See *Cover Assets Pool*.

39 Types of mortgage credit assets that may be included in the Pool

A mortgage credit asset includes a loan secured over commercial property as well as one secured over residential property. Under the ACS Act, a mortgage credit asset also includes securitised mortgage credit assets; namely, RMBS or CMBS. Accordingly, subject to the limits set out in the ACS Act, the Pool may include mortgage credit assets the related loans under which are secured over commercial property or certain CMBS or RMBS. At the date of this Base Prospectus, the Issuer has not included and does not propose to include CMBS or RMBS in the Pool or to acquire or make loans which are primarily secured over commercial property or accordingly, to include mortgage credit assets comprising such loans in the Pool, as permitted by the ACS Act. However, subject as set out below, that position may change and no restrictions will apply to the Issuer acquiring or making mortgage credit assets the related loans under which are secured on commercial property or to the inclusion of those mortgage credit assets or CMBS or RMBS in the Pool, other than restrictions which apply under the ACS Act. The Issuer will not include in the Pool in any circumstance any asset-backed securities which do not satisfy the ECB eligibility criteria for covered bonds as set out in Article 80 of the ECB Guideline. See *Restrictions on the Activities of an Institution* and *Cover Assets Pool.*

The financial performance and market value of any RMBS or CMBS may be adversely affected by, amongst other things, (i) financial deterioration of or other adverse factors affecting the originator, servicer or underlying borrowers, (ii) transactions being downgraded or placed on credit watch by rating agencies, (iii) adverse economic, environmental, climatic or other events in the countries, regions or areas where the underlying properties are situated, (iv) adverse changes in underlying property values, (v) adverse regulatory changes affecting investors or (vi) adverse conditions in the capital markets relating to the availability of credit, liquidity or otherwise.

40 Location of property related to mortgage credit assets

At the date of this Base Prospectus, the Pool consists of residential loans originally secured on residential properties in Ireland with a significant degree of concentration on the Dublin area. The ACS Act permits (and the Conditions do not prohibit) the inclusion by the Issuer in the Pool of mortgage credit assets located in any Member State of the EEA and subject to certain limits and criteria, in the US, Canada, Switzerland, Japan, Australia and New Zealand. See *Cover Assets Pool*.

The location (for the purposes of the ACS Act) of mortgage credit assets which are included in the Pool may change and no restriction will apply to the Issuer acquiring or making mortgage credit assets the related properties under which may be situated outside Ireland or to the inclusion of relevant mortgage credit assets in the Pool, other than those restrictions which apply under the ACS Act (see *Restrictions on the Activities of an Institution and Cover Assets Pool*).

41 Cover assets hedge contracts

At the date of this Base Prospectus, the Pool Hedge only hedges the interest rate exposure with respect to mortgage credit assets located in Ireland for the purposes of the ACS Act and which are secured on Irish residential property, denominated in euro and included in the Pool and with respect to Mortgage Covered Securities which are primarily denominated in euro. If the Issuer includes in the Pool mortgage credit assets which are secured on commercial property, mortgage credit assets (whether secured on residential property or commercial property) which are located outside of Ireland for the purposes of the ACS Act, mortgage credit assets not denominated in euro, certain RMBS or CMBS, or issues Mortgage Covered Securities not denominated in euro, the Pool Hedge does not hedge any interest rate risk and/or, as applicable, currency risk, associated with those assets or as applicable, Mortgage Covered Securities unless further transactions are entered into under the Pool Hedge. The Issuer is entitled but not required under the ACS Act to enter into cover assets hedge contracts.

42 Default of Issuer's assets

A borrower under a residential loan may default on its obligation under that residential loan. Defaults under residential loans are subject to credit, liquidity interest rate, legal and regulatory risks and rental yield reduction (in the case of investment residential properties) and are often connected with negative changes in market

interest rates, international, national or local economic conditions, the financial standing of borrowers, property values or with unemployment, death, illness or relationship breakdown affecting borrowers or similar factors to the above factors.

Material default of the Issuer's assets (in particular of Cover Assets comprised in its Pool) could jeopardise the Issuer's ability to make payments in full or on a timely basis on the Securities if not sufficiently mitigated by overcollateralization or the availability of other non-defaulted assets.

The Cover Assets which will secure the Securities comprise and will continue to comprise to a large extent loans secured on residential property which, at the date of this Base Prospectus, are located in Ireland. These residential loans may be loans originally made to a borrower for the purpose of that borrower buying, constructing, altering or refinancing a residential property in which that borrower then or subsequently resides or may be loans made to a borrower for the purchase of that residential property for investment, rental or other purposes.

43 Payments by borrowers and collection of residential loans

At the date of this Base Prospectus, payments of principal and interest by borrowers in respect of mortgage credit assets comprised in the Pool are usually made monthly in respect of the Irish residential loans held by the Issuer. Such payments are collected by AIB Bank as the Mortgage Servicer under the terms of the Outsourcing Agreement and are credited at least on a monthly basis into an account maintained by the Issuer with Barclays Bank Ireland PLC. Failure by AIB Bank (including in circumstances where AIB Bank is wound up) to remit to the Issuer funds received by AIB Bank and to which the Issuer is entitled could adversely affect the Issuer's financial condition and its ability to make payments on the Securities. See *Irish Residential Loan Origination and Servicing – Mortgage Servicing.*

44 Value and realisation of security over residential property

The security for a residential loan included in the Pool consists of, amongst other things, the Issuer's interest in security over a residential property. The value of this security and accordingly, the level of recoveries on an enforcement of the security, may be affected by, among other things, a decline in the value of residential property, priority of the security, regulatory requirements applicable to enforcement of such security, changes in law, regulation or government policy and decisions of the courts relevant to a particular security or to such type of security generally. No assurance can be given that the values of relevant residential properties will not decline or since origination have not declined or whether other creditors may have a security interest senior to the Issuer's. However, in this regard, it should be noted that one of the Lending Criteria currently applied in respect of the Irish residential lending by the Issuer is that the security taken by the Issuer is a first legal mortgage/charge on the residential property (see further *Irish Residential Loan Origination and Servicing – Mortgage Servicing – Credit Policy - Security*).

Where the Issuer enforces security over a residential property, realisation of that security is likely to involve sale of that residential property with vacant possession. The ability of the Issuer to dispose of a residential property without the consent of the borrower will depend on applicable law at the relevant time, regulatory requirements in respect of residential mortgage enforcement, a court granting vacant possession, the relevant property market conditions at the relevant time and the availability of buyers for the relevant residential property.

See *Certain Aspects of Regulation of Residential Lending in Ireland - Land and Conveyancing Law Reform Acts.*

45 Regulatory, contractual and rating agency overcollateralisation levels

A significant level of overcollateralisation is held in the Issuer's Pool with the aim of providing adequate protection to holders of Mortgage Covered Securities issued by the Issuer in the event of higher defaults and reducing asset values. The Issuer monitors the level of overcollateralisation of its Pool to ensure that the prudent value of the Pool (as measured for the purposes of the Regulatory Overcollateralisation value of the Pool) exceeds minimum Regulatory Overcollateralisation, Contractual Overcollateralisation and rating agency requirements. See further *Cover Assets Pool*.

Risks attaching to the Securities as a result of default or decline in value of Cover Assets in the Issuer's Pool are reduced by a number of features of the ACS Act, including overcollateralisation of the Pool and the Issuer's ability to substitute assets to and from its Pool. However, if a material amount of Cover Assets in the Issuer's

Pool were to default, or to decline materially in value, there is no guarantee that the required level of overcollateralisation could be maintained or that the Issuer would be in a position to substitute non-defaulting assets for the defaulting assets.

46 Securities issued as Green Securities may not be a suitable investment for all investors seeking exposure to green assets

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

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

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

A basis for the determination of such a definition has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of the Sustainable Finance Taxonomy Regulation on the establishment of the EU Sustainable Finance Taxonomy. The EU Sustainable Finance Taxonomy is subject to further development by way of the implementation by the European Commission through delegated regulations of technical screening criteria for the environmental objectives set out in the Sustainable Finance Taxonomy Regulation. While the Group's Green Bond Framework (as defined below) (as amended, supplemented, restated or otherwise updated) is in alignment with the relevant objectives for the EU Sustainable Finance Taxonomy, until the technical screening criteria for such objectives have been developed it is not known whether the Group's Green Bond Framework will satisfy those criteria. Accordingly, alignment with the EU Sustainable Finance Taxonomy, once the technical screening criteria are established, is not certain.

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

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

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

While it is the intention of the Issuer to apply an amount equal to the net proceeds of any Securities so specified to an Eligible Green Mortgage Portfolio in, or substantially in, the manner described in *Green Bond Framework Overview* and the relevant Final Terms, there can be no assurance that the relevant use(s) the subject of, or related to, any Eligible Green Mortgage Portfolio will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Mortgage Portfolio. Any such event or failure by the Issuer will not (i) give rise to any claim of a Security holder against the Issuer; (ii) constitute an event of default howsoever described for any purpose; or (iii) lead to an obligation of the Issuer to redeem such Securities or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Securities.

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

47 Status of the Securities in the event of insolvency of the Issuer

The ACS Act varies the general provisions of Irish insolvency law which would otherwise apply with respect to an Institution, Cover Assets, cover assets hedge contracts, Pool Hedge Collateral and Mortgage Covered Securities on the insolvency of the Institution and replaces them with a special insolvency regime applicable to Institutions. See further *Insolvency of Institutions*.

Part 7 of the ACS Act provides, amongst other things, that if an Institution (or where the Institution has a parent entity or a company that is related to the Institution, the parent entity or related company) becomes subject to an insolvency process (as defined in the ACS Act), all Mortgage Covered Securities issued by the Institution remain outstanding, subject to the terms and conditions specified in the security documents under which those Mortgage Covered Securities are created.

Accordingly, subject to the Conditions, the ACS Act does not give the holders of the Securities or any other person the right to accelerate the obligations of the Issuer under the Securities in the event of insolvency of the Issuer, AIB Bank, AIB Group plc or any other company related to the Issuer. See *Insolvency of Institutions – Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution* for further information.

The Conditions contain no contractual events of default or right to accelerate the Securities on a failure to pay, insolvency of the Issuer or otherwise. If the Issuer fails to make a payment when due or becomes insolvent, then the Securities remain outstanding in accordance with their terms (including Final Terms) and the ACS Act.

48 Amortisation of mortgage credit assets

Loans comprised in mortgage credit assets which are included from time to time in the Pool are and will generally be subject to amortisation of principal on a monthly or other periodic basis. They are also subject to early repayment of principal at any time in whole or part by the relevant borrowers, subject in the case of loans carrying a fixed interest rate to the payment by the borrower of compensation related to the fixed interest rate. In addition, loans comprised in mortgage credit assets which are included in the Pool will generally have interest payable on a monthly basis. Payments of principal on mortgage credit assets as set out above results in the Issuer requiring to include further mortgage credit assets and/or substitution assets in the Pool on a regular and ongoing basis in order for the Issuer to comply with the financial matching and Regulatory Overcollateralisation requirements under the ACS Act and with contractual undertakings in respect of overcollateralisation (see *Cover Assets Pool*).

49 Securities issued at a substantial discount or premium

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

50 Interest rate risks

Investment in Fixed Rate Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Securities. Investment in Floating Rate Securities involves the risk in a low interest rate environment that interest rates on such Securities may be nil.

51 Interests of the Dealers

Certain of the Dealers (including AIB Bank) and their affiliates have engaged, and may in the future, engage in investment banking, commercial banking, monetary policy and/or other financing transactions with, and may perform services for, the Issuer and its affiliates, or for clients in transactions which involve the Issuer and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Securities issued under the Programme. Any such short positions could adversely affect future trading prices of Securities issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

52 Eurosystem eligibility

Though the NGN and NSS allow for the possibility of Securities being issued and held in a manner which will permit them to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations or as eligible under quantitative easing related bond purchase programmes, by the Eurosystem either upon issue or at any or all times during their life, in any particular case, such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Base Prospectus and such documents are available electronically at the links set out below-

On the website of the Group:

(a) the audited financial statements of the Issuer for the financial year ended 31 December 2019 and the auditor's report dated 26 March 2020 by Deloitte Ireland LLP thereon. Such financial statements and such auditor's report are available on the website of the Group at:

https://aib.ie/content/dam/aib/investorrelations/docs/mortgagebank/directors-report-and-financial-statement-2019.pdf

(b) the audited financial statements of the Issuer for the financial year ended 31 December 2018 and the auditor's report dated 22 March 2019 by Deloitte Ireland LLP thereon. Such financial statements and such auditor's report are available on the website of the Group at:

https://aib.ie/content/dam/aib/investorrelations/docs/mortgagebank/directors-report-and-financial-statement-2018.pdf

On the website of the ISE:

(a) terms and conditions of the Securities as contained in pages 54 to 81 of the base prospectus dated 14 September 2009 in respect of the Programme. Such terms and conditions are available on the website of the ISE at:

http://www.ise.ie/debt_documents/1253_14205_BP_14092009_15729.pdf

(b) terms and conditions of the Securities as contained in pages 72 to 101 of the base prospectus dated 20 December 2013 in respect of the Programme. Such terms and conditions are available on the website of the ISE at:

http://www.ise.ie/debt_documents/Base%20Prospectus_bd149f56-19a3-453f-a468-79a1a8812f65.PDF

(c) terms and conditions of the Securities as contained in pages 59 to 84 of the base prospectus dated 18 December 2014 in respect of the Programme. Such terms and conditions are available on the website of the ISE at:

http://www.ise.ie/debt_documents/Base%20Prospectus_76b630c5-f5c2-4e86-a591-d313ffd2ec8e.PDF?v=1342015

(d) terms and conditions of the Securities contained in pages 67 to 92 of the base prospectus dated 17 July 2015 in respect of the Programme. Such terms and conditions are available on the website of the ISE at:

http://www.ise.ie/debt_documents/Base%20Prospectus_48f79832-2bee-4c4a-966b-568e4c550a28.PDF

(e) terms and conditions of the Securities contained in pages 63 to 89 of the base prospectus dated 8 July 2016 in respect of the Programme. Such terms and conditions are available on the website of the ISE at:

http://www.ise.ie/debt_documents/Base%20Prospectus_9ed91a5d-26ae-4869-8795-5db9169106dc.PDF

(f) terms and conditions of the Securities contained in pages 83 to 107 of the base prospectus dated 6 July 2017 in respect of the Programme. Such terms and conditions are available on the website of the ISE at:

http://www.ise.ie/debt_documents/Base%20Prospectus_3fc6834c-7856-4986-bf7d-ca5aa011505d.PDF

(g) terms and conditions of the Securities contained in pages 69 to 96 of the base prospectus dated 25 October 2018 in respect of the Programme. Such terms and conditions are available on the website of the ISE at:

https://www.ise.ie/debt_documents/Base%20Prospectus_3dc3512a-69fd-4395-96cb-4c3a0e290bc6.PDF

(h) terms and conditions of the Securities contained in pages 64 to 93 of the base prospectus dated 19 December 2019 in respect of the Programme. Such terms and conditions are available on the website of the ISE at:

https://www.ise.ie/debt_documents/Base%20Prospectus_0d43023f-01ad-4416-905a-4a44c01563cb.PDF

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any subsequent document which is deemed to be incorporated by reference herein by virtue of any supplement to this Base Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus. Where documents incorporated by reference in this Base Prospectus contain information which is incorporated by reference in those documents, but which information is not expressly incorporated by reference in this Base Prospectus, that information does not form part of this Base Prospectus.

A copy of any or all of the documents deemed to be incorporated herein by reference (unless such documents have been modified or superseded as specified above) will be available in electronic form at www.aibgroup.com, access through 'Investor Relations' – AIB Mortgage Bank.

As regards information contained in the base prospectuses dated 14 September 2009, 20 December 2013, 18 December 2014, 17 July 2015, 8 July 2016, 6 July 2017, 25 October 2018 and 19 December 2019 which is not incorporated by reference in this Base Prospectus, such information is not relevant to investors in Securities to be issued on or after the date of this Base Prospectus or is covered elsewhere in this Base Prospectus.

FORM OF THE SECURITIES, ISSUE PROCEDURES AND CLEARING SYSTEMS

The Securities of each Series will either be Bearer Securities, with or without interest coupons attached or Registered Securities, without interest coupons attached. The Securities have not been and will not be registered under the Securities Act and may not be offered or sold in the US or to, or for the account or benefit of, US persons unless an exemption from the registration requirements of the Securities Act is available or in a transaction not subject to the registration requirements of the Securities Act (see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*). Accordingly, the Securities will only be issued outside the US in reliance upon Regulation S under the Securities Act.

Bearer Securities

Each Tranche of Bearer Securities will be issued in the form of either a Temporary Bearer Global Security or a Permanent Bearer Global Security (each of which, along with a Registered Global Security), is a Global Security, as indicated in the applicable Final Terms, which, in either case, will:

(a) if the Bearer Securities are intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg; and

(b) if the Bearer Securities are not intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a Common Depositary for Euroclear and Clearstream, Luxembourg.

Persons holding beneficial interests in a Permanent Bearer Global Security will be required, under the circumstances described below, to receive delivery of definitive Securities in bearer form.

Whilst any Bearer Security is represented by a Temporary Bearer Global Security, payment of principal, interest (if any) and any other amount payable in respect of such Security due prior to the Exchange Date will be made (against presentation of the Temporary Bearer Global Security if the Temporary Bearer Global Security is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Security are not US persons or persons who have purchased for resale to any US person, as required by US Treasury regulations, have been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On or after the Exchange Date, interests in such Temporary Bearer Global Security will be exchangeable (free of charge) as described therein for interests in a Permanent Bearer Global Security of the same Series against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Bearer Global Security will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Security for an interest in a Permanent Bearer Global Security is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Security will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender, as the case may be, of the Permanent Bearer Global Security if the Permanent Bearer Global Security is not intended to be issued in NGN form) without any requirement for certification.

Interests in a Permanent Bearer Global Security will be exchangeable (free of charge), in whole but not in part, for definitive Securities in bearer form with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event.

The Issuer will promptly give notice to holders of Securities in accordance with Condition 13, if an Exchange Event occurs. In the event of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Security or the Issuer) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Securities which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Securities.

"**ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.**"

The sections referred to provide that US holders, with certain exceptions, will not be entitled to deduct any loss on Securities, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Securities, receipts or interest coupons.

Securities in global form will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Securities

The Registered Securities may be represented by a Registered Global Security. Prior to the expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Securities, beneficial interests in a Registered Global Security may not be offered or sold within the US or to, or for the account or benefit of, a US person and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Registered Global Security will bear a legend regarding such restrictions on transfer.

In addition, Securities in definitive registered form may be privately placed to non-US persons outside the US on a non-syndicated basis with professional investors only in reliance on Regulation S. Any such issue of Securities will be evidenced by a single security registered in the name of the holder thereof.

Registered Global Securities will be deposited with:

(a) in the case of Registered Global Securities issued under the NSS and, as stated in the applicable Final Terms, intended to be held in a manner which would allow Eurosystem eligibility, a Common Safekeeper for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of that Common Safekeeper, and

(b) in the case of Registered Global Securities not issued under the NSS and, as stated in the applicable Final Terms, not intended to be held in a manner which would allow Eurosystem eligibility, a Common Depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg.

Persons holding beneficial interests in Registered Global Securities will be required, under the circumstances described below, to receive delivery of definitive Securities in registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Securities will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5) as the registered holder of the Registered Global Securities. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Securities in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Security will be exchangeable (free of charge), in whole but not in part, for definitive Registered Securities without interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Security holders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Security or the Issuer) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests in Global Securities

Interests in a Global Security may, subject to compliance with all applicable restrictions and requirements, be transferred to a person who wishes to hold such interest in a Global Security. No beneficial owner of an interest in a Global Security will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Securities are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*. In relation to trading of Securities in the Clearing Systems, see *Risk Factors — Clearing Systems*.

Clearing Systems

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Arrangers or any Dealer takes any responsibility for the accuracy thereof. The Issuer confirms that this information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Euroclear or Clearstream, no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Arrangers or any of the Dealers will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, interests in the Securities held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such interests.

Euroclear and Clearstream, Luxembourg each holds securities for its participants and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective participants. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg participants are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions and persons that directly or indirectly through other institutions clear through or maintain a custodial relationship with a participant of either system.

The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, 1855 Luxembourg, Luxembourg.

Pursuant to the Agency Agreement (as defined under *Terms and Conditions of the Securities*), the Issuer has authorised and instructed the Principal Paying Agent and, as applicable, the Registrar to elect Clearstream, Luxembourg as Common Safekeeper for Global Securities issued under the Programme which are intended to be held in a manner which would allow Eurosystem eligibility.

In relation to any issue of Securities issued in global form which have a minimum denomination and are tradable in the Clearing Systems in amounts above that minimum denomination, but those tradable amounts are not integral multiples of that minimum denomination, those Securities may be traded in principal amounts which are not integral multiples of that minimum denomination. If those Securities are required to be exchanged into Securities in definitive form, a holder of Securities who, as a result of trading such amounts, holds a principal amount of Securities which is not an integral multiple of the minimum denomination will not receive a Security in definitive form in respect of the principal amount of Securities in excess of the principal amount equal to the nearest integral multiple of the minimum denomination held by that holder, unless that holder purchases a further principal amount of Securities such that the aggregate principal amount of its holding then becomes an integral multiple of the minimum denomination. The Issuer does not authorise in any circumstances the trading of Securities in a principal or nominal amount less than the applicable minimum denomination specified in the applicable Final Terms.

Transfers of Securities Represented by Global Securities

Interests in a Global Security may, subject to compliance with all applicable restrictions and requirements, be transferred to a person who wishes to hold such interest in a Global Security. No beneficial owner of an interest in a Global Security will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Securities are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements*.

Transfers of any interests in Securities represented by a Global Security within Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system.

Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of interests in Global Securities among participants and accountholders of Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Arrangers or any Dealer will be responsible for any performance by Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of interests in the Securities represented by Global Securities or for maintaining, supervising or reviewing any records relating to such interests.

General

Pursuant to the Agency Agreement (as defined under *Terms and Conditions of the Securities*), the Principal Paying Agent shall arrange that, where a further Tranche of Securities is issued which is intended to form a single Series with an existing Tranche of Securities, the Securities of such further Tranche shall be assigned a common code and ISIN which are different from the common code assigned to Securities of any other Tranches of the same Series until at least the expiry of the distribution compliance period applicable to the Securities of such Tranche.

For so long as any of the Securities is represented by a Global Security held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Securities for all purposes other than with respect to the payment of principal or interest on such nominal amount of Securities, for which purposes the bearer of the relevant Securities in bearer form or, as applicable, the registered holder of the relevant Securities in registered form shall be treated by the Issuer and its agents as the holder of such nominal amount of such Securities in accordance with and subject to the terms of the relevant Global Securities and the expressions "**Security holder**" and "**holder of Securities**" and related expressions shall be construed accordingly.

Any reference herein to Euroclear or Clearstream, Luxembourg shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Where any Security is represented by a Global Security and the Global Security (or any part thereof) has become due and repayable in accordance with the Conditions of such Securities and payment in full of the amount due has not been made in accordance with the provisions of the Global Security, then holders of interests in such Global Security credited to their accounts with Euroclear or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear or Clearstream, Luxembourg on and subject to the terms of the Securities.

FINAL TERMS FOR SECURITIES

Set out below is the form of Final Terms which will be completed for each Tranche of Securities issued under the Programme.

AIB MORTGAGE BANK u.c.

Legal Entity Identifier (LEI): 549300CGO72ED3XVUZ04

Issue of [Aggregate Nominal Amount of Tranche] [[•] per cent./Floating Rate/Zero Coupon] Mortgage Covered Securities due [•] under the €20,000,000,000 Mortgage Covered Securities Programme

THE SECURITIES (AS DESCRIBED HEREIN) ARE MORTGAGE COVERED SECURITIES ISSUED IN ACCORDANCE WITH THE ASSET COVERED SECURITIES ACT 2001 (AS AMENDED) OF IRELAND (THE "ACT"). THE ISSUER HAS BEEN REGISTERED BY THE CENTRAL BANK (AS DEFINED BELOW) AS A DESIGNATED MORTGAGE CREDIT INSTITUTION PURSUANT TO THE ACT. THE FINANCIAL OBLIGATIONS OF THE ISSUER UNDER THE SECURITIES ARE SECURED ON THE COVER ASSETS THAT COMPRISE A COVER ASSETS POOL MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE ACT.

MiFID II product governance / Professional investors and ECPs only target market –Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturer ['s/'s] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer ['s/'s] target market assessment) and determining appropriate distribution channels.

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS –The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPS Regulation.][1]

[**Singapore SFA Product Classification**: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are [prescribed capital markets products][capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded][Specified] Investment Products (as defined in MAS Notice SFA

[1] Legend to be included on front of the Final Terms if the Securities potentially constitute "packaged" products or the Issuer wishes to prohibit offers to EEA and UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.][2]

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Securities (collectively, the "**Conditions**" and each a "**Condition**") set forth in the Base Prospectus dated 16 December 2020 (the "**Base Prospectus**") [and the supplement to the Base Prospectus dated [•] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") and relevant Irish laws. The Central Bank of Ireland (reference to which includes, with respect to actions prior to the commencement of relevant sections of the Central Bank Reform Act 2010 on 1 October 2010, the Irish Financial Services Regulatory Authority, as part of the Central Bank and Financial Services Authority of Ireland) has approved the Base Prospectus under Part 4 of the Central Bank (Investment Market Conduct) Rules 2019 as having been drawn up in accordance with the Prospectus Regulation and Commission Delegated Regulation (EU) 2019/980 and Commission Delegated Regulation (EU) 2019/979, as amended (the "**EU Prospectus Regulations**").]

[This document ("**Final Terms**") [constitutes the final terms of the Securities described herein for the purposes of the Prospectus Regulation and] must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all relevant information.][3] Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] and any final terms issued in connection with the Base Prospectus have been published on the Issuer's website at https://aib.ie/investorrelations/debt-investor/mortgage-bank and on the website of the Irish Stock Exchange plc, trading as Euronext Dublin at www.ise.ie.

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a base prospectus with an earlier date].

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Securities (collectively, the "**Conditions**" and each a "**Condition**") incorporated by reference into the Base Prospectus dated 16 December 2020 (the "**Base Prospectus**") from the base prospectus dated [[14 September 2009]/[20 December 2013]/[18 December 2014]/[17 July 2015]/[8 July 2016]/[6 July 2017]/[25 October 2018]/[19 December 2019]] (the "**Conditions**"). This document ("**Final Terms**") constitutes the final terms of the Securities described herein for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") and relevant Irish laws and must be read in conjunction with the Base Prospectus dated 16 December 2020 [and the supplement to the Base Prospectus dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation and relevant Irish laws in order to obtain all relevant information, save in respect of the Conditions which are incorporated by reference extracted from the base prospectus dated [[14 September 2009]/[20 December 2013]/[18 December 2014]/[17 July 2015]/[8 July 2016]/[6 July 2017]/[25 October 2018]/[19 December 2019]] [and the supplement to the Base Prospectus dated [•]] and are attached hereto. The Central Bank of Ireland (reference to which includes, with respect to actions prior to the commencement of relevant sections of the Central Bank Reform Act 2010 on 1 October 2010, the Irish Financial Services Regulatory Authority, as part of the Central Bank and Financial Services Authority of Ireland) has approved the Base Prospectus under Article 20 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") as having been drawn up in accordance with the Prospectus Regulation, Commission Delegated Regulation (EU) 2019/980 and Commission Delegated Regulation (EU) 2019/979, as amended (the "**EU Prospectus Regulations**"). Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms, the Conditions, the Base Prospectus [and the supplement to the Base Prospectus dated [•]]. The Conditions and the Base Prospectus [and the supplement to the Base Prospectus dated [•]] has been published on the Issuer's website at https://aib.ie/investorrelations/debt-

[2] For any Securities to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Securities pursuant to Section 309B of the SFA prior to the launch of the offer.

[3] This sentence to be removed in the case of Securities not listed and admitted to trading on a regulated market.

investor/mortgage-bank and on the website of the Irish Stock Exchange plc, trading as Euronext Dublin at www.ise.ie].

*[Include whichever of the following apply or specify as Not Applicable ("**N/A**"). Note that the numbering should remain as set out below, even if Not Applicable is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms].*

*[When completing any final terms, consideration should be given as to whether "**significant new factors**" exist and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation].*

1.	Issuer:	AIB Mortgage Bank u.c.
2.	(i) Series Number:	[•]
	(ii) Tranche Number:	[•]
	(iii) Date on which Securities become fungible	Not applicable/[•]
3.	Specified Currency or Currencies:	[•]
4.	Aggregate Nominal Amount of Securities	
	(i) Series:	[•]
	(ii) Tranche:	[•]
5.	Issue Price:	[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] *(in the case of fungible issues only, if applicable)*
6.	Specified Denominations: *(In the case of Registered Securities, this means the minimum integral amount in which transfers can be made)*	[•] *(Specified Denomination for Securities must be at least €100,000 (or other currency equivalent).* *If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: "€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Securities in definitive form will be issued with a denomination above [€199,000].)*
7.	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[•]
8.	Maturity Date:	*[Fixed Rate/Zero Coupon – specify date/Floating Rate – Interest Payment Date falling in or nearest to [specify month and year]]*

9.	Extended Maturity Date	[Applicable/Not Applicable]
	(See Conditions 4(d) and 6(h))	[The Extended Maturity Date is [•][4].
10.	Interest Commencement Date:	
	(i) Period to Maturity Date:	[Specify date/Not Applicable]
	(ii) Period from Maturity Date up to Extended Maturity Date:	[Not Applicable] [Maturity Date][5]
11.	Interest Basis:	
	(i) Period to Maturity Date:	[[•] per cent. Fixed Rate] [EURIBOR/] +/- [•] per cent. Floating Rate] [Zero Coupon]
	(ii) Period from Maturity Date up to Extended Maturity Date:	[Not Applicable]/[[•] per cent. Fixed Rate] [EURIBOR] +/- [•] per cent. Floating Rate][6]
12.	Redemption Basis:	[Redemption at par] [Instalment][7]
13.	Change of Interest Basis:	*[Applicable/Not Applicable]/[Specify the date when any fixed to floating rate change occurs or refer to paragraphs 15 or 16 below and identify there]*
14.	Put/Call Options:	[Investor Put] [Issuer Call]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Security Provisions:	
	(i) To Maturity Date:	[Applicable/Not Applicable] *(If not applicable, state "**Not Applicable**" in the relevant subparagraphs below of this paragraph)*
	(ii) From Maturity Date up to Extended Maturity Date:	[Applicable/Not Applicable] *(If sub-paragraphs (i) and (ii) not applicable, delete the remaining subparagraphs of this paragraph)*[8]
	(a) Rate(s) of Interest:	

[4] If Extended Maturity Date is applicable, insert the Maturity Date. If Extended maturity Date is not applicable, insert 'Not Applicable'.
[5] Insert `Not Applicable' only if Extended Maturity Date does not apply.
[6] State 'Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.
[7] Securities which are not listed on a stock exchange or admitted to trading on a regulated market cannot be redeemed above par under the Programme.
[8] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.

	(I) To Maturity Date:	[•] per cent. per annum payable in arrear on each Interest Payment Date *(If payable other than annually, a supplement to the Base Prospectus will be required pursuant to Article 23 of the Prospectus Regulation)*
	(II) From Maturity Date up to Extended Maturity Date:	[Not Applicable]/[•] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]. *(If payable other than annually, a supplement to the Base Prospectus will be required pursuant to Article 23 of the Prospectus Regulation)*[9]
(b)	Interest Payment Date(s):	
	(I) To Maturity Date:	[[•] in each year up to and including the Maturity Date]
	(II) From Maturity Date up to Extended Maturity Date:	[Not Applicable][10]/[[•] in each Interest Period up to and including the Extended Maturity Date] *(If payable other than monthly, a supplement to the Base Prospectus will be required pursuant to Article 23 of the Prospectus Regulation)*
(c)	Fixed Coupon Amount(s):	
	(I) To Maturity Date:	[•] per [•] in nominal amount
	(II) From Maturity Date up to Extended Maturity Date:	[Not Applicable][11]/[•]per [•] in nominal amount
(d)	Broken Amount(s):	
	(I) To Maturity Date:	*[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*
	(II) From Maturity Date up to Extended Maturity Date:	[Not Applicable]/[*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)*][12]
(e)	Day Count Fraction:	
	(I) To Maturity Date:	[Actual/Actual (ICMA) or Actual/Actual or Actual/365 (Fixed) or Actual/360 or 30/360 or 360/360 or Bond Basis or 30E/360 or Eurobond Basis or 30E/360 (ISDA)]
	(II) From Maturity Date up to	[Not Applicable]/[Actual/Actual (ICMA) or Actual/Actual or Actual/365 (Fixed) or Actual/360 or 30/360 or 360/360 or Bond Basis or 30E/360 or

[9] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.
[10] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.
[11] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.
[12] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.

		Extended Maturity Date:	Eurobond Basis or 30E/360 (ISDA)][13]
	(f)	Determination Date(s):	
		(I) To Maturity Date:	[•] in each year *[Insert regular interest payment dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon* *NB – Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
		(II) From Maturity Date up to Extended Maturity Date:	[Not Applicable]/[•] in each year *(Insert regular interest payment dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last Coupon* *NB – This will need to be amended in the case of regular interest periods which are not of equal duration* *NB – Only relevant where Day Count Fraction is Actual/Actual (ICMA))*[14]
16.	Floating Rate Security Provisions:		
	(i)	To Maturity Date:	[Applicable/Not Applicable] *(If not applicable, state "**Not Applicable**" in the relevant subparagraphs below of this paragraph)*
	(ii)	From Maturity Date up to Extended Maturity Date:	[Applicable/Not Applicable] *(If sub-paragraphs (i) and (ii) not applicable, delete the remaining subparagraphs of this paragraph)*[15]
		(a) Interest Period(s)/Specified Interest Payment Dates:	
		(I) To Maturity Date:	[Interest Periods: [•] Specified Interest Payment Dates: [•]]
		(II) From Maturity Date up to Extended Maturity Date:	[Not Applicable] [•][16] [Interest Periods: [•] Specified Interest Payment Dates: [•]]
		(b) Business Day Convention:	
		(I) To Maturity Date:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
		(II) From Maturity Date up to Extended Maturity Date:	[Not Applicable]/[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][17]

[13] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.
[14] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Fixed Rate Securities after the Maturity Date.
[15] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.
[16] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.
[17] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

(c)	Additional Business Centre(s):		
	(I)	To Maturity Date:	[Not Applicable]/[•]
	(II)	From Maturity Date up to Extended Maturity Date:	[Not Applicable]/[•][18]
(d)	Manner in which the Rate(s) of Interest and Interest Amount(s) is to be determined:		
	(I)	To Maturity Date:	[Not Applicable]/[Screen Rate Determination/ISDA Determination]
	(II)	From Maturity Date up to Extended Maturity Date:	[Not Applicable]/[Screen Rate Determination/ISDA Determination][19]
(e)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent):		
	(I)	To Maturity Date:	[Not Applicable]/[•]
	(II)	From Maturity Date up to Extended Maturity Date:	[Not Applicable]/[•][20]
(f)	Screen Rate Determination:		
	(I)	To Maturity Date:	
		– Reference Rate:	*[•] (EURIBOR or fallback provisions in Condition 4(b)(ii)(B). If other, a supplement to the Base Prospectus is required pursuant to Article 23 of the Prospectus Regulation and fallback provisions required for in the Terms and Conditions of the Securities).*
		– Interest Determination Date(s):	*[•] (Second day on which the TARGET2 System is open prior to the start of each Interest Period if Reference Rate is EURIBOR. If other, a supplement to the Base Prospectus is required pursuant to Article 23 of the Prospectus Regulation)*
		– Relevant Screen Page:	*[•] (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate. If it is not such a page, a supplement to the Base Prospectus is required pursuant to Article 23 of the Prospectus Regulation)*
	(II)	From Maturity Date up to	

[18] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.
[19] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.
[20] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

	Extended Maturity Date:	[Not Applicable][21]
	– Reference Rate:	*[•] (EURIBOR or fallback provisions in Condition 4(b)(ii)(B). If other, a supplement to the Base Prospectus is required pursuant to Article 23 of the Prospectus Regulation).*
	– Interest Determination Date(s):	*[•] (Second day on which the TARGET2 System is open prior to the start of each Interest Period if Reference Rate is EURIBOR. If other, a supplement to the Base Prospectus is required pursuant to Article 23 of the Prospectus Regulation)*
	– Relevant Screen Page:	*[•](In the case of EURIBOR, if not Reuters EURIBOR01ensure it is a page which shows a composite rate. If it is not such a page, a supplement to the Base Prospectus is required pursuant to Article 23 of the Prospectus Regulation)*

(g) ISDA Determination:

(I)	To Maturity Date:	[Not Applicable]
	– Floating Rate Option:	[•]
	– Designated Maturity:	[•]
	– Reset Date:	[•]
	– ISDA Definitions	[2006]
(II)	From Maturity Date up to Extended Maturity Date:	[Not Applicable][22]
	– Floating Rate Option:	[•]
	– Designated Maturity:	[•]
	– Reset Date:	[•]
	–-ISDA Definitions	[2006]

(h) Margin(s):

(I)	To Maturity Date:	[Not Applicable]/[+/-] [•] per cent. per annum
(II)	From Maturity Date up to Extended Maturity Date:	[Not Applicable][23]/[+/-] [•] per cent. per annum

(i) Minimum Rate of Interest:

(I)	To Maturity Date:	[Not Applicable] / [•] / [0 (zero) per cent. per annum]

[21] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.
[22] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.
[23] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

(II) From Maturity Date up to Extended Maturity Date: [Not Applicable] / [•] / [0 (zero) per cent. per annum][24]

(j) Maximum Rate of Interest:

(I) To Maturity Date: [Not Applicable]/[•] per cent. per annum]

(II) From Maturity Date up to Extended Maturity Date: [Not Applicable]/[[•] per cent. per annum][25]

(k) Day Count Fraction:

(I) To Maturity Date: [Not Applicable]

Actual/Actual (ICMA)

Actual/Actual

Actual/365 (Fixed)
Actual/360
30/360

360/360

Bond Basis
30E/360

Eurobond Basis

30E/360 (ISDA)]

(II) From Maturity Date up to Extended Maturity Date: [Not Applicable][26]

Actual/Actual (ICMA)

Actual/Actual
Actual/365 (Fixed)
Actual/360
30/360

360/360

Bond Basis
30E/360

Eurobond Basis

30E/360 (ISDA)]

17. Zero Coupon Security Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

[24] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.
[25] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.
[26] State `Not Applicable' unless Extended Maturity Date applies and the Securities are Floating Rate Securities after the Maturity Date.

(i)	Accrual Yield:	[•] per cent. per annum
(ii)	Reference Price:	[•]
(iii)	Day Count Fraction in relation to late payment:	[Condition 6(g) applies] *(consider applicable day count fraction if not US dollar denominated)*

PROVISIONS RELATING TO REDEMPTION

18.	Issuer Call:		[Applicable/Not Applicable] *(if not applicable, delete the remaining subparagraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount of each Security:	[•] per Security of [•] Specified Denomination
	(iii)	If redeemable in part:	[Not Applicable]
		(a) Minimum Redemption Amount:	[•]
		(b) Maximum Redemption Amount:	[•]
	(iv)	Notice period (if not set out in the Conditions):	*[•]* *(NB – where the Notice Period is to be set out in the Final Terms, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
19.	Investor Put:		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount of each Security:	[•] per Security of [•] Specified Denomination
	(iii)	Notice period (if not set out in the Conditions):	[•] *(NB – where the Notice Period is to be set out in the Final Terms, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
20.	Final Redemption Amount of each Security:		[•] per Security of [•] Specified Denomination

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

21.	Form of Securities, Issue Procedures and Clearing Systems:	[**Bearer Securities:** [Temporary Bearer Global Security exchangeable for a Permanent Bearer Global Security which is exchangeable for Definitive Bearer Securities only upon an Exchange Event] [Permanent Bearer Global Security exchangeable for Definitive Bearer Securities only upon an Exchange Event]] [**Registered Securities:** [Registered Global Security ([•] nominal amount) registered in the name of a nominee of, and deposited with, [a common depositary for Euroclear and Clearstream, Luxembourg / a common safekeeper for Euroclear and Clearstream, Luxembourg] which is exchangeable for definitive Registered Securities only upon an Exchange Event.] [Registered Securities in definitive form] *(Specify nominal amounts)*]
22.	(i) New Global Note:	[Yes/No][27]
	(ii) New Safekeeping Structure:	[Yes/No][28] [*If yes to (b), include the following:* Record Date: the relevant due date for payment minus one business day (being for this purpose a day on which each of Euroclear and Clearstream, Luxembourg (as applicable) is open for business). See Condition 5(d).]
23.	Green Securities:	[Yes] [No] (*If Not Applicable, delete the remaining subparagraphs of this paragraph*)
	[(i)] [Reviewer(s):]	[*Name of sustainability rating agencies and name of third party assurance agent, if any and details of compliance opinion(s) and availability*]
	[(ii)] [Date of Second Party Opinion(s):]	[*Give details*]
24.	Additional Financial Centre(s):	[Not Applicable/give details] *(note that this item relates to the date and place of payment and not Interest Period end dates to which item*

[27] Bearer Global Securities intended to constitute eligible collateral for Eurosystem monetary operations must be issued in New Global Note form.

[28] Registered Global Securities intended to constitute eligible collateral for Eurosystem monetary operations must be issued under the New Safekeeping Structure.

		19(c) relates)
25.	Talons for future Coupons to be attached to Definitive Bearer Securities (and dates on which such Talons mature):	[Yes/No. As the Securities have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
26.	Details relating to Instalment Securities:	
	(i) Instalment Amount(s):	[Not Applicable/[•]]
	(ii) Instalment Date(s):	[Not Applicable/[•]]
27.	Whether Condition 5(h) applies:	[Condition 5(h) applicable/Condition 5(h) not applicable] *(Condition 5(h) relates to Registered Securities in definitive form only)*
28.	Overcollateralisation Percentage for the purposes of Condition 11(c):	[Insert percentage, e.g. 105 per cent.]

[**USE OF PROCEEDS**

*Give details if different from the "**Use of Proceeds**" section in the Base Prospectus*]

[**LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to issue, list and admit to trading the Securities described herein pursuant to the €20,000,000,000 Mortgage Covered Securities Programme of AIB Mortgage Bank u.c..]

RESPONSIBILITY

The Issuer accepts the responsibility for the information contained in these Final Terms. [[•] has been extracted from [•]. The Issuer confirms that such additional information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By:	By:
Duly authorised:	Duly authorised:
Date of Final Terms: [•]	Date of Final Terms: [•]

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing:	[Irish Stock Exchange plc, trading as Euronext Dublin /None]
(ii)	Admission to trading:	[Application has been made by the Issuer to the Irish Stock Exchange plc, trading as Euronext Dublin for the Securities to be admitted to the Official List and trading on its regulated market with effect from [•]]/[Not Applicable.]
(iii)	Estimate of total expenses related to admission to trading:	[•]/[Not Applicable]

2. RATINGS

Ratings: [The Securities to be issued [have been/are expected to be] rated:]

[The following ratings reflect the ratings allocated to Securities of this type issued under the €20,000,000,000 Mortgage Covered Securities Programme generally:]

[Standard & Poor's Credit Market Services Europe Limited: [•]]

[Moody's Investors Service Limited: [•]]

[[Insert legal name of other credit rating agency]: [●]]

*[Where the Securities are to be rated by S&P or Moody's and / or another credit rating agency or agencies (each a, "**CRA**"), insert one (or more) of the following options, as applicable:*

Option 1: CRA is (i) established in the EU and (ii) registered under the CRA Regulation.

[Insert legal name of CRA] is established in the EU and registered under the CRA Regulation.

Option 2: CRA is (i) established in the EU, (ii) not registered under the CRA Regulation but (iii) has applied for registration:

[Insert legal name of CRA] is established in the EU and has applied for registration under the CRA Regulation although notification of the registration decision has not yet been provided.

Option 3: CRA is (i) established in the EU and (ii) has not applied for registration and is not registered under the CRA Regulation:

[Insert legal name of CRA] is established in the EU and is neither registered nor has it applied for registration under

the CRA Regulation.

Option 4: CRA is not established in the EU but the relevant rating is endorsed by another credit rating agency which is established and registered under the CRA Regulation:

[Insert legal name of CRA] is not established in the EU but the rating is has given to the Securities is endorsed by [insert legal name of other credit rating agency], which is established in the EU and registered under the CRA Regulation.

Option 5: CRA is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified under the CRA Regulation:

[Insert legal name of CRA] is not established in the EU but is certified under the CRA Regulation.

Option 6: CRA is neither established in the EU nor certified under the CRA Regulation and the relevant rating is not endorsed under the CRA Regulation:

[Insert legal name of CRA] is not established in the EU and is not certified under the CRA Regulation and the rating it has given to the Securities is not endorsed by a credit rating agency under that regulation.

[No assurance can be given that such rating[s] will be [obtained and/or] retained.]

[For the purposes of the above:

"**CRA Regulation**" means Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies;

"**EU**" means the European Union.]]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]

(The above disclosure should reflect the rating allocated to Securities of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. NOTIFICATION

[The Central Bank of Ireland [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the update of the Programme and the second alternative for subsequent issues] the [names of competent authorities of host member states of the European Economic Area] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation and the EU Prospectus Regulation.

4.	**INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**	Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] (*Amend as appropriate if there are other interests including a conflict of interest, that are material to the issue, detailing the person involved and the nature of the interest. Consider whether such matters constitute 'significant new factors' and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation*).

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i)	Reasons for the offer:	[•] (See ["***Use of Proceeds***"] *wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks exist, will need to include those reasons here.)*
(ii)	Estimated net proceeds:	[•] *(If proceeds are intended for more than one use – will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses – state amount and sources of other funding.)*

6. YIELD *(Fixed Rate Securities only)*

Indication of yield:	[•] [The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. OPERATIONAL INFORMATION

(i)	ISIN:	[•]
(ii)	Common Code:	[•]
(iii)	CFI Code	[Not Applicable][•]
(iv)	FISN Code	[Not Applicable][•] (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "**Not Applicable**"*)
(v)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Name(s) and address(es) of initial Paying Agent(s):	[•]

(viii)	Names and addresses of additional Paying Agent(s) (if any):	[•]
(ix)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "**yes**" simply means that the Securities are intended upon issue to be deposited with one of the international central securities depositaries ("**ICSDs**") as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered Securities] and does not necessarily mean that the Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "**no**" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Securities are capable of meeting them the Securities may then be deposited with one of the international central securities depositaries ("**ICSDs**") as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered securities]. Note that this does not necessarily mean that the Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

8. DISTRIBUTION

(a)	Method of Distribution:	[Syndicated / Non-Syndicated]
(b)	If syndicated, names of Dealers:	[Not Applicable/*give names and addresses of relevant Dealers*]
(c)	Date of Subscription Agreement:	[Not Applicable/[•]]
(d)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
(e)	If non-syndicated, name of relevant Dealer:	[[•] *(if relevant Dealer is not also a permanent Dealer under the Programme, include its address)*]
(f)	US Selling Restrictions	[Reg. S Compliance Category 2] [TEFRA D/TEFRA C/TEFRA not applicable]]
(g)	Prohibition of Sales to EEA and UK Retail Investors	[Applicable/Not Applicable] (*If the Securities clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Securities may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)

TERMS AND CONDITIONS OF THE SECURITIES

*The following are the Conditions (as defined below) which will be incorporated by reference into each Global Security (as defined below) and each definitive Security, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Security will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Security and definitive Security. Reference should be made to "**Final Terms for Securities**" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Securities.*

THE SECURITIES (AS DEFINED IN THESE TERMS AND CONDITIONS) ARE MORTGAGE COVERED SECURITIES ISSUED IN ACCORDANCE WITH THE ASSET COVERED SECURITIES ACT 2001 (AS AMENDED) OF IRELAND (THE "ACT"). THE ISSUER (AS DEFINED IN THESE TERMS AND CONDITIONS) HAS BEEN REGISTERED BY THE CENTRAL BANK OF IRELAND (THE "CENTRAL BANK") AS A DESIGNATED MORTGAGE CREDIT INSTITUTION PURSUANT TO THE ACT. THE FINANCIAL OBLIGATIONS OF THE ISSUER UNDER THE SECURITIES ARE SECURED ON THE COVER ASSETS THAT COMPRISE A COVER ASSETS POOL MAINTAINED BY THE ISSUER IN ACCORDANCE WITH THE ACT.

This Security is one of a Series (as defined below) of mortgage covered securities issued by AIB Mortgage Bank u.c.(the "**Issuer**") pursuant to the Agency Agreement (as defined below) and the Act.

References herein to the "**Securities**" shall be references to the Securities of this Series and shall mean:

(i) in relation to any Securities represented by a global Security (a "**Global Security**"), units of the lowest Specified Denomination in the Specified Currency

(ii) any Global Security;

(iii) any definitive Securities in bearer form ("**Bearer Securities**") issued in exchange for a Global Security in bearer form; and

(iv) any definitive Securities in registered form ("**Registered Securities**") (whether or not issued in exchange for a Global Security in registered form).

The Securities and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 19 December 2019 and made between the Issuer and The Bank of New York Mellon, London Branch as issuing agent, principal paying agent and (if applicable) calculation agent (together with any successor principal paying agent, the "**Principal Paying Agent**" and together with any additional or successor paying agent, the "**Paying Agent**") and as transfer agent (the "**Transfer Agent**"), which expressions shall include any successor principal paying agent (including any successor issuing agent or calculation agent or, as applicable, any additional or successor transfer agent), and The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the "**Registrar**", which expression shall include any successor registrar).

Interest bearing definitive Bearer Securities have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talon**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Securities repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Securities and Global Securities do not have Coupons, Receipts or Talons attached on issue.

The Final Terms for this Security (or the relevant provisions thereof) is attached to or endorsed on this Security and completes these Terms and Conditions (collectively, these "**Conditions**" and, individually, a "**Condition**"). References to the "**applicable Final Terms**" are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Security.

Any reference to "**Security holders**" or "**holders of the Securities**" in relation to any Securities shall mean (in the case of Bearer Securities) the holders of the Securities and (in the case of Registered Securities) the persons

in whose name the Securities are registered and shall, in relation to any Securities represented by a Global Security, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of Receipts. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Securities which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Securities together with any further Tranche or Tranches of Securities which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates, interest amounts/rates in respect of the first Interest Period and/or Issue Prices.

The Security holders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated 19 December 2019 and made by the Issuer. The original of the Deed of Covenant is held by the Common Depositary or, as the case may be, the common service provider, for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of the Principal Paying Agent and the Registrar (such Paying Agent and the Registrar being together referred to as the "**Agents**"). Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Agents save that, if this Security is an unlisted Security of any Series, the applicable Final Terms will only be obtainable by a Security holder holding one or more unlisted Securities of that Series and such Security holder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Securities and identity. The Security holders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

As used herein, "**outstanding**" means in relation to the Securities all the Securities issued other than:

(a) those Securities which have been redeemed and cancelled pursuant to these Conditions;

(b) those Securities in respect of which the date for redemption under these Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and all interest (if any) payable under these Conditions after that date) have been duly paid to or to the order of the Principal Paying Agent in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Security holders in accordance with these Conditions) and remain available for payment against presentation of the relevant Securities and/or Receipts and/or Coupons as applicable;

(c) those Securities which have been purchased (or otherwise acquired) and cancelled under these Conditions;

(d) those Securities which have become prescribed under these Conditions;

(e) those mutilated or defaced Securities which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to these Conditions;

(f) (for the purpose only of ascertaining the principal amount of the Securities outstanding and without prejudice to the status for any other purpose of the relevant Securities) those Securities which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued under these Conditions;

(g) a Temporary Global Security to the extent that it has been duly exchanged for the relevant Permanent Global Security and a Permanent Global Security to the extent that it has been exchanged for the Definitive Bearer Securities in each case under its provisions; and

(h) any Registered Global Security to the extent that it has been exchanged for definitive Registered Securities and any definitive Registered Security to the extent that it has been exchanged for an interest in a Registered Global Security.

1. FORM, DENOMINATION AND TITLE

The Securities are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Securities, serially numbered, in the Specified Currency and the Specified Denomination(s). Securities of one Specified Denomination may not be exchanged for Securities of another Specified Denomination and Bearer Securities may not be exchanged for Registered Securities and vice versa.

Interests in a Permanent Bearer Global Security will be exchangeable (free of charge), in whole but not in part, for definitive Securities in bearer form with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event (as defined below). Interests in a Registered Global Security will be exchangeable (free of charge), in whole but not in part, for definitive Registered Securities without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available.

In the case of a Security that is a Permanent Bearer Global Security, the Issuer will promptly give notice to holders of Securities in accordance with Condition 13 if an Exchange Event occurs and Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Security or the Issuer) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

In the case of a Security that is a Registered Global Security, the Issuer will promptly give notice to holders of Securities in accordance with Condition 13 if an Exchange Event occurs and Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Security or the Issuer) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Securities that are to be admitted to trading on a regulated market for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**"). are subject to a minimum denomination of €100,000 (or the equivalent thereof in another currency).

Where the Securities are initially issued as Global Securities which have a minimum Specified Denomination (as specified in the applicable Final Terms) and are available in amounts above that minimum Specified Denomination (as specified in the applicable Final Terms) for trading in the Clearing Systems but those amounts are not integral multiples of that minimum Specified Denomination and those Securities are required to be exchanged into Securities in definitive form upon the occurrence of an Exchange Event, a holder of Securities who, as a result of holding such amounts holds on the relevant date for exchange a principal or nominal amount of the Securities which is not an integral multiple of the minimum Specified Denomination, shall not be entitled to receive a Security in definitive form in respect of the principal or nominal amount of Securities in excess of the principal or nominal amount equal to the nearest integral multiple of the minimum Specified Denomination held by that holder. This Security may be a Fixed Rate Security, a Floating Rate Security, a Zero Coupon Security or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Where the applicable Final Terms specifies that an Extended Maturity Date applies to a Series of Securities, those Securities may be Fixed Rate Securities or Floating Rate Securities in respect of the period from the Issue Date up to and including the Maturity Date and Fixed Rate Securities or Floating Rate Securities in respect of the period from the Maturity Date up to and including the Extended Maturity Date, subject as specified in the applicable Final Terms.

This Security may be an Instalment Security depending upon the Redemption Basis shown in the applicable Final Terms.

Definitive Bearer Securities are issued with Coupons attached, unless they are Zero Coupon Securities and an Extended Maturity Date is not specified in the applicable Final Terms to the relevant Series of Securities, in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Securities, Receipts and Coupons will pass by delivery and title to the Registered Securities will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Security, Receipt or Coupon and the registered holder of any Registered Security as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Security, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Securities is represented by a Global Security held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, SA ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Securities for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Securities, for which purpose the bearer of the relevant Bearer Global Security or the registered holder of the relevant Registered Global Security shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Securities in accordance with and subject to the terms of the relevant Global Security and the expressions "**Security holder**" and "**holder of Securities**" and related expressions shall be construed accordingly.

Securities which are represented by a Global Security will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. TRANSFERS OF REGISTERED SECURITIES

(a) Transfers of interests in Registered Global Securities

Transfers of beneficial interests in Registered Global Securities will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Security will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Securities in definitive form or for a beneficial interest in another Registered Global Security only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

(b) Transfers of Registered Securities in definitive form

Subject as provided in paragraphs (e) and (f) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Security in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Security for registration of the transfer of the Registered Security (or the relevant part of the Registered Security) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof and the transferee or transferees thereof or, in either case, his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in schedule 7 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Security in definitive form of a like aggregate nominal amount to the Registered Security (or the relevant part of the Registered Security) transferred. In the case of the transfer of part only of a Registered Security in definitive form, a new Registered Security in definitive form in respect of the balance of the Registered Security not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) Registration of transfer upon partial redemption

In the event of a partial redemption of Securities under Condition 6, the Issuer shall not be required to register the transfer of any Registered Security, or part of a Registered Security, called for partial redemption.

(d) Costs of registration

Security holders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) Transfers of interests in Registered Global Securities

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Registered Global Security may not be made to a transferee in the United States or who is a US person.

(f) Exchanges and transfers of Registered Securities generally

Holders of Registered Securities in definitive form may exchange such Securities for interests in a Registered Global Security of the same type at any time.

(g) Definitions

In this Condition, the following expressions shall have the following meanings:

"**Distribution Compliance Period**" means the period that ends 40 days after the completion of the distribution of each Tranche of Securities, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Dealer (in the case of a syndicated issue);

"**Regulation S**" means Regulation S under the Securities Act;

"**Registered Global Security**" means a Global Security in registered form representing Securities sold outside the United States in reliance on Regulation S; and

"**Securities Act**" means the United States Securities Act of 1933, as amended.

3. STATUS OF THE SECURITIES

The Securities and any related Coupons constitute the direct, unconditional and senior obligations of the Issuer and rank *pari passu* among themselves. The Securities are mortgage covered securities issued in accordance with the Asset Covered Securities Act 2001 (as amended) of Ireland, (the "**Act**"), are secured on cover assets that comprise a cover assets pool maintained by the Issuer in accordance with the terms of the Act, and rank *pari passu* with all other obligations of the Issuer under mortgage covered securities issued or to be issued by the Issuer pursuant to the Act.

4. INTEREST

(a) Interest on Fixed Rate Securities

Each Fixed Rate Security bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date ("**Interest Commencement Date**") at the rate(s) per annum equal to the Rate(s) of Interest ("**Rate(s) of Interest**"), as specified in the applicable Final Terms. Subject as provided in Condition 4(d), interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest, in accordance with this Condition 4(a):

(i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:

(A) in the case of Securities where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(B) in the case of Securities where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination

Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(ii) if "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

$\mathbf{Y_1}$ is the year, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{Y_2}$ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$\mathbf{M_1}$ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{M_2}$ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$\mathbf{D_1}$ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

$\mathbf{D_2}$ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

In these Conditions:

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) Interest on Floating Rate Securities

(i) Interest Payment Dates

Each Floating Rate Security bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Additional Business Centre(s) specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than any Additional Business Centre(s) and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer payments system which utilises a single shared platform and which was launched on 19 November 2007 (the "**TARGET2 System**") is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Securities will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Securities*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Securities (the "**ISDA Definitions**") and under which:

(1) the Floating Rate Option is as specified in the applicable Final Terms;

(2) the Designated Maturity is a period specified in the applicable Final Terms; and

(3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the Euro-zone inter-bank offered rate (EURIBOR), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

(B) *Screen Rate Determination for Floating Rate Securities*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below and subject to the section "*Benchmark Discontinuation*", be either:

(1) the offered quotation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) or, as applicable the relevant Calculation Agent of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of clause (1) above, no offered quotation appears or, in the case of clause (2) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Principal Paying Agent shall request each of the Reference Banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the margin relating to that last preceding Interest Period).

For the purposes of these provisions, "**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer in consultation with the Principal Paying Agent.

Benchmark Discontinuation

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

(i) *Independent Adviser*

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

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

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

(ii) *Successor Rate or Alternative Rate*

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

(i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this section "*Successor or Rate or Alternative Rate*"); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part(s) thereof) for all future payments of interest on the Securities (subject to the operation of this section "*Benchmark Discontinuation*").

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this section "*Benchmark Discontinuation*" and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to the terms and conditions of the Securities and/or of the indenture are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, being the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with the section below "*Notices"* without any requirement for the consent or approval of Security holders, vary the terms and conditions of the Securities and/or of the indenture to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this section "*Benchmark Discontinuation*", the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this section "*Benchmark Discontinuation*" will be notified promptly by the Issuer to the Calculation Agent, the Principal Paying Agent and the Security holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Calculation Agent, the Principal Paying Agent and the Security holders, the Issuer shall deliver an officer's certificate

(i) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate, (c) the applicable Adjustment Spread and (d) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this section "*Benchmark Discontinuation*"; and

(ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) be binding on the Issuer, the Calculation Agent, the Principal Paying Agent and the Security holders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under the provisions of this section "*Benchmark Discontinuation*", the Original Reference Rate and the fallback provisions provided for in the "*Screen Rate Determination for Floating Rate Securities*", as applicable, will continue to apply unless and until a Benchmark Event has occurred.

Definitions

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

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

(i) in the case of a Successor Rate, is formally recommended, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(ii) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);

(iii) in the case of an Alternative Rate, is in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate;

(iv) if no such recommendation or option or replacement has been made (or made available), or the Issuer determines there is no such spread, formula or methodology in customary market usage, the Issuer, following consultation with the Independent Adviser, determines is recognized or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(v) if the Issuer determines that no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines to be appropriate.

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

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Securities; or

(v) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Security holder using the Original Reference Rate.

provided that in the case of sub-paragraphs (ii), (iii) and (iv), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer;

"**Initial Rate of Interest"** means the initial rate of interest per annum specified or calculated in accordance with the provisions of these Conditions and the applicable Final Terms;

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

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Securities.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Security and that is either specified or calculated in accordance with the provisions of these Conditions and the applicable Final Terms.

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

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(i) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(ii) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified will calculate the amount of interest (the "**Interest Amount**")) payable on the Floating Rate Securities in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

(i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:

(A) in the case of Securities where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding)

the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(B) in the case of Securities where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

a. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

b. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(ii) if "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if **30/360**, **360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

$\mathbf{Y_1}$ is the year, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{Y_2}$ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$\mathbf{M_1}$ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{M_2}$ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$\mathbf{D_1}$ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(iii) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent, or where the applicable Final Terms specifies a Calculation Agent for this purpose, the Calculation Agent so specified will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any competent listing authority or stock exchange on which the relevant Floating Rate Securities are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each competent listing authority or stock exchange on which the relevant Floating Rate Securities are for the time being listed and to the Security holders in accordance with Condition 13. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(iv) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), by the Principal Paying Agent or the Calculation Agent (if applicable) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, any Calculation Agent, the other Agents and all Security holders and Couponholders and (in the absence of wilful default, bad faith or negligence) no liability to the Issuer, the Security holders or the Couponholders shall attach to the Principal Paying Agent or any Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Accrual of interest

Subject as provided in Condition 4(d), each Security (or in the case of the redemption of part only of a Security, that part only of such Security) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(1) the date on which all amounts due in respect of such Security have been paid; and

(2) five days after the date on which the full amount of the moneys payable in respect of such Security has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Security holders in accordance with Condition 13.

(d) Interest Rate and Payments from the Maturity Date in the event of extension of maturity of the Securities up to the Extended Maturity Date

(i) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Securities and the maturity of those Securities is extended beyond the Maturity Date in accordance with Condition 6(h), the Securities shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which the Securities are redeemed

in full or the Extended Maturity Date, subject to Condition 4(c). In that event, interest shall be payable on those Securities at the rate determined in accordance with Condition 4(d) (ii) on the principal amount outstanding of the Securities in arrear on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date. The final Interest Payment Date shall fall no later than the Extended Maturity Date.

(ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Securities and the maturity of those Securities is extended beyond the Maturity Date in accordance with Condition 6(h), the rate of interest payable from time to time in respect of the principal amount outstanding of the Securities on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date will be as specified in the applicable Final Terms and, where applicable, determined by the Principal Paying Agent or, where the applicable Final Terms specifies a Calculation Agent, the Calculation Agent so specified, two Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms.

(iii) In the case of Securities which are Zero Coupon Securities up to (and including) the Maturity Date and for which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 4(d) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

(iv) This Condition 4(d) shall only apply to Securities to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Securities (in full) on the Maturity Date (or within two Business Days thereafter) and the maturity of those Securities is automatically extended up to the Extended Maturity Date in accordance with Condition 6(h).

5. PAYMENTS

(a) Method of payment

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively);

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and

(iii) payments in United States dollars will be made by a transfer to a US dollar account maintained by the payee with a bank outside the United States (which expression as used in this Condition 5, means the United States of America including the State, and District of Columbia, its territories, its possessions and other areas subject to its jurisdiction) or by cheque drawn on a US bank. In no event will payment be made by a cheque mailed to an address in the United States. All payments of interest will be made to accounts outside the United States except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) Presentation of definitive Bearer Securities and Coupons

Payments of principal in respect of definitive Bearer Securities will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Securities, and payments of interest in respect of definitive Bearer Securities will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Securities, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Security in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Security to which it appertains. Receipts presented without the definitive Bearer Security to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Security becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Securities in definitive bearer form (other than Long Maturity Securities (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 12 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8).

Upon the date on which any Fixed Rate Security in definitive bearer form becomes due and repayable, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Security or Long Maturity Security in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Security**" is a Fixed Rate Security (other than a Fixed Rate Security which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Security shall cease to be a Long Maturity Security on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Security.

If the due date for redemption of any definitive Bearer Security is not an Interest Payment Date, interest (if any) accrued in respect of such Security from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Security.

(c) Payments in respect of Bearer Global Securities

Payments of principal and interest (if any) in respect of Securities represented by any Global Security in bearer form will (subject as provided below) be made in the manner specified above in relation to

definitive Bearer Securities and otherwise in the manner specified in the relevant Global Security against presentation or surrender, as the case may be, of such Global Security at the specified office of any Paying Agent outside the United States. On the occasion of each payment:

(i) in the case of any Global Security in bearer form which is not issued in new global note ("**NGN**") form (as specified in the applicable Final Terms), a record of such payment made against presentation or surrender of such Global Security in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Security by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made; and

(ii) in the case of any Global Security in bearer form which is issued in NGN form (as specified in the applicable Final Terms), the Principal Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

(d) Payments in respect of Registered Securities

Payments of principal in respect of each Registered Security (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Security at the specified office of the Registrar or any Paying Agent. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Security appearing in the register of holders of the Registered Securities maintained by the Registrar (the "**Register**") at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Securities held by a holder is less than euro €250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Security (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Security appearing in the Register at the close of business on the Record Date at his address shown in the Register on the Record Date and at his risk. For this purpose, (the "**Record Date**") means:

(i) where the Registered Security is in global form, the relevant due date for payment minus one business day (being for this purpose a day on which each of Euroclear and Clearstream, Luxembourg (as applicable) is open for business); and

(ii) where the Registered Security is in definitive form, the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date.

Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Security, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Securities which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Security on redemption will be made in the same manner as payment of the principal amount of such Registered Security.

Holders of Registered Securities will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Security as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Securities.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) General provisions applicable to payments

The holder of a Global Security shall be the only person entitled to receive payments in respect of Securities represented by such Global Security and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Security in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Securities represented by such Global Security must look solely to Euroclear or Clearstream, Luxembourg as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Security.

(f) Payment Day

If the date for payment of any amount in respect of any Security or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):

(A) with respect only to Bearer Securities in definitive form, in the relevant place of presentation; or

(B) with respect to any form of Securities, in any Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(g) Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Securities shall be deemed to include, as applicable:

(i) the Final Redemption Amount of the Securities;

(ii) the Optional Redemption Amount(s) (if any) of the Securities;

(iii) in relation to Securities redeemable in instalments, the Instalment Amounts (as specified in the applicable Final Terms); and

(iv) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Securities.

(h) Payments on Registered Securities in definitive form

In respect of payments on Registered Securities in definitive form, whether made or falling due before or during any insolvency or composition proceedings to which the Issuer may be subject, the Issuer, to the extent permitted by applicable law and if Condition 5(h) is specified to apply in the applicable Final Terms, hereby waives any right of set-off to which it may be entitled as well as the exercise of any pledge, right of retention or other rights through which the claims of the Security holder could be prejudiced to the extent that such rights belong to the reserved assets (*gebundenes Vermögen*) of an insurer within the meaning of § 54 Insurance Supervisory Act (*Verischerungsaufsichtsgesetz*) of the Federal Republic of Germany in connection with the Ordinance Relating to the Investment of the Committed Assets of Insurance Companies (*Verordnung über die Anlage des gebunden Vermögens von Versicherungsunternehmen*) of the Federal Republic of Germany or belong to funds covering the debt securities (*Deckungsmasse für Schuldverschreibungen*) of such insurer established pursuant to German law.

6. REDEMPTION AND PURCHASE

(a) Redemption at maturity

Subject to Condition 6(h), unless previously redeemed or purchased (or otherwise acquired) and cancelled or extended as specified below, each Security will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

(i) not less than 15 nor more than 30 days' notice to the Security holders in accordance with Condition 13; and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent and, in the case of a redemption of Registered Securities, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem, as specified in the applicable Final Terms, all or some only of the Securities then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Securities, the Securities to be redeemed ("**Redeemed Securities**") will be selected individually by lot, in the case of Redeemed Securities represented by definitive Securities, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Securities represented by a Global Security, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Securities represented by definitive Securities, a list of the serial numbers of such Redeemed Securities will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Securities represented by definitive Securities shall bear the same proportion to the aggregate nominal amount of all Redeemed Securities as the aggregate nominal amount of definitive Securities outstanding bears to the aggregate nominal amount of the Securities outstanding, in each case on the Selection Date, provided that, such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate nominal amount of Redeemed Securities represented by a Global Security shall be equal to the balance of the Redeemed Securities. No exchange of the relevant Global Security will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (b) and notice to that effect shall be given by the Issuer to the Security holders in accordance with Condition 13 at least five days prior to the Selection Date.

(c) Redemption at the option of the Security holders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Security giving to the Issuer in accordance with Condition 13 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Security on the Optional Redemption Date and at the Optional Redemption Amount as specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Securities may be redeemed under this Condition 6(c) in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of this Security the holder of this Security must deliver, at the specified office of any Paying Agent (in the case of Bearer Securities) or the Registrar (in the case of Registered Securities) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Securities, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Securities so surrendered is to be redeemed, an address to which a new Registered Security in respect of the balance of such Registered Securities is to be sent subject to and in accordance with the provisions of Condition 2(b). If this Security is in definitive form, the Put Notice must be accompanied by this Security or evidence satisfactory to the Principal Paying Agent concerned that this Security will, following delivery of the Put Notice, be held to its order or under its control. If this Security is represented by a Global Security or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Security the holder of this Security must, within the notice period, give notice to the Principal Paying Agent or, as applicable, the Registrar of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or, as the case may be, the common safekeeper or common service provider, for them to the Principal Paying Agent or, as applicable, the Registrar by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Security is represented by a Global Security, at the same time present or procure the presentation of the relevant Global Security to the Principal Paying Agent or, as applicable, Registrar for notation accordingly.

Any Put Notice given by a holder of any Security pursuant to this paragraph shall be irrevocable.

(d) Instalments

Instalment Securities will be redeemed in the Instalment Amounts and on the Instalment Dates.

(e) Purchases

The Issuer may at any time purchase or otherwise acquire Securities (provided that, in the case of definitive Securities, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased, or acquired therewith) at any price and in any manner in the open market or otherwise. Such Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to the Principal Paying Agent or, as applicable, the Registrar for cancellation.

(f) Cancellation

All Securities which are redeemed will forthwith be cancelled (together with all unmatured Coupons, Receipts and Talons attached thereto or surrendered therewith at the time of redemption). All Securities so cancelled and any Securities purchased (or otherwise acquired) and surrendered for cancellation pursuant to paragraph (e) above (together with all unmatured Coupons, Receipts and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent or, as applicable, the Registrar and cannot be reissued or resold.

(g) Late payment on Zero Coupon Securities

If the amount payable in respect of any Zero Coupon Security to which Condition 6(h) does not apply, upon redemption of such Zero Coupon Security pursuant to paragraph (a), (b) or (c) above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Security shall be the amount calculated in accordance with the following formula:

RP x (1 + AY) y

where:

"**RP**" means the Reference Price; and

*"***AY**" means the Accrual Yield expressed as a decimal; and

*"***y**" is a fraction, the denominator of which is 360 and the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Securities to (but excluding) the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Security have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Securities has been received by the Principal Paying Agent or the Registrar and notice to that effect has been given to the Security holders in accordance with Condition 13.

(h) Extension of Maturity up to Extended Maturity Date

(i) An Extended Maturity Date may be specified in the applicable Final Terms as applying to a Series of Securities.

(ii) If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Securities and the Issuer fails to redeem all of those Securities in full on the Maturity Date or within two Business Days thereafter, the maturity of the Securities and the date on which such Securities will be due and repayable for the purposes of these Conditions will be automatically extended up to but no later than the Extended Maturity Date, as specified in the applicable Final Terms. In that event, the Issuer may redeem all or any part of the principal amount outstanding of the Securities on an Interest Payment Date falling after the Maturity Date up to and including the Extended Maturity Date. The Issuer shall give to the Security holders (in accordance with Condition 13), the Principal Paying Agent and any other Paying Agents, notice of its intention to redeem all or any of the principal amount outstanding of the Securities in full at least five Business Days prior to the relevant Interest Payment Date or, as applicable, the Extended Maturity Date. Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date or as applicable, the Extended Maturity Date or give rise to rights in any such person.

(iii) In the case of Securities which are Zero Coupon Securities up to (and including) the Maturity Date to which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 6(h) the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

(iv) Any extension of the maturity of Securities under this Condition 6(h) shall be irrevocable. Where this Condition 6(h) applies, any failure to redeem the Securities on the Maturity Date or any extension of the maturity of Securities under this Condition 6(h) shall not constitute an event of default for any purpose or give any Security holder any right to receive any payment of interest, principal or otherwise on the relevant Securities other than as expressly set out in these Conditions.

(v) In the event of the extension of the maturity of Securities under this Condition 6(h), interest rates, interest periods and interest payment dates on the Securities from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined and made in accordance with the applicable Final Terms and Condition 4(d).

(vi) If the Issuer redeems part and not all of the principal amount outstanding of Securities on an Interest Payment Date falling in any month after the Maturity Date, the redemption proceeds shall be applied rateably across the Securities and the principal amount outstanding on the Securities shall be reduced by the level of that redemption.

(vii) If the maturity of any Securities is extended up to the Extended Maturity Date in accordance with this Condition 6(h), subject to otherwise provided for in the applicable Final Terms, for so long as any of those Securities remains in issue, the Issuer shall not issue any further mortgage covered securities, unless the proceeds of issue of such further mortgage covered securities are applied by the Issuer on issue in redeeming in whole or in part the relevant Securities in accordance with the terms hereof.

(viii) This Condition 6(h) shall only apply to Securities to which an Extended Maturity Date is specified in the applicable Final Terms and if the Issuer fails to redeem those Securities in full on the Maturity Date (or within two Business Days thereafter).

7. TAXATION

All payments of principal and interest in respect of the Securities, Receipts and Coupons shall be made by or on behalf of the Issuer (including, without limitation, by any Paying Agent) without deduction or withholding for or on account of any present or future taxes or other duties of whatever nature levied by or on behalf of any jurisdiction, unless the Issuer or such Paying Agent shall be obligated by any applicable law, or regulation, practice or agreements thereunder, or official interpretations thereof, or any law implementing an intergovernmental approach thereto, or by virtue of the relevant holder failing to satisfy any certification or other requirements in respect of the Securities, in which event, the Issuer or such Paying Agent (as applicable) shall make such payments after such withholding or deduction has been made and shall account to the relevant authorities for the amount(s) so withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments in respect of any such withholding or deduction imposed.

8. PRESCRIPTION

To the extent permitted by applicable law, the Bearer Securities, Receipts and Coupons will become void unless presented for payment within a period of 12 years from the Relevant Date in respect thereof and claims in respect of Registered Securities shall become prescribed unless made within a period of 12 years from the Relevant Date in respect thereof. Any monies paid by the Issuer to the Registrar or a Paying Agent, as the case may be, for the payment of principal or interest with respect to the Securities and remaining unclaimed when the Securities, Receipts or Coupons become void or claims in respect thereof become prescribed, as the case may be, shall be paid to the Issuer and all liability of the Issuer with respect thereto shall thereupon cease. As used in these Conditions, "**Relevant Date**" in respect of any Security means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Security holders in accordance with Condition 13.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon which would be void, or the claim for payment in respect of which would be prescribed, pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

9. REPLACEMENT OF SECURITIES, COUPONS AND TALONS

Should any Security, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying Agent (in the case of Bearer Securities, Receipts, Coupons or Talons) or the Registrar (in the case of Registered Securities) upon payment by the

claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

10. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent and a Registrar; and

(b) so long as the Securities are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Securities) and a Transfer Agent (in the case of Registered Securities) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority).

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Security holders in accordance with Condition 13.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Security holders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

11. OVERCOLLATERALISATION/PRUDENT MARKET DISCOUNT

(a) Maintenance of Overcollateralisation

For so long as the Securities are outstanding, the prudent market value (determined in accordance with the Act) of the cover assets pool maintained by the Issuer in accordance with the terms of the Act will not at any time be less than the then applicable Minimum Overcollateralisation Level.

(b) Minimum Pool Overcollateralisation Level

For the purposes of this Condition 11, the applicable "**Minimum Overcollateralisation Level**" at any time shall be an amount equal to the Overcollateralisation Percentage of the total aggregate outstanding principal amount of all Securities issued under the Programme and any other mortgage covered securities of the Issuer in issue at such time.

(c) Overcollateralisation Percentage

For the purposes of this Condition 11, the "**Overcollateralisation Percentage**" shall be the overcollateralisation percentage specified for the purposes of this Condition 11(c) in the applicable Final Terms as applying to the relevant Series of Securities or such other percentage as may be selected by the Issuer from time to time and notified to the Issuer's cover-assets monitor and the Security holders (in the case of the latter, in accordance with Condition 13) provided that:

(i) the Overcollateralisation Percentage shall not, for so long as the Securities are outstanding, be reduced by the Issuer below the overcollateralisation percentage specified for the purposes of this Condition 11(c) in the applicable Final Terms relating to that Series of Securities; and

(ii) without prejudice to (i), the Issuer shall not at any time reduce the then Overcollateralisation Percentage which applies for the purposes of this Condition 11(c) if to do so would result in any credit rating then applying to the Securities by any credit rating agency appointed by the

Issuer in respect of the Securities being reduced, removed, suspended or placed on credit watch.

(d) Prudent Market Discount

For the purposes of the Asset Covered Securities Act 2001 Regulatory Notice (Sections 41(1) and 41A(7)) 2011 and the Asset Covered Securities Act 2001 (Sections 61(1), 61(2) and 61(3)) [Prudent Market Discount] Regulation 2004 (as either of them may be amended or replaced from time to time), the Prudent Market Discount applicable to the Issuer in the case of valuations within the scope of the above mentioned regulatory notice and regulation is 0.150 or such other figure as may be selected by the Issuer from time to time and notified to the Issuer's cover-assets monitor and the Security holders (in the case of the latter in accordance with Condition 13) provided that:

(i) such Prudent Market Discount shall not for so long as the Securities are outstanding be reduced by the Issuer below 0.150; and

(ii) without prejudice to (i) above, the Issuer shall not at any time reduce the then such Prudent Market Discount which applies for the purposes of this Condition 11 if to do so would result in any credit rating then applying to the Securities by any credit rating agency appointed by the Issuer in respect of the Securities being reduced, removed, suspended or placed on credit watch.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Security to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

All notices regarding Bearer Securities admitted to the Official List of the Irish Stock Exchange plc trading as Euronext Dublin ("**ISE**") and/or admitted to trading on the regulated market of the ISE will be deemed to be validly given if filed with the Companies Announcement Office of the ISE or published in a leading English language daily newspaper of general circulation in Ireland and approved by the ISE. It is expected that such publication will be made in The Irish Times. Any such notice will be deemed to have been given on the date of the first publication.

All notices regarding the Registered Securities will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the second day after mailing and, in addition, for so long as any Registered Securities are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Securities are issued, there may, so long as any Global Securities representing the Securities are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Securities and, in addition, for so long as any Securities are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Securities on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Security holder shall be in writing and given by lodging the same, together (in the case of any Security in definitive form) with the related Security or Securities, with the Principal Paying Agent (in the case of Bearer Securities) or the Registrar (in the case of Registered Securities).

Whilst any of the Securities are represented by a Global Security, such notice may be given by any holder of a Security to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Security holders, the Receiptholders or the Couponholders to create and issue further mortgage covered securities in accordance with the Act having terms and conditions the same as the Securities or the same in all respects (including as to liability) save for their respective Issue Dates, Interest Commencement Dates, interest amounts/rates in respect of the First Interest Period and/or Issue Prices and so that the same shall be a Tranche of and consolidated and form a single Series with the outstanding Securities.

15. GOVERNING LAW, JURISDICTION AND PARTIAL INVALIDITY

(a) Governing Law

The Agency Agreement, the Deed of Covenant, the Securities, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with the laws of Ireland.

(b) Jurisdiction

Any action or other legal proceedings arising out of or in connection with the Securities shall be brought in the High Court of Ireland and the Issuer hereby submits to the exclusive jurisdiction of such court.

(c) Partial Invalidity

Should any provision hereof be or become illegal, invalid, void, unenforceable or inoperable in whole or in part, the other provisions shall remain in force.

USE OF PROCEEDS

The Issuer expects to use the net proceeds from the issue of Securities to support the business of the Issuer permitted by the ACS Act. If in respect of a particular Tranche of Securities, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms. The Issuer may, in particular, issue Securities as Green Securities (as indicated in the applicable Final Terms) and in the case of such Securities, an amount equal to the net proceeds from the issue of any Tranche of Securities will (subject as set out below) be allocated to an Eligible Green Mortgage Portfolio (as defined in *Green Bond Framework Overview* below and selected in accordance with the criteria set out in *Green Bond Framework Overview—Use of Proceeds* and—*Process for Project Evaluation and Selection*).

Whilst any portion of an amount equal to the net proceeds of any Tranche of Green Securities remains unallocated, the Issuer will hold and/or invest, at its own discretion, in the Group treasury liquidity portfolio, in cash or other liquid instruments, the balance of an amount equal to the net proceeds not yet allocated to the Eligible Green Mortgage Portfolio, but subject always to the provisions of the ACS Act (see further *Restrictions on the Activities of an Institution*).

GREEN BOND FRAMEWORK OVERVIEW

Any Green Securities issued under the Programme will be issued in compliance with the Group's framework for the issuance of Green Bonds (the "**Green Bond Framework**"). As a bank, the Group believes that it has a meaningful contribution to make in addressing many pressing current and emerging societal issues, and a strategic priority for the Group is to lead Ireland's response to climate change. Aligned with this strategy, the Group has established its Green Bond Framework.

This Green Bond Framework sets out how the Group proposes to use an amount equal to the net proceeds of Green Bonds in a manner consistent with its sustainable values. The objective of the Green Securities issued by the Issuer will be to fund mortgage credit assets that mitigate climate change by reducing emissions, protecting ecosystems or otherwise creating a positive environmental impact.

The Green Bond Framework adheres to the ICMA Green Bond Principles, a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the market by clarifying the approach for issuing a green bond (the "**ICMA Green Bond Principles**").

Use of Proceeds

The Issuer, at its discretion but in accordance with the ICMA Green Bond Principles and the requirements of the ACS Act, will allocate an amount equal to the net proceeds of the Green Securities to an eligible portfolio of new and existing green mortgage credit assets (the "**Eligible Green Mortgage Portfolio**"). The eligible mortgage credit assets, being loans to finance or refinance new or existing environmentally-sustainable residential buildings in Ireland, are to be funded in whole or in part by an allocation of an amount equal to the net proceeds of the Green Securities.

Process for Project Evaluation and Selection

The Group's Green Bond Framework is prepared with due care and attention and on a best effort basis by a cross functional working group of relevant business areas (the "**ESG Bond Working Group**"). The projects to be financed and/or refinanced through the proceeds of any Green Securities will be evaluated and selected for inclusion in the eligible pool by the Group's employees based on compliance with the eligibility criteria described in *Use of Proceeds*. When assessing prospective eligible projects and their non-financial impacts, the Group may rely on analysis provided by external parties, in addition to its own assessment.

Management of Proceeds

The Issuer intends to allocate an amount equal to the net proceeds from the Green Securities to an Eligible Green Mortgage Portfolio, selected in accordance with the criteria set out in *Use of Proceeds* and *Process for Project Evaluation and Selection* above.

The Issuer will strive, over time, to achieve a level of allocation for the Eligible Green Mortgage Portfolio which, after adjustments for intervening circumstances including, but not limited to, sales and repayments, matches the balance of net proceeds from its outstanding Green Securities. Additional eligible green mortgage credit assets will be added to the Eligible Green Mortgage Portfolio to the extent required to ensure that the net proceeds from outstanding Green Securities will be allocated to eligible green mortgage credit assets.

Whilst any portion of an amount equal to the net proceeds of any Tranche of Green Securities remains unallocated, the Issuer will hold and/or invest, at its own discretion, in the Group treasury liquidity portfolio, cash or other liquid instruments, the balance of an amount equal to the net proceeds not yet allocated to the Eligible Green Mortgage Portfolio, but subject always to the provisions of the ACS Act.

Reporting

The Issuer will make and keep readily available reporting on the allocation of an amount equal to the net proceeds to the Eligible Green Mortgage Portfolio and wherever feasible reporting on the impact of the Eligible Green Mortgage Portfolio, at least at the category level, after a year from the issuance of the applicable Green Bonds to be renewed annually until maturity of the instruments. The Group intends to provide aggregated reporting for all of its Green Bonds (including Green Securities) and other potential green financings outstanding, which may include reports on the allocation and impact of the Eligible Green Mortgage Portfolio.

External Review

Sustainalytics, a provider of environmental, social and governance research and analysis, has evaluated the Group's Green Bond Framework and its alignment with relevant industry standards and has provided views on the robustness and credibility of the Green Bond Framework within the meaning of the ICMA Green Bond Principles, in its "Second Party Opinion", which views are intended to inform investors in general, and not for a specific investor. The Sustainalytics Second Party Opinion, as well as the Green Bond Framework, are available at https://aib.ie/sustainability and https://aib.ie/investorrelations/debt-investor/green-bonds. For the avoidance of doubt, the Second Party Opinion and the Green Bond Framework are not incorporated into, and do not form part of, this Base Prospectus.

Additionally, the Group may request on an annual basis, starting one year after issuance and until maturity, a limited assurance report of the allocation of the Green Bond (including Green Securities) proceeds to eligible assets, provided by its external auditor.

None of the Dealers shall be responsible for (i) any assessment of the Eligible Green Mortgage Portfolio, (ii) any verification of whether the Eligible Green Mortgage Portfolio falls within an investor's requirements or expectations of a "green" or "sustainable" or equivalently-labelled project or (iii) the ongoing monitoring of the use of proceeds in respect of any such Securities.

Cover Assets

One of the asset classes used to support the issuance of Green Bonds by members of the Group under the Group's Green Bond Framework are residential mortgage loans secured on assets located in Ireland which are originated by the Issuer in accordance with "green" principles as articulated in the Green Bond Framework ("**Green Mortgages**").

While the composition of the Cover Assets within the Pool (including the requirements as to overcollateralisation) is enshrined in the ACS Act which does not, as at the date of this Base Prospectus, legally require the Issuer to maintain a minimum quantum of Green Mortgages within the Pool, the Issuer may determine from time to time (subject always to compliance with its legal and regulatory requirements) to exclude such Green Mortgages from the Pool, to the extent that such assets are utilised by other members of the Group to support the issuance of unsecured Green Bonds.

DESCRIPTION OF THE ISSUER

The Issuer

AIB Mortgage Bank u.c.

The Issuer was duly incorporated in Ireland on 11 July 2005 as a public limited company under the name AIB Mortgage Bank p.l.c. and stands registered under the Companies Act. It was subsequently re-registered on 19 December 2005 as a public unlimited company under the name AIB Mortgage Bank and changed its name to AIB Mortgage Bank u.c. on 1 October 2020. The Issuer obtained a banking licence under the Central Bank Act 1971 and was registered as an Institution under the ACS Act on 8 February 2006. From 4 November 2014, the Issuer is deemed in accordance with the SSM Regulation to be authorised by the ECB under the SSM Regulation. The Issuer is a wholly-owned subsidiary of AIB Bank. At the date of this Base Prospectus, the Issuer is operating in accordance with its constitutive documents, its Memorandum and Articles of Association.

The Issuer's principal purpose is to finance loans secured on residential property, in particular, through the issuance of Mortgage Covered Securities in accordance with the ACS Act. Such loans may be made directly by the Issuer or may be purchased from AIB Bank and other members of the Group or third parties. Under the ACS Act, the Issuer may also hold (and issue Mortgage Covered Securities secured on) certain RMBS or CMBS. The Issuer will not include in the Pool in any circumstance any asset-backed securities which do not satisfy the ECB eligibility criteria for covered bonds as set out in Article 80 of the ECB Guideline. See *Restrictions on the Activities of an Institution* and *Cover Assets Pool.* The Issuer's principal executive and registered offices are located at 10 Molesworth Street, Dublin 2, Ireland. The telephone number of the Issuer is +353 1 660 0311.

The authorised share capital of the Issuer is €750,000,000 divided into 3,000,000,000 ordinary shares of €0.25 each as of the date of this Base Prospectus.

Ownership/Control

The Issuer is a 100 per cent. owned subsidiary of AIB Bank which is a 100 per cent. owned subsidiary of AIB Group plc. As such, the Issuer is under the control of AIB Bank. Subject as set out under *Risk Factors - Governance, Operations & Internal Controls*, AIB Bank and AIB Group plc is effectively under the control of the State and, in particular, the Minister. At the date of this Base Prospectus, other than as set out above in this paragraph, the Issuer is not aware of any arrangement the operation of which may at a date subsequent to the date of this Base Prospectus result in a change in control of the Issuer. The Issuer does not have any subsidiaries.

No specific measures have been put in place by the Issuer to ensure that AIB Bank's and AIB Group plc's control of the Issuer is not abused. However, the Issuer and AIB Bank are both regulated and supervised by the Central Bank while AIB Group plc is subject to supervision, on a consolidated basis, under the Irish Banking Code and three of the Issuer's directors are not at the date of this Base Prospectus employees of any member of the Group (see *Board of Directors and Management and Administration of the Issuer*).

Unlimited Liability Status of the Issuer

The Issuer is an unlimited company. There is no limit on the liability of the registered shareholders of record of the Issuer (as an unlimited company under Irish law) to contribute to the Issuer in an insolvent liquidation of the Issuer to the extent that the Issuer's assets are insufficient to meet its liabilities. In that event, the liquidator of the Issuer or the court has the right to seek contribution from each of the members. AIB Bank is the sole member of the Issuer. The Issuer's unlimited status does not confer on the creditors of the Issuer the right to seek payment of the Issuer's liabilities from the Issuer's members or to seek contribution for the Issuer from the members in the event of the Issuer becoming insolvent or otherwise. This right rests with the liquidator of the Issuer or the court on an insolvent winding-up. Therefore, AIB Bank is not a guarantor of the Securities. See further *Insolvency of Institutions – Consequences of Issuer's Status as an Unlimited Company*.

Financial Year of the Issuer

The financial year end of the Issuer is 31 December.

Auditors

The Auditors of the Issuer are Deloitte Ireland LLP of Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2, Ireland, who are chartered accountants and a statutory audit firm qualified to practice in Ireland.

Business of the Issuer

The Issuer is an Institution, whose business activities are restricted to dealing in and holding mortgage credit assets (which under the ACS Act may include certain RMBS or CMBS) and limited classes of other assets, engaging in activities connected with the financing and refinancing of such assets, entering into certain hedging contracts and engaging in other activities which are incidental or ancillary to the above activities. The Issuer will not include in the Pool in any circumstance any asset-backed securities which do not satisfy the ECB eligibility criteria for covered bonds as set out in Article 80 of the ECB Guideline.

The objects of the Issuer are set out in clause 3 of its Memorandum of Association which forms part of its constitutive documents. See *Restrictions on the Activities of an Institution – Permitted business activities in which an Institution may engage*.

Outsourcing Arrangements

Under the Outsourcing Agreement, AIB Bank has agreed to provide the Issuer with administration and agency services and assistance in relation to the origination, maintenance and enforcement of the Issuer's Irish residential loans and related treasury, funding and other activities including administration of customer accounts, customer relations, product development, market strategy, risk management, regulatory and company secretarial matters, human resources related matters, technology and other services. AIB Bank may sub-contract or delegate its powers under the Outsourcing Agreement to other members of the Group but any such sub-contracting or delegation will not abrogate or relieve AIB Bank of any of its obligations under the Outsourcing Agreement and the third party management risk process. See also *Irish Residential Loan Origination and Servicing – Mortgage Servicing.*

In addition, under a liquidity management agreement dated 29 January 2014 between AIB Bank and the Liquidity Sub-Group, AIB Bank manages, and reports on, the liquidity of the Liquidity Sub-Group in accordance with the requirements of CRD IV.

The Issuer may from time to time outsource activities to AIB Bank, other members of the Group or entities who are not members of the Group, subject to applicable legal and regulatory requirements.

Loan Portfolio acquisitions by the Issuer

On 13 February 2006, AIB Bank transferred substantially all of its branch originated Irish residential loans and related security held by it and its Irish residential loan business to the Issuer. The aggregate principal amount outstanding of, and accrued but unpaid interest on, the Irish residential loans transferred by AIB Bank to the Issuer on 13 February 2006 was approximately €13.6 billion. The transfer was effected pursuant to a statutory transfer mechanism provided for in the ACS Act. This statutory mechanism involved the putting in place of a scheme in accordance with the ACS Act between AIB Bank and the Issuer on 8 February 2006 which permits the transfer of Irish residential loans and related security and/or Irish residential loan business between AIB Bank and the Issuer. Transfers under that scheme were approved by order of the Central Bank on 8 February 2006 as required by the ACS Act. The scheme permits further transfers from AIB Bank to the Issuer or from the Issuer to AIB Bank in the future. See further *Transfers of a Business or Assets under the ACS Act involving an Institution.*

On 25 February 2011, AIB Bank transferred substantially all of its mortgage intermediary originated Irish residential loans, related security and related business to the Issuer. The aggregate principal amount outstanding of, and accrued but unpaid interest on, the Irish residential loans transferred by AIB Bank to the Issuer on 25 February 2011 was approximately €4.2 billion. The transfer was effected pursuant to the above mentioned statutory transfer mechanism provided for in the ACS Act.

Other loans secured on residential or commercial property may be acquired from other members of the Group or from entities which are not members of the Group. Such loans may be acquired under the above mentioned statutory transfer mechanism provided for in the ACS Act or in any other manner permitted by law.

Irish Housing/Residential Loan Market

A period of considerable growth was experienced in the Irish residential loan market between 1995 and 2007. However, the annual rate of mortgage growth in outstanding loan balances slowed significantly since mid-2006 and turned negative in 2010. The level of outstanding loan balances has continued to fall on a year-on-year basis since then and stood at €90.6 billion at the end of October 2020 (Source: Central Bank of Ireland, Money and Banking Tables, Table A.6 Loans to Irish Residents – Outstanding Amounts, including securitised loans).

The volume (value) of new Irish mortgage lending YTD October 2020 was 18 per cent. lower relative to YTD October 2019, principally as a result of the COVID-19 pandemic. A total of 42,787 mortgage loans were drawn down in 2019 with a value of approximately €9.5 billion. At YTD October 2020, a total of 27,096 mortgage loans were drawn down with a value of approximately €6.30 billion. Homebuyers (including both first time buyers and those moving home) represented the largest segment of the loan market in terms of the value of loans completed in YTD October 2020 at 80 per cent. of the market (Source: The BPFI published on the BPFI website (www.bpfi.ie)).

Having risen sharply over most of the period from 1995 to mid-2007, house prices began to decline around the middle of 2007. National residential property prices suffered a total cumulative peak to trough decline of 54 per cent. between 2007 and 2013. Between 2013 and 2019, the Irish housing market experienced a recovery, with a national increase in residential property prices of 2.2 per cent. in the 12 months to July 2019. However, prices have again contracted during 2020, with a national decrease in residential property prices of 0.8 per cent. in the year to September 2020, caused primarily by the restrictions on movement imposed to combat the COVID-19 pandemic, which negatively impacted the number of transactions in the domestic housing market.

As of September 2020 residential property prices are 83.7 per cent. above their trough recorded in March 2013, with property prices in Dublin (as of September 2020) up 91.5 per cent. from their lows of February 2012, while property prices outside Dublin are up 83.9 per cent. from their lowest point in May 2013. (Source: Central Statistics Office Residential Property Price Index, September 2020).

The latest available data on house completions indicate that house building is increasing from a low base with 19,719 properties completed over the 12 months to September 2020 (Source: Central Statistics Office), recognising that this is still below a normalised level of output, with approximately circa. 25,000 - 30,000 new units per annum required to meet underlying demand as per the Economic and Social Research Institute. The impact of the COVID-19 pandemic and the restrictions imposed impacted the number of new residential property completions in the second quarter of 2020 with the number of completions down 31.9 per cent. as compared to the second quarter of 2019. However, new completions were stronger in the third quarter of 2020 down just 9.4 per cent. Housing registrations are broadly stagnant on a 12 month basis, remaining at a very low level (10,173 over the 12 months to June 2020) with lows of 141 and 304 new registrations in April 2020 and May 2020 respectively.

At the date of this Base Prospectus, mortgage arrears on residential properties are generally decreasing. Figures published by the Central Bank of Ireland on 28 September 2020 show that, at the end of June 2020, 41,061 or 5.6 per cent. of total PDH mortgage accounts were in arrears for more than ninety days. This compares with 41,079 accounts, or 5.6 per cent. of total PDH mortgages at the end of March 2019. The numbers of performing and non-performing PDH mortgage accounts which are subject to restructuring (forbearance) have reduced to 77,789 at the end of June 2020. This compares with 81,255 at the end of March 2020 (Source: Central Bank of Ireland (www.centralbank.ie)). During the period of March 2020 to September 2020 in response to the COVID-19 pandemic, Irish financial institutions including the Group introduced a significant number of product modifications to assist customers through the pandemic, including payment breaks and other forbearance measures across its portfolios.

The above information on outstanding residential mortgage loan balances, new Irish mortgage lending, Irish residential property prices, house completions and registrations and residential mortgage arrears has been accurately reproduced and so far as the Issuer is aware and is able to ascertain from that information, no facts have been omitted which would render the above information inaccurate or misleading.

Irish Home Mortgage Origination

The AIB Bank retail branch and business centres network in Ireland, with a presence in all major towns and cities in the country, and AIB Direct Banking with its dedicated mortgage team, is the cornerstone distribution

channel for the Issuer, populated by dedicated mortgage specialists and supported by a 24 hour direct telephone banking operation and through AIB Private Banking. AIB Bank has an industry leading and award winning digital and online origination proposition which delivers channel flexibility for customers and supports the Group's existing distribution networks, including those of the Issuer. The online digital mortgage origination proposition continues to see increased customer usage with end to end fulfilment supported by a centralised Homes Centre of Excellence team. AIB Bank continues to invest in its mortgage journey to deliver an optimal customer experience.

AIB Bank is reengineering its mortgage journey to enhance the customer experience. A large proportion of the Issuer's mortgages, all of which are, at the date of this Base Prospectus, secured on properties located in Ireland, are for the purchase of the first or subsequent PDH of the customer.

See *Irish Residential Loan Origination and Servicing* for further information.

Other parts of the Group also engage in Irish residential mortgage lending including EBS.

The Irish Competitive Landscape

There is competition among providers of banking services, based upon the quality and variety of products, propositions and services, customer relationship management, convenience of location, technological capability, and the level of interest rates and fees charged to borrowers and interest rates paid to depositors. The Issuer has committed itself to pursuing an integrated multi-channel strategy utilising branches, telephone, internet and other direct channels in a complementary manner, based on customer choice.

The Issuer is a major provider of residential mortgage loans in Ireland and competes in the Irish residential loan market, together with other parts of the Group, offering a broad product range and a competitive variable and fixed rate pricing strategy to meet the needs of the various market segments. It is subject to competition across the spectrum of its residential mortgage lending activities. While the major domestic competitor continues to be Bank of Ireland Mortgage Bank, which like the Issuer has its headquarters in Dublin, the market continues to be highly competitive. Additional mortgage providers include EBS (a subsidiary of AIB Bank), KBC, Permanent TSB p.l.c., Ulster Bank DAC, Finance Ireland Credit Solutions DAC, trading as Finance Ireland, Avant Money (Bankinter) and Dilosk DAC while credit unions are emerging participants and An Post, the State owned post office, have plans to enter this market. While the past year has seen a reduction in mortgage activity and demand year on year as a direct consequence of COVID-19, underlying activity remains constrained by a shortage of supply of affordable suitable homes, particularly in the main urban areas. The Central Bank macro-prudential measures around LTV/LTI has set rules around criteria for residential mortgage lending that has impacted on the market most notably contributing to a moderation of property price growth. These macro-prudential measures are subject to annual review by the Central Bank.

Dividends

The Issuer is subject to certain restrictions on the payment of dividends and any decision to declare and pay dividends in the future will be subject to receipt of regulatory approvals and will be made at the discretion of the Directors and will depend on the Issuer's financial position, general economic conditions and other factors the Directors deem significant from time to time.

DESCRIPTION OF THE GROUP

Overview

AIB Group plc and its subsidiaries is a financial services group operating predominantly in Ireland and the United Kingdom. The Group provides a range of services to retail, business and corporate customers, with market-leading positions in key segments. AIB is the principal brand of the Group across all geographies in which it operates. In Ireland, EBS is a challenger brand and Haven is a mortgage broker channel. Both EBS and Haven are subsidiaries of the Group.

The Group offers a full suite of products for retail customers, including mortgages, personal loans, credit cards, current accounts, insurance, pensions, financial planning, investments, savings and deposits. Its products for business and corporate customers include finance and loans, business current accounts, deposits, foreign exchange and interest rate risk management products, trade finance products, invoice discounting, leasing, credit cards, merchant services, payments and corporate finance.

The Group's performance is managed and reported across Retail Banking, Corporate, Institutional & Business Banking ("**CIB**"), AIB UK and Group segments.

Retail Banking

Retail Banking comprises Homes & Consumer, SME and FSG in a single integrated segment, focused on meeting the current, emerging and future needs of the Group's personal and SME customers.

- Homes & Consumer is responsible for meeting the homes needs of customers in Ireland across the AIB, EBS and Haven brands and delivering innovative and differentiated products, propositions and services to meet customers' everyday banking needs through an extensive range of physical and digital channels. The Group's purpose is to achieve a seamless, transparent and simple customer experience in all of the Group's propositions across current accounts, personal lending, payments and credit cards, deposits, insurance and wealth to maintain and grow the Group's market leading position.
- SME is a leading provider of financial services to micro and small SMEs through the Group's sector-led strategy and local expertise with an extensive product and proposition offering across a number of channels. The Group's purpose is to help the Group's customers create and build sustainable businesses in their communities.
- FSG is a standalone dedicated workout unit to which the Group has migrated the management of the majority of its NPEs, with the objective of delivering the Group's strategy to reduce NPEs.

CIB

CIB provides institutional, corporate and business banking services to the Group's larger customers and customers requiring specific sector or product expertise. CIB's relationship driven model serves customers through sector specialist teams including: Corporate Banking, Real Estate Finance, Business Banking and Energy, Climate Action & Infrastructure. In addition to traditional credit products, CIB offers customers foreign exchange and interest rate risk management products, cash management products, trade finance, mezzanine finance, structured and specialist finance, equity investments and corporate finance advisory services, as well as Private Banking services and advice. CIB also has syndicated and international finance teams based in Dublin and in New York.

AIB UK

AIB UK offers retail and business banking services in two distinct markets, a sector-led corporate and commercial bank supporting businesses in Great Britain (Allied Irish Bank (GB)), and a retail and business bank in Northern Ireland (AIB (NI)).

Group

The Group segment comprises wholesale treasury activities and Group control and support functions. Treasury manages the Group's liquidity and funding positions and provides customer treasury services and economic research. The Group control and support functions include Business & Customer Services, Risk, Group Internal Audit, Finance, Legal, Corporate Governance & Customer Care, Human Resources and Corporate Affairs, Strategy and Sustainability.

History

The Group has a long history of operating in Ireland, with its predecessor organisations having been part of the Irish banking sector for almost 200 years. The Group's origins date back to the amalgamation in 1966 of three long-established banks: (i) the Munster and Leinster Bank Limited (established 1885), (ii) the Provincial Bank of Ireland Limited (established 1825) and (iii) the Royal Bank of Ireland Limited (established 1836). AIB Bank was incorporated as a limited company on 21 September 1966 and was subsequently re-registered as a public limited company on 2 January 1985.

In 1991, the Group merged its interests in Northern Ireland with those of TSB Northern Ireland to create FTB. In 1996, the Group's retail operations in the UK were integrated and the resulting entity was renamed AIB Group (UK) p.l.c., with two distinct trading names: Allied Irish Bank (GB) in Great Britain and FTB (which rebranded as AIB (NI) in November 2019) in Northern Ireland. During the 1980s and 1990s, the Group entered a phase of international expansion in select markets, acquiring businesses in the US and Poland.

In the context of the global financial crisis beginning in 2008, the Government recognised the need to stabilise Irish financial institutions and to create greater certainty for all stakeholders. It implemented a number of measures in response to the crisis, including the introduction of the CIFS Scheme and the ELG Scheme and the establishment of NAMA, and several capital investments in AIB Bank and EBS during 2009, 2010 and 2011 amounting to a total of €20.8 billion, which included the National Pensions Reserve Fund Commission making a €3.5 billion investment in the Group by way of a subscription for the 2009 Preference Shares on 13 May 2009. Following these investments the Government owned 99.8 per cent. of the ordinary shares in the capital of AIB Bank. The Group was also required to deleverage approximately €20.5 billion of non-core assets by December 2013.

AIB Bank's ordinary shares were delisted from both the Main Securities Market of the ISE (now known as the Regulated Market of Euronext Dublin) and the UK Official List and were subsequently admitted to the Enterprise Securities Market of the ISE (now known as Euronext Dublin Enterprise Securities Market) ("**ESM**") in January 2011. Also in 2011, AIB Bank's American Depositary Shares were delisted and ceased to be traded on the New York Stock Exchange.

During 2012, the Group made significant progress in restructuring its balance sheet and also introduced a series of cost reduction programmes, including a voluntary severance scheme and an early retirement scheme.

AIB Bank IPO

On 30 May 2017, the Government and AIB Bank announced an intention to seek admission of the AIB Bank shares to the Official Lists of each of the ISE (now known as the Regulated Market of Euronext Dublin) and the FCA and to trading on the main markets of the ISE and the London Stock Exchange and to proceed with a secondary offering of ordinary shares in AIB Bank by the Government. Pursuant to this secondary offering in June 2017, the Government sold 780,384,606 ordinary shares in AIB Bank to certain institutional and retail investors as part of the AIB Bank IPO, comprising 28.75 per cent. of the issued ordinary share capital of AIB Bank. On completion of this sale the Government holding reduced to 71.12 per cent. Admission to the Official Lists of each of the ISE and the FCA together with admission to trading on the main markets for listed securities on the ISE and the London Stock Exchange commenced on 27 June 2017.

Scheme of Arrangement

Following High Court of Ireland approval in December 2017, AIB Bank completed a corporate reorganisation to effect the SRB's decision that the preferred resolution strategy for the Group would be a single point of entry via a holding company. The scheme involved the establishment of a new group holding company, AIB Group

plc. The reorganisation had been approved by shareholders' meetings in November 2017 and was implemented by means of a Scheme of arrangement under Chapter 1 of Part 9 of the Companies Act.

In December 2017, the Scheme became effective and AIB Bank's shares were cancelled, with one share of AIB Group plc being issued for every AIB Bank share held at such time. On 11 December 2017, the entire issued ordinary share capital of AIB Group plc, comprising 2,714,381,237 ordinary shares, was admitted to the Official Lists of each of the ISE and the FCA and to trading on the main markets of the ISE and the London Stock Exchange. With effect from the time the scheme became effective, AIB Group plc has owned 100 per cent. of AIB Bank. As at 30 June 2020, as disclosed in the Group's interim financial statements, the Government maintained a 71.12 per cent. shareholding in AIB Group plc.

CERTAIN ASPECTS OF REGULATION OF RESIDENTIAL LENDING IN IRELAND

Introduction

This section of the Base Prospectus outlines certain regulatory aspects of residential mortgage lending and certain legislative aspects of residential security in Ireland, which the Issuer considers are directly relevant to its Irish residential lending business activities. The outline below does not extend to prudential regulation of credit institutions authorised, or as being entitled to carry on business, in Ireland, or to regulation of other persons who engage in residential mortgage business activities in Ireland. In addition, the outline below is not to be read as comprehensive or complete in its description of regulation of residential lending or legislative aspects of residential security in Ireland but only as providing a general overview of the matters outlined.

Anti-Money Laundering, Countering the Financing of Terrorism and Financial Sanctions

Every credit institution in Ireland (including the Issuer) is obliged to take the necessary measures to effectively detect and counteract money laundering and terrorist financing. The third anti-money laundering directive, AMLD3, repealed and replaced the previous anti-money laundering directives and introduced additional requirements and safeguards in line with the Forty Recommendations of the OECD-based Financial Action Task Force. The AML Acts transpose AMLD3 and the associated implementing Directive 2006/70/EC into Irish law. The AML Acts contain requirements on the part of designated bodies covered by the AML Acts (including credit institutions such as the Issuer) to identify and verify the identity of customers, to report suspicious transactions to An Garda Síochána and the Revenue Commissioners and to have specific procedures in place to provide for the prevention of money laundering and terrorist financing. The fourth anti-money laundering directive, AMLD4, was published on 5 June 2015.

AMLD4 introduced two significant changes namely first, the increased emphasis it places on the "**risk-based approach**" to AML and counter terrorist financing and, second, the approach taken to the issue of beneficial ownership, including the requirement to set up a central register of beneficial owners. AMLD4 also abolishes the automatic exemptions from customer due diligence, including for credit or financial institutions and for listed companies. While simplified CDD may still be carried out on the basis of a risk assessment, the Issuer will be required to carry on "**sufficient monitoring**" to enable the detection of unusual or suspicious transactions. AMLD4 also affects the scope of AML requirements, CDD requirements; the approach taken to electronic money; the treatment of politically exposed persons; third party equivalents; and record keeping, as well as a variety of other matters. The Issuer is required to reflect the changes under AMLD4 as set out in the relevant transposing legislation in its own policies, procedure and practices, as well as updating its framework to take account of the increased emphasis on the risk-based approach. AMLD4 was partly transposed in part into Irish law on 15 November 2016 by the European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2016 which imposed obligations on Irish incorporated bodies (such as the Issuer) to take measures to compile a beneficial ownership register and on individuals who are beneficial owners in certain circumstances. Those regulations have been repealed and replaced by the European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2019 which in addition to the obligations imposed on Irish incorporated bodies (such as the Issuer) under the earlier regulations also require them to file information regarding their beneficial owners on the Central Register of Beneficial Ownership of Corporates. The Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2018 which transposed the balance of AMLD4 was signed into law on 14 November 2018 and with the exception of section 32, came into force on 26 November 2018. The fifth anti-money laundering directive, AMLD5, entered into force on 9 July 2018, and Member States had until 10 January 2020 to transpose the directive.

AMLD5 is expected to be transposed into national law in Ireland via the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Bill 2020. As at the date of this Base Prospectus, AMLD5 had not been transposed into Irish law and completed the Third Stage in the legislative process before Dáil Éireann on 23 September 2020. Among other things, the new legislation will enhance the customer due diligence (CDD) requirements of the existing AML legal framework.

The Wire Transfer Regulation sets out the existing regime under which payment service providers are required to send information on the payer throughout the payment chain for the purposes of preventing, investigating and detecting money laundering and terrorist financing. The Revised Wire Transfer Regulation amended and replaced the Wire Transfer Regulation. It has applied directly since 26 June 2017 and together with AMLD4 represents the revised EU framework on AML/CFT. The Group has put in place procedures designed to comply with the Revised Wire Transfer Regulation on AML/CFT. The Group has engaged with industry fora on this

matter, including the BPFI's AML & CFT Committee, and the Association of Compliance Officers in Ireland's Private Sector Group. Internally the Group has mobilised a project across the Group for the implementation of AMLD4, which is sponsored at a senior level within the organisation and includes system enhancements to assist with identification of (i) politically exposed persons, (ii) high risk customers and (iii) customers who may be on EU sanctions lists. It also includes a full review of existing procedures to ensure they are in line with the obligations under AMLD4. There is a separate project for the Revised Wire Transfer Regulation, again sponsored at a senior level within the Group. This builds on existing procedures in place to meet the Wire Transfer Regulation. An objective of the Revised Wire Transfer Regulation is to increase transparency of payment information, it makes it mandatory to verify certain information either upon remitting or receiving the monies.

Sanctions are legally binding measures that are used as a tool by the United Nations, the EU, the US and others to bring about a change in the policy or behaviour of a country, entity or individual. For example, sanctions may be applied to deter the development of weapons of mass destruction, political or military aggression and/or human rights violations. They can be also be used to sanction unfair trade, target terrorism and/or drug trafficking and to prevent or penalise a country interfering in another country's affairs. Under certain sanctions regulations, financial institutions are prohibited from making available any funds, other financial assets or economic resources to sanctioned persons or entities. Credit institutions must ensure that they have the policies and procedures in place necessary to comply with any applicable sanctions. In Ireland, sanctions can be imposed under EU regulations having direct effect in Ireland, orders and statutory instruments made by the Minister under the Financial Transfers Act 1992, the Criminal Justice (Terrorist Offences) Acts 2005 and 2015 or the European Communities Acts 1972 to 2012, or directions or orders made under the AML Acts.

Data Protection and GDPR

The Group processes significant volumes of personal data relating to the Issuer's relevant data subjects (i.e. customers) (including name, address, identification and banking details) as part of the Issuer's business, some of which may also be classified under the GDPR and related legislation as special category personal data. The Issuer therefore must comply with strict data protection and privacy laws and regulations, including the ePrivacy Regulations, the Data Protection Act 2018 and the GDPR. The GDPR introduced substantial changes to data protection law, including an increased emphasis on businesses being able to demonstrate compliance with their data protection obligations. This required significant investment by the Group in its compliance strategies, including the Issuer, but is now well embedded having been in effect for over 2 years. In addition, relevant supervisory authorities have the power to issue fines of up to 4 per cent. of an undertaking's annual global group turnover or €20 million (whichever is the greater) for failure to comply with certain provisions of the GDPR. The Presidency of the Council of the European Union released revised text of the proposed new ePrivacy Regulation (Regulation concerning the Respect for Private Life and the Protection of Personal Data in Electronic Communications and Repealing Directive 2002/58/EC (Regulation on Privacy and Electronic Communications)) on 6 March 2020. There have, as at the date of this Base Prospectus, been protracted discussions between the member states of the European Union on the text of this new ePrivacy Regulation and it is unclear as to when resolution on the outstanding matters may occur.

Credit Reporting Act

The Credit Reporting Act provides for the establishment of a mandatory credit reporting and credit checking system regulated and operated by the Central Bank namely the CCR. The Central Bank will also use the information for prudential and statistical purposes.

The purpose of the CCR is to provide for a national register for the collection and centralisation of financial information on borrowers to ensure that a credit provider has access to the most accurate and up-to-date information regarding a borrower's total exposure.

Key elements of the Credit Reporting Act are as follows:

- Available Information: the Credit Reporting Act prescribes the categories of information that the Central Bank may maintain on the CCR and the period for which such information may be held;

- Mandatory Reporting: the Credit Reporting Act requires a credit provider (which includes the Issuer) to report a comprehensive range of credit information. In doing so, a credit provider must meet specified reporting standards. Under the CCR Regulations, the collection of credit and personal data from

lenders was implemented on a phased basis, with phase 1 focusing on data collection for consumer lending and phase 2 focusing on data collection for lending to businesses;

- Credit Checks: a credit provider must undertake mandatory credit checks with the CCR for every credit application above a threshold of €2,000. Information accessed as a result of such a check may be used by the credit provider for certain specified purposes only, as set out in more detail in the Credit Reporting Act. Such a permitted use includes verification of information provided by the borrowing customer in connection with a credit application;

- Access to Information: the Credit Reporting Act provides for security controls in connection with access to information on the CCR; and

- Fees: although fees may be charged for access to information held on the CCR, consumers are entitled to one free copy of their own record, once in every 12 months. The Central Bank has published regulations prescribing a levy to be paid by credit providers for the purposes of meeting expenses properly incurred by the Central Bank in maintaining the CCR.

Data submissions by lenders for phase 1 and phase 2 are in place and all lenders to consumers and non-consumers are required to enquire on the CCR. The credit reporting obligations and other requirements provided for under the Credit Reporting Act and the CCR Regulations apply to the Issuer and the Group.

Consumer Credit Act 1995 (CCA)

The extension of credit (including, the making of cash loans, housing loans, and other financial accommodation) as well as hire-purchase arrangements to or with, consumers (individuals who act outside their trade, business or profession) in Ireland is principally regulated by the CCA, which imposes a range of obligations and restrictions on lenders and intermediaries. The relevant part of the CCA applicable to housing loans (Part IX) applies to loans made by mortgage lenders only, which includes the Issuer.

For purposes of the CCA, a mortgage lender is an entity that carries on a business that consists of or includes making housing loans. A housing loan is an agreement for the provision of credit to a person on the security of a mortgage of a freehold or leasehold estate or interest in land for any of a number of purposes, including the purchase or construction of a house to be used as the person's principal residence or that of the person's dependents, or refinancing a loan that was made for any of those purposes, and any loan to a consumer where that loan is secured by a mortgage and on which a house is or is to be constructed.

Relevant obligations imposed by the CCA in respect of the making of housing loans include rules regulating advertising for housing loans; a requirement to furnish the borrower with a valuation report concerning the property; criteria for calculation of annual percentage rate on housing loans; a requirement that specified warnings regarding the potential loss of the person's home be included in all key documentation relating to a housing loan and that key, prescribed information be displayed on the front page of a housing loan; obligations to provide prescribed documents and information to a borrower; disclosure of certain fees and charges; and requirements to ensure that the borrower obtains mortgage protection insurance (life cover). Restrictions include prohibitions on the imposition of a redemption fee in the case of a variable rate housing loan; compelling a borrower to pay the lender's legal costs of investigating title and the linking of certain services.

A breach of obligations or restrictions imposed by the CCA may constitute a criminal offence. In respect of a regulated financial services provider (but not an entity that is a mortgage lender only), the Central Bank may, instead of a criminal prosecution, impose under its administrative sanctions regime a monetary penalty for breach of any of these obligations and restrictions.

Under section 149 of the CCA, credit institutions must apply to the Central Bank in order to either increase existing fees or introduce any new fee or charge on customers (whether or not consumers) in the case of certain services, including the provision of credit and foreign credit facilities. The Central Bank has the right to decline any such application. Section 149(12) entitles the Central Bank to require a credit institution to refrain from using any terms and conditions that the Central Bank considers to be unfair or likely to be regarded as unfair.

No breach of Part IX of the CCA of itself renders a housing loan unenforceable against the borrower.

Where a credit agreement in relation to a housing loan is effective from 21 March 2016 and the borrower is a consumer, then the Mortgage Credit Regulations applies, in addition to certain provisions of the CCA. The requirements of the Mortgage Credit Regulations are summarised in the section entitled "*–EU Legislation – Mortgage Credit Directive*".

Consumer Protection Code 2012 (CPC)

The CPC, issued by the Central Bank under its statutory powers, applies to the Issuer and other regulated financial service providers in the Group contains provisions that cover all aspects of a regulated entity's (meaning firms subject to regulation by the Central Bank) when providing financial services, with certain exceptions such as services for the purposes of the MiFID II Directive) relationship with a consumer and certain aspects of a regulated entity's relationship with all of its customers. These range from advertising and marketing, to knowing the consumer and offering suitable products, to ensuring that consumers are treated fairly. The general principles of the CPC apply to all customers of the Issuer and other regulated financial service providers in the Group.

Relevant obligations of the CPC include: a requirement to supply a written suitability statement before providing certain services or products; a strict time period for complaint handling; for consolidation mortgages, an obligation to supply a written comparison detailing the total cost of the consolidated facility on offer versus the cost of maintaining existing loans; for setting variable mortgage interest rates, an obligation to produce a summary statement of its policy for setting each variable mortgage interest rate that it makes available to personal consumers and publishes on its website; and a requirement to advise personal consumers how to mitigate/avoid fees and penalties in respect of the chosen product.

In the case of all mortgage products provided to personal consumers (other than those where the interest rate is fixed for a period of five years or more), the CPC requires that a lender test the consumer's ability to repay the instalments on the basis of a two per cent. interest rate increase above the interest rate offered. Other relevant provisions include suitability requirements, disclosure and notice requirements, requirements in connection with complaints resolution and a restriction of the circumstances in which unsolicited contact can be made with consumers.

The CPC also sets out how regulated entities must deal with and treat personal consumers who are in arrears on a range of loans, including BTL mortgages. Amongst other things, under the CPC, the regulated entity is required to (i) make certain information available to the personal consumer within certain time periods and (ii) where arrears arise seek to agree an approach which would assist the personal consumer in resolving the arrears, and explain any revised payment arrangement agreed with the personal consumer. In particular, the regulated entity is required to notify the personal consumer of the potential for legal proceedings and proceedings for repossession of the property, and is not permitted to initiate more than three unsolicited communications per calendar month with a personal consumer in respect of the arrears. However, the provisions of the CPC in relation to arrears do not apply to the extent that the loan is a mortgage loan to which the CCMA applies.

In July 2015, following the enactment of the Consumer Protection (Regulation of Credit Servicing Firms) Act 2015, the Central Bank produced an Addendum to the CPC. Following a public consultation process on Increased Protections for Variable Rate Mortgage Holders (CP98), and to give effect to consequential amendments to the CPC arising from the transposition of the Mortgage Credit Directive and the coming into effect of the SME Lending Regulations, the Central Bank produced a further addendum to the CPC which was published on 1 July 2016 which amended the CPC as a consequence of the introduction of the Mortgage Credit Regulations and the SME Regulations.

In July 2016, the Central Bank published an Addendum to the CPC. Part 1 of the CPC Addendum became effective from 1 February 2017 and introduced a number of increased protections for variable rate mortgage holders by amending certain provisions in the following parts of the CPC; chapter 4 – Provision of Information; chapter 6 – Post-sale Information Requirements and creates a new appendix F (Variable Rate Policy Statement) for setting variable interest rates and to notify variable rate borrowers of alternative mortgage options that could provide savings for the borrower, both on an annual basis and also when notifying borrowers of an increase in the variable interest rate. Where there is an increase in a variable interest rate, lenders are required to include the reason for the rate increase in the notification provided to variable rate borrowers.

Part 2 of the CPC Addendum became effective on 21 March 2016 when the Mortgage Credit Directive was transposed into Irish law. As a consequence of the transposition of the Mortgage Credit Directive into Irish law,

the scope and application of the following parts of the CPC was amended; chapter 3 – General Requirements; chapter 4 – Provision of Information; chapter 5 – Knowing the Consumer and Suitability; and chapter 12 – Definitions was also amended.

Part 3 of the CPC Addendum 2016 amended chapter 10 (Errors and Complaints Resolution) of the CPC with respect to handling complaints for lending to small and medium-sized enterprises. The amendments were introduced as a consequence of the SME Lending Regulations.

In June 2018, following a public consultation process on Enhanced Mortgage Measures: Transparency and Switching, the Central Bank published a further Addendum to the CPC to introduce new, and amend certain existing, provisions of the CPC to give effect to these enhanced protections. These amendments apply since 1 January 2019.

Code of Conduct on Mortgage Arrears (CCMA)

The CCMA was issued under the statutory powers of the Central Bank and is to be read together with the CPC. The CCMA sets out the procedures that must be adopted by every regulated entity operating in Ireland as regards mortgage lending and mortgage servicing to a borrower in respect of the borrower's primary residence in Ireland. As such, the CCMA applies to the Issuer.

The CCMA applies to the mortgage loan of a borrower which is secured on the borrower's 'primary residence', which the CCMA defines as:

(a) the residential property which the borrower occupies as his/her primary residence in Ireland; or

(b) a residential property which is the only residential property owned by the borrower in Ireland.

In addition to applying to borrowers actually in arrears, the CCMA also applies to borrowers who notify their lender that they are facing financial difficulties and may be at risk of mortgage arrears (known as "**pre-arrears**" cases).

The CCMA requires a lender to wait at least eight months from the date the arrears arose before commencing legal proceedings against a co-operating borrower. Separately, a lender is required to give three months' notice to the borrower before a lender may commence legal proceedings where the lender does not offer an alternative repayment arrangement or the borrower is unwilling to accept an alternative repayment arrangement offered by the lender.

In addition the CCMA imposes the following requirements:

1. A provision requiring lenders, where applicable, to provide a warning letter giving at least 20 Business Days' notice to the borrower, outlining the implications of being classified as not cooperating and providing specific information on how to avoid this classification, amongst other things.

2. Lenders must have a board-approved communications policy that will protect borrowers against unnecessarily frequent contacts and harassment, while ensuring that lenders can make the necessary contact to progress resolution of arrears cases. This replaces the limit under the CPC of three successful, unsolicited communications per month and allows for an approach to lender and borrower communication that is suited to individual needs and circumstances.

3. Lenders must provide the SFS (a document which a lender uses to obtain information from a borrower in order to complete an assessment of that borrower's case) at the earliest opportunity, and to offer assistance to borrowers with completing it. In addition, lenders can agree with the borrower to put a temporary arrangement in place to prevent the arrears from worsening while the full SFS is being completed and assessed.

4. Where there is no other sustainable option available, lenders can offer an arrangement to distressed mortgage holders which provides for the removal of a tracker rate, but only as a last resort, where the only alternative option is repossession of the home. Lenders must be able to demonstrate that there is no other sustainable option that would allow the borrower to keep the tracker rate, and the arrangement offered must be a long-term, sustainable solution that is affordable for the borrower.

5. Cooperating borrowers must be given at least eight months from the date arrears first arise before legal action can commence and, at the end of the MARP, lenders must provide a three-month notice period to allow co-operating borrowers time to consider their options, such as voluntary surrender or an arrangement under the Personal Insolvency Act, before legal action can commence.

6. Increased information requirements for lenders in order to improve transparency for borrowers including more detail in the MARP booklet on:

- how the alternative repayment arrangements offered by the lender work and their key features;
- explanations of other options such as voluntary surrender or trading down;
- explanations of the meaning and implications of not co-operating;
- summary information on a lender's potential use of confidentiality agreements;
- information on the borrower's right of appeal;
- a link to keepingyourhome.ie (i.e. where borrowers can get further information and assistance);
- a summary of the lender's communications policy.
- lenders are required to establish a MARP framework for handling arrears and pre-arrears cases and where alternative repayment arrangements expire or where the alternative repayment arrangement put in place breaks down. The MARP must incorporate the requirements of the CCMA regarding:
    - communication with, and provision of information to, a borrower;
    - the collection and assessment of financial information from a borrower; and
    - resolution of cases by exploring alternative repayment arrangements.

Lenders also have to establish a centralised and dedicated ASU, which must be adequately staffed, to manage cases under the MARP. Each branch office must have at least one person with specific responsibility for dealing with arrears and pre-arrears cases and for liaising with the ASU in respect of these cases.

Where a borrower is in mortgage arrears, a lender is permitted to commence legal action for repossession of the property within the relevant moratorium period in the following circumstances:

(a) where the borrower does not co-operate with the lender and the lender has made every reasonable effort under the CCMA to agree an alternative repayment arrangement with the borrower or his or her nominated representative;

(b) in the case of a fraud perpetrated on the lender by the borrower; or

(c) in the case of a breach of contract by the borrower other than the existence of arrears.

Lenders are restricted from imposing charges and/or surcharge interest on arrears arising on a mortgage account in arrears to which the CCMA applies and in respect of which a borrower is cooperating reasonably and honestly with the lender under the MARP.

Sustainable Mortgage Resolution Template returns

A requirement applicable to the main Irish residential mortgage credit institutions (including the Issuer and other Irish residential mortgage lenders in the Group) to make SMRT returns to the Central Bank in respect of

mortgages secured on properties located within Ireland commenced in 2016, replacing the Central Bank Mortgage Arrears Resolution Targets (which previously set performance targets for those institutions).

The SMRT return is completed in respect of all mortgages secured on properties located within Ireland. Details of proposed and concluded sustainable PDH and BTL mortgage arrears solutions are provided in the SMRT return which is submitted as part of the overall 'Finrep' regulatory required reports to be made by the Group each quarter. This information is used to monitor performance of sustainable solutions for Irish residential mortgage arrears cases in line with supervisory expectations to assess where any mitigation may be required.

Mortgage Arrears Resolution Strategy

The Central Bank has requested banks operating in the Irish residential mortgage loan market to put in place further longer term MARS to deal with borrowers in arrears or in pre-arrears.

Minimum Competency Requirements

The Central Bank applies minimum competency requirements to individuals who, in their own right or on behalf of a regulated firm, arrange or offer to arrange retail financial products for consumers (as defined in the CPC) and/or advise on same. AIB Bank and other members of the Group which are regulated firms (including the Issuer) are obliged to comply with these requirements to the extent that they apply to their business. A review of the MCC 2011 was undertaken by the Central Bank to, inter alia, consider the implications of the Mortgage Credit Regulations and the MiFID II Directive and the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415) for the assessment of knowledge and competence. In November 2016, the Central Bank published a Consultation Paper (CP106) seeking views from stakeholders on the proposals set out in the Consultation Paper to replace the MCC 2011 in part by a revised minimum competency code and in part by minimum competency regulations.

The MCC 2017 and the Minimum Competency Regulations came into effect from 3 January 2018 and replaced the MCC 2011. The aim of the MCC 2017 and the Minimum Competency Regulations is to ensure that consumers of retail financial products, and retail or opt-up professional clients in the context of MiFID services or activities, obtain a minimum acceptable level of competence from individuals undertaking certain specific functions on behalf of regulated firms, relating to, for example, providing advice and information about retail financial products and adjudicating on complaints. The MCC 2017 specifies certain minimum competencies that persons coming within its scope must comply with when performing certain controlled functions.

Financial Services and Pensions Ombudsman

The Central Bank and Financial Services Authority of Ireland Act 2004 provided for the establishment of the FSO and the Financial Services Ombudsman Council. The FSO has, in respect of complaints regarding financial services provided to consumers, a range of powers to investigate complaints and to impose financial or other sanctions on a regulated financial services provider. This Act was amended on 1 January 2018 by the Financial Services and Pensions Ombudsman Act 2017 to provide for the amalgamation of the office of the FSO with the office of the Pensions Ombudsman to form the FSPO.

Under section 72 of the Central Bank Act 2013, the FSPO has "name and shame" powers. Pursuant to these powers, the FSPO may publish the name of regulated financial services providers, or the group of which the regulated financial services provider is a member, where three complaints have been substantiated against the regulated financial services provider in the preceding financial year.

Consumer Protection Act 2007 and the Competition and Consumer Protection Act 2014

The Consumer Protection Acts apply the Directive on Unfair Commercial Practices in Ireland and prohibit business-to-consumer commercial practices that are unfair, misleading, aggressive or which otherwise are prohibited by the Consumer Protection Acts. Principally, the Consumer Protection Acts (i) empower a consumer who is aggrieved by any of those proscribed varieties of commercial practice, and the CCPC, to apply to court for an order prohibiting the continued use of the prescribed practice and (ii) confer on every consumer who is aggrieved by a proscribed commercial practice a right of action to claim damages (including exemplary damages) against the person who has committed or engaged in the prohibited act or practice. For this purpose, a consumer would include certain borrowers of residential loans and a relevant service would include residential lending.

Central Bank Mortgage Measures - Regulatory LTV/Regulatory LTI restrictions on residential mortgage lending

The Central Bank has, under the Mortgage Measures - LTV/LTI Regulations imposed restrictions on Irish residential mortgage lending by lenders which are regulated by the Central Bank (such as the Issuer). The restrictions impose limits on residential mortgage lending by reference to LTV and LTI ceilings, subject to limited exceptions.

The regulations impose different LTV limits for different categories of buyers. A limit of 80 per cent. LTV applies to new mortgage lending for non-first-time buyers of a PDH. For first-time buyers of PDH's, a limit of 90 per cent. LTV applies. For non-PDH purchases (e.g., BTL properties), a limit of 70 per cent., LTV applies. Mortgages for non-PDH loans are restricted to lending above 3.5 times LTI to no more than 10 per cent. of the aggregate value of non-PDH loans under the LTV/LTI Regulations.

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

- in the case of a loan to a first time buyer for the purpose of purchasing a PDH, to restrict lending beyond the prescribed LTV limits to no more than 5 per cent. of the aggregate value of all such loans;

- in the case of a loan to a non-first time buyer for the purpose of purchasing a PDH, to restrict lending beyond the prescribed LTV limits to no more than 20 per cent. of the aggregate value of all such loans in the relevant period (except in the case of the first relevant period, this is the calendar year); and

- in the case of loans other than PDH loans, to restrict lending beyond the prescribed LTV limits to 10 per cent. of the aggregate value of all such loans entered into in that relevant period.

The Issuer is required to restrict lending above 3.5 times LTI to no more than 20 per cent. of the aggregate value of the PDH loans the Issuer makes in the relevant period. Mortgages for non-PDH loans and Lifetime Mortgages are exempt from the LTI limit.

Personal Insolvency Act

General

The Personal Insolvency Act transformed the personal insolvency regimes including through the introduction of three new debt resolution processes, namely:

(a) a DRN to allow for the write-off of qualifying debts up to €35,000, subject to a three year supervision period;

(b) a DSA for the settlement of qualifying unsecured debts over a period of up to five years (extendable to six years in certain circumstances) and subject to majority creditor approval; and

(c) a PIA which is a personal insolvency arrangement which is for the agreed settlement or restructuring of qualifying secured debts of up to €3 million (although this cap can be increased with the consent of all secured creditors) and the agreed settlement of qualifying unsecured debt, over a period of up to six years (extendable to seven years in certain circumstances).

These processes are administered by approved intermediaries (in the case of the DRN) and registered personal insolvency practitioners (in the case of the DSA and PIA). The DSA and PIA processes involve the issuance of a protective certificate which precludes enforcement and related actions by creditors. Detailed eligibility criteria and other requirements relating to the processes are set out in the Personal Insolvency Act. The Insolvency Service, amongst other things, processes DRN, DSA and PIA applications in the first instance. The application for a DRN, DSA or PIA and protective certificates ultimately needs to be approved by a court (the Circuit Court for debts below €2.5 million, the High Court for debts above €2.5 million) before it can come into effect.

The Personal Insolvency Act also provides for reforms to the Bankruptcy Act.

A general scheme in relation to the Personal Insolvency (Amendment) (No.1) Bill 2020 was published on 5 October 2020 by the Department of Justice. A second general scheme of a Personal Insolvency bill is also expected to be published in late 2020 or early 2021, which may lead to further changes to the Personal Insolvency Act.[29]

PIA

The PIA is capable of settling and/or restructuring secured debt, including residential mortgage debt. Subject to certain mandatory requirements and minimum protections for a debtor and his or her secured creditors, the Personal Insolvency Act provides flexibility as to how a PIA treats a secured debt. For example, a PIA may provide for an adjustment of the interest rate, interest basis or maturity of the debt, a capitalisation of arrears, a debt-for-equity swap, or a principal write-down to a specified amount equal to or greater than the value of the security.

The Insolvency Service was established to oversee and operate the measures under the Personal Insolvency Act.

The PIA process facilitates the settlement of unsecured debts of any amount and the settlement and/or restructuring of secured debts of up to €3 million (which limit can be waived where all the secured creditors so consent) owed by a debtor meeting certain eligibility criteria over a period of up to six years (subject to a possible extension to seven years). A personal insolvency practitioner formulates a proposal for an arrangement during a protective period of up to 110 days extendable to 150 days in exceptional circumstances during which creditors cannot take enforcement action against the debtor. The proposal must be approved by the debtor and a qualified 65 per cent. majority of the creditors, with separate class approvals being required by secured and unsecured creditors representing over 50 per cent., in each case, of numbers of creditors voting and of the value of the relevant debts. Upon successful completion of the PIA, the debtor is released from all of his or her qualifying unsecured debts but is not released from his or her secured debts except to the extent provided for under the terms of the PIA.

The Personal Insolvency (Amendment) Act 2015 introduced a mechanism whereby a court review of a creditor's rejection of a proposal for a PIA is possible in certain qualifying circumstances. A PIA can affect the right of a secured creditor of the debtor to enforce or otherwise deal with his or her security. The Personal Insolvency Act provides that, subject to certain mandatory requirements set out in the Act, the terms of a PIA may provide for the manner in which the security is to be treated, which may include the sale or any other disposition of the property or asset the subject of the security, the surrender of the security to the debtor or the retention by the secured creditor of the security. In addition, the Personal Insolvency Act provides that the PIA may vary the terms of the secured debt, including variations with respect to interest payments, the term to maturity, capitalisation of arrears or reduction of the principal sum to a specified amount.

The Personal Insolvency Act provides that where a PIA provides for the sale or other disposal of the property which is the subject of the security for a secured debt, and the realised value of that property is less than the amount due in respect of the secured debt, the balance due to the secured creditor will abate in equal proportion to the unsecured debts covered by the PIA and will be discharged with them on completion of the obligations specified in the PIA.

The Personal Insolvency Act provides for certain specific protections for secured creditors, including: (i) where there is a sale or other disposal of the property the subject of the security, the secured creditor is entitled to the sale/disposal proceeds to discharge the debt up to the value of the security and (ii) where the security is retained by the secured creditor and the principal sum of the secured debt is reduced pursuant to the terms of the PIA, the principal sum cannot be reduced below the value of the security without the consent of the secured creditor and any such reduction of principal can be "**clawed back**" in favour of the secured creditor where the debtor sells or otherwise disposes of the property the subject of the security within twenty years of the PIA coming into effect.

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[29] https://www.gov.ie/en/press-release/344e6-minister-mcentee-to-reform-personal-insolvency-legislation-to-help-borrowers-hit-by-covid-19/#:~:text=is%20nearing%20completion.-,The%20Personal%20Insolvency%20(Amendment)%20(No.,a%20certain%20value%20are%20exempted.)

The Personal Insolvency Act also provides for certain specific protections for a debtor, including protection for the debtor's ownership and occupation of his or her PDH subject to certain limits such as where the personal insolvency practitioner forms the opinion that the costs of the debtor continuing to reside in that PDH are disproportionately large.

Bankruptcy

Bankruptcy law in Ireland is set out in the Bankruptcy Act. The Personal Insolvency Act (in Part 4) provides for a number of amendments to the Bankruptcy Act. The bankruptcy regime has been further amended by the Bankruptcy (Amendment) Act 2015, which was signed into law on 25 December 2015, provides for several changes to the Irish bankruptcy regime for individuals, some of which took effect on 29 January 2016. These changes, which took effect on that date, include a reduction of the period for the automatic discharge from bankruptcy to one year. The remaining sections of the Bankruptcy (Amendment) Act 2015 came into effect on 1 June 2016 under the Bankruptcy (Amendment) Act 2015 (Commencement) (No. 2) Order 2016. Amongst other things, the Bankruptcy (Amendment) Act 2015 provides for a reduction of the bankruptcy period from three years to one year so that every bankruptcy will be automatically discharged on the first anniversary of the date of the making of the adjudication order in respect of that bankruptcy (unless the court extends the period of bankruptcy, typically when there has been non-cooperation by the bankrupt or other irregular actions). The Bankruptcy (Amendment) Act 2015 also reduces the normal maximum duration of a bankruptcy payment order (a court order requiring a bankrupt individual to make payments for the benefit of his or her creditors from any surplus income or assets after the deduction of reasonable living expenses for him or her and any dependents) from five to three years, although it retains the maximum five-year duration in cases of non-cooperation or asset concealment. The Bankruptcy (Amendment) Act 2015 also provides that a bankrupt person's legal interest in his or her home will revest in him or her after three years (subject to any outstanding mortgage), if the official assignee has neither sold it, nor applied to the High Court for an order permitting the sale of the house, before that date.

EU Legislation

Benchmark Regulation

The Benchmark Regulation regulates the production and use of benchmarks and has applied since 1 January 2018. Among other things, it imposes requirements on a supervised entity (including a credit institution) that uses a benchmark for specified purposes. A credit institution that uses a benchmark in mortgage credit contracts will be using a benchmark for the purposes of the benchmark regulation (with the exception of certain mortgage credit contracts having standard variable rates). Specifically, a supervised entity is restricted as to the types of benchmarks it may use. In addition, a supervised entity that uses a benchmark must produce and maintain robust written plans setting out the actions it would take in the event that a benchmark materially changes or ceases to be provided. It must also provide its relevant competent authority with those plans on request and reflect them in its contractual relationship with clients.

Unfair Terms in Consumer Contracts Regulations

The UTCCR apply in relation to consumer contracts entered into by consumers (natural persons acting for purposes outside their business) which have not been individually negotiated, and their related security. A borrower may challenge a term in an agreement on the basis that it is "**unfair**" within the meaning of the UTCCR and therefore not enforceable against the borrower. If the court finds a term of a contract to be unfair and therefore, not binding on the consumer, the rest of the contract will continue to bind the consumer if the contract is capable of continuing in existence without the unfair term. In addition, the CCPC or an authorised body (as defined in the UTCCR) may seek an injunction preventing the use of specific terms that are unfair.

The UTCCR will not generally affect "**core terms**" which set out the main subject of the contract, such as, in the context of a loan, a borrower's obligation to repay principal, but may affect terms deemed to be ancillary which may include terms the application of which are in the lender's discretion (such as a term permitting the lender to vary the interest rate or waiver by a borrower of set off rights).

Distance Marketing Regulations

The Distance Marketing of Financial Services Directive was implemented in Ireland by way of the Distance Marketing regulations, S.I. No. 853/2004 - European Communities (Distance Marketing of Consumer Financial

Services) Regulations 2004 ("**DM Regulations**"). The DM Regulations apply to, *inter alia*, credit agreements entered into on or after 15 February 2005 by means of distance communication (i.e., without any substantive simultaneous physical presence of the originator (or an agent of the originator) and the borrower).

The DM Regulations require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally must be provided within a reasonable time before the consumer is bound by a distance contract for the supply of the financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial service, contractual terms and conditions (including the price to be paid by consumers to the supplier of financial services) and whether or not there is a right of cancellation.

Unlike certain other distance contracts for the supply of financial services, a consumer does not have the right under the DM Regulations to cancel a housing loan (within the meaning of the CCA) within the 14-day cooling-off period introduced by the DM Regulations, if originated by an Irish lender from an establishment in Ireland. However, failure by the supplier to comply with certain obligations under the DM Regulations may result in the distance contract being unenforceable against the consumer. The relevant obligations include (i) the provision of the prescribed pre-contractual information to the consumer; (ii) keeping a copy of all information provided to a consumer in relation to a distance contract in durable and tamper-proof form; (iii) upon a request from the consumer, providing a hard paper copy of the distance contract; or (iv) changing the means of distance communication pursuant to a consumer request (unless to do so would be inconsistent with the contract or nature of the service). The discretion as to enforceability, lies with the courts, who if satisfied that the supplier's non-compliance was not deliberate, the consumer has not been prejudiced by such non-compliance, and it is just and equitable to dispense with the relevant obligation, may decide that the contract is enforceable, subject to any conditions that the court sees fit to impose.

Mortgage Credit Directive

The Mortgage Credit Directive was transposed into Irish law by the Mortgage Credit Regulations.

The Mortgage Credit Directive aims to improve consumer protection measures by introducing revised rules for residential mortgage lending which apply across the EU. The Mortgage Credit Directive is designed to create an efficient and competitive single market for consumers, creditors and credit intermediaries with a high level of consumer protection and to promote financial stability by ensuring that mortgage credit markets operate in a responsible manner.

The Mortgage Credit Regulations apply to credit agreements with consumers which are secured by a mortgage or other comparable security on residential immovable property and to credit agreements the purpose of which is to acquire or retain property rights in land or in an existing or projected building. Member States are permitted to exclude certain credit agreements (such as bridging loans and credit agreements in respect of BTL properties) from the scope of the Mortgage Credit Directive where an appropriate national framework is in place to deal with such agreements. However, the Mortgage Credit Regulations have included these loans as being in scope.

The Mortgage Credit Regulations apply to consumer mortgage lending by credit institutions and non-credit institutions and affects the activities of creditors (such as the Issuer), credit intermediaries and their appointed representatives. A "**consumer**" for the purposes of the Mortgage Credit Regulations is a natural person acting for purposes which are outside his or her trade, business or profession.

The key elements of the Mortgage Credit Regulations are:

- Transparency requirements: the Mortgage Credit Regulations require information to be provided to a consumer at a pre-contractual stage to enable a consumer to choose the mortgage product which best meets his or her needs. A creditor is required to provide a consumer with a European Standardised Information Sheet which will allow the consumer to compare terms and conditions of loans being offered by different lenders in the market and so identify the product that is most appropriate for him or her. A consumer must be given a minimum thirty-day reflection period before the conclusion of the credit agreement or, alternatively, a minimum seven-day right of withdrawal after the conclusion of the credit agreement;

- Consumer safeguards: the Mortgage Credit Regulations oblige a creditor to conduct a thorough creditworthiness assessment before granting credit to a consumer;

- Business conduct rules: the Mortgage Credit Regulations require a creditor and a credit intermediary to act in the consumer's interests and imposes high-level standards regarding their remuneration structure. Member States are also required to establish minimum knowledge and competence requirements for lenders and credit intermediaries in accordance with the principles set out in the Mortgage Credit Directive. The MCC 2017 has applied since 3 January 2018, and prescribes minimum competency standards to persons exercising a controlled function in relation to mortgage credit agreements as set out in the Mortgage Credit Regulations;

- Early repayment: the Mortgage Credit Regulations grant a consumer a general right to repay a relevant mortgage loan early. The Mortgage Credit Regulations provide that a creditor is entitled to fair and objective compensation for potential costs directly linked to the early repayment, where justified. Where it is a fixed-rate loan, early repayment can be subject to the existence of a legitimate interest on the part of the consumer, for example, in the event of divorce or unemployment;

- Arrears and foreclosures: the Mortgage Credit Regulations require creditors to exercise reasonable forbearance before foreclosure proceedings are initiated, who must at a minimum comply with any code or similar measure put in place by the Central Bank on the handling of arrears. The Mortgage Credit Regulations require that any charge that a creditor may impose on a consumer arising from the consumer's default, subject to the provisions of section 149 of the CCA and any requirements that may be imposed by the Central Bank from time to time, shall be no greater than is necessary to compensate the creditor for the costs it has incurred as a result of the default. Where, after foreclosure proceedings, outstanding debt remains, in order to protect the consumer, the creditor is required to put in place measures to facilitate repayment of the outstanding debt by the consumer.

- Passport regime for credit intermediaries: the Mortgage Credit Regulations include principles for the authorisation and registration of credit intermediaries and the Mortgage Credit Directive establishes a passport regime for those intermediaries;

- Non-credit institutions: the Mortgage Credit Regulations require the Central Bank to ensure that non-credit institutions engaged in mortgage lending pursuant to the Mortgage Credit Directive are subject to an adequate admission process and to supervision arrangements, including entering the non-credit institution in a register; and

- Amendment to the Consumer Credit Regulations: the Mortgage Credit Regulations amend the Consumer Credit Regulations by extending their application to an unsecured credit agreement which is provided for the purpose of renovating a residential immovable property involving a total amount of credit in excess of €75,000.

- Amendment to the Mortgage Credit Regulations: the Mortgage Credit Regulations were amended by the European Communities (Consumer Mortgage Credit Agreements) (Amendment) Regulations 2018 and apply since 1 July 2018. One amendment requires lenders to provide certain information to consumers in respect of a mortgage credit agreement referring to a benchmark (as that term is defined in the Benchmark Regulation).

The Issuer engages in lending to consumers which is subject to the Mortgage Credit Regulations.

Land and Conveyancing Law Reform Acts

Title to land in Ireland takes one of two forms: registered and unregistered. Both these systems of title include freehold and leasehold property. A freehold title is the closest title to absolute ownership which a property owner may hold. A leasehold title means that the property is held for a term of years subject to certain covenants and conditions. A long lease (generally for a term of in excess of 35 years) would normally reserve a nominal annual rent.

The LCLRA 2009 is the primary piece of legislation in Ireland applicable to land law, conveyancing practice and the law of mortgages, including the creation of mortgages and the powers and rights of holders of mortgage security.

The LCLRA 2009 applies to all mortgages granted on and from 1 December 2009 with the old law applying to mortgages put in place prior to that date. The old law allowed the creation of a mortgage by transfer of ownership of unregistered land (conveyance or demise). This was effectively abolished by the LCLRA 2009. The LCLRA 2009 makes the method of creating mortgages over unregistered land consistent with that over registered land, that is, by way of charge. However, there are differences in how security takes effect over registered and unregistered land. A legal charge over registered land only takes effect in full once it has been registered in the Land. A legal charge over unregistered land takes effect immediately once it is created. For registered land, although there are certain burdens set out in Section 72 of the Registration of Title Act, 1964 which affect registered land without registration, in general, save in the case of judgment mortgages, the register in the Land Registry governs priorities which are determined by the date of registration. Priorities of interests in unregistered land are more complex and are determined by the date of registration of the documents in the Registry of Deeds and the doctrine of notice (save in the case of judgment mortgages). There is no change under the LCLRA 2009 to the creation of an equitable mortgage over unregistered land (for example, by deposit of title deeds).

Chapter 3 of Part 10 of the LCLRA 2009 addresses the obligations, powers and rights of holders of mortgage security. The provisions apply only to mortgages created by deed after 1 December 2009 and mortgages created before that date therefore continue to be governed by the old rules. It is not possible to contract out of the provisions of Chapter 3 of Part 10 in the case of housing loans. Chapter 3 of Part 10 of the LCLRA 2009 also deals with taking possession, power of sale, applications for court orders for possession and/or sale and conveyance on sale. A court order for taking possession, and a court order for sale must be obtained, unless the mortgagor has consented in writing not more than 7 days' prior to the taking of possession or the exercise of the power of sale respectively (an application for a court order for sale and possession may be heard together). In the case of an order for sale, 28 days prior notice must be given to the mortgagor in a prescribed form warning of the possibility of such sale. This notice requirement does not apply in the case of an order for possession. Chapter 3 of Part 10 of the LCLRA 2009 provides that the Circuit Court has exclusive jurisdiction in relation to any application for an order for sale or order for possession which concerns property which is subject to a housing loan mortgage and any such application must be made in the circuit where the property is situated.

The LCLRA 2013 is important in the context of the procedural right to seek an order for possession of a PDH of a mortgagor or that of his or her spouse/partner. The LCLRA 2019 amends the LCLRA 2013 to require a court to take into account a range of factors when considering whether or not to grant an order for possession in respect of a PDH and to allow the court the discretion to take these factors into account when considering whether to make any other order it considers appropriate in the circumstances of the proceedings. The relevant factors are (a) whether the making of the order would be proportionate in all the circumstances; (b) the circumstances of the borrower and his or her dependants for whom the property the subject of the proceedings is their PDH; (c) whether the lender has made a statement to the borrower of the terms on which it would be prepared to settle the matter in such a way that the borrower and his or her dependants could remain in the PDH; (d) details of any proposal put forward by or on behalf of the borrower either: (i) to enable him or her, or any dependants, to remain in the PDH; or (ii) to secure alternative accommodation; (e) any response of the lender to the borrower's proposal to remain in the PDH; and (f) the conduct of the parties in any attempt to find a resolution to the borrower's mortgage arrears. The LCLRA 2013 also provides that the court may adjourn proceedings for a maximum of two months to enable a mortgagor to consider a PIA under the Personal Insolvency Act. If significant progress has been made on a proposal for a personal insolvency arrangement under the Personal Insolvency Act at the end of the two months, the proceedings may be adjourned further. See *Personal Insolvency Act* for further information on the Personal Insolvency Act.

In November 2009, the Circuit Court issued a practice direction pursuant to the Circuit Court Rules entitled 'Actions for Possession' providing that no order for possession shall be made on the initial return date (i.e. the first hearing date) but rather the proceedings shall be adjourned to such later date as the County Registrar considers just in the circumstances. This has the effect of an automatic delay on possession proceedings.

BOARD OF DIRECTORS AND MANAGEMENT AND ADMINISTRATION OF THE ISSUER

Board of Directors

As of the date of this Base Prospectus, there are seven members of the board of directors of the Issuer as set out below. Four members of the board of directors of the Issuer are currently employees of Group members. Three members of the board of directors of the Issuer are not, at the date of this Base Prospectus and never have been, employees of any Group member but are non-executive directors of other members of the Group. Three of the seven members of the board of directors of the Issuer are executive directors, and the remaining four members of the board of directors are non-executive directors of the Issuer.

The names, business addresses and principal outside activities of the members of the board of directors of the Issuer are listed below.

Members	Principal Outside Activities
Gerry Gaffney (Executive Director - Finance) 10 Molesworth Street, Dublin 2, Ireland	Senior Finance Business Partner, Finance, AIB Bank EBS d.a.c. – Director EBS Mortgage Finance – Director Mespil 1 Rmbs d.a.c. (in Liquidation) – Director
James Murphy (Group Non-Executive Director) 10 Molesworth Street, Dublin 2, Ireland	Head of Finance Services, AIB Bank AIB Capital Exchange Offering 2009 Limited – Director Blogram Limited – Director Dohcar Limited – Director Dove Insurance Company Limited – Director
Ken Burke (Managing Director) 10 Molesworth Street, Dublin 2, Ireland	Head of Consumer Lending and Credit Products, AIB Bank AIB Commercial Finance Limited – Director Haven Mortgages Limited – Director
Christopher Curley (Executive Director – Treasury) 10 Molesworth Street, Dublin 2, Ireland	Head of Funding and Liquidity, Treasury, AIB Bank EBS Mortgage Finance – Director
Simon Ball (Deputy Chairperson - Independent Non-Executive Director) 10 Molesworth Street, Dublin 2, Ireland	Non-Executive Director, Commonwealth Games England; Non-Executive Director, Birmingham Organising Committee for the 2022 Commonwealth Games Limited, Non-Executive Director, Morgan Stanley Bank International Limited, Non-Executive Director, Morgan Stanley & Co. International plc, Non-Executive

	Director, Morgan Stanley International Limited
Paul Owens (Independent Non-Executive Director) 10 Molesworth Street, Dublin 2, Ireland	EBS d.a.c. - Director EBS Mortgage Finance – Director City of Dublin Young Men's Christian Association CLG – Director Sutton Park School d.a.c.- Director Dublin Aerospace Limited – Director AB Structured Funding 1 d.a.c. – Director Santiago Capital d.a.c.- Director PG Owens Ltd – Director Usconfin 1 d.a.c.- Director Chopard Accessories (Ireland) Ltd – Director
Yvonne Hill (Independent Non-Executive Director) 10 Molesworth Street, Dublin 2, Ireland	EBS d.a.c. - Director EBS Mortgage Finance – Director Amtrust International Underwriters d.a.c. – Director Zurich Life Assurance plc. – Director

The Company Secretary of the Issuer is Diane Lumsden.

As far as is known to the Issuer, other than as may arise from an individual director's principal outside activities listed in each case above or, in the case of current or former employees or officers of the Group, other roles within the Group, no potential conflicts of interest exist between any duties to the Issuer or the board of directors of the Issuer and their private interests or other duties in respect of their management roles.

As a credit institution authorised by the Central Bank, the Issuer is subject to the Revised CGC Code and, for that purpose, has been designated a 'high impact' credit institution (which is a classification used by PRISM). Since January 2016 the Revised CGC Code has applied to credit institutions. The Revised CGC Code requirements are similar in nature to the requirements that previously applied to the Issuer under the Corporate Governance Code for Credit Institutions and Insurance Undertakings 2010 (and which came into effect on 1 January 2011). The Revised CGC Code contains the minimum requirements that a credit institution shall meet in the interests of promoting strong and effective governance. The Revised CGC Code is imposed in addition to, and does not affect, any other corporate governance obligations and standards to which a credit institution is otherwise subject (including under conditions and/or requirements set out in the licence or authorisation of credit institutions). Amongst other things, the Revised CGC Code requires that a high impact credit institution must have at least three independent non-executive directors and a minimum of seven directors on the board. However, the Central Bank has granted derogation to the Issuer from these requirements on the basis that the board of directors of the Issuer continues to have at least two independent non-executive directors and a total of five directors on the board. This is consistent with an authorisation requirement imposed on the Issuer in 2006 that there should be a minimum of two non-executive directors who are independent of the Issuer's parent.

Outsourcing Agreement with AIB Bank

Under the Outsourcing Agreement, AIB Bank has agreed to provide the Issuer with administration and agency services and assistance in relation to the origination, maintenance and enforcement of the Issuer's Irish residential loans and related treasury, funding and deposit taking activities including administration of customer accounts, customer relations, product development, market strategy, risk management, regulatory and company secretarial matters, human resources, payroll, information related matters, technology and other services, financial control and project management services for the Issuer. AIB Bank may sub-contract or delegate its powers under the Outsourcing Agreement to other members of the Group including the Issuer but any such sub-contracting or delegation will not abrogate or relieve AIB Bank of any of its obligations under the Outsourcing Agreement. See also *Irish Residential Loan Origination and Servicing – Mortgage Servicing*.

In addition, under a liquidity management agreement dated 29 January 2014 between AIB Bank and the Liquidity Sub-Group, AIB Bank manages, and reports on, the liquidity of the Liquidity Sub-Group (which includes the Issuer) in accordance with the requirements of CRD IV.

The Issuer may from time to time outsource activities to AIB Bank, other members of the Group or entities who are not members of the Group, subject to applicable legal and regulatory requirements.

IRISH RESIDENTIAL LOAN ORIGINATION AND SERVICING

Introduction

On 13 February 2006, AIB Bank transferred approximately €13.6 billion of Irish residential loans and related security held by it to the Issuer. Those Irish residential loans were originated by AIB Bank prior to 13 February 2006. They were transferred by AIB Bank to the Issuer on 13 February 2006 pursuant to a scheme made under the ACS Act and the provisions of the ACS Act. On 25 February 2011, pursuant to that scheme and the provisions of the ACS Act, AIB Bank transferred to the Issuer approximately €4.2 billion Irish residential loans and related security that had been originated through mortgage intermediaries.

During the course of 2013, two Group restructures, aimed at achieving efficiencies across the mortgage business, impacted on the business of the Issuer.

The Lending Criteria and mortgage servicing arrangements described below (see – *Lending Criteria* and *Mortgage Servicing*) apply to all of the Issuer's current Irish residential mortgage lending, whether through the AIB Bank branch network or through other origination channels.

The Lending Criteria have been impacted by the Central Bank's LTV/LTI Regulations.

Lending Criteria

The following Lending Criteria are applied at the date of this Base Prospectus in respect of the Irish residential lending by the Issuer:

Key Lending Criteria

(a) Maximum loan size is determined by reference to the NDI, LTI and the following LTV conditions:

- **First Time Buyers**: Maximum LTV is 90 per cent..
- **Non-First Time Buyers**: Maximum LTV is 80 per cent..
- **One Bedroom Properties:** Maximum LTV is 80 per cent. (lending for bedsits and studio apartments with a market value which is less than €275,000 are out of scope).
- **Self-Builds**: The 'value' for purposes of calculating LTV is based on the lower of the site value plus allowable build costs but excludes legal fees, stamp duty etc. or the projected value of the property on completion.

  Switchers Mortgages: The maximum LTV the Issuer will consider for Switcher Mortgages is 90 per cent. where the loan amount is not increasing (i.e. without advance of additional funds, the LTV/LTI Regulations are not applicable) and for Switcher propositions with a top up / equity release, all lending rules apply (i.e. LTV, LTI, and NDI). If an application for a Switcher Mortgage includes a request for additional funds, the maximum LTV is 80 per cent.

(b) The level of finance for residential investment property, whether a new standalone property or a new property that will become part of an existing portfolio (including holiday homes and second homes not dependent on rental income) may not exceed 70 per cent. of the lower of the purchase price (excluding costs) and professional valuation. The combined portfolio may not exceed a LTV of 75 per cent. following the addition of the new property except in the following circumstances:

- Where portfolio LTV is currently > 75 per cent., an additional BTL property purchase at maximum LTV of 70 per cent. can be considered, if the purchase of the property is improving the portfolio LTV and all loan exposures in the portfolio are fully amortising to the terms with a maximum portfolio LTV of 100 per cent.

(c) Maximum term 35 years, subject to clearance by the 69th birthday (or the 71st birthday, subject to documentary confirmation of employment up to 70th birthday) or on retirement if earlier; and for

self-employed customers by the 71st birthday. Residential investment property loans and loans for holiday homes and second / other homes not dependent on rental income may be sanctioned for a maximum period of 25 years.

(d) Minimum loan €25,000 normally, but this is not applicable to negative equity mortgage or top ups/equity release.

(e) Borrowers must have a minimum age of 18 years.

Negative equity trade up and negative equity trade down non-forbearance mortgage products are available to existing customers of the Group who have their PDH mortgage with the Issuer, who are in negative equity, who have sufficient repayment capacity and who wish to sell their existing PDH and to move to a new PDH the value of which is higher (Trade Up) or lower or equal to (Trade Down) the value of their existing PDH. The criteria as set out in the AIB Bank residential mortgage lending policy will apply in conjunction with the following additional criteria:

(a) Seek prior approval from AIB to (i) dispose of the existing property and (ii) for the new mortgage where the applicant is purchasing a new PDH.

(b) The customer must provide an independent valuation from a member of AIB Bank's valuer panel for the PDH being sold.

(c) The maximum LTV on the purchase price of the new property is 90 per cent. for a negative equity trade up and 100 per cent. for a negative equity trade down.

(d) A maximum of 125 per cent. LTV on the combined balance of residual debt and new mortgage facility.

(e) For a negative equity trade up mortgage product the combined balance of the residual debt and the new mortgage loan must be of a lower LTV than the LTV on the original property. For a negative equity trade down mortgage product the combined balance of the residual debt and the new mortgage loan must be equal to or a reduction in the total mortgage debt outstanding.

(f) Maximum loan amount (including residual debt) €700,000 for negative equity trade up.

Repayment Capacity

(a) The two key tests used in assessing an applicant's ability to repay a mortgage are the NDI and the LTI limit. These tests are interdependent and the applicant must satisfy both tests.

(i) Net Disposable Income – the residual net monthly sustainable income after meeting the stressed loan payment and any other regular monthly outgoings (i.e. other loan repayments, childcare costs and/or maintenance payments etc.) .

(ii) For all new lending for PDH purposes, the maximum amount borrowed must be less than or equal to 3.5 times gross annual income with the exception of Switcher Mortgages that do not include a request for additional funds, the maximum amount borrowed must be less than or equal to 4.5 times gross annual income.

(b) For stress testing purposes, when determining NDI, the Issuer assumes a mortgage repayment based on the current highest new variable rate, plus 2.00 per cent, subject to a floor of 5.5 per cent. For BTL applications, an interest rate of 2.00 per cent. over the BTL Variable Rate, subject to a minimum stressed interest rate of 6.2 per cent. is assumed.

(c) Stress Testing Non Euro Income. Where a customer derives part or all of their income from a non-Euro currency, the non-Euro gross annual income must be stress tested at a 20 per cent. stress factor on the current foreign exchange spot rate to mitigate against currency risk.

(d) For all tracker interest rate customers, i.e. customers with mortgage loans on interest rates based on the ECB main refinancing rate plus an agreed margin over that rate, purchasing a new PDH and retaining existing PDH as a BTL, the Issuer stresses the mortgage repayment based on the ECB main refinancing rate plus the existing tracker margin plus 2 per cent, subject to a floor of 4 per cent. For customers with existing PDH tracker interest rate loans, where an existing PDH is being sold and applicants are purchasing a new PDH, as the borrower will retain some/all of existing PDH mortgage and tracker rate attaching, the Issuer stresses the mortgage repayment on the tracker element of the new mortgage based on the ECB main refinancing rate plus margin (original margin + 1 per cent.) plus 2 per cent. subject to a floor of 4 per cent.

Funding Balance of Purchase Price

Documentary evidence to verify the source of funding of the balance of the purchase price and confirmation that the balance has not been funded by borrowings is obtained and retained on the mortgage file of the sanctioning authority.

Security

(a) First legal mortgage/charge on the residential property being purchased must be obtained.

(b) Life/fire cover to be put in place – the Issuer's interest noted/assignment taken only where required by security procedures.

Documentation

Evidence of income is submitted with each application. Independent professional property valuation reports from a member of the Group's valuer panel are required in all cases. The following documentary evidence is obtained and held on the home mortgage loan file of the sanctioning authority.

PAYE Employment:

For employees who pay taxes under the PAYE system, verification of income must take the form of:

(a) Most recent Employment Detail Summary,

(b) The salary certificate completed and stamped or a salary certificate in a form acceptable to AIB Bank,

(c) Minimum 3 payslips if paid monthly, 6 payslips if paid fortnightly and 8 payslips if paid weekly received by the applicant in each of the previous 3 months including the latest payslip for PAYE customers,

(d) Details of existing financial commitments including where applicable, the most recent 6 months bank statements illustrating all non-Group financial commitments or a credit check with the most recent 6 months' evidence of monthly payments from applicant (s) bank account,

(e) For non AIB Bank customers most recent 6 month bank statements from main working account to illustrate track record, and

(f) Most recent 6 months' mortgage statements (if the customer(s) already have a mortgage).

The assessment should be made allowing for basic income only. However, some on-going allowances e.g. car/shift allowance can be included provided these are consistent each month and confirmed as guaranteed by the employer. Where it is proposed to include some non-guaranteed additional income, it must be proven through track record by way of last 3 years P60's / Employment Detail Summaries or payslips or salary certificate or letter from the employer confirming basic pay and bonus income earned. Generally, while a cautious approach is taken, up to 50 per cent. of the 3 year average of the confirmed non-guaranteed income can be considered on a case by case basis.

Net pay after all mandatory deductions (i.e. pension) at source is used as net monthly income to calculate NDI. Consideration can be given to adding back discretionary deductions e.g. annual voluntary contributions net of tax. If there is a difference between net pay and mandated amount, this should be clarified.

Self Employed Applicants:

Key documentation required to inform assessment is as follows:

(a) 3 years audited accounts or most recent unaudited accounts over a 3 year period certified by an accountant where audited accounts are not required for the borrower;

(b) 3 most recent Revenue Form 11/chapter 4 and indicative notice of assessment, if applicable, to confirm declared level of income;

(c) Details of all existing financial commitments including where applicable, most recent 6 months bank statements illustrating all non AIB Bank financial commitments; and

(d) For non AIB Bank customers most recent 6 months bank statements for main working account to illustrate track record.

Contract Employment:

Contract employment has become an increasing feature of the employment market in both the private and public sector. Sustainability of income is a key factor when assessing applications and this is more difficult when income is derived from contract or temporary employment. In such cases sustainability is strongly linked to the education qualifications and skills of the applicant, the demand for such skills and the strength of their employer.

Normal credit assessment criteria will apply and the following additional items must be sought where an applicant is in contract employment and seeking mortgage approval:

- Standard curriculum vitae style background and copy of current contract of employment; and
- 3 years income confirmation via last 3 years P60s and/or Employment Detail Summaries where relevant.

The credit assessment considers the risk that if the current contract of employment is not renewed that the applicant will obtain alternative employment in the same sector, at a similar level of income at ease.

Anti-Money Laundering

Full compliance with the AML Acts and related guidance notes is required (including obtaining documentary verification of identity and address).

Mortgage Top-Ups/Equity Release (Principal dwelling house)

Applications for top ups/equity release will be subject to the normal assessment and approval process subject to the following additional criteria:

(a) Maximum LTV to be calculated on the total amount of the borrowing i.e. existing balance plus the amount of the top up cannot exceed 80 per cent.

(b) Normal minimum amount €10,000.

(c) Evidence of expenditure for the top up is required in all cases.

(d) Where the proposed LTV following the top up is greater than 80 per cent. an application for a top up will be assessed as a negative equity top up application. The LTV cannot exceed 125 per cent.

following completion of the expenditure on the mortgaged PDH. Negative equity top up applications can only be considered for the purpose of financing expenditure on the mortgaged PDH.

Applications for top-ups will be considered for the following purposes:

- Expenditure on the mortgaged property;
- Grant aided renewable energy and other energy efficient home improvements;
- Inheritance related taxes on the property to be mortgaged;
- Repairs or renovations on another property mortgaged to the Issuer;
- Family support for dependent(s), into a house purchase;
- Separation agreement to pay a lump sum;
- Repairs/renovations on another unencumbered property; and
- Reimbursement of own resources and/or a family members' resources used to purchase or renovate their PDH.

Switcher Mortgages

Switcher Mortgage propositions will be considered subject to the following considerations:

- Mortgage to be refinanced with the Issuer must be secured on a property.
- The maximum LTV the Issuer will consider for Switcher Mortgages is 90 per cent. (i.e. Switcher Mortgages without advance of additional funds, the LTV/LTI Regulations are not applicable).
- For Switcher Mortgage propositions with a top up / equity release, all lending rules apply i.e. LTV (up to 80 per cent.), LTI and NDI.
- Normal credit assessment and process will apply.
- An independent valuation from a member of the Group's valuer panel will be required as part of the assessment.

Self-Build Mortgages:

Applications for self-build properties will be considered and repayment capacity is assessed for the amount sought as in the case for all mortgage applications. In the case of self-build property applications, an interest only option is available for the construction period up to a maximum of 12 months from initial stage drawdown. Where interest only option is availed of, repayments must then be provided over the remaining years of the original term. Repayment capacity should be assessed taking into account any potential overruns and a 10 per cent. contingency should be included in the total build costs assessed based on a fully completed detailed costings template to be completed and signed by an appropriately qualified architect.

Renovations and Partially Complete Builds:

The Issuer will consider applications for renovations for the following reasons:

- Upgrade of an existing property mortgaged to the Issuer,
- Renovations as part of an application to purchase a second hand property in need of repair or upgrade,

- Purchase of a new property which is partially built and needs to be completed (such loans are not eligible for inclusion in the Pool until after the completion of the build).

The Issuer adopts a prudent approach to such applications and distinguishes between substantial or structural renovation projects which can add significant value to a property and cosmetic refurbishments which may not add significant value to a property (e.g. new kitchen, bathrooms etc.).

On completion of the renovations, including those for partially complete builds, the LTV of the completed property must always remain within the Issuer's maximum LTV criteria.

Property Valuations

An original independent professional property valuation must be provided by a member of the Issuer's valuer panel and must be signed and stamped for all new lending, including for all top-up cases. The independent valuation must be no more than 4 months old at the time of drawdown.

Changes to Credit Policy and Exceptions

Credit Policy rules are subject to periodic review and any changes are subject to appropriate governance. There is a limited appetite for policy exceptions, however, in exceptional circumstances these can be considered on a case by case basis.

The Issuer is subject to the CCMA (See *Certain Aspects of Regulation of Residential Lending in Ireland - CCMA*).

The LTV/LTI Regulations to which the Issuer and Group are subject allow for a certain level of exceptions to the required criteria as outlined below:

LTI limit exceptions

– should not exceed 20 per cent. for first time buyers and 10 per cent. for second and subsequent buyers of the total aggregate monetary amount of new loans advanced for PDH purposes by the Issuer on an annual basis. Lifetime Mortgages are exempt from the LTI limits.

LTV limit exceptions

– should not exceed 5 per cent. of the total aggregate monetary amount advanced to first time buyers for PDH purposes by the Issuer and should not exceed 20 per cent. of the total aggregate monetary amount of loans advanced to second and subsequent buyers for PDH purposes by the Issuer on an annual basis.

- should not exceed 10 per cent. of the total aggregate monetary amount of loans advanced for BTL purposes by the Issuer under the BTL loan to value limit.

The LTI and LTV policy exceptions will be reported internally on a monthly basis and will be reported half yearly to the Central Bank.

Mortgage Servicing

Introduction

AIB Bank has been appointed Mortgage Servicer by the Issuer under the Outsourcing Agreement to service and administer the Issuer's Irish loans, their related security and certain other related matters. Under the terms of the Outsourcing Agreement, the Mortgage Servicer may at its own cost sub-contract or delegate its powers and obligations under the Outsourcing Agreement, to the other members of the Group or external parties. Any such sub-contracting or delegation will not abrogate or relieve the Mortgage Servicer of any of its obligations under the Outsourcing Agreement.

AIB Bank has agreed under the Outsourcing Agreement to service the Issuer's Irish residential loans with the same level of skill, care and diligence as it would in managing those Irish residential loans advanced by any Group member.

Mortgage Rates

The interest rates on the Issuer's Irish residential loans are kept under review in the context of competitive pricing in the market and the cost of and the availability of funds to the Issuer and AIB Bank. Interest is calculated on the amount owing by a borrower (including, but not limited to, capitalised interest) and is adjusted daily to take account of principal repayments.

Payments from Borrowers

At the date of this Base Prospectus, payments of principal and interest by borrowers in respect of mortgage credit assets comprised in the Pool are usually made monthly in respect of the residential loans held by the Issuer. Such payments are collected by the Mortgage Servicer and are credited at least on a monthly basis into an account maintained by the Issuer with an appropriately rated bank.

Arrears, Default and Enforcement Procedures

AIB Bank, as a Mortgage Servicer for the Issuer, has well established procedures for managing loans that are in arrears, including early contact with borrowers in order to find a solution to any financial difficulties they may be experiencing. These procedures, as from time to time varied in accordance with industry practice, are applied by the Mortgage Servicer under the terms of the Outsourcing Agreement in respect of arrears arising on the Issuer's Irish residential mortgage loans.

The Mortgage Servicer will endeavour to collect all payments due under or in connection with the Issuer's mortgage loans, but having regard to the circumstances of the borrower in each case and in compliance with the relevant Regulatory framework, including CCMA and CPC. The procedures may include making arrangements whereby a borrower's payments may be varied and/or taking legal action for possession of the relevant residential property and the subsequent sale of that residential property, in each case in accordance with applicable legal requirements. An Irish court may exercise discretion as to whether, on application by the lender, it orders the borrower to vacate the property after a default and as to how long the borrower is given to vacate the property. A lender will usually apply for such an order so that it can sell the property with vacant possession. See *Certain Aspects of Regulation of Residential Lending in Ireland - Land and Conveyancing Law Reform Acts.*

The net proceeds of sale of the property (after payment of costs and expenses of the sale) together with any sums paid by a guarantor of the relevant borrower will be applied against the sums owing from the borrower to the extent necessary to discharge the loan. Where the funds arising from application of the above procedures are insufficient to pay all amounts owing in respect of a loan, such funds will be applied first in paying principal owing and secondly in paying interest and costs in respect of such loan.

The Issuer is subject to the CCMA (see *Certain Aspects of Regulation of Residential Lending in Ireland – CCMA*), and the Central Bank's CPC. See *Certain Aspects of Regulation of Residential Lending in Ireland – CPC*.

See also *Risk Factors – Risks relating to the Securities - Value and realisation of security over residential property*

Redemption

Under the Outsourcing Agreement, the Mortgage Servicer is responsible for handling the procedures connected with the redemption of Irish residential loans held by the Issuer.

RESTRICTIONS ON THE ACTIVITIES OF AN INSTITUTION

The ACS Act provides that an Institution may not carry on a business activity other than a permitted business activity (see below), although entities which hold more than one designation (relating to residential (and commercial) mortgage credit, commercial mortgage credit and/or public credit activities) may carry out the permitted activities in respect of the relevant designations.

Permitted business activities in which an Institution may engage

The list of permitted business activities in which an Institution may engage (subject to the restrictions described below) is set out in the ACS Act. These are:

(a) providing mortgage credit, dealing in and holding mortgage credit assets and providing group mortgage trust services;

(b) dealing in and holding substitution assets;

(c) dealing in and holding assets that the Central Bank requires it to hold for regulatory purposes;

(d) dealing in and holding credit transaction assets;

(e) engaging in activities connected with financing or refinancing the classes of assets and other activities referred to in (a) to (g);

(f) entering into certain hedging contracts for the purpose of hedging risks associated with the foregoing activities at (a) to (e) and dealing in and holding Pool Hedge Collateral; and

(g) engaging in activities that are incidental or ancillary to the foregoing activities at (a) to (f).

An explanation of certain of the categories of permitted business activities is set out below.

Permitted business activities – (a) providing mortgage credit and dealing in and holding mortgage credit assets and providing group mortgage trust services

The ACS Act defines "**mortgage credit**" as any kind of financial obligation in respect of money borrowed or raised that is secured by a mortgage, charge or other security on residential property or commercial property, but only if the property is located in:

(a) Ireland;

(b) any EEA country;

(c) Australia, Canada, Japan, New Zealand, the Swiss Confederation, the United States of America, or a country specified in an order made by the Minister; or

(d) a country, other than a country to which paragraph (a), (b) or (c) relates, that is a full member of the Organisation for Economic Co-operation and Development, but only if it has not rescheduled its external debt during the immediately preceding 5 years.

The ACS Act provides that mortgage credit also includes mortgage credit in securitised form (as the term `securitisation' is used in CRD IV). The ACS Act also provides that for the purposes of the mortgage credit definition, "**other security**" in relation to residential or commercial property located outside Ireland, means a kind of security interest over that property that is recognised as a valid security interest under the *lex situs* of that property.

Under the ACS Act, mortgage credit also includes any kind of credit for the time being designated by an order of the Minister under the ACS Act. The ACS Act authorises the Minister by order to declare credit of a specified kind to be no longer mortgage credit for those purposes. As at the date of this Base Prospectus, no orders have been made by the Minister under the ACS Act adding to or reducing the class of mortgage credits.

A "**residential property**" means a building or part of a building that is used or is suitable for use as a dwelling, and includes the land on which the building is constructed and premises that are used in connection with a dwelling, such as a garden, patio, garage or shed.

A "**commercial property**" means:

(a) subject to paragraph (b) below:

(i) a building or part of a building fixed on land that is used, or is set aside to be used, primarily for the purpose of any industry, trade or other business undertaking, and

(ii) includes the land on which such building or such part of a building, as the case may be, is located, and the fixtures that are used in conjunction with such building or such part of a building, as the case may be,

(b) but does not include:

(i) a building or part of a building that is fixed on land that is used, or is set aside to be used, primarily for the purpose of any mine, quarry or agriculture, or

(ii) subject to the exception referred to below, a building or part of a building that is residential property.

The exception referred to at paragraph (b) (ii) above is where a mortgage credit asset is secured on a single property asset that would otherwise constitute commercial property in part and residential property in part, then that mortgage credit asset is to be regarded for the purposes of the ACS Act as secured only on commercial property.

A "**mortgage credit asset**" is defined in the ACS Act with respect to Institutions as an asset or a property held or to be held by an Institution that comprises one or more mortgage credits and does not include Pool Hedge Collateral.

Under the ACS Act "**group mortgage trust services**" are, with respect to Institutions, services provided by an Institution to one or more of its other corporate group members:

(a) which involve the Institution holding mortgage security or if applicable, collateral security on trust for one or more of such members, and

(b) where, under that trust, the Institution holds an interest in that security for one or more such members and for its own behalf.

A "**mortgage security**" means a mortgage, charge or other security (for the purposes of the definition of mortgage credit) which secure assets that comprise one or more mortgage credits and "**collateral security**" means any security, guarantee, indemnity or insurance which secures, in addition to mortgage security, assets that comprise mortgage credit.

Where an Institution holds mortgage security and, if applicable, collateral security subject to a trust as a consequence of providing group mortgage trust services to other corporate group members, under the ACS Act:

(a) mortgage credit assets do not include group entity assets,

(b) for the purpose of determining what security held by the Institution is protected under Part 7 of the ACS Act as part of the Pool, only mortgage security and, if applicable, collateral security to the extent such security secures mortgage credit assets held by the Institution are protected as part of the Pool; and

(c) as regards recourse by the Institution or other group members to such security to satisfy their respective claims:

(i) such claims held by the Institution for its own benefit until they are discharged in full rank in priority to claims held by other group members; and

(ii) any terms of the trust or any agreement between the Institution or other group members purporting to provide for a different priority as between such claims is void.

For the purposes of the above, "**group entity assets**" means any assets that comprise one or more mortgage credits held by other group members where those assets are secured by mortgage security and if applicable, collateral security and that security is comprised in a trust constituted for the purposes of group mortgage trust services.

Permitted business activities – (b) dealing in and holding substitution assets

The ACS Act defines substitution assets as:

(a) deposits with an EFI; and

(b) any asset designated a substitution asset in an order made by the Minister under the ACS Act.

The ACS Act provides that any assets of the type referred to at (b) above must be an exposure to a credit or investment institution within the meaning of CRD IV. The Minister under the ACS Act may by order designate a specified kind of property to be a substitution asset for the purposes of the ACS Act or declare a specified kind of property to be no longer a substitution asset for those purposes. At the date of this Base Prospectus, no such order has been made by the Minister. The ACS Act also provides that substitution assets will not comprise Pool Hedge Collateral.

The ACS Act provides that regulations made by the Central Bank must provide for a financial institution or a class of financial institutions to be designated as an EFI for the purposes of (a) above.

The Substitution Asset Deposit Regulations made by the Central Bank (which came into effect on 31 August 2007) provide that an EFI for the purposes of a deposit comprising a substitution asset is:

(a) (i) any credit institution which is authorised in Ireland or any EEA Member State, or

(ii) a bank which is authorised to receive deposits or other repayable funds from the public and is located in Australia, Canada, Japan, New Zealand, the Swiss Confederation or the United States of America, and

(b) which has, from an ECAI, a minimum credit quality assessment of Credit Quality Step 2 (within the meaning of CRD IV).

The Substitution Asset Deposit Regulations repeal the Asset Covered Securities Act 2001 (Section 6(2)) Regulations (S.I. No. 387 of 2002).

In addition, under the ACS Act, substitution assets which are included in the Pool are required to meet creditworthiness standards specified by the Central Bank in a regulatory notice, in addition to those creditworthiness standards which apply in respect of an EFI. The Substitution Asset Pool Eligibility Notice made by the Central Bank (which came into operation on 4 July 2014) provides that the creditworthiness standards and criteria for inclusion of a substitution asset in a Pool are that the substitution asset concerned must have from an ECAI:

(a) a credit quality assessment of Credit Quality Step 1 (within the meaning of CRD IV); or

(b) for exposures within the EEA with maturity not exceeding 100 days, a minimum long or short term credit quality assessment of Credit Quality Step 2 (within the meaning of CRD IV).

The Substitution Assets Pool Eligibility Notice also provides that the Central Bank may, after consulting the EBA, allow Credit Quality Step 2 for up to 10 per cent. of the total exposure of the nominal value of outstanding

covered bonds, provided that significant potential concentration problems have been identified in the State due to the application of the Credit Quality Step 1 requirement referred to in (a) above.

The Substitution Asset Pool Eligibility Notice repeals the Asset Covered Securities Act 2001 Regulatory Notice (Section 35(9B)) 2010 made by the Central Bank.

Permitted business activities – (d) dealing in and holding credit transaction assets

The ACS Act defines a "**credit transaction asset**" as an asset derived from having engaged in a credit transaction (not being a cover assets hedge contract (see *Cover Assets Pool – Cover assets hedge contracts) or Pool Hedge Collateral*), but does not include a mortgage credit asset, substitution asset, an asset required to be held for regulatory purposes or an asset arising from financing or refinancing activities. A "**credit transaction**" is defined in the ACS Act as:

(a) placing a deposit with a financial institution which has been or is of a class which has been designated as eligible for such purposes by regulations made by the Central Bank;

(b) dealing with or holding a financial asset; or

(c) any other kind of transaction designated as such by the Minister by order made under the ACS Act.

A "**financial asset**" for the purposes of (b) above is defined in section 3 of the ACS Act by reference to section 496 of the Taxes Consolidation Act 1997 and includes shares, gilts, bonds, derivatives and debt portfolios.

The CTA Eligible Financial Institutions Regulations made by the Central Bank which came into operation on 31 August 2007) designate the type of EFIs deposits with which qualify as credit transaction assets. EFIs for this purpose are the same as those that apply in respect of deposits comprising substitution assets under the Substitution Asset Deposit Regulations, (see *Restrictions on the Activities of an Institution – Permitted business activities in which an Institution may engage – (b) dealing in and holding substitution assets* above) save that such financial institutions are required under the CTA Eligible Financial Institutions Regulations to have a credit quality assessment of Credit Quality Step 3 (as opposed to a minimum Credit Quality Step 2) (both having the meaning given to them in CRD IV). The CTA Eligible Financial Institutions Regulations repeal the Asset Covered Securities Act 2001 (Section 27(4)) Regulation 2004 (S.I. No. 417 of 2004).

Permitted business activities – (e) engaging in activities connected with financing or refinancing of assets and other activities referred to in (a) to (f)

The ACS Act provides that these financing or refinancing activities include (but are not limited to):

(a) taking deposits or other repayable funds from the public; and

(b) issuing asset covered securities (which include Mortgage Covered Securities in the case of an Institution).

The ACS Act provides that an Institution may issue Mortgage Covered Securities, but only in accordance with the ACS Act.

An Institution that issues a Mortgage Covered Security must ensure that the relevant security documentation states:

(a) that the Mortgage Covered Security is a mortgage covered security; and

(b) that the financial obligations of the Institution under the Mortgage Covered Security are secured on the cover assets that comprise a cover assets pool maintained by the Institution in accordance with the ACS Act.

Permitted business activities – (f) entering into certain hedging contracts for the purpose of hedging risks associated with the foregoing activities/dealing in and holding Pool Hedge Collateral

An Institution may enter into one or more contracts ("**Hedging Contracts**") the purpose or effect of which is to reduce or minimise the risk of financial loss or exposure liable to arise from:

(a) fluctuations in interest rates or currency exchange rates;

(b) credit risks; or

(c) other risk factors that may adversely affect its permitted business activities.

The Central Bank may, by regulatory notice, specify requirements as to:

(a) the kind of Hedging Contracts that an Institution may enter into; and

(b) the terms and conditions under which those Hedging Contracts, or any class of those Hedging Contracts, may be entered into (including those relating to Pool Hedge Collateral).

As at the date of this Base Prospectus, no such regulatory notice has been published by the Central Bank.

The ACS Act makes special provision for Hedging Contracts which relate to the mortgage credit assets or substitution assets that are comprised in a Pool maintained, and Mortgage Covered Securities issued, by an Institution (for a description of the provisions of the ACS Act relating to the obligation of an Institution to maintain a Pool, see further below). Those hedging contracts when recorded in the Business Register (as to which see *Cover Assets Pool – Register of mortgage covered securities business*) are referred to in the ACS Act as cover assets hedge contracts. As to the provisions of the ACS Act relating to cover assets hedge contracts see *Cover Assets Pool – Cover assets hedge contracts* and *Insolvency of Institutions – Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution*. For a description of the Hedging Contracts entered into by the Issuer at the date of this Base Prospectus with respect to interest rate exposure relating to the Issuer's Irish residential lending denominated in euro.

In relation to Pool Hedge Collateral, see *Cover Assets Pool – Pool Hedge Collateral and Collateral Register*.

Location of assets for the purposes of the ACS Act

For the purposes of the ACS Act:

(a) the country in which a mortgage credit asset is located is the country in which the property asset that secures the relevant mortgage credit related to the mortgage credit asset is situated; and

(b) the country in which a substitution asset that is an exposure for the purposes of CRD IV (i.e. an asset or off-balance sheet item) is located is the country in which the place of business of the financial institution that is the subject of the exposure is situated.

In respect of (a) above, if the mortgage credit asset is an RMBS or CMBS, its location is to be determined by reference to the location of the property assets related to the mortgage credit assets which are securitised.

General restrictions on certain types of permitted business activities

The ACS Act and the Asset Covered Securities Act 2001 (Section 31(1)) Regulations 2012 provide that an Institution must ensure that the ratio of the total principal amounts of all mortgage credit assets that it holds to the total prudent market value of the related property assets does not exceed 100 per cent. (or such other percentage as may be prescribed by regulations made by the Central Bank). Those regulations increased the applicable percentage from 80 per cent. to 100 per cent. with effect from 12 April 2012. Under the ACS Act, securitised mortgage credit assets are not subject to the above restriction. For a description of the method of determination under the ACS Act of the prudent market value of a property asset which is related to a mortgage credit asset, see *Cover Assets Pool – Valuation of assets held by an Institution*.

The ACS Act specifies limitations on the level of mortgage credit assets or substitution assets held by an Institution in the course of its general business activities which may be located in category B countries. The total prudent market value of mortgage credit assets or substitution assets located in category B countries held by the Institution, expressed as a percentage of the total prudent market value of all the mortgage credit assets and substitution assets held by the Institution, may not exceed 10 per cent. (or such other percentage as may be specified by an order of the Minister) of the total prudent market value of all of the mortgage credit assets and substitution assets held by the Institution. For a description of the method of determination under the ACS Act of the prudent market value of a mortgage credit asset or a substitution asset held by an Institution, see *Cover Assets Pool – Valuation of assets held by an Institution*. The ACS Act provides that mortgage credit assets and substitution assets located in category B countries may not be included in the Pool.

An Institution is required to ensure that the total value of the credit transaction assets that it holds, expressed as a percentage of the total value of all of the Institution's assets, does not at any time exceed 10 per cent. (or such other percentage as may be specified by an order of the Minister) of the total value of all of the Institution's assets. For a description of the method of determination under the ACS Act of the value of credit transaction assets held by an Institution, see *Cover Assets Pool – Valuation of assets held by an Institution*.

The ACS Act empowers the Central Bank, by giving notice in writing to an Institution, to impose on such Institution or on any class of Institutions, requirements or restrictions as to the kinds of credit transaction assets that the Institution or Institutions may hold. At the date of this Base Prospectus, no such requirements or restrictions have been imposed on the Issuer.

COVER ASSETS POOL

Institutions Required to Maintain Cover Assets Pool

An Institution may issue Mortgage Covered Securities only if it maintains a related Pool in compliance with the ACS Act.

After an Institution is registered under the ACS Act, the Institution may, for the purpose of establishing a Pool and enabling it to make an initial issue of Mortgage Covered Securities, include in its register of mortgage covered securities business, mortgage credit assets or substitution assets in accordance with the ACS Act (for a description of the provisions of the ACS Act relating to the requirement for an Institution to maintain a register of mortgage covered securities business, see – *Register of mortgage covered securities business*).

If an Institution wishes at any time to issue further Mortgage Covered Securities, it may include in the relevant Pool mortgage credit assets or substitution assets as security for those Securities in accordance with relevant provisions of the ACS Act, as to which see below.

A mortgage credit asset or a substitution asset forms part of the relevant Pool only if its inclusion has been approved by the Monitor (for a description of the role of the Monitor, see – *The Cover-Assets Monitor*).

An Institution must, as soon as practicable after becoming aware that it has contravened the provisions of the ACS Act summarised in the first and fourth paragraphs under this heading, take all possible steps to prevent the contravention from continuing or being repeated. Under the ACS Act, an Institution is required as soon as practicable after becoming aware that a mortgage credit asset or substitution asset comprised in the Pool no longer meets any creditworthiness criteria specified by the Central Bank, to remove the relevant asset from the Pool and where required by the ACS Act, replace the asset in accordance with the ACS Act. Until those steps have been taken, the Institution may not issue further Mortgage Covered Securities.

Circumstances in which an asset may not be included in a Pool

The ACS Act provides that an Institution, when issuing Mortgage Covered Securities, may not include a mortgage credit asset or substitution asset in a Pool if:

(a) the mortgage credit asset or substitution asset is currently included in a different Pool maintained by the Institution;

(b) the mortgage credit asset or substitution asset is non-performing;

(c) the Institution is insolvent within the meaning of the ACS Act;

(d) the Central Bank has given the Institution a direction under certain provisions of legislation relevant to financial institutions, the effect of which is to prohibit the asset from being recorded in the Institution's register of mortgage covered securities business;

(e) the Central Bank has given the Institution a notice under the ACS Act informing the Institution that the Central Bank intends to seek the consent of the Minister to the revocation of the registration of the Institution as a designated mortgage credit institution (for a description of the circumstances in which the Central Bank may revoke the registration of an Institution as an Institution, see *Registration of Institutions/Revocation of Registration – Revocation of Registration*); or

(f) the Central Bank has given a direction under certain provisions of the ACS Act, the effect of which is to prohibit the asset from being recorded in the Institution's register of mortgage covered securities business (for a description of the circumstances in which the Central Bank may make such an order, see Registration of Institutions/Revocation of Registration – *Direction of the Central Bank requiring an Institution to suspend its business*).

In relation to (b) above, "**non-performing**" is defined under the ACS Act in the context of an Institution to mean that the relevant asset:

(i) is in the course of being foreclosed or otherwise enforced; or

(ii) in the case of mortgage credit assets for which the related mortgage credit is of a kind referred to in section 4(1) of the ACS Act, but excluding securitised mortgage credit assets, (see the first paragraph of *Restrictions on the Activities of an Institution – Permitted business activities in which an Institution may engage (a) providing mortgage credit and dealing in and holding mortgage credit assets and providing group mortgage trust services*), has one or more payments of principal or interest payable on the related credit in arrears and those payments are referable to a period of 3 months or more; or

(iii) in relation to kinds of assets other than those referred to at (ii) above, has one or more payments of principal or interest payable on the related credit in arrears for 10 days or more.

The ACS Act provides that an Institution may not, without the consent of the Central Bank, include a mortgage credit asset or substitution asset in a Pool maintained by the Institution if:

(a) the Institution is potentially insolvent (within the meaning of the ACS Act); or

(b) there is currently no Monitor appointed in respect of the Institution.

The Central Bank has under the Substitution Asset Pool Eligibility Notice imposed creditworthiness standards and criteria in respect of substitution assets which may be comprised in the Pool. The Substitution Asset Pool Eligibility Notice distinguishes between substitution assets which have a maximum maturity of 100 days and those which do not. See *Restrictions on inclusion of substitution assets in the Pool*.

The Central Bank has under the Asset Covered Securities Act 2001 Regulatory Notice (Section 41A(4), (5) and (7) 2011 imposed creditworthiness standards and criteria in respect of securitised mortgage credit assets which may be comprised in the Pool. See *Restrictions on inclusion of securitised mortgage credit assets in the Pool*.

An Institution must, as soon as practicable after becoming aware that it has contravened the provisions of the ACS Act summarised under this heading, take all possible steps to prevent the contravention from continuing or being repeated or, as applicable, remove from the Pool and where required, replace the relevant asset. Until those steps have been taken, the Institution may not issue further Mortgage Covered Securities.

Location of assets that may be included in a Pool

The ACS Act provides that any mortgage credit asset or substitution asset located within an EEA country or within one or more category A countries (see below) may be included in a Pool maintained by an Institution. In relation to the meaning of located for the purposes of the ACS Act, see *Restrictions on the Activities of an Institution — Location of assets for the purposes of the ACS Act*. However, in relation to substitution assets, see further — *Restrictions on inclusion of substitution assets in a Pool*.

Mortgage credit assets or substitution assets that are located in one or more category B countries (see below) may not be included in a Pool maintained by an Institution under the ACS Act.

A "**category A**" country is Australia, Canada, Japan, New Zealand, the Swiss Confederation, the United States of America, or a country specified in an order made by the Minister.

A "**category B**" country is a country, other than a category A country or a member of the EEA, that is a full member of the Organisation for Economic Co-operation and Development, but only if it has not re-scheduled its external debt during the immediately preceding 5 years.

An Institution must, as soon as practicable after becoming aware that it has contravened the provisions of the ACS Act summarised above under this heading, take all possible steps to prevent the contravention from continuing or being repeated. Until those steps have been taken, the Institution may not issue any further Mortgage Covered Securities.

The Monitor must monitor the Institution's compliance with the requirements summarised under this heading and take reasonable steps to verify that the Institution will not be in contravention of the above restrictions before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

Restrictions on inclusion of certain types of mortgage credit assets in a Pool

An Institution may not include in a Pool maintained by it a mortgage credit asset that is secured on commercial property if, after inclusion of the asset in the Pool, the total prudent market value of all mortgage credit assets so secured would exceed 10 per cent. (or such other percentage as may be prescribed by regulations made by the Central Bank) of the total prudent market value of all mortgage credit assets and substitution assets then comprised in the Pool.

The Monitor must monitor the Institution's compliance with this requirement and take reasonable steps to verify that the Institution will not be in contravention of the above restriction before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

Under the ACS Act, an Institution may not include a mortgage credit asset in a Pool maintained by it if a building related to that mortgage credit asset is being or is to be constructed until the building is ready for occupation as a commercial or residential property (development property). Under the ACS Act, mortgage credit assets secured on development property can be included in the Pool if the relevant mortgage credit asset is attributed a nil value for relevant Cover Asset – Mortgage Covered Securities financial matching requirements, the Regulatory Overcollateralisation requirement and Contractual Overcollateralisation purposes or if the mortgage credit asset concerned is not required to satisfy those requirements because sufficient cover assets are comprised in the Pool which meet the requirements of the ACS Act. With respect to Regulatory Overcollateralisation and Contractual Overcollateralisation, see *The Pool maintained by the Issuer – Overcollateralisation*.

An Institution must, as soon as practicable after becoming aware that it has contravened the provisions of the ACS Act summarised above under this heading, take all possible steps to prevent the contravention from continuing or being repeated. Until those steps have been taken, the Institution may not issue any further Mortgage Covered Securities.

Restrictions on inclusion of securitised mortgage credit assets in the Pool

Under the ACS Act, securitised mortgage credit assets may be included in a Pool where they meet any creditworthiness criteria and limits as to percentage of the Pool specified by the Central Bank in regulatory notices. The Central Bank is required when making any such regulatory notice to have regard to any relevant standards or criteria applicable to covered bonds under CRD IV. Where a securitised mortgage credit asset comprised in the Pool ceases to meet any creditworthiness criteria specified by the Central Bank, the Institution concerned must, remove the asset from the Pool and where required by the ACS Act, replace the relevant asset. Until those steps have been taken, the Institution may not issue further Mortgage Covered Securities.

The Asset Covered Securities Act 2001 Regulatory Notice (Section 41A (4), (5) and (7)) 2011 made by the Central Bank (which came into operation on 9 December 2011) provides that:

(a) securitised mortgage credit assets comprised in a Pool maintained by an Institution are required to have a credit quality assessment of Credit Quality Step 1 based on their long-term or, as applicable, short-term rating from an eligible ECAI and the ratings mapping process as set out in CRD IV. For the above purposes, Credit Quality Step 1 has the meaning given to it in CRD IV;

(b) the applicable percentage for the purposes of the provisions of the ACS Act which permit the Central Bank to restrict the level of securitised mortgage credit assets comprised in a Pool to a percentage, subject to (c) below, is 10 per cent. of the principal or nominal amount outstanding of the Mortgage Covered Securities issued by the Institution;

(c) prior to 31 December 2013, the restriction referred to at (b) above did not apply provided that (i) the securitised mortgage credit assets were originated by a member of the same consolidated group of which the Institution is also a member or by an entity affiliated to the same central body to which the Institution is also affiliated (that common group membership or affiliation to be determined at the time the securitised mortgage credit assets are made collateral for mortgage covered securities) and (ii) a

member of the same consolidated group of which the Institution is also a member or an entity affiliated to the same central body to which the Institution is also affiliated retains the whole first loss tranche supporting those securitised mortgage credit assets; and

(d) any securitised mortgage credit asset held by an Institution outside a Pool must have a minimum credit quality assessment of Credit Quality Step 2 (within the meaning of CRD IV), based on the long-term or, as applicable, short-term rating from an eligible ECAI and the ratings mapping process as set out in CRD IV.

In addition to meeting any creditworthiness criteria and limits as to percentage of the Pool referred to above, in order to be included in the Pool securitised mortgage credit assets must also satisfy the following requirements:

(i) the securitisation entity which is the issuer of the securitised mortgage credit assets must be established under and be subject to the laws of an EEA country;

(ii) at least 90 per cent. of the assets held directly or indirectly by the securitisation entity must be assets comprising one or more mortgage credits (disregarding certain assets for that purpose); and

(iii) the securitised mortgage credit assets must meet prudent market value requirements specified in the ACS Act. Those requirements reflect valuation criteria with respect to securitised mortgage credit asset collateral for covered bonds under CRD IV and are expanded in the MCA Valuation Notice (see *Cover Assets Pool - Valuation of Assets held by an Institution – Valuation of Relevant Securitised Mortgage Credit Assets*).

Financial matching criteria for a Pool and related Mortgage Covered Securities/Regulatory Overcollateralisation

The ACS Act sets out certain financial matching criteria which are required to be met by an Institution in respect of its Pool and Mortgage Covered Securities. These criteria are that:

(a) the Pool maintained by an Institution has a duration of not less than that of the Mortgage Covered Securities that relate to the Pool;

(b) the prudent market value of the Pool is greater than the total of the principal amounts of those Mortgage Covered Securities;

(c) the total amount of interest payable in a given period of 12 months in respect of the Pool is during that 12 month period not less than the total amount of interest payable in respect of that period on those Mortgage Covered Securities; and

(d) the currency in which each mortgage credit asset and each substitution asset included in the Pool is denominated is the same as the currency in which those Mortgage Covered Securities are denominated,

in each case, after taking into account, in the case of paragraphs (b), (c) and (d) above, the effect of any cover assets hedge contract that the Institution has entered into in relation to the Pool and those Mortgage Covered Securities (but disregarding for these purposes the effect of any Pool Hedge Collateral) and in the case of (b) above, certain LTV restrictions.

Under the ACS Act, for the purposes of (b) above, an Institution is required to maintain a minimum level of Regulatory Overcollateralisation of its Pool with respect to the Mortgage Covered Securities in issue which are secured on the Pool. The ACS Act confirms that the Regulatory Overcollateralisation requirement does not affect any Contractual Overcollateralisation undertakings made by an Institution requiring higher levels of overcollateralisation to be maintained. With respect to Regulatory Overcollateralisation and Contractual Overcollateralisation, see *The Pool maintained by the Issuer - Overcollateralisation.*

The Monitor must monitor the Institution's compliance with the above requirements and take reasonable steps to verify that the Institution will not be in contravention of the above requirements before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

An Institution must, as soon as practicable after becoming aware that it has failed to comply with the provisions of the ACS Act summarised above under this heading, take all possible steps to comply with that provision. Until those steps have been taken, the Institution may not issue any further Mortgage Covered Securities.

*Meaning of "**duration**" of a Pool or Mortgage Covered Securities*

For the purposes of paragraph (a) under – *Financial matching criteria for a Pool and related Mortgage Covered Securities/Regulatory Overcollateralisation*, "**duration**" in the ACS Act means, in relation to a Pool or Mortgage Covered Securities secured on the Pool, a weighted average term to maturity of the relevant principal amount of the mortgage credit assets and substitution assets comprised in the Pool or those securities, as the case may be, determined in accordance with a formula or criteria specified in a regulatory notice by the Central Bank and taking into account the effect of any cover asset hedge contract entered into by the Institution in relation to the Pool or those securities, or both, as the case may be.

The Central Bank has made the Duration Regulatory Notice. The Duration Regulatory Notice sets out the formulae and criteria for the purpose of the definition of "**duration**" contained in ACS Act. The Duration Regulatory Notice repeals the Assets Covered Securities Act 2001 Regulatory Notice (section 32(10)) 2004.

Loan-to-value restrictions on the valuation of mortgage credit assets and related property assets

For the purpose of paragraph (b) under – *Financial matching criteria for a Pool and related Mortgage Covered Securities/Regulatory Overcollateralisation*, if the principal amount of a mortgage credit asset comprised in a Pool represents more than the percentage specified below of the prudent market value of the related property assets, the amount by which the principal amount of the asset exceeds such percentage is to be disregarded.

The relevant LTV percentage is:

(a) 75 per cent. in the case of a mortgage credit asset that comprises residential property; and

(b) 60 per cent. in the case of a mortgage credit asset that comprises commercial property,

or, in each case, such other percentage as may be specified in an order made by the Minister. As at the date of this Base Prospectus, no other percentage has been specified in an order made by the Minister.

Under the ACS Act, the LTV rules referred to above do not apply in the case of securitised mortgage credit assets. However, under CRD IV, the value of CMBS or RMBS is only recognised for covered bond collateral purposes to a lesser of the three following amounts, namely, (i) the principal amount of the securitised mortgage credit asset, (ii) the principal amount of the underlying liens (or loans) or (iii) a maximum LTV with respect to the underlying loans of 60 per cent. in the case of CMBS or 80 per cent. in the case of RMBS.

The "prudent market value" requirements for securitised mortgage credit assets under the ACS Act reflect the above valuation limits under CRD IV for securitised mortgage credit assets which collateralise covered bonds. Under the ACS Act, when determining the LTV related property values or amount of the liens, an aggregate basis is to be used and regard is to be had to the proportion of the tranche of the Relevant Securitised Mortgage Credit Assets held by an Institution and the seniority of such securitised mortgage credit assets. Under the ACS Act, the prudent market value of a property asset, which relates to mortgage credit assets (where relevant) is required to be calculated at such times as the Central Bank specifies in a regulatory notice (which at the date of this Base Prospectus is the MCA Valuation Notice), after having regard to the valuation requirements applicable to covered bonds under CRD IV. See *Valuation of assets held by an Institution – Valuation of Relevant Securitised Mortgage Credit Assets*.

Valuation of assets held by an Institution

The ACS Act empowers the Central Bank to specify, by regulatory notice, requirements in relation to the valuation basis and methodology, time of valuation and any other matter that it considers relevant for determining the prudent market value of mortgage credit assets or related property assets for the purposes of the ACS Act. The ACS Act also empowers the Central Bank to specify, by regulatory notice, requirements in relation to the valuation basis and methodology, time of valuation and any other matter that it considers relevant for determining the prudent market value of substitution assets, credit transaction assets, or the total assets held by an Institution for the purposes of the ACS Act.

Prudent Market Valuation of Irish Residential Property Assets, Irish Residential Loans and Relevant Securitised Mortgage Credit Assets

For the purposes of calculating prudent market value, the Central Bank has made the MCA Valuation Notice which came into operation on 9 December 2011 and lays down requirements in relation to the valuation basis and methodology, time of valuation and other matters related to determining the prudent market value of:

(a) an Irish Residential Property Asset;

(b) an Irish Residential Loan; and

(c) a Relevant Securitised Mortgage Credit Asset,

and also specifies requirements and criteria with respect to certain matters required when determining the prudent market value of Relevant Securitised Mortgage Credit Assets.

The MCA Valuation notice repealed and replaced the 2007 Irish Residential Loan/Property Valuation Notice with effect from 9 December 2011.

The Monitor is required to monitor the Institution's compliance with the MCA Valuation Notice under the Asset Covered Securities Act 2001 (Section 61(3)) [Irish Residential Property Loan/Valuation] Regulation 2004 (S.I. No. 418 of 2004) (see *The Cover-Assets Monitor — Continuing duties of a Monitor*).

The MCA Valuation Notice is only applicable to the valuation of Irish Residential Property Assets, Irish Residential Loans and Relevant Securitised Mortgage Credit Assets. The MCA Valuation Notice is not applicable to (and the Central Bank on the date of this Base Prospectus has not published any regulatory notice providing for) the valuation of property assets comprising residential property located outside Ireland or mortgage credit assets located in Ireland for the purposes of the ACS Act and secured on commercial property or, with the exception of Relevant Securitised Mortgage Credit Assets, mortgage credit assets (whether secured on residential property or commercial property) which are located outside Ireland for the purposes of the ACS Act. See *Risk Factors*.

Prudent Market Discount

The "**Prudent Market Discount**" for the purposes of certain calculations which are to be made by an Institution in respect of Irish Residential Property Assets and Irish Residential Loans under the MCA Valuation Notice is that published by the Institution and monitored by the Monitor in accordance with the Prudent Market Discount Regulation (see *The Cover-Assets Monitor – Continuing duties of a Monitor*). The Prudent Market Discount Regulation prescribes that a Monitor appointed in respect of any Institution when performing its responsibilities under the ACS Act must have regard to any contractual undertakings given by the Institution to apply a level of prudent market discount to certain calculations which are to be made by the Institution in respect of the MCA Valuation Notice. The Issuer adopted on 3 February 2006 a Prudent Market Discount for the purposes of the 2004 Irish Residential Loan/Property Valuation Notice of 0.150 (or in percentage terms, 15 per cent.) and this Prudent Market Discount continued to apply for the purposes of the 2007 Irish Residential Loan/Property Valuation Notice.

The Prudent Market Discount continues to apply for the purposes of the MCA Valuation Notice (which repealed and replaced the 2007 Irish Residential Loan/Property Valuation Notice) and is published on the Group's Investor Relations webpage covering AIB Mortgage Bank u.c.:

(https://aib.ie/content/dam/aib/investorrelations/docs/mortgagebank/pmd.pdf).

Valuation of Irish Residential Property Assets

Under the MCA Valuation Notice, in order to value an Irish Residential Property Asset, an Institution is first required to determine the Origination Market Value of that Irish Residential Property Asset. In general, an Irish Residential Property Asset for the purposes of the MCA Valuation Notice has an Origination Market Value equal to the amount determined or accepted by the originator of that mortgage credit asset to have been the market value of that Irish Residential Property Asset at or about that time. Under the MCA Valuation Notice an Institution is also required to calculate the prudent market value of each Irish Residential Property Asset taking

account of certain changes to the Origination Market Value by reference to changes under the applicable Irish residential property index specified in the MCA Valuation Notice (and in the case of an increase in value as reduced by reference to the Prudent Market Discount):

(a) where the related Irish Residential Loan is comprised in a Pool maintained by that Institution, at the time that the Institution includes that Irish Residential Loan in the Pool;

(b) where the related Irish Residential Loan is comprised in the Pool, at such intervals as are required to ensure that the Institution complies with the requirements of CRD IV with respect to collateral for covered bonds in the form of loans secured by residential real estate; and

(c) whether the related Irish Residential Loan is comprised in the Pool or not, at such intervals as may be specified by the Central Bank to that Institution from time to time so as to ensure that the Institution can demonstrate to the satisfaction of the Central Bank compliance by the Institution with the requirements of section 31(1) of the ACS Act and, if not so specified, then at intervals not exceeding 12 months.

In September 2016, the applicable index referred to above was revised by the CSO in order to cover all market transactions (including cash purchases) in the residential property market. Previously that index was determined by reference to mortgage and lending levels.

See also, *Valuation of Irish Residential Property Assets – Valuation of Irish Residential Loans* and *Prudent Market Discount.*

Valuation of Irish Residential Loans

The MCA Valuation Notice also contains requirements for determining the prudent market value of mortgage credit assets secured on Irish Residential Property Assets.

For the purposes of the principal matching requirements in respect of a Pool and Mortgage Covered Securities under the ACS Act (see - *Cover Assets Pool – Financial matching criteria for a Pool and related Mortgage Covered Securities/Regulatory Overcollateralisation*), the prudent market value at any time of an Irish Residential Loan which is included in the Pool of an Institution is an amount, denominated in the currency in which the related mortgage credit is denominated, equal to the lesser of (i) 100 per cent. of the principal or nominal amount of that Irish Residential Loan that is outstanding at that time and (ii) 75 per cent. (or such other percentage as may apply at the relevant time for the purposes of relevant provisions of the ACS Act) of the prudent market value of the related Irish Residential Property Asset(s) at that time, and in each case rounded to the nearest whole number (0.5 or above being rounded upwards and any number strictly less than 0.5 being rounded downwards).

Under the MCA Valuation Notice, an Institution is required to calculate the prudent market value of each Irish Residential Loan at such intervals as may be specified by the Monitor from time to time so as to ensure that the Institution can demonstrate to the satisfaction of the Monitor compliance by the Institution with the principal matching requirements with respect to the Pool and Mortgage Covered Securities, Regulatory Overcollateralisation requirements under the ACS Act and the Overcollateralisation Regulation (see - *Financial matching criteria for a Pool and related Mortgage Covered Securities/ Regulatory Overcollateralisation*) and, if not so specified by the Monitor, then at intervals not exceeding 3 months (see *The Cover-Assets Monitor – Continuing duties of a Monitor*). With respect to Regulatory Overcollateralisation, see *The Pool maintained by the Issuer – Overcollateralisation*.

The Asset Covered Securities Act 2001 (Section 61(1), (2) and (3)) (Overcollateralisation) (Amendment) Regulations 2007 (S.I. No. 604 of 2007) made by the Central Bank (which came into operation on 31 August 2007) provide for technical amendments to the Overcollateralisation Regulation in relation to the meaning of prudent market value for the purposes of Overcollateralisation Regulation.

Valuation of Relevant Securitised Mortgage Credit Assets

The MCA Valuation Notice provides that the prudent market value of Relevant Securitised Mortgage Credit Assets is an amount equal to the lesser of the three amounts which are summarised below:

(i) the principal or nominal amount of the Relevant Securitised Mortgage Credit Assets,

(ii) the principal or nominal amount of the underlying liens (or loans) less any liens secured on the relevant property assets and which rank senior to that held by the securitisation entity which has issued the Relevant Securitised Mortgage Credit Assets,

(iii) a maximum LTV of 80 per cent. with respect to the loans underlying the Relevant Securitised Mortgage Credit Assets,

in the case of (ii) and (iii) above:

(A) determined on an aggregate basis having regard to the proportion which the nominal or principal amount of the Relevant Securitised Mortgage Credit Assets bear to the nominal or principal amount of the securitisation securities issued by the securitisation entity and secured on the same property assets as the Relevant Securitised Mortgage Credit Assets;

(B) the ranking in terms of seniority of the Relevant Securitised Mortgage Credit Assets as against all such securitisation securities;

(C) regard may be had to contracts, to which such securitisation entity is a party, the effect or purpose of which is to reduce the exposure of that securitisation entity in respect of the Relevant Securitised Mortgage Assets to fluctuations in the values of currencies concerned.

Under the MCA Valuation Notice, when determining the prudent market value of a Relevant Securitised Mortgage Credit Asset:

(a) the amount referred to at (i) above is the principal or nominal amount outstanding of the Relevant Securitised Mortgage Credit Assets concerned on the date such prudent market value is determined or to be determined under the MCA Valuation Notice;

(b) the amounts referred to at (ii) and (iii) above are to be determined by reference to the most recent information available to the Institution provided by or on behalf of the securitisation entity which is the issuer of the Relevant Securitised Mortgage Credit Asset and the most recent publicly available information relating to certain relevant matters.

An Institution is required under the MCA Valuation Notice to calculate the prudent market value of each Relevant Securitised Mortgage Credit Asset and the other relevant amounts for that purpose referred to at (i) to (iii) above at such intervals as may be specified by the Monitor from time to time so as to ensure that the Institution can demonstrate to the satisfaction of the Monitor compliance with the principal matching requirements with respect to the Pool and Mortgage Covered Securities, Regulatory Overcollateralisation requirements under the ACS Act and the Overcollateralisation Regulation (see - *Financial matching criteria for a Pool and related Mortgage Covered Securities/Regulatory Overcollateralisation*) and if not so specified by the Monitor, then at intervals not exceeding 3 months (see *The Cover-Assets Monitor – Continuing duties of a Monitor*). With respect to Regulatory Overcollateralisation, see *The Pool maintained by the Issuer – Overcollateralisation*.

Under the MCA Valuation Notice where any sum is to be converted from one currency to another currency, the Institution is required to base such conversion on an applicable rate available on the relevant date to the Institution in the interbank market for the sum concerned.

Under the MCA Valuation Notice, when determining:

(a) the prudent market value of Irish Residential Loans or Irish Residential Property Assets; or

(b) the prudent market value of Relevant Securitisation Mortgage Credit Assets or the other related amounts referred to at (i) to (iii) above.

an Institution is required to act in a manner consistent with requirements under CRD IV applicable to collateral for covered bonds in the form of loans secured on residential real estate and that Institution.

Valuations of substitution assets, credit transaction assets and total assets

The Section 41(3)/(5) Valuation Notice made by the Central Bank (which came into effect on 31 August 2007) specifies requirements in relation to the prudent market valuation of substitution assets and the value of credit transaction assets and total assets. The Section 41(3)/(5) Valuation Notice repealed the Asset Covered Securities Act 2001 Regulatory Notice (Section 41(3) and Section 41(5)) 2004.

In relation to substitution assets, the Section 41(3)/(5) Valuation Notice provides that where the relevant substitution assets constitute deposits with EFIs, the prudent market value of such deposits comprised in the Pool maintained by the Institution is equal to 100 per cent. of the principal or nominal amount of the deposit with the EFI.

In relation to credit transaction assets and total assets, the Section 41(3)/(5) Valuation Notice provides that the value of such credit transaction assets and total assets shall be determined in accordance with Irish GAAP as applied to banks.

Restrictions on replacement of underlying assets included in a Pool

A mortgage credit asset or substitution asset replaces an "**underlying asset**" (meaning, in relation to a Pool, a mortgage credit asset or substitution asset that is then comprised in a Pool) only if such replacement has been approved by the Monitor. The Monitor is required to monitor an Institution's compliance with this requirement.

The ACS Act requires an Institution to replace an underlying asset with a mortgage credit asset or substitution asset if the underlying asset when included in the Pool contravenes or fails to comply with a provision of the ACS Act, the regulations made by the Central Bank under the ACS Act or a requirement of the Central Bank or the Monitor made under the ACS Act.

The ACS Act permits an Institution in any other case to replace an underlying asset with a mortgage credit asset or substitution asset, provided that the replacement is not prohibited by a provision of the ACS Act, the regulations made by the Central Bank under the ACS Act or a requirement of the Central Bank or the Monitor made under the ACS Act.

The ACS Act provides that an Institution may not replace an underlying asset with a mortgage credit asset or a substitution asset if:

(a) the mortgage credit asset or substitution asset is currently contained in a different Pool maintained by the Institution;

(b) the mortgage credit asset or substitution asset is non-performing;

(c) the Institution is insolvent;

(d) the Central Bank has given to the Institution direction under certain provisions of legislation relevant to financial institutions, the effect of which is to prohibit the replacement from being made;

(e) a notice has been given to the Institution by the Central Bank under the ACS Act informing the Institution that it intends to seek the consent of the Minister to the revocation of the registration of the Institution as an Institution; or

(f) the Central Bank has given a direction under the ACS Act that prevents the replacement from being made.

An Institution may not, without the consent of the Central Bank, replace an underlying asset with a mortgage credit asset or a substitution asset if:

(a) the Institution is potentially insolvent; or

(b) there is currently no Monitor appointed in respect of the Institution.

Restrictions on inclusion of substitution assets in a Pool

The ACS Act prescribes that an Institution may not at any time include a substitution asset in the Pool maintained by the Institution:

(a) unless the substitution asset concerned meets any creditworthiness standards or criteria which may be specified by the Central Bank in a regulatory notice; or

(b) if, after including the substitution asset concerned in the Pool, the total prudent market value of all substitution assets then comprised in the Pool would not exceed 15 per cent. of the aggregate nominal or principal amount of outstanding Mortgage Covered Securities secured on the Pool.

For the purpose of (a) above, the Central Bank may have regard to creditworthiness standards or criteria applicable to substitution assets as eligible collateral for covered bonds under CRD IV and may differentiate between substitution assets which have a maximum maturity of 100 days and those which have a longer maturity. The Substitution Asset Pool Eligibility Notice made by the Central Bank provides that the creditworthiness standards and criteria for inclusion of a substitution asset in a Pool are that the substitution asset concerned must have from an ECAI:

(a) a credit quality assessment of Credit Quality Step 1 (within the meaning of CRD IV); or

(b) for exposures within the EEA with a maturity not exceeding 100 days, a minimum long or short term credit quality assessment of Credit Quality Step 2 (within the meaning of CRD IV).

The Substitution Assets Pool Eligibility Notice also provides that the Central Bank may, after consulting the EBA, allow Credit Quality Step 2 for up to 10 per cent. of the total exposure of the nominal value of outstanding covered bonds, provided that significant potential concentration problems have been identified in the State due to the application of the Credit Quality Step 1 requirement referred to in (a) above.

In relation to (b) above, the restriction does not apply to any further substitution assets comprised or to be comprised from time to time in the Pool for so long as the Pool is comprised of Cover Assets which meet, with respect to the Pool and Mortgage Covered Securities, the financial matching and Regulatory Overcollateralisation requirements under the ACS Act, any Contractual Overcollateralisation undertaking and all other requirements of Part 4 of the ACS Act. With respect to Regulatory Overcollateralisation and Contractual Overcollateralisation, see *The Pool maintained by the Issuer – Overcollateralisation*.

The Issuer has entered into an agreement with Barclays Bank PLC dated 15 June 2010, as amended and restated on 30 November 2010. As Brexit will cause UK authorised banks to cease to be an EFI under the ACS Act, a new bank account was opened with Barclays Bank Ireland PLC in March 2019 and a new agreement was entered into with Barclays Bank Ireland PLC in June 2019. Pursuant to this agreement the Issuer may from time to time deposit monies into accounts maintained by the Issuer with Barclays Bank Ireland PLC. Such deposits may constitute substitution assets (whether or not comprised in the Pool) and/or Pool Hedge Collateral.

At the date of this Base Prospectus, (i) all deposits held by the Issuer with Barclays Bank Ireland PLC are substitution assets comprised in the Pool; and (ii) the Issuer does not hold substitution assets with any EFI other than Barclays Bank Ireland PLC (but the Issuer may from time to time do so, subject to the restrictions in the ACS Act).

When determining for the purposes of the ACS Act the total prudent value of substitution assets comprised in the Pool, any substitution assets represented by exposures caused by the transmission and management of payments of the obligors under, or liquidation proceeds in respect of, mortgage credit assets comprised in the Pool, are to be disregarded. Under the ACS Act, the Central Bank may, however, suspend the ratio requirement if it is satisfied that to do so would facilitate the discharge of secured claims (claims in respect of which the rights of a preferred creditor are secured under Part 7 of the ACS Act – see further *Insolvency of Institutions – Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution*) against the Institution.

The Monitor must monitor compliance by the Institution with the above requirements and take reasonable steps to verify that the Institution will not be in contravention of the above requirements before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

The ACS Act empowers the Central Bank to make regulations for or with respect to any matter that by the ACS Act is required or permitted to be prescribed, or that is necessary or expedient to be prescribed, for the carrying out or giving effect to the ACS Act. The ACS Act provides that the regulations made by the Central Bank under this provision may prescribe kinds of substitution assets which may be included in a Pool. As at the date of this Base Prospectus, no such regulations have been made by the Central Bank in relation to Institutions.

Use of realised proceeds of Cover Assets

The ACS Act provides that money received by an Institution as the proceeds of realising a Cover Asset forms part of the relevant Pool, until it is used to create or acquire permitted mortgage credit assets or substitution assets for inclusion in the Pool, to discharge secured claims under the ACS Act (see further *Insolvency of Institutions – Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution*), is released from the Pool as an underlying asset and is replaced by other mortgage credit assets or substitution assets, or is released from the Pool in accordance with the ACS Act as summarised in the next paragraph below. The Monitor is responsible for monitoring the Institution's compliance with this requirement.

Release of underlying assets from a Pool

An Institution may, with the prior consent of the Monitor concerned, release underlying assets (including money received by the Institution as the proceeds of a relevant Cover Asset) from the Pool if the assets are not required to be included in the Pool to secure secured claims. The Monitor is responsible for monitoring the Institution's compliance with this requirement.

Register of mortgage covered securities business

The ACS Act provides that for the purposes of the ACS Act an asset is, except as described under – *Use of realised proceeds of Cover Assets*, included in, or removed from, a Pool when the appropriate particulars are recorded in the register of mortgage covered securities business (Business Register) maintained by the Institution.

An Institution is required to establish and keep a Business Register in respect of:

(a) the Mortgage Covered Securities it has issued;

(b) the cover assets hedge contracts that it has entered into; and

(c) the mortgage credit assets and substitution assets that it holds as security for those Mortgage Covered Securities and contracts.

The Monitor must monitor compliance by the Institution with the above requirement and take reasonable steps to verify that the Institution will not be in contravention of the above requirement before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract. The Central Bank may make regulations specifying other particulars which must be recorded by an Institution in its Business Register. As at the date of this Base Prospectus, no such regulations have been made by the Central Bank.

An Institution may make, delete or amend an entry in the Business Register only with the consent of the Monitor or the Central Bank, unless regulations made by the Central Bank provide otherwise (as at the date of this Base Prospectus, no regulations made by the Central Bank provide otherwise). The Monitor must monitor compliance by the Institution with the above requirement and take reasonable steps to verify that the Institution will not be in contravention of the above requirement before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

An Institution is required to keep the Business Register in such place as may be prescribed by the regulations made by the Central Bank. In the Asset Covered Securities Act, 2001 (Sections 38(6) and 53(6)) Regulations 2002 (S.I. No. 382 of 2002), the Central Bank prescribed the registered or head office of the Institution, or such other office as may be notified in writing to the Central Bank for such purposes, and which in each case must be in Ireland, as the place at which such Institution's Business Register must be kept.

The ACS Act provides that an Institution is required to at all times provide access to the Institution's Business Register to the Central Bank and the Monitor appointed in respect of such Institution, and to permit each such person to take copies of the Business Register or any entry in the Business Register at the Institution's expense.

Cover assets hedge contracts

The ACS Act provides that a cover assets hedge contract entered into by an Institution may relate only to:

(a) Mortgage Covered Securities issued by the Institution; and/or

(b) mortgage credit assets and/or substitution assets that are comprised in a Pool maintained by that Institution.

The ACS Act provides that a cover assets hedge contract must state, among other things, that it is a cover assets hedge contract entered into in accordance with the ACS Act and that the financial obligations of the Institution under the contract are secured on the Cover Assets comprised in the Pool. A cover assets hedge contract must comply with the requirements (if any) specified in any relevant regulatory notice published by the Central Bank. As at the date of this Base Prospectus, the Central Bank has not published a regulatory notice specifying any such requirements.

The ACS Act provides that as soon as practicable after entering into a cover assets hedge contract, an Institution is required to ensure that particulars of the contract are entered into its Business Register. An Institution must remove from its Business Register a cover assets hedge contract if the contract has been discharged or the counterparty has so agreed.

Pool Hedge Collateral and Collateral Register

The ACS Act recognises a new category of assets called Pool Hedge Collateral distinct from mortgage credit assets, substitution assets and other categories of assets under the ACS Act which an Institution may deal in or hold. Pool Hedge Collateral means assets or property provided to an Institution by or on behalf of any other contracting party to a cover assets hedge contract where the terms of the cover assets hedge contract:

(a) provide for the absolute transfer by way of collateral of the asset or property to the Institution (as opposed to by way of security); or

(b) provide for the transfer of the asset or property by way of security and gives the Institution the right to deal with the asset or property under the security as if the Institution were the absolute owner of that asset or property.

An Institution is required under the ACS Act to establish and maintain a register in respect of any Pool Hedge Collateral that it holds from time to time, called the Collateral Register, which is to be kept separate from the Business Register. An Institution is required to include in the Collateral Register, among other things particulars of the Pool Hedge Collateral it holds from each counterparty to a cover assets hedge contract and particulars of the cover assets hedge contracts that relate to the Pool Hedge Collateral. Unless the Central Bank otherwise requires (whether generally in respect of all Institutions or individually in respect of any given Institution) or the Institution is potentially insolvent or insolvent, the consent of the Monitor is not required for an Institution to make, amend or delete an entry in its Collateral Register.

The Central Bank may, by regulatory notice, specify requirements in relation to:

(a) the type of assets or property that qualify as Pool Hedge Collateral;

(b) the maintenance and operation of the Collateral Register;

(c) particulars that an Institution shall include in its Collateral Register; and

(d) the circumstances in which the consent of the Monitor is required for an Institution to make, amend or delete an entry in the Collateral Register.

The Asset Covered Securities Act 2001 Regulatory Notice (Section 30(15) and 45(15)) 2007 made by the Central Bank (which came into operation on 31 August 2007) provides that:

(a) the Collateral Register must contain particulars detailing, in respect of any Pool Hedge Collateral, the cover assets hedge contract(s) for which such Pool Hedge Collateral has been provided; and

(b) an Institution must maintain the Collateral Register at the registered office or head office of the Institution or at such other office as has been notified to the Central Bank in writing, and in any event must maintain such register at an office located in Ireland.

Financial Statements

The ACS Act provides that an Institution shall include the following information in its annual financial statement, or in a document accompanying the statement, in respect of mortgage credit assets that are recorded in the Institution's Business Register (and, accordingly, its Pool):

(a) the number of mortgage credit assets, as at the date to which the statement is made up, with the amounts of principal outstanding in respect of the related credits being specified in tranches of:

  (i) €100,000 or less;

  (ii) more than €100,000 but not more than €200,000;

  (iii) more than €200,000 but not more than €500,000; and

  (iv) more than €500,000;

(b) the geographical areas in which the related property assets are located, and the number and percentage of those assets held in each of those areas;

(c) whether or not such mortgage credit assets are non-performing as at that date, and if they are:

  (i) the number of those assets as at that date; and

  (ii) the total amount of principal outstanding in respect of those assets at that date;

(d) whether or not any persons who owed money under mortgage credit assets had, during the immediately preceding financial year of the Institution (if any), defaulted in making payments in respect of those assets in excess of €1,000 (so as to render them non-performing for the purposes of the ACS Act) at any time during that year, and if any such persons had defaulted, the number of those assets that were held in the Pool at the date to which the financial statement for that year was made up;

(e) the number of cases in which the Institution has replaced mortgage credit assets with other assets because those mortgage credit assets were non-performing;

(f) the total amount of interest in arrears in respect of mortgage credit assets that has not been written off at that date;

(g) the total amount of payments of principal repaid and the total amount of interest paid in respect of mortgage credit assets;

(h) in relation to any related mortgage credits that are secured on commercial property (and not on residential property), the number and the total amounts of principal of those credits that are outstanding at that date; and

(i) any other information prescribed by the regulations made by the Central Bank.

In relation to (i) above, at the date of this Base Prospectus no such other information has been prescribed by regulations made by the Central Bank.

In addition, under the ACS Act, the above disclosure requirements do not apply in the case of securitised mortgage credit comprised in the Pool but in their place, an Institution is required to disclose in its annual financial statement or in a document accompanying the statement:

(a) the name of the securitisation entities which are the issuers of those assets and the principal or nominal amount and class or title of those assets, as at the date to which the statement is made up; and

(b) any information prescribed by regulations made by the Central Bank.

If an Institution has a parent entity, the parent entity is required under the ACS Act to include the following information in its annual consolidated financial statement or in a document accompanying the statement:

(a) the name of the Institution and any other particulars required by regulations made by the Central Bank with respect to the Institution;

(b) the total amounts of principal outstanding in respect of Mortgage Covered Securities issued by the Institution;

(c) the total amounts of principal outstanding in respect of mortgage credit assets and substitution assets comprised in the Pool that relates to those Mortgage Covered Securities issued by the Institution; and

(d) any other particulars prescribed by regulations made by the Central Bank.

In relation to (d) above, at the date of this Base Prospectus no such other particulars have been prescribed by regulations made by the Central Bank.

Surplus Cover Assets need not meet certain requirements of the ACS Act

Under the ACS Act, for as long as:

(a) the Pool is comprised in part of Cover Assets which meet the financial matching requirements and Regulatory Overcollateralisation requirement under the ACS Act and any contractual undertaking made by the Institution in respect of Contractual Overcollateralisation; and

(b) those Cover Assets meet the other provisions of Part 4 of the ACS Act,

then any provision of Part 4 of the ACS Act which restricts the proportion or percentage of the Pool which may be comprised of certain Cover Assets or criteria or standards applicable to Cover Assets does not apply to any further such Cover Assets comprised or to be comprised from time to time in the Pool. With respect to Regulatory Overcollateralisation and Contractual Overcollateralisation, see *The Pool maintained by the Issuer – Overcollateralisation*.

The Pool maintained by the Issuer

The Issuer is required to maintain a Pool in relation to any Mortgage Covered Securities issued under the ACS Act. The Issuer has established and maintains a register of mortgage covered business and a Pool for the purposes of the ACS Act and to enable it to issue Mortgage Covered Securities.

Introduction

The Pool contains on the date of this Base Prospectus mortgage credit assets, substitution assets and cover assets hedge contracts subject to the limitations provided for in the ACS Act. The ACS Act permits the composition of the Pool to be dynamic and does not require it to be static. Accordingly, the composition of mortgage credit assets (and other permitted assets) comprised and to be comprised in the Pool will change from time to time after the date hereof in accordance with the ACS Act. A mortgage credit asset or substitution asset may only be included in or removed from the Pool if the Monitor agrees to its inclusion or removal and it is permitted by the ACS Act. Accordingly, any alterations to the composition of the Pool as described above will require the Monitor's approval. A mortgage credit asset includes a loan secured over commercial property as well as one secured over residential property. The ACS Act permits certain CMBS and RMBS to be included in the Pool,

subject to creditworthiness standards or criteria and where applicable, certain limits. Accordingly, subject to the limits set out in the ACS Act, the Pool may include CMBS and RMBS and mortgage credit assets the related loans under which are secured over commercial property.

The Issuer at the date of this Base Prospectus has included and intends to include in the Pool mortgage credit assets the related loans under which have their primary security located in Ireland and are secured primarily on residential property for the purposes of the ACS Act. Subject to further regulatory and legal approvals, consents and provisions of the ACS Act, the Issuer may include mortgage credit assets or substitution assets located for the purposes of the ACS Act in other jurisdictions permitted by the ACS Act, RMBS, CMBS or mortgage credit assets secured on commercial property for the purposes of the ACS Act, in each case to the extent permitted by the ACS Act

The Issuer does not intend to include in the Pool maintained by the Issuer either (i) mortgage credit assets the related loans under which have their primary security over commercial property, (ii) mortgage credit assets the related loans under which have their primary security located for the purposes of the ACS Act outside Ireland, (iii) mortgage credit assets the related loans under which are not denominated in euro or (iv) RMBS or CMBS, without, in each case, first obtaining from Moody's and S&P (in each case, for so long as such rating agency is appointed by the Issuer to rate the Securities) a confirmation that any such action will not result in a downgrade of the rating then ascribed by such rating agency to the Securities.

The Issuer will not include in the Pool in any circumstance any asset-backed securities which do not satisfy the ECB eligibility criteria for covered bonds as set out in Article 80 of the ECB Guideline.

The Issuer issues from time to time Mortgage Covered Securities and will include in the relevant Pool, additional mortgage credit assets or substitution assets as security for those securities in accordance with relevant provisions of the ACS Act. (See *Risk Factors, Restrictions on the Activities of an Institution* and *Cover Assets Pool – Restrictions on inclusion of certain types of mortgage credit assets in a Pool and Location of assets that may be included in a Pool*).

Substitution Assets

The Issuer at the date of this Base Prospectus has included and intends to include in the Pool substitution assets which are located in Ireland (i.e. as deposits with Barclays Bank Ireland PLC).

It is the policy of the Issuer in respect of the maintenance of substitution assets comprised in the Pool that, in each case for so long as S&P or, as applicable, Moody's is appointed by the Issuer to provide credit ratings in respect of outstanding Securities issued by the Issuer under the Programme, at least one of the below criteria must remain accurate with respect to the EFI with which the Issuer holds those substitution assets:

(i) the EFI has a Minimum SA Rating from S&P or, as applicable, Moody's; or

(ii) the obligations of the EFI in respect of each relevant deposit are guaranteed by a guarantor who has a Minimum SA Rating from S&P or, as applicable, Moody's; or

(iii) if none of (i) or (ii) above apply, the EFI has such other rating, or whose obligations in respect of each relevant deposit are guaranteed by a guarantor who has such other rating, as may be confirmed by S&P or, as applicable, Moody's will not result in any credit rating then applying at the relevant time to the Issuer's outstanding Securities being reduced, removed, suspended or placed on credit watch.

It is the policy of the Issuer that, if the Issuer becomes aware at any time that the relevant criteria set out in (i), (ii) or (iii) above are no longer satisfied in relation to the EFI and the Issuer continues, at the relevant time, to appoint S&P or, as applicable, Moody's to rate any of its outstanding Securities, the Issuer will give notice thereof to S&P or, as applicable, Moody's and, unless otherwise confirmed by S&P or, as applicable, Moody's, the Issuer will, as soon as practicable, but in any event within 21 calendar days of such notice (in the case of a notice to S&P) or, as applicable, 30 calendar days (in the case of a notice to Moody's) procure a suitable replacement EFI. For such purpose, it is the policy of the Issuer to select a replacement EFI in respect of which at least one of the criteria set out in (i), (ii) or (iii) above is satisfied or, in the event that such criteria are not satisfied by any available EFI, in respect of which such criteria (in the opinion of S&P or, as applicable, Moody's, failing which the Issuer) are closest to being satisfied.

For the purposes of the above description of the Issuer's policy in respect of the maintenance of substitution assets comprised in the Pool, the term "**Minimum SA Rating**", with respect to a person, means that the short term unsecured, unguaranteed and non-subordinated securities or debt of that person have a credit rating of at least:

- in the case of a rating from S&P, A-1 (short term) or, in the absence of any short term rating from S&P, A+ (long term);

- in the case of a rating from Moody's, P-1 (short term) or, in the absence of any short term rating from Moody's, A3 long term.

It is the Issuer's intention that for so long as Securities remain outstanding the Issuer will at all times maintain substitution assets in the Pool maintained by the Issuer in accordance with the terms of the ACS Act at a level not less than the total amount, for the immediately following three months, of:

(a) interest payable by the Issuer in respect of those Securities (after taking into account the effect of the cover assets hedge contract comprised in the Pool); and

(b) amounts payable (if any) by the Issuer in respect of the cover assets hedge contract comprised in the Pool, which relate to residential loans comprised in the Pool from time to time.

Deposits / cover assets hedge contract counterparties

The ACS Act permits the inclusion in the Pool of substitution assets and cover assets hedge contracts subject to certain restrictions under the ACS Act. In addition, the Issuer may from time to time hold Pool related deposits other than substitution assets comprised in the Pool, including any Pool Hedge Collateral posted in cash with the Issuer pursuant to a cover assets hedge contract.

At the date of this Base Prospectus, deposits comprised in the Pool are held by the Issuer with Barclays Bank Ireland PLC and the Pool Hedge has been entered into by the Issuer with AIB Bank (see *Cover Assets Pool – Restrictions on inclusion of substitution assets in a Pool*). Where required in accordance with the terms of the Pool Hedge, AIB Bank may from time to time post Pool Hedge Collateral to the Issuer in the form of cash. However, that position may change and Pool related deposits or cover assets hedge contracts may be made by the Issuer with other counterparties, subject to the restrictions in the ACS Act (see *Restrictions on the Activities of an Institution* and *Cover Assets Pool*).

The Issuer may from time to time enter into arrangements (including banking and standby banking arrangements) with one or more counterparties (which may or may not be current counterparties) for the transfer of deposits to, and/or the making of deposits with, such counterparties, including in circumstances where a counterparty with which the Issuer holds deposits would no longer (i) be a suitable counterparty in respect of deposits having regard to the requirements of the ACS Act (see *Cover Assets Pool - The Pool maintained by the Issuer- Substitution Assets*) and/or (ii) meet the rating criteria of any rating agency appointed at the relevant time to provide credit ratings in respect of any of the Issuer's then outstanding Securities.

Maturity of Mortgage Covered Securities

It is the Issuer's intention that for so long as the Securities remain outstanding no more than €3 billion in aggregate principal amount of Mortgage Covered Securities issued by it should mature within any given period of six months, unless Moody's and/or S&P (in each case, for as long as the Securities are rated by such rating agency) confirm that a deviation from this policy will not result in a downgrade of the rating then ascribed by such rating agency to the Securities.

Cover assets hedge contracts

The interest rate exposure of the Issuer relating to its mortgage credit assets located in Ireland and secured over residential property for the purposes of the ACS Act which are comprised in the Pool is managed is under the Pool Hedge. The Pool Hedge is a cover assets hedge contract for the purposes of the ACS Act (see *Cover Assets Pool – Cover assets hedge contracts*). Under the Pool Hedge, on a monthly basis the Issuer pays to AIB Bank an amount related to a weighted average basket interest rate, determined by reference to interest rates payable on the residential loans held by the Issuer and which are included in the Pool on the relevant date, on a notional

amount equal to the principal amount outstanding of those loans on the relevant date. In turn, on a monthly basis, AIB Bank pays to the Issuer an amount related to one month EURIBOR on that notional amount. With respect to Mortgage Covered Securities, on an annual basis or such other basis referable to the relevant coupon period, AIB Bank pays under the Pool Hedge an amount related to the interest rate payable on the relevant Mortgage Covered Securities on a notional amount equal to the principal amount outstanding of the relevant Mortgage Covered Securities and the Issuer pays to AIB Bank an amount related to one month EURIBOR on that notional amount.

Under the terms of the Pool Hedge with AIB Bank, in the event that the relevant rating of AIB Bank is downgraded by a rating agency appointed by the Issuer in respect of the Securities below the rating(s) specified in the Pool Hedge, AIB Bank is required, in accordance with the Pool Hedge, to take certain remedial measures which may include providing collateral for its obligations under the Pool Hedge, arranging for its obligations under the Pool Hedge to be transferred to an entity with the ratings required by the relevant rating agency, procuring another entity with the ratings required by the relevant rating agency to become co-obligor in respect of its obligations under the Pool Hedge, or taking such other action as it may agree with the relevant rating agency. A failure to take such steps allows the Issuer to terminate the Pool Hedge.

If the Issuer includes in the Pool mortgage credit assets, located for the purposes of the ACS Act in Ireland and secured on commercial property, CMBS, RMBS or mortgage credit assets (whether secured on residential property or commercial property) which are located outside of Ireland for the purposes of the ACS Act, or mortgage credit assets or Mortgage Covered Securities which are not denominated in euro, the Pool Hedge referred to above does not hedge any interest rate or currency risks associated with those mortgage credit assets or, as applicable, Mortgage Covered Securities and any such risks would have to be addressed by amending the above hedging arrangements or putting in place new hedging arrangements which may be with counterparties other than AIB Bank. See further *Risk Factors*.

Overcollateralisation

Condition 11 of the Securities requires the Issuer to maintain Contractual Overcollateralisation of the Pool with respect to a Series of Securities in issue at any time for so long as the Securities are outstanding at the minimum level specified as the Overcollateralisation Percentage in the Final Terms as applying to that Series of Securities (see *Terms and Conditions of the Securities*). The Monitor appointed in respect of the Issuer, has agreed in the Cover-Assets Monitor Agreement to monitor compliance by the Issuer with its undertaking regarding the level of Contractual Overcollateralisation. See *The Cover-Assets Monitor – Monitor to the Issuer*. The Monitor is also required by regulations made by the Central Bank under the ACS Act to have regard to contractually agreed levels of Contractual Overcollateralisation in relation to the Securities and to monitor the relevant Institution's observance of those levels.

In this context, "**Contractual Overcollateralisation**" of the Pool with respect to Mortgage Covered Securities means the proportion (expressed as a percentage) of the prudent market value of the Pool (see *Cover Assets Pool – Valuation of Assets Held by an Institution*) to the total principal amount outstanding of Mortgage Covered Securities issued by the Issuer which are secured on the Pool. See *Cover Assets Pool – Financial matching criteria for a Pool and related Mortgage Covered Securities/Regulatory Overcollateralisation*.

Since the Monitor must have regard to contractual undertakings with respect to Contractual Overcollateralisation when performing its functions under the ACS Act, the Monitor could not agree to the removal or substitution of mortgage credit assets or substitution assets from the Pool if the result of such removal or substitution was that the then required level of Contractual Overcollateralisation would not be satisfied. In addition, the Monitor is required to take reasonable steps to verify compliance by the Issuer with contractual undertakings in respect of Contractual Overcollateralisation before the issue of any Mortgage Covered Securities, including the Securities.

For further information regarding the Monitor, see *The Cover-Assets Monitor*.

In addition, having regard to the criteria of the rating agencies, it is the Issuer's intention to maintain Contractual Overcollateralisation of the Pool with respect to Mortgage Covered Securities in issue at any time for so long as the Securities are outstanding (to the extent that the level of Contractual Overcollateralisation referred to above or otherwise required by the Conditions is not sufficient for this purpose) at a level sufficient to ensure that the Securities maintain the current ratings assigned to them by each of S&P and/or, as applicable, Moody's (in each

case for so long as such rating agency is appointed by the Issuer to rate the Securities), such level being that as determined by those rating agencies from time to time.

Under the ACS Act, an Institution is required to maintain a minimum level of Regulatory Overcollateralisation of its Pool with respect to Mortgage Covered Securities secured on the Pool. The ACS Act confirms that the Regulatory Overcollateralisation requirement does not affect undertakings made by an Institution in respect of Contractual Overcollateralisation requiring higher levels of overcollateralisation to be maintained.

The Issuer may from time to time maintain a higher level of overcollateralisation in the Pool in excess of the minimum levels required to satisfy the Issuer's obligations in respect of Regulatory Overcollateralisation or Contractual Overcollateralisation. In determining the level of any such overcollateralisation at the relevant time, the Issuer may, in particular, have regard to the criteria of the rating agencies and the level of overcollateralisation necessary to ensure that the outstanding Mortgage Covered Securities maintain the current ratings then assigned to them by each of S&P and/or, as applicable, Moody's (in each case, for so long as such rating agency is appointed by the Issuer to rate the Mortgage Covered Securities). The Issuer may from time to time publish statements, in the form of a voluntary public commitment, on the Group website (https://aib.ie/investorrelations/debt-investor/mortgage-bank) in respect of any such overcollateralisation.

For the purposes of the LCR Commission Regulation, the Issuer will ensure that, in accordance with the principles set out in section 32(17) of the ACS Act, the prudent market value (determined in accordance with the ACS Act) of mortgage credit assets and substitution assets comprised at any time in the Pool (maintained by the Issuer and on which Securities will be secured under the ACS Act) expressed as a percentage of the total nominal or principal amounts of the Mortgage Covered Securities in issue and secured under the ACS Act on that Pool at the relevant time, will not be less than the applicable LCR Overcollateralisation Percentage after taking into account the effect of any cover assets hedge contract comprised in that Pool. The commitment of the Issuer set out in this paragraph (including the definitions set out below) may at the Issuer's sole initiative be amended, varied or replaced at any time to take account of any amendment to, or variation or replacement of, the provisions of the CRR or the LCR Commission Regulation applicable to level 1 assets or level 2A assets for the purposes of the LCR Commission Regulation or any amendment thereof or replacement thereto. Any such amendment to or variation or replacement of, such commitment will be published in a supplement to this Base Prospectus or in another prospectus in respect of the Programme.

For the above purposes:

"**LCR Commission Regulation**" means Commission Delegated Regulation (2015/62/EU) of 10 October 2014 to supplement Regulation (EU) 575/2013 with regard to liquidity coverage requirement of Credit Institutions;

"**LCR Overcollateralisation Percentage**" means, subject to any higher percentage specified in section 32(17) of the ACS Act:

(a) for so long as Mortgage Covered Securities issued under the Programme have a credit quality step 2 for the purposes of article 129(4) of the CRR (or the equivalent credit quality step in the event of a short term credit commitment), 107 per cent.; or

(b) if Mortgage Covered Securities issued under the Programme have a credit quality step 1 for the purposes of article 129(4) of the CRR (or the equivalent credit quality step in the event of a short term assessment), 102 per cent.

THE COVER-ASSETS MONITOR

Appointment of a cover-assets monitor

The ACS Act requires every Institution to appoint a qualified person to be a Monitor in respect of the Institution. The ACS Act provides that an appointment of a Monitor by an Institution does not take effect until it is approved in writing by the Central Bank. The Institution is responsible for paying any remuneration or other money payable to its Monitor in connection with the Monitor's responsibilities in respect of the Institution.

The ACS Act provides that if at any time an Institution has no Monitor appointed in respect of a Pool and the Central Bank reasonably believes that the Institution is unlikely to appoint such a Monitor, the Central Bank may appoint a suitably qualified person to be a Monitor in respect of such Institution. (For a general description of the obligation of an Institution to establish a Pool, see *Cover Assets Pool*). The appointment by the Central Bank in those circumstances may be on such terms and subject to such conditions as the Central Bank thinks fit. If the Central Bank has appointed a Monitor in accordance with the ACS Act, the Institution concerned is responsible for paying any remuneration or other money payable to the Monitor in connection with the performance of the Monitor's responsibilities in respect of the Institution.

Monitor to the Issuer

The Monitor appointed in respect of the Issuer at the date of this Base Prospectus is Mazars. The Central Bank has approved the appointment of Mazars as Monitor in respect of the Issuer. The terms on which Mazars has been appointed and acts as Monitor in respect of the Issuer are set out in the Cover-Assets Monitor Agreement. The Cover-Assets Monitor Agreement reflects the requirements of the ACS Act and associated secondary legislation (as referred to in this Base Prospectus) in relation to the appointment and functions of a Monitor in respect of an Institution and provides for certain matters such as overcollateralisation (see *Cover Assets Pool- The Pool maintained by the Issuer – Overcollateralisation),* Prudent Market Discount *(see Cover Assets Pool – Valuation of assets held by an Institution – Prudent Market Discount*), the payment of fees and expenses by the Issuer to Mazars, the resignation of Mazars as Monitor to the Issuer (see *Resignation of a Monitor*) and the replacement by the Issuer of Mazars as its Monitor.

Mazars is a large international integrated partnership, with offices across 91 countries, a total headcount of 24,400 employees and a global turnover of €1.8 billion. The Mazars Group is currently engaged as auditors / advisers to over 15 per cent. of top European companies together with a large number of publicly funded and semi state organisations.

Mazars Ireland is a full member of the Mazars International Association with over 30 years' experience in the provision of professional services to local and international clients in the financial services, institutional and corporate sectors. Its professional services include audit and assurance, tax, corporate finance, insolvency, consulting and corporate recovery. Based in Dublin, Galway and Limerick, the firm has 29 partners and over 500 staff.

The above information on Mazars has been sourced from Mazars. Such information has been accurately reproduced and so far as the Issuer is aware and is able to ascertain from that information, no facts have been omitted which would render the above information inaccurate or misleading.

Qualifications of a Monitor

The ACS Act provides that the Central Bank may, by regulatory notice, specify, among other things, the qualifications required in order for a person to be appointed as a Monitor.

The Central Bank issued the Asset Covered Securities Act 2001 Amended Regulatory Notice (Section 59(6)) pursuant to the ACS Act on 12 November 2002. In this regulatory notice, the Central Bank stated that the qualifications for an appointment as a Monitor in respect of an Institution are:

(a) a Monitor must be a body corporate or partnership, comprising personnel and partners respectively who are members of a professional representative body. The Monitor must demonstrate to the satisfaction of the Central Bank that it is experienced and competent in the following areas:

  (i) financial risk management techniques;

(ii) regulatory compliance reporting; and

(iii) capital markets, derivatives and mortgage credit business as applicable;

(b) a Monitor must demonstrate that it has sufficient resources at its disposal, and its personnel or partners must have sufficient academic or professional qualifications and experience in the financial services industry to satisfy firstly the DCI and secondly the Central Bank, that it is capable of fulfilling this role;

(c) a Monitor should possess adequate professional indemnity insurance to the satisfaction of the Institution;

(d) the books and records of a Monitor must be held in Ireland;

(e) a Monitor must not be an affiliate of the Institution or of any affiliate of the Institution;

(f) a Monitor and its affiliates must not be engaged as auditor or legal adviser for the Institution or any affiliate of the Institution. Neither a Monitor nor any of its affiliates may provide any other services to the Institution nor any of its affiliates unless it is first established to the satisfaction of the Central Bank that the provision of such services does not and will not create any conflict of interest with the performance by the Monitor of its duties and responsibilities under the ACS Act and the regulatory notices;

(g) a Monitor must not hold any shares or similar interest in the Institution or in any affiliate of the Institution; and

(h) save as permitted by the ACS Act, the regulations and any regulatory notices or orders made under the ACS Act, a Monitor must not be involved in any decision-making function or directional activity of the Institution or any of its affiliates, which could unduly influence the judgement of management of the Institution or its affiliates.

Duties of a Monitor before an Institution issues Mortgage Covered Securities

The ACS Act provides that before an Institution issues Mortgage Covered Securities, or enters into a cover assets hedge contract the Monitor appointed in respect of it must take reasonable steps to verify:

(a) that the Institution will be in compliance with the financial matching requirements of the ACS Act with respect to the Pool and Mortgage Covered Securities (see *Cover Assets Pool – Financial matching criteria for a Pool and related Mortgage Covered Securities/Regulatory Overcollateralisation*) and will not be in contravention of certain provisions of the ACS Act restricting the location of assets that may be included in the Pool (see *Cover Assets Pool – Restrictions on inclusion of certain types of mortgage credit assets in a Pool*) and the level of substitution assets that may be included in the Pool (see *Cover Assets Pool – Restrictions on inclusion of substitution assets in a Pool*), as a result of issuing the Mortgage Covered Securities or entering into the cover asset hedge contract;

(b) that the Institution will not be in contravention of certain provisions of the ACS Act relevant to the maintenance by the Institution of its Business Register (see *Cover Assets Pool – Register of mortgage covered securities business*); and

(c) such other matters relating to the business of Institutions as may be prescribed by regulations made by the Central Bank.

In regard to (a) above, the Central Bank has made the Asset Covered Securities Act 2001 (Section 61(2)) (Regulatory Overcollateralisation) Regulations 2007 (S.I. No. 606 of 2007) (which came into operation on 31 August 2007), under which, a Monitor appointed in respect of an Institution is required to take reasonable steps to verify that the Institution will be in compliance with its obligation to maintain Regulatory Overcollateralisation before the Institution issues Mortgage Covered Securities or enters into a cover assets hedge contract.

In regard to (c) above, the Central Bank has made the Overcollateralisation Regulation (see *Cover Assets Pool – Valuation of assets held by an Institution – Valuation of Irish Residential Loans*). Under the

Overcollateralisation Regulation a Monitor appointed in respect of any Institution when performing its responsibilities under the ACS Act must have regard to any contractual undertakings given by the Institution to maintain a level of Contractual Overcollateralisation of Cover Assets as against Mortgage Covered Securities issued by that Institution and the Monitor is responsible for monitoring the Institution's compliance with those undertakings. With respect to the Issuer and its contractual undertaking to maintain a specified level of Contractual Overcollateralisation, see further *Cover Assets Pool - The Pool maintained by the Issuer – Overcollateralisation*. The Central Bank has also made the Prudent Market Discount Regulation. The Prudent Market Discount Regulation provides that the Monitor when performing its responsibilities under the ACS Act must have regard to any contractual undertakings given by the Institution to apply a level of prudent market discount to certain calculations which are to be made by the Institution in respect of the MCA Valuation Notice and the Monitor is responsible for monitoring the Institution's compliance with those undertakings. See *further Cover Assets Pool – Valuation of assets held by an Institution*.

Continuing duties of a Monitor

The ACS Act provides that the Monitor appointed in respect of an Institution is responsible for monitoring the Institution's compliance with the following provisions of the ACS Act:

(a) the matching requirements of the ACS Act with respect to the Pool and Mortgage Covered Securities (see *Cover Assets Pool – Financial matching criteria for a Pool and related Mortgage Covered Securities/Regulatory Overcollateralisation*) and certain provisions of the ACS Act restricting the location of assets that may be included in the Pool (see *Cover Assets Pool – Location of assets that may be included in a Pool – Restrictions on inclusion of certain types of mortgage credit assets in a Pool*);

(b) the requirement that, except in certain cases specified in the ACS Act, a mortgage credit asset or substitution asset replacing another asset or a substitution asset replacing another asset in the Pool only forms part of the Pool if the replacement has been approved by the Monitor (see *Cover Assets Pool – Restrictions on replacement of underlying assets included in a Pool*);

(c) restrictions under the ACS Act on the level of substitution assets that may be included in the Pool (see *Cover Assets Pool – Restrictions on inclusion of substitution assets in a Pool*);

(d) the application by an Institution of realisations of mortgage credit assets or substitution assets comprised in a Pool under certain provisions of the ACS Act (see *Cover Assets Pool – Use of realised proceeds of Cover Assets and – Release of underlying assets from a Pool*);

(e) certain provisions of the ACS Act relevant to the maintenance by the Institution of its Business Register (see *Cover Assets Pool – Register of mortgage covered securities business*);

(f) the 3 per cent. Regulatory Overcollateralisation requirement in respect of the Pool and Mortgage Covered Securities imposed under the ACS Act (see *Cover Assets Pool - The Pool maintained by the Issuer- Overcollateralisation*);

(g) the requirements under the ACS Act in respect of securitised mortgage credit assets that can be included in the Pool (see *Cover Assets Pool – Restrictions on inclusion of securitised mortgage credit assets in the Pool*); and

(h) such other matters as may be prescribed by regulations made by the Central Bank.

The Asset Covered Securities Act 2001 (Section 61(1)) Regulations 2007 (S.I. No. 605 of 2007) made by the Central Bank (which came into operation on 31 August 2007) provide that a Monitor appointed in respect of an Institution is responsible for monitoring the Institution's compliance with the obligation of the Institution under the ACS Act to include certain particulars in the Collateral Register.

The ACS Act provides that the Monitor is also responsible for performing such other responsibilities (if any) as are prescribed by regulations made by the Central Bank.

The Central Bank has made, on 2 July 2004, the Asset Covered Securities Act 2001 (Section 61(3)) [Interest Rate Sensitivity] Regulation 2004 (S.I. No. 415 of 2004) pursuant to which a Monitor appointed in respect of an Institution is made responsible for monitoring the Institution's compliance with the Sensitivity to Interest Rate

Changes Regulation. The Sensitivity to Interest Rate Changes Regulation provides that the net present value changes arising from any of the scenarios set forth in the regulation must not exceed 10 per cent. of an Institution's total own funds at any time. The scenarios set forth in the regulation are:

(a) one hundred basis point upward shift in the yield curve;

(b) one hundred basis point downward shift in the yield curve;

(c) one hundred basis point upward twist in the yield curve; and

(d) one hundred basis point downward twist in the yield curve.

All calculations of sensitivity to interest rate changes are to be carried out in accordance with formulae set out in the schedule to the Sensitivity to Interest Rate Changes Regulation.

The Central Bank has made, on 2 July 2004, the Asset Covered Securities Act 2001 (Section 61(3)) [Irish Residential Property Loan/Valuation] Regulation 2004 (S.I. No. 418 of 2004). That regulation provides that the Monitor appointed in respect of an Institution is responsible for monitoring that Institution's compliance with the MCA Valuation Notice. The MCA Valuation Notice makes provision for the prudent market valuation, valuation methodology and timing of valuation of Irish Residential Loans, Irish Residential Property Assets and Relevant Securitised Mortgage Credit Assets (together with related amounts) (see *Cover Assets Pool – Valuation of assets held by an Institution*). On 2 July 2004 the Central Bank also made the Prudent Market Discount Regulation. The Prudent Market Discount Regulation provides that the Monitor when performing its responsibilities under the ACS Act must have regard to any contractual undertakings given by the Institution to apply a level of prudent market discount to certain calculations which are to be made by the Institution in respect of the MCA Valuation Notice and the Monitor is responsible for monitoring the Institution's compliance with those undertakings.

On 2 July 2004 the Central Bank made the Overcollateralisation Regulation which was amended with effect from 31 August 2007 (see *Cover Assets Pool – Valuation of assets held by an Institution – Valuation of Irish Residential Loans*). Under the Overcollateralisation Regulation, a Monitor appointed in respect of any Institution when performing its responsibilities under the ACS Act must have regard to any contractual undertakings given by the Institution to maintain a level of Contractual Overcollateralisation of Cover Assets as against Mortgage Covered Securities issued by that Institution and the Monitor is responsible for monitoring the Institution's compliance with those undertakings (see *Cover Assets Pool - The Pool maintained by the Issuer-Overcollateralisation*).

Duty of a Monitor to inform the Central Bank of certain matters

As soon as practicable after the Monitor has become aware, or has formed a reasonable suspicion, that the Institution in respect of which it has been appointed has contravened or failed to comply with a provision of the ACS Act (which includes regulations made by the Central Bank under the ACS Act) that relates to the responsibilities of the Monitor, the Monitor is required to provide the Central Bank with a written report of the matter.

The Monitor is also required to provide the Central Bank with such reports and provide such information as the Central Bank notifies to it in writing from time to time with respect to:

(a) whether or not the Institution in respect of which it has been appointed is, in the opinion of the Monitor, complying with the provisions of the ACS Act that relate to the responsibilities of the Monitor; and

(b) if in the Monitor's opinion the Institution is not fully complying with any of those provisions, the extent of non-compliance.

Additional duties which may be imposed on a Monitor by the Central Bank

The Central Bank may, by notice in writing to the Monitor appointed in respect of an Institution, confer on that Monitor such additional responsibilities as it considers appropriate for the effective management of the affairs of the Institution if the relevant Institution:

(a) has become subject to an insolvency process (within the meaning of the ACS Act);

(b) is formerly a DCI (for a description of when an Institution may cease to be designated for the purposes of the ACS Act, see *Registration of Institutions/Revocation of Registration – Revocation of Registration*);

(c) is an Institution to which the Central Bank, reasonably believing that there may be grounds for revoking the registration of the Institution under of the ACS Act, has given a direction under the ACS Act prohibiting the Institution from dealing in assets, engaging in transactions, or making payments, except with the Central Bank's permission (for a description of the circumstances in which the Central Bank can give such a direction, see *Registration of Institutions/Revocation of Registration – Direction of the Central Bank requiring an Institution to suspend its business*); or

(d) is an Institution in respect of which a manager has been appointed under the ACS Act (for a description of the circumstances in which a manager can be appointed to an Institution and the rights and powers of a manager, see *Supervision and Regulation of Institutions/Managers – Power of the Central Bank to appoint the NTMA or a recommended person as manager of an Institution*).

The ACS Act provides that if a liquidator, examiner, receiver or manager is appointed in respect of any such Institution, the Monitor appointed in respect of the Institution may enter into arrangements with respect to the management of the Institution on such matters as may be specified in the notice from the Central Bank referred to above. Those arrangements must include arrangements relating to the payment of the remuneration of, and the costs incurred by, the Monitor, and will be subject to such conditions (if any) as are specified in the Central Bank's notice, or as the Central Bank may subsequently notify to the Monitor in writing.

The powers of Monitors with respect to security trustees

The ACS Act makes provision for the holding by a security trustee of security (other than under the ACS Act) over assets comprised in the Pool which are located outside of Ireland in order to augment the security provided for under the ACS Act (see *Insolvency of Institutions – Security Interests on the Pool*). The Monitor may under the ACS Act enter into arrangements with the security trustee in connection with:

(a) their respective functions under the ACS Act and operations relating to Cover Assets which are also subject to such additional security arrangements; and

(b) their respective functions under the ACS Act and the enforcement or administration of Cover Assets which are also subject to such additional security arrangements.

Duty of a Monitor to provide reports to the Central Bank

If the Central Bank so directs by notice in writing, the Monitor appointed in respect of an Institution is required to:

(a) prepare for the Central Bank, or any other person specified by the Central Bank, such reports; and

(b) provide the Central Bank, or any such person, with such information,

at such times or intervals, in relation to the exercise or performance of the Monitor's responsibilities under the ACS Act and the performance by the relevant Institution of its obligations under the ACS Act in so far as the Monitor is responsible for monitoring the carrying out of those obligations, as the Central Bank specifies in the direction.

Power of a Monitor to enter an Institution's business premises

A Monitor may, upon giving the Institution in respect of which it has been appointed reasonable notice, enter at any reasonable time during ordinary business hours any place at which the Institution carries on its business for the purpose of carrying out the Monitor's responsibilities in relation to the Institution.

A Monitor who exercises its power to enter an Institution's place of business may do any of the following:

(a) inspect the place and examine any record found in the place that the Monitor reasonably believes to be relevant to the performance of its responsibilities in respect of the Institution;

(b) require the Institution or any person who is apparently a person concerned in the management of the Institution to answer any relevant questions or provide the Monitor with such assistance and facilities as is or are reasonably necessary to enable the Monitor to exercise or perform the Monitor's responsibilities;

(c) require any person in the place to produce for inspection records in so far as they relate to the responsibilities of the Monitor; and

(d) make copies of all or any part of those records.

Power of a Monitor to obtain information from an Institution

A Monitor may, by notice in writing to the relevant Institution, require it to give to the Monitor, within such period as may be specified in the notice, any specified information or record that relates to the responsibilities of the Monitor in respect of the Institution, but only if the information or record is in the possession, or under the control, of the Institution.

Duties of an Institution to inform its Monitor of certain matters

The ACS Act provides that an Institution is required to keep its Monitor informed of the following matters:

(a) such particulars of payments received by the Institution in respect of Cover Assets included in the relevant Pool, and at such times or intervals, as the Monitor requires;

(b) any failure of any person who has a financial obligation in respect of those assets to perform the obligation within a period of 10 or 60 days depending on the type of asset (or such other period as may be specified in a regulatory notice published by the Central Bank) after it was due to be performed; and

(c) any proceedings brought in relation to those assets against any such person by or on behalf of the Institution.

An Institution that, without reasonable excuse, fails to provide its Monitor with the above information commits an offence and is liable on summary conviction to a fine not exceeding €1,000.

Central Bank powers to require information regarding Pool Hedge Collateral to be given to the Monitor

Under the ACS Act, the Central Bank may require an Institution to provide the Monitor such information in relation to Pool Hedge Collateral held by the Institution and at such intervals as may be specified to the Institution by the Central Bank.

Remuneration of a Monitor

The appointing Institution is responsible for paying any remuneration to the Monitor in connection with the performance of the Monitor's duties.

Priority of a Monitor on an insolvency of the Institution

The Monitor of an Institution, along with any manager (and under the ACS Act, a Pool security trustee) that has been appointed to the Institution, constitute "**super-preferred**" creditors of the Institution. The ACS Act provides that the claims of super-preferred creditors rank ahead of those of any other preferred creditors, including the holders of Mortgage Covered Securities. For a description of the priority afforded to the claims of preferred creditors of an Institution on the insolvency of such Institution, see *Insolvency of Institutions – Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution*.

Termination of appointment of a Monitor

An Institution may terminate the appointment of its Monitor only with the written consent of the Central Bank. The Central Bank may direct an Institution to terminate the appointment of its Monitor and to appoint another qualified person in place of that Monitor. The notice issued by the Central Bank making that direction must specify the Central Bank's reasons.

Resignation of a Monitor

A Monitor may resign by giving at least 30 days' notice in writing to the Central Bank (unless the Central Bank agrees to a shorter notice period) and must include in such notice a statement of the reasons for its resignation. In the Cover-Assets Monitor Agreement, Mazars has agreed that it will not resign as Monitor in respect of the Issuer unless another entity has agreed to act as Monitor in respect of the Issuer and the Central Bank has approved the appointment of such other entity as Monitor in respect of the Issuer in place of Mazars; provided that if a replacement Monitor has not been appointed within six months of Mazars having given notice of its intention to resign as Monitor, then Mazars will be entitled to resign as Monitor notwithstanding that no replacement Monitor has been appointed.

Effect of the insolvency of an Institution on the appointment of its Monitor

The fact that an Institution, or its parent entity or any company related to the Institution, has become insolvent or potentially insolvent does not affect the appointment of the Monitor appointed in respect of it and the claims and rights of the Monitor in so far as those claims or rights relate to the appointment or arise under the ACS Act. For a description of the circumstances in which an Institution is regarded as insolvent or potentially insolvent for the purposes of the ACS Act, see *Insolvency of Institutions – Meanings of "**insolvent**", "**potentially insolvent**" and "**insolvency process**" for the purposes of the ACS Act*.

The ACS Act provides that the obligations of the Institution towards the Monitor continue to have effect in relation to the Institution, and be enforceable, despite the Institution, or its parent entity or a company related to the Institution, becoming subject to an insolvency process.

If an Institution, or where the Institution has a parent entity or a company is related to the Institution, the parent entity or related company, becomes subject to an insolvency process, the obligation of the Institution to appoint and maintain a Monitor continues to have effect until the claims of all preferred creditors have been fully satisfied and the functions of each Monitor and manager appointed in respect of the Institution have been fully discharged. In such circumstances, the Monitor continues to hold office in accordance with the terms and conditions applicable to the appointment. For a description of the circumstances in which an Institution is regarded as subject to an insolvency process for the purpose of the ACS Act, (see *Insolvency of Institutions – Meanings of "**insolvent**", "**potentially insolvent**" and "**insolvency process**" for the purposes of the ACS Act*).

Powers of the Central Bank in relation to a Monitor

Section 70 of the ACS Act provides that the Central Bank may at any reasonable time:

(a) enter any premises at which a Monitor carries on its business; and

(b) inspect and take copies of any records kept by the Monitor in connection with the Monitor's responsibilities under the ACS Act.

Section 26 of the Central Bank Act 2013 provides for a general power for an authorised officer to enter any premises other than, save with the consent of the occupier or a court warrant, a dwelling-

(a) which he or she has reasonable grounds to believe are or have been used for, or in relation to, the business of a person to whom Part 3 of the Central Bank Act 2013 applies; or

(b) at, on or in which the authorised officer has reasonable grounds to believe that records relating to the business of a person to whom Part 3 of the Central Bank Act 2013 applies are kept.

Part 3 of the Central Bank Act 2013 applies to, amongst others, a "**regulated financial service provider**" (which would include the Issuer) and "any person whom the Central Bank reasonably believes may possess

information about a financial product or investment or investment admitted to trading under the rules and systems of a regulated market" (which would appear to include a person possessing information in relation to Securities).

Section 27 of the Central Bank Act 2013 empowers an authorised officer to, amongst other things, inspect and take copies of records found in the course of searching and inspecting premises.

Limitation on the civil liability of a Monitor

The ACS Act provides that the Monitor, officers and employees of the Monitor, and persons acting under the direction of the Monitor are not liable in any civil proceedings for any act done, or omitted to be done, by the person for the purposes of, or in connection with, performing or exercising any function or power imposed or conferred on the Monitor by or under the ACS Act if the act was done, or was omitted, in good faith for the purposes of the ACS Act.

INSOLVENCY OF INSTITUTIONS

Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution

Part 7 of the ACS Act contains provisions dealing with the effect of an insolvency, potential insolvency or insolvency process on the rights and obligations of an Institution and other persons connected with an Institution.

Under the ACS Act, a reference in Part 7 of the ACS Act to Cover Assets or a Pool includes:

(a) in the case of mortgage credit assets and substitution assets which constitute Cover Assets, any security, guarantee, indemnity and insurance held by the Institution in respect of such assets; and

(b) in the case of cover assets hedge contracts, any security, guarantee, indemnity and insurance held by the Institution for, or Pool Hedge Collateral provided to the Institution under, such contracts.

In addition, under the ACS Act, any reference in Part 7 of the ACS Act to a cover assets hedge contract includes Pool Hedge Collateral or security provided to the Institution under or for that contract.

Part 7 of the ACS Act disapplies with respect to Institutions, the Companies Act, the Bankruptcy Acts 1988 and 2001, the Taxes Act (within the meaning of section 811(1) (a) of the Taxes Consolidation Act 1997), legislation relating to the regulation of credit institutions in Ireland and any other enactments or rules of law relating to an insolvency process, except insofar as they are specified in relation to laws relevant to fraud and misrepresentation. Certain insolvency provisions relating to fraud continue to have effect with respect to Part 7 of the ACS Act, in addition to any enactment or rule of law that would render the security or contract void or unenforceable on the grounds of fraud or misrepresentation.

The ACS Act provides that the fact that an Institution or its parent entity or any company related to the Institution has become insolvent or potentially insolvent does not affect:

(a) the claims and rights of holders of Mortgage Covered Securities issued by the Institution;

(b) the claims and rights of a person (other than the holder of a Mortgage Covered Security issued by the Institution) who has rights under or in respect of any such Mortgage Covered Security by virtue of any legal relationship with the holder;

(c) the claims and rights that the other contracting party has under any cover assets hedge contract entered into by the Institution;

(d) the appointment of a Monitor and the relevant claims and rights of such Monitor in so far as those claims and rights relate to the appointment or arise under the ACS Act (for a description of the role of a Monitor see *The Cover-Assets Monitor*);

(e) the appointment of a manager in respect of the Institution and the relevant claims and rights of such manager in so far as those claims and rights relate to the appointment or arise under the ACS Act (for a description of the circumstances in which a manager may be appointed to an Institution, see *Supervision and Regulation of Institutions/Managers*); or

(f) the functions of the NTMA under Part 6 of the ACS Act and the relevant claims and rights of the NTMA in so far as those claims and rights relate to those functions (for a description of the role of the NTMA under Part 6 of the ACS Act, see *Supervision and Regulation of Institutions/Managers*).

Where an Institution, or its parent entity or any company related to the Institution becomes subject to an insolvency process, preferred creditors (see below) are, for the purpose of satisfying their claims and rights under Part 7 of the ACS Act, entitled to have recourse to the cover assets that are comprised in the Pool maintained by the Institution ahead of members of, and contributories to, the Institution and all other creditors of the Institution, its parent entity or company related to the Institution. This provision applies irrespective of whether the claims of creditors other than preferred creditors are preferred under any other enactment or any rule of law and whether those claims are secured or unsecured.

"**Preferred creditors**" are defined in the ACS Act as all or any of the following persons:

(a) the holder of an outstanding Mortgage Covered Security issued by the Institution;

(b) a person (other than the holder) who has rights under or in respect of any such Mortgage Covered Security by virtue of any legal relationship with the holder;

(c) a person with whom the Institution has entered into a cover assets hedge contract, but only if the person is in compliance with the financial obligations imposed under the contract; and

(d) a person who is a super-preferred creditor (see below) in relation to the Institution.

The claims of super-preferred creditors rank ahead of those of the other preferred creditors. "**Super-preferred creditors**" are defined in the ACS Act in respect of an Institution as a Monitor or manager appointed in respect of that Institution. Super preferred creditors also include the claims (approved by a manager or where no manager is appointed, the Monitor) of a security trustee which holds security (other than under the ACS Act) over assets outside Ireland in order to augment the security under the ACS Act.

The ACS Act provides that the claims of the super-preferred creditors and the other preferred creditors have effect irrespective of when the Mortgage Covered Security, contract or appointment of the Monitor or manager giving rise to a claim was issued or made, of when a claim of a preferred creditor arose and of the terms of that security, contract or appointment.

To the extent that the claims of all preferred creditors are not fully satisfied from the proceeds of the disposal of the Cover Assets comprised in the Pool maintained by the relevant Institution, such creditors become unsecured creditors in the insolvency process relating to the Institution, the claims of the super-preferred creditors ranking above those of the other preferred creditors in this regard.

The following obligations of an Institution continue under Part 7 of the ACS Act to have effect in relation to the Institution, and are enforceable, despite the Institution, or its parent entity or a company related to the Institution, becoming subject to an insolvency process:

(a) obligations arising under or in respect of a Mortgage Covered Security issued by the Institution;

(b) obligations arising under or in respect of any cover assets hedge contract entered into by the Institution;

(c) obligations towards the Monitor appointed in respect of the Institution;

(d) obligations towards any manager appointed to manage affairs of the Institution; or

(e) obligations towards the NTMA under Part 6 of the ACS Act.

The ACS Act provides that in the event that an Institution or its parent or a related company becomes subject to an insolvency process, the obligation of the Institution to appoint a Monitor, and the powers of the Central Bank and the NTMA with respect to the appointment of a manager, continue to have effect until the claims of all preferred creditors have been fully satisfied and the functions of each Monitor and manager appointed in respect of the Institution have been fully discharged.

Part 7 of the ACS Act provides that if an Institution, or where the Institution has a parent entity or a company is related to the Institution, the parent entity or related company, becomes subject to an insolvency process:

(a) all Mortgage Covered Securities issued by the Institution remain outstanding, subject to the terms and conditions specified in the security documents under which those Mortgage Covered Securities are created;

(b) every cover assets hedge contract relating to those Mortgage Covered Securities continues to have effect, subject to the terms and conditions of the contract;

(c) each Monitor or manager appointed by or in respect of the Institution continues to hold office as such in accordance with the terms and conditions applicable to the appointment; and

(d) the Institution's obligations under those Mortgage Covered Securities, or any such contract or appointment, continue to be enforceable.

The ACS Act expressly excludes Cover Assets that are included in a Pool from forming part of the assets of an Institution, its parent or a related company, for the purposes of any insolvency process until the claims secured by Part 7 of the ACS Act are fully discharged.

The ACS Act provides that Cover Assets that are included in a Pool are not liable to attachment, sequestration or other form of seizure, or to set-off by any persons, that would otherwise be permitted by law so long as claims secured under Part 7 of the ACS Act remain unsatisfied.

The ACS Act provides that an Institution may not be dissolved under an insolvency process until the claims and rights of all preferred creditors have been fully satisfied. However, if the High Court is satisfied that the Institution has no assets capable of meeting the claims and rights of those creditors, it may make an order dissolving the Institution.

Security interests on the Pool

An Institution may not create a security interest in respect of any Cover Assets in a Pool if Mortgage Covered Securities are outstanding or if a cover assets hedge contract is in existence and if such security interest would, but for Part 7 of the ACS Act, adversely affect the priority conferred by Part 7 of the ACS Act on preferred creditors. If an Institution creates any such security interest, the interest is void and any money secured by it is repayable immediately. The ACS Act provides that, if a cover asset included in a Pool is subject to a security interest which would contravene the above provisions of the ACS Act, the relevant Institution is required to replace such cover asset in accordance with the relevant provisions of the ACS Act.

The ACS Act permits an Institution to create a security interest in respect of its Cover Assets if:

(a) the relevant assets are located outside of Ireland; and

(b) the person who (directly or indirectly) has the benefit of the interest is the same person as the person who is entitled to security over those assets in accordance with the order of priority prescribed by Part 7 of the ACS Act.

Under the ACS Act, for the purposes of (b) above, there may be disregarded claims over the relevant assets arising from mandatory laws in the relevant jurisdictions and any costs associated with administering the security interest and realising assets under the security interest.

Meanings of "insolvent", "potentially insolvent" and "insolvency process" for the purposes of the ACS Act

The ACS Act provides that an Institution becomes "**insolvent**" for the purposes of the ACS Act in any of the following circumstances:

(a) if the appointment of an examiner in respect of the Institution under the Companies Act, is not terminated or stayed within 30 days after the date of the appointment;

(b) if the appointment of a liquidator in respect of the Institution is not terminated or stayed within 30 days after the date of the appointment;

(c) if the appointment of a receiver over any part of the property or undertaking of the Institution is not terminated or stayed within 30 days after the date of the appointment;

(d) if the Institution is a company and the company is deemed to be unable to pay its debts as provided by relevant provisions of the Companies Act;

(e) if the Institution is a building society and the High Court makes an order under the Building Societies Act 1989, directing the society to be wound up on the ground that it is unable to pay its debts;

(f) if the Institution is the holder of a banking licence issued under section 9 of the Central Bank Act 1971 (now an ECB banking authorisation) and:

(i) the Institution is deemed to be unable to meet its obligations under that Act, or

(ii) the Institution is deemed to have committed an act of bankruptcy or to be unable to pay its debts under that Act; or

(g) if the Institution has, in relation to a Mortgage Covered Security that it has issued, failed to pay an amount payable in respect of the Mortgage Covered Security within 30 days after the amount fell due (unless the failure is attributable to administrative difficulties arising from circumstances that are outside the control of the Institution).

The ACS Act provides that an Institution becomes "**potentially insolvent**" for the purposes of the ACS Act in any of the following circumstances:

(a) if a petition for the appointment of an examiner is presented in relation to the Institution under the Companies Act;

(b) if a petition is presented, or an effective resolution is passed, for the appointment of a liquidator in relation to the Institution;

(c) if a receiver over any assets of the Institution is appointed; or

(d) if the Institution has, in relation to a Mortgage Covered Security that it has issued, failed to pay an amount payable in respect of the Mortgage Covered Security within 10 days after the amount fell due (unless the failure is attributable to administrative difficulties arising from circumstances that are outside the control of the Institution).

The ACS Act defines an "**insolvency process**" with respect to an Institution as liquidation, examination, receivership, reorganisation, a moratorium, bankruptcy or any similar process related to the inability of persons to pay their debts, and, in relation to an Institution, includes any process relating to the insolvency or potential insolvency of the Institution.

European and Irish Insolvency Law relevant to Institutions

CIWUD Directive

The CIWUD Directive was required to be implemented into the national law of the Member States on 5 May 2004. It was first implemented in Ireland by the 2004 Regulations with effect from 5 May 2004. With effect from 4 February 2011, the 2004 Regulations were revoked by the 2011 Regulations which are now the implementing regulations for the CIWUD Directive in Ireland.

The purpose of the CIWUD Directive is to create unified proceedings for EU credit institutions that are subject to the imposition of reorganisation measures or the commencement of winding-up proceedings (as such terms are defined in the CIWUD Directive and the 2011 Regulations). The CIWUD Directive provides that, with some exceptions and exclusions, the application of reorganisation measures to, or the winding-up of, a credit institution (including in respect of its branches in other Member States) will be effected in accordance with the national law of its home Member State. It also provides that only the administrative or judicial authorities in that home Member State can authorise the implementation of reorganisation measures or the opening of winding up proceedings in respect of the credit institution, including branches in other Member States.

To this end, the 2011 Regulations provide, among other things, that the "relevant applicable enactment" applies to and in relation to a reorganisation measure imposed, or to be imposed, in respect of an "authorised credit institution" (except as otherwise provided by the 2011 Regulations) and also applies to proceedings to wind up an "authorised credit institution".

An "**authorised credit institution**" is defined in the 2011 Regulations as including the holder of a licence under section 9 of the Irish Central Bank Act 1971 (now an ECB banking authorisation) which would include an Institution. The term "relevant applicable enactment" would in the context of an Institution include the ACS Act. Therefore, the 2011 Regulations confirm, subject as described below, that the ACS Act will apply to any reorganisation measure imposed or to be imposed, or any proceedings to wind up, an Institution.

Reflecting the provisions of the CIWUD Directive, the 2011 Regulations recognise that reorganisation measures or winding-up proceedings in respect of an Irish authorised credit institution should not affect certain rights in rem of its creditors to assets of the credit institution located in another Member State when the reorganisation measure is imposed or the winding-up proceedings commenced.

Again reflecting the provisions of the CIWUD Directive, the 2011 Regulations provide that reorganisation measures or winding-up proceedings, in respect of an Irish authorised credit institution should not affect certain set-off rights of its creditors where such set-off is permitted by the law that applies to the institution's claims. To the extent that such law is Irish law, a creditor of an Irish authorised credit institution which is subject to reorganisation measures or winding-up proceedings could only assert a right of set-off to the extent that Irish law would otherwise permit. With regard to the prohibition under the ACS Act of set-off against Cover Assets comprised in the Pool maintained by an Institution, see *Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution* above.

However, to the extent that the law that applies to any claim of a relevant credit institution, within the meaning of the 2011 Regulations, is a law other than Irish law, the 2011 Regulations, together with that law, may operate to displace provisions of Irish law prohibiting the exercise of a right of set-off by a creditor against the relevant credit institution, including, in the context of Cover Assets comprised in a Pool maintained by an Institution, the provisions of the ACS Act referred to above. It should be noted in this regard that neither the CIWUD Directive nor the 2011 Regulations provide any guidance on the meaning of the terms "the law applicable to the institution's claim" (CIWUD Directive) or "the law that applies to the institution's claim" (2011 Regulations) and so, in the absence of any Irish or EU judicial authority on the point, it is not possible to confirm, for example, whether this would comprise the governing law of the claim or, if different, the lex situs of the claim.

Single Resolution Mechanism

The European institutions have also established the SRM under the SRM Regulation. The SRM applies to banks covered by the SSM.

Recovery and Resolution Directive

The BRRD establishes a framework for the recovery and resolution of credit institutions and investment firms.

Consequences of Issuer's Status as an Unlimited Company

The Issuer is an unlimited company. Under the Companies Act, there is no limit on the liability of a then-current member (i.e., a registered shareholder of record) of an unlimited company to contribute to that company in an insolvent liquidation of the company to the extent that the company's assets are insufficient to meet its liabilities. In that event, the liquidator of the unlimited company or the court seeks the contributions from each of the members. A company's unlimited status does not confer on the creditors of the company the right to seek payment of the company's liabilities from the company's members or to seek contributions for the company from the members in the event of the unlimited company becoming insolvent or otherwise. This right rests with the liquidator or the court on an insolvent winding-up. If the persons who are the members of an unlimited company at the date of commencement of the winding-up cannot contribute sufficiently to the assets of the company, the liquidator or court may have recourse to persons who were members within one year before the winding up commenced, although these former members will only be liable to contribute in respect of liabilities contracted by the company while they were members.

At the date of this Base Prospectus, AIB Bank is the sole member of the Issuer. AIB Bank beneficially owns the entire issued share capital of the Issuer. The Issuer is thus a wholly-owned subsidiary of AIB Bank which is a wholly-owned subsidiary of AIB Group plc. The Issuer's liabilities under the Securities will be contracted by the Issuer on the date when the Securities are issued and their issue price is paid up in full. The members of the Issuer on the date on which the Securities are issued and the issue price is paid up in full will be liable to contribute in respect of the Issuer's liabilities in respect of the Securities on an insolvent winding-up of the

Issuer (if the Issuer does not have sufficient resources to discharge its liabilities in respect of the Securities in full) if they are still members of the Issuer at the date of the commencement of such winding up, or if they were members of the Issuer within one year before such winding-up commenced.

Neither AIB Bank nor AIB Group plc is a guarantor of the Securities.

SUPERVISION AND REGULATION OF INSTITUTIONS/MANAGERS

Introduction

The Central Bank is primarily responsible for the supervision and regulation of Institutions. In certain circumstances (summarised below) the Central Bank may under the ACS Act appoint the NTMA or a person recommended by the NTMA as manager of an Institution.

In addition, each Institution is required by the ACS Act to appoint a Monitor. For a description of the obligations of an Institution towards the Monitor appointed by it, and the rights and duties of a Monitor, see *The Cover-Assets Monitor*.

Regulation of Institutions under banking legislation other than the ACS Act

As Irish incorporated credit institutions authorised by the Central Bank under legislation relating to banking activities in Ireland, Institutions are subject to regulation under the Irish banking legislation applicable to Irish banks generally in addition to regulation under the ACS Act in respect of the activities regulated thereby.

As regards the relationship between the Central Bank's powers and functions under the Irish Banking Code and those under the ACS Act, the ACS Act provides that the Central Bank has, in relation to Institutions and other persons to whom the ACS Act relates, the functions imposed and powers conferred on the Central Bank by or under the Irish Banking Code in relation to credit institutions within the scope of the Irish Banking Code, except as required or provided by the ACS Act and subject to such modifications to those functions and powers as are necessary in order to adopt those functions and powers for the purposes of the ACS Act.

General functions of the Central Bank under the ACS Act

The ACS Act provides that the functions of the Central Bank are as follows:

(a) to designate credit institutions for the purposes of the ACS Act;

(b) to administer the system of supervision and regulation of DCIs in accordance with the ACS Act in order to promote the maintenance of the proper and orderly regulation and supervision of those institutions; and

(c) to perform such other functions as are prescribed by or under the ACS Act.

The ACS Act provides that the Minister may, by order, impose on the Central Bank functions additional to those specified above. At the date of this Base Prospectus, no such order has been made by the Minister.

In addition, the Central Bank is given a general power pursuant to the ACS Act to do all things necessary or expedient to be done for or in connection with, or incidental to, the performance of its functions.

Various provisions of the ACS Act oblige, or confer on the Central Bank the power, to make regulations or publish regulatory notices to make provision for a range of matters arising from the operation of the ACS Act. In addition, the ACS Act confers on the Central Bank a general power to make regulations, not inconsistent with the ACS Act, for or with respect to any matter that by the ACS Act is required or permitted to be prescribed, or that is necessary or expedient to be prescribed, for carrying out or giving effect to the ACS Act.

Under the ACS Act, where the Central Bank makes an order, regulation, regulatory notice or other notice under the ACS Act, the Central Bank is required to have regard to the following principles and policies to the extent applicable:

(a) the facilitation of the establishment and operation in Ireland of DCIs (which include Institutions);

(b) the facilitation of the establishment and operation of a market in asset covered securities (which include Mortgage Covered Securities) so as to make available further sources of funds to those Institutions;

(c) the need to develop the business of one or more types of DCIs having regard to domestic or international markets in which the institutions operate or may propose to operate;

(d) the need to protect the interests of preferred creditors or other creditors of one or more types of DCIs;

(e) the need for proper and proportionate regulation of one or more types of DCIs; and

(f) CRD IV and any regulations and directives made by competent organs of the EU which have been implemented in Irish law relevant to among other types of securities, asset covered securities.

Power of the Central Bank to appoint the NTMA or a recommended person as manager of an Institution

The ACS Act sets out the circumstances in which the Central Bank may appoint the NTMA or a person recommended by the NTMA as manager of an Institution and the role and functions of the NTMA and a manager appointed under the ACS Act.

The ACS Act provides that the Central Bank may request the NTMA to attempt to locate persons who are suitably qualified for appointment to manage asset covered securities business activities (described below), or specified asset covered securities business activities, of an Institution in any of the following circumstances:

(a) if the Institution has become insolvent or potentially insolvent (for a description of the circumstances in which an Institution is regarded as insolvent or potentially insolvent for the purposes of the ACS Act, see *Insolvency of Institutions – Meanings of "**insolvent**", "**potentially insolvent**" and "**insolvency process**" for the purposes of the ACS Act*);

(b) if as a result of becoming aware of information provided to the Central Bank, it is of the opinion that a manager should be appointed in respect of the Institution in order to safeguard the interests of:

(i) holders of Mortgage Covered Securities issued by the Institution; or

(ii) persons who have rights under cover assets hedge contracts entered into by the Institution (for a general description of the circumstances in which an Institution may enter into cover assets hedge contracts and the rights and obligations attaching thereto, see *Restrictions on the Activities of an Institution – Permitted business activities in which an Institution may engage – (f) entering into certain hedging contracts for the purpose of hedging risks associated with the foregoing activities/dealing in and holding Pool Hedge Collateral*); or

(iii) other creditors of the Institution; or

(c) if the registration of the Institution as a DCI is revoked under the ACS Act or the Institution is subject to a direction given under certain provisions of the ACS Act (for a description of the relevant provisions see *Registration of Institutions/Revocation of Registration – Revocation of registration and – Direction of the Central Bank requiring an Institution to suspend its business*).

The ACS Act defines "**asset covered securities business activities**" in relation to an Institution or former Institution, for the purposes of Part 6 of the ACS Act, as:

(a) issuing Mortgage Covered Securities and otherwise financing or refinancing the activities referred to in (b) to (d) below;

(b) entering into cover assets hedge contracts;

(c) dealing with mortgage credit assets or substitution assets;

(d) holding Cover Assets and maintaining the related Pool;

(e) the keeping of the Business Register (for a description of the provisions of the ACS Act requiring an Institution to maintain a Business Register, see *Cover Assets Pool – Register of mortgage covered securities business*); and

(f) administering and servicing those activities.

Under the ACS Act, the Central Bank may by notice in writing given to a manager appointed in respect of an Institution, confer on that manager such additional responsibilities or powers as it considers appropriate for the effective management of the asset covered securities business activities of the Institution.

Under the ACS Act, if a liquidator, examiner or receiver is appointed in respect of an Institution to which a manager has been appointed, the manager may enter into arrangements with respect to the management of the Institution, including such matters as may be specified in a notice of the kind referred to in the paragraph immediately above. Those arrangements must include payment of the manager's costs and remuneration and are subject to any conditions specified in such a notice or as the Central Bank may notify the manager in writing.

Where an Institution, in respect of which a manager has been appointed, has property or assets located for the purposes of the ACS Act outside Ireland and those assets or property are relevant to the manager's functions under the ACS Act, under the ACS Act, the manager may, with the prior written consent of the Central Bank, appoint agents with such powers of the manager and on such terms as the manager considers are required to enable the manager to carry out the manager's functions under the ACS Act and the claims of any such agent are deemed to be claims of the manager for the purposes of the ACS Act.

The ACS Act also contains provisions in relation to nominations by the NTMA to the Central Bank of prospective candidates for manager to an Institution, selection and appointment of the manager by the Central Bank and publication of that appointment.

In the event that such a person cannot be located, the NTMA will then attempt to find an appropriate body corporate to become the parent entity of the Institution concerned in place of the existing parent (if any).

The ACS Act provides that in the event that the NTMA cannot locate a suitable appointee as manager or replacement parent entity, the Central Bank is required to appoint the NTMA as manager to manage the asset covered securities business activities of the Institution concerned, or such of those activities as are specified by the Central Bank.

The ACS Act provides that the Central Bank may, while the NTMA is attempting to locate a suitably qualified person for appointment as manager or an appropriate body corporate to become the parent entity of the Institution concerned, appoint the NTMA as a temporary manager to manage the asset covered securities business activities of the Institution concerned, or such of those activities as are specified by the Central Bank.

The ACS Act provides that, on appointment, a manager becomes responsible for managing the asset covered securities business of the relevant Institution, or such of those activities as are specified in the manager's notice of appointment, and performing the functions, and exercising the powers, of the relevant Institution insofar as they relate to those activities.

The ACS Act provides that the manager is required to assume control of the assets of the Institution that relate to the Institution's asset covered securities business activities, or such of those assets that relate to the asset covered securities business activities specified in the manager's notice of appointment. The manager is required to carry on that business in such manner as appears to the manager to be in the commercial interest of the holders of Mortgage Covered Securities issued by the relevant Institution and of persons with whom the Institution has entered into cover assets hedge contracts, subject to and in accordance with any directions of the Central Bank.

The ACS Act provides that the provisions set out in schedule 1 to the ACS Act are applicable to a manager appointed in respect of an Institution. Schedule 1 includes provisions relating to the replacement of managers in certain circumstances, the vacation of the office of manager in certain circumstances and the fees and expenses payable to a manager.

Limitations on the civil liability of the Central Bank/the NTMA/any manager

The ACS Act provides that the Central Bank, members and employees of the Central Bank, and persons acting under the direction of the Central Bank are not liable in any civil proceedings for any act done, or omitted to be done, by the person for the purposes of, or in connection with, performing or exercising any function or power

imposed or conferred on the Central Bank by or under the ACS Act if the act was done, or was omitted, in good faith for the purposes of the ACS Act.

The NTMA and any manager, the chief executive of the NTMA, officers of a manager and employees of the NTMA or a manager, and persons acting under the direction of the NTMA or a manager are not liable in any civil proceedings for any act done, or omitted to be done, by the person for the purposes of, or in connection with, performing or exercising any function or power imposed or conferred on the NTMA or, as applicable, the manager by or under the ACS Act if the act was done, or was omitted, in good faith for the purposes of the ACS Act.

The powers of managers with respect to security trustees

The ACS Act makes provisions for the holding by a security trustee of security (other than under the ACS Act) over assets comprised in the Pool which are located outside of Ireland in order to augment the security provided for under the ACS Act (see *Insolvency of Institutions – Security interests on the Pool*). A manager may under the ACS Act enter into arrangements with the security trustee in connection with:

(a) their respective functions under the ACS Act and operations relating to Cover Assets which are also subject to such additional security arrangements; and

(b) their respective functions under the ACS Act and the enforcement or administration of Cover Assets which are also subject to such additional security arrangements.

TRANSFERS OF A BUSINESS OR ASSETS UNDER THE ACS ACT INVOLVING AN INSTITUTION

Transfer to be effected by means of a statutory scheme

The ACS Act contains a statutory mechanism for effecting a transfer of a business or assets from a credit institution which is not an Institution to a credit institution which is an Institution. The ACS Act also contains a statutory mechanism for effecting a transfer of a business or assets from an Institution to another credit institution (which may be another Institution). A transfer is effected by means of a scheme which must be approved by the appropriate relevant person. The ACS Act provides that the transferor credit institution and transferee credit institution are required to jointly submit to the relevant person (see - *Approval of the Minister or the Central Bank required*) for approval a scheme for the proposed transfer of the business or assets concerned. The scheme must contain such details as the relevant person may require with respect to that business or those assets and must specify the date or dates on which the transfer is to take place or how that date or those dates are to be ascertained.

Transfer may be subject to conditions

As a prerequisite to giving approval, the relevant person may impose on the parties to the proposed transfer such conditions relating to the scheme as that person thinks necessary for the purpose of:

(a) safeguarding the interests of the parties to the transfer and of persons who have financial obligations in respect of the business or assets concerned;

(b) ensuring an orderly transfer of that business or those assets; and

(c) providing for publication of the proposed transfer.

Transfer scheme to be approved by order

On being satisfied that a scheme submitted to the relevant person will achieve the purpose referred to in *Transfer may be subject to conditions* above and that the conditions (if any) imposed by that person in respect of the scheme have been or will be complied with, the relevant person:

(a) must, by order, approve a transfer of the business or assets concerned; and

(b) must publish a notice giving particulars of the transfer in one or more daily newspapers circulating in Ireland.

The relevant person may, by further order, vary an initial approval. If such an approval is varied, the relevant person must publish a notice giving particulars of the variation in one or more daily newspapers circulating in Ireland.

Effect of a transfer scheme

The ACS Act provides that a transfer of a business or assets under the ACS Act takes effect:

(a) subject to any conditions imposed on the approval of the transfer; and

(b) on the date or dates specified in the scheme.

On the transfer of a business or assets under the ACS Act:

(a) the transferee credit institution has the same rights (including priorities) and obligations in respect of that business or those assets from the date of the transfer as the transferor credit institution had immediately before the transfer took effect; and

(b) the transferor ceases to have those rights and obligations.

The ACS Act exempts a transfer of an asset under the ACS Act, whether specifically or as part of a transfer of a business, from any requirement to be registered under the Registration of Deeds Act 1707 (which has been repealed and replaced by the Registration of Deeds and Title Act 2006), the Bills of Sale (Ireland) Acts 1879 and 1883, the Companies Act, the Registration of Title Act 1964, and any other Act that provides for the registration of assets or details of them.

If legal proceedings are pending immediately before the time when a transfer under the ACS Act takes effect, those proceedings are to continue. At that time, the transferee credit institution:

(a) replaces the transferor credit institution as a party to the proceedings; and

(b) assumes the same rights and obligations in relation to those proceedings as the transferor credit institution had immediately before that time.

Approval of the Minister or the Central Bank required

For the purposes of the transfer mechanism under the ACS Act, the "**relevant person**" is the Minister, if the relevant credit institutions are not associated, or the Central Bank, if the relevant credit institutions are associated.

If the approval of the Minister is required for a transfer of a business or assets under the relevant provision of the ACS Act (i.e. because the relevant credit institutions are not associated), the Minister is required to consult the Central Bank before approving the transfer.

For the purposes of the relevant provision of the ACS Act, a transferor credit institution is "**associated**" with the transferee credit institution if:

(a) either of the institutions is the beneficial owner of not less than 90 per cent. of the issued share capital of the other institution (whether directly or indirectly through any other person or persons); or

(b) a body corporate (other than the transferor or transferee credit institution) is the beneficial owner of not less than 90 per cent. of the issued share capital of each of the institutions (whether directly or indirectly through any other person or persons).

Transfer of AIB Bank's Irish Residential Loan Book and Business to the Issuer

On 13 February 2006, AIB Bank transferred to the Issuer the Irish residential loans and related security held by its home mortgage department and the home mortgage business related to that department of AIB Bank. The aggregate principal amount outstanding of and accrued but unpaid interest on, the Irish residential loans transferred by AIB Bank to the Issuer on 13 February 2006 was approximately €13.6 billion. The transfer was effected pursuant to the statutory transfer mechanism provided for in the ACS Act described above. This statutory mechanism involved the putting in place of a scheme in accordance with the ACS Act between AIB Bank and the Issuer on 8 February 2006 which permits the transfer of Irish residential loans and related security and/or Irish residential loan business between AIB Bank and the Issuer. Transfers under that scheme were approved by order of the Central Bank on 8 February 2006 as required by the ACS Act. The scheme permits further transfers from AIB Bank to the Issuer or from the Issuer to AIB Bank.

On 25 February 2011, AIB Bank transferred substantially all of its mortgage intermediary originated Irish residential loans, related security and related business to the Issuer. The aggregate principal amount outstanding of, and accrued but unpaid interest on, the Irish residential loans transferred by AIB Bank to the Issuer on 25 February 2011 was approximately €4.2 billion. The transfer was effected pursuant to the above mentioned statutory transfer mechanism provided for in the ACS Act.

Case-law

As a result of the High Court decision in *AIB Mortgage Bank v Nadine Thompson* [2016] IEHC 864, a concern was raised whether the scheme under the ACS Act between the Issuer and AIB Bank effected an equitable as opposed to legal transfer of a housing loan. However, in a subsequent High Court judgment on that case, *AIB Mortgage Bank v Thompson (No.2)* [2018] IEHC 306, the High Court stated the first judgment was not a

precedent as to the legal effect of a statutory transfer made pursuant to section 58 of the ACS Act as no argument on that point was made to the High Court hearings for the first judgment.

REGISTRATION OF INSTITUTIONS/REVOCATION OF REGISTRATION

Registration of an eligible credit institution as an Institution

A person may not purport to issue Mortgage Covered Securities in accordance with the ACS Act unless the person is registered as an Institution in accordance with the ACS Act.

An eligible person may apply to the Central Bank to be registered as an Institution. A person is an eligible person for the purposes of the ACS Act only if it is a credit institution incorporated or formed in Ireland that holds an authorisation issued by the Central Bank authorising it to carry on business as a credit institution.

A "**credit institution**" is defined in the ACS Act to include the holder of a banking licence under section 9 of the Central Bank Act 1971 (now an ECB banking authorisation).

The ACS Act provides that the Central Bank may register an applicant as an Institution only if it is satisfied that the applicant:

(a) is or will be able to carry out, in a proper manner, the responsibilities that an Institution is required by the ACS Act to carry out; and

(b) complies with, or will be able to comply with, such requirements (if any) relating to an Institution as are prescribed by the regulations made and regulatory notices published by the Central Bank under the ACS Act.

The ACS Act provides that in granting an application, the Central Bank may impose conditions on the applicant with respect to the orderly and proper regulation of the applicant's business which it considers appropriate.

The ACS Act provides for the recording of the particulars of successful applicants for registration in the Register of Institutions as an Institution (see further below) and the issuance of certificates of registration to registered Institutions.

Registration authorises the Institution named in the certificate to carry on the business of an Institution. An Institution is required to comply with the conditions contained in its certificate of registration or in any document issued with the certificate. A registration of an Institution remains in force until it is revoked.

The Central Bank may from time to time vary a condition of an Institution's registration or impose on the Institution a new condition, but only after giving to the Institution concerned notice in writing of its intention to do so and after giving the Institution an opportunity to make written representations to the Central Bank in relation to the proposed variation or proposed new condition.

Register of Institutions maintained by the Central Bank

The Central Bank is required to establish and maintain the Register of Institutions. The Register of Institutions must contain the name and address of the principal place of business of each Institution and such other information as the Central Bank determines. The Issuer is registered in the Register of Institutions on the date of this Base Prospectus as an Institution.

Members of the public are entitled, without charge, to inspect the Register of Institutions during the ordinary business hours of the Central Bank. The Central Bank must, not less frequently than once every 12 months, publish a list of Institutions. If regulations made by the Central Bank so require, the list must contain such other particulars as are prescribed by such regulations. As at the date of this Base Prospectus, no such regulations have been made by the Central Bank.

Revocation of Registration

The ACS Act provides for the revocation by the Central Bank of the registration of an Institution at the request of the Institution, but only if the Central Bank is of the opinion that the Institution has fully satisfied all claims and liabilities that are secured in respect of the Institution as provided by Part 7 of the ACS Act (see *Insolvency*

of Institutions – Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution).

The Central Bank may, with the consent of the Minister, revoke the registration of an Institution in circumstances where the revocation is not requested by the Institution. These circumstances arise when the Central Bank is satisfied on reasonable grounds that:

(a) the Institution has not begun to carry on any business of a designated mortgage credit institution within 12 months after the date on which the registration was notified to the Institution;

(b) the Institution has not carried on any of that business within the immediately preceding 6 months;

(c) the registration was obtained by means of a false or misleading representation;

(d) the Institution has contravened or is contravening, or has failed or is failing to comply, with a provision of the ACS Act or a regulatory notice published by the Central Bank;

(e) the Institution has become subject to an insolvency process (for a description of the meaning of "**insolvency process**" for the purposes of the ACS Act, see *Insolvency of Institutions – Meaning of `insolvent', `potentially insolvent' and `insolvency process' for the purposes of the ACS Act*);

(f) the Institution no longer has sufficient 'own funds' (as referred to in CRD IV);

(g) the Cover Assets comprised in a Pool maintained by the Institution do not comply with any provision of Part 4 of the ACS Act (for a description of the provisions of the ACS Act governing the composition of a Pool, see *Cover Assets Pool*);

(h) the business of, or the corporate structure of, the Institution has been so organised to such an extent that the Institution can no longer be supervised to the satisfaction of the Central Bank;

(i) the Institution has come under the control of any other entity that is not supervised by the Central Bank to such an extent that the Institution can no longer be supervised to the satisfaction of the Central Bank;

(j) since the Institution was registered as a designated mortgage credit institution, the circumstances under which the registration was given have changed to the extent that an application for registration would be refused had it been made in the changed circumstances; or

(k) the Institution, or any of its officers, is convicted on indictment of:

  (i) an offence under the ACS Act or under any other enactment prescribed by regulations made by the Central Bank for the purpose of section 19 of the ACS Act (as at the date of this Base Prospectus, no such regulations have been made by the Central Bank); or

  (ii) an offence involving fraud, dishonesty or breach of trust.

In the case of an Institution whose registration has been revoked under the ACS Act, but which is not a company or building society, or, being a company or building society, is not being wound up, the Institution is required to continue to carry out the financial obligations of the Institution that are secured under Part 7 of the ACS Act (see *Insolvency of Institutions – Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution* below) until all those obligations have been fully discharged to the satisfaction of the Central Bank. In relation to such an Institution which is being wound up and the position of the liquidator under the ACS Act, see *Position of a Liquidator* below.

Direction of the Central Bank requiring an Institution to suspend its business

The ACS Act provides that if the Central Bank reasonably believes that there may be grounds for revoking the registration of an Institution under the ACS Act, it may, subject to Part 7 of the ACS Act (see *Insolvency of Institutions – Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to*

an Institution), give to the Institution a direction in writing prohibiting it from engaging in the following specified activities except with the permission of the Central Bank:

(a) dealing with the Institution's assets generally or dealing with any specified class of assets or any specified asset;

(b) engaging in transactions generally or engaging in any specified class of transactions or any specified transaction; or

(c) making payments generally or making any specified class of payments or any specified payment.

If such a direction is in effect:

(a) winding up or bankruptcy proceedings may be initiated in respect of the Institution concerned;

(b) a receiver over the assets of that Institution may be appointed; and

(c) the assets of that Institution may be attached, sequestered or otherwise distributed,

only if the prior approval of the High Court has been obtained.

The ACS Act also confers on the Central Bank a power in certain circumstances to give an Institution, whose registration has been revoked and which is not a company or a building society, or, being a company or a building society, is not being wound up, a direction to a similar effect as one described above.

A direction given by the Central Bank under the ACS Act must include a statement of the Central Bank's reason for giving the direction and its duration (not exceeding six months). The Central Bank may by notice in writing to the relevant Institution amend or revoke a direction and extend the duration of a direction by a further period not exceeding six months.

Position of a liquidator

In the case of an Institution whose registration is revoked under the ACS Act and that (being a company or a building society) is being wound up, the ACS Act provides that, except as otherwise provided by the ACS Act, the liquidator of the Institution has a duty to ensure that the Institution performs the obligations of an Institution under the ACS Act. The Central Bank may, by notice in writing given to the liquidator, substitute the liquidator's obligations referred to above with other obligations referred to above of a similar nature as specified in that notice.

TAXATION

General

The following summary of the anticipated tax treatment in Ireland in relation to the payments on the Securities is based on Irish taxation law and the practices of the Revenue Commissioners in force at the date of this Base Prospectus, each of which is subject to change, possibly with retrospective effect. It does not constitute tax or legal advice and it does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold, sell, redeem or dispose of the Securities. The summary relates only to the position of persons who are the absolute beneficial owners of the Securities and the interest payable on them (in this Taxation section referred to as "**Security Holders**"). Particular rules not discussed below may apply to certain classes of taxpayers holding Securities, such as dealers in securities, investment funds etc. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Securities and the receipt of interest or discount on the Securities under the laws of the jurisdictions in which they may be liable to taxation.

Withholding tax on Interest

In general, withholding tax at the standard rate of income tax (currently 20 per cent.) must be deducted from Irish source yearly interest payments made by an Irish company. However, no withholding for or on account of Irish income tax is required to be made from such interest in certain circumstances, including those set out below.

This withholding tax does not apply to interest payments made by a company in the ordinary course of an Irish banking business. The Revenue Commissioners have previously confirmed that interest payments made by an Institution on Mortgage Covered Securities issued by that Institution will be regarded as interest paid by such Institution in the ordinary course of its banking business in Ireland. In the case of the Issuer and the Securities, this exemption would cease to apply if the Issuer at any time ceased to be the holder of an ECB banking authorisation to be a DCI under the ACS Act, or to carry on business in Ireland.

Separately, section 64 of the Taxes Act provides for the payment of interest on a quoted Eurobond (as defined by that section) without the deduction of tax in certain circumstances.

Also, any requirement to operate Irish withholding tax on interest may be obviated or reduced pursuant to the terms of an applicable double taxation agreement.

Withholding tax on Discount

Discounts arising on the Securities will not be subject to the withholding tax on interest mentioned above.

Deposit Interest Retention Tax

A relevant deposit taker (as defined by section 256 of the Taxes Act) such as the Issuer is obliged to withhold tax currently at a rate of 33 per cent. from certain interest payments or other returns on a relevant deposit. The term 'deposit' is widely defined and would include a Security. There are a number of exceptions to the requirement to withhold this tax, of which the most relevant to the Securities are set out below:

(a) The interest or discount is paid on a debt on a security issued by a relevant deposit taker within the meaning of section 256 of the Taxes Act (which would include a Security) which is listed on a stock exchange (which includes the ISE).

(b) The interest or discount is paid on a Wholesale Debt Instrument (as defined in section 246A of the Taxes Act) and either:

  (i) the Wholesale Debt Instrument has a minimum denomination of €500,000, or US$500,000 or if denominated in a currency other than euro or US dollars, the equivalent of €500,000 at the date that programme was first publicised, and is held in Euroclear or Clearstream, Luxembourg or any other clearing system recognised from time to time by the Revenue Commissioners; or

(ii) (A) the person by whom the payment is made; or

(B) the person through whom the payment is made,

is Irish tax resident or the payment is made either by or through, a branch or agency in Ireland of a company that is not Irish tax resident;

and

(I) the person who is beneficially entitled to the interest is Irish tax resident and has provided their Irish tax reference number to the payer; or

(II) the person who is the beneficial owner of the Security and who is beneficially entitled to the interest thereon is not Irish tax resident and has made a declaration to that effect in the prescribed form.

(c) The person beneficially entitled to interest or discount on the Securities is not Irish tax resident and a declaration to that effect has been made to the Issuer by the payee of interest or discount in the form prescribed by the Revenue Commissioners for this purpose.

(d) The person beneficially entitled to interest or discount on the Securities is a company within the charge to corporation tax on such interest or a pension scheme and has in each case provided an Irish tax reference number to the Issuer.

Reporting Requirements

The Issuer, in respect of interest payments made by it to a person who is Irish tax resident, is required by the Revenue Commissioners, to provide the names, addresses and tax reference numbers of the persons to whom interest was paid or credited and the amount of interest paid or credited.

Encashment Tax

A paying agent outside Ireland is not obliged to deduct Irish encashment tax from interest on the Securities. A collecting agent in Ireland acting on behalf of the holder of the Securities that obtains payment of interest in respect of a Security that is quoted on a recognised stock exchange (the ISE is recognised for this purpose) may be required to withhold tax from that payment ("**Encashment Tax**"). Where the payment is made on or before 31 December 2020, Encashment Tax will apply at the standard rate of income tax (currently 20 per cent.). Where the payment is made on or after 1 January 2021, Encashment Tax will apply at a prescribed rate of 25 per cent. In each case this is unless it is proved, on a claim made in the required manner to the Revenue Commissioners, that the person owning the Securities and beneficially entitled to such interest is not Irish tax resident (for this purpose, it is necessary that such interest is not deemed under the provisions of Irish tax legislation to be income of another person that is Irish tax resident). In addition, from 1 January 2021, an exemption will apply where the payment is made to a company where that company is beneficially entitled to that income and is or will be within the charge to corporation tax in respect of that income. No encashment tax will apply where a bank's only role is the clearing of a cheque, or the arranging for the clearing of a cheque, by the bank.

Liability of Security Holders to Irish Income Tax

In general, persons who are tax resident and domiciled in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident or ordinarily resident in Ireland for tax purposes are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners to issue or raise an assessment.

Where a Security Holder is a company that is not Irish tax resident and the interest or discount, as the case may be, is not attributable to a branch or agency or other permanent establishment of that company in (in each case whereby Irish corporation tax would apply), then unless an exemption applies, Irish income tax applies to the interest or discount, as the case may be, at the standard rate of Irish income tax (currently 20 per cent.)

Where a Security Holder is a natural person, unless an exemption applies, Irish income tax applies to the interest or discount, as the case may be, at the person's marginal rate of Irish income tax (currently up to 40 per cent.) and PRSI and the universal social charge, if applicable.

Credit is available for any Irish tax withheld from income on account of the related income tax liability.

Notwithstanding that a Security Holder may receive interest payments or discount, as the case may be, on the Securities free of withholding tax, the Security Holder will technically be liable for Irish tax (and, if applicable, PRSI and universal social charge if an individual recipient) in respect of such interest payments or discount, as the case may be, unless an exemption applies. There is an exemption from Irish income tax on interest or discount, as the case may be, under section 198 of the Taxes Act that applies in certain circumstances.

These circumstances include:

(a) where the interest is paid on an asset covered security within the meaning of section 3 of the ACS Act (which includes the Securities) and the recipient is either:

  (i) a person who is regarded as being resident in an EU Member State (other than Ireland) under the law of that EU Member State, or is a resident of a territory with which Ireland has signed a double taxation agreement under the terms of that agreement; or

  (ii) a company which is not resident in Ireland and which is controlled, either directly or indirectly, by persons resident in an EU Member State (other than Ireland) under the law of that EU Member State, or resident in a territory with which Ireland has signed a double taxation agreement under the law of that territory, and who are not under the control, whether directly or indirectly, of a person who is, or persons who are not so resident; or

  (iii) a company the principal class of shares of which is substantially and regularly traded on a stock exchange in Ireland, on a recognised stock exchange in an EU Member State or in a territory with which Ireland has signed a double taxation agreement or on such other stock exchange as is approved by the Minister; or

(b) where discount arises on Securities to a person that is not Irish tax resident and is regarded as being resident in an EU Member State (other than Ireland) under the law of that EU Member State, or is a resident of a territory with which Ireland has signed a double taxation agreement under the terms of that agreement.

Security Holders receiving interest on the Securities that does not fall within the above exemptions may be liable to Irish income tax and, where applicable, PRSI and universal social charge on such interest.

Capital Gains Tax

Where the Securities are listed on a stock exchange (which would include the ISE) or do not derive the greater part of their value directly or indirectly from Irish land or certain Irish mineral rights or exploration rights, a Security Holder will not be subject to Irish tax on capital gains in respect of the Securities unless that Security Holder is either resident or ordinarily resident in Ireland for tax purposes or that Security Holder has an enterprise, or an interest in an enterprise, which carries on a trade in Ireland through a branch or agency, to which or to whom the Securities are or were attributable.

The rate of capital gains tax is currently 33 per cent.

Capital Acquisitions Tax

If the Securities are comprised in a gift or inheritance taken from a disponer that is resident or ordinarily resident in Ireland for tax purposes or, in the case of certain settlements, an Irish domiciled disponer, or if the recipient is resident or ordinarily resident in Ireland for tax purposes, or the Securities are regarded as property situate in Ireland, the recipient (or, in certain cases, the disponer) may be liable for Irish capital acquisitions tax.

Bearer Securities would be regarded as property situate in Ireland if the Securities are physically kept or located in Ireland with a depository or otherwise at the relevant time. Accordingly, if Bearer Securities are comprised in

a gift or inheritance, the recipient and the disponer may be liable to Irish capital acquisitions tax, even though the disponer may not be domiciled in Ireland, resident or ordinarily resident in Ireland for tax purposes, if the Bearer Securities are physically located in Ireland at the date of the gift or inheritance.

Registered Securities would be regarded as property situate in Ireland if the register of the Securities is maintained in Ireland. At the date of this Base Prospectus, the register of Registered Securities is maintained outside of Ireland. It is possible that the location of the register of Securities may change.

The rate of capital acquisitions tax is currently 33 per cent.

Stamp Duty

No Irish stamp duty is payable on the issue or transfer of the Securities.

Automatic Exchange of Information for Tax Purposes

DAC2 provides for the implementation among Member States (and certain third countries that have entered into information exchange agreements with the relevant EU member state or the EC) of the automatic exchange of information in respect of various categories of income and capital and broadly encompasses the CRS regime proposed by the OECD as a new global standard for the automatic exchange of information between tax authorities in participating jurisdictions.

Under the CRS, governments of participating jurisdictions are required to collect detailed information to be shared with other jurisdictions annually.

The CRS is implemented in Ireland by the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 of Ireland (S.I. 583 of 2015) made under section 891F of the Taxes Act.

DAC2 was transposed into Irish law under the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (S.I. No. 609 of 2015) made under section 891G of the Taxes Act.

Pursuant to the above referenced regulations, the Issuer will be required to obtain and report to the Revenue Commissioners of Ireland annually certain financial account and other information for all new and existing Security holders (other than Irish and US Security holders) in respect of their Securities. The returns must be submitted by 30 June annually. The information must include amongst other things, details of the name, address, Tax Identification Number, place of residence and, in the case of Security holders who are individuals, the date and place of birth, together with details relating to payments made to Security holders and their holdings. This information may be shared with tax authorities in other Member States (and with certain third countries subject to the terms of IEAs entered into with those third countries) and jurisdictions which implement the CRS.

FATCA

Pursuant to FATCA, non-US financial institutions that become subject to provisions of local law intended to implement IGA legislation entered into pursuant to FATCA may be required to identify "**financial accounts**" held by US persons or entities with substantial US ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. IGA legislation has been entered into between the US and Ireland and Irish domestic legislation, the Financial Accounts Reporting (United States of America) Regulations 2014, has been implemented to give effect to the Ireland-US IGA legislation. Failure by the Issuer to report certain information on its US account holders to the Revenue Commissioners could result in the Issuer becoming subject to FATCA withholdings on payments it receives. In certain limited circumstances, the Issuer could also be required to withhold 30 per cent. from all, or a portion, of certain payments.

The Securities are expected to be held in bearer or registered global form and held within the Clearing Systems. It is generally expected by market participants that FATCA should not affect the amount of any payments made under, or in respect of, debt securities issued by regulated banks (such as the Securities) by the Issuer, any Paying Agent and the Common Depositary/Common Safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the Clearing Systems will generally be a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement should be unlikely to negatively affect the FATCA treatment

of such debt securities. However, the Conditions expressly contemplate the possibility that the Securities may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding in limited circumstances. However, definitive Securities will only be issued in exchange for Securities held in global form in the event of an Exchange Event.

FATCA may also affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Securities are discharged once it has paid the Common Depositary or Common Safekeeper for the Clearing Systems (as registered holder or, as applicable, bearer of the Securities) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the Clearing Systems and custodians or intermediaries.

If an amount were to be deducted or withheld from interest, principal or other payments on the Securities as a result of FATCA, none of the Issuer, any Paying Agent or any other person would, pursuant to the Conditions of the Securities be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive less interest or principal than expected.

SUBSCRIPTION AND SALE, TRANSFER AND SELLING RESTRICTIONS AND SECONDARY MARKET ARRANGEMENTS

Subscription and Sale: Programme Agreement

The Dealers have, in an amended and restated programme agreement (the "**Programme Agreement**") dated 16 December 2020 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Securities. Any such agreement will extend to those matters stated under *Form of the Securities, Issue Procedures and Clearing Systems and Terms and Conditions of the Securities*. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Securities under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Issuer may pay the Dealers commission from time to time in connection with the sale of Securities. The Issuer has also agreed to reimburse the Dealers for certain of their expenses in connection with any future update of the Programme. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase Securities under the Programme Agreement in certain circumstances prior to payment to the Issuer.

The names and addresses of the initial Dealers are set out at the end of this Base Prospectus. The name and address of any additional Dealer appointed after the date of this Base Prospectus will be disclosed in the applicable Final Terms and notified to the ISE/Central Bank.

Transfer Restrictions

Each purchaser of Registered Securities (other than a person purchasing an interest in a Registered Global Security with a view to holding it in the form of an interest in the same Global Security) or person wishing to transfer an interest from one Registered Global Security to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

(i) that it is outside the US and is not a US person;

(ii) that the Securities are being offered and sold in a transaction not involving a public offering in the US within the meaning of the Securities Act, and that the Securities have not been and will not be registered under the Securities Act or any other applicable US State securities law and may not be offered or sold within the US or to, or for the account or benefit of, US persons except as set forth below;

(iii) that, unless it holds an interest in a Registered Global Security and either is a person located outside the US or is not a US person, if in future it decides to resell, pledge or otherwise transfer the Securities or any beneficial interests in the Securities, it will do so, prior to the date which is two years after the later of the last issue date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Securities, only (a) to the Issuer or any affiliate thereof; (b) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, in each case in accordance with all applicable US State securities laws;

(iv) it will, and will require each subsequent holder to, notify any purchaser of the Securities from it of the resale restriction referred to in paragraph (iii) above, as applicable;

(v) if it is outside the US and is not a US person, that if it should resell or otherwise transfer the Securities prior to the expiration of the distribution compliance period (defined as 40 days after the completion of the distribution of the Securities following the original issuance of the Securities, as certified by the Dealers in accordance with the Agency Agreement), it will do so only (a) outside the US in compliance with Rule 903 or 904 under the Securities Act or (b) in accordance with all applicable US States securities laws; and it acknowledges that the Registered Global Securities will bear a legend to the following effect unless otherwise agreed to by the Issuer.

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (the "**SECURITIES ACT**") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO U.S. PERSONS (AS THOSE TERMS ARE DEFINED IN

REGULATION S UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE."; and

(vi) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representation or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Securities as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Selling Restrictions

United States

The Securities have not been and will not be registered under the Securities Act, and may not be offered, sold or delivered, directly or indirectly, within the US or to, or for the account or benefit of, US persons except pursuant to an exemption from the registration requirements of the Securities Act. The Securities are initially being offered and sold only outside the US in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, the Securities in bearer form are subject to US tax law requirements and may not be offered, sold or delivered within the US or its possessions or to a US person, except in certain transactions permitted by US Treasury regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has agreed (and each further Dealer named in a Final Terms will be required to agree) that it will not offer, sell or deliver Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of which such Securities are part, as determined and certified to the Agent by such Dealer (in the case of a non-syndicated issue) or the relevant Lead Dealer (in the case of a syndicated issue) (the "**Distribution Compliance Period**") within the US or to, or for the account or benefit of, US persons, and it will have sent to each dealer to which it sells Securities during the Distribution Compliance Period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the US or to, or for the account or benefit of, US persons. Terms used in this paragraph have meanings given to them by Regulation S.

In addition, until 40 days after the completion of the distribution of all Securities of the Tranche of which such Securities are a part, an offer or sale of the Securities within the US by any dealer whether or not participating in the offering of such Tranche may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA and UK Retail Investors

Unless the Final Terms in respect of any Securities specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

If the Final Terms in respect of any Securities specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each, a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State except that it may make an offer of such Securities to the public in that Relevant State:

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

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

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Securities referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression "**an offer of Securities to the public**" in relation to any Securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities; and

- the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

UK

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

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 of the UK (the "**FSMA**")) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

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

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (the "**Financial Instruments and Exchange Law**") and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Law No. 228 of 1949), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and all other applicable laws, regulations and ministerial guidelines of Japan. As used in the paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or entity organised under the laws of Japan.

Republic of Italy

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, the Securities may not be offered, sold or delivered, nor may copies of this Base Prospectus or any other document relating to the Securities be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined in Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and the relevant implementing regulations of the Italian Securities Exchange Commission ("**CONSOB**"); or

(b) in other circumstances which are exempted from the rules on solicitation of investments pursuant to Article 1 of the Prospectus Regulation and Article 34, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999 ("**Regulation No. 11991**") and applicable Italian laws, each as amended from time to time.

Furthermore, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Securities or distribution of copies of this Base Prospectus or any other document relating to the Securities in the Republic of Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (the "**Italian Banking Act**");

(ii) in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(iii) in accordance with any other applicable laws and regulations including those imposed by CONSOB or other Italian authority.

Ireland

(1) Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold, underwritten or placed and will not offer, sell, underwrite or place any Securities or do anything in Ireland otherwise than in conformity with the provisions of:

(a) the Central Bank Acts 1942 to 2018 and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 (as amended);

(b) the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) and any codes or rules of conduct applicable thereunder, Regulation (EU) No 600/2014 and any delegated or implementing acts adopted thereunder and the provisions of the Investor Compensation Act 1998 (as amended);

(c) the Companies Act (as amended);

(d) the Prospectus Regulation, the Irish Prospectus Regulations and any rules and guidance issued by the Central Bank under section 1363 of the Companies Act (as amended);

(e) the Market Abuse Regulation (EU596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules and guidance issued under section 1370 of the Companies Act (as amended) by the Central Bank.

(2) in respect of any Securities that are not listed on any recognised stock exchange and that do not mature within two years:

(a) its action in any jurisdiction will comply with the then applicable laws and regulations of that jurisdiction;

(b) it will not knowingly offer to sell such Securities to an Irish resident, or to persons whose usual place of abode is Ireland, and it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Securities;

(c) it will not offer, sell or deliver any such Securities to any person in a denomination of less than €500,000 or its equivalent; and

(d) such Securities will be held in a recognised clearing system; and

(3) in respect of any Securities that are not listed on any recognised stock exchange and that mature within two years, it will not offer, sell or deliver any such Securities in Ireland or elsewhere to any person in a denomination of less than €500,000 if the relevant Securities are denominated in euro, US$500,000 if the relevant Securities are denominated in US dollars, or if the relevant Securities are denominated in a currency other than euro or US dollars, the equivalent of €500,000 at the date the Programme is first publicised and that such Securities will be held in a recognised clearing system.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been, and will not be, registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-Based Derivatives Contracts) Regulations 2018 of Singapore.

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

Switzerland

No Securities may be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit any Securities to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to any Securities constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to any Securities may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Securities or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer nor any of the Dealers has represented that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

None of the Dealers will be liable to the Issuer or any other parties as a result of any breach by any other Dealer of the restrictions set out in the Programme Agreement.

With regard to each Tranche, the Relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree as a term of the issue and purchase of the Securities as indicated in the applicable Final Terms.

Secondary Market Arrangements

The Issuer may enter agreements with Dealers or other persons in relation to a Tranche or Series of Securities whereby such Dealers may agree to provide liquidity in those Securities through bid and offer rate arrangements. The relevant Dealers or relevant persons in such agreements may agree to quote bid and offer prices for the relevant Securities at such rates and in such sizes as are specified in the relevant agreement and the provision of such quotes may be subject to other conditions as set out in the relevant agreement. Not all issues of Securities under the Programme will necessarily benefit from such agreements. A description of the main terms of any such agreements and the names and addresses of the relevant Dealers or other persons who are party to such will be disclosed in the applicable Final Terms for the relevant Securities.

GENERAL INFORMATION

1. The board of directors of the Issuer authorised the establishment of the Programme and the creation and issue of Securities on 28 February 2006. The update of the Programme and the issue of Securities within a period of 12 months from the date of this Base Prospectus have been duly authorised by resolutions of the board of directors of the Issuer on 11 December 2020.

2. For so long as Securities are capable of being issued under the Programme, copies of the following documents may be inspected physically at the registered office of the Issuer during business hours:

   (a) the Constitution (Memorandum and Articles of Association) of the Issuer;

   (b) the audited financial statements of the Issuer for the financial year ended 31 December 2018 and the auditor's report dated 22 March 2019 by Deloitte Ireland LLP thereon;

   (c) the audited financial statements of the Issuer for the financial year ended 31 December 2019 and the auditor's report dated 26 March 2020 by Deloitte Ireland LLP thereon; and

   (d) terms and conditions of the Securities as contained in the base prospectuses dated 14 September 2009, 20 December 2013, 18 December 2014, 17 July 2015, 8 July 2016, 6 July 2017, 25 October 2018 and 19 December 2019 as incorporated by reference in this Base Prospectus in respect of the Programme.

   Copies of those documents including any final terms issued in connection with this Base Prospectus will also be available on the website of the Issuer at https://aib.ie/investorrelations/debt-investor/mortgage-bank.

3. Save as disclosed in Risk Factor 27 with respect to the Tracker Mortgage Examination related issues and decisions, there are no governmental, legal or arbitration proceedings which may have or have had a significant effect on the Issuer's financial position or profitability have been held against the Issuer in the 12 months preceding the date of this Base Prospectus and the Issuer is not aware of any such proceedings which are pending or threatened.

4. Agency Agreement/Deed of Covenant

   The following provides a brief description of the contents of each of the Agency Agreement and the Deed of Covenant. A description of the contents of the Programme Agreement is set out in the first paragraph under *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements* above. A description of the hedging contractual arrangements entered into by the Issuer are set out at *Cover Assets Pool – Cover assets hedge contracts above.*

   (a) Agency Agreement

   In the Agency Agreement the Issuer has agreed the terms of the appointment of the principal paying agent, registrar and the other agents specified therein. In particular, the Agency Agreement sets out terms governing the issue of Securities, the duties of the agents, provisions relating to the payment of the agents' commissions and expenses, an indemnity from the Issuer in favour of the agents and provisions governing changes to the identity of the agents. The Agency Agreement also contains in a number of schedules, the forms of the Securities and the form of the Deed of Covenant.

   (b) Deed of Covenant

   Under the Deed of Covenant the Issuer has agreed, subject to the terms thereof, to grant certain direct contractual rights to Relevant Account Holders (as defined in the Deed of Covenant) in respect of Securities that are issued initially in global form and where a Global Security becomes void in accordance with its terms provides for such contractual rights to arise.

5. Save as disclosed in the Risk Factors impacted by the COVID-19 pandemic[30], there has been no significant change in the financial or trading position and no material adverse change in the prospects of the Issuer since 31 December 2019, the date of the Issuer's last published audited financial statements.

6. The Bearer Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche of Bearer Securities allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Securities are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

7. No website referred to in this Base Prospectus forms part of this Base Prospectus, other than those website links at which the documents incorporated by reference in this Base Prospectus are stated to be available.

8. Deloitte Ireland LLP were appointed on 20 June 2013 as auditors of the Issuer. Deloitte Ireland LLP are a member of the Institute of Chartered Accountants in Ireland.

9. Where information in this Base Prospectus is identified as having been sourced by the Issuer from a third party or otherwise attributed to a third party such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the information reproduced in this Base Prospectus inaccurate or misleading.

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

11. Credit ratings included or referred to in this Base Prospectus have been or, as applicable, may be, issued by Moody's and/or S&P each of which is established in the EU and is registered under the CRA Regulation. Securities issued under the Programme may be rated by Moody's, S&P and/or such other rating agency or agencies as may be appointed by the Issuer to rate the Securities, such ratings together with the relevant status of the relevant rating agency/agencies as may be appointed by the Issuer to rate the Securities, such rating(s) together with the relevant status of the relevant rating agency/agencies under the CRA Regulation, to be disclosed in the applicable Final Terms for the relevant Securities.

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[30] Risk Factor 1 – "*The Issuer's and 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 Issuer's and the Group's core markets*";

Risk Factor 6 - "*The Issuer and 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 7 – "*The Issuer and the Group have a material level of non-performing exposures and criticised loans on their statements of financial position and despite significant reductions there can be no assurance that it will continue to be successful in reducing the level of these loans. Higher levels of non-performing exposures and criticised loans gives rise to risks of protracted resolutions, re-defaults and diversion of management attention, which could negatively impact the Issuer's business, results of operations, financial condition or prospects"*;

Risk Factor 12 – "*Constraints on the Group's access to funding and liquidity, including a loss of confidence by depositors or curtailed access to wholesale funding markets, may impair the Issuer's ability to issue covered bonds and result in the Group being required to seek alternative sources of funding markets and/or may result in the Group not being able to meets its obligations as they fall due without incurring unacceptable costs and being required to seek alternative sources of funding*";

Risk Factor 14 - "*The Issuer and the Group faces risks associated with the level of, and changes in, interest rates, as well as certain other market risks*";

Risk Factor 18 – "*The Issuer and 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 Issuer's business, results of operations, financial condition or prospects"*; and

Risk Factor 19 - "*The Issuer and the Group face operational risks – including change, continuity management, property protection and insurance risks, which could negatively impact the Issuer's business, results of operations, financial condition or prospects*".

12. The Issuer LEI is 549300CGO72ED3XVUZ04.

DEFINITIONS AND INTERPRETATION

In this Base Prospectus, unless the context otherwise requires:

A reference to (i) any enactment, statute, act, statutory instrument, regulation, order, decree, regulatory notice, code of conduct, directions or other legislative measure under the laws of Ireland or the laws of any other jurisdiction, (ii) an EU directive, EU regulation or any other legislative measure made under EU law or applying in respect of the EEA, (iii) any treaty, international agreement or other international legal act whether between Member States of the EU; the EEA or otherwise, or (iv) a provision of any of the foregoing measures referred to at or contemplated by (i) to (iii) above (in this paragraph, a (''**Legal Measure''**) is to that Legal Measure as extended, amended or replaced as of the date of this Base Prospectus or to any other date indicated and includes any other Legal Measure that is to be read as one therewith

references to "**€**" or "**euro**" are to the common currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, to "**£**" or "**GBP**" or "**Sterling**" are to pounds sterling, the lawful currency of the UK, to "**$**", or "**US dollars**" are to United States dollars, the lawful currency of the United States of America;

"**€STR**" means the euro short- term rate published by the ECB;

"**2004 Regulations**" means the European Communities (Reorganisation and Winding-up of Credit Institutions) Regulations 2004;

"**2007 Irish Residential Loan/Property Valuation Notice**" means the Asset Covered Securities Act 2001 Regulatory Notice ((Sections 41(1) and Section 41A(7)) 2007;

"2009 Preference Shares" means non-cumulative redeemable preference shares that AIB Bank issued to the State in 2009;

"**2011 Regulations**" means the European Communities (Reorganisation and Winding-Up of Credit Institutions) Regulations 2011;

"**30/360**" has the meaning given to it under Condition 4(a) (v) (*Interest – Interest on Fixed Rate Securities*) Condition 4(b)(v) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**30E/360**" has the meaning given to it under Condition 4(a)(vi) (*Interest – Interest on Fixed Rate Securities)* and Condition 4(b)(vi) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the* Securities of this Base Prospectus;

"**30E/360 (ISDA**)" has the meaning given to it under Condition 4(a)(vii) (*Interest – Interest on Fixed Rate Securities*) and Condition 4(b)(vii) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**360/360**" has the meaning given to it under Condition 4(a)(v) (*Interest – Interest on Fixed Rate Securities*) and Condition 4(b)(v) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Accrual Period**" has the meaning given to it under Condition 4(a)(i)(A) (*Interest – Interest on Fixed Rate Securities*) and Condition 4(b)(iv)(i)(A) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**ACS**" means the asset covered securities;

"**ACS Act**" means the Asset Covered Securities Act 2001;

"**Actual/360**" has the meaning given to it under Condition 4(a)(iv) (*Interest – Interest on Fixed Rate Securities*) and Condition 4(b)(iv) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Actual/365 (Fixed)**" has the meaning given to it under Condition 4(a)(iii) (*Interest – Interest on Fixed Rate Securities*) and Condition 4(b)(ii) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Actual/Actual**" has the meaning given to it under Condition 4(a)(ii) (*Interest – Interest on Fixed Rate Securities*) and Condition 4(b)(ii) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Actual/Actual (ICMA)**" has the meaning given to it under Condition 4(a)(i) (*Interest – Interest on Fixed Rate Securities*) and Condition 4(b)(iv) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Additional Financial Centre**" means the city or cities specified as such in the applicable Final Terms for a particular Tranche of Securities;

"**Adjustment Spread**" has the meaning given to it under Condition 4(b)(ii)(B) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities – Benchmark Discontinuation* of this Base Prospectus;

"Agency Agreement" means the amended and restated agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time) dated 19 December 2019 and made between the Issuer and the Bank of New York Mellon, London Branch as Principal Paying Agent and Transfer Agent and the Bank of New York Mellon SA/NV, Luxembourg Branch as Registrar;

"**Agents"** has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**AIB Bank**" means Allied Irish Banks, p.l.c.;

"AIB Bank IPO" means the offer and sale of 678,595,310 AIB Bank shares by the Minister to institutional and retail investors at the price at which AIB Bank shares were offered and sold under the AIB initial public offering, being €4.40) (which offer and sale increased to 780,384,606 AIB Bank shares on exercise of an over-allotment option), together with the AIB Bank admission to the Official Lists and to trading on the main markets for listed securities of the ISE and the London Stock Exchange;

"**AIB Board"** means the board of directors of AIB Bank and/or AIB Group plc, as the context so requires;

"**AIB Group ALCo**" means the AIB Group asset and liability committee;

"**AIB Group plc**" or "**AIB**" means a company incorporated and registered in Ireland with registered number 594283, whose registered office is at 10 Molesworth Street, Dublin 2, Ireland;

"**AIB Relationship Framework**" means the relationship framework specified by the Minister on 11 December 2017 in relation to AIB Group plc, AIB Bank and the Group, amending and restating the relationship framework specified by the Minister in relation to the AIB Bank and the Group on 12 June 2017 with effect from a scheme of arrangement in relation to AIB Group plc and AIB Bank taking effect;

"**AIB UK**" means AIB Group (UK) p.l.c.;

"**Alternative Rate**" has the meaning given to it under Condition 4(b)(ii)(B) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities – Benchmark Discontinuation* of this Base Prospectus;

"**American Depositary Sh**ares" means equity shares of a non-US company that are held by a US depositary bank and are available for purchase by US investors;

"**AML**" means anti-money laundering;

"AML Acts " means the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 and 2013 and the Criminal Justice (Money Laundering and Terrorist Financing (Amendment) Act 2018;

"AML/CFT" means anti-money laundering/counter-terrorist financing;

"AAMLD3" means Directive 2005/60 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing;

"AAMLD4" means Directive 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing;

"A**MLD5**" means the proposed directive to amend the current text of AMLD4, commonly referred to as the Fifth EU AML Directive.

"A**MLD6**" means Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law;

"**an offer of Securities to the public**" has the meaning given to it under the section entitled *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements – Selling Restrictions* of this Base Prospectus;

"**applicable Final Terms**" means the Final Terms (or the relevant provisions thereof) attached to or endorsed on a Security;

"**asset covered securities business activities**" in relation to the ACS Act has the meaning given to it under the section entitled *Supervision and Regulation of Institutions/Managers - Power of the Central Bank to appoint the NTMA or a recommended person as manager of an Institution* of this Base Prospectus;

"**associated**" in the context of the section entitled *Transfers of a Business or Assets under the ACS Act involving an Institution* has the meaning given to it under the sub-section entitled *Approval of the Minister or the Central Bank required* of this Base Prospectus;

"**ASU**" means an Arrears Support Unit for the purposes of the CCMA and the MARP;

"**ATADs**" mean the EU Anti-Tax Avoidance Directives;

"**authorised credit institution**" has the meaning given to it under the section entitled *Insolvency Institutions - European and Irish Insolvency Law relevant to Institutions* of this Base Prospectus;

"**Bankruptcy Act**" means the Bankruptcy Act 1988;

"**Barclays Bank PLC**" means Barclays Bank PLC, a credit institution whose registered office is at One Churchill Place, Canary Wharf, London, E14 5HP, UK and which for the purposes of this Base Prospectus is acting out of its office at 5 North Colonnade, Canary Wharf, London E14 4BB;

"**Barclays Bank Ireland PLC**" means Barclays Bank Ireland PLC, a credit institution whose registered office is at One Molesworth Street, Dublin 2, DO2 RF29 and which for the purposes of this Base Prospectus is acting out of its office at One Molesworth Street, Dublin 2, DO2 RF29;

"**Base Prospectus**." means this document (including information incorporated by reference in this document) which is a base prospectus for the purposes of the Prospectus Regulation and relevant Irish laws, including the Prospectus Regulation, for giving information with regard to the issue of Securities of the Issuer under the Programme during the period of twelve months after the date of this document;

"**Bearer Securities**" means the Securities in bearer form;

"**Benchmark Amendments**" has the meaning given to it under Condition 4(b)(ii)(B) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities – Benchmark Discontinuation* of this Base Prospectus;

"**Benchmark Event**" has the meaning given to it under Condition 4(b)(ii)(B) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities – Benchmark Discontinuation* of this Base Prospectus;

"**Benchmark Regulation**" means regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014;

"**BEPS**" means the project of the OECD known as Base Erosion and Profits Shifting;

"**Bond Basis**" has the meaning given to it under Condition 4(a)(v) (*Interest – Interest on Fixed Rate Securities*) and Condition 4(b)(v) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"BPFI" means the Banking and Payments Federation of Ireland;

"**bps**" means basis points (one basis point being one hundredth of one percent);

"**Brexit**" means the referendum on the UK's membership of the EU held on 23 June 2016 where a majority voted in favour of the UK's exit from the EU following withdrawal from the EU;

"**BRRD**" means the Banking Recovery and Resolution Directive (Directive 2014/59/EU), as amended;

"**BTL**" means buy-to-let properties;

"**Business Day**" has the meaning given to it under Condition 4(b)(i) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Business Register**" means the register of mortgage covered securities business maintained by the Institution;

"**category A**" has the meaning given to it under the section entitled *Cover Assets Pool - Location of assets that may be included in a Pool* of this Base Prospectus;

"**category B**" has the meaning given to it under the section entitled *Cover Assets Pool - Location of assets that may be included in a Pool* of this Base Prospectus;

"**CCA**" means the Consumer Credit Act 1995;

"**CCB**" means a capital conservation buffer for the purposes of the CRR;

"**CCMA**" means the Code of Conduct on Mortgage Arrears (2013) and its addendums, issued by the Central Bank;

"**CCPC**" means the Competition and Consumer Protection Commission of Ireland;

"**CCR**" means the Central Credit Register established under the Credit Reporting Act 2013 and regulated and operated by the Central Bank;

"**CCR Regulations**" means the regulations published by the Central Bank governing the operation of the CCR;

"**CCyb**" means a countercyclical capital buffer for the purposes of the CRR;

"CDD" means customer due diligence;

"**Central Bank**" means:

(a) subject to (b) below, the Central Bank of Ireland;

(b) the ECB, but only to the extent that the reference is in respect of functions conferred on the ECB by the SSM Regulation, Regulation 468/2014 of the European Central Bank establishing the framework for cooperation within the SSM between the European Central Bank and national competent authorities and with national designated authorities and the European Union (Single Supervisory Mechanism) Regulations 2014;

"**Central Bank Act 2013**" means the Central Bank (Supervision and Enforcement) Act 2013;

"**Central Bank of Ireland**" or "**CBI**" includes, where appropriate, and in the context of the Conditions, a reference to the former Central Bank and Financial Services Authority of Ireland and its constituent part, the Irish Financial Services Regulatory Authority, in respect of functions or actions carried out prior to the commencement of relevant parts of the Central Bank Reform Act 2010;

"**CET1**" means common equity tier 1 for the purposes of the CRR;

"**CFI**" means the classification of financial instruments code;

"**CFT**" means countering the financing of terrorism;

"**CIB**" means Corporate Institutional and Business Banking;

"**CIFS Scheme**" means the credit institutions financial support scheme introduced by the Government on 30 September 2008 pursuant to the Credit Institutions (Financial Support) Scheme 2008 (S.I. No. 411 of 2008), which expired on 29 September 2010;

"**Circuit Court**" means the Circuit Court of Ireland as established and for the time being maintained by the laws of Ireland;

"**CIWUD Directive**" means Directive 2001/24/EC of the European Parliament and the Council of 4 April, 2001 on the reorganisation and winding up of credit institutions which is implemented in Ireland by the 2011 Regulations;

"**Clearing Systems**" means Euroclear and Clearstream, Luxembourg;

"**Clearstream, Luxembourg**" means Clearstream Banking, S.A. and whenever the context so permits includes a reference to any additional or alternative clearing system specified in the applicable Final Terms;

"**CMBS**" means commercial mortgage backed securities;

"**Collateral Register**" in relation to the ACS Act, means the register of pool hedge collateral under the ACS Act;

"**collateral security**" in relation to the ACS Act, has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution - Permitted Business Activities – (a) providing mortgage credit and dealing in and holding mortgage credit assets and providing group mortgage trust services* of this Base Prospectus;

"**commercial property**" in relation to the ACS Act, has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution - Permitted Business Activities – (a) providing mortgage credit and dealing in and holding mortgage credit assets and providing group mortgage trust services* of this Base Prospectus;

"**Common Depositary**" means a common depositary for Euroclear and Clearstream, Luxembourg;

"**Common Safekeeper**" means a common safekeeper for Euroclear and Clearstream, Luxembourg;

"**Companies Act**" means the Companies Act 2014 and every enactment that is to be read or construed as one with that Act;

"**Condition**" has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Conditions**" has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**CONSOB**" has the meaning given to it under the section entitled *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements – Selling Restrictions* of this Base Prospectus;

"Consumer Credit Regulations" means the European Communities (Consumer Credit Agreements) Regulations 2010, which gave effect to the Consumer Credit Directive in Irish law;

"**Consumer Protection Acts**" means the Consumer Protection Act 2007 (as amended) and the Competition and Consumer Protection Act 2014 (as amended) (together, the "**Consumer Protection Acts**");

"**contained in this Base Prospectus**" means information as set out or incorporated by reference in this Base Prospectus or any supplement thereto;

"**Contractual Overcollateralisation**" has the meaning given to it under the section entitled *Cover Assets Pool - The Pool maintained by the Issuer - Overcollateralisation* of this Base Prospectus;

"**Couponholders**" has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Coupons**" has the meaning given to it under the *Terms and Conditions of the Securities* of this Base Prospectus;

"**Cover Assets**" in relation to the ACS Act and an Institution, means the permitted assets comprised in a Pool which secure Mortgage Covered Securities issued by that Institution and certain claims of its other preferred creditors, in accordance with the ACS Act;

"**Cover-Assets Monitor Agreement**" means the agreement entered into between Mazars and the Issuer dated 10 February 2006 (as amended and restated on 10 October 2007) (as further amended) setting out the terms on which Mazers has been appointed and acts as Monitor in respect of the Issuer;

"**Covered Bonds Directive**" means Directive (EU) 2019/2162 of the European Parliament and the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU;

"**Covered Bonds Regulation**" means Regulation (EU) 2019/2160 of the European Parliament and of the Council of 27 November 2019 amending CRR as regards exposures in the form of covered bonds;

"**COVID-19**" means an infectious disease caused by a newly discovered coronavirus in 2019;

"**CPC**" means the Consumer Protection Code 2012 which was published by the Central Bank and became effective from 1 January 2012;

"**CRA Regulation**" means Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies;

"**CRD**" means CRD IV and CRD V together;

"**CRD IV**" means the CRR and the Capital Requirements Directive (2013/36/EU) (as amended by CRD V) together;

"**CRD V**" means the Capital Requirements Directive V (Directive (EU) 2019/878;

"**credit institution**" has the meaning given to it under the section entitled R*egistration Of Institutions/Revocation Of Registration - Registration of an eligible credit institution as an Institution* of this Base Prospectus;

"**Credit Reporting Act**" means the Credit Reporting Act 2013;

"**credit transaction**" has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution - Permitted business activities – (d) dealing in and holding credit transaction assets* of this Base Prospectus;

"**credit transaction asset**" has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution - Permitted business activities – (d) dealing in and holding credit transaction assets* of this Base Prospectus;

"**CRR**" means the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, as amended;

"**CRR II**" means Capital Requirements Regulation II (Regulation (EU) 2019/876);

"**CRS**" means the regime known as the Common Reporting Standard proposed by the OECD as a new global standard for the automatic exchange of information between tax authorities in participating jurisdictions and is provided for in Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU);

"**CSO**" means the Central Statistics Office;

"**CTA Eligible Financial Institutions Regulations**" means the Asset Covered Securities Act 2001 (Section 27(4)) Regulations 2007 (S.I. No. 601 of 2007) made by the Central Bank which came into operation on 31 August 2007;

"**DAC**" means designated activity company;

"**DAC2**" means the automatic exchange of information regime under EU Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by EU Council Directive 2014/107/EU);

"**Day Count Fraction**" has the meanings given to it under Condition 4(a) (*Interest – Interest on Fixed Rate Securities*) and Condition 4(b) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**DCI**" in relation to the ACS Act means a credit institution registered as a designated credit institution under the ACS Act;

"**Dealer**" means a dealer specified under *Overview of the Programme* and any additional Dealer appointed under the Programme from time to time by the Issuer which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Securities being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Securities;

"**Dealers**" means more than one Dealer;

"**Deed of Covenant**" has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"Defaults under residential loans" the following accounts are considered as defaulted or non-performing;

- where the Group considers a credit obligor to be unlikely to pay his/her credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount.

- the credit obligor is 90 days or more past due on any material credit obligation (date count starts where any amount of principal, interest or fee has not been paid by a credit obligor at the date it was due).

- loans that have, as a result of financial distress (as defined within the Group's definition of default policy), received a concession from the Group on terms or conditions, and will remain in the non-performing probationary period for a minimum of 12 months before moving to a performing classification.

"**Designated Account**" has the meaning given to it under Condition 5(d) *(Payments - Payments in respect of Registered Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Designated Bank**" has the meaning given to it under Condition 5(d) *(Payments - Payments in respect of Registered Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**designated mortgage credit institutions**" has the meaning given to it under the section *Overview of the Programme* of this Base Prospectus;

"**Determination Dates**" means, in respect of a Tranche of Fixed Rate Securities, each date specified in the applicable Final Terms or, if none is so specified, each Interest Payment Date;

"**Determination Period**" has the meaning given to it under Condition 4(a) (*Interest – Interest on Fixed Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Distribution Compliance Period**" has the meaning given to it under the section entitled *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements – Selling Restrictions* of this Base Prospectus;

"**distributor**" means any person subsequently offering, selling or recommending the Securities;

"**("DM Regulations**" means the European Communities (Distance Marketing of Consumer Financial Services) Regulations 2004 (S.I. No. 853 of 2004), which implements in Ireland the Distance Marketing of Financial Services Directive (Directive 2002/65/EC of 23 September 2002);

"**DRN**" means a debt relief notice under the Personal Insolvency Act;

"**DSA**" means a debt settlement arrangement under the Personal Insolvency Act;

"**duration**" has the meaning given to it under the section entitled *Cover Assets Pool - Financial matching criteria for a Pool and related Mortgage Covered Securities/Regulatory Overcollateralisation - Meaning of "**duration**" of a Pool or Mortgage Covered Securities* of this Base Prospectus;

"**Duration Regulatory Notice**" means the Asset Covered Securities Act 2001 Regulatory Notice (Sections 32(10) and 47(10)) 2007 dated 31 August 2007 and made by the Central Bank;

"**EBA**" means the European Banking Authority;

"EBS" means EBS d.a.c. (formerly EBS Limited and prior to that EBS Building Society), a company incorporated under the laws of Ireland (registered number 500748) and a wholly-owned subsidiary of AIB Bank;

"**EC**" means the Commission of the EU (provided for under the provision of Title III of the Treaty on European Union), which operates as the executive body of the EU;

"**ECAI**" means an external credit assessment institution for the purposes of CRD IV;

"**ECB**" means the European Central Bank;

"**ECB banking authorisation**" means:

(a) in the case of a licence granted by the Central Bank under section 9 of the Central Bank Act 1971 prior to 4 November 2014 (including that issued to and held by the Issuer or AIB Bank), such a licence which is deemed in accordance with the SSM Regulation to be an authorisation granted by the ECB under the SSM Regulation; or

(b) in any other case, an authorisation granted by the ECB under the SSM Regulation on the application therefor under section 9 of the Central Bank Act 1971;

"**ECB Guideline**" means Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60), as amended;

"**EEA**" means the European Economic Area;

"**EFI**" in relation to the ACS Act means an eligible financial institution for the purposes of the ACS Act;

"**ELG Scheme**" means the Eligible Liabilities Guarantee Scheme established under the Credit Institutions (Financial Support) Act 2008 and by the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009, which expired for new liabilities on 28 March 2013;

"**Eligible Green Mortgage Portfolio**" has the meaning given to it in the section entitled *Green Bond Framework Overview* of this Base Prospectus;

"**EMMI**" means the European Money Markets Institute;

"**Employment Detail Summary**" means summary provided by the Revenue Commissioners which contains an employee's pay and statutory deductions for the year as reported by their employer or pension provider;

"**Enterprise Securities Market**" means the Enterprise Securities Market of the ISE;

"**EONIA**" means Euro overnight index average, the daily reference rate that expresses the weighted average of unsecured overnight interbank lending in the EU and the European Free Trade Association as calculated by the ECB;

"**ePrivacy Regulations"** means the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011;

"**ESG Bond Working Group**" has the meaning given to it in the section entitled *Green Bond Framework Overview* of this Base Prospectus;

"**ESMA**" means the European Securities and Markets Authority;

"**EU**" means the European Union;

"**EU Prospectus Regulations**" means Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 and Commission Delegated Regulation (EU) 2019/979 of 14 March 2019;

"**EU Sustainable Finance Taxonomy**" means the framework established by the Sustainable Finance Taxonomy Regulation to facilitate sustainable investment;

"**EURIBOR**" has the meaning given to it under Condition 4(b)(ii)(A)(3) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Eurobond Basis**" has the meaning given to it under Condition 4(a)(vi) (*Interest – Interest on Fixed Rate Securities*) and Condition 4(b)(vi) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Euroclear**" means Euroclear Bank SA/NV and whenever the context so permits includes a reference to any additional or alternative clearing system specified in the applicable Final Terms;

"**Eurosystem**" means the central banking system of the Eurozone comprising the ECB and the national central banks of the Eurozone Member States;

"**Eurozone**" means the Member States of the EU which have adopted the euro as their common currency;

"**ESRI**" means the Economic & Social Research Institute;

"**Exchange Date**" means on or after the date which is 40 days after a Temporary Bearer Global Security is issued;

"**Exchange Event**" has the meaning given to it under Condition 1 (*Form, Denomination and Title*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**FATCA**" means the Foreign Account Tax Compliance Act of the US;

"**FCA**" means Financial Conduct Authority of the UK;

"**Final Terms**" has the meaning given to it under the section entitled *Final Terms for Securities* of this Base Prospectus;

"**Final Terms for Securities**" means a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Securities;

"**financial asset**" in relation to the ACS Act, has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution* of this Base Prospectus;

"**Financial Instruments and Exchange Law**" has the meaning given to it under the section entitled *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements – Selling Instructions* of this Base Prospectus;

"**Financial Services Act**" has the meaning given to it under the section entitled *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements – Selling Restrictions* of this Base Prospectus;

"**Following Business Day Convention**" has the meaning given to it under Condition 4(b)(i)(2) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**FTB**" means First Trust Bank, the trading name of AIB Group (UK) p.l.c., in Northern Ireland, where it operates under that trading name;

"**Fitch**" means Fitch Ratings Limited;

"**Fixed Interest Period**" has the meaning given to it under Condition 4(a) (*Interest – Interest on Fixed Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Fixed Rate Securities**" means Securities on which interest is calculated at a fixed rate payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

"**Fixed Rate Security**" means a Security on which interest is calculated at a fixed rate payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

"Floating Rate Securities" means Securities on which interest is calculated at a floating rate, payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

"**Floating Rate Security**" means a Security on which interest is calculated at a floating rate, payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

"FSG" means the Financial Solutions Group;

"**FISN**" means the financial instrument short name code;

"**FSMA**" has the meaning given to it under the section entitled *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements – Selling Restrictions* of this Base Prospectus;

"**FSO**" means the Financial Services Ombudsman;

"**FSPO**" means the Financial Services and the Pensions Ombudsman;

"GDPR" means Regulation 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (as amended);

"**Global Security**" means a either a Temporary Bearer Global Security, a Permanent Bearer Global Security, or a Registered Global Security;

"Government" means the government of Ireland;

"**Green Bonds**" means bonds which are issued by a member of the Group in accordance with the Green Bond Framework;

"**Green Bond Framework**" has the meaning given to it in the section entitled *Green Bond Framework Overview* of this Base Prospectus;

"**Green Securities**" means Securities which are issued by the Issuer in accordance with the Green Bond Framework and as specified in the applicable Final Terms;

"**Group**" means the Group which comprises of AIB Bank, and its subsidiaries up to 8 December 2017 and from 8 December 2017 onwards, comprises AIB Group plc and its subsidiaries (including AIB Bank);

"**group entity assets**" in relation to the ACS Act, has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution - Permitted business activities – (a) providing mortgage credit and dealing in and holding mortgage credit assets and providing group mortgage trust services* of this Base Prospectus;

"**Haven**" means Haven Mortgages Limited;

"**Hedging Contracts**" in relation to the ACS Act, has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution - Permitted business activities – (f) entering into certain hedging contracts for the purpose of hedging risks associated with the foregoing activities/dealing in and holding Pool Hedge Collateral* of this Base Prospectus;

"**High Court**" means the High Court of Ireland;

"**holders of the Securities**" has the meaning given to it under the *Terms and Conditions of the Securities* of this Base Prospectus and "**holder of the Securities**" is to be construed accordingly;

"**home Member State**" means the Member State in which the entity has been authorised as a credit institution;

"**IASB**" means International Accounting Standards Board;

"**ICMA**" means International Capital Markets Association;

"**ICMA Green Bond Principles**" has the meaning given to it in the section entitled *Green Bond Framework Overview* of this Base Prospectus;

"**ICSDs**" means the international central securities depositaries, which are, for the purposes of this Base Prospectus, Euroclear Bank SA/NV and Clearstream Banking, SA together;

"**IEA**" in relation to CRS and DAC2, means information exchange agreements between relevant countries;

"**IFRS**" means International Financial Reporting Standard, as adopted by the EU;

"**IGA legislation**" in relation to FATCA, means an intergovernmental agreement;

"**Independent Adviser**" means an independent financial institution of international repute or an independent adviser with appropriate expertise (which may include the Calculation Agent) appointed by the Issuer at its own expense;

"**Initial Rate of Interest**" has the meaning given to it under Condition 4(b) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**insolvency process**" in relation to the ACS Act, has the meaning given to it under the section entitled *Insolvency of Institutions - Meanings of "**insolvent**", "**potentially insolvent**" and "**insolvency process**" for the purposes of the ACS Act* of this Base Prospectus;

"**Insolvency Service**" means the Insolvency Service of Ireland;

"**insolvent**" in relation to the ACS Act, has the meaning given to it under the section entitled *Insolvency of Institutions - Meanings of "**insolvent**", "**potentially insolvent**" and "**insolvency process**" for the purposes of the ACS Act* of this Base Prospectus;

"**Instalment Amounts**" means in relation to Instalment Securities, the Instalment Amounts as specified in the applicable Final Terms;

"**Instalment Dates**" means in relation to Instalment Securities, the date on which the Instalment Amounts are redeemed, as specified in the applicable Final Terms;

"**Instalment Securities**" means Securities, based upon the Redemption Basis, that are redeemed in the Instalment Amounts and on the Instalment Dates as specified in the applicable Final Terms;

"**Institutions**" means those credit institutions, such as the Issuer, which are registered under the ACS Act as designated mortgage credit institutions and "**Institution**" means any one of them;

"**Insurance Distribution Directive**" means the Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast);

"**Interest Accrual Period**" has the meaning given to it under Condition 4(b) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Interest Amount**" has the meaning given to it under Condition 4(b)(iv) (*Interest – Interest on Floating Rate Securities*)under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Interest Commencement Date**" means the issue date or such other date as may be specified pursuant to the applicable Final Terms for any particular series or in the Securities of such series;

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

"**Interest Payment Date"** has the meaning given to it under Condition 4(b)(i)(II) (*Interest – Interest on Floating Rate Securities*)under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Investor's Currency**" means a currency or currency unit other than the Specified Currency;

"**IRB**" means the Internal Ratings-Based approach which allows banks, subject to regulatory approval, to use their own estimates of certain risk components to derive regulatory capital requirements for Credit risk across different asset classes. The relevant risk components are: (i) probability of default means the likelihood that a borrower defaults over an observation period, given that they are not currently in default; (ii) loss given default, being the loss associated with a defaulted loan or borrower and; (iii) exposure at default of a borrower, being the exposure of a borrower who is unable to repay his or her obligations at the point of default;

"**Ireland**" means the Republic of Ireland;

"**Irish**" means Ireland, excluding Northern Irish, respectively;

"**Irish Banking Code**" means the laws and regulations applicable to general banking activities in Ireland;

"**Irish Prospectus Regulations**" means the European Union (Prospectus) Regulations 2019;

"**Irish Residential Loans**" in relation to the MCA Valuation Notice, means a mortgage credit asset (other than a securitised mortgage credit asset) which is secured on an Irish Residential Property Asset;

"**Irish Residential Property Asset**" means a property asset which is residential property situated in Ireland and which secures a mortgage credit asset (other than a securitised mortgage credit asset) held by an Institution;

"**ISDA**" means the International Swaps and Derivatives Association, Inc.;

"**ISDA Definitions**" has the meaning given to it under Condition 4(b)(ii)(A) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**ISDA Rate**" has the meaning given to it under Condition 4(b)(ii)(A) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**ISE**" means the Irish Stock Exchange plc, trading as Euronext Dublin;

"**ISIN**" in relation to Securities, means the international securities identification number;

"**Issue Date**" means the issue date of the relevant Tranche of Securities, as specified in the applicable Final Terms;

"**Issue Price**" means the issue price for the relevant Tranche of Securities which may be at par or at a discount to, or premium over, par, and as specified in the applicable Final Terms;

"**KID**" means a key information document required by the PRIIPs Regulation;

"**Issuer**" means AIB Mortgage Bank u.c., a wholly-owned subsidiary of AIB Bank;

"**Issuer LEI**" means the Issuer's legal entity identifier;

"**LCLRA 2009**" means the Land and Conveyancing Law Reform Act 2009;

"**LCLRA 2013**" means the Land and Conveyancing Law Reform Act 2013;

"**LCLRA 2019**" means the Land and Conveyancing Law Reform (Amendment) Act 2019;

"**LCR**," means Liquidity Coverage Ratio for the purposes of the new Basel III liquidity related ratios;

"**LCR Commission Regulation**" means Commission Delegated Regulation (2015/62/EU) of 10 October 2014 to supplement Regulation (EU) 575/2013 with regard to liquidity coverage requirement of Credit Institutions;

"**LCR Overcollateralisation Percentage**" has the meaning given to it under the section entitled *Cover Assets Pool – The Pool Maintained by the Issuer – Overcollateralisation* of this Base Prospectus;

"**Lending Criteria**" means the lending criteria that are applied at the date of this Base Prospectus in respect of the Irish residential lending by the Issuer;

"LIBOR" means the London Inter-bank Offered Rate;

"**Lifetime Mortgages**" is as defined in the CPC, being "*a loan secured on a borrower's home where: (a) interest payments are rolled up on top of the capital throughout the term of the loan; (b) the loan is repaid from the proceeds of the sale of the property; and (c) the borrower retains ownership of the home whilst living in it*";

"**Liquidity Sub-Group**" means certain of AIB Bank's subsidiaries (including the Issuer) in the context of a liquidity management agreement dated 29 January 2014 between AIB Bank and its subsidiaries (including the Issuer) pursuant to which AIB Bank manages, and reports on, the liquidity of those subsidiaries (including the Issuer) in accordance with the requirements of CRD IV;

"**London Business Day**" has the meaning given to it under Condition 4(b)(viii) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Long Maturity Security**" has the meaning given to it under Condition 5(b) (*Payments - Presentation of definitive Bearer Securities and Coupons*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**LTI**" in relation to a loan, means loan-to-income;

"**LTV**" loan to value is an arithmetic calculation that expresses the amount of the loan as a percentage of the value of security/collateral;

"**LTV/LTI Regulations**" means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2015, as amended by the Central Bank (Supervision and Enforcement) Act of 2013 (section 48) (Housing Loan Requirements) Regulations 2016 as amended by the Central Bank (Supervision and Enforcement) Act of 2013 (section 48) (Housing Loan Requirements) Regulations 2017 and as amended by the Central Bank (Supervision and Enforcement) Act of 2013 (section 48) (Housing Loan Requirements) Regulations 2019;

"**Main Securities Market**" means the Main Securities Market of the ISE;

"**Margin**" means the margin applicable to the relevant Tranche of Securities as specified in the applicable Final Terms;

"**MARP**" means the Mortgage Arrears Resolution Process;

"**MARS**" means the Mortgage Arrears Resolution Strategy which built on and formalised the MARP and was required to be introduced to comply with the CCMA;

"**Maturity Date**" means the date on which the Issuer will redeem the Relevant Tranche of Securities in full, unless an Extended Maturity Date applies, as specified in the applicable Final Terms;

"**MCA Valuation Notice**" means the Asset Covered Securities Act 2001 Regulatory Notice (Sections 41(1) and 41A(7)) 2011;

"MCC 2011" means the Minimum Competency Code 2011;

"**MCC 2017**" means the Minimum Competency Code 2017;

"**Member States**" means states of the EU or, as the context may require, the EEA;

"**MiFID II Directive**" means Directive 2014/65/EU on markets in financial instruments;

"**MiFID Product Governance Rules**" means the MiFID product governance rules under EU Delegated Directive 2017/593;

"**Minimum Overcollateralisation Level**" has the meaning given to it under Condition 11(b) (*Overcollateralisation/Prudent Market Discount – Maintenance of Overcollateralisation*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Minimum SA Rating**" has the meaning given to it under the section entitled *Cover Assets Pool - The Pool maintained by the Issuer - Substitution Assets* of this Base Prospectus;

"**Minimum Competency Regulations**" means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Minimum Competency Regulations 2017;

"**Minister**" means the Minister for Finance of Ireland;

"**Modified Following Business Day Convention**" has the meaning given to it under Condition 4(b)(i)(3) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Monitor**" means a cover-assets monitor under the ACS Act;

"**Monitor appointed in respect of the Issuer**" means Mazars, which has agreed in the Cover-Assets Monitor Agreement to monitor compliance by the Issuer with its undertaking regarding the level of Contractual Overcollateralisation;

"**Moody's**" means Moody's Investors Service Limited;

"**Mortgage Covered Securities**" in relation to the ACS Act, means asset covered securities issued by Institutions in accordance with the ACS Act;

"**mortgage credit**" in relation to the ACS Act, has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution - Permitted business activities – (a) providing mortgage credit and dealing in and holding mortgage credit assets and providing group mortgage trust services* of this Base Prospectus;

"**mortgage credit asset**" in relation to the ACS Act, has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution - Permitted business activities – (a) providing mortgage credit and dealing in and holding mortgage credit assets and providing group mortgage trust services* of this Base Prospectus;

"**Mortgage Credit Directive**" means the Directive on Credit Agreements Relating to Residential Immovable Property (Directive 2014/17/EU), which was transposed into Irish law with effect from 21 March 2016 by the Mortgage Credit Regulations;

"Mortgage Credit Regulations" means the European Union (Consumer Mortgage Credit Agreements) Regulations 2016 (S.I. No. 142 of 2016);

"**mortgage security**" in relation to the ACS Act, has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution - Permitted business activities – (a) providing mortgage credit and dealing in and holding mortgage credit assets and providing group mortgage trust services* of this Base Prospectus;

"**Mortgage Servicer**" means AIB Bank's appointment as the agent and servicer of the Issuer under the Outsourcing Agreement in respect of the service and administration of the Irish loans of the Issuer, their related security and certain other related matters;

"**MREL**" in relation to the BRRD and the SRM Regulations, means minimum requirement for own funds and eligible liabilities for the purposes of the BRRD and the SRM Regulation;

"**NAMA**" means the National Asset Management Agency;

"**NDI**" means the sustainable residual net monthly income of an applicant after meeting the monthly mortgage stressed repayment (see paragraph (b) under the section entitled *Irish Residential Loan Origination and Servicing – Lending Criteria – Repayment Capacity*) for stress testing methodology) and any other regular monthly outgoings (i.e. loan repayments, childcare, maintenance payments, etc);

"**NGN**" means in relation to Bearer Securities, means the new global note structure;

"**non-performing**" means in relation to assets of an Institution and the ACS Act, has the meaning given to it under the section entitled *Cover Assets Pool - Circumstances in which an asset may not be included in the a Pool* of this Base Prospectus;

"**non-performing**" accounts or exposures are considered as defaulted or non-performing;

- where the Group considers a credit obligor to be unlikely to pay his/her credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount.

- the credit obligor is 90 days or more past due on any material credit obligation (date count starts where any amount of principal, interest or fee has not been paid by a credit obligor at the date it was due).

- loans that have, as a result of financial distress (as defined within the Group's definition of default policy), received a concession from the Group on terms or conditions, and will remain in the non-performing probationary period for a minimum of 12 months before moving to a performing classification;

"**Northern Ireland**" means the counties of Antrim, Armagh, Derry, Down, Fermanagh and Tyrone on the island of Ireland, which form part of the UK;

"**NPE**" means non-performing exposures;

"**NSFR**" means the net stable funding ratio for the purposes of CRD IV and the Basel III liquidity related ratios;

"**NSS**" means in relation to Registered Global Security, means the new safekeeping structure;

"**NTMA**" means the National Treasury Management Agency;

"**OECD**" means the Organisation for Economic Co-operation and Development;

"**Official List**" means the official list maintained by the ISE;

"**Origination Market Value**" for the purposes of the MCA Valuation Notice, means, as a general rule, the market value of an Irish Residential Property Asset at the time of origination of the mortgage credit asset secured on that Irish Residential Property Asset equal to the amount determined or accepted by the originator of that mortgage credit asset to have been the market value of that Irish Residential Property Asset at or about that time;

"**Original Reference Rate**" has the meaning given to it under Condition 4(b)(ii)(B) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities – Benchmark Discontinuation* of this Base Prospectus;

"**other security**" has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution- Permitted business activities – (a) providing mortgage credit and dealing in and holding mortgage credit assets and providing group mortgage trust services* of this Base Prospectus;

"**Outsourcing Agreement**" means the Outsourcing and Agency Agreement dated 8 February 2006 (as amended) between AIB Bank and the Issuer;

"**outstanding**" in relation to Securities, has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Overcollateralisation Percentage**" has the meaning given to it under Condition 11(c) (*Overcollateralisation/Prudent Market Discount – Overcollateralisation Percentage)* under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Overcollateralisation Regulation**" means the Asset Covered Securities Act 2001 (sections 61(1), 61(2) and 61(3)) [Overcollateralisation] Regulation 2004;

"**O-SII**" means an 'other systemically important institution' for the purposes of CRD IV;

"**PAYE**" means the pay as you earn tax system for employees;

"**Paying Agent**" has the meaning given to it under the *Terms and Conditions of the Securities* of this Base Prospectus;

"**Payment Day**" has the meaning given to it under Condition 5(f) (*Payments – Payment Day*) of the *Terms and Conditions of the Securities* of this Base Prospectus;

"**PDH**" means principal dwelling homes;

"**Permanent Bearer Global Security**" means a Tranche of Bearer Securities issued in permanent bearer global form;

"**Personal Insolvency Act**" means the Personal Insolvency Act 2012 (as amended);

"**PIA**" means a personal insolvency arrangement under the Personal Insolvency Act;

"**Pillar 1**" means pillar 1 for the purposes of the CRR;

"**Pillar 2**" means pillar 2 for the purposes of the CRR;

"**Pool**" means a cover assets pool for the purposes of the ACS Act;

"**Pool Hedge**" means the cover assets hedge contract comprised in the Pool entered into by the Issuer with AIB Bank on 29 March 2004 in the form of an International Swap Dealers Association master agreement and credit support annex (as supplemented by transaction confirmations);

"**Pool Hedge Collateral**" in relation to the ACS Act, means collateral posted with an Institution under a cover assets hedge contract;

"**potentially insolvent**" in relation to the ACS Act, has the meaning given to it under the section entitled *Insolvency of Institutions - Meanings of "insolvent", "potentially insolvent" and "insolvency process" for the purposes of the ACS Act* of this Base Prospectus;

"**PRA**" means the Prudential Regulation Authority;

"**Preceding Business Day Convention**" has the meaning given to it under Condition 4(b)(i)(4) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Preferred creditors**" in relation to the ACS Act, has the meaning given to it under the section entitled *Insolvency of Institutions - Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution* of this Base Prospectus;

"**PRIIPs Regulation**" means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products;

"**Principal Paying Agent**" has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**PRISM**" means the Probability Risk Impact System. It is the Central Bank's risk based framework for the supervision of regulated financial service providers.

"**Programme**" means the €20,000,000,000 Mortgage Covered Securities Programme pursuant to which the Issuer may from time to time issue mortgage covered securities denominated in any currency agreed between the Issuer and the relevant Dealer and subject to the minimum denomination of any Security to be admitted to trading on a regulated market for the purposes of the Prospectus Regulation or offered to the public in a Member State of the EEA being €100,000 (or the equivalent thereof in another currency);

"**Programme Agreement**" has the meaning given to it under the section entitled *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements – Subscription and Sale: Programme Agreement* of this Base Prospectus;

"**Prospectus Regulation**" means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended);

"**PRSI**" means pay-related-social-insurance;

"**Prudent Market Discount**" in relation to the MCA Valuation Notice, has the meaning given to it under the section entitled *Cover Assets Pool – Valuation of Assets held by an Institution - Prudent Market Discount* of this Base Prospectus;

"**Prudent Market Discount Regulation**" means the Asset Covered Securities Act 2001 (Sections 61(1), 61(2) and 61(3)) [Prudent Market Discount] Regulation 2004 (S.I. No. 420 of 2004);

"**prudent market value**" in relation to the ACS Act, has the meaning given to it under the section entitled *Cover Assets Pool – Valuation of Assets held by an Institution - Valuation of Relevant Securitised Mortgage Credit Assets* of this Base Prospectus;

"**Put Notice**" has the meaning given to it under Condition 6(c) (*Redemption and Purchase - Redemption at the option of the Security holders (Investor Put)*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Receiptholders**" has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Receipts**" has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Record Date**" has the meaning given to it under Condition 5(d) (*Payments – Payments in respect of Registered Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Redeemed Securities**" has the meaning given to it under Condition 6(b) (*Redemption and Purchase – Redemption at the option of the Issuer (Issuer Call)*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Reference Rate**" means EURIBOR or fallback provisions in Condition 4(b)(ii)(B) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities – Benchmark Discontinuation* of this Base Prospectus, as specified in the applicable Final Terms;

"**Reference Banks**" has the meaning given to it under Condition 4(b)(ii)(B) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Register**" has the meaning given to it under Condition 5(c)(i) (*Payments – Payments in respect of Bearer Global Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Register of Institutions**" in relation to the ACS Act means the register of designated mortgage credit institutions maintained by the Central Bank under the ACS Act;

"**Registered Global Security**" means Securities issued in registered global form;

"**Registered Securities**" means the Securities in registered form;

"**Registrar**" has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**regulated market**" means a regulated market for the purposes of Article 4(21) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;

"**Regulation No. 11991**" has the meaning given to it under the section entitled *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements – Selling Restrictions* of this Base Prospectus;

"**Regulation S**" means Regulation S under the Securities Act;

"**Regulatory Overcollateralisation**" means that the prudent market value of the mortgage credit assets and substitution assets comprised in the Pool, expressed as a percentage of the total nominal or principal amounts of the Mortgage Covered Securities in issue, is a minimum of 103 per cent. after taking into account the effect of any cover assets hedge contract comprised in the Pool;

"relevant applicable enactment" has the meaning given to it under the section entitled *Insolvency of Institutions – European and Irish Insolvency Law relevant to Institutions* of this Base Prospectus;

"**Relevant Date**" has the meaning given to it under Condition 8 (*Prescription*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Relevant Nominating Body**" has the meaning given to it under Condition 4(b)(ii)(B) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities – Benchmark Discontinuation* of this Base Prospectus;

"**relevant person**" for the purposes of the transfer mechanism under section 58 of the ACS Act has the meaning given to it under the section entitled *Transfers of a Business or Assets under the ACS Act involving an Institution - Approval of the Minister or the Central Bank required* of this Base Prospectus;

"**Relevant Person**" for the purposes of the section entitled *Introduction* of this Base Prospectus only means the Minister, the Department of Finance, the Government, NAMA or any person controlled by or controlling any such person, or any entity or agency of or related to the State, or any director, officer, official, employee, or adviser (including, without limitation, legal and financial advisers) of any such person;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service (or any successor or replacement page, section, caption, column or other part of a particular information service);

"**Relevant Securitised Mortgage Credit Assets**" means in relation to the MCA Valuation Notice, means a securitised mortgage credit asset the related property assets of which indirectly comprise (in whole or in part) residential property (whether or not located in Ireland);

"**resident of Japan**" has the meaning given to it under the section entitled *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements – Selling Restrictions* of this Base Prospectus;

"**residential property**" in relation to the ACS Act, has the meaning given to it under the section entitled *Restrictions on the Activities of an Institution* of this Base Prospectus;

"**Revenue Commissioners**" means the Revenue Commissioners of Ireland;

"Revised CGC Code" means the Corporate Governance Requirements for Credit Institutions 2015 issued by the Central Bank;

"Revised Wire Transfer Regulation" means Regulation (EC) No 2015/847 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006;

"**RMBS**" means residential mortgage backed securities;

"**RWAs**" means risk weighted assets for the purposes of CRD IV;

"**S&P**" means Standard & Poor's Global Ratings Europe Limited;

"**Scheme**" means the scheme of arrangement proposed to be made under Part 9 of Chapter 1 of the Companies Act between AIB and the holders of the Scheme Shares, as set out in Part III of the Scheme Circular, and the related AIB reduction of capital under sections 84 to 86 of the Companies Act, with or subject to any modifications, addition or condition approved or imposed by the Court and agreed to by AIB and AIB Group plc.;

"**Section 41(3)/(5) Valuation Notice**" means the Asset Covered Securities Act 2001 Regulatory Notice (Section 41(3) and (5)) 2007;

"**Securities**" means mortgage covered securities that are issued under the Programme;

"**Securities Act**" has the meaning given to it under the section entitled *Subscription and Sale, Transfer and Selling Restrictions and Secondary Market Arrangements – Transfer Restrictions* of this Base Prospectus;

"**securitisation**" means the process of aggregation and repackaging of non-tradable financial instruments such as loans and receivables, or company cash flow, into securities that can be issued and traded in the capital markets;

"**securitised mortgage credit assets**" in relation to the ACS Act, means a mortgage credit asset in securitised form; namely, RMBS or CMBS;

"**Security holders**" has the meaning given to it under the section of this Base Prospectus entitled *Terms and Conditions of the Securities*;

"**Security Holders**" has the meaning given to it in under the section of this Base Prospectus entitled *Taxation - General*;

"**Selection Date**" has the meaning given to it under Condition 6(b) (*Redemption and Purchase – Redemption at the option of the Issuer (Issuer Call)*) under the *Terms and Conditions of the Securities* of this Base Prospectus;

"**Sensitivity to Interest Rate Changes Regulation**" means the Asset Covered Securities Act, 2001 (Section 91(1)) (Sensitivity to Interest Rate Changes) Regulation, 2004 (S.I. No. 416 of 2004) as amended by the Asset Covered Securities Act 2001 (Section 91(1)) (Sensitivity to Interest Rate Changes – Mortgage Credit) (Amendment) Regulations 2007 (S.I. No. 612 of 2007) (which came into operation on 31 August 2007);

"**Series**" has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"SFS" means a standard financial statement;

"**SMEs**" means a small and medium size enterprises;

"**SME Lending Regulations**" means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015

"**SMRT**" means Sustainable Mortgage Resolution Template;

"**Specified Currency**" means the specified currency for the relevant Tranche of Securities as specified in the applicable Final Terms;

"**Specified Denomination**" means the specified denomination for the relevant Tranche of Securities as specified in the applicable Final Terms;

"**SRB"** means the Single Resolution Board, the EU resolution authority which, together with the national resolution authorities, forms part of the SRM;

"**SREP** " means supervisory review and evaluation process;

"**SRM**" means the Single Resolution Mechanism;

"**SRM Regulation**" means the Single Resolution Mechanism Regulation (EU) No. 806/2014 of 15 July 2014;

"**SSM**" means the Single Supervisory Mechanism;

"**SSM Regulation**" means Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions;

"**Stabilising Manager**" means the Dealer(s) (if any), named as the stabilisation manager(s) in the applicable Final Terms;

"**State**" means Ireland;

"**Substitution Asset Deposit Regulations"** means the Asset Covered Securities Act 2001 (Section 6(2)) Regulations 2007 (S.I. No. 603 of 2007);

"**Substitution Asset Pool Eligibility Notice**" means the Asset Covered Securities Act 2001 Regulatory Notice (Section 35(9B)) 2014 made by the Central Bank (which came into operation on 4 July 2014);

"**sub-unit**" has the meaning given to it under Condition 4(a) (*Interest – Interest on Fixed Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Successor Rate**" has the meaning given to it under Condition 4(b)(ii)(B) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities – Benchmark Discontinuation* of this Base Prospectus;

"**Super-preferred creditors**" has the meaning given to it under the section entitled *Insolvency of Institutions - Effect under the ACS Act of insolvency, potential insolvency or insolvency process with respect to an Institution* of this Base Prospectus;

"**Sustainable Finance Taxonomy Regulation**" means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;

"**Switcher Mortgages**" means a mortgage loan where the Issuer is refinancing or taking over an existing mortgage borrowing from another lender;

"**SyRB**" means a system risk buffer for the purposes of the CRR;

"**Talon**" has the meaning given to it under the *Terms and Conditions of the Securities* of this Base Prospectus;

"**TARGET2 System**" has the meaning given to it under Condition 4(b)(i) (*Interest – Interest on Floating Rate Securities*) under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Taxes Act**" means the Taxes Consolidation Act 1997;

"**Temporary Bearer Global Security**" means Securities issued in temporary bearer global form;

"**TLTRO-III**" the third long-term refinancing operations scheme first announced by the ECB on 6 June 2019;

"T**racker Mortgage Examination**" means the Central Bank's examination of tracker mortgage related issues across Irish lenders (including AIB Bank and Irish subsidiaries of the Group);

"**Tranche**" has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**Transaction Document**" means any document referred to in this Base Prospectus or any supplement or amendment thereto;

"**Transfer Agent**" has the meaning given to it under the section entitled *Terms and Conditions of the Securities* of this Base Prospectus;

"**TRIM**" means Targeted Review of Internal Models, a process undertaken by the ECB to increase harmonisation in approaches to internet models used by banks across the Eurozone;

"**UK**" means the United Kingdom;

"**UK Official List**" means the Official List of the UK Listing Authority;

"**underlying asset**" in relation to the ACS Act, means, in relation to a Pool, a mortgage credit asset or substitution asset that is then comprised in a Pool;

"**US**" means the United States of America;

"**UTCCR**" means the European Communities (Unfair Terms in Consumer Contracts) Regulations 1995 to 2000 which implement in Ireland Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts;

"**variable rates**" means the standard variable interest rates on PDH mortgage lending; i.e. the rate where the lender has the ability to unilaterally vary the rate, unlike a fixed rate or a rate which tracks changes to an ECB official rate;

"**VaR**" means value at risk;

"Wire Transfer Regulation" means Regulation EU 1781/2006 on information accompanying transfer of funds;

"**YTD**" means year to date; and

"**Zero Coupon Securities**" means Securities that are offered and sold at a discount or premium to their nominal amount and do not bear interest, as indicated in the applicable Final Terms.

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