



Bank of Ireland Group plc
(a company incorporated with limited liability in Ireland)

€675,000,000 Fixed Rate Reset Additional Tier 1 Perpetual Contingent Temporary Write-Down Securities

Issue price: 100 per cent.

The €675,000,000 Fixed Rate Reset Additional Tier 1 Perpetual Contingent Temporary Write-Down Securities (the "**Securities**") will be issued by Bank of Ireland Group plc (the "**Issuer**") on or about 19 May 2020 (the "**Issue Date**"). The Securities will bear interest on their Prevailing Principal Amount (as defined in the terms and conditions of the Securities (the "**Conditions**")) from (and including) the Issue Date to (but excluding) 19 November 2025 (the "**First Reset Date**"), at a rate of 7.500 per cent. per annum and thereafter at the relevant Reset Rate of Interest (as defined in the Conditions) as provided in Condition 4 (*Interest*). Interest will be payable on the Securities semi-annually in arrear on each Interest Payment Date (as defined in the Conditions), commencing on 19 November 2020, provided that the Issuer may elect to cancel any interest payment (in whole or in part) at its sole and full discretion, and must cancel payments of interest (i) in the circumstances described in Condition 4.1 (*Cancellation of interest*) and/or (ii) if and to the extent that such payment could not be made in compliance with the Solvency Condition as defined in Condition 2.2 (*Solvency Condition*). Any interest which is so cancelled will not accumulate or be payable at any time thereafter, no amount will become due from the Issuer in respect thereof and cancellation thereof shall not constitute a default for any purpose on the part of the Issuer.

Upon the occurrence of a Trigger Event (as defined in the Conditions), the Prevailing Principal Amount (as defined in the Conditions) of each Security will be immediately and mandatorily Written Down (as defined in the Conditions) by the relevant Write-Down Amount (as defined in the Conditions) in accordance with Condition 5.1 (*Loss absorption*) and any interest accrued to the relevant Write-Down Date (as defined in the Conditions) and unpaid shall be cancelled in accordance with Condition 5.1. Holders of Securities (the "Securityholders") may lose some or all of their investment as a result of such Write-Down. Following such Write-Down the Issuer may in certain circumstances and at its sole and full discretion Write-Up (as defined in the Conditions) the Prevailing Principal Amount of each Security, in accordance with Condition 5.4 (*Reinstatement of principal amount*).

The Securities will be perpetual securities with no fixed redemption date and the Securityholders will have no right to require the Issuer to redeem or purchase the Securities at any time. The Issuer may, in its sole and full discretion but subject to the approval of the Supervisory Authority (as defined in the Conditions), satisfaction of the conditions to redemption set out in Condition 6 (*Redemption, Purchase, Substitution and Variation*) and compliance with the Solvency Condition, elect to (a) redeem all (but not some only) of the Securities at their Prevailing Principal Amount, together with (subject to Condition 4.1 (*Cancellation of interest*)) interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to (but excluding) any redemption date, (i) from and including 19 May 2025 (the "**First Call Date**") to and including the First Reset Date or on any Interest Payment Date thereafter, or (ii) at any time following the occurrence of a Tax Event or a Regulatory Event which is continuing, or (b) repurchase the Securities at any time in accordance with the then prevailing Regulatory Capital Requirements.

The Securities are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients in the European Economic Area (the "EEA") or the United Kingdom (the "UK"), as defined in the rules set out in the Markets in Financial Instruments Directive 2014/65/EU (as amended, "MiFID II"). Prospective investors are referred to the section headed "Restrictions on Marketing and Sales to Retail Investors" on pages 3 to 5 of these Listing Particulars for further information. Potential investors should read the whole of this document, in particular the section entitled "Risk Factors" set out on pages 17 to 50.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the approval of these Listing Particulars as listing particulars and for the Securities to be admitted to the Official List of Euronext Dublin (the "**Official List**") and to trading on the Global Exchange Market of Euronext Dublin (the "**GEM**"), which is the exchange-regulated market of Euronext Dublin. This document constitutes "Listing Particulars" for the purposes of the admission of the Securities to the Official List of Euronext Dublin and trading on the Global Exchange Market and, for such purposes, does not constitute a "prospectus" for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The GEM is not a regulated market for the purposes of MiFID II. References in these Listing Particulars to Securities being "**listed**" (and all related references) shall mean that such Securities have been admitted to trading on the GEM and have been admitted to the Official List of Euronext Dublin.

The Securities will be issued in registered form and available and transferable in minimum amounts of €200,000 and integral multiples of €1,000 in excess thereof. The Securities will initially be represented by a global certificate in registered form (the "**Global Certificate**") and will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and, together with Euroclear, the "**Clearing Systems**").

The Securities have not been and will not be registered under the United States Securities Act of 1933 as amended (the "**Securities Act**"). Subject to certain exemptions, Securities may not be offered, sold or delivered within the United States or to United States persons.

The Securities are expected to be rated Ba2 by Moody's Investors Service Limited ("**Moody's**"). Moody's is a credit rating agency established in the UK and registered under Regulation (EC) No 1060/2009 (as amended) (the "**CRA Regulation**"). Moody's appears on the latest update of the list of registered credit rating agencies on the ESMA website <https://www.esma.europa.eu/>. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.

Global Co-ordinator and Joint Lead Manager

UBS Investment Bank

Joint Lead Managers

BofA Securities

Citigroup

Credit Suisse

J.P. Morgan

Co-Lead Managers

Davy

Goodbody

IMPORTANT INFORMATION

These Listing Particulars are to be read in conjunction with all the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). These Listing Particulars shall be read and construed on the basis that such documents are so incorporated and form part of these Listing Particulars.

The Issuer accepts responsibility for the information contained in these Listing Particulars. To the best of the Issuer's knowledge (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect its import.

Certain information in these Listing Particulars has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with these Listing Particulars or any other information supplied in connection with the offering of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

These Listing Particulars have been prepared on the basis that any offer of Securities in any Member State of the EEA and the UK (each a "**Relevant State**") will be made pursuant to an exemption from the requirement to publish a prospectus for offers of securities under the Prospectus Regulation. Accordingly, any person making or intending to make an offer in that Relevant State of Securities which are the subject of the offering contemplated in these Listing Particulars may only do so in circumstances in which no obligation arises for the Issuer, UBS AG London Branch (the "**Global Co-ordinator and Joint Lead Manager**"), Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Merrill Lynch International (together the "**Joint Lead Managers**") or Goodbody Stockbrokers UC and J&E Davy (together the "**Co-Lead Managers**" and together with the Global Co-ordinator and Joint Lead Manager and the Joint Lead Managers, the "**Managers**") to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, in relation to such offer. Neither the Issuer nor the Managers have authorised, nor do they authorise, the making of any offer of Securities in circumstances in which an obligation arises for the Issuer or the Managers to publish a prospectus for such offer.

To the fullest extent permitted by law, none of the Managers accepts any responsibility for the contents of these Listing Particulars or for any other statement, made or purported to be made by the Managers or on their behalf in connection with the Issuer or the issue and offering of the Securities. Each of the Managers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of these Listing Particulars or any such statement.

None of the Managers nor any of their respective affiliates have authorised the whole or any part of these Listing Particulars and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in these Listing Particulars. The Managers have not separately verified the information contained in these Listing Particulars. None of the Managers makes any representation, express or implied, or accepts any responsibility with respect to the accuracy or completeness of any of the information contained in these Listing Particulars or any other information provided by the Issuer in connection with the offering of the Securities. None of the Managers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by these Listing Particulars nor to advise any investor or potential investor in the Securities of any information coming to their attention.

None of the Trustee, the Principal Paying Agent, the Registrar, nor the Transfer Agent (each as defined in the Conditions) shall have any responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with a Trigger Event or any consequent Write-Down of the Securities or of any claims in respect thereof, and neither the Trustee nor the Paying Agents shall be responsible for any calculation or determination or the verification of any calculation or determination in connection with the same.

Neither these Listing Particulars nor any other information supplied in connection with the offering of the Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation or an invitation or offer by or on behalf of the Issuer that any recipient of these Listing Particulars or any other information supplied in connection with the offering of the Securities should purchase any Securities. Each investor contemplating purchasing any Securities should determine for itself the relevance of the information contained in these Listing Particulars, and should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither these Listing Particulars nor any other information supplied in connection with the offering of the Securities constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Securities in any jurisdiction where such offer or invitation is not permitted by law.

The distribution of these Listing Particulars and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. The Issuer and the Managers do not represent that these Listing Particulars may be lawfully distributed, or that Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of the Securities or distribution of these Listing Particulars in any jurisdiction where action for that purpose is required. Accordingly, the Securities may not be offered or sold, directly or indirectly, and neither these Listing Particulars nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Neither the delivery of these Listing Particulars nor the offering, placing, sale or delivery of the Securities shall in any circumstances imply that the information contained herein concerning the Issuer or the Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Securities is correct as of any time subsequent to the date indicated in the document containing the same.

The Securities have not been and will not be registered under the Securities Act. Subject to certain exemptions, Securities may not be offered, sold or delivered within the United States or to United States persons. For a description of certain restrictions on offers and sales of the Securities and on distribution of these Listing Particulars, see "*Subscription and Sale*" below.

On 31 January 2020, the United Kingdom ceased to be a member of the European Union (the "**EU**") and the EEA. By virtue of Part 4 of the Withdrawal Agreement between the EU and the UK under Article 50(2) of the Treaty of the European Union (the "**Withdrawal Agreement**") and the European Union (Withdrawal) Act 2018 as amended by the European Union (Withdrawal Agreement) Act 2020 (as so amended, the "**EUWA**"), EU law and EU-derived domestic legislation will continue to apply to and in the UK during a transition period lasting until 31 December 2020. During the transition period the UK will continue to be treated as a member state under EU law unless otherwise specified. References in these Listing Particulars to the EU and the EEA and to law and regulation applicable in the EU or the EEA shall be construed accordingly.

RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS

The Securities are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Securities to retail investors.

In particular, in June 2015, the United Kingdom Financial Conduct Authority (the "**FCA**") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015 (the "**PI Instrument**"). In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged and retail and insurance-based investment products ("**PRIPs**") became directly applicable in all EEA member states and the UK and (ii) the Markets in Financial Instruments Directive 2014/65/EU (as amended) ("**MiFID II**") was required to be implemented in EEA member states and the UK by 3 January 2018. Together, the PI Instrument, PRIIPs and MiFID II are referred to as the "**Regulations**".

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and (ii) the offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write down or convertible securities, such as the Securities.

Potential investors in the Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Securities (or any beneficial interests therein) including the Regulations.

The Issuer and each of the Managers are required to comply with some or all of the Regulations. By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest in such Securities) from the Issuer and/or the Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Managers that:

- (a) it is not a retail client (as defined in MiFID II);
- (b) whether or not it is subject to the Regulations, it will not, (i) sell or offer the Securities (or any beneficial interest therein) to retail clients (as defined in MiFID II) or (ii) communicate (including the distribution of these Listing Particulars) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (within the meaning of MiFID II), and in selling or offering the Securities or making or approving communications relating to the Securities, it may not rely on the limited exemptions set out in the PI Instrument; and
- (c) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Securities (or any beneficial interests therein), including (without limitation) MiFID II and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Securities (or any beneficial interests therein) by investors in any relevant jurisdiction.

Each prospective investor further acknowledges that:

- (a) the identified target market for the Securities (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients; and
- (b) no key information document (KID) under PRIIPs 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 PRIIPs.

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; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by PRIIPs 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 PRIIPs.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of 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 MiFID II; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a distributor) should take into consideration the manufacturers' 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 manufacturers' target market assessment) and determining appropriate distribution channels.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities (or any beneficial interests therein) from the Issuer and/or the Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client

THE SECURITIES ARE COMPLEX FINANCIAL INSTRUMENTS

The Securities are high risk and complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in the Securities must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in these Listing Particulars;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where such potential investor's financial activities are principally denominated in a currency other than euro, and the possibility that the entire principal amount of the Securities could be lost, including following the exercise of any bail-in power by the Relevant Resolution Authority (as defined in the Conditions) or a Write-Down of the Securities;
- (iv) understand thoroughly the terms of the Securities, such as the provisions governing Write-Down (including, in particular, the Common Equity Tier 1 Ratio (as defined in the Conditions), as well as under what circumstances the Trigger Event will occur), and be familiar with the behaviour of any relevant indices and financial markets, including the possibility that the Securities may become subject to write-down or conversion if the Issuer should become non-viable; and
- (v) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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: (i) the Securities are legal investments for it; (ii) the Securities can be used as collateral for various types of borrowing; and (iii) 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 the Securities under any applicable risk-based capital or similar rules.

Any investment in the Securities does not have the status of a bank deposit and is not within the scope of the deposit guarantee scheme operated by the Central Bank of Ireland (the "**Central Bank**").

Unless otherwise indicated, in these Listing Particulars, any reference to:

- **2019** or any other year is, unless otherwise indicated, to the 12 months ended on 31 December of the stated year;
- **BOI** is to The Governor and Company of the Bank of Ireland;
- **EU** is to the European Union;

- **Euro** or **€** is to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- **Group** is to the Issuer its direct and indirect subsidiaries and subsidiary undertakings, taken as a whole, unless otherwise defined;
- **Prudential Group** is to that term as defined in the Conditions. The Prudential Group excludes certain Group subsidiaries such as the Group's life assurance business;
- **Ireland** is to the Republic of Ireland;
- **Member State** is to a Member State of the EEA;
- **Sterling** or **£** is to the currency of the United Kingdom; and
- **U.S.\$** or **\$** is to the currency of the United States of America.

In connection with the issue of the Securities, UBS AG London Branch (the "**Stabilisation Manager**") (or any person acting on behalf of the Stabilisation Manager) may over-allot Securities 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 Stabilisation Manager (or any person acting on behalf of the Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the 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 Securities and 60 days after the date of the allotment of the Securities. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or any person acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

FORWARD-LOOKING STATEMENTS

This document contains certain "forward-looking statements". Statements that are not historical facts, including statements about the Issuer's and/or its directors' and/or management's beliefs and expectations are forward-looking statements. Words such as "believes", "anticipates", "estimates", "expects", "intends", "plans", "aims", "potential", "will", "would", "could", "considered", "likely", "estimate" and variations of these words and similar future or conditional expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur, many of which are beyond the Issuer's control and all of which are based on the Issuer's current beliefs and expectations about future events. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. These forward-looking statements speak only as at the date of this document. Except as required by applicable law or regulation, the Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

SECTION 309B NOTIFICATION

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (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' (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).

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OVERVIEW OF THE PRINCIPAL FEATURES OF THE SECURITIES

The following overview provides an overview of certain provisions of the Conditions and is qualified by the more detailed information contained elsewhere in these Listing Particulars. Capitalised terms which are defined in "Terms and Conditions of the Securities" have the same respective meanings when used in this overview. References to numbered Conditions are to the Conditions, as set out under "Terms and Conditions of the Securities".

PRINCIPAL FEATURES OF THE SECURITIES

Issuer	Bank of Ireland Group plc
Legal Entity Identifier (LEI)	635400C8EK6DRI12LJ39
Trustee	Citibank Europe Public Limited Company
Registrar	Citibank Europe Public Limited Company
Principal Paying Agent	Citibank Europe Public Limited Company
Securities	€675,000,000 Fixed Rate Reset Additional Tier 1 Perpetual Contingent Temporary Write-Down Securities
Risk factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Securities and the Trust Deed. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Securities and certain risks relating to the structure of the Securities. These are set out under " <i>Risk Factors</i> ".
Status of the Securities	The Securities will constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and rank <i>pari passu</i> , without any preference, among themselves.
Rights on a Winding-Up	The rights and claims of Securityholders in the event of a Winding-Up of the Issuer are described in Conditions 3 (<i>Winding-Up</i>) and 12 (<i>Enforcement</i>).
Solvency Condition	Except in a Winding-Up of the Issuer, payments in respect of or arising from (including any damages awarded for breach of any obligations under) the Securities are conditional upon the Issuer being solvent (within the meaning given in Condition 2.2 (<i>Solvency Condition</i>)) at the time of payment by the Issuer and no payments shall be due and payable in respect of or arising from the Securities except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the " Solvency Condition ").
Interest	<p>The Securities will bear interest on their outstanding Prevailing Principal Amount:</p> <ul style="list-style-type: none"> (a) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 7.500 per cent. per annum; and (b) thereafter, at the relevant Reset Rate of Interest (as described in Condition 4.3 (<i>Determination of Reset Rate of Interest in relation to a Reset Period</i>)). <p>Interest shall be payable semi-annually in arrear on 19 November and 19</p>

May of each year (each, an "**Interest Payment Date**").

Optional cancellation of interest

The Issuer may elect at any time at its sole and full discretion to cancel (in whole or in part) the interest otherwise scheduled to be paid on any Interest Payment Date. See Condition 4.1 (*Cancellation of interest*) for further information.

Mandatory cancellation of interest

Under the Regulatory Capital Requirements, the Issuer may elect to pay interest only to the extent that it has Distributable Items. Accordingly, in addition to having the right to cancel payment of interest at any time, the Issuer will cancel payment of interest on any Interest Payment Date (in whole or, as the case may be, in part) if and to the extent that such interest, when aggregated together with any interest payments or distributions which have been paid or made or which are scheduled to be paid or made during the then current financial year on all other Own Funds items of the Issuer (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in calculating the amount of Distributable Items), exceeds the amount of the Distributable Items of the Issuer as at such Interest Payment Date.

In addition, the Issuer will also be required to cancel payment of any interest otherwise scheduled to be paid on an Interest Payment Date in the event of a Winding-Up or, if and to the extent that payment of such interest would cause, when aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD IV Directive as amended or replaced, including pursuant to the CRD IV Amending Directive) or referred to in any applicable analogous provisions of the Regulatory Capital Requirements, which require a maximum distributable amount to be calculated in each case to the extent applicable to the Issuer and/or the Prudential Group, the Maximum Distributable Amount (if any) then applicable to the Issuer to be exceeded.

"Maximum Distributable Amount" means any applicable maximum distributable amount relating to the Issuer required to be calculated in accordance with Article 141 of the CRD IV Directive (or any provision of applicable law transposing or implementing the CRD IV Directive as amended or replaced, including pursuant to the CRD IV Amending Directive, or in accordance with any applicable analogous provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated.

See Condition 4.1 (*Cancellation of interest*) for further information.

Payments of interest are also subject to the Solvency Condition (see "*Solvency Condition*" above). Following the occurrence of a Trigger Event, the Issuer will also cancel all interest accrued up to (but excluding) the Write-Down Effective Date (see "*Write-Down following a Trigger Event*" below).

Calculation of Interest following a Write-Down or Write-Up

The amount of interest payable in respect of a Security for any period shall be calculated in accordance with Condition 4.7 (*Calculation of interest*) by the Principal Paying Agent by:

- (a) applying the applicable Rate of Interest to the Prevailing

Principal Amount of such Security;

- (b) where applicable, multiplying the product thereof by the Day Count Fraction; and
- (c) rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

If a Security has had two or more different Prevailing Principal Amounts during the relevant period for which interest is being calculated (due to one or more Write-Downs and/or Write-Ups occurring during such period), interest in respect of the Security for the relevant period shall be calculated as if such period comprised two or more (as relevant) consecutive interest periods and interest will be calculated based on the number of days for which each Prevailing Principal Amount was applicable.

Non-cumulative interest

If the payment of interest scheduled on an Interest Payment Date is cancelled in accordance with the Conditions as described above, the Issuer shall not have any obligation to make such interest payment on such Interest Payment Date and the failure to pay such amount of interest or part thereof shall not constitute a default of the Issuer for any purpose. Any such interest will not accumulate or be payable at any time thereafter and Securityholders shall have no right thereto whether in a Winding-Up of the Issuer or otherwise, or to receive any additional interest or other payment or indemnity as a result of any such cancelled payment of interest.

Write-Down following a Trigger Event

If the Common Equity Tier 1 Ratio at any time falls below 7 per cent. (a "**Trigger Event**") and the Issuer is not in Winding-Up, the Issuer shall irrevocably commit to immediately notifying the Supervisory Authority of the occurrence of the Trigger Event and to:

- (a) without delay deliver a Write-Down Notice to Securityholders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent;
- (b) irrevocably cancel any accrued and unpaid interest up to (but excluding) the Write-Down Effective Date; and
- (c) without delay, and in any event within one month from the occurrence of a Trigger Event, reduce the then Prevailing Principal Amount of each Security by the Write-Down Amount (such reduction being referred to as a **Write-Down** and **Written Down** being construed accordingly).

See Condition 5.1 (*Loss absorption*) for further information.

Write-Up of the Securities at the Discretion of the Issuer

To the extent permitted by the Regulatory Capital Requirements and subject to the Maximum Distributable Amount (if any) (when the amount of the Write-Up is aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive or in any provision of applicable law transposing or implementing Article 141(2) of the CRD IV Directive, as amended and replaced, including pursuant to the CRD IV Amending Directive, and after taking account of the applicable requirements of Article 21.2(f) of the CRD IV Supplementing Regulation or any analogous provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated) not being exceeded

thereby, the Issuer may at its sole and full discretion reinstate the Prevailing Principal Amount of each Security (a **Write-Up**), up to a maximum of its Initial Principal Amount, on a *pro rata* basis with the other Securities and with any Written Down Additional Tier 1 Instruments, provided that the sum of:

- (a) the aggregate amount of the relevant Write-Up on all the Securities on the Write-Up date;
- (b) the aggregate amount of any other Write-Up on the Securities since the Reference Date and prior to the Write-Up date;
- (c) the aggregate amount of any interest payments on the Securities that were paid since the Reference Date on the basis of a Prevailing Principal Amount lower than the Initial Principal Amount;
- (d) the aggregate amount of the increase in principal amount of each such Written Down Additional Tier 1 Instrument at the time of the relevant Write-Up;
- (e) the aggregate amount of any other increase in principal amount of each such Written Down Additional Tier 1 instrument since the Reference Date and prior to the Write-Up date; and
- (f) the aggregate amount of any interest payments on Loss Absorbing Instruments since the Reference Date on the basis of a prevailing principal amount that is lower than the principal amount it was issued with,

does not exceed the Maximum Write-Up Amount.

See Condition 5.4 (*Reinstatement of principal amount*) for further information.

Maturity

The Securities are perpetual securities with no fixed redemption date. The Securities may only be redeemed or repurchased by the Issuer in the circumstances below (as more fully described in Condition 6 (*Redemption, Purchase, Substitution and Variation*)).

Optional redemption

The Issuer may, in its sole and full discretion but subject to the conditions set out under "*Conditions to redemption*" below and compliance with the Solvency Condition, redeem all (but not some only) of the Securities at any time from and including the First Call Date to and including the First Reset Date or on any Interest Payment Date thereafter at their Prevailing Principal Amount together with (subject to Condition 4.1 (*Cancellation of interest*)) interest accrued and unpaid from and including the immediately preceding Interest Payment Date to but excluding the relevant redemption date.

Redemption following a Regulatory Event or a Tax Event

The Issuer may, in its sole and full discretion but subject to the conditions set out under "*Conditions to redemption*" below and compliance with the Solvency Condition, redeem all (but not some only) of the Securities at any time following the occurrence of a Regulatory Event (as defined in the Conditions) or a Tax Event (as defined in the Conditions), in each case, at

their Prevailing Principal Amount together with (subject to Condition 4.1 (*Cancellation of interest*)) interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the relevant redemption date.

Conditions to redemption

The Securities may only be redeemed, purchased, cancelled or modified (as applicable) pursuant to Condition 6.2 (*General redemption option*), 6.3 (*Redemption upon the occurrence of a Regulatory Event*), 6.4 (*Redemption upon the occurrence of a Tax Event*), 6.5 (*Purchase*), 6.6 (*Substitution and variation*) or 13.2 (*Modification of Securities*), as the case may be, if:

- (a) the Supervisory Authority has given Supervisory Permission (in each case to the extent, and in the manner, required by the Supervisory Authority or the Regulatory Capital Requirements, including Articles 77(1)(c) and 78 of the CRR);
- (b) in the case of redemption pursuant to Condition 6.2 (*General redemption option*), the Prevailing Principal Amount of each Security is not less than its Initial Principal Amount at such time;
- (c) in the case of redemption pursuant to Condition 6.2 (*General redemption option*) or purchase pursuant to Condition 6.5 (*Purchase*), if and to the extent then required under the Regulatory Capital Requirements, either: (A) the Issuer having replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or, save in the case (d)(A) below, (B) the Issuer having demonstrated to the satisfaction of the Supervisory Authority that the own funds and eligible liabilities of the Prudential Group would, following such redemption or purchase, exceed its applicable minimum capital and eligible liabilities requirements (including any applicable buffer requirements) by a margin that the Supervisory Authority considers necessary at such time;
- (d) in the case of a purchase pursuant to Condition 6.5 (*Purchase*) prior to the fifth anniversary of the Issue Date, if and to the extent then required under the Regulatory Capital Requirements, either (A) the Issuer having, before or at the same time as such purchase, replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Supervisory Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) the relevant Securities are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements;

- (e) in the case of redemption pursuant to Condition 6.3

(Redemption upon the occurrence of a Regulatory Event) if and to the extent then required under applicable Regulatory Capital Requirements the Issuer has demonstrated to the satisfaction of the Supervisory Authority that such exclusion or regulatory reclassification was not reasonably foreseeable by the Issuer as at the Issue Date; and

- (f) in the case of redemption pursuant to Condition 6.4 *(Redemption upon the occurrence of a Tax Event)* if and to the extent then required under the Regulatory Capital Requirements the Issuer has demonstrated to the satisfaction of the Supervisory Authority that the change in the applicable tax treatment is material and was not reasonably foreseeable by the Issuer as at the Issue Date.

In addition, if the Issuer has elected to redeem or purchase the Securities pursuant to Condition 6.2 *(General redemption option)*, 6.3 *(Redemption upon the occurrence of a Regulatory Event)*, 6.4 *(Redemption upon the occurrence of a Tax Event)* or 6.5 *(Purchase)* and:

- (a) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption or purchase; or
- (b) prior to the relevant redemption or purchase date a Trigger Event occurs,

the relevant redemption notice shall be automatically rescinded and shall be of no force and effect and the Prevailing Principal Amount of the Securities will not be due and payable. The Issuer shall give notice thereof to the Securityholders in accordance with Condition 15 *(Notices)*, and to the Trustee and the Principal Paying Agent, as soon as possible following any such automatic rescission of a redemption notice.

Prior to the publication of any notice of redemption, substitution, variation pursuant to Condition 6 (other than redemption pursuant to Condition 6.2 *(General redemption option)*), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied (and giving details thereof) and, in the case of a substitution or variation, that the terms of the relevant Compliant Securities comply with the definition thereof in Condition 6 *(Redemption, Purchase, Substitution and Variation)*.

The Trustee shall not be under any duty to investigate whether any condition precedent to redemption under Condition 6 *(Redemption, Purchase, Substitution and Variation)* has occurred and shall not be responsible to Securityholders for any loss arising from any failure by it to do so. The Trustee shall rely without further investigation and without liability as aforesaid on any certificate or opinion delivered to it in connection with Condition 6 *(Redemption, Purchase, Substitution and Variation)*.

Purchase of the Securities

The Issuer, or any of its Subsidiaries, may at its option purchase or otherwise acquire any of the outstanding Securities at any price in those

circumstances permitted by the Regulatory Capital Requirements and Condition 6.8 (*Conditions to redemption, purchase, substitution and variation*).

The Issuer or any agent on its behalf shall have the right at all times to purchase Securities for market making purposes provided that: (a) Supervisory Permission has been obtained where required; and (b) the total principal amount of the Securities so purchased does not exceed the predetermined amount permitted from time to time to be purchased for market-making purposes under the Regulatory Capital Requirements.

Withholding tax and Additional Amounts

Subject always to Conditions 2.2 (*Solvency Condition*) and 4 (*Interest*), all payments of principal and/or interest in respect of the Securities shall be made without withholding and/or deduction for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Ireland, or any political subdivision or any authority thereof or therein having power to tax, unless such withholding and/or deduction is required by law. In that event, in respect of payments of Interest (but not principal or any other amount) the Issuer will make such payment after the withholding or deduction of such tax, duty or charge has been made, shall account to the relevant authorities for the amount required to be withheld or deducted and the Issuer will, subject to certain limitations and exceptions, pay such additional amounts ("**Additional Amounts**") as will result (after such withholding and/or deduction) in the receipt by the Securityholders of such sums which would have been receivable (in the absence of such withholding and/or deduction) from it in respect of payment of interest on their Securities.

All payments in respect of the Securities are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

Enforcement

In the event of a Winding-Up, or if the Issuer has not made payment of any amount in respect of the Securities for a period of seven days or more after the date on which such payment is due (without prejudice to Conditions 4.1 and 5.1), the Issuer shall be deemed to be in default under the Trust Deed and the Securities and, unless proceedings for a Winding-Up have already commenced, the Trustee may institute proceedings for a Winding-Up. The Trustee may prove in any Winding-Up of the Issuer (whether or not instituted by the Trustee) and shall have such claim as is set out in Condition 3 (*Winding-Up*).

The Trustee may, at its discretion and without notice, institute such other proceedings and/or take any other steps or action against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed (other than any payment obligation) provided that in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to the Conditions or the Trust Deed. No Securityholder shall be entitled to proceed directly against

the Issuer or to institute proceedings for a Winding-Up of the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

See Condition 12 (*Enforcement*) for further information.

Modification

The Trust Deed contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, pursuant to which defined majorities of the Securityholders may consent to the modification or abrogation of any of the Conditions or any of the provisions of the Trust Deed, and any such modification or abrogation shall be binding on all Securityholders.

Subject to the Issuer obtaining Supervisory Permission therefor the Trustee and the Issuer may agree, without the consent of the Securityholders, to any modification of the Securities or the Trust Deed which is in the opinion of the Trustee: (a) to cure or correct any ambiguity or defective or inconsistent provision contained therein, or which is of a formal, minor or technical nature; (b) not prejudicial to the interests of the Securityholders (provided the proposed modification does not relate to a matter in respect of which an Extraordinary Resolution would be required if a meeting of Securityholders were held to consider such modification); or (c) to correct a manifest error or an error which is proven to the satisfaction of the Trustee. Any such modification shall be binding on the Securityholders and any such modification shall be notified to the Securityholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

Form

The Securities will be issued in registered form. The Securities will initially be represented by a Global Certificate and will be registered in the name of a nominee of a common depositary for the Clearing Systems.

Denomination

€200,000 and integral multiples of €1,000 in excess thereof.

Use of Proceeds

The net proceeds of the issue of the Securities (estimated to be approximately €669,262,500) will be used by the Issuer for general corporate purposes and to invest in securities issued by BOI.

Clearing Systems

Euroclear and Clearstream, Luxembourg.

Listing

Application has been made to Euronext Dublin for the Securities to be admitted to trading on the GEM and to be listed on the Official List.

Governing law

The Securities and the Trust Deed, and any non-contractual obligations arising out of or in connection with the Securities or the Trust Deed, will be governed by, and construed in accordance with, the laws of Ireland.

Submission to jurisdiction

The Issuer will, in the Trust Deed, irrevocably agree for the benefit of the Trustee and the Securityholders that the courts of Ireland are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Securities (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Securities) and accordingly has submitted to the exclusive jurisdiction of the Irish courts.

Ratings

The Securities are expected to be rated Ba2 by Moody's. Moody's is a credit rating agency established in the UK and registered under Regulation (EC)

No 1060/2009 (as amended) (the "**CRA Regulation**"). Moody's appears on the latest update of the list of registered credit rating agencies on the ESMA website <https://www.esma.europa.eu/>. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.

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Common Code:	217804353
CFI Code	DBFXPR
FISN Code	BK OF IRELAND/BD PERP REGS

RISK FACTORS

The following is a description of the principal risks associated with an investment in the Securities. These risk factors are material to an investment in the Securities.

Prospective investors should carefully read and consider all the information contained in these Listing Particulars, including the risk factors set out in this section, prior to making any investment decision. An investment in the Securities is only suitable for investors experienced in financial matters who are in a position to fully assess the risks relating to such an investment and who have sufficient financial means to suffer any potential loss stemming therefrom.

The Issuer believes that the factors described below represent the material risks inherent in investing in the Securities but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to the Issuer or which the Issuer may not currently be able to anticipate or be aware of and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive. In addition, if any of the following risks, or any other risk not currently known, actually occur, the trading price of the Securities could decline and Securityholders may lose all or part of their investment. Prospective investors should also read the information set out elsewhere in these Listing Particulars, including the documents incorporated by reference and reach their own views, based upon their own judgement and upon advice from such financial, legal and tax advisers as they deem necessary, prior to making any investment decision.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING RISKS ASSOCIATED WITH THE ISSUER AND THE GROUP

1. The COVID-19 pandemic could have a material adverse effect on the global economy

In March 2020, the World Health Organisation declared the outbreak of a new infectious disease known as COVID-19, caused by the severe acute respiratory syndrome coronavirus 2 (commonly known as SARS-CoV-2), to be a global pandemic. The actions required to definitively contain COVID-19 (including requirements for international co-operation), treat its impact and prevent or mitigate its reoccurrence are as yet unknown.

Measures have been adopted by governments and national regulators with a view to containing the spread of COVID-19, including travel bans, shut-downs of businesses and workplaces, quarantine and elective self-isolation; leaving large parts of many economies, including the Irish and UK economies, effectively closed. The extent and duration of these and any further restrictions, and the timing of lifting of restrictions, is as yet unknown.

The COVID-19 outbreak caused stock markets worldwide to lose significant value and impacted economic activity worldwide. Both advanced economies, including the Irish and UK economies, and emerging market and developing economies are generally assessed to be in recession. There is elevated uncertainty in respect of a range of matters, including the extent, duration and intensity of the financial consequences and potential customer behaviour and societal implications. The scale and speed of the economic impact is extreme; notwithstanding that there has also been material monetary policy, government support measures and regulatory intervention, both nationally and globally. The effectiveness of economic policy measures and the timing of a return to more normalised economic activity and its form and extent are as yet unknown.

Regulatory interventions have included the announcement by the European Central Bank (the "ECB") of temporary measures to enable the banks which it directly supervises to continue to support the wider economy. Amongst other measures, the ECB will allow such banks to operate temporarily below the level of capital required by the Pillar 2 guidance, the capital conservation buffer and the liquidity coverage ratio.

Any of these factors (or a combination of them) could have a material adverse effect on the business, financial condition, results of operations, capital, liquidity and/or prospects of financial institutions, including the Group.

It is uncertain how long the adverse economic conditions caused by COVID-19 will last. Furthermore, there can be no guarantee that any similar pandemics or outbreaks will not occur in the future or that the effects of the current global

pandemic will not deteriorate further. If such pandemics or outbreaks occur in the future, they may result in similar or more adverse effects.

2. *The COVID-19 pandemic could have a material adverse effect on the Group*

The COVID-19 pandemic is a complex and rapidly evolving situation and its overall economic and financial implications are unclear. It may have a material adverse impact on the Group's operating environment and financial performance in 2020 and beyond. Potential impacts may include (i) a sharp contraction in GDP in Ireland and the UK and further rises in unemployment levels in Ireland and the UK, (ii) a weakening in the quality of certain of the Group's loan assets and a consequential rise in IFRS 9 expected credit losses; (iii) a deterioration in the Group's financial performance; and (iv) other financial and operational challenges for the Group from future legislation or governmental or regulatory actions or guidance issued in connection with the COVID-19 pandemic.

In addition, the COVID-19 pandemic has led the Group to modify its operational practices, including the imposition of restrictions on employee travel and changes to enable remote working wherever possible. The unavailability of staff, through illness or inability to attend work and the impact of the COVID-19 pandemic on third parties, on which the Group relies, may materially impact the ability of the Group to execute business-critical activities within the required timeframes. The Group has robust business continuity plans in place but may also be impacted by further COVID-19 restrictions on its business partners and outsourced service suppliers. These restrictions (individually or cumulatively) could negatively affect the Group's ability to provide its products and services to its customers.

Schemes have been initiated by national governments in jurisdictions in which the Group operates to provide financial supports to parts of the economy most impacted by the COVID-19 pandemic. On 19 March 2020, the Central Bank announced it had agreed with the Banking & Payments Federation Ireland that there should be no impediments to Irish situate banks introducing payment breaks for those affected by the pandemic. In the UK, the Chancellor of the Exchequer announced on 17 March 2020 that it had agreed with industry bodies that mortgage lenders will offer at least a three month mortgage holiday to borrowers. The impact of these and any future schemes on the Group's customers, the economy and the consequential impact on the Group remain uncertain at this stage.

See also the section entitled "*Description of the Issuer and the Group – Recent Developments*" below.

The likelihood of customer behavioural change (for example an accelerated move to digital; appetite for different products and services) is as yet unknown. The Group will continue to assess the range of possible impacts of COVID-19 and to respond to the situation as it evolves. Any impact on the Group will depend on future developments, which are highly uncertain at present but any impact could potentially materially adversely affect the Group's business, financial conditions, results of operations and prospects.

3. *The Group's business and financial performance has been and will continue to be affected by economic conditions in particular in Ireland and in the UK, but also globally and in Europe*

The Securities will be obligations exclusively of the Issuer. The Issuer is a non-operating holding company and conducts substantially all of its trading activities through its direct subsidiary, BOI, and the other members of the Group. As the non-operating holding company of the Group, the Issuer's ability to make payments to the holders of the Securities depends largely upon the receipt of dividends, distributions, loans or advances from its subsidiaries. Substantially all of the Group's business activities are in Ireland and the UK, with the majority of the Group's loans and advances to customers in Ireland and the UK. As a result, the ability of those subsidiaries to pay dividends, distributions, loans or advances is subject to, amongst other things, inherent risks arising from general economic conditions in Ireland and the UK in particular, as well as the condition of the European and global economy and financial markets generally, and as they specifically affect financial institutions.

The most material of those risks are the following:

- (i) the emergence of widespread financial turmoil and/or the undermining of sustainable economic and budgetary conditions, in particular as a result of the ongoing COVID-19 pandemic (see the risk factors entitled "*The COVID-19 pandemic could have a material adverse effect on the global economy*" and "*The COVID-19 pandemic could have a material adverse effect on the Group*" above);

- (ii) higher unemployment rates, constraints on household income and high debt levels in Ireland and the UK — see the risk factor entitled “*Decreases in the credit quality of the Group’s borrowers and counterparties, could adversely affect the Group’s business*” for further details;
- (iii) pandemics like the ongoing COVID-19 virus outbreak and other large-scale public health events, and climate-related catastrophes could affect the global economy and the economies in which the Group operates;
- (iv) potential deterioration in the economic, social and political conditions in Europe or elsewhere, changes to the political leadership of member countries of the Eurozone and/or other political instability or unrest that impacts Europe and/or other regions could result in increased volatility in the general economic or political conditions of those countries and/or regions, impacting on economic conditions in countries where the Group has exposures, market risk pricing and asset price valuations, thereby potentially reducing returns;
- (v) Eurozone bond markets and broader international debt markets could be impacted by concerns over sovereign debt levels of Member States, requirement for support of the banking system, speculation about the stability of the Eurozone and the potential impact of these factors on the individual Member State economies, including Ireland, and on the UK;
- (vi) any period of unpredictable movements, severe dislocations and liquidity disruptions in the financial markets in the Eurozone or elsewhere, could lead to a reduction in the demand for some of the Group’s banking services and products and may also impede the Group’s ability to raise capital or funding. This could result in, among other things, the issuance of capital and funding of different types or under different terms than otherwise would have been issued or realised, or the incurrence of additional or increased funding and capital costs compared to the costs borne in a more stable market environment;
- (vii) financial institutions have a high level of interdependence as a result of credit, trading, clearing and other relationships between them. As a result, a default or threatened default or concerns about a default or threatened default by one institution could affect other institutions and lead to significant market-wide liquidity problems and financial losses for other financial institutions. It may even lead to defaults of other financial institutions, which is a risk, sometimes referred to as “systemic risk”. A systemic risk event may also have a material adverse effect on other financial intermediaries, such as clearing agencies, clearing houses, securities firms and exchanges, to which the Group is exposed;
- (viii) the withdrawal from the Euro by one or more countries that have already adopted its use and, in an extreme scenario, the cessation of the use of the Euro could result in the dissolution of the European Monetary Union (the “EMU”). This could lead, inter alia, to the re-introduction of individual currencies in one or more EMU member states and the redenomination of financial instruments from Euro to a different currency, the effects of which are impossible to predict fully;
- (ix) changes in market sentiment (including changes in sentiment arising from the COVID-19 pandemic) could result in an abrupt increase in risk premia, causing dislocation in global financial markets which could have an adverse effect on economic activity, including in Ireland and the UK;
- (x) changes in interest rates for mortgage lending—the regulatory authorities (for example, the Central Bank) or governments may introduce new requirements or ceilings in relation to the interest rates that the Group charges for mortgage lending. A material decrease in interest rates for mortgage lending, without a comparable decrease in funding and capital costs for the Group, could adversely impact the profitability of the Group;
- (xi) risk aversion as a result of economic uncertainties (including the uncertainties caused by the COVID-19 pandemic) could adversely impact credit formation and negatively affect the Group’s business; and
- (xii) political, economic, financial and regulatory uncertainty arising from the inconclusive outcome of the recent general election (8 February 2020) in Ireland, including uncertainty relating to the composition and policy agenda of a new government.

4. A failure to effectively improve or upgrade the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on its business, results of operations, financial condition and/or prospects

The Group maintains a complex IT estate to serve all its customers. To ensure key systems are robust, the Group invests multi-millions of euros on a rolling basis to refresh and where appropriate replace technology in line with the Group's multi-year integrated plan for technology change (the "**Transformation Plan**"). In addition, the Group is currently investing in a multi-year investment programme to replace its core banking platforms with a modern banking application. This investment is intended to support the further digitisation of the Group and provide enhanced service for customers.

Notwithstanding this investment, the nature of any complex IT environment means that from time to time there may be incidents arising from problems with the Group's IT systems that adversely impact the Group's customers and the Group's strategic priorities.

Given the complexity of the subject matter and the pace of industry and regulatory change, the Group cannot provide assurance that the design of the programmes within the Transformation Plan will meet systems, regulatory or market requirements or expectations in full or part, or that it or they will do so to the anticipated timetable. As is the case for many established financial services providers, in a rapidly changing technology environment and in dealing with legacy systems, there is a risk that the investment as anticipated may not deliver the envisaged outcomes, and that the Transformation Plan may not deliver to expectations or that the investment required turns out to be more than originally considered. There is also a risk that the Group may not be able to engage or retain all of the third-party providers and/or key staff that are the optimal providers and integrators of such technology and change. Nor can the Group provide assurance that it will be able to maintain the level of operating and capital expenditure necessary to support the improvement or upgrading of its information technology infrastructure.

The full successful implementation of the Transformation Plan may also necessitate a level of behavioural and organisational change within the Group, which may fail to materialise in whole or in part and which may have unforeseen potential consequences. The Transformation Plan places incremental operational risk management challenges for the Group, which, if not successfully managed, could have a negative impact on its future relationships with its regulators and its customers who, notwithstanding the anticipated operational benefits, may also react negatively to a potential streamlining of product offering that may flow from the redesign of systems. Additionally, regulatory requirements and expectations may change (see the risk factor entitled "*The Group's business and operations are subject to substantial regulation and supervision and can be negatively affected by its non-compliance with certain existing regulatory requirements and any adverse regulatory and governmental developments*") resulting in misalignment and/or material additional requirements and/or costs for the Transformation Plan, with potential regulatory censure or sanctions for failure or delays in delivery.

5. The Group could be materially adversely affected by the UK's withdrawal from the EU

On 31 January 2020, the UK formally withdrew from the EU and entered into an 11-month transition period (the "**Transition Period**"), which may be extended by agreement until December 2022, during which existing (UK-EU) trading arrangements will continue to apply while substantive negotiations take place regarding the UK's future relationship with the EU. It is unclear as at the date of these Listing Particulars whether, as a result of the COVID-19 pandemic or otherwise, there will be an extension of the Transition Period.

As at the date of these Listing Particulars, and until and potentially beyond the conclusion of the Transition Period, it is not known what impact the UK's withdrawal from the EU will have on the approach of the UK regulatory authorities to the regulation of financial institutions in the future. In particular, it is not yet known whether the requirements imposed on financial institutions in the UK by the UK regulatory authorities will be materially different from the requirements imposed in the EU by the ECB and national authorities. Changes to the UK regulatory regime which applies to the Group's business in the UK following the UK's withdrawal from the EU (including, but not limited to, passporting (i.e. the Group's provision of banking services in the UK through its branch in the UK), data protection (in respect of intragroup transfers of data and relevant Group outsourcing arrangements), and the Group's recovery and resolution arrangements (i.e. potential regulatory divergence in approach between UK and EU regulators) and additional costs could have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

There is considerable uncertainty regarding the impact of the UK's withdrawal from, and future relationship with, the EU on general economic conditions in Ireland, the UK, the EU, and globally, and also on the financial services industry and the legal and regulatory environment. This could in turn affect pricing, partner appetite, customer confidence and credit demand, collateral values and customers' ability to meet their financial obligations, and, consequently the Group's financial performance, balance sheet, capital and dividend capacity. Other effects may include changes in official interest rate policy in both the UK and the Eurozone, which can impact the Group's revenues and also the Group's IAS 19 defined benefit pension deficit, and foreign exchange rate changes, which can impact the translation of the Group's UK net assets and profits. Uncertainty may also result in a reduction or delay in capital expenditure by businesses and a consequential reduction in demand for business lending.

Withdrawal could, among other outcomes, ultimately disrupt the movement of goods, services, capital and people between the UK and the EU (including Ireland), and generally disrupt trade, as well as undermine bilateral cooperation in key policy areas. In addition, withdrawal raises the possibility of further exits from, or the break-up of, the EU and further referenda on continued EU membership in other EU member states.

The UK's withdrawal from the EU could also have an adverse effect on the value of Sterling and a significant change to the currency exchange rate between Euro and Sterling would affect the translation of the Group's UK net assets and profits into Euro. Furthermore, any significant devaluation in Sterling may adversely impact Ireland's exports to the UK, which in turn could lead to an increase in unemployment in Ireland. See the risk factor entitled "*Decreases in the credit quality of the Group's borrowers and counterparties, could adversely affect the Group's business*".

The UK's withdrawal from the EU could have a significant adverse effect on the economies of Ireland, Northern Ireland and the UK which could include, but may not be limited to, an adverse effect on consumer and business confidence and associated spending and investment, the ability of the Group's customers to meet their contractual obligations to the Group, collateral values, the pricing of the Group's products and the introduction of new products by the Group. Any such adverse effect on the Irish and/or UK economies is likely to have an adverse effect on the Group's business, financial condition, results of operations and/or prospects. In addition, as the Group maintains significant operations in the UK, the UK's withdrawal from the EU could require the Group to make potentially significant changes to its operations in the UK, which in turn could have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

6. The Group's strategic plans may not be realised

The Group has identified and set strategic plans for the Group, including, *inter alia*:

- (i) focussing on the Republic of Ireland as the Group's core market; and
- (ii) retaining selective international diversification in the UK through access to an extensive distribution network, primarily through the UK Post Office and the Automobile Association (the "AA") partnerships, and other strategic intermediaries and, internationally, through acquisition finance.

These plans include targets which rely on the proper implementation of those strategies and which may be sensitive to a number of internal and external dependencies.

Furthermore, these strategic plans may be adversely affected by macroeconomic factors (in Ireland, the UK or globally) and other factors that are outside of the Group's control (including the adverse economic impacts of the COVID-19 pandemic). See the risk factors entitled "*The COVID-19 pandemic could have a material adverse effect on the Group*" and "*The Group's business and financial performance has been and will continue to be affected by economic conditions globally, in Europe and, in particular, in Ireland and in the UK*" for further details. The Group's implementation of these strategies may be affected by the competition in the markets in which the Group operates.

There is a further risk that the Group may not be in a position to renew third-party distribution agreements such as the agreement between Bank of Ireland (UK) plc, AA plc and AA Financial Services Limited in the UK (in respect of AA branded financial services products) and other third-parties on terms acceptable to the Group or on terms as currently favourable to the Group. Any termination or non-renewal of the Group's relationships with the AA and/or any of its

other strategic intermediaries in the UK could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's strategic plans also rely, in part, on the proper implementation of those strategies by the Group. There is a risk that the Group's Transformation Plan may not deliver the required objectives in whole or part (see the risk factor entitled "*A failure to effectively improve or upgrade the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on its business, results of operations, financial condition and/or prospects*" for further information). There is also a risk that the Group may not be able to continue to deliver new products or existing products at acceptable margins, that future regulation may change the nature of product charging and/or sales in a way that impacts the Group's ability to deliver the planned income, that its chosen business model proves to be inappropriate, or that customers are not attracted by the products and services on offer.

7. *Pension risk is the risk in the Group's defined benefit pension schemes that the assets are inadequate or fail to generate returns that are sufficient to meet the schemes' liabilities*

The Group sponsors a number of defined benefit pension schemes for past and current employees. Pension risk crystallises for the sponsor when a deficit emerges of a size which implies a material probability that the liabilities will not be met. Defined benefit pension funds are subject to market fluctuations, and interest rate and inflation risks, thus a level of volatility is associated with defined benefit pension funding. These market fluctuations can impact the value of the schemes' asset portfolios and returns and / or result in a greater than expected increase in the value of the schemes' liabilities. The level of volatility associated with pension funding can have a negative impact on the financial condition and prospects of the Group.

8. *Weaknesses or failures in the Group's processes and procedures, external events or other operational risks are a risk to the Group's business*

The Group's businesses are dependent on their ability to process and report, accurately and efficiently, a high volume of complex transactions across numerous and diverse products and services, and subject to a number of different legal and regulatory regimes. Operational risks are inherently present in the Group's businesses including, as a result of potentially inadequate or failed internal processes (including financial reporting and risk monitoring processes), IT or equipment failures or the failure of external systems and controls outside of the Group's control or from people-related or external events. This exposes the Group to customer redress, administrative actions or sanctions, potential loss of customers, reputational damage and the potential requirement to hold additional regulatory capital.

The most material of these operational risks are:

- (i) the risk of internal fraud (including financial fraud and/or theft) carried out by employees or officers of the Group, possibly resulting from lack of adequate segregation of responsibilities, or inappropriate internal access levels to systems being accorded to individuals, providing them with knowledge that facilitates fraud;
- (ii) the risk of external fraud, being customer or third-party fraud against the Group such as card skimming or cloning;
- (iii) the risk of a cyber-attack against the Group and its IT and account management systems and the reputational damage the Group would suffer as a result of any such attack. This would include denial of service attacks;
- (iv) the risk of partial or complete failure of some or all of the Group's IT systems, including any potential weaknesses in, or failure of, the Group's 'business continuity' strategy and systems;
- (v) the risk of a failure to accurately collect, maintain and keep safe data (including personal data) processed by the Group;
- (vi) the risk of poor external service delivery, inadequate internal management, or inadequate business continuity plans (for example during a global pandemic or in a disaster) of third-party service providers (including outsourcing partners);

- (vii) the risk that business units develop key financial and/or credit models without adequate oversight and testing prior to use by the business, therefore leading to inappropriate decision making and reporting;
- (viii) the risk of a failure to keep appropriate, accurate and regulatory compliant documentation, records and archives; and
- (ix) the risk of mis-selling financial products and/or the mishandling of complaints.

The Group's risk controls and frameworks (that are subject to ongoing review and enhancement) or loss mitigation actions implemented may not be effective in controlling each of the operational risks faced by the Group. Weakness in these controls or actions could result in regulatory penalties and could also have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects, as well as reputational damage which could exacerbate such adverse impact.

9. *Decreases in the credit quality of the Group's borrowers and counterparties, could adversely affect the Group's business*

Credit risk is the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Group in respect of loans or other financial transactions. This risk includes, but is not limited to, default risk, concentration risk, country risk, migration risk and collateral risk. Credit risk arises from loans and advances to customers and from certain other financial transactions, such as those entered into by the Group with financial institutions, sovereigns and state institutions. Credit facilities can be largely grouped into the following categories: cash advances (e.g. loans, overdrafts, revolving credit facilities ("**RCFs**") and bonds), associated commitments and letters of offer; credit related contingent facilities (issuing of guarantees / performance bonds / letters of credit); derivative instruments; and settlement lines. The Group has exposures to residential mortgages, retail borrowers, small and medium sized enterprises ("**SME**") and corporate borrowers in different sectors and investors in commercial property and residential property.

In the ordinary course of its operations, the Group estimates and establishes impairment loss allowances for credit risks and the potential credit losses inherent in these exposures. This process, which is critical to the Group's results and financial condition, requires complex judgements, including forecasts of how changing macroeconomic conditions might impair the ability of borrowers to repay their loans. The Group may fail to adequately identify the relevant factors or accurately estimate the impact and/or magnitude of identified factors, which could materially adversely affect the Group's business, results of operations, financial condition and/or prospects.

Further, there is a risk that, despite the Group's belief that it conducts an accurate assessment of borrower credit quality, borrowers are unable to meet their commitments as they fall due as a result of borrower specific circumstances, macro-economic factors or other external factors, including the COVID-19 pandemic (see the risk factor entitled "*The COVID-19 pandemic could have a material adverse effect on the global economy*" above). The failure of borrowers to meet their commitments as they fall due may result in higher impairment loss allowances or a negative impact on fair value in the Group's lending portfolio. A deterioration in borrower credit quality and the consequent increase in impairments could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's primary markets are Ireland and the UK. At 31 December 2019, based on the geographic location of the business unit where the asset is booked, 61 per cent. of the Group's loans and advances to customers were in Ireland, 38 per cent. in the UK and 1 per cent. in other jurisdictions. As at 31 December 2019, residential mortgages represented 58 per cent. of total loans and advances to customers. Residential mortgage exposures originated and managed in Ireland and the UK represent a material concentration of credit risk.

Economic conditions may deteriorate in the Group's main markets, which may lead to, amongst other things, counterparties and borrowers experiencing an adverse financial situation, an increase in interest rates in the short to medium term, declines in values of collateral (including residential and commercial property values) and investments, increases in unemployment levels, weak consumer and corporate spending, declining corporate profitability, declining equity markets and bond markets and an increase in corporate insolvencies. This may give rise to deterioration in the credit quality of the Group's borrowers and counterparties and increased difficulties in relation to the recoverability of

loans and other amounts due from such borrowers and counterparties, resulting in significant increases in the Group's impaired loans and impairment loss allowances. Uncertainty in the global and Eurozone economies, including, as noted above, as a result of the COVID-19 pandemic and the UK's withdrawal from the EU, could result in downgrades and deterioration in the credit quality of the Group's customer, sovereign and banking exposures.

10. *The Group's level of non-performing exposures ("NPEs") on loans and advances to customers remains elevated*

The proportion of the Group's loan portfolio which comprises NPEs is elevated and there can be no assurance that the Group will be able to continue reducing the level of its NPEs at the current rate. As at 31 December 2019, the Group had recognised impairment loss allowances of €1.3 billion and had NPEs of €3.5 billion. The Group's loan portfolio may be adversely impacted by the adverse economic impacts of the COVID-19 pandemic which may increase the proportion of the Group's loan portfolio designated as NPEs. Furthermore, the Group's ability to reduce the level of its NPEs is dependent on its ability to restructure and/or rehabilitate these loans in addition to its early engagement activities for early arrears cases or loans experiencing potential financial distress. The willingness and ability of delinquent or defaulting borrowers to agree to a voluntary restructuring of their loans is materially dependent on the stability of the global economy, particularly the Irish economy and the real estate market, and an effective and efficient regulatory insolvency and foreclosure process in Ireland (e.g. requirements of the Code of Conduct on Mortgage Arrears (the "**CCMA**"), insolvency legislation, court processes and bankruptcy proceedings, none of which are factors within the Group's control).

While any sale of NPEs or portfolios of NPEs by the Group would reduce the level of its NPEs and release the provisions held against them, the sale could result in a loss being recorded, which could have a material adverse effect on the Group's income for the relevant financial period and the Group's capital position in the longer term.

In the 2018 Supervisory Review and Evaluation Process ("SREP") letter, the ECB advised the Group of its supervisory expectations in respect of the Group's NPE stock at March 2018 and the minimum coverage levels (by way of additional provisioning or capital allocation) which are expected to be achieved by December 2020, increasing on a straight line basis to 100 per cent. by December 2025. The Group is also subject to similar requirements in respect of its newly-emerged NPE stock from 2018 onwards. The ECB and other regulatory authorities may introduce new and/or additional requirements in relation to how the Group deals with its NPEs in the future. Any change to the way in which the Group deals with its NPEs as a result of the Group's compliance with regulatory requirements could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

11. *The Group is subject to regulatory regimes which may require that it holds or raises additional capital and/or eligible liabilities or result in increased costs*

As a financial institution, the Group is regulated by a number of authorities, principally Irish, EU and UK regulators. The regulatory regimes to which the Group is subject continue to evolve and the ability of the Group to comply with applicable regulatory regimes is critical to its ability to implement its business plans. For a more detailed discussion of applicable regulation affecting the Group, please see the section entitled "*Description of the Issuer and the Group - Regulation*" below.

Regulatory capital requirements

As of 4 November 2014, the Group came under the supervision of the SSM established pursuant to the Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions ("**SSM Regulation**"). Accordingly, the Group's compliance with the prudential requirements of regulatory developments, including the Capital Requirements Directive IV (Directive 2013/36/EU) ("**CRD IV**"), the Capital Requirements Directive V (Directive 2019/878/EU) ("**CRD V**"), the Capital Requirements Regulation (Regulation (EU) No. 575/2013) ("**CRR**") and the Capital Requirements Regulation II (Regulation (EU) No. 2019/876) ("**CRR II**"), the European Union (Capital Requirements) Regulations 2014 and the European Union (Capital Requirements No. 2) Regulations 2014 which implement CRD IV in Ireland (together the "**CRD IV Regulations**"), is significantly dependent on the SSM's interpretation and decisions in relation to these requirements following its periodic inspections of the Group within the scope of the SSM Regulation.

Following the assumption by the ECB of its supervisory responsibilities under the SSM, the ECB has been concerned with the implementation of a more demanding and restrictive regulatory framework with respect to, amongst other things, capital ratios, leverage, liquidity and disclosure requirements which, notwithstanding the benefit to the financial system, will imply additional costs for the Group and other financial institutions.

The CRD IV Regulations contain the European regulatory package designed to transpose the capital, liquidity and leverage standards of Basel III into the EU's legal framework. From 1 January 2014, the Group has been regulated under CRD IV. This has introduced significant changes in the prudential regulatory regime applicable to the Group and other financial institutions including: increased minimum levels of capital, enhanced quality standards for qualifying capital, and increased risk weighting of assets, particularly in relation to market risk and counterparty credit risk. CRD IV provides for some of these measures to be phased in over transitional periods up to 2024.

MREL requirements

To support the effectiveness of bail-in and other resolution tools, Article 130(1) of Directive 2014/59/EU (the "**Bank Resolution and Recovery Directive**" or "**BRRD**") (as subsequently amended by Directive 2019/879/EU ("**BRRD II**")) required that from 1 January 2016 Member States apply the BRRD's provisions requiring EU credit institutions and certain investment firms (collectively, "**BRRD Institutions**") to maintain minimum requirements for own funds and eligible liabilities ("**MREL**"), subject to the provisions of the MREL regulatory technical standards.

The MREL requirements imposed on the Group may be subject to ongoing review and could change materially requiring the Group to raise additional funds in order to meet its obligations. In addition, the cost of such funding could be higher than that which the Group might otherwise have incurred in circumstances where it was not subject to the relevant MREL requirements. The MREL requirements could have an impact on the Group's operations, structure, costs and/or capital/funding requirements. Furthermore, any disruption to or volatility in capital markets as a result of the COVID-19 pandemic could make it more difficult and costly for the Group to raise the required MREL. See the risk factors entitled "*The COVID-19 pandemic could have a material adverse effect on the global economy*" and "*The COVID-19 pandemic could have a material adverse effect on the Group*" above.

Introduction of new risk-weight floors

In December 2017, the Basel Committee on Banking Supervision ("**BCBS**") finalised the Basel III framework which focuses on reducing variation in the calculation of risk-weighted assets ("**RWAs**") regardless of whether standardised approaches or internal models are used. The full impact on the industry of these rules is still to be determined as the rules are yet to be implemented in Europe. The principal elements of the proposal include a capital floor equivalent to 72.5 per cent. of the RWA requirements under the standardised approach to be implemented over five years, and intended to commence in January 2022. However, in light of COVID-19, the BCBS has deferred the implementation by one year to January 2023, with the accompanying transitional arrangements also extended by one year to January 2028. When calculating the floor, institutions will be required to calculate standardised requirements for different risk classes, including *inter alia* credit risk, counterparty credit risk, market risk and operational risk. Additionally, institutions will be required to disclose a comparison between the RWA requirement based on internal approaches and that under a standardised approach.

The cost of complying with any new standardised approach and ancillary matters would have an impact on the Group's operations, structure, costs and/or capital /funding requirements.

Risk associated with failure to comply with capital adequacy requirements

Capital adequacy and its effective management are critical to the Group's ability to operate its businesses and to pursue its strategy. The Group's business and financial condition would be affected if the Group was insufficiently capitalised. This could be caused by a materially worse than expected financial performance (including, for example, reductions in earnings as a result of impairment charges, or an unexpected change in interest rates, or unexpected increases in RWAs).

In addition, if the requirements or interpretations of regulatory authorities applicable to the Group are more stringent than, or otherwise diverge from, those applying to other Irish or other financial institutions, this could result in a

competitive disadvantage for the Group relative to such other financial institutions, and may result in adverse investor reaction and increased costs for the Group.

If the Group fails to meet its prudential requirements (including capital, liquidity and MREL requirements) in full, or to exceed its minimum requirements by a margin which the Group's regulators or the markets consider satisfactory, or if there is any market perception that such a failure has occurred or may occur, or if the Group underperforms or is perceived to have underperformed in any European Banking Authority (the "EBA") stress testing exercise or similar exercise conducted in respect of the Group, this could materially adversely affect the Group's ability to conduct its business and may result in an increase in the Group's cost of funding, a requirement to raise additional capital, liquidity and/or MREL resources and/or other regulatory actions, including (but not limited to) increasing retained earnings, suspending dividends (which is a requirement for all banks under the SSM's Dividend Distribution Recommendations ECB/2020/1) and other discretionary payments (including interest payments on the Securities), public censure or the imposition of sanctions. These factors may affect the Group's capacity to continue its business operations, generate a return on capital, pay future dividends or pursue acquisitions or other strategic opportunities, impacting future growth potential.

12. *The Group is exposed to risks in relation to compliance with anti-corruption laws, anti-money laundering laws, laws to prevent the financing of terrorism and the imposition of economic sanctions programmes against certain countries, citizens and entities*

The Group is required to comply with the laws and regulations of various jurisdictions where it conducts operations. In particular, the Group's operations are subject to various anti-corruption, anti-money laundering and terrorism financing laws, including the key principles of the UK Bribery Act 2010 as part of the Group's Anti-Bribery Policy Standard, and economic sanction programmes, including those administered by the United Nations and the EU, as well as those of the United States Department of Treasury's Office for Foreign Assets Control.

Failure to comply with financial sanctions legislation or to seek to circumvent its provisions or failure by the Group to adopt policies and procedures to be followed by persons involved in the conduct of its business, and that specify the Group's obligations in respect of the assessment and management of sanctions risk are criminal offences punishable upon conviction by monetary fines or terms of imprisonment or both. In addition, any failure of the Group's sanctions policies and procedures could lead to non-compliance with such sanctions and damage to the Group's reputation.

Although the Group has internal policies and procedures and several monitoring measures designed to ensure compliance with applicable anti-corruption, anti-money laundering and terrorism financing laws, and sanctions regulations, these policies and procedures cannot provide complete assurance that the Group's employees, directors, officers, partners, agents, service providers or introducers will not take actions in violation of its policies and procedures (or otherwise in violation of the relevant anti-corruption laws, and sanctions regulations) for which the Group or they may be ultimately held responsible. Litigation or investigations relating to alleged or suspected violations of anti-corruption, anti-money laundering and terrorism financing laws, and sanctions regulations could lead to financial penalties being imposed on the Group, limits being placed on the Group's activities, the Group's authorisations and licences being revoked, damage to the Group's reputation and other consequences that could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. Further, violations of anti-corruption, anti-money laundering and terrorism financing laws, and sanctions regulations could be costly.

In recent years, enforcement of these laws and regulations against financial institutions in Ireland and the UK has become more stringent and proactive, (for example, resulting in several landmark fines against Irish and UK financial institutions). Financial crime and anti-money laundering remains a key priority for regulators. The Central Bank has also focused on anti-money laundering and countering the financing of terrorism and financial compliance in the Irish financial services sector.

Failure by the Group to comply with all of the regulatory and legislative requirements in relation to anti-corruption, anti-money laundering, the financing of terrorism and/or sanction programmes in each of the jurisdictions in which it operates could have a material adverse effect on the Group, including its business, results of operations, financial condition and/or prospects (including receipt of dividends, distributions, loans or advances by the Issuer from its

subsidiaries), the imposition of a regulatory fine or other sanction, conviction of the directors and/or damage to the Group's reputation, all of which may negatively impact the Issuer's ability to meet its obligations under the Securities.

13. *The Group is exposed to conduct risk in the execution of the Group's activities and processes*

Conduct risk is the risk that the Group, and/or its staff, conduct business in an inappropriate or negligent manner that leads to adverse customer outcomes. Conduct risk management is about ensuring that business units are provided with the tools they need to enable them to take a customer-focussed approach to managing their business. As the Issuer is a non-operating holding company and is the ultimate parent of the Group, the Issuer is exposed to conduct risk within the Group.

Conduct risk is one of the Group's top risks in the Group Risk Appetite Statement. To support the management of conduct risk the Conduct Risk Management Framework has been developed by the Conduct Risk team in Group Compliance and Regulatory Risk.

The Group is exposed to conduct risk as a direct and indirect consequence of its normal business activities. These risks may materialise in the day-to-day execution of business processes, provision of sales and services, management of key stakeholder expectations and the various activities performed by staff, contractors and third party suppliers.

Negative public, industry, government or other key external stakeholder opinion can result from the actual or perceived manner in which the Group conducts its business activities or from actual or perceived practices in the banking and financial industry. Such negative opinions may adversely affect the Group's ability to keep and attract customers which in turn may adversely affect the Group's business, financial condition, results of operations and/or prospects. While the Group has a code of conduct in place which sets out the standards expected of all Directors, officers and employees of the Group, in addition to Conduct Risk Policy, Policy Standards and Frameworks, the Group may not be successful in avoiding damage to its business from conduct risk.

Failure to adequately address conduct risk in a timely manner, or at all, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects and, in particular, the Issuer's ability to meet its obligations under the Securities.

14. *Downgrades to the Issuer's, BOI's, Irish sovereign or other Irish bank's credit ratings or their outlooks could impair the Group's access to private sector funding, trigger additional collateral requirements and weaken its financial position.*

As at the date of these Listing Particulars, the long-term / short-term sovereign credit ratings for Ireland were: AA- (Stable) / A-1+ from S&P Global Ratings Europe Limited ("**S&P**"); A2 (Stable) / P-1 from Moody's Investors Service Limited ("**Moody's**"); A+ (Stable) / F1+ from Fitch; A (high) (Positive trend) / R-1 (middle) from DBRS, Inc.; A+ (Stable) / a-1 from Rating and Investment Information, Inc. ("**R&I**"); and AA- (Stable) / K1+ from KBRA (Source: National Treasury Management Agency ("**NTMA**") website). Each of Moody's and Fitch is established in the UK and is registered under the CRA Regulation. S&P is established in the EU and is registered under the CRA Regulation. DBRS, Inc. and R&I are not established in the EU and are not registered under the CRA Regulation. In general, European regulated investors may use credit ratings for regulatory purposes only if they are issued by a credit rating agency established in the EU and registered in accordance with the CRA Regulation (or are endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation).

As at the date of these Listing Particulars, long-term / short-term senior unsecured credit ratings for the Issuer were: BBB- (Negative) / A-3 from S&P; Baa2 (Stable) from Moody's; and BBB (Negative) / F2 from Fitch. As at the date of these Listing Particulars, long-term / short-term senior unsecured credit ratings for BOI were: A- (Negative) / A-2 from S&P; A2 (Stable) / Prime-1 from Moody's; and BBB+ (Negative) / F2 from Fitch.

During April 2020, Fitch Ratings Ltd ("**Fitch**") and S&P affirmed the Issuer's long-term / short-term senior unsecured credit ratings, changing the outlook from stable to negative, in view of the coronavirus outbreak.

The Securities are expected to be rated Ba2 by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.

Downgrades of the Irish sovereign credit ratings could negatively impact access to market funding for the Irish State and may impact the Group's access to private sector funding, trigger additional collateral requirements and weaken the financial position of the Group. Downgrades could also adversely impact the funding received from Irish Government bonds used as collateral for the purposes of accessing the liquidity provision operations offered by monetary authorities (the "**Monetary Authorities**") or secured borrowing from wholesale markets and the value of Irish Government bonds held by the Group's life assurance business to meet its liabilities.

The Group's credit ratings are subject to change and could be downgraded as a result of many factors, including a reduction in the Group's credit strength and the credit strength of the Group's collateral, the adverse economic effects of the COVID-19 pandemic or the failure of the Group to implement its strategies successfully. Downgrades in the credit ratings of the Group could have a negative impact on the volume and pricing of its private sector funding and its financial position, restrict the Group's access to the capital and wholesale 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. In addition, downgrades in the credit rating of the Group may have an adverse effect on the Group's ability to hedge its foreign currency and other market risk exposures and to manage its Euro and non-Euro liquidity reserves. The availability of deposits is often dependent on credit ratings and downgrades for the Group could lead to withdrawals of retail deposits and/or corporate deposits which could result in deterioration in the Group's funding and liquidity position. If any of the above were to happen, it could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects and on its liquidity and funding. This would further limit its access to funding and could further materially affect the Group's business, results of operations, financial condition and/or prospects, and could prevent the Group meeting its minimum funding requirements.

The Group routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks and other institutional clients. Sovereign credit pressures may weigh on Irish financial institutions, limiting their funding operations and weakening their capital adequacy by reducing the market value of their sovereign and other fixed income holdings. These liquidity and capital concerns could adversely affect inter-institutional financial transactions.

15. *Lack of liquidity to fund the Group's business activities could have an adverse impact*

The Group strategy is to be a substantially customer deposit-funded bank and to focus on maintaining stable relationship-based deposits through its retail distribution network in Ireland and its strategic partnerships in the UK with its loan portfolios funded by retail customer deposits and any residual funding requirement principally met through term wholesale funding and equity.

Any increases in the cost of such funding would adversely affect the Group's margins and results of operations, and a lack of, or decrease in, the availability of such retail and corporate deposit funding could restrict the Group's ability to fund its balance sheet and could constrain new lending which could in turn negatively impact the Group's future growth.

Furthermore, any factors which result in significant withdrawals of deposits, such as the adverse economic effects of the COVID-19 pandemic and/or a serious loss of confidence by retail depositors would have a significant impact on the Group's liquidity position. This could lead to the imposition of administrative actions or sanctions against the Group by its regulators and in an extreme scenario lead to a suspension or revocation of the Group's banking licence and could otherwise adversely impact the Group's ability to fund its business. See the risk factors entitled "*The COVID-19 pandemic could have a material adverse effect on the global economy*" and "*The COVID-19 pandemic could have a material adverse effect on the Group*" above.

The Group defines wholesale funding as unsecured interbank borrowings, senior unsecured debt securities issued, secured wholesale market borrowings, the proceeds of securitisations and funding from the Monetary Authorities.

The Group's use of wholesale funding was €11 billion as at 31 December 2019, representing less than 15 per cent. of its funding base. Notwithstanding the relatively low quantum of wholesale funding required by the Group, if wholesale markets remained closed for an extended or prolonged period, or if there was a significant reduction in investor demand for the Group's wholesale funding issuance, or a significant increase on the acquisition cost of wholesale funding, this may have an adverse impact on the liquidity and profit and loss position of the Group and may result in reliance by the Group on funding from Monetary Authorities. See the risk factors entitled "*The COVID-19 pandemic could have a material adverse effect on the global economy*" and "*The COVID-19 pandemic could have a material adverse effect on the Group*" above.

In the Eurozone, the ECB and the national central banks have adopted monetary easing policies and, consequently, made available unconventional monetary policy tools such as Targeted Longer-Term Refinancing Operations ("TLTRO"), and asset purchase programmes. Further, they introduced a tiered interest rate system to mitigate the negative impact of low yields on the financial sector. Financial institutions in the Eurozone, including the Group, utilise these programmes and, given the interdependence between financial institutions in the Eurozone, the cessation of these programmes and of any other accommodative monetary policies could have a material adverse effect on the financial condition of these financial institutions, including the Group, and any deterioration, or perceived deterioration, in these financial institutions could also result in an adverse effect on the Group in terms of its perception, business, financial condition, results of operations and/or prospects. There can be no assurance that the ECB or the national central banks will continue to adopt accommodative monetary policies or that the employment of these policies will be sufficient to address the fiscal risks which remain.

The Group must comply with the regulatory liquidity requirements of the Single Supervisory Mechanism (the "SSM") and the requirements of local regulators in those jurisdictions where such requirements apply to the Group.

SSM requirements include compliance with CRD IV and CRD V (as defined under the section entitled "*Description of the Issuer and the Group - Regulation*" below) which is intended to be a comprehensive set of measures to strengthen the regulation, supervision and risk management of the banking sector.

Relevant supervisory authorities may determine additional liquidity requirements specific to the Group (such specific additional liquidity or capital requirements are commonly referred to as "**Pillar 2**" add-ons). Compliance with these requirements can be impacted by a range of factors, including the stability of customer deposits, the split between unsecured and secured funding, and the mix of liquidity facilities provided by Monetary Authorities and the concentration of wholesale funding maturity, and may be subject to change in the future.

Failure to comply with these liquidity requirements could result in regulatory sanctions and adversely impact the Group's reputation and prospects.

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

Legislative and regulatory requirements such as the Land and Conveyancing Law Reform (Amendment) Act 2019, the Personal Insolvency Act 2012 (the "**Personal Insolvency Act**") and the CCMA could result in delays in the Group's recoveries in respect of its mortgage portfolio and increased impairments, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

Furthermore, in instances where the Group seeks to enforce security on commercial or residential property (in particular over a principal dwelling house ("**PDH**")), the Group may encounter significant delays arising from judicial procedures, which often entail significant legal and other costs. Custom, practice and interpretation of Irish legislation, regulations and procedures may also contribute to delays or restrictions on the enforcement of security. The courts or legislature in Ireland may have particular regard to the interests and circumstances of borrowers in disputes relating to the enforcement of security referred to 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 Land and Conveyancing Law Reform (Amendment) Act 2019 ("LCRAA") came into force in August 2019. The LCRAA adopts similar protective measures for home owners as proposed in the Keeping People in their Homes Bill 2017. As a result, the Group will have to meet an increased evidential burden in order to demonstrate why a court order for possession of a mortgaged property would be appropriate in light of the borrower's personal circumstances. This could result in delays in the Group's recoveries in respect of its mortgage portfolio and increased impairments. Legislation has also been introduced with regard to loans sold to third parties under the Consumer Protection (Regulation of Credit Servicing Firms) Act 2018, which regulates third party loan acquirers and 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 (the "**Bill**"). The 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 Group. The Bill has lapsed with the dissolution of the Dáil prior to the Irish general election which took place on 8 February 2020 and it is unclear whether the Bill would be picked-up by the next administration.

The Irish Government may also seek to influence how credit institutions set interest rates on mortgages, may amend the Personal Insolvency Act to reduce the protections 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, results of operations and/or prospects. Furthermore, the laws and regulations to which the Group is already subject could change as a result of changes in interpretation or practice by courts, regulators or other authorities.

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

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

17. *Changes to mortgage lending rules*

On 9 February 2015, the Central Bank introduced mortgage lending rules, under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2015 (the "**Housing Loan Regulations 2015**"), which include loan-to-value ("**LTV**") rules which set a minimum deposit requirement for the purchase of property, and loan-to-income ("**LTI**") rules which set a maximum 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 buy-to-let properties. These rules moderated residential property prices in Ireland and resulted in a reduction in mortgage lending following their introduction.

18. *The Group's business and operations are subject to substantial regulation and supervision and can be negatively affected by its non-compliance with certain existing regulatory requirements and any adverse regulatory and governmental developments*

The Group conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations. Future changes in laws, regulation or other policies are unpredictable and beyond the control of the Group and could materially adversely affect the Group's business, financial condition, results of operations and/or prospects.

The Group's operations are contingent upon licences issued by financial authorities in the countries in which the Group operates, including Ireland and the UK. Violations of rules and regulations, whether intentional or unintentional, may lead to the withdrawal of some of the Group's licences, the imposition of constraints on its activities, or the imposition of financial or other penalties. The imposition of significant penalties or the revocation or variation of

licences for members of the Group could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and/or prospects.

Regulators and legislators have adopted a wide range of changes to the laws and regulations affecting financial institutions which are designed to address the perceived causes of the global and Eurozone financial crises and to limit systemic risks. The adoption of these new laws and regulations has had, and may in the future continue to have, a material impact on the Group's business, results of operations, financial condition and/or prospects.

Increased regulatory intervention may lead to requests from regulators to carry out wide-ranging reviews. The Group is unable to predict what regulatory changes may be imposed in the future as a result of regulatory initiatives in the EU and elsewhere or by the ECB, the UK Prudential Regulation Authority (the "**PRA**") and other supervisory authorities. If the Group is required to make additional provisions or to increase its reserves as a result of potential regulatory changes, or the approach adopted by the regulators of the markets in which the Group operates changes, this could have a material adverse impact on the Group's business, results of operations, financial condition and/or prospects.

19. The Group is subject to BRRD and SRR

The BRRD, which establishes a framework for the recovery and resolution of credit institutions and investment firms, has been implemented in Ireland by the European Union (Bank Recovery and Resolution) Regulations 2015 and 2019 and in the UK through amendments to the special resolution regime ("**SRR**") established under the Banking Act 2009. See further "*Description of the Issuer and the Group - Regulation*" below.

Under the national implementation of the BRRD, competent authorities and resolution authorities are given broad power with respect to such institutions.

Credit institutions to which the BRRD applies that are subsidiaries of other credit institutions to which the BRRD applies, such as Bank of Ireland (UK) plc, may be subject to independent resolution action by their national resolution authorities in addition to (but generally in coordination with) action taken by the resolution authority supervising the parent entity. Any such measures, if used in respect of the Issuer and/or any other member of the Group or any securities of any of the foregoing could have a material adverse effect on the Issuer and/or any other member of the Group, including its shareholders and unsecured creditors (such as Securityholders), and any market perception or expectation that any such measures may be used may also severely adversely affect the market price of any Securities.

20. Personal Insolvency Legislation

The Personal Insolvency Act created a regime in Ireland for voluntary negotiated debt resolution options as alternatives to bankruptcy and reduced the timescale for discharge from bankruptcy from twelve years to three years. The bankruptcy term was further reduced from three years to one year under the Bankruptcy (Amendment) Act 2015. The Personal Insolvency (Amendment) Act 2015 (together with the Personal Insolvency Act, the "**Personal Insolvency Acts**") gave new powers to the Courts, in certain circumstances, to review and, where appropriate, approve insolvency proposals that have been rejected by a mortgage lender in relation to a principal private residence. There is a risk that as a result of the Personal Insolvency Acts and amendments to them, borrowers' behaviours may change regarding payment obligations which could have an adverse impact on the Group's results, financial condition, reputation and/or other prospects.

21. The Group is exposed to market risks such as changes in interest rates (including the continuation of the exceptionally low interest rate environment for an extended period), interest rate spreads (or bases) and foreign exchange rates

Market risk is the risk of loss arising from movements in interest rates, foreign exchange rates or other market prices. Market risk arises from the structure of the Group's balance sheet, the Group's business mix and the Group's discretionary risk-taking. The Group recognises that the effective management of market risk is essential to the maintenance of stable earnings, the preservation of shareholder value and the achievement of the Group's strategic objectives. It is Group policy to minimise exposure to market risk, subject to pre-defined limits for discretionary risk. Nonetheless, certain structural market risks remain and, in some cases, are difficult to eliminate fully.

Notwithstanding the overriding objective of running minimal levels of market risk, certain structural elements of interest rate risk in the banking book remain, notably, structural basis risk and the earnings risk that arises from the presence of non-interest bearing liabilities on the balance sheet. In addition, certain economic risks are inherent in the Group's balance sheet, including funding of an element of the Group's sterling balance sheet from euro, which creates a structural currency mismatch exposure. While the Group employs a range of hedging and risk mitigation methods, the Group remains potentially exposed to adverse movements in interest rates, interest rate bases (the differential between variable interest rates), cross currency bases (primarily the cost of borrowing in euro to fund assets in sterling) and exchange rates.

The continuance of an exceptionally low interest rate environment for an extended period into the future or a material further reduction in interest rates could adversely affect the Group's financial condition and prospects through the compression of net interest margin, the low absolute level of yields at which certain liabilities are invested, together with the rate at which pension liabilities are discounted. In particular, such conditions may have a material adverse impact on the Group's Common Equity Tier 1 ("**Common Equity Tier 1**") capital ratios.

22. *The Group's operations have inherent reputational risk*

Reputational risk is the risk to earnings or franchise value arising from an adverse perception of the Group's image on the part of customers, suppliers, counterparties, shareholders, investors, staff, legislators, regulators, partners or the general public.

Reputational risk arises as a direct or indirect consequence of the Group's operations and business activities. Reputation is not a standalone risk but overlaps with other risk areas and may often arise as a consequence of external events or operational risk related issues.

Reputational issues may arise, for example, as a result of:

- (i) breaching or facing allegations of having breached legal regulatory requirements;
- (ii) failing to or facing allegations of having failed to maintain appropriate standards of customer privacy, data protection, customer service and/or conduct towards the customer;
- (iii) technology failures that impact upon payment processing, customer services and/or customer accounts;
- (iv) regulatory action and/or litigation; or
- (v) other specific events such as media speculation and/or political comment.

A failure to address any such issues appropriately could impact the Group's reputation with key stakeholders with impacts including but not limited to making customers, depositors, counterparties and investors unwilling to do business with the Group. This could adversely affect the Group by causing harm to earnings or franchise value.

23. *The Group is exposed to litigation and regulatory investigation risk*

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory investigation and other risk. The Group is, and may become, involved in various disputes and legal proceedings, including litigation and regulatory investigations. Legal and regulatory actions which could give rise to such risks include actions under the Central Bank's Administrative Sanctions Procedure, or in respect of competition law or data protection legislation including the General Data Protection Regulation (EU) 2016/679.

The Group participated fully in the tracker mortgage examination initiated officially in Ireland in December 2015 by the Central Bank (the "**Tracker Review**"). The Group undertook the review required under the Tracker Review and provided the requisite report to the Central Bank on 30 September 2016. The Central Bank published its final report on the Tracker Review on 16 July 2019 and confirmed that the supervisory phase of the Tracker Review has now closed, but the Central Bank is continuing its ongoing enforcement investigations in relation to tracker mortgage related issues.

As announced by the Central Bank in its update on the Tracker Review for April 2018, enforcement investigations under the Central Bank's administrative sanctions regime commenced against six lenders, including the Group, in relation to tracker mortgage-related issues. The Group is cooperating fully with the Central Bank in relation to the enforcement investigations, however, the timing and nature of the ultimate conclusion of these matters and the potential implications for the Group's business are as yet unknown and could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Disputes, legal proceedings, regulatory investigations and administrative sanctions proceedings are subject to many uncertainties, and their outcomes are often difficult to predict. Any such disputes, proceedings and/or investigations can have adverse effects on the Group, including negative publicity, loss of revenue, litigation, fines, higher scrutiny and/or intervention from regulators, regulatory or legislative action, and loss of existing or potential client business which in turn could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

24. *Changes in taxation rates, legislation or practice may lead to adverse consequences for the Group*

The Group is subject to various tax rates in various jurisdictions computed in accordance with local legislation and practice. There is a risk that such tax rates, legislation and practice may change, which could adversely affect the business, financial condition, results of operations and/or prospects of the Group.

Changes in Irish or UK taxation will arise from the Organisation for Economic Co-operation and Development ("OECD") Base Erosion and Profits Shifting ("BEPS") project and the EU Anti-Tax Avoidance Directives ("ATAD1" and "ATAD2"). The detail of these changes is not yet clear in all cases and there remains potential for them to have an adverse impact on the Group's financial position.

There is also a risk associated with possible misinterpretation of tax laws. This could result in an increase in tax charges or the creation of additional tax liabilities. Failure to manage the risks associated with changes in the taxation rates or law, or misinterpretation of the law, could materially adversely affect the Group's business, financial condition, results of operations and/or prospects. The Group is also exposed to the risk that tax authorities may take a different view to the Group on the treatment of certain items.

In accordance with applicable accounting rules, the Group has recognised deferred tax assets on losses available to relieve future profits to the extent that it is probable that such losses will be utilised. The assets are quantified on the basis of current tax legislation and are subject to change in respect of the tax rate or the rules for computing taxable profits and allowable losses. A failure to generate sufficient future taxable profits or changes in tax legislation may reduce significantly the recoverable amount of the deferred tax assets currently recognised in the financial statements.

The Finance Act (No 2) 2013 introduced a bank levy on certain financial institutions, including the Group. An income statement charge is recognised annually on the date on which all of the criteria set out in the legislation are met. The Finance Act 2019, enacted in December 2019, revised the basis on which the levy would be calculated for the years 2019 to 2021. The revised levy currently equals 170 per cent. of each financial institution's Deposit Interest Retention Tax ("DIRT") payments in a particular year, with the revised levy for 2019 and 2020 to be based on the DIRT payments made in 2017 and the revised levy for 2021 to be based on the DIRT payments made in 2019. An annual levy of €35 million was paid by the Group in October 2019. The annual levy which will be paid by the Group in October 2020 is also €35 million (October 2018: €29 million).

In the UK, a bank levy was introduced with effect from 1 January 2011 for all UK banks, building societies and foreign banks operating in the UK through a subsidiary, including the Group's UK subsidiaries. The levy is charged at different rates on the short-term chargeable liabilities and long-term chargeable equity and liabilities as reported in the relevant balance sheet at the end of the chargeable period. In 2017, further changes to the UK bank levy were announced, to take effect from 1 January 2021. Broadly, this will result in the overseas activities of UK-headquartered banks no longer being subject to the UK bank levy. The levy is payable with corporation tax in quarterly instalment payments.

Any increase or amendment to the method of calculation of the bank levies (as referred to above), if implemented, may adversely impact the business, results of operations, financial condition and/or prospects of the Group.

25. *The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel and the restrictions imposed on remuneration by government, tax or regulatory authorities or other factors outside the Group's control may adversely impact the Group's ability to attract and retain such personnel*

The Group is currently operating under a number of significant Remuneration Restrictions to which all directors, senior management, employees and certain service providers across the Group are subject. The Remuneration Restrictions place the Group at an increasing and material competitive disadvantage in seeking to retain and attract staff, particularly those with certain skill sets and in international locations.

The Remuneration Restrictions were contained within the Covered Institutions Financial Support Scheme 2008 and the 'Minister's Letter' (July 2011), under which the Group gave a number of commitments and undertakings to the Minister for Finance in respect of remuneration practices. The Minister's Letter was a further condition of the Transaction and Underwriting Agreement entered into with the Irish Government (July 2011) during the 2011 recapitalisation of the Group.

As a result of the Remuneration Restrictions, the Group is currently unable to provide a fixed/variable remuneration mix, which results in risks in terms of attraction, retention and alignment with the needs of the business and some restrictions on the application of discretion and inflexibilities with the cost base. If the Group fails to recruit and retain skilled and qualified people, its businesses may be negatively impacted. The Group considers itself to be in compliance with the Remuneration Restrictions.

In addition, even in the absence of the Remuneration Restrictions, the excess bank remuneration charge on Republic of Ireland tax residents in covered institutions, where variable pay exceeds €20,000 per annum, impacts the application of the Group Remuneration Policy.

A potential outcome of the UK's withdrawal from the EU could be a material inflow of foreign institutions into Ireland which may impose stress on the Group's ability to retain key members of its management team and skilled personnel.

The Group's ability to recruit, attract and retain skilled and qualified people could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

26. *A deterioration in employee relations could adversely affect the Group*

A significant number of the Group's employees are members of trade unions. The Group currently consults and negotiates with its employees and their representatives regarding pay, pensions, work practices, organisational change, and terms and conditions of employment. The Group recognises that challenges may arise in relation to pay, pensions and terms and conditions of employment which may need to be resolved through established industrial relations fora. 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 result in a disruption to the Group's business and may adversely affect the business, results of operations, financial condition and/or prospects of the Group.

27. *Changes in financial reporting standards or policies could materially adversely affect the Group's reported results of operations and financial condition and may have a material adverse effect on capital ratios*

The Group prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and with those parts of the Companies Act 2014 (the "**Companies Act**") applicable to companies reporting under IFRS and with the European Union (Credit Institution: Financial Statements) Regulation 2015 and, accordingly, from time to time the Group is required to adopt new or revised accounting standards as adopted by the EU.

IFRS 17 'Insurance contracts' currently has an effective date for financial periods beginning on or after 1 January 2021, however the International Accounting Standards Board ("**IASB**") has proposed delaying the mandatory implementation date by 2 years to 2023. The standard is also still subject to endorsement by the EU. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosures of insurance contract liabilities, ensuring an entity provides relevant information that faithfully represents those contracts. The Group began

a business and financial assessment of the impacts of IFRS 17 during 2018. The Group expects that IFRS 17 is likely to have a significant adverse impact on the recognition, measurement and presentation of the insurance business in the financial statements.

The implementation of this and/or any other new or amended accounting standards, policies or practices could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects and may have a corresponding adverse effect on its capital ratios.

28. *The Group's life assurance business is subject to inherent insurance risks, as well as market conditions generally*

The Group's life assurance business is operated through New Ireland Assurance Company plc ("**NIAC**"), an independent regulated subsidiary of the Issuer, which distributes protection, investment and pension products through independent brokers and the Group's distribution channels, including Private Banking as a tied agent of NIAC.

Life insurance risk is the potential volatility in the amount and timing of insurance claims caused by unexpected changes in mortality, longevity and morbidity. Mortality risk is the risk of deviations in timing and amounts of cash flows due to the incidence of death claims. Longevity risk is the risk of such deviations due to increasing life expectancy trends among policyholders and pensioners, resulting in pay-out ratios higher than originally expected. Morbidity risk is the risk of deviations in timing and amount of claims by policyholders due to the incidence of disability and sickness.

The Group's life assurance business is also subject to persistency risk which is the risk that policyholders may not continue with their policy, or may do so at a reduced level of premium, in which case a lower future income stream than envisaged is received from the provision of insurance services at the inception of the contract.

Insurance claims are subject to unpredictable events and the actual number and amount of claims and benefits will vary from year to year from the estimate established using actuarial and statistical techniques.

The Group's life assurance business is further subject to risks relating to the volatility in the value of the underlying assets held to meet its liabilities. The risks associated with the Group's life assurance business could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

29. *Risk in relation to Technology*

Rapidly shifting consumer behaviours and the proliferation of internet, social and device (mobile, tablet, wearable) technologies are changing the way customers research, purchase and maintain the products and services they consume in their day to day lives, and this is reflected in the evolving banking models for consumers and businesses, both in Ireland and internationally. These developments affect the manner in which customers manage their financial affairs and core products (from operating accounts to deposits to credit facilities and wealth management instruments).

Money transmission and data driven integrated services are also forecast to rapidly evolve in the coming years with numerous new players entering the payments environment, facilitated by regulatory and market forces such as the revised Payment Services Directive (EU) 2015/2366 ("**PSD2**") which aims to reduce fraud while opening up payment markets to new entrants. The deadline for compliance with the Regulatory Technical Standards including Strong Customer Authentication for electronic commerce card-based payment transactions under the PSD2 Directive is 31 December 2020.

Analytically driven and customer focussed new entrants are changing the way financial services companies are approaching their routes to market, service and fulfilment value chains, operating models and core competencies so that they remain relevant and compete in the newly consumerised and digital arena. An inability of the Group to respond to external developments in a timely manner or any rigidity in the Group's operating model preventing an appropriate response could lead to a deterioration in the Group's business, results of operations, financial conditions and/or prospects.

30. Risk in relation to Irish Government Shareholding

The Irish Government, through the Ireland Strategic Investment Fund (the "**ISIF**"), holds a circa 14 per cent discretionary shareholding in the Issuer, and through the Relationship Framework dated 30 March 2012 between the Minister for Finance and BOI (the "**Relationship Framework**"), could exert a significant level of influence over the Group. In March 2017, as part of the corporate reorganisation of the Group, the Issuer agreed to be bound by and comply with certain provisions of the Relationship Framework in relation to the Ministerial consent, consultation process and the Group's business plan. The ISIF could exercise its voting rights in respect of its holding of ordinary shares in the Issuer in a manner which is not aligned with the interests of the Group or its other shareholders. The Group has also given certain undertakings to the Minister for Finance (the "**Undertakings**") in respect of its lending, corporate governance and remuneration. Actions on foot of the ISIF investment and the Undertakings could require the Group to implement operational policies that could adversely affect the Group's business, results of operations, financial condition and/or prospects.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSES OF ASSESSING RISKS RELATED TO THE SECURITIES

31. The obligations of the Issuer in respect of the Securities are unsecured and deeply subordinated

The Securities constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer.

On a Winding-Up of the Issuer, each Securityholder will be entitled to receive (in lieu of any other payment by the Issuer) an amount equal to the Prevailing Principal Amount of the relevant Security, together with any damages awarded for breach of any obligations in respect of such Security, whether or not the Solvency Condition is satisfied on the date upon which such amount would be due and payable. The rights and claims of the Securityholders (and of the Trustee on their behalf) against the Issuer in respect of, or arising under the Securities, shall be subordinated as provided in Condition 3 (*Winding-Up*) and in the Trust Deed to the claims of all Senior Creditors so that they shall rank on a Winding-Up (i) junior to the rights and claims of the Senior Creditors; (ii) *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Additional Tier 1 Capital of the Issuer and (iii) in priority to the claims of holders of all classes of ordinary share capital of the Issuer; and such rights and claims shall be postponed in favour of the rights and claims of the Senior Creditors and no payment shall be made to the Securityholders in respect of such rights and claims until payment has been made in full in respect of the rights and claims of the Senior Creditors.

If, on a Winding-Up of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Securityholders will lose their entire investment in the Securities. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Securities and all other claims that rank *pari passu* with the Securities, Securityholders will lose some (which may be substantially all) of their investment in the Securities. In addition, any claim in respect of the Securities will be for the Prevailing Principal Amount of the Securities held by a Securityholder, which, if the Securities have been Written Down and not subsequently Written Up at the time of claim, will be less than par.

For the avoidance of doubt, the Securityholders shall, in a Winding-Up of the Issuer, have no claim to share with the ordinary shareholders in respect of the surplus assets (if any) of the Issuer remaining in any Winding-Up following payment of all amounts due in respect of the liabilities of the Issuer, including the Securities.

Although the Securities may pay a higher rate of interest than securities which are not subordinated, there is a substantial risk that investors in the Securities will lose all or some of the value of their investment should the Issuer become insolvent.

32. The Issuer is a holding company

The Securities are the obligation of the Issuer only. The Issuer is a non-operating holding company and conducts substantially all of its trading activities through its direct subsidiary, BOI and the other members of the Group. The Issuer's subsidiaries are separate and distinct legal entities, and have no obligations to pay any amounts due to

Securityholders from the Issuer or to provide the Issuer with funds to meet any of the Issuer's payment obligations under the Securities. As the Issuer is a holding company, its ability to make payments to the Securityholders in respect of the Securities depends largely upon the receipt of dividends, distributions, loans or advances from its subsidiaries. The ability of those subsidiaries to pay dividends, distributions, loans or advances may be subject to applicable laws.

The Issuer's rights to participate in the assets of any subsidiary (including BOI) if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and any preference shareholders, except in the circumstance where the Issuer is also a creditor of such subsidiary with claims that are recognised to be ranked ahead of or *pari passu* with such claims. Accordingly, if one of the Issuer's subsidiaries were to be wound up, liquidated or dissolved, (i) Securityholders would have no right to proceed against the assets of such subsidiary, and (ii) the Issuer would only recover any amounts (directly, or indirectly through its holdings of other subsidiaries) in the liquidation of that subsidiary in respect of its direct or indirect holding of ordinary shares in such subsidiary, if and to the extent that any surplus assets remain following payment in full of the claims of the creditors and preference shareholders (if any) of that subsidiary. As well as the risk of losses in the event of a Group subsidiary's insolvency, the Issuer may suffer losses if any of its loans to, or investments in, its subsidiaries are subject to statutory write down and conversion powers or if the subsidiary is otherwise subject to resolution proceedings. The Issuer may in the future make loans to BOI and its other subsidiaries, with the proceeds received from the Issuer's issuance of debt instruments.

Where securities issued by the Issuer have been structured so as to qualify as capital instruments under CRD IV (such as the Securities), the terms of the corresponding on-loan to BOI may be structured to achieve equivalent regulatory capital treatment for such subsidiary. Accordingly, loans to BOI may contain contractual mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of BOI, would automatically result in a write down or conversion into equity of such loans.

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

33. No limitation on issuing senior or *pari passu* securities

There is no restriction on the amount of securities which the Issuer (or any other member of the Group) may issue, nor on the amount of any other obligations it may assume, which rank senior to, or *pari passu* with, the Securities. The issue of any such securities and/or the assumption of any such other obligations may reduce the amount recoverable by Securityholders on a Winding-Up of the Issuer and/or may increase the likelihood of a cancellation of interest amounts under the Securities.

34. There are no events of default under the Securities and rights of enforcement are limited

The Conditions will not provide for events of default allowing acceleration of the Securities. Accordingly, as set out in Condition 4.1 (*Cancellation of interest*) if the Issuer fails to make a scheduled payment under the Securities, investors will not have the right to accelerate the Prevailing Principal Amount of the Securities. Upon any default by the Issuer, the sole remedy against the Issuer available to the Trustee or (where the Trustee has failed to proceed against the Issuer as provided in the Conditions) any Securityholder will be to institute proceedings for the Winding-Up of the Issuer. The Trustee may claim in any Winding-Up of the Issuer (whether or not such Winding-Up is instituted by the Trustee) and claim in such Winding-Up for the amounts provided in Condition 3 (*Winding-Up*), and may take no other or further action to enforce, prove or claim for such payment. The Issuer (other than in a Winding-Up) will not be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

35. *The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Securities*

The Issuer may at any time elect, in its sole and full discretion, to cancel any interest payment (in whole or in part) on the Securities which would otherwise be due on any Interest Payment Date. Additionally, the Supervisory Authority has the power under Article 104 of the CRD IV Directive to restrict or prohibit payments by an issuer of interest to holders of Additional Tier 1 instruments (such as the Securities).

Furthermore, the Issuer will be required to cancel any interest amount (in whole or in part) which would otherwise fall due on an Interest Payment Date in the event of a Winding-Up or a Trigger Event and if and to the extent that payment of such interest would: (i) when aggregated with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD IV Directive as defined in the Conditions, as amended or replaced, including pursuant to the CRD IV Amending Directive as defined in the Conditions, or as referred to in any applicable analogous provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated, in each case to the extent applicable to the Issuer), exceed the Maximum Distributable Amount (if any) then applicable to the Issuer, or (ii) when aggregated together with any interest payments or distributions which have been paid or made or which are scheduled to be paid or made during the then current financial year on the Securities and all other Own Funds items of the Issuer (excluding any such interest payments or distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in calculating the amount of Distributable Items), exceed the amount of the Distributable Items of the Issuer as at such Interest Payment Date, or (iii) result in the Solvency Condition not being satisfied with respect to payment of such interest amount (or part thereof).

Further legislation changes in the EU may include additional cancellation features that will require the Issuer to cancel interest amounts, such as breaching MREL requirements subject to a potential nine-month grace period whereby the resolution authority assesses on a monthly basis whether to exercise its powers under the provision before such resolution authority is obliged to exercise its powers under the provisions (subject to certain limited exceptions).

In addition, if a Trigger Event occurs, the Issuer will cancel all interest accrued up to (and including) the Write-Down Date. With respect to cancellation of interest due to insufficient Distributable Items, see also "*The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Securities*" below. With respect to cancellation of interest due to the application of a Maximum Distributable Amount, see also "*CRD IV includes capital requirements that are in addition to the minimum capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments*" below. With respect to the Common Equity Tier 1 Ratio, see also "*The circumstances surrounding or triggering a Write-Down are unpredictable, and there are a number of factors that could affect the Common Equity Tier 1 Ratio*" and "*-The Common Equity Tier 1 Ratio will be affected by the Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the Securityholders*" below.

It is the Issuer's intention that, whenever exercising its discretion to declare any distribution in respect of its ordinary shares, or its discretion to cancel interest on the Securities or any other Additional Tier 1 instruments, it will take into account the relative ranking of these instruments in its capital structure. The Issuer reserves the right to depart from this intention at its sole discretion at any time and in any circumstance.

Any interest not so paid on any such Interest Payment Date shall be cancelled and shall no longer be due and payable by the Issuer. A cancellation of interest in accordance with the Conditions will not constitute a default of the Issuer under the Securities for any purpose, nor shall it impose any contractual restrictions (such as dividend stoppers) or any other obligation on the Issuer. Any actual or anticipated cancellation of interest on the Securities will likely have an adverse effect on the market price of the Securities. In addition, as a result of the interest cancellation provisions of the Securities, the market price (if any) of the Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's or the Group's financial condition. Any indication that the Common Equity Tier 1 Ratio is trending towards the combined capital buffer requirement (the level at which the Maximum Distributable Amount restriction under the CRD IV Directive becomes relevant) may have an adverse effect on the market price of the Securities.

Under Article 141(2) (*Restrictions on distributions*) CRD IV Directive, EU Member States must require that institutions that fail to meet the combined buffer requirement (broadly, the combination of the capital conservation buffer, the institution-specific countercyclical capital buffer and the higher of (depending on the institution), the systemic risk buffer, the global systemically important institutions buffer and the other systemically important institutions buffer, in each case as applicable to the institution) will be subject to restricted discretionary payments (which are defined broadly by CRD IV as distributions in connection with Common Equity Tier 1 capital, payments on Additional Tier 1 Capital instruments (including interest amounts on the Securities) and payments of discretionary staff remuneration).

In the event of a breach of the combined buffer requirement, the restrictions under Article 141(2) CRD IV Directive will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the institution's profits. Such calculation will result in a Maximum Distributable Amount in each relevant period.

Maximum Distributable Amount restrictions ("**MDA restrictions**") would need to be calculated for each separate level of supervision. It follows that for the Issuer, MDA restrictions may be calculated at the Prudential Group level. For each such level of supervision, the level of restriction under Article 141(2) CRD IV Directive will be scaled according to the extent of the breach of the combined buffer requirement applicable at such level and calculated as a percentage of the respective profits calculated at such level.

CRR II and BRRD II extend the scope of the MDA restrictions, with the original restrictions based on risk-weighted capital requirements being extended also to include restrictions based on leverage requirements for certain institutions and restrictions based on MREL requirements. CRR II and BRRD II, respectively, provide for the following:

(i) leverage-based MDA: an institution that is designated as a 'global systemically important institution' ("**GSII**") that: (A) meets an applicable leverage ratio buffer shall not be entitled to make any distribution in connection with Tier 1 Capital to the extent this would decrease its Tier 1 Capital to a level where the leverage ratio buffer requirement is no longer met; and (B) is failing to meet an applicable leverage ratio buffer shall calculate a leverage ratio-based maximum distributable amount (the "**L-MDA**") and must not make discretionary payments (payments relating to Common Equity Tier 1 capital instruments, Additional Tier 1 instruments (such as the Securities) and variable remuneration) which would, in aggregate, exceed such L-MDA. As with the MDA, the L-MDA restrictions will be scaled according to the extent of the breach of the leverage buffer requirement and calculated by reference to the institution's distributable profits; and

(ii) MREL-based MDA: where an institution is failing to meet its buffer requirements as a result of its MREL requirement (but would meet its buffer requirements but for its MREL requirement), the relevant resolution authority, having considered certain specified factors, will be entitled (and, if non-compliance continues for an extended period, may, subject to certain exceptions, be required) to prohibit such institution from distributing more than a maximum distributable amount determined by reference to its MREL requirement (the "**M-MDA**") by way of discretionary payments (payments relating to Common Equity Tier 1 capital instruments, Additional Tier 1 instruments (such as the Securities) and variable remuneration). As with the MDA and the L-MDA, the M-MDA restrictions will be scaled according to the extent of the breach of the buffer requirement (when having regard to MREL requirements) and calculated by reference to the institution's distributable profits.

Whilst the Issuer is not presently designated as a GSII, it is possible that L-MDA restrictions could be extended to other systemically important institutions over time, which may include the Issuer. The L-MDA initially applies to EU financial institutions which have been designated as global systemically important financial institutions, but may in due course be extended via new legislation to O-SIIs contingent on the European Banking Authority's (the "**EBA**") recommendations and any legislative adoption thereof. Such calculation(s) will result in a maximum distributable amount in each relevant period. As an example, the scaling is such that in the bottom quartile of the combined buffer requirement, no discretionary distributions will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce payments that would, but for the breach of the combined buffer requirement, be discretionary, including potentially exercising the Issuer's discretion to cancel (in whole or in part) interest payments in respect of the Securities. In such circumstances, the aggregate amount of distributions which the Issuer can make on account of dividends, interest payments, write-up amounts and redemption amounts on its Tier 1 instruments (including the Securities) and variable remuneration will be limited.

36. The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Securities

The Issuer will be required to cancel any interest amount (in whole or in part) which would otherwise fall due on an Interest Payment Date if and to the extent that payment of such interest amount would, when aggregated with other relevant stipulated payments or distributions, exceed the Distributable Items of the Issuer.

Distributable Items are defined under Article 4(1)(128) of the CRR as follows: "the amount of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose, before distributions to holders of own funds instruments, less any losses brought forward, any profits which are non-distributable pursuant to Union or national law or the institution's constitution and any sums placed in non-distributable reserves in accordance with national law or the statutes of the institution, in each case with respect to the specific category of own funds instruments to which Union or national law, institutions' constitution, or statutes relate; such profits, losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts".

As at 31 December 2019, the Issuer had Distributable Items of €6.2 billion. As a holding company, the level of the Issuer's Distributable Items is affected by a number of factors, principally its ability to receive funds, directly or indirectly, from its operating subsidiaries in a manner which creates Distributable Items for the Issuer.

The Issuer is also reliant on the receipt of funding from its subsidiaries for funding the payment of interest on the Securities. Consequently, the level of the Issuer's Distributable Items and available funding, and therefore its ability to make interest payments under the Securities, are a function of the Issuer's existing Distributable Items, future profitability of the Group and the ability of the Issuer's operating subsidiaries to distribute or dividend profits up the Group structure to the Issuer. In addition, the Issuer's Distributable Items available for making payments to Securityholders may also be adversely affected by the servicing of other instruments issued by the Issuer or by Group subsidiaries.

The level of the Issuer's Distributable Items may be further affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future.

Further, the Issuer's Distributable Items and its available funding, and therefore the Issuer's ability to make interest payments under the Securities, may be adversely affected by the performance of the business of the Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Issuer's control. Adverse changes in the performance of the business of the Group could result in an impairment of the carrying value of the Issuer's investment in the Group, which could affect the level of the Issuer's Distributable Items. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items.

In addition, the ability of the Issuer's subsidiaries to make distributions and the Issuer's ability to receive distributions and other payments from its investments in other entities is subject to applicable laws and other restrictions, including such subsidiaries' respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws.

37. CRD IV includes capital requirements that are in addition to the minimum capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments

The Issuer will be required to cancel any interest amount (in whole or in part) which would otherwise fall due on an Interest Payment Date if and to the extent that payment of such interest would cause, when aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD IV Directive, as amended or replaced, including pursuant to the CRD IV Amending Directive, or as referred to in any applicable analogous provisions of the Regulatory Capital

Requirements which require a maximum distributable amount to be calculated, in each case to the extent applicable to the Issuer), the Maximum Distributable Amount (if any) then applicable to the Issuer to be exceeded.

Under CRD IV, institutions are required to hold a minimum amount of regulatory capital equal to 8 per cent. of risk weighted assets (of which at least 4.5 per cent. must be Common Equity Tier 1 Capital). In addition to these so-called minimum "own funds" requirements, CRD IV (at Article 128 and following) also introduced capital buffer requirements that are in addition to the minimum "own funds" requirements and are required to be met with Common Equity Tier 1 Capital. It introduced five capital buffers: (i) the capital conservation buffer, (ii) the institution-specific countercyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer. Details of prevailing buffers applicable to the Group are set out in *"Description of the Issuer and the Group – Prudential Group capital requirements / buffers"* and *"Description of the Issuer and the Group – Regulation"* below. Some of the other buffers may be applicable to the Group from time to time as determined by the Supervisory Authority.

The Central Bank has advised that the Group is required to maintain an O-SII buffer of 0.5 per cent. from July 2019, increasing to 1.0 per cent. from July 2020 and 1.5 per cent. from July 2021. The O-SII buffer is subject to annual review by the Central Bank. On 11 July 2019, the Irish Government agreed to introduce legislation to confer on the Central Bank the powers to activate the Systemic Risk Buffer at a future date. On 18 March 2020, the Minister for Finance in Ireland decided to defer the introduction of the Systemic Risk Buffer while all of the key players in the banking sector are working together to support customers through the COVID-19 pandemic. In accordance with Article 131(15) of CRD IV, once in place, the Systemic Risk Buffer will be cumulative with the O-SII buffer in respect of the Group.

As well as the "Pillar 1" capital requirements described above, CRD IV (for example, at Article 104(1)(a)) contemplates that competent authorities may require additional "Pillar 2" capital to be maintained by an institution relating to elements of risks which are not fully captured by the minimum "own funds" requirements ("**additional own funds requirements**") or to address macro-prudential requirements.

The EBA published guidelines on 19 December 2014 addressed to national supervisors on common procedures and methodologies for SREP which contained guidelines proposing a common approach to determining the amount and composition of additional own funds requirements and which was to be implemented by 1 January 2016. Under these guidelines, national supervisors should set a composition requirement for the additional own funds requirements to cover certain risks of at least 56 per cent. Common Equity Tier 1 Capital and at least 75 per cent. Tier 1 Capital. The guidelines also contemplate that national supervisors should not set additional own funds requirements in respect of risks which are already covered by capital buffer requirements and/or additional macro-prudential requirements. There has been an update to the SREP procedures and methodologies to reflect the updates to the Pillar 2 requirements. This was published on 19 July 2018 and effective 1 January 2019.

There can also be no assurance as to the manner in which additional own funds requirements may be disclosed publicly in the future. Whilst the Issuer will in the ordinary course of its communications with investors in all classes of its capital instruments, endeavour to provide reasonable clarity with respect to its minimum own funds capital requirements and any "Pillar 2" additional own funds requirements imposed on it by the Supervisory Authority, the Supervisory Authority may seek to impose restrictions on any such disclosure of "Pillar 2" additional own funds requirements and there can be no assurance that such restrictions will not cease to apply or, if they do, as to the consequences of any such publication.

Under Article 141 of the CRD IV Directive, EU Member States must require that institutions that fail to meet the "combined buffer requirement" (broadly, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of (depending on the institution) the systemic risk buffer, the global systemically important institutions buffer and the other systemically important institutions buffer, in each case as applicable to the institution) will be subject to restricted "discretionary payments" (which are defined broadly by CRD IV as distributions in connection with Common Equity Tier 1 Capital, payments on Additional Tier 1 instruments (including interest amounts on the Securities) and payments of variable remuneration if the obligation to pay was created at a time when the institution failed to meet the combined buffer requirements).

The restrictions will be scaled according to the extent of the breach of the "combined buffer requirement" and calculated as a percentage of the profits of the institution since the most recent decision on the distribution of profits or "discretionary payment". Such calculation will result in a "maximum distributable amount" in each relevant period. As an example, the scaling is such that in the bottom quartile of the "combined buffer requirement", no "discretionary distributions" will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially exercising the discretion to cancel (in whole or in part) interest payments in respect of the Securities.

Further, there can be no assurance that the Group's combined buffer requirement specifically, or the Group's other capital requirements more generally including but not limited to regulatory direction on model parameters, will not be increased in the future, which may exacerbate the risk that discretionary payments, including payments of interest on the Securities, are cancelled.

The Group's capital requirements are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Securityholders may not be able to predict accurately the proximity of the risk of discretionary payments (of interest and principal) on the Securities being prohibited from time to time as a result of the operation of Article 141 of the CRD IV Directive.

In addition, CRD IV includes a requirement for credit institutions to calculate, report, monitor and publish their leverage ratios, defined as their Tier 1 capital as a percentage of their total exposure measure.

There can be no assurance, however, that the leverage ratio specified above, or any of the minimum own funds requirements, additional own funds requirements or buffer capital requirements applicable to the Group will not be amended in the future to include new and more onerous capital requirements, which in turn may affect the Issuer's capacity to make payments on the Securities.

38. *The Securities may be traded with accrued interest, but under certain circumstances described above, such interest may be cancelled and not paid on the relevant Interest Payment Date*

The Securities may trade, and/or the prices for the Securities may appear, on the GEM and in other trading systems with accrued interest. If this occurs, purchasers of Securities in the secondary market will pay a price that reflects such accrued interest upon purchase of the Securities. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Securities will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date.

39. *Upon the occurrence of a Trigger Event, Securityholders may lose all or some of the value of their investment in the Securities*

The Securities are issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Prudential Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions. One of these relates to the ability of the Securities and the proceeds of their issue to be available to absorb any losses of the Group. Accordingly, if, at any time, a Trigger Event occurs: (a) the Prevailing Principal Amount of each Security shall be immediately and mandatorily Written Down by the Write-Down Amount; and (b) all accrued and unpaid interest up to (and including) the Write-Down Date (whether or not such interest has become due for payment) shall be cancelled.

A Trigger Event will occur if the Common Equity Tier 1 Ratio falls below 7 per cent. The Issuer intends to calculate and publish the Common Equity Tier 1 Ratio on at least a semi-annual basis. As at 31 December 2019, the Common Equity Tier 1 Ratio was 15.00 per cent.

Although Condition 5.4 (*Reinstatement of principal amount*) permits the Issuer in its sole and full discretion to reinstate Written Down principal amounts if certain conditions (further described therein) are met, the Issuer is under no obligation to do so.

Moreover the Issuer will only have the option to Write-Up the principal amount of the Securities if, at a time when the Prevailing Principal Amount is less than their Initial Principal Amount, it records positive Consolidated Net Income (as

defined in the Conditions), and if the Maximum Distributable Amount (if any) (when the amount of the Write-Up is aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive or in any provision of applicable law transposing or implementing Article 141(2) of the CRD IV Directive, as amended and replaced, including pursuant to the CRD IV Amending Directive, and after taking account of the applicable requirements of Article 21.2(f) of the CRD IV Supplementing Regulation or any analogous provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated) would not be exceeded as a result of the Write-Up.

No assurance can be given that these conditions will ever be met, or that the Issuer will ever Write-Up the principal amount of the Securities following a Write-Down. Furthermore, any Write-Up must be undertaken on a pro rata basis with any other securities of any member of the Group that have terms permitting a principal write up to occur on a basis similar to that set out in Condition 5.4 in the circumstances then existing.

During the period of any Write-Down pursuant to Condition 5.1, interest will accrue on the Prevailing Principal Amount of the Securities, which shall be lower than the Initial Principal Amount unless and until the Securities are subsequently Written-Up in full. Furthermore, in the event that a Write-Down occurs during an Interest Period, any interest accrued but not yet paid until the occurrence of such Write-Down will be cancelled and, if not cancelled in accordance with Condition 4.1 (*Cancellation of Interest*), the interest amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated on the Prevailing Principal Amount resulting from the Write-Down. See generally Condition 4.7 (*Calculation of interest*).

Securityholders may lose all or some of their investment as a result of a Write-Down. If any order is made by any competent court for the Winding-Up of the Issuer, or if the Issuer is liquidated for any other reason prior to the Securities being written up in full pursuant to Condition 5.4 (*Reinstatement of principal amount*), Securityholders' claims for principal and interest will be based on the reduced Prevailing Principal Amount of the Securities. Securityholders' claims for principal and interest will also be based on the reduced Prevailing Principal Amount of the Securities in the event that the Issuer exercises its option to redeem the Securities upon the occurrence of a Regulatory Event or Tax Event in accordance with Conditions 6.3 (*Redemption upon the occurrence of a Regulatory Event*) and 6.4 (*Redemption upon the occurrence of a Tax Event*) at a time when the Securities have been Written Down and not subsequently Written Up.

In addition, in certain circumstances the Maximum Distributable Amount will impose a cap on the Issuer's ability to pay interest on the Securities, on the Issuer's ability to reinstate the Prevailing Principal Amount of the Securities following a Write-Down and on its ability to redeem or purchase Securities. Further, refer to "*BRRD and SRM*" under "*Description of the Issuer and the Group - Regulation*" below.

The market price of the Securities is expected to be affected by fluctuations in the Common Equity Tier 1 Ratio. Any indication that the Common Equity Tier 1 Ratio is approaching the level that would trigger a Trigger Event may have an adverse effect on the market price of the Securities.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer or the Group. Accordingly, investors may be unable to accurately predict if and when a Trigger Event may occur. See "*The circumstances surrounding or triggering a Write-Down are unpredictable, and there are a number of factors that could affect the Common Equity Tier 1 Ratio*" below.

40. The circumstances surrounding or triggering a Write-Down are unpredictable, and there are a number of factors that could affect the Common Equity Tier 1 Ratio

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer. Moreover, because the Supervisory Authority may instruct the Issuer to calculate the Common Equity Tier 1 Ratio as at any date, a Trigger Event could occur at any time, including if the Issuer is subject to recovery and resolution actions by the relevant resolution authority, or the Issuer might otherwise determine to calculate such ratio in its own discretion. Moreover, the relevant resolution authority is likely to allow a Trigger Event to occur rather than to resort to the use of public funds to provide capital to the Issuer and the Group. Additionally, the resolution authority may permanently write down or convert the Securities at the point of non-viability of the Issuer or

the Group, and this may occur prior to a Trigger Event (see "*BRRD and SRM*" under "*Description of the Issuer and the Group - Regulation*" below for further information).

The Common Equity Tier 1 Ratio may fluctuate. The calculation of such ratios could be affected by one or more factors, including, among other things, changes in the mix of the Group's business, major events affecting its earnings, distributions by the Issuer, regulatory changes (including changes to definitions and calculations of the Common Equity Tier 1 Ratio and its components, including Common Equity Tier 1 Capital and risk weighted assets (including as a result of the operation of any applicable output floors), on a consolidated basis, and the unwinding of transitional provisions under CRD IV) and the Group's ability to manage risk weighted assets in both its on-going businesses and those which it may seek to exit. In addition, the Group has capital resources and risk weighted assets denominated in foreign currencies, and changes in foreign exchange rates will result in changes in the euro equivalent value of foreign currency denominated capital resources and risk weighted assets. As a result, the Common Equity Tier 1 Ratio is exposed to foreign currency movements. It is Group policy to manage structural foreign exchange risk by ensuring that the currency composition of its risk weighted assets and its structural net asset position by currency are broadly similar. This is designed to minimise the impact of the exchange rate movements on the principal capital ratios.

The calculation of the Common Equity Tier 1 Ratio may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as at the relevant calculation date, the Supervisory Authority could require the Issuer to reflect such changes in any particular calculation of the Common Equity Tier 1 Ratio.

Accordingly, accounting changes or regulatory changes may have a material adverse impact on the Issuer's and the Group's calculations of regulatory capital, including Common Equity Tier 1 Capital and risk weighted assets and the Common Equity Tier 1 Ratio. In August 2019, the EBA advised the European Commission on the introduction of an "output floor", whereby banks constrained by that should be required to use "floored" risk weighted assets to compute capital ratios, including those relevant to the determination of whether or not a Trigger Event has occurred.

It will be difficult to predict when, if at all, a Trigger Event and subsequent Write-Down may occur. Accordingly, the trading behaviour of the Securities is not necessarily expected to follow the trading behaviour of other types of securities. Any indication that a Trigger Event and subsequent Write-Down may occur can be expected to have a material adverse effect on the market price (if any) of the Securities.

41. *The Common Equity Tier 1 Ratio will be affected by the Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the Securityholders*

As discussed in "*The circumstances surrounding or triggering a Write-Down are unpredictable, and there are a number of factors that could affect the Common Equity Tier 1 Ratio*" above, the Common Equity Tier 1 Ratio could be affected by a number of factors. The Common Equity Tier 1 Ratio will also depend on the Group's decisions relating to their businesses and operations, as well as the management of their capital positions. Neither the Issuer nor the Group will have any obligation to consider the interests of the Securityholders in connection with its strategic decisions, including in respect of its capital management. Securityholders will not have any claim against the Issuer or any other member of the Group relating to decisions that affect the business and operations of the Issuer or the Group, including the Issuer's or the Group's capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Securityholders to lose all or part of the value of their investment in the Securities.

42. *There is no scheduled redemption date for the Securities and Securityholders have no right to require Redemption*

The Securities are undated securities in respect of which there is no fixed redemption or maturity date. The Issuer is under no obligation to redeem the Securities at any time and the Securityholders have no right to require the Issuer or any member of the Group to redeem or purchase any Securities at any time. Any redemption of the Securities and any purchase of any Securities by the Issuer or any of its subsidiaries will be subject always to the prior approval of the Supervisory Authority and to compliance with prevailing prudential requirements, and the Securityholders may not be able to sell their Securities in the secondary market (if at all) at a price equal to or higher than the price at which they

purchased their Securities. Accordingly, investors in the Securities should be prepared to hold their Securities for a significant period of time.

43. *The Securities are subject to early redemption at their Prevailing Principal Amount (which may be less than the Initial Principal Amount) upon the occurrence of certain events*

Subject to the prior approval of the Supervisory Authority, satisfaction of the conditions to redemption, purchase, substitution and variation set out in Condition 6 (*Redemption, purchase, substitution and variation*), compliance with the Solvency Condition and compliance with prevailing prudential requirements, the Issuer may, at its option, redeem all (but not some only) of the Securities at any time at their Prevailing Principal Amount (which may be less than the Initial Principal Amount) plus (subject to Condition 4.1 (*Cancellation of interest*)) interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the redemption date, (i) upon the occurrence of a Tax Event or a Regulatory Event or (ii) on any day falling in the period commencing on (and including) the First Call Date and ending on (and including) the First Reset Date, or on any Interest Payment Date thereafter.

An optional redemption feature is likely to limit the market value of the Securities. During any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed. If the Issuer redeems the Securities in any of the circumstances mentioned above, there is a risk that the Securities may be redeemed at times when the redemption proceeds are less than the current market value of the Securities or when prevailing interest rates may be relatively low, in which latter case Securityholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

44. *The interest rate on the Securities will be reset on each Reset Date, which may affect the market value of the Securities*

The Securities will initially earn interest at a fixed rate of interest from (and including) the Issue Date to (but excluding) the First Reset Date. From, and including, the First Reset Date, however, and every Reset Date thereafter, the interest rate will be reset to the Reset Rate of Interest (as described in Condition 4 (*Interest*)). This reset rate could be less than the Initial Rate of Interest and/or the interest rate that applies immediately prior to such Reset Date, which could affect the amount of any interest payments under the Securities and so the market value of an investment in the Securities.

45. *Substitution or variation of the Securities*

Following the occurrence of a Tax Event or Regulatory Event, the Issuer may, subject as provided in Condition 6.6 (*Substitution and Variation*) and without the need for any consent of the Securityholders, substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or become, Compliant Securities (as defined in the Conditions).

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

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

46. *Limitation on gross-up obligation under the Securities*

The Issuer's obligation to pay Additional Amounts (as defined in the Conditions) in respect of any withholding or deduction for or on account of Irish taxes under the terms of the Securities is subject to the Solvency Condition and the availability of Distributable Items (as defined in the Conditions) and applies only to payments of interest due and payable under the Securities and not to payments of principal (which term, for these purposes, includes the Prevailing Principal Amount and any other amount (other than interest) payable in respect of the Securities). As such, the Issuer

would not be required to pay any Additional Amounts under the terms of the Securities to the extent any withholding or deduction for or on account of Irish tax is applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under any Securities, Securityholders would, upon repayment or redemption of such Securities, be entitled to receive only the net amount of such redemption or repayment proceeds after deduction of the amount required to be withheld. Therefore, Securityholders may receive less than the full amount due under the Securities, and the market value of the Securities may be adversely affected as a result.

47. No rights of set-off

No Securityholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, arising under or in connection with the Securities and each Securityholder shall, by virtue of its holding of any such Security, be deemed to have waived all such rights of set-off.

48. The regulation and reform of "benchmarks" may adversely affect the value of the Securities

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on securities linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the European Union on 29 June 2016 and became applicable from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The Benchmarks Regulation could have a material impact on the Securities.

The potential elimination of the EURIBOR benchmark, or changes in the manner of administration of the benchmark, could (as it forms part of the calculation for the Reset Reference Rate) require an adjustment to the terms and conditions, or result in other consequences, in respect of the Securities. Such factors may have the following effects: (i) discourage market participants from continuing to administer or contribute to EURIBOR, (ii) trigger changes in the rules or methodologies used in EURIBOR or (iii) lead to the disappearance of EURIBOR. 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 the Securities.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to the Securities. The Conditions provide for certain fallback arrangements in the event that EURIBOR or other relevant reference rates (including, without limitation, mid-swap rates) and including any page on which such Benchmark may be published (or any successor service)), becomes unavailable or a Benchmark Event otherwise occurs, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required), all as determined by the Issuer in consultation with an Independent Adviser, acting in good faith in a commercially reasonable manner. Any adjustment spread could be positive, negative or zero. No Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause the then current or future disqualification of the Securities as Additional Tier 1 Capital. 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, effectively resulting in the application of a fixed rate of interest.

Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on the 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 Securities or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Securities. Investors should consider these matters when making their investment decision with respect to the Securities.

49. Because the Securities are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer

The Securities will, upon issue, be represented by a Global Certificate that will be deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Securities are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Securities are in global form, the payment obligations of the Issuer under the Securities will be discharged upon such payments being made by or on behalf of the Issuer to or to the order of the nominee for the common depository. A holder of a beneficial interest in a Security must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Securities. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

50. Meetings of Securityholders, modification and substitution

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

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Securities. Instead, such Securityholders are permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream, Luxembourg to appoint appropriate proxies.

In addition, and subject to the Issuer obtaining the prior written permission of the Supervisory Authority, the Trustee and the Issuer may agree, without the consent of the Securityholders, to any modification of the Securities or the Trust Deed which is, in the opinion of the Trustee: (a) to cure or correct any ambiguity or defective or inconsistent provision contained therein, or which is of a formal, minor or technical nature; (b) not prejudicial to the interests of the Securityholders (provided the proposed modification does not relate to a Reserved Matter; or (c) to correct a manifest error or an error proven to the satisfaction of the Trustee.

Further, pursuant to Condition 4 (*Interest*), certain changes may be made to the interest calculation provisions of the Securities in the circumstances set out in Condition 4 without the requirement for consent of the Securityholders

51. Change of law

The Conditions will be governed by the laws of Ireland. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Ireland or applicable administrative practice after the date of these Listing Particulars. 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 Securityholders. Such tools may include the ability to write off sums otherwise payable on the Securities.

52. Investors who hold less than the minimum specified denomination may be unable to sell their Securities and may be adversely affected if definitive Securities are subsequently required to be issued

The Securities are in denominations of €200,000 and integral multiples of €1,000 in excess thereof. Accordingly, it is possible that they may be traded in amounts that are not integral multiples of €200,000. In such a case, a Securityholder who, as a result of trading such amounts, holds an amount which is less than €200,000 in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Securities at or in excess of €200,000 such that its holding amounts to at least equal to €200,000. Further, a Securityholder who, as a result of trading such amounts, holds an amount which is less than €200,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Security in respect of such

holding (should such Securities be printed) and would need to purchase a principal amount of Securities at or in excess of €200,000 such that its holding amounts to at least equal to €200,000.

53. A Securityholder's actual yield on the Securities may be reduced from the stated yield by transaction costs

When Securities are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Securities. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Securityholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Securityholders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Securities before investing in the Securities. Please refer also to "*The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Securities*" above.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSES OF ASSESSING RISKS RELATED TO THE MARKET GENERALLY

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

54. The secondary market generally

The Securities represent a new security for which no secondary trading market exists and there can be no assurance that one will develop. If a market does develop, it may not be liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Securities. If a market for the Securities does develop, the trading price of the Securities may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations, general economic conditions and adverse market shocks such as that caused by the COVID-19 pandemic that may adversely affect the market price of the Securities. Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Securities does develop, it may become severely restricted, or may disappear, if the financial condition and/or the Common Equity Tier 1 Ratio deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable, or where the Supervisory Authority elects to direct the Issuer not, to pay interest on the Securities in full, or of the Securities being Written Down or otherwise subject to loss absorption under the Conditions or an applicable statutory loss absorption regime. In addition, the market price of the Securities may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control, including:

- actual or expected variations in the Group's operating performance;
- any shortfall in revenue or net profit or any increase in losses from levels expected by market commentators;
- increases in capital expenditure compared with expectations;
- any perception that the Group's strategy is or may be less effective than previously assumed or that the Group is not effectively implementing any significant projects;
- changes in financial estimates by securities analysts;

- changes in market valuations of similar entities;
- announcements by the Group of significant acquisitions, strategic alliances, joint ventures, new initiatives, new services or new service ranges;
- regulatory matters, including changes in regulatory regulations or Central Bank requirements;
- additions or departures of key personnel; and
- future issues or sales of Securities or other securities.

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

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

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

In addition, Securityholders should be aware of global credit market conditions, whereby there may be a general lack of liquidity in the secondary market which, if it were to worsen, could result in investors suffering losses on the Securities in secondary resales even if there were no decline in the performance of the Securities or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and, if and when they do change, how liquid the market for the Securities and instruments similar to the Securities at that time would be.

Although application has been made for the Securities to be listed and admitted to trading on GEM, there is no assurance that such application will be accepted or that an active trading market will develop.

55. Exchange rate risks and exchange controls

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

Government 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 as measured in the Investor's Currency.

56. Interest rate risks

An investment in the Securities, which bear interest at a fixed rate (which will be reset every five years except in the case of the first reset, where it will be five years and six months), involves the risk that subsequent changes in market interest rates may adversely affect their value. The rate of interest will be set every five years (except in the case of the first reset, where it will be five years and six months) and as such reset rates are not pre-defined at the date of issue of the Securities, they may be different from the initial rate of interest and may adversely affect the yield of the Securities.

57. Credit ratings may not reflect all risks

The Securities are expected to be rated Ba2 by Moody's. The rating 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. Further, one or more credit rating agencies may from time to time release unsolicited credit ratings reports in relation to the Securities without the consent or knowledge of the Issuer. The Issuer does not have any control over such reports or analyses and any adverse credit rating of the Securities could adversely affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

58. The Issuer is exposed to changing methodology by rating agencies

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

59. Legality of purchase

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities by a prospective investor in the Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it. Potential investors are further referred to the section headed "*Restrictions on Marketing and Sales to Retail Investors*" on pages 4 to 6 of these Listing Particulars for further information.

60. Legal investment considerations may restrict certain investments

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 (i) the Securities are investments in which it may legally invest, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge by it of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published (or are simultaneously with these Listing Particulars) and have been filed with Euronext Dublin shall be incorporated in, and form part of, these Listing Particulars:

- (a) the interim management statement – Q1 2020 update of the Issuer dated 11 May 2020;
- (b) the market announcement of the Issuer dated 30 March 2020 on the decision of the Group to withdraw the 2019 dividend proposal;
- (c) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2019 and the auditor's report by KPMG thereon;
- (d) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2018 and the auditor's report by KPMG thereon; and
- (e) the unaudited Pillar 3 disclosures of the Issuer for the year ended 31 December 2019, which have been previously published,

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 these Listing Particulars to the extent that a statement contained in any such document, all or the relevant portion of which is deemed to be incorporated by reference herein, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of these Listing Particulars. Those parts of the documents incorporated by reference in these Listing Particulars which are not specifically incorporated by reference in these Listing Particulars are either not relevant for prospective investors in the Securities or the relevant information is included elsewhere in these Listing Particulars. Any documents themselves incorporated by reference into a document that is incorporated by reference into these Listing Particulars shall not form part of these Listing Particulars.

Copies of documents incorporated by reference in these Listing Particulars can be obtained:

- (i) by a request in writing to the Issuer or the Paying Agents at their specified offices as set out at the end of these Listing Particulars; or
- (ii) by visiting the Issuer's website at the following web address:

<https://investorrelations.bankofireland.com/results-centre/>

References in these Listing Particulars or any documents incorporated by reference in these Listing Particulars to websites are made for information purposes only and the contents of those websites do not form part of these Listing Particulars.

TERMS AND CONDITIONS OF THE SECURITIES

The following is the text of the terms and conditions that, subject to completion and amendment, shall be applicable to the Securities in definitive form (if any) issued in exchange for the Global Certificate.

The €675,000,000 Fixed Rate Reset Additional Tier 1 Perpetual Contingent Temporary Write-Down Securities (the **Securities**, which expression shall in these Conditions, unless the context otherwise requires, include any further securities issued pursuant to Condition 14 (*Further Issues*) and forming a single series with the Securities) of Bank of Ireland Group plc (the **Issuer**) are constituted by a trust deed dated 19 May 2020 (as amended and/or supplemented and/or restated from time to time, the **Trust Deed**) made between the Issuer and Citibank Europe plc (the **Trustee**, which expression shall include all persons from time to time being trustee or trustees appointed under the Trust Deed) as trustee for the Securityholders).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the agency agreement dated 19 May 2020 (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, the Trustee, Citibank Europe plc as Principal Paying Agent, Registrar, Agent Bank and Transfer Agent are available for inspection and collection during normal business hours by the Securityholders at the Specified Office of each of the Paying Agents. The Securityholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

1 FORM, DENOMINATION, TRANSFER AND TITLE

1.1 Form and denomination

The Securities are in registered form and are available and transferable in minimum principal amounts of €200,000 and integral multiples of €1,000 in excess thereof. A security certificate (**Certificate**) will be issued to each Securityholder in respect of its registered holding of Securities. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Securityholders (the **Register**) which the Issuer will procure to be kept by the Registrar.

1.2 Transfer and Title

1.2.1 Title to the Securities passes only by registration in the Register. The Securityholders will (except as otherwise required by law) be treated as the absolute owner for all purposes (regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Securityholders. In these Conditions, **Securityholder** and (in relation to a Security) **holder** means the person in whose name a Security is registered in the Register (or, in the case of a joint holding, the first named thereof).

1.2.2 Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Security in definitive form may be transferred in whole or in part in the authorised denominations. In order to effect any such transfer (A) the holder or holders must (i) surrender the Security for registration of the transfer of the Security (or the relevant part of the Security) at the specified office of the Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the Transfer Agent and (B) the 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, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in a Schedule to the Agency Agreement). Subject as provided above, the 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 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 Security in definitive form of a like aggregate nominal amount to the Security (or the relevant part of the Security transferred). In the case of the transfer of part only of a Security in definitive form, a new Security in definitive form in respect of the balance of the Security not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

- 1.2.3 Transfers of book-entry interests in the Securities will be effected through the records of Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.
- 1.2.4 Securityholders 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.
- 1.2.5 The Securities will initially be represented by a global certificate in registered form (the **Global Certificate**) and will be registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg.
- 1.2.6 For so long as any of the Securities is represented by a Global Certificate, registration of title to Securities in a name other than that of a nominee for a common depositary of Euroclear and Clearstream, Luxembourg (the **Nominee**), will be permitted only if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Registrar is available. References herein to **Accountholders** are to each person (other than Euroclear and Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of Securities (in which regard any certificate or other document issued by that clearing system as to the principal amount of Securities standing to the account of any person shall be conclusive and binding for all purposes). Thereupon, the Nominee (acting on the instructions of one or more of the Accountholders) may give notice to the Issuer of its intention to exchange the Global Certificate for definitive Certificates on or after the Exchange Date (as defined below).
- 1.2.7 On or after the Exchange Date, the Nominee may surrender the Global Certificate to, or to the order of, the Registrar. In exchange for the Global Certificate, the Registrar will deliver, or procure the delivery of, definitive Certificates in minimum principal amounts of €200,000 and integral multiples of €1,000 in excess thereof printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Global Certificate, the Issuer will procure that it is cancelled and, if the Nominee so requests, returned to the Nominee together with any relevant definitive Certificates.
- 1.2.8 No Securityholder may require the transfer of a Security to be registered (i) during the period of 15 days prior to (and including) any date on which the Securities may be called for redemption by the Issuer at its option pursuant to Condition 6.2, (ii) after the Securities have been called for redemption, or (iii) during the period of seven days ending on (and including) any Record Date.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 10 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Registrar is located.

2 STATUS AND SUBORDINATION

2.1 Status

The Securities are direct, unsecured, unguaranteed and subordinated obligations of the Issuer and rank *pari passu*, without any preference among themselves. The rights and claims of Securityholders in respect of, or arising under, their Securities (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in this Condition 2 and in Condition 3 (*Winding-Up*).

2.2 Solvency Condition

Except in a Winding-Up, all payments in respect of or arising from (including any damages awarded for breach of any obligation under) the Securities (other than payments to the Trustee for its own account under the Trust Deed) are, in addition to the right or obligation of the Issuer to cancel payments under Condition 4.1 (*Cancellation of interest*) and/or Condition 5.1 (*Loss absorption*), conditional upon the Issuer being solvent at the time of payment by the Issuer and no payments shall be due and payable in respect of or arising from the Securities or the Trust Deed (other than payments to the Trustee for its own account under the Trust Deed) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the **Solvency Condition**).

In these Conditions, the Issuer shall be considered to be solvent at a particular time if, at such time, (x) the Issuer is able to pay its debts to its Senior Creditors as they fall due and (y) the Issuer's Assets exceed its Liabilities.

A certificate as to the solvency of the Issuer signed by two Authorised Signatories (or if there is a winding-up or examinership of the Issuer, an authorised signatory of the liquidator or, as the case may be, the examiner of the Issuer) shall be treated and accepted by the Issuer, the Trustee and the Securityholders as correct and sufficient evidence thereof.

2.3 No set-off

No Securityholder may exercise or claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Securities or the Trust Deed and each Securityholder will, by virtue of their holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Securityholder by the Issuer in respect of, or arising under or in connection with the Securities is discharged by set-off, such Securityholder shall immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up, the liquidator of or, as appropriate, examiner to the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator of or, as appropriate, examiner to the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

3 WINDING-UP

If a Winding-Up occurs, each Securityholder will be entitled to receive (in lieu of any other payment by the Issuer) an amount equal to the Prevailing Principal Amount of the relevant Security, together with any damages awarded for breach of any obligations in respect of such Security, whether or not the Solvency Condition is satisfied on the date upon which such amount would be due and payable, provided however that the rights and claims of the Securityholders (and of the Trustee on their behalf) against the Issuer in respect of, or arising under the Securities, shall be subordinated as provided in this Condition 3 and in the Trust Deed to the claims of all Senior Creditors so that they shall rank on a Winding-Up:

- a) junior to the rights and claims of the Senior Creditors;
- b) *pari passu* with the rights and claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Additional Tier 1 Capital of the Issuer; and

- c) in priority to the rights and claims of holders of all classes of ordinary share capital of the Issuer;

and such rights and claims shall be postponed in favour of the rights and claims of the Senior Creditors and no payment shall be made to the Securityholders in respect of such rights and claims until payment has been made in full in respect of the rights and claims of the Senior Creditors.

4 INTEREST

4.1 Cancellation of interest

The Issuer may elect at any time (subject to the mandatory cancellation and non-payment of interest pursuant to this Condition 4.1, Condition 2.2 (*Solvency Condition*) and Condition 5.1 (*Loss Absorption*)) at its sole and full discretion to cancel (in whole or in part) payment of the interest otherwise scheduled to be paid on an Interest Payment Date.

Under the Regulatory Capital Requirements the Issuer may elect to pay interest only to the extent that it has Distributable Items. Accordingly, in addition to having the right to cancel at any time, the Issuer will cancel payment of interest on any Interest Payment Date (in whole or, as the case may be, in part) if and to the extent that such interest, when aggregated together with any interest payments or distributions which have been paid or made or which are scheduled to be paid or made during the then current financial year on the Securities and all other Own Funds items of the Issuer (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in calculating the amount of Distributable Items), exceeds the amount of the Distributable Items of the Issuer as at such Interest Payment Date.

In addition, the Issuer will also be required to cancel payment of any interest otherwise scheduled to be paid on an Interest Payment Date:

- 4.1.1 in the event of a Winding-Up; or,
- 4.1.2 if and to the extent that payment of such interest would cause, when aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD IV Directive, as amended or replaced, including pursuant to the CRD IV Amending Directive, or as referred to in any applicable analogous provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated, in each case to the extent applicable to the Issuer), the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the Prudential Group to be exceeded.

Maximum Distributable Amount means any applicable maximum distributable amount relating to the Issuer and/or the Prudential Group required to be calculated in accordance with Article 141 of the CRD IV Directive (or any provision of applicable law transposing or implementing the CRD IV Directive as amended or replaced, including pursuant to the CRD IV Amending Directive, or in accordance with any applicable analogous provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated.

The Issuer will also exercise its discretion to cancel interest payments (in whole or in part) on the Securities in any other circumstances in which the Regulatory Capital Requirements or any other applicable laws or regulations in effect from time to time (or where the Supervisory Authority or an applicable resolution authority acting pursuant to such Regulatory Capital Requirements or other applicable laws or regulations) require interest payments on the Securities to be so cancelled (including, but not limited to, if the Issuer becomes subject to any applicable leverage-based or minimum requirements for own funds and eligible liabilities-based maximum distributable amount restrictions). See further the risk factor entitled "The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Securities" in the Listing Particulars.

Payment of interest will also be cancelled in the event of a Trigger Event (in accordance with Condition 5.1 (*Loss absorption*)) or if the Solvency Condition is not satisfied in respect of such interest (in accordance with Condition 2.2 (*Solvency Condition*)).

The Supervisory Authority may also direct the Issuer to exercise its discretion to cancel interest (in whole or in part) scheduled to be paid on an Interest Payment Date.

The Issuer shall provide notice of any cancellation of interest, in accordance with Condition 15 (*Notices*), to the Trustee and the Principal Paying Agent as soon as reasonably practicable, but not more than 60 calendar days, prior to the relevant Interest Payment Date. Failure to provide such notice, however, shall not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give Securityholders any rights as a result of such failure.

For the avoidance of doubt: (i) the cancellation of any interest in accordance with Condition 2.2 (*Solvency Condition*), this Condition 4.1 or Condition 5.1 (*Loss absorption*) shall not constitute a default for any purpose on the part of the Issuer; and (ii) interest on the Securities is not cumulative and any interest that the Issuer elects not to pay or is prohibited from paying will not accumulate or compound and all rights and claims in respect of and such amounts shall be fully and irrevocably forfeited and no payments shall be made, nor shall any Securityholder be entitled to any payment or indemnity, in respect thereof. In the event that the Issuer exercises its discretion not to pay interest or is prohibited from paying interest on any Interest Payment Date, such cancellation will not give rise to or impose any restriction on the Issuer or give rise to any other restriction on the Issuer making distributions or any other payments to the holders of any securities ranking *pari passu* with, or junior to, the Securities. The Issuer may use such cancelled payment without restriction.

If the Issuer does not pay any interest payment (in whole or, as the case may be, in part) on the relevant Interest Payment Date, such non-payment (whether the notice referred to in this Condition 4.1 or, as appropriate, Condition 5.1 (*Loss absorption*) has been given or not) shall evidence either the non-payment and cancellation of such interest payment (in whole or, as the case may be, in part) by reason of it not being due in accordance with Condition 2.2 (*Solvency Condition*), the cancellation of such interest payment (in whole or, as the case may be, in part) in accordance with this Condition 4.1 or Condition 5.1 (*Loss absorption*) or, as appropriate, the Issuer's exercise of its discretion to cancel such interest payment (in whole or, as the case may be, in part) in accordance with this Condition 4.1. Accordingly, non-payment of any interest (in whole or, as the case may be, in part) in accordance with any of Conditions 2.2 (*Solvency Condition*) or 5.1 (*Loss absorption*) or this Condition 4.1, will not constitute a default by the Issuer for any purpose and the Securityholders shall have no right thereto whether in a Winding-Up of the Issuer or otherwise.

4.2 **Rate of Interest**

Subject to Conditions 2.2 (*Solvency Condition*), 4.1 (*Cancellation of interest*) and 5.1 (*Loss absorption*) and Condition 7 (*Payments*), the Securities bear interest on their outstanding Prevailing Principal Amount:

4.2.1 from (and including) the Issue Date to (but excluding) 19 November 2025 (the **First Reset Date**), at 7.500 per cent. per annum (the **Initial Rate of Interest**); and

4.2.2 thereafter, at the relevant Reset Rate of Interest.

Subject to Conditions 2.2 (*Solvency Condition*), 4.1 (*Cancellation of interest*) and 5.1 (*Loss absorption*) and Condition 7 (*Payments*), interest on the Securities shall be payable semi-annually in arrear on 19 November and 19 May of each year (each an **Interest Payment Date**) in two equal (subject to Condition 4.7 (*Calculation of interest*)) instalments.

The period beginning on (and including) the Issue Date and ending on (but excluding) the next succeeding 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 is called an **Interest Period**.

4.3 Determination of Reset Rate of Interest in relation to a Reset Period

The Agent Bank will, as soon as reasonably practicable at approximately 11.00am (Central European time) on each Reset Determination Date in relation to a Reset Period, determine the Reset Rate of Interest for such Reset Period.

4.4 Publication of Reset Rate of Interest

With respect to each Reset Period, the Issuer shall cause the Agent Bank to give notice of the relevant Reset Rate of Interest to the Issuer, the Trustee, the Principal Paying Agent, the Paying Agents and to any stock exchange or other relevant authority on which the Securities are at the relevant time listed and to be published in accordance with Condition 15 (*Notices*) as soon as reasonably practicable after such determination but in any event not later than the relevant Reset Date. The Reset Rate of Interest so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of manifest error.

4.5 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Reset Reference Banks (or any of them) or the Agent Bank or the Trustee (or an agent on its behalf), will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Agent Bank and all Securityholders and (in the absence of wilful default and fraud) no liability to the Issuer or the Securityholders shall attach to the Reset Reference Banks (or any of them), the Agent Bank or, if applicable, the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

4.6 Calculation of interest

The amount of interest payable in respect of a Security for any period shall be calculated (subject to Conditions 2.2 (*Solvency Condition*), 4.1 (*Cancellation of interest*) and 5.1 (*Loss absorption*)) by the Principal Paying Agent by:

4.6.1 applying the applicable Rate of Interest to the Prevailing Principal Amount of such Security;

4.6.2 where applicable multiplying the product thereof by the Day Count Fraction; and

4.6.3 rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

If a Security has had two or more different Prevailing Principal Amounts during the relevant period for which interest is being calculated (due to one or more Write-Downs and/or Write-Ups occurring during such period), interest in respect of the Security shall be calculated as if such period was two or more (as relevant) consecutive interest periods and interest calculated based on the number of days for which each Prevailing Principal Amount was applicable.

4.7 Interest accrual

Without prejudice to Conditions 2.2 (*Solvency Condition*), 4.1 (*Cancellation of interest*) and 5.1 (*Loss absorption*), each Security will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the Prevailing Principal Amount of such Security is improperly withheld or refused, or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue as provided in the Trust Deed.

4.8 Benchmark discontinuation

If a Benchmark Event occurs in relation to an Original Reference Rate at any time 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 of this Condition 4.8 shall apply (with effect from 30 days prior to the first date when such determination is necessary).

4.8.1 ***Independent Adviser***

The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, with a view to such Independent Adviser determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.8.2) and, in either case, the applicable Adjustment Spread (in accordance with Condition 4.8.3) and any Benchmark Amendments (in accordance with Condition 4.8.4).

The Independent Adviser will consult with the Issuer with respect to all determinations to be made by it pursuant to this Condition 4.8.

If, notwithstanding the use of reasonable endeavours, the Issuer is unable to appoint an Independent Adviser, or if an Independent Adviser is appointed by the Issuer but fails to make any relevant determination specified to be made by it under this Condition 4.8 prior to the relevant Reset Determination Date, the Issuer itself (acting in good faith and in a commercially reasonable manner) shall be entitled to make the relevant determination(s) (which may, for the avoidance of doubt, include determination of a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.8.2) and, in either case, the applicable Adjustment Spread (in accordance with Condition 4.8.3) and any Benchmark Amendments (in accordance with Condition 4.8.4). In any such case, remaining references in this Condition 4.8 to determinations made, or to be made, by the Independent Adviser shall be construed accordingly.

An Independent Adviser appointed pursuant to this Condition 4.8 shall act in good faith and (in the absence of bad faith or fraud) neither the Issuer nor any Independent Adviser shall have any liability whatsoever to the Trustee, the Agents or Securityholders for any determination made by it pursuant to this Condition 4.8.

4.8.2 ***Successor Rate or Alternative Rate***

If the Independent Adviser determines that:

- (a) there is a Successor Rate, then such Successor Rate, as adjusted by the applicable Adjustment Spread determined pursuant to Condition 4.8.3, shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Securities (subject to the further operation of this Condition 4.8); or
- (b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate, as adjusted by the applicable Adjustment Spread determined pursuant to Condition 4.8.3, shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Securities (subject to the further operation of this Condition 4.8).

4.8.3 ***Adjustment Spread***

If a Successor Rate or Alternative Rate is determined in accordance with the foregoing provisions, the Independent Adviser shall determine an Adjustment Spread (which may be expressed as a specified quantum of, or a formula or methodology for determining, such Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

4.8.4 ***Benchmark Amendments***

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4.8 and the Independent Adviser determines (A) that

amendments to these Conditions and/or the Trust Deed (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Reset Determination Date, or Screen Page) are necessary to ensure the proper operation (having regard to prevailing market practice, if any) of such Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.8.6, without any requirement for the consent or approval of Securityholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Authorised Signatories pursuant to Condition 4.8.6, the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed) and the Trustee shall not be liable to any party for any consequences thereof, provided that the Trustee shall not be obliged so to concur if in the sole opinion of the Trustee doing so would impose more onerous obligations upon such party or expose such party to any additional duties, responsibilities or liabilities or reduce or amend rights and/or the protective provisions afforded to the Trustee in these Terms and Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

Securityholders shall, by virtue of holding any Security or any beneficial interest therein, be deemed to accept the variation of the terms of such Securities and to grant the Issuer and the Trustee full power and authority to take any action and/or execute and deliver any document which is necessary or convenient to give effect to the variation of the terms of the Securities.

In connection with any such variation in accordance with this Condition 4.8.4, 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.

4.8.5 *Application to the Securities*

Notwithstanding any other provision of this Condition 4.8, no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of the Securities be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Securities as Additional Tier 1 Capital and/or as eligible liabilities or loss absorbing capacity instruments.

4.8.6 *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.8 will be notified promptly by the Issuer to the Supervisory Authority, the Trustee, the Agent Bank, the Principal Paying Agent and the Paying Agents and, in accordance with Condition 15 (*Notices*), the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4.8;

- (b) certifying that the Benchmark Amendments are necessary to ensure the proper operation, having regard to prevailing market practice (if any), of such Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread; and
- (c) certifying that (i) each of the matters above has been determined by the Independent Adviser or, if that is not the case, (ii) explaining, in reasonable detail, why such determinations have not been made by the Independent Adviser.

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

4.8.7 *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 4.8.1 to 4.8.4, the Original Reference Rate will continue to apply unless and until the Agent Bank has been notified of the Successor Rate or the Alternative Rate (as the case may be), and (in either case) of the applicable Adjustment Spread and Benchmark Amendments (if any), in accordance with Condition 4.8.6.

4.8.8 *Fallbacks*

In the event that the relevant Rates of Interest cannot be determined in accordance with any of the foregoing provisions, the relevant Rate of Interest shall be:

- (a) that determined as at the last preceding Reset Determination Date; or
- (b) if there is no such preceding Reset Determination Date, the initial Rate of Interest which would have been applicable to such Securities for the first scheduled Reset Period had the Securities been in issue for a period equal in duration to the first scheduled Reset Period but ending on (and excluding) the Reset Determination Date.

4.8.9 *Preparations in anticipation of a Benchmark Event*

If the Issuer anticipates that a Benchmark Event will or may occur, nothing in these Conditions shall prevent the Issuer (in its sole discretion) from taking, prior to the occurrence of such Benchmark Event, such actions which it considers expedient in order to prepare for applying the provisions of this Condition 4.8 (including, without limitation, appointing and consulting with an Independent Adviser to identify any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Amendments), provided that no Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Amendments will take effect until the relevant Benchmark Event has occurred.

5 WRITE-DOWN AND WRITE-UP OF PRINCIPAL AMOUNT

5.1 *Loss absorption*

If the Issuer or the Supervisory Authority (or any agent appointed for such purpose by the Supervisory Authority) determines in accordance with the requirements set out in Article 54 of the CRR that the Common Equity Tier 1 Ratio, as of any date, has fallen below 7.00 per cent. (a **Trigger Event**), the Issuer shall:

- 5.1.1 immediately notify the Supervisory Authority of the occurrence of a Trigger Event;
- 5.1.2 without delay deliver a Write-Down Notice to Securityholders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent (which notice shall be irrevocable);

- 5.1.3 irrevocably cancel any accrued and unpaid interest up to (but excluding) the Write-Down Effective Date; and
- 5.1.4 without delay, and in any event within one month following the occurrence of a Trigger Event, reduce the then Prevailing Principal Amount of each Security by the Write-Down Amount (such reduction being referred to as a **Write-Down** and **Written Down** being construed accordingly).

Such cancellation and reduction shall take place without the need for the consent of Securityholders or the Trustee and without delay on such date as is selected by the Issuer (the **Write-Down Date**) but which shall be no later than one month following the occurrence of the relevant Trigger Event and in accordance with the requirements set out in Article 54 of the CRR. The Supervisory Authority may require that the period of one month referred to above is reduced in cases where the Supervisory Authority assesses that sufficient certainty on the required Write-Down Amount is established or in cases where it assesses that an immediate Write-Down is needed.

For the purposes of determining whether a Trigger Event has occurred, the Common Equity Tier 1 Ratio may be calculated at any time based on information (whether or not published) available to management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for monitoring the Common Equity Tier 1 Ratio.

The determination as to whether a Trigger Event has occurred shall be made by the Issuer or the Supervisory Authority or any agent appointed for such purpose by the Supervisory Authority. Any such determination shall be binding on the Issuer and the Securityholders.

A Write-Down may occur on more than one occasion and the Securities may be Written Down on more than one occasion.

Failure to deliver a Write-Down Notice shall not prevent a Write-Down from occurring and shall not constitute a default under the Securities.

A Write-Down will not constitute an event of default or cause a breach of the Issuer's obligations or duties or be a failure by the Issuer to perform its obligations in any manner whatsoever and shall not entitle the Trustee or any Securityholder to claim for amounts Written Down, whether in a Winding-Up or otherwise, save to the extent (if any) such amounts are Written-Up in accordance with Condition 5.4 (*Reinstatement of principal amount*).

Write-Down Notice means a notice given to Securityholders in accordance with Condition 15 (*Notices*), the Trustee, the Principal Paying Agent and the Supervisory Authority which specifies that a Trigger Event has occurred and the date on which the Write-Down will take effect (the **Write-Down Effective Date**). Any Write-Down Notice delivered to the Trustee must be accompanied by a certificate signed by two Authorised Signatories stating that the Trigger Event has occurred and setting out the method of calculation of the relevant Write-Down Amount upon which the Trustee shall rely (without liability to any person).

The Issuer shall also set out its determination of the Write-Down Amount per Calculation Amount in the relevant Write-Down Notice together with the then Prevailing Principal Amount per Calculation Amount following the relevant Write-Down. However, if the Write-Down Amount has not been determined when the Write-Down Notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify the Write-Down Amount to the Securityholders in accordance with Condition 15 (*Notices*), the Trustee, the Registrar, the Principal Paying Agent and the Supervisory Authority and, at the same time, shall deliver a certificate signed by two Authorised Signatories certifying the accuracy of the contents of such notice, upon which the Trustee shall rely (without liability to any person). The Issuer's determination of the relevant Write-Down Amount shall be irrevocable and binding on all parties.

The aggregate reduction of the then Prevailing Principal Amount of the outstanding Securities pursuant to a Write-Down, shall be equal to the lower of;

- 5.1.5 the amount necessary to generate sufficient Common Equity Tier 1 Capital that would restore the Common Equity Tier 1 Ratio to 7 per cent. at the point of such reduction after taking into account (subject as provided below), the pro rata Write-Down and/or conversion (as applicable) of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Securities, provided that, with respect to each Loss Absorbing Instrument (if any), such pro rata Write-Down and/or conversion shall only be taken into account to the extent required to restore the Common Equity Tier 1 Ratio contemplated above to the lower of (a) such Loss Absorbing Instrument's trigger level (or, if it has more than one such trigger level, the higher or highest effective trigger level) and (b) 7 per cent. and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the regulatory Capital Requirements; and
- 5.1.6 the amount that would result in the Prevailing Principal Amount of a Security being reduced to one cent.

The aggregate reduction determined in accordance with the immediately preceding paragraph shall be applied to all of the Securities pro rata on the basis of their Prevailing Principal Amount immediately prior to the Write-Down and references herein to **Write-Down Amount** shall mean, in respect of each Security, the amount by which the Prevailing Principal Amount of such Security is to be Written Down accordingly.

In calculating any amount in accordance with the immediately preceding paragraph, the Common Equity Tier 1 Capital (if any) generated as a result of the cancellation of interest pursuant to this Condition 5.1 shall not be taken into account.

5.2 **Loss Absorbing Instruments and Full Loss Absorbing Instruments**

Following the giving of a Write-Down Notice, the Issuer shall procure that:

- 5.2.1 a similar notice is, or has been, given in respect of each Loss Absorbing Instrument (if any); and
- 5.2.2 the prevailing principal amount of each Loss Absorbing Instrument outstanding, if any, is written down, written-off or converted, as appropriate, as soon as reasonably practicable following the giving of such Write-Down Notice,

in each case in accordance with, and to the extent required by, the terms of such Loss Absorbing Instrument provided, however, that any failure by the Issuer either to give such a notice or to procure such a write down and/or conversion will not affect the effectiveness of, or otherwise invalidate, any Write-Down of the Securities pursuant to Condition 5.1 (*Loss absorption*) or give Securityholders any rights as a result of either such failure (and, for the avoidance of doubt, the Write-Down Amount may increase as a result thereof).

To the extent the principal write-down, write-off or conversion into Ordinary Shares of any Loss Absorbing Instrument is not possible for any reason, this shall not prejudice the requirement to effect a Write-Down of the Securities pursuant to Condition 5.1 (*Loss absorption*) and the calculation of the Write-Down Amount in Condition 5.1 (*Loss absorption*) shall be undertaken without including any Common Equity Tier 1 Capital in respect of such Loss Absorbing Instruments to the extent they are not written down or converted.

If, in connection with the Write-Down or the calculation of the Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down and/or converted in full and not in part only (**Full Loss Absorbing Instruments**) then:

- (a) the provision that a Write-Down of the Securities should be effected pro rata with the write down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Securities to be Written Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and
- (b) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write down of principal and/or conversion,

as the case may be, among the Securities and any Loss Absorbing Instruments on a pro rata basis) as if their terms permitted partial write down and/or conversion, such that the write down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (x) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted pro rata (in the manner contemplated above) with the Securities and all other Loss Absorbing Instruments to the extent necessary to restore the Common Equity Tier 1 Ratio to 7 per cent.; and (y) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (x) shall be written off and/or converted, as the case may be, with the effect of increasing the Common Equity Tier 1 Ratio above 7 per cent.

5.3 Interest Accrual following a Write-Down or Write-Up

Following any Write-Down or any Write-Up, interest will continue to accrue on the Prevailing Principal Amount of each Security following such reduction or increase, and will be subject to Conditions 2.2 (*Solvency Condition*), 4.1 (*Cancellation of interest*) and 5.1 (*Loss absorption*).

Following any Write-Down of the Securities, references herein to **Prevailing Principal Amount** shall be construed accordingly. Once the Prevailing Principal Amount of a Security has been Written Down, the relevant Write-Down Amount(s) may only be restored, at the discretion of the Issuer, in accordance with Condition 5.4 (*Reinstatement of principal amount*).

5.4 Reinstatement of principal amount

To the extent permitted by the Regulatory Capital Requirements and subject to the Maximum Distributable Amount (if any) (when the amount of the Write-Up is aggregated together with other distributions of the kind referred to in Article 141(2) of the CRD IV Directive or in any provision of applicable law transposing or implementing Article 141(2) of the CRD IV Directive, as amended and replaced, including pursuant to the CRD IV Amending Directive, and after taking account of the applicable requirements of Article 21.2(f) of the CRD IV Supplementing Regulation or any analogous provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated) not being exceeded thereby, the Issuer may at its sole and full discretion reinstate the Prevailing Principal Amount of each Security (a **Write-Up**), up to a maximum of its Initial Principal Amount, on a *pro rata* basis with the other Securities and with any Written Down Additional Tier 1 Instruments, provided that the sum of:

- 5.4.1 the aggregate amount of the relevant Write-Up on all the Securities on the Write-Up Date;
- 5.4.2 the aggregate amount of any other Write-Up on the Securities since the Reference Date and prior to the Write-Up Date;
- 5.4.3 the aggregate amount of any interest payments on the Securities that were paid since the Reference Date on the basis of a Prevailing Principal Amount lower than the Initial Principal Amount;
- 5.4.4 the aggregate amount of the increase in principal amount of each such Written Down Additional Tier 1 Instrument at the time of the relevant Write-Up;
- 5.4.5 the aggregate amount of any other increase in principal amount of each such Written Down Additional Tier 1 instrument since the Reference Date and prior to the Write-Up Date; and
- 5.4.6 the aggregate amount of any interest payments on Loss Absorbing Instruments since the Reference Date on the basis of a prevailing principal amount that is lower than the principal amount it was issued with,

does not exceed the Maximum Write-Up Amount.

The **Maximum Write-Up Amount** means the Consolidated Net Income multiplied by the sum of the aggregate Initial Principal Amount of the Securities and the aggregate initial principal amount of all Written Down Additional Tier 1 Instruments of the Prudential Group, and divided by the total Tier 1 Capital of the Prudential Group as at the relevant Write-Up Date.

Reference Date means in respect of a Write-Up, the last day of the Financial Year immediately preceding the relevant Write-Up date.

Consolidated Net Income means the consolidated profit after tax of the Prudential Group, as calculated by the Issuer by reference to the most recent audited annual consolidated accounts.

A Write-Up may be made on one or more occasions in accordance with this Condition 5.4 until the Prevailing Principal Amount of the Securities has been restored to the Initial Principal Amount. For the avoidance of doubt, at no time may the Prevailing Principal Amount of a Security exceed its Initial Principal Amount.

Any decision by the Issuer to effect or not to effect any Write-Up pursuant to this Condition 5.4 on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to this Condition 5.4.

Any Write-Up will be subject to (a) it not causing a Trigger Event, (b) the Issuer having taken a formal decision confirming such final profits after tax, and (c) the Issuer obtaining any Supervisory Permission of the Supervisory Authority therefor (provided at the relevant time such Supervisory Permission is required to be given).

If the Issuer elects to Write-Up the Securities pursuant to this Condition 5.4, notice (a **Write-Up Notice**) of such Write-Up shall be given to Securityholders in accordance with Condition 15 (*Notices*), the Trustee, the Registrar, the Principal Paying Agent and the Supervisory Authority specifying the amount of any Write-Up and the date on which such Write-Up shall take effect (the **Write-Up Date**). Such Write-Up Notice shall be given as soon as reasonably practicable after the date on which the relevant Write-Up is to become effective.

5.5 **Currency**

For the purposes of any calculation in connection with a Write-Down or Write-Up of the Securities which necessarily requires the determination of a figure in euro (or in an otherwise consistent manner across obligations denominated in different currencies), including (without limitation) any determination of a Write-Down Amount and/or a Maximum Write-up Amount, any relevant obligations which are not denominated in euro shall, (for the purposes of such calculation only) be deemed notionally to be converted into euro at the foreign exchange rates determined, in the sole and full discretion of the Issuer, to be applicable based on its regulatory reporting requirements under the Regulatory Capital Requirements.

6 **REDEMPTION, PURCHASE, SUBSTITUTION AND VARIATION**

The Securities may not be redeemed otherwise than in accordance with this Condition 6.

6.1 **No fixed redemption date**

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the following provisions of this Condition 6.

6.2 **General redemption option**

The Issuer may, at its sole and full discretion (but subject to the provisions of Condition 6.8 (*Conditions to redemption, purchase, substitution and variation*)), subject to having given no less than 15 nor more than 45 calendar days' notice to the Securityholders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent (which notice shall, save as provided in Condition 6.8, be irrevocable), redeem all, but not some only, of the Securities at any time from and including the First Call Date to and including the First

Reset Date or on any Interest Payment Date thereafter at their Prevailing Principal Amount plus (subject to Condition 4.1 (*Cancellation of interest*)) any accrued but unpaid interest thereon up to, but excluding, the relevant date of redemption.

6.3 Redemption upon the occurrence of a Regulatory Event

Upon the occurrence of a Regulatory Event at any time, the Issuer may, at its sole and full discretion (but subject to the provisions of Condition 6.8 (*Conditions to redemption, purchase, substitution and variation*)), subject to having given no less than 15 nor more than 45 calendar days' notice to the Securityholders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent (which notice shall, save as provided in Condition 6.8, be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Securities at their Prevailing Principal Amount plus (subject to Condition 4.1 (*Cancellation of interest*)) any accrued but unpaid interest thereon up to, but excluding, the relevant date of redemption.

6.4 Redemption upon the occurrence of a Tax Event

Upon the occurrence of a Tax Event at any time, the Issuer may, at its sole and full discretion (but subject to the provisions of Condition 6.8 (*Conditions to redemption, purchase, substitution and variation*)), subject to having given no less than 15 nor more than 45 calendar days' notice to the Securityholders (in accordance with Condition 15 (*Notices*)), the Trustee and the Principal Paying Agent (which notice shall, save as provided in Condition 6.8, be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Securities at their Prevailing Principal Amount plus (subject to Condition 4.1 (*Cancellation of interest*)) any accrued but unpaid interest thereon up to, but excluding, the relevant date of redemption.

6.5 Purchase

Subject to Condition 6.8 (*Conditions to redemption, purchase, substitution and variation*), the Issuer or any of its subsidiaries may purchase (or otherwise acquire) Securities in any manner and at any price in those circumstances permitted by the Regulatory Capital Requirements. *As at the Issue Date the granting of permission by the Supervisory Authority for any redemption or purchase by the Issuer of the relevant Additional Tier 1 instruments prior to the fifth anniversary of the Issue Date is subject to the Issuer complying with the provisions of Article 78(4) of the CRR.*

The Securities so purchased (or otherwise acquired), while held by or on behalf of the Issuer, shall not entitle the Securityholder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Securityholders or for the purposes of Condition 12 (*Enforcement*).

6.6 Substitution and Variation

6.6.1 Upon the occurrence of a Tax Event or a Regulatory Event, the Issuer (in its sole discretion but subject to the provisions of Condition 6.8 (*Conditions to redemption, purchase, substitution and variation*)), having given:

- (a) not less than 15 nor more than 45 calendar days' notice to the Securityholders in accordance with Condition 15 (*Notices*), the Trustee, the Registrar and the Paying Agent; and
- (b) prior notice to the Trustee before the giving of the notice referred to in (a) and having delivered to the Trustee the certificate referred to in the definition of Compliant Securities;

(which notices shall be irrevocable and shall specify the date fixed for substitution or, as the case may be, modification for the Securities), may, without any requirement for the consent or approval of the Securityholders, either substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice referred to above, the Issuer shall either vary the terms of or, as the case may

be, substitute the Securities in accordance with this Condition 6.6.1 and, subject as set out in Condition 6.6.2, the Trustee shall agree to such substitution or variation.

6.6.2 **Role of the Trustee in Substitution and Variation**

- (a) The Trustee shall, subject to the Issuer's compliance with Condition 6.8 (*Conditions to redemption, purchase, substitution and variation*) (including the delivery of the certificate referred to at Condition 6.8 and the provision of the certificates signed by two Authorised Signatories referred to in the definition of Compliant Securities), and at the expense and cost of the Issuer, use reasonable endeavours to assist the Issuer in any substitution or variation of Securities pursuant to this Condition 6.6, except that the Trustee shall not be obliged to assist in any such substitution or variation if either such substitution or variation itself or the terms of the proposed Compliant Securities would impose, in the Trustee's opinion, more onerous obligations upon it or require the Trustee to incur any liability for which it is not indemnified and/or secured and/or pre-funded to its satisfaction.
- (b) In connection with any substitution or variation of Securities pursuant to this Condition 6.6, the Trustee may rely without liability to the Securityholders, on a report, confirmation, certificate or any advice of any accountants, financial advisers, financial institutions or any other experts, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate or advice and such report, confirmation, certificate or advice shall be binding on the Issuer, the Trustee and the Securityholders.

In this Condition 6.6, **Compliant Securities** means securities issued directly by the Issuer:

- (c) That have terms which are not materially less favourable to an investor than the terms of the Securities (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certification to such effect (including as to such consultation) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the substitution or, as appropriate, variation of the Securities), and, subject thereto, which (i) contain terms which comply with the then current requirements of the Supervisory Authority in relation to Additional Tier 1 Capital; (ii) provide for the same Rate of Interest and Interest Payment Dates from time to time applying to the Securities; (iii) rank *pari passu* with the Securities; (iv) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been either paid or cancelled (but subject always to the right by the Issuer subsequently to cancel such accrued interest in accordance with the terms of the securities); and (v) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption;
- (d) That are (i) listed on the Official List of Euronext Dublin and admitted to trading on the same stock exchange as the Securities or (ii) listed on such other stock exchange as is a recognised stock exchange for the purposes of section 64 of the Taxes Consolidation Act, 1997 at that time as selected by the Issuer and approved by the Trustee; and
- (e) where the Securities which have been substituted or varied had a published rating from a rating agency immediately prior to their substitution or variation, such rating agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Compliant Securities.

6.7 Cancellation

All Securities which are redeemed will forthwith (but subject to the provisions of Condition 6.8 (*Conditions to redemption, purchase, substitution and variation*)) be cancelled. All Securities so redeemed and cancelled pursuant to this Condition and the Securities purchased pursuant to Condition 6.5 (*Purchase*) and cancelled shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

For so long as any of the Securities is represented by a Global Certificate, cancellation of any Securities will be effected by reduction in the aggregate principal amount of the Securities in the Register, and a corresponding reduction in the aggregate principal amount of Securities represented by the Global Certificate will be made accordingly.

6.8 Conditions to redemption, purchase, substitution and variation

The Securities may only be redeemed, purchased, cancelled, substituted, varied or modified (as applicable) pursuant to Condition 6.2 (*General redemption option*), 6.3 (*Redemption upon the occurrence of a Regulatory Event*), 6.4 (*Redemption upon the occurrence of a Tax Event*), 6.5 (*Purchase*), 6.6 (*Substitution and variation*) or 13.2 (*Modification of Securities*), as the case may be, if:

- 6.8.1 the Supervisory Authority has given Supervisory Permission (in each case to the extent, and in the manner, required by the Supervisory Authority or the Regulatory Capital Requirements at such time, including Articles 77(1)(c) and 78 of the CRR);
- 6.8.2 in the case of redemption pursuant to Condition 6.2 (*General redemption option*), the Prevailing Principal Amount of each Security is not less than its Initial Principal Amount at such time;
- 6.8.3 in the case of redemption pursuant to Condition 6.2 (*General redemption option*) or purchase pursuant to Condition 6.5 (*Purchase*), if and to the extent then required under the Regulatory Capital Requirements, either: (A) the Issuer having replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or, save in the case of 6.8.4(A) below; or (B) the Issuer having demonstrated to the satisfaction of the Supervisory Authority that the own funds and eligible liabilities of the Prudential Group would, following such redemption or purchase, exceed the capital and eligible liabilities requirements applicable to the Prudential Group, as laid down under the Regulatory Capital Requirements, by a margin that the Supervisory Authority considers necessary at such time;
- 6.8.4 in the case of a purchase pursuant to Condition 6.5 (*Purchase*) prior to the fifth anniversary of the Issue Date, if and to the extent then required under the Regulatory Capital Requirements, either (A) the Issuer having, before or at the same time as such purchase, replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Supervisory Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or (B) the relevant Securities are being purchased for market-making purposes in accordance with the Regulatory Capital Requirements (including (a) Supervisory Permission having been obtained (where required) and (b) the total principal amount of the Securities so purchased not exceeding the predetermined amount permitted from time to time to be purchased for market making purposes);
- 6.8.5 in the case of redemption pursuant to Condition 6.3 (*Redemption upon the occurrence of a Regulatory Event*) prior to the fifth anniversary of the Issue Date, if and to the extent then required under the Regulatory Capital Requirements, the Issuer has demonstrated to the satisfaction of the Supervisory Authority that such exclusion or regulatory reclassification was not reasonably foreseeable by the Issuer as at the Issue Date; and
- 6.8.6 in the case of redemption pursuant to Condition 6.4 (*Redemption upon the occurrence of a Tax Event*) prior to the fifth anniversary of the Issue Date, if and to the extent then required under the

Regulatory Capital Requirements, the Issuer has demonstrated to the satisfaction of the Supervisory Authority that the change in the applicable tax treatment is material and was not reasonably foreseeable by the Issuer as at the Issue Date.

In addition, if the Issuer has elected to redeem or purchase the Securities pursuant to Condition 6.2 (*General redemption option*), 6.3 (*Redemption upon the occurrence of a Regulatory Event*), 6.4 (*Redemption upon the occurrence of a Tax Event*) or 6.5 (*Purchase*) and:

- (a) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption or purchase; or
- (b) prior to the relevant redemption or purchase date a Trigger Event occurs,

the relevant redemption notice shall be automatically rescinded and shall be of no force and effect and the Prevailing Principal Amount of the Securities will not be due and payable. The Issuer shall give notice thereof to the Securityholders in accordance with Condition 15 (*Notices*), and to the Trustee and the Principal Paying Agent, as soon as possible following any such automatic rescission of a redemption notice.

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 6 (other than redemption pursuant to Condition 6.2 (*General redemption option*)), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied (and giving details thereof) and, in the case of a substitution or variation, that the terms of the relevant Compliant Securities comply with the definition thereof in Condition 6 and the Trustee shall be entitled to accept (and if so accepted by the Trustee, shall be so accepted by the Holders) such certificate without any further inquiry as sufficient evidence of the satisfaction of the relevant conditions precedent, in which event it shall be conclusive and binding on the Trustee and the Holders.

The Trustee shall not be under any duty to investigate whether any condition precedent to redemption under this Condition 6 has occurred and shall not be responsible to Securityholders for any loss arising from any failure by it to do so. The Trustee may rely without further investigation and without liability as aforesaid on any certificate or opinion delivered to it in connection with this Condition 6.

7 PAYMENTS

7.1 Method of Payment

- 7.1.1 Payments of principal and interest in respect of each Security will be by transfer to the registered account of the Securityholder or by euro cheque drawn on a bank that processes payments in euro mailed to the registered address of the Securityholder if it does not have a registered account. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender (in the case of payments of principal) or presentation (in respect of payments of interest) of the relevant Certificate at the specified office of any Agent. Interest on Securities due on an Interest Payment Date will be paid to the holder shown on the Register at the close of business on the date (the **Record Date**) being the fifteenth day before the due date for the payment of interest. For the purposes of this Condition 7.1, a Securityholder's **registered account** means the euro account maintained by or on behalf of it with a bank that processes payments in euro, details of which appear on the register of Securityholder at the close of business, in the case of principal, on the second Business Day before the due date for payment and, in the case of interest, on the relevant Record Date, and a Securityholder's registered address means its address appearing on the Register at that time.

7.1.2 Payments due in respect of Securities represented by the Global Certificate shall be made by the Registrar or the Principal Paying Agent to, or to the order of, the Nominee. A record of each payment made in respect of Securities represented by the Global Certificate will be endorsed on the appropriate part of the schedule to the Global Certificate by or on behalf of the Registrar, which endorsement shall be prima facie evidence that such payment has been made in respect of the Securities. For so long as all Securities are held in Euroclear and Clearstream, Luxembourg, the "record date" shall be determined in accordance with Condition 7.1.1 above, except that the words "fifteenth day" shall be deemed to be replaced with "ICSD Business Day" (where **ICSD Business Day** means a day on which Euroclear and Clearstream, Luxembourg are open for business). Payment by the Registrar or the Principal Paying Agent to or to the order of the Nominee will discharge the obligations of the Issuer in respect of the relevant payment under the Securities. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to or to the order of the Nominee, and each beneficial owner of Securities who is not itself an Accountholder must look solely to the relevant Accountholder through which it holds its Securities for its share of each payment made to such Accountholder.

7.2 Payments subject to fiscal laws

All payments in respect of the Securities are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

7.3 Payments on Payment Business Days

If the due date for payment of any amount in respect of any Security is not a Payment Business Day, the Securityholder shall not be entitled to payment of the amount due until the next succeeding Payment Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

7.4 Agents

The initial Paying Agents, the Registrar, the Transfer Agent and their initial Specified Offices are listed in the Agency Agreement. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Principal Paying Agent, the Registrar and the Transfer Agent and to appoint additional or other agents provided that it will:

7.4.1 at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent;

7.4.2 whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, appoint and (for so long as such function is required to be performed) maintain an Agent Bank; and

7.4.3 at all times maintain a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any change in the identities or Specified Offices of any Paying Agent shall promptly be given to the Securityholders in accordance with Condition 15 (*Notices*).

8 TAXATION

Subject always to Conditions 2.2 and 4, all payments of principal and/or interest in respect of the Securities shall be made free and clear of and without withholding and/or deduction for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Ireland, or any political subdivision or any authority thereof or therein having power to tax (**Taxes**), unless such withholding and/or deduction is required by law. In that event, in respect of payments of Interest (but not principal or any other

amount) the Issuer will make such payment after the withholding or deduction of such tax, duty or charge has been made, shall account to the relevant authorities for the amount required to be withheld or deducted and the Issuer will, subject to certain limitations and exceptions (set forth below), pay such additional amounts (**Additional Amounts**) as will result (after such withholding and/or deduction) in the receipt by the Securityholders of such sums which would have been receivable (in the absence of such withholding and/or deduction) from it in respect of payments of interest on their Securities except that no such Additional Amounts shall be payable in respect of any Security:

- (a) to the extent that such payment of Additional Amounts cannot be made out of Distributable Items that are available at that time;
- (b) to, or to a third party on behalf of, a Securityholder who is liable to any such tax, duty or charge in respect of such Security by reason of having some connection with Ireland other than the mere holding or ownership of such Security;
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days (assuming, whether or not such is in fact the case, such last day to be a Payment Business Day);
- (d) presented for payment at any Specified Office in Ireland of a Paying Agent by or on behalf of a holder who, at the time of such presentation, is eligible to receive the relevant payment without withholding or deduction for or on account of any such tax, duty or charge (under then current Irish law and practice) but fails to fulfil any legal requirement necessary to establish such eligibility; and/or
- (e) in respect of any Taxes payable otherwise than by deduction or withholding from a payment on a Security.

In no event will Additional Amounts be payable under this Condition 8 (*Taxation*) or otherwise in respect of any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or any official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof or any law implementing such an intergovernmental agreement.

As used in these Conditions, **Relevant Date** in respect of any Security means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which such payment first becomes due, or, if the full amount of the moneys payable has not been duly received by the Agent or the Trustee on or prior to such due date, the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Securityholders in accordance with Condition 15 (*Notices*).

References in these Conditions (including, without limitation, for the purposes of cancellation pursuant to Condition 4.1) to interest shall be deemed to include any Additional Amounts which may be payable under this Condition 8 or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

9 PRESCRIPTION

Securities will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Securities, subject to the provisions of Condition 7 (*Payments*).

10 REPLACEMENT OF CERTIFICATES

If any Security is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent (and, if the Securities are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any

particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Securities must be surrendered before replacements will be issued.

11 INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

11.1 Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer and the Securityholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Securityholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

11.2 Trustee contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Securityholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

11.3 Reliance by Trustee on reports, confirmations, certificates and advice

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

12 ENFORCEMENT

The Trust Deed contains provisions entitling the Trustee to claim from the Issuer, inter alia, the fees, expenses and liabilities incurred by it in carrying out its duties under the Trust Deed. The restrictions on commencing proceedings described below will not apply to any such claim.

- 12.1 In the event of a Winding-Up, or if the Issuer has not made payment of any amount in respect of the Securities for a period of seven days or more after the date on which such payment is due, (without prejudice to Condition 4.1, Condition 5.1.3 and Condition 5.1.4), the Issuer shall be deemed to be in default under the Securities and, unless proceedings for a Winding-Up have already commenced, the Trustee may institute proceedings for a Winding-Up. The Trustee may prove in a Winding-Up (whether or not instituted by the Trustee) such claim as is set out in Condition 3 (*Winding-Up*). For the avoidance of doubt, an election by the Issuer in accordance with Condition 4.1 (*Cancellation of interest*) to cancel (in whole or in part) the interest otherwise scheduled to be paid on an Interest Payment Date shall not constitute a failure to pay for the purposes of this Condition 12.1.

- 12.2 Without prejudice to Condition 12.1, the Trustee may, at its discretion, and without further notice, institute such proceedings and/or take any other steps or action against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed (other than any payment obligation of the Issuer under or arising from the Securities or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Securities, including any damages awarded for breach of any obligations) provided that in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions or the Trust Deed. Nothing in this Condition 12.2 shall, however, prevent the Trustee instituting proceedings for the Winding-Up and/or proving in any Winding-Up and/or exercising rights under Condition 3 (*Winding-Up*) in respect of any payment obligations of the Issuer arising from or in respect of the Securities or the Trust Deed.
- 12.3 The Trustee shall not be bound to take any of the actions, steps or proceedings referred to in Condition 12.1 or 12.2 against the Issuer to enforce the terms of the Securities or the Trust Deed or any other action, step or proceeding under or pursuant to the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution of the Securityholders or in writing by the holders of at least one-quarter in Prevailing Principal Amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction and in taking such actions the Trustee shall not be held liable for the consequences such action and may do so without having regard to the effect of such action on any individual Securityholder.
- 12.4 No Securityholder shall be entitled to proceed directly against the Issuer or to institute proceedings for a Winding-Up or to prove in a Winding-Up unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, in which case the Securityholder shall, with respect to the Securities held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Securities as set out in this Condition 12.
- 12.5 No remedy against the Issuer, other than as referred to in this Condition 12, shall be available to the Trustee or the Securityholders, whether for the recovery of amounts owing in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities or the Trust Deed.

13 MEETINGS OF SECURITYHOLDERS; MODIFICATION

13.1 Meetings of Securityholders

The Trust Deed contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Securities or certain provisions of the Trust Deed. The quorum at any such meeting for passing such Extraordinary Resolution is one or more persons holding or representing in the aggregate not less than a clear majority in Prevailing Principal Amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Securityholders holding not less than one-third in Prevailing Principal Amount of the Securities for the time being outstanding, except that at any meeting the business of which includes a Reserved Matter, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the Prevailing Principal Amount of the Securities for the time being outstanding.

An Extraordinary Resolution passed at any meeting of the Securityholders shall be binding on all the Securityholders, whether or not they are present at the meeting and whether or not they voted on the resolution.

For the purposes of any meeting of Securityholders, the holder of the Securities represented by the Global Certificate shall be treated as one person for the purposes of any quorum requirements and as being entitled to one vote in respect of each €1,000 in principal amount of the Securities.

In addition, a resolution in writing signed by or on behalf of the holders of at least 75 per cent. in aggregate Prevailing Principal Amount of the outstanding Securities who for the time being are entitled to receive notice of a meeting of Securityholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

Any amendment to these Conditions pursuant to this Condition 13.1 or Condition 13.2 is subject to the Issuer obtaining Supervisory Permission therefor (provided at the relevant time such permission is required to be given).

13.2 Modification of Securities

Subject to the Issuer obtaining Supervisory Permission therefor (provided at the relevant time such permission is required to be given), the Trustee and the Issuer may agree, without the consent of the Securityholders, to any modification of the Securities or the Trust Deed which is, in the opinion of the Trustee: (a) to cure or correct any ambiguity or defective or inconsistent provision contained therein, or which is of a formal, minor or technical nature; (b) not prejudicial to the interests of the Securityholders (provided the proposed modification does not relate to a Reserved Matter; or (c) to correct a manifest error or an error proven to the satisfaction of the Trustee. Any such modification shall be binding on the Securityholders and any such modification shall be notified to the Securityholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

13.3 Trustee to have regard to interests of Securityholders as a class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the general interests of the Securityholders as a class but shall not have regard to any interests arising from circumstances particular to individual Securityholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Securityholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

14 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Securityholders but subject to Supervisory Permission if such securities are to be included in the Issuer's Tier 1 Capital, create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of interest, if any, on them and/or the issue price thereof) so as to form a single series with the Securities.

15 NOTICES

All notices regarding the Securities will be deemed to be validly given:

- (f) if and for so long as the Securities are listed on the Global Exchange Market of Euronext Dublin, if delivered to the Global Exchange Market of Euronext Dublin and published on the Daily Official List of Euronext Dublin. Any such notice shall be deemed to have been given on the second day after having been so mailed or on the date of publication or, if published more than one or on different dates, on the date of the first publication; or
- (g) for so long as any Securities are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, if delivered to Euroclear or Clearstream, Luxembourg for communication by them to the Securityholders and, in addition, for so long as any Securities are listed on a stock exchange and the rules of that stock exchange so require, such notice

will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any such notice shall be deemed to have been given to the Securityholders on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Securityholder shall be in writing and given by lodging the same, with the Principal Paying Agent. Such notice may be given by any accountholder to the Principal Paying Agent through Euroclear and Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg, as the case may be, may approve for this purpose.

16 GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing law

The Trust Deed, the Securities and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, Irish law.

16.2 Submission to jurisdiction

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee and the Securityholders that the courts of Ireland are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, and the Securities (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Securities (including any Proceedings relating to any non-contractual obligations arising out of or in connection with them) may be brought in such courts.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer construed in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

16.3 Acknowledgement of Irish Statutory Resolution Powers

Notwithstanding and to the exclusion of any other term of the Securities or any other agreements, arrangements or understanding between the Issuer and the Trustee or any Securityholder, the Trustee and, by its acquisition of any Security, each Securityholder acknowledges and accepts that any liability arising under the Securities may be subject to the exercise of Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

16.3.1 the effect of the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:

- (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Securities;
- (B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Securities into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Securityholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Securities;
- (C) the cancellation of the Securities or the Relevant Amounts in respect thereof; and
- (D) the amendment of the amount of interest payable on the Securities, or the date on which interest becomes payable, including by suspending payment for a temporary period; and

16.3.2 the variation of the terms of the Securities as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Irish Statutory Loss Absorption Powers by the Relevant Resolution Authority.

17 DEFINITIONS

In these Conditions the following expressions have the following meanings:

5-year Mid-Swap Rate means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period:

- (a) the annual mid-swap rate with a term of 5 years which appears on the Screen Page as of 11.00am (Central European time) on such Reset Determination Date; or
- (b) if such rate does not appear on the Screen Page at such time on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date;

5-year Mid-Swap Rate Quotations means the arithmetic mean of the bid and ask rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which:

- (a) has a term of 5 years commencing on the relevant Reset Date;
- (b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (c) has a floating leg based on 6-month EURIBOR rate (calculated on an Actual/360 day count basis);

Actual/360 means the actual number of days in the relevant period divided by 360;

Additional Amounts has the meaning given to such term in Condition 8 (*Taxation*);

Additional Tier 1 Capital has the meaning, at any time, given to such term (or any other equivalent or successor term) in the Regulatory Capital Requirements at such time;

Adjustment Spread means either (a) a spread (which may be positive, negative or zero), or (b) the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate, being the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) in the case of an Alternative Rate (or in the case of a Successor Rate where (A) above does not apply), the Independent Adviser determines is in customary market usage (or reflects an industry-accepted rate, formula or methodology) in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or

(C) if no such recommendation or option has been made (or made available) under (A) above and the Independent Adviser determines there is no such spread, formula or methodology in customary market usage or which is industry-accepted under (B) above, the Independent Adviser determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to the Securityholders;

Agency Agreement has the meaning given to such term in the preamble to these Conditions;

Agent Bank means an independent investment bank or financial institution to be appointed by the Issuer no later than the First Call Date (unless the Securities are to be redeemed on that date pursuant to Condition 6.2 (*General redemption option*)) to perform the functions expressed to be performed by the Agent Bank under these Conditions;

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.8.2 has replaced the Original Reference Rate in customary market usage, or is an industry-accepted rate, in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same currency as the Securities;

Assets means the unconsolidated gross assets of the Issuer, as shown in its latest published audited balance sheet, but adjusted for subsequent events in such manner as the Directors of the Issuer may determine;

Authorised Signatory means any person who (a) is a Director or the Company Secretary or the Assistant Company Secretary of the Issuer, or (b) has been notified by the Issuer in writing to the Trustee (with specimen of such person's signature) as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer for the purposes of the Trust Deed and the Securities;

Benchmark Event means, with respect to an Original Reference Rate, any one or more of the following:

- (a) the Original Reference Rate ceasing to exist or to be published or administered on a permanent or indefinite basis;
- (b) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or will cease to publish 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);
- (c) the making of 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;
- (d) the making of 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, is no longer representative or its use will be subject to restrictions or adverse consequences, in each case in circumstances where the same shall be applicable to the Securities; or
- (e) it has or will prior to the next Reset Determination Date, become unlawful for the Agent Bank, any Paying Agent or the Issuer to calculate any payments due to be made to any Securityholder using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable),

provided that in the case of paragraphs (b) to (d) above, the Benchmark Event shall occur on:

- (i) in the case of (b) above, the date of the cessation of the publication of the Original Reference Rate;
- (ii) in the case of (c) above, the discontinuation of the Original Reference Rate; or
- (iii) in the case of (d) above, the date on which the Original Reference Rate is prohibited from use, is deemed no longer to be representative or becomes subject to restrictions or adverse consequences (as applicable),

and not (in any such case) the date of the relevant public statement (unless the date of the relevant public statement coincides with the relevant date in (i), (ii) or (iii) above, as applicable);

Business Day means (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) in London and (ii) a TARGET2 Settlement Day;

Calculation Amount means €1,000;

Common Equity Tier 1 Capital, at any time, means the sum of all amounts that constitute common equity tier 1 capital (as that term is used in the Regulatory Capital Requirements) of the Prudential Group less any deductions from common equity tier 1 capital required to be made as of such time and as calculated by the Issuer in accordance with the Regulatory Capital Requirements and taking into account any transitional provisions under the Regulatory Capital Requirements which are applicable at such time;

Common Equity Tier 1 Ratio means the ratio of the Common Equity Tier 1 Capital of the Prudential Group as of any date of calculation to the Risk Weighted Assets of the Prudential Group as at the same date calculated on a consolidated basis and expressed as a percentage and calculated by the Issuer in accordance with the Regulatory Capital Requirements;

Compliant Securities has the meaning given to that term in Condition 6.6;

Conditions means these terms and conditions of the Securities;

CRD IV Directive means Directive 2013/36/EU of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time (including without limitation by the CRD IV Amending Directive) and, as the context permits, any provision of Irish law transposing or implementing such Directive (as it is amended or replaced from time to time);

CRD IV Amending Directive means Directive 2019/878/EU of the European Parliament and of the Council of 20 May 2019 amending the CRD IV Directive;

CRD IV Supplementing Regulation means the Commission Delegated Regulation (EU No. 241/2014) of 7 January 2014 supplementing the CRR, as amended or replaced from time to time;

CRR means Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time (including without limitation by Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20, 2019);

Day Count Fraction means (i) the actual number of days in the period from (and including) the date from which interest begins to accrue (the **Accrual Date**) to (but excluding) the date on which it falls due, divided by (ii) two times the actual number of days from (and including) the Accrual Date to (but excluding) the next following Interest Payment Date;

Distributable Items means, subject as otherwise defined from time to time in the Regulatory Capital Requirements, with respect to any interest payment otherwise scheduled to be paid on an Interest Payment Date, the amount of the profits at the end of the last Financial Year immediately preceding such Interest Payment Date, plus any profits brought forward and reserves available for that purpose, before distributions to holders of own funds instruments of the Issuer, less any losses brought forward, any profits which are non-distributable pursuant to European Union or national law or the Issuer's by-laws and any sums placed in non-distributable reserves in accordance with national law or the statutes of the Issuer, in each case with respect to the specific category of own funds instruments to which European Union or national law, the Issuer's by-laws, or statutes relate; such profits, losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of the consolidated accounts;

Euronext Dublin means The Irish Stock Exchange plc trading as Euronext Dublin;

Extraordinary Resolution has the meaning given to such term in the Trust Deed;

Financial Year means the financial year of the Issuer (being the one-year period in respect of which it prepares annual audited financial statements) from time to time, which as at the Issue Date runs from (and

including) 1 January in one calendar year to (but excluding) the same date in the immediately following calendar year;

First Call Date means 19 May 2025;

First Reset Date has the meaning given to such term in Condition 4.2 (*Rate of Interest*);

Full Loss Absorbing Instruments has the meaning given to such term in Condition 5.2 (*Loss Absorbing Instruments and Full Loss Absorbing Instruments*);

Independent Adviser means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense under Condition 4.8.1;

Initial Principal Amount means, in respect of a Security, the principal amount of such Security as at the Issue Date;

Initial Rate of Interest has the meaning given to such term in Condition 4.2 (*Rate of Interest*);

Interest Payment Date has the meaning given to such term in Condition 4.2 (*Rate of Interest*);

Interest Period has the meaning given to such term in Condition 4.2 (*Rate of Interest*);

Irish Statutory Loss Absorption Powers means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Ireland, relating to (i) the transposition into Irish law of Directive 2014/59/EU (including, without limitation, Article 48 thereof) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

Issue Date means 19 May 2020;

Issuer has the meaning given to it in the preamble to these Conditions;

Liabilities means the unconsolidated gross liabilities of the Issuer, as shown in its latest published audited balance sheet, adjusted for contingent liabilities and for subsequent events in such manner as the Directors of the Issuer may determine;

Listing Particulars means the listing particulars relating to the Securities dated 15 May 2020;

Loss Absorbing Instrument means, at any time, any capital instrument or other obligations (other than the Securities) issued directly or indirectly by the Issuer or any member of the Prudential Group which constitute Additional Tier 1 Capital and which include a principal loss absorption mechanism that is capable of generating Common Equity Tier 1 Capital and that is activated by a trigger event set by reference to the Common Equity Tier 1 Ratio;

Margin means 7.924 per cent.;

Ordinary Shares mean the units of ordinary shares of the Issuer;

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the applicable Rate of Interest (or any relevant component part(s) thereof) on the Securities (provided that if, following one or more Benchmark Events, such originally specified reference rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect such Successor

Rate or Alternative Rate, the term "Original Reference Rate" shall be deemed to include any such Successor Rate or Alternative Rate);

Own Funds has the meaning, at any time, given to such term (or any other equivalent or successor term) in the CRR at such time;

Paying Agent means each entity appointed as a paying agent from time pursuant to the Agency Agreement;

Payment Business Day means (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) in the relevant place of presentation and (ii) a TARGET2 Settlement Day;

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

Prevailing Principal Amount in respect of a Security on any date, means the Initial Principal Amount as adjusted from time to time (on one or more occasions) pursuant to a Write-Down and/or a Write-Up in accordance with Condition 5.4 (*Reinstatement of principal amount*) and/or as otherwise required by the Regulatory Capital Requirements;

Principal Paying Agent means Citibank Europe plc or any other persons from time to time appointed as principal paying agent in respect of the Securities under the Agency Agreement;

Proceedings has the meaning given to such term in Condition 16.2 (*Submission to jurisdiction*);

Prudential Group means, at any time, the prudential consolidation comprising the Issuer pursuant to Chapter 2 of Part One of the CRR;

Rate of Interest means the Initial Rate of Interest and/or the applicable Reset Rate of Interest, as the case may be;

Record Date has the meaning given to that term in Condition 7.1.1;

Reference Date means the later of (i) the Issue Date and (ii) the latest date (if any) on which any further Securities have been issued pursuant to Condition 14;

Register has the meaning given to that term in Condition 1.1 (*Form and denomination*);

Registrar means Citibank Europe plc or any other persons from time to time appointed as registrar in respect of the Securities under the Agency Agreement;

Regulatory Capital Requirements means, at any time, any requirement contained in the law, regulations, requirements, guidelines and policies relating to capital adequacy and/or prudential (including resolution) supervision then in effect and applicable to the Issuer and/or the Prudential Group including (without limitation to the generality of the foregoing), those laws, regulations, requirements, guidelines and policies of Ireland and/or of the Supervisory Authority and any applicable regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union (including, without limitation and for so long as the same continue to apply to the Issuer and/or the Prudential Group, the CRD IV Directive and the CRR);

Regulatory Event shall be deemed to have occurred if there has been a change (which has occurred or which the Supervisory Authority considers to be sufficiently certain) in the regulatory classification of the Securities, which becomes effective on or after the Reference Date, that results, or would be likely to result, in the whole or any part of the Prevailing Principal Amount of the Securities (in whole or in part) being excluded from, or ceasing to count towards, the Tier 1 Capital of the Prudential Group (other than by reason of a partial exclusion of the Securities as a result of a Write-Down in part or by reason of any applicable limit on the amount of Additional Tier 1 Capital);

Relevant Date has the meaning given to such term in Condition 8 (*Taxation*);

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

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

(A) 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

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

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

Reserved Matter has the meaning given to such term in the Trust Deed (including, *inter alia*, the provisions regarding subordination referred to in Conditions 2 and 3, the terms concerning currency and scheduled dates for payment of principal or interest payments in respect of the Securities and reducing or cancelling the principal amount of, or interest on, any Securities, or the Rate of Interest or varying the method of calculating the Rate of Interest);

Reset Date means the First Reset Date and every date which falls five, or a multiple of five, years following the First Reset Date;

Reset Determination Date means, in relation to a Reset Period, the day falling two TARGET2 Settlement Days prior to the Reset Date on which such Reset Period commences;

Reset Period means the period from (and including) the First Reset Date to (but excluding) the next Reset Date, and each successive period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date;

Reset Rate of Interest means, in relation to a Reset Period, the sum of: (a) the 5-year Mid-Swap Rate in relation to that Reset Period (rounded up to 4 decimal places, with 0.00005 rounded down); and (b) the Margin, converted from an annual to a semi-annual rate in accordance with market conditions;

Reset Reference Bank Rate means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Agent Bank at approximately 11.00am (Central European time) on such Reset Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate for the relevant Reset Period will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, an amount equal to the Initial Rate of Interest less the Margin;

Reset Reference Banks means six leading swap dealers in the interbank market selected by the Issuer (excluding the Agent Bank or any of its affiliates) in its discretion after consultation with the Agent Bank;

Risk Weighted Assets means, at any time, the aggregate amount of the risk weighted assets of the Prudential Group (calculated on a consolidated basis) as at such time, as calculated by the Issuer in accordance with the Regulatory Capital Requirements and taking into account any transitional arrangements under the Regulatory Capital Requirements which are applicable at such time;

Screen Page means Reuters screen "ICESWAP2 " or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 5-year Mid-Swap Rate;

Securities has the meaning given to such term in the preamble to these Conditions;

Securityholders has the meaning given to such term in Condition 1.2.1;

Senior Creditors means (a) creditors of the Issuer who are unsubordinated creditors of the Issuer; (b) creditors whose claims are, or are expressed to be, subordinated to the claims of unsubordinated creditors of the Issuer but not further or otherwise; (c) creditors or members of the Issuer whose claims constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer; and (d) any other creditors or members of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital of the Issuer or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of Securityholders in respect of the Securities);

Solvency Condition has the meaning given to such term in Condition 2.2 (*Solvency Condition*);

Specified Office has the meaning given to such term in the Agency Agreement;

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

Supervisory Authority means the European Central Bank and any successor or replacement thereto, or such other authority having primary responsibility for the prudential (including resolution) oversight and supervision of the Issuer and/or the Prudential Group for the purposes of the CRD IV Directive and CRR;

Supervisory Permission means, in relation to any action, such supervisory permission (or, as appropriate, waiver) as is required therefor under the then prevailing Regulatory Capital Requirements (if any);

TARGET2 Settlement Day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open;

Tax Event means that, as a result of any change in, or amendment to, the laws or regulations of Ireland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation or administration of such laws or regulations, becoming effective on or after the Reference Date, on the occasion of the next payment due in respect of the Securities,

- (a) the Issuer would be obliged to pay Additional Amounts as provided or referred to in Condition 8 (*Taxation*); or
- (b) the Issuer is or will no longer be entitled to claim a deduction in computing its taxable profits and losses in respect of interest payable on the Securities, or such deduction is or would be reduced or deferred,

and, in either case, such consequence cannot be avoided by the Issuer taking reasonable measures available to it;

Tier 1 Capital has the meaning, at any time, given to such term (or any other equivalent or successor term) in the Regulatory Capital Requirements at such time;

Tier 2 Capital has the meaning, at any time, given to such term (or any other equivalent or successor term) in the Regulatory Capital Requirements at such time;

Transfer Agent means Citibank Europe plc or any other persons from time to time appointed as transfer agent in respect of the Securities under the Agency Agreement;

Trigger Event has the meaning given to such term in Condition 5.1 (*Loss absorption*);

Trust Deed has the meaning given to such term in the preamble to these Conditions;

Trustee has the meaning given to such term in the preamble to these Conditions;

Winding-Up means an order is made for the winding up or dissolution of the Issuer or an effective resolution is passed at a general meeting of the shareholders of the Issuer for the appointment of a liquidator or an examiner of the Issuer;

Write-Down has the meaning given to such term in Condition 5.1 (*Loss absorption*);

Write-Down Amount has the meaning given to such term in Condition 5.1 (*Loss absorption*);

Write-Down Effective Date has the meaning given to such term in Condition 5.1 (*Loss absorption*);

Write-Down Notice has the meaning given to such term in Condition 5.1 (*Loss absorption*);

Write-Up has the meaning given to such term in Conditions 5.4 (*Reinstatement of principal amount*);

Write-Up Notice has the meaning given to such term in Conditions 5.4 (*Reinstatement of principal amount*);

Written Down has the meaning given to such term in Condition 5.1 (*Loss absorption*); and

Written Down Additional Tier 1 Instrument means a Loss Absorbing Instrument (other than the Securities) that, as at the time immediately prior to the relevant Write-Up, has a prevailing principal amount lower than the principal amount that it was issued with due to a write-down and that has terms permitting a principal write-up to occur on a basis similar to that set out in Condition 5.4 (*Reinstatement of principal amount*) in the circumstances existing on the date of the relevant Write-Up.

USE OF PROCEEDS

The net proceeds of the issue of the Securities (estimated to be approximately €669,262,500) will be used by the Issuer for general corporate purposes and to invest in securities issued by BOI.

DESCRIPTION OF THE ISSUER AND THE GROUP

General

The Issuer was incorporated in Ireland as a public limited company on 28 November 2016 with registered number 593672, its registered office is situated at 40 Mespil Road, Dublin 4, Ireland and it is domiciled in Ireland. The Issuer's telephone number is +353 1 661 5933. The principal legislation under which the Issuer operates is the Companies Act.

The Issuer's legal entity identifier ("LEI") is 635400C8EK6DRI12LJ39.

As the Issuer is a non-operating holding company and conducts substantially all of its operations through its direct subsidiary, BOI, and its indirect subsidiaries, it depends largely upon the receipt of dividends, distributions, loans or advances from such subsidiaries.

The Group provides a broad range of banking and other financial services. These services include: current account and deposit services, overdrafts, term loans, mortgages, business and corporate lending, international asset financing, leasing, instalment credit, invoice discounting, foreign exchange facilities, interest and exchange rate hedging instruments, life assurance, pension and protection products. All of these services are provided by the Group in Ireland with selected services being offered in the UK and internationally. The Group generates the majority of its revenue from traditional lending and deposit taking activities as well as fees for a range of banking and transaction services. The Group operates an extensive distribution network of c. 263 branches and c. 1,554 self-service devices in the Republic of Ireland and it has access to c. 11,500 branches and c. 2,142 ATMs in the UK via the Group's relationship as financial services partner with the UK Post Office. The Group also has access to distribution in the UK via its partnership with the AA and through a number of strategic intermediary relationships.

The Group is organised into four trading segments as follows: Retail Ireland, Wealth and Insurance, Retail UK and Corporate and Treasury; and one support division (Group Centre) to serve its customers effectively.

Group Centre comprises Group Technology and Customer Solutions; Group Finance; Group Risk; Group Marketing; People Services; and Group Internal Audit (GIA). These central functions establish governance and oversee policies, and provide and manage processes and delivery platforms for the trading divisions.

Operating Segments

The Group has five reportable operating segments which reflect the internal financial and management reporting structure and are organised as follows:

Retail Ireland

Retail Ireland offers a broad range of financial products and services including current accounts, savings, mortgages, credit cards, motor finance and loans to personal and business banking customers and is managed through a number of business units, namely Distribution Channels, Customer Segments and Propositions, Products (including Bank of Ireland Mortgage Bank) and Business Banking (including Bank of Ireland Finance).

Wealth and Insurance

Wealth and Insurance includes the Group's life assurance subsidiary NIAC which distributes protection, investment and pension products to the Irish market, across three core channels made up of the Group's distribution channels, independent financial brokers and its own financial advisor network and corporate partners. It also includes Investment Markets and the Group's general insurance brokerage Bank of Ireland Insurance Services, which offers home, car and travel insurance cover through its agency with insurance providers.

Retail UK

The Retail UK division incorporates the financial services partnership and foreign exchange joint venture with the UK Post Office, the financial services partnership with the AA, the UK residential mortgage business, the Group's branch network in Northern Ireland ("NI"), the Group's business banking business in NI and the Northridge Finance motor and asset finance, vehicle leasing and fleet management business. The Group also has a business banking business in Great Britain which is being run-down. The Retail UK division includes the activities of Bank of Ireland (UK) plc, the Group's wholly owned UK licenced banking subsidiary.

Corporate and Treasury

The Corporate and Treasury division incorporates the Group's corporate banking, wholesale financial markets, specialised acquisition finance and large transaction property lending business, across the Republic of Ireland, UK and internationally, with offices in the Republic of Ireland, the UK, the United States, Germany, France and Spain.

Group Centre

Group Centre comprises Group Technology and Customer Solutions, Group Finance, Group Risk, GIA, Group Marketing and Group People Services. These Group central functions establish and oversee policies and provide and manage certain processes and delivery platforms for the divisions.

Board of Directors

The business address of the Board of Directors of the Issuer (the "**Board**") is Bank of Ireland Group plc, 40 Mespil Road, Dublin 4, Ireland.

<u>Name</u>	<u>Current position</u>	<u>Principal Outside Activities</u>
Patrick Kennedy	Chairman	Chairman and Chair of the Audit, Risk, Remuneration and Nomination Committees of Carrawler.
Francesca McDonagh	Group Chief Executive Officer; Executive Director	Director of IBEC CLG, member of the PRA Practitioner Panel.
Evelyn Bourke*	Non-Executive Director	Group CEO of British Union Provident Association Limited.
Ian Buchanan	Non-Executive Director	Non-executive Director of Openwork Holdings Limited.
Eileen Fitzpatrick*	Non-Executive Director	Chair of the Outside Appointments Board, Department of Public Expenditure and Reform. Non-Executive Director of a number of KKR investment management firms in Ireland.
Richard Goulding*	Non-Executive Director	Non-executive Director of Citigroup Global Markets Limited, where he is Chair of the Risk Committee and a member of the Audit and the Remuneration and Nomination

		Committees. Non-executive Director of Zopa Bank Limited, where he is Chair of the Risk Committee and a member of the Audit, Nomination and Remuneration Committees.
Michele Greene	Non-Executive Director	Director of Mololo Limited.
Patrick Haren	Deputy Governor; Senior Independent Director; Non-Executive Director	Advisory role to Green Sword Environmental Ltd.
Myles O'Grady	Group Chief Financial Officer; Executive Director	None.
Fiona Muldoon	Non-Executive Director	Group Chief Executive of FBD Holdings plc, Director of FBD Insurance plc and Director of Insurance Ireland (Member Association) CLG (due to resign in May 2020).
Patrick Mulvihill*	Non-Executive Director	Non-executive Director of International Fund Services (Ireland) Limited. Director of Beachvista Limited.
Steve Pateman*	Non-Executive Director	Chief Executive Officer of Arora Group.

*Audit Committee member

Conflicts of interest

The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer of the persons listed under “*Board of Directors*” above and their private interests or other duties.

Corporate Governance

A key objective of the Group's governance framework is to ensure compliance with applicable legal and regulatory requirements. The Issuer is subject to both the UK Corporate Governance Code 2018 of the Financial Reporting Council and The Irish Corporate Governance Annex to the Listing Rules of Euronext Dublin and all relevant Irish law requirements. The Issuer is governed according to its constitution, the applicable laws of Ireland, and the applicable rules and regulations of the relevant regulatory bodies. The Board's oversight of risk and control is supported through delegation of certain responsibilities to Committees. The Chair of each Committee formally reports on key aspects of Committee proceedings to the subsequent scheduled meeting of the Board and minutes of principal Committees are tabled at the Board as soon as possible for noting and/or discussion as necessary. The terms of reference of the Committees are reviewed annually by the relevant Committees and by the Board.

The Group believes it has robust governance arrangements, which include a clear organisational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks to which it is or might be exposed and appropriate internal control mechanisms, including sound administrative and accounting procedures, IT systems and controls. The system of governance is subject to regular internal review.

Group Audit Committee (the “GAC”)

At the date of these Listing Particulars, the GAC comprised six Non-executive Directors. The Board believes that the Chair of the GAC, Patrick Mulvihill, is considered independent, that he is the member of the Audit Committee with recent and relevant financial experience for the purposes of the UK Corporate Governance Code 2018 and that the GAC as a whole has an appropriate mix of skills and relevant financial/banking experience to enable it to discharge its responsibilities. The GAC has responsibility for:

- the appropriateness and completeness of the system of internal control;
- in close liaison with the Board Risk Committee, reviewing the manner and framework in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal control systems, including accounting control systems, thereby maintaining an effective system of internal control;
- monitoring the integrity of the financial statements and the financial reporting process and assisting the Board in meeting its obligations under relevant Stock Exchange listing rules and under other applicable laws and regulations;
- overseeing all matters relating to the relationship between the Group and the external auditors of the Group;
- monitoring and reviewing the effectiveness of the Board’s Internal Audit function and its operations;
- discharging the statutory responsibility of the Group under relevant statutes or regulation; and
- overseeing compliance with current and future Government requirements associated with their support for certain of the Group’s requirements.

The GAC has developed and implemented a Group Policy on the Provision of Non-Audit Services by the Group’s statutory auditor. The Group Policy ensures, among other things, that auditor objectivity and independence are not compromised. Under this Policy, a key procedural control requires that any engagement of the external auditors to provide non-audit services must be pre-approved in advance by the GAC.

Financial Highlights of the Group

The financial information set forth below as at and for the year ended 31 December 2019 and the year ended 31 December 2018 has been extracted without material adjustment from the consolidated financial statements of the Issuer, except where noted below.

	Twelve months ended 31- December 2019 IFRS €m	Twelve months ended 31- December 2018 IFRS €m
Income statement		
Profit before tax	645	835
Profit after tax	448	675
Earnings per unit of €1.00 ordinary share (€ cent)	35.9c	57.7c
Balance Sheet		
Non-controlling interests	808	808
Subordinated liabilities	1,690	2,104
Total equity	10,433	10,051
Total assets	131,883	123,669
Net interest margin	2.14%	2.20%
Common Equity Tier 1 ratio - regulatory	15.0%	15.0%

The summary information above does not constitute the full financial statements of the Group, copies of which are required to be annexed to the Group's annual return to the Registrar of Companies in Ireland. Copies of the financial statements in respect of the financial periods ended on 31 December 2019 and 31 December 2018 have been incorporated by reference herein.

Prudential Group capital requirements / buffers

		Set by	2019	2020	2021
Pillar 1 – Common Equity Tier 1		CRR	4.50%	4.50%	4.50%
Pillar 2 Requirement		SSM	2.25%	1.27%	1.27%
Capital Conservation Buffer		CRD IV	2.50%	2.50%	2.50%
CCyB	Ireland (c.60% of RWA)	Central Bank	0.60%	0.00%	0.00%
	UK (c.30% of RWA)	FPC (UK) ¹	0.30%	0.00%	0.00%
	US and other (c.10% of RWA)	Fed ² / Various	-	-	-
O-SII Buffer		Central Bank	0.50%	1.00%	1.50%
Systemic Risk Buffer – Ireland		Minister for Finance	-	-	-
Pro forma Minimum Common Equity Tier 1 Regulatory Requirements			10.65%	9.27%	9.77%
P2G	Not disclosed in line with regulatory preference				

The table above sets out the Prudential Group's Common Equity Tier 1 capital requirements for 2019 to 2021 and the authorities responsible for setting those requirements. The Prudential Group is required to maintain a Common Equity Tier 1 Ratio of 8.77 per cent. on a regulatory basis from 8 April 2020, increasing to 9.27 per cent. from 1 July 2020 and increasing to 9.77 per cent. from 1 July 2021. This includes a Pillar 1 requirement of 4.5 per cent., a Pillar 2 requirement of 1.27 per cent., a capital conservation buffer of 2.50 per cent., and an O-SII buffer of 0.5 per cent. (increasing to 1.0 per cent. from 1 July 2020). P2G is not disclosed in accordance with regulatory preference.

The Central Bank has advised that the Group is required to maintain an O-SII buffer of 0.5 per cent. from July 2019, increasing to 1.0 per cent. from July 2020 and 1.5 per cent. from July 2021. The O-SII buffer is subject to annual review by the Central Bank.

During 2019, the Central Bank requested the power to introduce a Systemic Risk Buffer in Ireland, which could increase capital demand. On 18 March 2020, the Minister for Finance in Ireland decided to defer the introduction of the Systemic Risk Buffer while all of the key players in the banking sector are working together to support customers through the COVID-19 pandemic.

Recent Developments

In March 2020, the World Health Organisation declared the outbreak of COVID-19 to be a global pandemic. Measures have been adopted by governments and national regulators with a view to containing the spread of COVID-19, including travel bans, shut-downs of businesses and workplaces, quarantine and elective self-isolation; leaving large parts of many economies, including the Irish and UK economies, effectively closed. The extent and duration of these and any further restrictions, and the actual timing of lifting of restrictions, is as yet unknown. See the risk factors entitled "*The COVID-19 pandemic could have a material adverse effect on the global economy*" and "*The COVID-19 pandemic could have a material adverse effect on the Group*" above.

On 30 March 2020, the Issuer in a market announcement advised the evolving COVID-19 pandemic was expected to have a material impact on the Group's financial performance in 2020. As a result, and following recommendations made by the ECB on 27 March 2020, the Issuer announced (i) it would not be proceeding with its proposed dividend of

¹ Financial Policy Committee UK

² Federal Reserve System of the United States

17.5 cents per ordinary share in respect of the year ended 31 December 2019 and (ii) it will assess dividends at a future date, the earliest such date, in line with the ECB's recommendation, being 1 October 2020. The Issuer also advised that the outlook included in its prior market announcement on 24 February 2020 should no longer be considered current in these circumstances. See "*Documents Incorporated by Reference*".

Over the last number of weeks, regulatory authorities and the European Commission have announced various measures and proposals to ensure banks can continue to fund the real economy and 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. These measures include (i) capital relief by allowing banks to operate below Pillar 2 Guidance and the capital conservation buffer, delayed implementation of measures and reduction in capital requirements; and (ii) payment breaks and mortgage holidays to customers. See "*Description of the Issuer and the Group - Regulation*" below.

The Group released an Interim Management Statement ("**IMS**") in respect of the first calendar quarter of 2020 on 11 May 2020, a copy of which is incorporated by reference herein. The IMS updated the market on the Group's financial performance and emerging impacts of COVID-19, particularly in respect of: the changes in macroeconomic conditions in the Group's core markets; the Group's regulatory capital position and outlook; the Group's loan asset quality and loan loss impairment charges; Group financial performance and profitability; and measures the Group is implementing to support customers including payment breaks.

2019 EBA Transparency Exercise

On 29 November 2019, the EBA published its annual report on risks and vulnerabilities in the EU banking sector. This report is accompanied by the publication of the 2019 EU-wide transparency exercise, which provides detailed information, in a comparable and accessible format, for 131 banks across the EU. The transparency data included data in respect of the Issuer further details of which can be found at <https://eba.europa.eu/risk-analysis-and-data/eu-wide-transparency-exercise>. This transparency data is not incorporated by reference in these Listing Particulars.

Regulation

Historically, the Central Bank has had overall responsibility for the authorisation and supervision of credit institutions operating in Ireland. The SSM Regulation established the Single Supervisory Mechanism (the "**SSM**") for credit institutions established in the Eurozone and other Member States that opt in to the SSM. The SSM Regulation transferred to the ECB supervisory responsibility and decision-making powers in respect of core activities. An institution categorised as significant (a "**Significant Institution**") for the purposes of Regulation (EU) No 468/2014 of the European Central Bank (ECB/2014/17) is directly supervised by a Joint Supervisory Team consisting of both ECB and Central Bank supervisors (a "**JST**"). In practice, SSM supervision of the Group is carried out in cooperation with the Central Bank.

Regulatory capital regime applicable to the Group

As outlined above, the Group's compliance with the prudential requirements of regulatory developments, including CRD IV, CRD V, CRR, CRR II and the CRD IV Regulations is significantly dependent on the SSM's interpretation and decisions in relation to these requirements following its periodic inspections of the Group within the scope of the SSM Regulation. Certain Group subsidiaries and operations are subject to the supervision of other local supervisory authorities. For example, the Group's business in the UK is subject to the supervision of the PRA and joint decisions of the ECB and PRA are issued with respect to Bank of Ireland (UK) plc's capital requirements.

The CRD IV Regulations contain the EU banking package designed to transpose the capital, liquidity and leverage standards of Basel III into the EU's legal framework. From 1 January 2014, the Group has been regulated under CRD IV. This has introduced significant changes in the prudential regulatory regime applicable to banks including: increased minimum levels of capital; enhanced quality standards for qualifying capital, and increased risk weighting of assets, particularly in relation to market risk and counterparty credit risk. At present, CRD IV provides for some of these measures to be phased in over transitional periods up to 2024.

The capital adequacy requirements under CRD IV comprise:

- (i) a 'Pillar 1' minimum capital requirement equal to 8 per cent. of RWAs, with at least 4.5 per cent. required to be met with Common Equity Tier 1 capital, and at least 6 per cent. being met with Tier 1 capital;
- (ii) additional buffer requirements, which are required to be met wholly with Common Equity Tier 1 capital; and
- (iii) additional institution-specific 'Pillar 2' capital requirements (in the form of Pillar 2 capital requirements ("**Pillar 2 Requirements**") which is disclosed periodically by the Group and Pillar 2 guidance ("**Pillar 2 Guidance**") which is not disclosed in accordance with regulatory preference), which may be imposed by the relevant prudential regulator and were previously required to be met wholly with Common Equity Tier 1 capital. However, in reaction to the COVID-19 pandemic, the ECB announced on 12 March 2020 that capital instruments that do not qualify as Common Equity Tier 1 capital, for example Additional Tier 1 or Tier 2 instruments, may be partially used to meet Pillar 2 Requirements. This brings forward a measure that was initially scheduled to come into effect in January 2021 as part of CRD V. The ECB informed the Group on 8 April 2020 that it is required to maintain a Pillar 2 Requirement equal to 2.25 per cent. (of which 1.27 per cent. must be held in the form of CET1) of its RWAs.

CRD IV and CRD V introduce minimum liquidity requirements for regulated entities including the Liquidity Coverage Ratio ("**LCR**") which requires banks to have sufficient high-quality liquid assets to withstand a 30-day stressed funding scenario.

Additionally, the Net Stability Funding Ratio ("**NSFR**"), which requires a bank to have sufficient stable funding to meet its funding needs over a one-year horizon, will become a binding requirement in 2021, following the adoption of CRR II amending CRR.

On 12 March 2020, the ECB announced a number of measures to ensure its directly supervised banks can continue to fund the real economy as the economic effects of the COVID-19 pandemic become apparent, including allowing banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance, the capital conservation buffer and the LCR.

The section above entitled "*Prudential Group capital requirements / buffers*" sets out the Prudential Group's Common Equity Tier 1 capital requirements for 2020 and the countercyclical capital buffer ("**CCyB**") and O-SII buffer applicable to the Group.

The CCyB is independently set in each country by the relevant designated authority. The CCyB is applied in proportion to an institution's RWA exposures in the particular country. The Central Bank had set a CCyB of 1.0 per cent. in Ireland from July 2019. In the UK, the Financial Policy Committee had set a CCyB of 1.0 per cent. from November 2018 which was due to increase to 2.0 per cent. from 16 December 2020. CCyB rates are subject to quarterly review by the relevant designated authority. In reaction to the COVID-19 pandemic, the Bank of England and the Central Bank announced, on 11 and 18 March 2020, respectively, the reduction of CCyB to 0 per cent, with immediate effect in the UK and from 1 April 2020 in Ireland. The Central Bank has stated its intention that no subsequent increase in the CCyB would be announced before the first quarter of 2021 at the earliest. In the case of the Bank of England, the CCyB reduction is expected to be maintained for at least 12 months from the date of the announcement. As any CCyB increase is subject to a 12 month implementation phase, both reductions will remain in effect until at least the first quarter of 2022.

On 11 July 2019, the Irish Government agreed to introduce legislation to confer on the Central Bank the powers to activate the Systemic Risk Buffer at a future date. On 18 March 2020, the Minister for Finance in Ireland decided to defer the introduction of the Systemic Risk Buffer while all of the key players in the banking sector are working together to support customers through the COVID-19 pandemic. In accordance with Article 131(15) of CRD IV, once in place, the Systemic Risk Buffer will be cumulative with the O-SII buffer in respect of the Group.

Amendments and supplements to the capital requirements

The CRD IV Regulations implemented in Ireland may change or be supplemented, whether as a result of (i) further changes to CRD IV adopted by EU legislators (as described above and further below), (ii) revisions to capital

requirements as a result of proposals by the BCBS, (iii) binding regulatory technical standards to be developed by the EBA, (iv) targeted reviews of individual models, which are used to calculate capital requirements, previously granted under CRD II and/or CRD III, and (v) requirements applied to Irish banks or otherwise. Such changes, either individually and/or in aggregate, may lead to further requirements in relation to the Group's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated.

Legislation implementing amendments to the CRR, CRD IV, the BRRD and Regulation No. 806/2014 (the "**SRM Regulation**") on recovery and resolution of institutions (collectively, the "**EU Banking Reforms**") was published in the Official Journal of the European Union on 7 June 2019. The EU Banking Reforms include the introduction into EU legislation of (i) a NSFR, (ii) a binding leverage ratio requirement, (iii) the BCBS' Fundamental Review of the Trading Book, incorporating a revised treatment for the calculation of own funds requirements for market risk, (iv) the Standardised Approach to Counterparty Credit Risk, and (v) other regulatory measures. Additionally, further clarity is provided in respect of the Pillar 2 supervisory review process, in particular the conditions which can lead to additional capital requirements and the split between Pillar 2 Requirements and Pillar 2 Guidance. The EU Banking Reforms also bring "financial holding companies", as defined in the CRR, within the scope of the EU prudential framework, potentially imposing greater regulatory responsibilities and associated enforcement and reputational risk on the Issuer.

On 16 January 2020, the Group received official notification from the ECB that the Issuer has been identified and classified as a financial conglomerate since 17 December 2019. This will entail supplementary supervision by the ECB. Prior to this, a waiver applied to the Group by the supervisory authorities for financial conglomerate supervisory purposes.

The Financial Conglomerates Directive (EC/2002/87), which was transposed into Irish law by S.I. 727/2004 and was subsequently amended in 2011, 2014 and 2018 (the "**FICOD**"), gives the ECB additional responsibilities and tools to supervise financial conglomerates. While specific banking and insurance regulations are already applicable to the banking activities of financial conglomerates, the FICOD requires supervisors to apply supplementary supervision to financial groups in order to reduce the risks inherent in their activities. Following the financial crisis, the FICOD was amended in 2011 to give the ECB new powers to oversee conglomerates' parent entities, such as holding companies. This allows banking, insurance and supplementary supervision to happen at the same time, thereby improving upon certain ineffective elements of previous policies identified during the crisis.

The supplementary supervisory requirements are defined in the FICOD and relate to capital adequacy, risk concentration, intragroup transactions and internal control mechanisms.

The EU Banking Reforms also introduced new measures for leverage-based maximum distributable amount ("**L-MDA**") and MREL-based maximum distributable amount ("**M-MDA**") restrictions, which are in addition to the RWA-based maximum distributable amount restriction originally contained in Article 141 of the CRD. The L-MDA initially applies to EU financial institutions which have been designated as global systematically important financial institutions, but may in due course be extended via new legislation to O-SIIs which could include the Group. The L-MDA limits the amounts of certain discretionary payments which may be made by a relevant institution which is not meeting its leverage ratio requirements in full. The M-MDA is expected to apply to all EU banking groups, and grants the relevant resolution authority the power to limit the amounts of certain discretionary payments which may be made by a relevant institution which is not meeting its MREL requirements in full.

As part of the Group's 2019 Annual Results presentation, the Group announced that the net impact of the evolving regulatory framework, including EBA and ECB guidelines, is expected to consume up to 80 basis points of Common Equity Tier 1 capital by the end of 2021, with the majority expected to be consumed by 30 June 2020.

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 being proposed by EU legislators, could also be imposed on the Group as a result of the SREP or EBA stress testing, including a revision of the level of the Pillar 2 Requirements and/or Pillar 2 Guidance, which are a point-in-time assessment and therefore subject to change over time.

On 28 April 2020, the European Commission proposed certain targeted amendments to the CRR (the "**Proposed Amending Regulation**") 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 measures include adapting the timeline of the application of IFRS 9 on bank's capital and modifying the method of excluding certain exposures from the calculation of the leverage ratio. The Commission also proposes 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 SMEs and infrastructure projects. Further detail on certain of these targeted amendments is set out below:

- (i) To mitigate the potential negative impact of IFRS 9 during the COVID-19 pandemic, the Commission has proposed an extension of the current IFRS 9 transitional arrangements in the CRR by two years, extending to 2024, in line with the international agreement of the BCBS. This would allow banks to fully add back to Common Equity Tier 1 capital any increase in new expected credit loss ("**ECL**") provisions recognised in 2020 and 2021 in respect of financial assets which are not credit-impaired. The amount that could be added back from 2022 to 2024 would decrease in a linear manner. The reference date for any increase in provisions that would be subject to the extended transitional arrangements is moved from 1 January 2018 to 1 January 2020, to ensure the additional relief would likely be related to the COVID-19 pandemic.
- (ii) The CRR introduced a discretion to temporarily exclude central bank reserves from a bank's leverage ratio calculation in exceptional circumstances. The exemption may be granted for up to one year and any impact of the exclusion of central bank reserves is fully offset via a mechanism that increases an institution's individual leverage ratio requirement in a proportionate manner. This discretion, together with the leverage ratio requirement, will become applicable from 28 June 2021. However, in light of the COVID-19 pandemic, the Commission is proposing to modify the offsetting mechanism. In particular, a bank that exercises the discretion would still be required to calculate an adjusted leverage ratio but, unlike under the existing offsetting mechanism, it would be required to calculate it only once, at the moment it exercises the discretion and based on the value of the institution's eligible central bank reserves and total exposure measure at such time. The adjusted leverage ratio would not change throughout the full period during which the discretion is exercised.
- (iii) CRR II introduced provisions to change the regulatory treatment of prudently valued software assets, the value of which is not materially affected by the resolution, insolvency or liquidation of an institution. Under Article 36(1)(b) of the CRR, institutions will not be required to deduct these particular software assets from their Common Equity Tier 1 capital. The EBA was mandated, per Article 36(4) of the CRR, to develop a draft Regulatory Technical Standard ("**RTS**") to specify how this exemption from deductions is to be applied, by defining the scope of software assets to be exempted and how they will be risk-weighted. The application date of the revised treatment of software assets has been set to 12 months after the entry into force of this RTS. In the context of the accelerated up-take of digital services as a consequence of public measures adopted to address the COVID-19 pandemic, the Commission proposed to bring forward the date of application of the exemption and allow banks to use it as soon as the RTS enters into force.
- (iv) CRR II provides for more favourable capital treatment of certain exposures to SMEs and entities that operate or finance physical structures or facilities, systems and networks that provide or support essential public services with a view to incentivise institutions to prudently increase lending to those entities. These changes were due to come into effect on 28 June 2021. In light of the COVID-19 pandemic, the Commission proposed to bring forward the date of application and the date of entry into force of the Proposed Amending Regulation, which the Commission anticipates by end June 2020.

MREL requirements

To support the effectiveness of bail-in and other resolution tools, Article 130(1) of the BRRD required that from 1 January 2016 Member States apply the BRRD's provisions requiring BRRD Institutions to maintain MREL, subject to the provisions of the MREL regulatory technical standards.

The MREL requirements are determined on a case-by-case basis taking into account (i) resolvability; (ii) capital adequacy; (iii) sufficiency of eligible liabilities; (iv) participation in a deposit guarantee scheme; (v) business risks

(business model, funding, risk profile); and (vi) systemic risk (interconnectedness). The Group's MREL requirements are set by the Single Resolution Board (the "**SRB**"), in consultation with the SSM and the Bank of England.

In November 2019, the SRB and the Bank of England advised that the binding MREL requirement for the Group had been set at 11.93 per cent. of total liabilities and own funds as at December 2017 (equivalent to 27.09 per cent. of risk weighted assets) to be met by 1 January 2021. On 17 February 2020, the SRB released a consultation paper that proposes to bring its policies in line with the amendments introduced by the EU Banking Reforms.

In light of the COVID-19 pandemic, the SRB confirmed in a letter to all banks under its remit that it will (i) postpone less urgent information or data requests related to the 2020 resolution planning cycle; (ii) reflect the capital relief measures provided to banks in future MREL decisions; and (iii) analyse market conditions and the impact on transition periods needed for the build-up of MREL. In respect of existing binding MREL targets, the SRB confirmed its intention to take a forward-looking approach to banks that may face difficulties meeting those targets before new decisions take effect.

BRRD and SRM

The BRRD, which established a framework for the recovery and resolution of credit institutions and investment firms, has been implemented in Ireland by the European Union (Bank Recovery and Resolution) Regulations 2015 (as amended) and in the UK through amendments to the SRR established under the Banking Act 2009.

Under the national implementation of the BRRD, competent authorities and resolution authorities are given power to, among other things:

- (i) require banks to prepare recovery plans and cooperate with resolution authorities in the preparation of resolution plans;
- (ii) take early intervention measures to prevent a bank's financial position from deteriorating, including replacing management or installing a temporary administrator in place of existing management;
- (iii) appoint a special manager in place of existing management; and
- (iv) implement resolution tools to manage the orderly resolution of a failing institution, including: (W) selling the institution or all or part of the business of the institution (the "**sale of business tool**"); (X) transferring the institution or all or part of the business of the institution to a bridge institution (the "**bridge institution tool**"); (Y) transferring assets and liabilities of an institution to one or more asset management vehicles (the "**asset separation tool**"); and (Z) writing down capital instruments of an institution and writing down or converting to equity certain liabilities of an institution (the "**bail-in tool**").

As part of the initiative for a European banking union, the EU has established the SRM under the SRM Regulation which entered into force on 19 August 2014. Under the SRM, a single resolution process applies to all banks established in Member States participating in the SSM, including the Group, and the process is co-ordinated by a new centralised European resolution authority, the SRB which is an independent agency established under the SRM Regulation.

Credit institutions to which the BRRD applies that are subsidiaries of other credit institutions to which the BRRD applies, such as Bank of Ireland (UK) plc, may be subject to independent resolution action by their national resolution authorities in addition to (but generally in coordination with) action taken by the resolution authority supervising the parent entity.

See the risk factors entitled "*The Group is subject to regulatory regimes which may require that it holds or raises additional capital and/or eligible liabilities or result in increased costs*" and "*The Group's business and operations are subject to substantial regulation and supervision and can be negatively affected by its non-compliance with certain existing regulatory requirements and any adverse regulatory and governmental developments*" for further detail.

Other Policy Initiatives in response to COVID-19

ECB

On 20 March 2020, the ECB announced a number of measures to ensure banks can continue to fund households and corporations amid the COVID-19 pandemic. The measures outline greater flexibility in the treatment of NPEs, in particular allowing banks to fully benefit from guarantees and moratoriums put in place by public authorities to tackle the current distress. Further, supervisors have also announced they will also deploy full flexibility when discussing with banks the implementation of NPE reduction strategies, taking into account the extraordinary nature of current market conditions. Moreover, the ECB is recommending banks avoid excessive procyclical effects when applying IFRS 9. In a letter dated 1 April 2020, the ECB provided further guidance on the use of forecasts to avoid excessively procyclical assumptions, including the use of ECB publications on macroeconomic projections in applying IFRS 9, placing greater weight to long-term macroeconomic forecasts evidenced by historical information when estimating expected credit losses for the purposes of IFRS 9 provisioning policies and considering whether a top-down collective approach can be applied to estimate a portion of the portfolio for which credit risk has increased significantly. Several of these considerations outlined by the ECB are reflected in the Proposed Amending Regulation, as outlined above.

The ECB updated its recommendation to banks on dividend distributions on 27 March 2020, recommending that banks should not pay dividends for the financial years 2019 and 2020 until at least 1 October 2020 in order to boost capacity to absorb losses and support lending to households, small businesses and corporates during the COVID-19 pandemic. Banks should also refrain from share buy-backs aimed at remunerating shareholders. Furthermore, the ECB's Supervisory Board and the EBA have encouraged banks to exercise moderation regarding variable remuneration at this time.

EBA

The EBA announced on 12 March 2020 the postponement of the EU-wide stress test exercise to 2021 to allow banks to focus on and ensure continuity of their core operations. For 2020, the EBA will carry out an additional EU-wide transparency exercise in order to provide updated information on banks' exposures and asset quality to market participants.

The EBA issued a statement on 25 March 2020 confirming its support for the measures taken and proposed by national governments and EU bodies to address the adverse systemic economic impact of the COVID-19 pandemic in the form of general loan payment moratoria. The statement clarifies the implications of moratoria on the prudential and accounting treatment of the exposures. In particular, generalised payment delays due to legislative initiatives addressed to all borrowers do not lead to any automatic classification in default, forbore or unlikeliness to pay. Individual assessments of the likeliness to pay should be prioritised. Further, the EBA published guidelines on 2 April 2020, aiming to clarify that payment moratoria do not trigger classification as forbearance or distressed restructuring if the measures taken are based on the applicable national law or on an industry or sector-wide private initiative agreed and applied broadly by the relevant credit institutions.

The EBA also highlighted that when applying IFRS 9, institutions are expected to use a certain degree of judgement and to distinguish between borrowers whose credit standing would not be significantly affected by the current situation in the long term, and those who would be unlikely to restore their creditworthiness.

Central Bank

The Central Bank announced on 19 March 2020, that it had met with the Banking and Payments Federation Ireland ("BPFI") and the five main retail banks operating in Ireland (including the Group) to discuss measures relating to the COVID-19 pandemic. Both the Central Bank and BPFI agreed that there would be no impediments to banks introducing COVID-19 payment breaks in respect of mortgages, and personal and business loans for those affected by the pandemic. The initial payment break was for a three month period; on 30 April 2020 the BPFI confirmed that a further three month extension to the current payment break will be made available to those who continue to be directly impacted by the COVID-19 pandemic. This extension arrangement will also be available to those affected by the COVID-19 pandemic who have not yet applied for a payment break.

In the UK, the Chancellor of the Exchequer announced on 17 March 2020 that it had agreed with industry bodies that mortgage lenders will offer at least a three month mortgage holiday to borrowers affected by the COVID-19 pandemic.

Finalisation of Basel III

In a statement released on 27 March 2020, the BCBS announced a proposal to delay the proposed implementation of its Basel III finalisation measures from 1 January 2022 by one year to 1 January 2023.

TAXATION

The following is a summary based on the laws and practices currently in force in Ireland of certain matters regarding the tax position of investors who are the absolute beneficial owners of their Securities and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Securities including dealers in securities and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Securities should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Securities and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

General

While this section summarises the circumstances in which tax must be withheld from payments on the Securities investors should note that, to the extent that tax is withheld from payments of interest on the Securities, the Conditions provide for a gross up of such payments (subject to customary exceptions). Investors are referred to Condition 8.

Interest Withholding Tax

The Securities are treated as a debt instrument pursuant to section 845C of the Taxes Consolidation Act 1997 (the "TCA").

The Issuer will be required to withhold interest withholding tax ("IWT") unless an exemption applies.

An exemption from IWT applies under Section 64 of the TCA for interest bearing securities, such as the Securities, which are quoted on a recognised stock exchange, including Euronext Dublin ("**Quoted Eurobonds**"). Any interest paid on such Quoted Eurobonds can be paid free of IWT provided;

- the person by or through whom the payment is made is not in Ireland; or
- the payment is made by or through a person in Ireland, and the person who is the beneficial owner of the Quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to the person by or through whom the payment is made; or
- the payment is made by or through a person in Ireland and the Quoted Eurobond is held in a recognised clearing system (which includes Euroclear and Clearstream, Luxembourg).

Encashment Tax

Irish tax will be required to be withheld at the standard income tax rate (currently 20 per cent.) from interest, dividends or annual payments in respect of Quoted Eurobonds, where such interest, dividends or annual payments are collected by a bank or other agent in Ireland. Encashment tax will not apply where the holder of the Quoted Eurobonds is not resident in Ireland and has made a declaration in the prescribed form to the agent or bank.

Stamp Duty

No Irish Stamp Duty is payable on the issue or redemption of the Securities.

No Irish Stamp Duty will be payable on the transfer of the Securities as the Securities are regarded as loan capital of the Issuer for Irish stamp duty purposes and qualify for exemption pursuant to section 85(2)(b) of the Irish Stamp Duties Consolidation Act, 1999.

Taxation of Interest

Notwithstanding that a Securityholder may receive payments of interest, premium or discount on the Securities free of Irish withholding tax the Securityholder may still be liable to pay Irish income or corporation tax (and in the case of

individuals, the universal social charge) on such interest, premium or discount if (i) such interest, premium or discount has an Irish source, (ii) the Securityholder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes (in which case there may also be a pay related social insurance (PRSI) liability for an individual in receipt of interest, premium or discount on the Securities, or (iii) the Securities are attributed to a branch or agency of the Securityholder in Ireland. Ireland operated a self-assessment system in respect of income and corporation tax, and each person must assess their own liability to Irish tax.

Interest on the Securities will be exempt from Irish income tax if the interest is exempt from IWT under the Quoted Eurobond exemption and the Securityholder is (i) a person who is not a resident of Ireland but is a resident of a Member State of the EU (apart from Ireland) or a country with which Ireland has signed a double taxation treaty (a **"Relevant Territory"**), (ii) a company under the control, directly or indirectly, of persons who by virtue of the law of a Relevant Territory are resident in that country and that person or persons are not themselves under the control whether directly or indirectly of a person who is not resident in such a country, or (iii) a company, the principal class of shares of such company, or another company of which the recipient company is the 75 per cent. subsidiary, is substantially and regularly traded on one or more recognised stock exchanges in Ireland or a Relevant Territory or a stock exchange approved by the Irish Minister for Finance.

Notwithstanding this exemption from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Securities are held or attributed may have a liability to Irish corporation tax on the interest.

Capital Gains Tax

A gain made on disposal of the Securities will be brought within the charge to Irish capital gains tax where (i) the Securityholder is resident or ordinarily resident in Ireland or (ii) carries on a trade in Ireland through a branch or agency in respect of which the Securities are used or held or (iii) the Securities cease to be listed on a stock exchange in circumstances where the Securities derive their value or more than 50 per cent. of their value from Irish real estate, mineral rights or exploration rights.

Capital Acquisitions Tax

A gift or inheritance consisting of the Securities will generally be within the charge to Irish Capital Acquisitions tax (currently 33 per cent.) if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Securities are regarded as property situate in Ireland. Registered securities are generally regarded as situated where the principal register of the holders is maintained or is required to be maintained, but the Securities may be regarded as situated in Ireland regardless of the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if the Securities are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence of the disponent or the donee/successor.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the **"Commission's Proposal"**) for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (together, the **"participating Member States"**) and Estonia. However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt. Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a

participating Member State. However, the FTT proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective Securityholders are advised to seek their own professional advice in relation to the FTT.

Automatic exchange of information

Irish reporting financial institutions, which includes the Issuer, may have reporting obligations in respect of a Securityholder under FATCA as implemented pursuant to the Ireland – US intergovernmental agreement and/or the OECD's Common Reporting Standard, which Ireland has implemented into Irish law.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Ireland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. Federal income purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer).

However, if additional Securities (as described under Condition 14) that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Securityholders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

Common Reporting Standard (the "CRS")

The CRS framework was first released by the OECD in February 2014. To date, more than 100 jurisdictions have publically committed to implementation, many of which are early adopter countries, including Ireland. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the "Standard") was published, involving the use of two main elements, the Competent Authority Agreement (the "CAA") and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions ("FIs") relating to accountholders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported. Ireland is a signatory jurisdiction to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information, which was entered into by Ireland in its capacity as a signatory to the Convention on Mutual

Administrative Assistance in Tax Matters and which relates to the automatic exchange of financial account information in respect of CRS, while sections 891F and 891G of the TCA and regulations made thereunder contain measures necessary to implement the CRS internationally and across the European Union, respectively. The Returns of Certain Information by Reporting Financial Institutions Regulations 2015 and the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (together the “**CRS Regulations**”), gave effect to the CRS from 1 January 2016.

Under the CRS Regulations, reporting financial institutions, which may include the Issuer, are required to collect certain information on accountholders and on certain controlling persons (as defined in the CRS Regulations) in the case of the accountholder being an entity, as defined for CRS purposes, to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Where a Security is held in a clearing system it is understood that either the clearing system itself or the relevant clearing participants are likely to be considered FIs and accordingly the Issuer should not have reporting obligations in respect of a Securityholder holding such Securities. In that event the Issuer will make a nil return for that year to the Irish Revenue Commissioners.

SUBSCRIPTION AND SALE

The Managers have, pursuant to a Subscription Agreement dated 15 May 2020 (the "**Subscription Agreement**") jointly and severally agreed with the Issuer, subject to the satisfaction of certain Conditions, to subscribe the Securities at the issue price of 100 per cent. of their principal amount less a combined commission, subject to the provisions of the Subscription Agreement. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

General

Neither the Issuer nor any Manager has made any representation that any action will be taken in any jurisdiction by the Managers or the Issuer that would permit a public offering of the Securities, or possession or distribution of these Listing Particulars (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes these Listing Particulars (in preliminary, proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer or any other Manager in any such jurisdiction as a result of any of the foregoing actions.

Selling restrictions

United States

The Securities have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person except pursuant to an exemption from, 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 United States to persons other than U.S. persons as defined in Regulation S in offshore transactions in reliance on, and in compliance with, Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering of the Securities) may violate the registration requirements of the Securities Act.

Each Manager has represented and agreed that it has offered and sold, and will offer and sell, the Securities (a) as part of its distribution at any time and (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, only in accordance with Rule 903 of Regulation S. Accordingly, neither such Manager nor its affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Securities, and such Manager, its affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S. Each Manager has agreed that, at or prior to confirmation of sale of the Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Securities from it during the distribution compliance period a confirmation or notice to substantially the foregoing effect.

Ireland

Each Manager has represented, warranted and agreed that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Securities, or do anything in Ireland in respect of the Securities, otherwise than in conformity with the provisions of:

- (a) Prospectus Regulation, the European Union (Prospectus) Regulations 2019 and any rules and guidelines issued under Section 1363 of the Companies Act 2014 (as amended) by the Central Bank;
- (b) the Companies Act 2014 (as amended);

- (c) the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) and any codes or rules of conduct applicable thereunder and any delegated or implementing acts adopted thereunder and the provisions of the Investor Compensation Act 1998 (as amended);
- (d) the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules and guidelines issued under Section 1370 of the Companies Act 2014 (as amended) by the Central Bank; and
- (e) the Irish Central Bank Acts 1942 to 2018 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 (as amended).

Prohibition of sales to EEA and UK Retail Investors

Each Manager has represented and agreed, 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 these Listing Particulars to any retail investor in the European Economic Area or in the UK. For the purposes of this provision the expression, “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) 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.

United Kingdom

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Singapore

Each Manager has acknowledged that these Listing Particulars have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed 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, these Listing Particulars 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 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.

In connection with Section 309B of 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' (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).

Canada

Each Manager has represented and agreed that it has not offered or sold and will not offer or sell any of the Securities in Canada except to purchasers in the provinces of Canada purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if these Listing Particulars (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

GENERAL INFORMATION

Authorisation

The issue of the Securities was duly authorised by resolutions of a committee of the Board of the Issuer dated 21 February 2020 and 12 May 2020, acting pursuant to powers delegated to it by the Board by resolutions dated 20 February 2020 and 8 May 2020.

Listing

Application has been made to Euronext Dublin for the Securities to be admitted to trading on the GEM and to be listed on the Official List. The GEM is the exchange regulated market of Euronext Dublin and is not a regulated market for the purposes of MiFID II. It is expected that admission of the Securities to the Official List and to trading on the GEM will be granted on or about 15 May 2020, subject only to the issue of the Securities.

A&L Listing Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Securities and is not itself seeking admission of the Securities to the Official List or to trading on the GEM.

Clearing systems

The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS2178043530 and the Common Code is 217804353.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The Classification of Financial Instrument ("CFI") code (DBFXPR) and the Financial Instrument Short Name ("FISN") (BK OF IRELAND/BD PERP REGS) code are each as set out on the website of the Association of National Number Agencies (ANNA).

LEI

The Legal Entity Identifier ("LEI") of the Issuer is 635400C8EK6DRI12LJ39.

Yield

From the Issue Date to the First Reset Date, assuming coupons are paid in full and that no Write-Down occurs, the yield of the Securities is 7.641 per cent. on an annual basis. The yield is calculated as at the Issue Date on the basis of the issue price. It is not an indication of future yield.

No significant change

Save as disclosed elsewhere in these Listing Particulars, including but not limited to the COVID-19 related disclosures contained therein and the Group's interim management statement dated 11 May 2020 which has been incorporated by reference herein, there has been no significant change in the financial or trading position of the Group and no material adverse change in the prospects of the Issuer, in each case since 31 December 2019.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of these Listing Particulars which may have or have had in such period a significant effect on the financial position or profitability of the Issuer or the Group.

Auditor

The auditor of the Issuer is KPMG, members of Chartered Accountants Ireland, who have audited the Issuer's accounts, without qualification, in accordance with IFRS for the financial years ended on 31 December 2018 and 31 December 2019.

Documents available

Hard copies of the following documents will be available while the Securities remain outstanding at the registered office of the Issuer, at the Dublin office of the Principal Paying Agent and at the office of the Listing Agent during normal business hours on any weekday (except public holidays):

- the constitutional documents of the Issuer;
- the audited consolidated financial statements of the Issuer for the years ended 31 December 2019 and 31 December 2018 together with their related audit reports;
- the Listing Particulars; and
- the unaudited Pillar 3 disclosures of the Issuer for the year ended 31 December 2019.

The above documents will also be available electronically at the following web address:

<https://investorrelations.bankofireland.com/results-centre/>

In addition, hard copies of the Trust Deed (which will include the terms and form of the Securities), and the Agency Agreement, will be available while the Securities remain outstanding at the office of the Listing Agent and at the Dublin office of the Paying Agent during normal business hours on any weekday (except public holidays).

Conflicts of Interest

Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may provide services to the Issuer and its affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. In the ordinary course of their business activities, the Managers and their respective 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 and its affiliates. Where the Managers or their respective affiliates have a lending relationship with the Issuer and/or its affiliates they may routinely hedge their credit exposure to those entities consistent with their customary risk management policies. Typically, such Managers and their respective 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. Any such short positions could adversely affect future trading prices of the Securities. The Managers and their respective 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.

ISSUER**Bank of Ireland Group plc**

40 Mespil Road
Dublin 4
Ireland

TRUSTEE

Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

REGISTRAR

Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

PAYING AGENT

Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

**GLOBAL CO-ORDINATOR AND
JOINT LEAD MANAGER****UBS AG London Branch**

5 Broadgate
London EC2M 2QS
United Kingdom

JOINT LEAD MANAGERS**Citigroup Global Markets Limited**

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

**Credit Suisse Securities (Europe)
Limited**

One Cabot Square
London E14 4QJ
United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

CO-LEAD MANAGERS**Goodbody Stockbrokers UC**

2 Ballsbridge Park
Ballsbridge
Dublin 4
Ireland

J&E Davy

49 Dawson Street
Dublin 2
Ireland

LEGAL ADVISERS

To the Issuer

A&L Goodbody

25-28 North Wall Quay
IFSC
Dublin 1
Ireland

To the Managers and the Trustee as to Irish Law

Arthur Cox
Ten Earlsfort Terrace
Dublin 2
Ireland

AUDITORS OF THE ISSUER

KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

To the Managers as to English Law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

LISTING AGENT

A&L Listing Limited
International Financial Services Centre
25-28 North Wall Quay
Dublin 1
Ireland