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Sustainability leader AIB raises €750m in latest green bond issuance

- Proceeds will fund the financing of projects with clear environmental benefits supporting customers to make the required transition to a low carbon future
- Issuance comes as world leaders meet at COP 27 to highlight the role of climate finance in funding the transition
- Brings to €4.25 billion AIB has raised from issuing environmental and social bonds to date

AIB yesterday raised €750 million from the issuance of its fourth green bond. The proceeds will contribute to the financing of projects with clear environmental and climate action benefits while further strengthening AIB's capital position.

The issuance came as world leaders were meeting in Egypt at the United Nations Climate Change Conference, COP 27, to focus on the role that climate finance can play in helping cut greenhouse gases, boost climate resilience and restore nature.

The investment required to finance the transition to a low carbon economy can be counted in the trillions of dollars globally. In the case of Ireland, the International Monetary Fund estimates the cost will amount to c. €20 billion per annum over the next decade, much of which will come from the private sector.

Recognising the importance of climate finance in funding the transition, AIB has over the last two years raised a combined €3.25 billion from the issuance of green bonds after becoming the first Irish bank to issue a green bond in 2020. Also in May this year, AIB raised €1 billion through the issuance of a social bond, the first social bond issued by an Irish bank.

AIB Chief Executive Colin Hunt said “As Ireland’s largest financial services provider with 2.8 million customers, AIB is already actively supporting the transition to a low-carbon future by reducing our own carbon footprint and helping our customers to do the same. We aim to play a significant role in helping the Government and the European Union meet their carbon reduction targets.

Our ambition is that 70% of new lending will be green or transition by 2030. And we are making great progress towards achieving that goal as green lending already increased to 24% of new lending in the first nine months of the year. The more green lending we do, the more green capital we can attract as Environmental, Social and Governance (ESG) investors increasingly want to invest in companies with strong green credentials. The success of this transaction recognises our position as a national champion with a very strong capital and financial position and our ongoing commitment to our sustainability goals,” he added.

Investor interest in the bond peaked at just shy of €1.5bn, allowing the bank to issue the bond at a level of MidSwaps +2.85%, equating to a coupon of 5.75%.

The final order book was €1.4bn, comprising 94 investors, spread across 22 countries globally. The quality of the investor base was very satisfying with excellent participation by both ESG focused investors and many of the leading international investment managers who recognise AIB's strong balance sheet and ESG credentials. This played an important role in supporting the scale, diversity and pricing of the order book. Yesterday's proceeds contribute to AIB's ongoing Minimum Required Eligible Liabilities.

In order to be labelled green, the AIB bond must comply with the International Capital Markets Association's Green Bond Principles governing the use of the bond proceeds and related transparency and reporting requirements.

In light of the urgency of the climate action agenda, AIB last year doubled its Climate Action Fund to €10bn and accelerated the rollout of products and services that assist personal, corporate and small business customers in the transition to a low carbon economy.

Notes to Editors:

- AIB last month signed a Corporate Power Purchase Agreement (CPPA) with NTR plc to source energy generated from two solar farms NTR will construct in County Wexford. AIB is the first Irish company to conclude such an agreement, helping it deliver on its commitment to source 100% of its power requirements from certified renewable energy sources by 2030, and meet its target of becoming carbon neutral on its own operations by 2030.
- Sustainalytics earlier this year updated its assessment of AIB, ranking it within the top 5% of banks globally (44th out of 1,001 banks).
- AIB has completed setting science-based targets for its corporate loan portfolio and targets now cover 75% of our Group loan book with relevant submissions made to the Science-Based Targets Institute and ongoing validation process.

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