



28th March 2022

AIB raises €1 billion in the first social bond issuance by an Irish bank

- **Proceeds will support projects with clear social benefits in communities across Ireland**
- **Investors attracted by AIB's strong social credentials**
- **Brings to €2.75 billion the amount raised in Green and Social bonds since Sept 2020**

AIB today raised €1 billion in the first social bond issuance by an Irish bank. The proceeds will contribute to the financing of projects with clear social benefits and further strengthen AIB's funding position.

AIB will use the funds raised to lend to projects in the healthcare, education, social and affordable housing sectors, and to provide loans to Small and Medium Enterprises in socio-economically disadvantaged areas in communities across Ireland.

AIB Chief Executive Officer Colin Hunt said: "Investors are increasingly choosing to invest in firms with strong Environmental, Social and Governance (ESG) credentials. The issuance of our first social bond is a landmark moment for AIB which has today raised €1 billion for lending to projects which will support positive societal change, help provide new social and affordable housing, support access to education and healthcare, and finance SMEs in disadvantaged areas. This is another investor vote of confidence in AIB which has over the last two years already raised €1.75 billion for lending to projects that help in the fight against climate change. As a bank at the very heart of the Irish economy, our role is central to the creation and delivery of sustainable economic, social and environmental development in towns and communities across the country"

Goodbody Stockbrokers and the other members of the joint lead manager group announced the transaction on international capital markets early this morning and investor interest built strongly peaking at over €2.1bn. The bond was issued at a fixed interest rate of 2.25% with a final order book almost twice oversubscribed comprising 97 investors, spread across 21 countries. 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.

The way was paved for the issuance of this social bond after AIB engaged with ESG investors across Europe on its wider sustainability strategy following the launch last year of its social bond framework on which Dutch bank ING acted as structuring advisor. In order to be labelled "social", the AIB bond must comply with the International Capital Markets Association's (ICMA) Social Bond Principles governing the use of the bond proceeds and related transparency and reporting requirements.

AIB obtained external second party verification from ISS-ESG, which assessed alignment with the ICMA principles and confirmed that the use of proceeds from the bond issuance contributed 'significantly' to the relevant UN Sustainable Development Goals. Investors were also supplied with an assessment showing strong alignment with the latest EU Social Bond Taxonomy report published last month.

Investors were also attracted by the fact that AIB is positioned as a highly sophisticated ESG player with top tier ESG ratings relative to peers and amongst a very limited number of banks globally which issue both Green and Social bonds (*see list below).

The bond also counts towards AIB's Minimum Required Eligible Liabilities (MREL). AIB's total quantum of MREL eligible instruments is now c.€7.1bn.

***Global banks which have issued green and social bonds:**

BBVA; Banco BPM; Bank of America; BPCE; CaixaBank; Citigroup; Credit Agricole; Deutsche Kreditbank; Hana Bank; JPMorgan Chase; Kutxabank; La Banque Postale; Landesbank Baden-Wuerttemberg; NatWest Group; PNC Financial Services Group; Shinhan Financial Group Co; Societe Generale; and CAFFIL.

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