



24th April 2024

AIB Group raises €625m in new capital amid strong investor demand

New issuance represents a strong vote of confidence in the strength of AIB

AIB Group yesterday successfully raised €625 million from the issuance of a new bond to institutional investors offering an interest rate – or coupon - of 7.125%. The bond, known as an Additional Tier 1 (AT1) perpetual bond, further supports the Group in meeting its regulatory capital requirements.

Initial demand from investors was strong peaking at €3.2 billion enabling the bank to reduce the coupon on the bond down from the originally envisaged interest rate of 7.625%. The investor book primarily consisted of high-quality asset managers, with UK investors accounting for c.40%, French c.20% and US offshore funds c.15% providing a good breadth of investor interest.

AIB CEO Colin Hunt said: “Strong funding and capital ensure AIB is well positioned for sustainable growth, so we are very pleased to see the continuing demand from investors for our bond issuances. The investor appetite for the perpetual bond we issued yesterday represents another strong vote of confidence in the bank as we embark on our new three-year strategy with a transformed, reshaped, and revitalised Group. Our priorities for 2024 and beyond include an enhanced focus on our customers, further greening of our loan book and driving greater operational efficiency while delivering for our customers, our investors and the wider economy.”

The lead arranger group on the issuance was Bank of America, Goldman Sachs, Goodbody Stockbrokers, JP Morgan, Morgan Stanley and UBS.

AIB concurrently launched an any-and-all tender offer on its €500 million 5.25% AT1 instrument originally issued in October 2019. The results of this exercise are expected on 30 April.

Yesterday’s successful issuance comes after AIB Group issued a \$1 billion ten-year senior bond in March, the longest duration for such a bond ever issued by an Irish bank. The bond, which carried a coupon of 5.871%, was 7.2 times oversubscribed as quality investors subscribed to the offer. The proceeds of that issuance are being used by the bank to meet certain funding requirements known as Minimum Requirement for own funds and Eligible Liabilities (MREL).

Notes to Editors:

- Additional Tier 1 bonds (AT1s) can be converted in to equity or written down entirely if the issuing bank’s capital strength were to fall below a pre-determined trigger level. This means AT1s are typically the highest-yielding bank bonds investors can buy, since bondholders expect to be compensated for the additional risks. A perpetual bond is a bond with no maturity date, with characteristics of equity rather than debt. In the case of the bonds issued yesterday,

investors are willing to accept the risk that the bond can be written down entirely if the bank's Common Equity Tier 1 CET1 ratio were to fall below 7%.

- The any-or-all tender offer is an offer by AIB Group to buy back any or all older AT1 bonds issued in 2019 to any investor who chooses to sell them back to AIB Group.
- AIB Group is rated at investment grade with Moody's and Standard & Poor's (S&P). On 14 Jun 2023, S&P upgraded AIB Group plc's credit rating by one notch to BBB and changed the outlook to Stable from Positive. This upgrade reflects multiple factors including: AIB's asset quality to remain robust, and a more efficient, profitable, and diversified business model. On 5 Dec 2023, Moody's revised the outlook to Positive from Stable and reaffirmed the ratings for AIB Group plc. This reflects Moody's view of improved asset quality, strong capitalisation, and significantly improved profitability.

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