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### **Climate Action leader AIB raises €650 million in its sixth green bond issuance**

- Proceeds to fund projects with clear environmental benefits
- €6.4 billion raised from issuing green and social bonds to date

AIB yesterday raised €650 million of Tier 2 sub-ordinated bank capital. This is the second green capital issuance by AIB, and its sixth green bond in total. The proceeds will contribute to the financing of projects with clear environmental and climate action benefits while further strengthening AIB's capital position.

The investment required to finance the global transition to a low carbon economy will need to increase to about \$9 trillion a year to 2030 according to estimates from the Climate Policy Initiative. 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 been rapidly growing its green lending book. Green lending accounted for c.34% of new lending in the first quarter this year, with €12.5bn of new green lending since 2019, while the bank has also tripled its Climate Action Fund to €30bn by 2030 to help build the green infrastructure of the future.

Against that backdrop, AIB has over the last few years raised a combined €4.65 billion from the issuance of green bonds after becoming the first Irish bank to issue a green bond in 2020. When social bonds are included, the bank has raised €6.4 billion from the issuance of bonds for Environmental, Social and Governance (ESG) purposes.

AIB Chief Executive Colin Hunt said: "Sustainability is at the heart of our Group strategy as we seek to protect our people, our prosperity and our planet from the devastating impact of climate change by reducing our own carbon footprint and supporting our 3.3 million customers to do the same. We achieve this in many ways including by backing major investment in energy and climate action infrastructure and by supporting our personal customers with discounted green mortgages to buy energy efficient homes and green personal loans to fund retrofits or the purchase of electric vehicles."

"Our ambition is that 70% of AIB's new lending will be green or transition by 2030. And we are making real progress towards achieving that goal through the deployment of our €30 billion Climate Action Fund. The more green lending we do, the more green capital we can raise as investors are attracted by our strong ESG credentials. Green bonds are a key part of the transition finance toolkit as they enable capital to be directed towards key green and transition activities. The success of yesterday's transaction further underlines AIB as a national climate action champion with a very strong capital and financial position," he added.

The green loans backing the bond issuance supported an estimated 1.6 million tonnes of avoided CO2 equivalent emissions and circa 138 thousand MWh of avoided energy consumption in 2023.

## **Strong investor demand**

Investor interest in the bond peaked at around €3.5bn, allowing the bank to issue the bond at a level of MidSwaps + 190bps, equating to a coupon of 4.625%. The order book represents the largest ever Green Tier 2 order book for a financial issuer, consisting of over 220 investors. The quality of the investor base was very satisfying with strong participation from both ESG focused investors representing 50% of the order book and international investment managers, supported by the Group's very strong ESG credentials and best-in-class green bond programme.

The lead arranger group on the issuance comprised Goodbody, HSBC, ING, J.P. Morgan, Morgan Stanley and NatWest Markets.

The successful green bond issuance comes after AIB in April raised €625 million through the issuance of Additional Tier 1 perpetual bond, while in March the bank issued a \$1 billion ten year senior bond, the longest duration for such a bond ever issued by an Irish bank.

## **Notes to Editors:**

- Banks must hold certain percentages of different types of capital. Tier 2 bonds are a type of debt instrument banks issue to raise capital for their operations. Tier 2 bonds form a part of the bank's Tier 2 capital and are subordinate to Tier-1 capital. The proceeds of this green bond issuance contribute to AIB's Tier 2 capital.
- 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.
- AIB Group is rated at investment grade with Moody's and Standard & Poor's (S&P). On 14 June 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.