



# **AIB Social Bond Impact Report**

*March 2022*

# AIB Social Bond Impact Report

*In accordance with the ICMA Working Towards a Harmonized Framework for Impact Reporting for Social Bonds<sup>1</sup>*

*(based on the portfolio approach)*

**Portfolio Date: 31 December 2021**

In accordance with the AIB Social Bond Framework<sup>2</sup> dated July 2021, this document provides:

1. A description of the Eligible Social Projects;
2. The breakdown of the Eligible Social Projects by nature of what is being financed;
3. Metrics regarding Eligible Social Projects' social impacts.

## 1. Description of Social Projects

AIB, at its discretion but in accordance with the ICMA Social Bond Principles<sup>3</sup>, will allocate the net proceeds of the Social Bonds issued under the Framework, to a loan portfolio of new and existing loans in certain Eligible Social Categories.

### ➤ Eligible Social Categories:

- Access to Healthcare: Loans dedicated to the financing of healthcare facilities, residential care facilities and “pure-play” companies in healthcare

Location:

- Healthcare and residential care facilities in Ireland and the UK;
- “Pure-play” companies in healthcare located in Europe and the US.

Target groups:

- General public;
- Individuals with specific physical and/or mental conditions, including cognitive deficit(s);
- Elderly people;
- Individuals in need of rehabilitation services.

- Access to Education: Loans dedicated to the financing of education facilities, student housing and “pure-play” companies in education

Location:

- Schools in Ireland;
- Loans to Universities and other 3<sup>rd</sup> level education facilities;
- “Pure-play” companies in education and vocational training.

Target groups:

- Students, including low-income students;
- Adults benefitting from vocational training.

- Social and Affordable Housing: Loans dedicated to the financing of housing organisations and under the mortgage to rent scheme

Location:

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<sup>1</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Harmonized-Framework-for-Impact-Reporting-for-Social-BondsJune-2020-090620.pdf>

<sup>2</sup> <https://aib.ie/content/dam/frontdoor/investorrelations/docs/debt-investors/aib-social-bond-framework.pdf>

<sup>3</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

- Social and Affordable Housing in Ireland and the UK.

Target groups:

- Low-income individuals and families meeting the social and/or affordable housing requirements defined by local authorities in Ireland and the UK.
- **SMEs financing:** Loans dedicated to the financing of SMEs in socio-economically disadvantaged areas and female-owned businesses.

Location:

- Specific locations in Ireland.

Target groups:

- SMEs in socio-economically disadvantaged areas in Ireland;
- SMEs owned by at least a woman, independently from location (Ireland).
- **Support to charities & non-profit organisations:** Loans to finance charities, non-profit organizations, associations and foundations

Location:

- Social projects in Ireland and the UK.

Target groups:

- Local communities in Ireland and the UK, including low-income and homeless people.

#### ➤ Alignment with the UN Sustainable Development Goals (UN SDGs):

Social Bonds issued under this Social Bond framework directly advance the following SDGs:



- SDG 1: No Poverty (Target 1.2, 1.4)
- SDG 2: Zero Hunger (Target 2.1)
- SDG 3: Good Health and Well-being (Target 3.8)
- SDG 4: Quality Education (Target 4.1, 4.3, 4.4)
- SDG 8: Decent Work and Economic Growth (Target 8.3)
- SDG 9: Industry, Innovation and Infrastructure (Target 9.1)
- SDG 10: Reduced Inequalities (Target 10.1, 10.2, 10.3)

## 2. Breakdown of Social projects by nature of what is being financed

AIB Eligible Social Project Portfolio is composed by financial assets (eligible loans), selected in accordance with the Eligibility Criteria set out in the Framework.

### 3. Metrics regarding projects' social impacts: Portfolio based social bond report in accordance with the ICMA Working Towards a Harmonized Framework for Impact Reporting for Social Bonds (June 2020)

AIB has relied on the support of external specialised consultant Cambridge Econometrics<sup>4</sup> to assess the impact of the social eligible categories, together forming the Eligible Social Project Portfolio.

The Eligible Social Project Portfolio is assessed regarding the following social impacts:

- **Access to Healthcare:**
  - Estimated number of people using care services and in hospitals
  - Estimated number of patients in hospitals
  
- **Access to Education:**
  - Estimated number of students in student accommodation
  - Estimated number of students attending universities
  
- **Social and Affordable Housing:**
  - Estimated number of people in social homes
  
- **SMEs Financing in Socio-Economically Disadvantaged Areas:**
  - Estimated number of jobs created/enabled
  - Estimated total contribution to Irish Gross Output
  - Estimated total contribution to Irish GVA
  - Estimated total contribution to Irish GDP

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<sup>4</sup> [Cambridge Econometrics Impact Assessment](#).

Portfolio Date: 31 December 2021

Eligible ICMA Project Category	SDG(s) Addressed	Target Group(s)	Number of Eligible Loans	Eligible portfolio (EURm)	Share of Total Financing	Eligibility for Social Bonds	Est. number of people using care services and in hospitals <sup>5 6</sup>	Est. number of patients in hospitals <sup>6 7</sup>	Est. number of students in student accommodation <sup>5 6</sup>	Est. number of students attending universities <sup>6 8</sup>	Est. number of people in social homes <sup>5 6 9</sup>	Est. number of jobs created/enabled <sup>10</sup>	Est. total contribution to Irish Gross Output <sup>11</sup> (EURm)	Est. total contribution to Irish GVA <sup>12</sup> (EURm)	Est. total contribution to Irish GDP <sup>13</sup> (EURm)
a/	b/	c/		d/	e/	f/	g/	h/	i/	j/	k/	l/	m/	n/	o/
Access to Healthcare	3.8	General public Individuals with specific physical and/or mental conditions, including cognitive deficit(s) Elderly people Individuals in need of rehabilitation services	118	891.7	52%	100%	1,375,773	>40m	-	-	-	-	-	-	-
Access to Education	4.1 4.3 4.4 9.1	Students, including low-income students Adults benefitting from vocational training	12	288.8	17%	100%	-	-	7,744	52,494	-	-	-	-	-
Social and Affordable Housing	1.4 9.1 10.3	Low-income individuals and families meeting the social and/or affordable housing requirements defined by local authorities in Ireland and the UK	59	360.5	21%	100%	-	-	-	-	36,346	-	-	-	-
SMEs Financing in Socio-Economically Disadvantaged Areas	1.4 8.3 10.1	SMEs in socio-economically disadvantaged areas in Ireland	1,368	167.9	10%	100%	-	-	-	-	-	2,824	515	209	221
<b>Total</b>			<b>1,557</b>	<b>1,708.6</b>	<b>100%</b>	<b>100%</b>	<b>1,375,773</b>	<b>&gt;40m</b>	<b>7,744</b>	<b>52,494</b>	<b>36,346</b>	<b>2,824</b>	<b>515</b>	<b>209</b>	<b>221</b>

Portfolio based social bond report in accordance with the ICMA Working Towards a Harmonized Framework for Impact Reporting for Social Bonds (version June 2020)

a/ Eligible Category

b/ Sustainable Development Goals (SDGs) to which the eligible categories contribute

c/ Target population(s) for which socio-economic outcomes are expected

d/ Signed amount represents the amount legally committed for the portfolio or portfolio components eligible for Social Bond Financing

e/ This is the share of the total portfolio that is financed per Eligible Category

f/ This is the share of the total portfolio that is eligible for Social Bond issuances

g/ h/ i/ j/ k/ l/ m/ n/ o/ Impact indicators

<sup>5</sup> Figures relate to beneficiaries in Ireland and UK.

<sup>6</sup> Estimated numbers of beneficiaries are for entire projects, to which AIB loans have contributed at least in part, though not necessarily in full. The number of beneficiaries is estimated based on assumptions or taken directly from a combination of patient numbers provided by AIB and published annual reports. See the Cambridge Econometrics Impact Assessment for further details. The figures do not include beneficiaries of AIB loans associated with healthcare service providers, whose services are not directly associated with providing services to the users of a healthcare facility or creating more capacity for a healthcare facility.

<sup>7</sup> The indicator relates to beneficiaries in OECD countries (excluding Ireland and the UK).

<sup>8</sup> The indicator relates to beneficiaries in OECD countries (excluding the UK).

<sup>9</sup> The indicator includes people in social housing currently, as well as once fully operational.

<sup>10</sup> Estimated number of jobs created/enabled are in terms of Full-time equivalent (FTE) jobs: a measure of employment that accounts for differences in working hours i.e. a full-time job counts as one FTE whereas a part-time job counts as a fraction of an FTE based on the ratio of average part- to full-time hours worked in the CSO data. The impact metric consists of direct, indirect and induced effects on employment: a) Direct impact is defined as the impact arising specifically from the lending to SMEs by sector; b) Indirect impact is defined as the impact generated when suppliers of goods and services must themselves purchase inputs from other sectors of the economy; c) Induced impact is defined as the impact of people working in sectors where the direct and indirect impacts take place, spending their additional wages and salaries on consumer products and services. See the [Cambridge Econometrics Impact Assessment](#) for further details regarding methodologies used.

<sup>11</sup> Gross Output: total goods and services produced in an economy i.e. the total sales value/revenue. Gross Output impact metric is defined as the combined direct, indirect and induced impacts of AIB's SMEs lending. See footnote 10 for further details.

<sup>12</sup> Gross Value Added (GVA): value of goods and services produced in an economy (i.e. gross output) minus the cost of inputs and raw materials that are attributable to that production. GVA impact metric is defined as the combined direct, indirect and induced impacts of AIB's SMEs lending. See footnote 10 for further details.

See the [Cambridge Econometrics Impact Assessment](#) for further details regarding methodologies used.

<sup>13</sup> GDP is approximated from GVA. The difference between GDP and GVA is taxes less subsidies on products.

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