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AIB to support customers further lower their carbon footprint and reach EU targets

- AIB launches new standards and frameworks to help customers lower carbon emissions
- Changes rolled out on a phased basis over two years
- Move will help achieve the bank's ambition for 70% of its lending to be green or transition by 2030

AIB is today announcing the introduction of new standards and frameworks which will enable the bank to further support customers looking to transition to a low carbon future. The measures are also designed to ensure that bank lending is increasingly targeted towards purposes that help reduce carbon emissions.

The measures include a sustainable lending framework which outlines criteria by which AIB will categorise lending activities as "green" or "transition" for internal tracking and external disclosure in AIB's annual financial report. The bank has also introduced an Environmental Social and Governance (ESG) questionnaire to help assess ESG risk for large borrowers in some sectors. The final measure is the introduction of mandatory energy efficiency data capture (eg Building Energy Ratings and Energy Performance Certificates) as part of the property loan valuation process.

The changes, which are being rolled out across the board on a phased approach in the next two years, come against the backdrop of the EU's drive to combat climate change by ending economic reliance on fossil fuels and reduce average emissions by 55% by 2030, falling to net zero by 2050. They also give effect to new EU banking regulations promoting greener lending as the European Central Bank (ECB) prepares to stress test all Eurozone banks in 2022 against their ability to withstand climate change risks.

AIB has already stated its sustainability ambition of ensuring 70% of its new lending is green or transition by 2030 and these new measures provide the criteria by which AIB can categorise new lending.

Sustainability is a strategic priority for AIB. The bank offers a range of products for personal and business customers to support them in the transition towards a low carbon economy.

On the personal side, these include attractively priced green mortgages to support customers seeking to buy energy-efficient homes and green personal loans for purchases such as buying an Electric Vehicle, upgrading home insulation or installing renewable energy systems.

AIB also offers Sustainability Linked Loans (SLLs) to eligible Corporate, Institutional & Business Banking customers. These SLL loans, which are available where the relevant criteria are met, offer firms a reduced rate of interest linked to the achievement of ambitious, pre-determined sustainability targets.

Commenting on today's announcement, AIB Chief Executive Officer Colin Hunt said: "AIB is committed to do more to ensure a greener tomorrow by backing those building it today. We are

playing our role in supporting the drive towards decarbonisation by accelerating the rollout of products and services that assist our customers in reducing their carbon emissions. There is widespread public support behind the drive to limit global warming and our own research shows almost half the population thinks Irish businesses hold responsibility to drive change. Our research shows people increasingly want greener products and services and also expect businesses to reduce their own carbon footprint. AIB will continue to lead the Irish financial services market in supporting our customers in the required transition to net zero. Today's announcement will help us to work with our customers in recognising the impact of the lending we provide on their environmental footprint."

AIB's green lending to renewables and green buildings rose to €1.46 billion last year compared with €1.2 billion the previous year demonstrating the momentum behind the transition. And during 2020, the bank's Energy, Climate Action and Infrastructure lending continued to be both the fastest growing and the best performing loan book in AIB, underlining the fact that banking green can also deliver resilient sustainable returns.

AIB is leading by example when it comes to lowering its own carbon footprint. Last year, AIB became the first Irish bank to pledge to operate as carbon neutral by 2030, using a "net zero" approach. That means cutting greenhouse gas emissions to as close to zero as possible - through the elimination of carbon rather than offsetting it.

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Notes to editor:

1. "Green" lending funds activities which are low carbon at the time of borrowing, for example wind farms. "Transition" lending funds activities that contribute to the transition to a net-zero carbon economy by 2050, for example hybrid vehicles.
2. In 2020, the European Banking Authority ("EBA") issued new guidelines for frameworks and policies in relation to lending that came into effect on 30th June 2021. From that date all European banks must report against them, confirming their compliance or, where gaps remain, explain what actions they are taking to remedy those gaps. The ECB will stress test all Eurozone banks in 2022 against their ability to withstand climate change risks.