

Funding Sustainable Future

Financing for Energy Projects

World Energy Forum 2022
13 December 2022

Enabling Regulatory Environment to Spur RE Growth

RE-related Guidelines and Regulations



6 September 2018, SEC Memorandum Circular No. 12, s 2018

ASEAN Green Bond Standards (GBS) developed based on International Capital Market Association (ICMA)'s Green Bond Guidelines



29 April 2020, Circular No. 1085
Sustainable Finance Framework



4 September 2019, 37th ASEAN Ministers Energy Meeting

ASEAN renewables target of 23% of primary energy by 2025



27 October 2020, DOE Advisory
Declaration of moratorium on endorsements for greenfield coal power plants



12 April 2019, Republic Act No. 11285

Institutionalizes energy efficiency and conservation

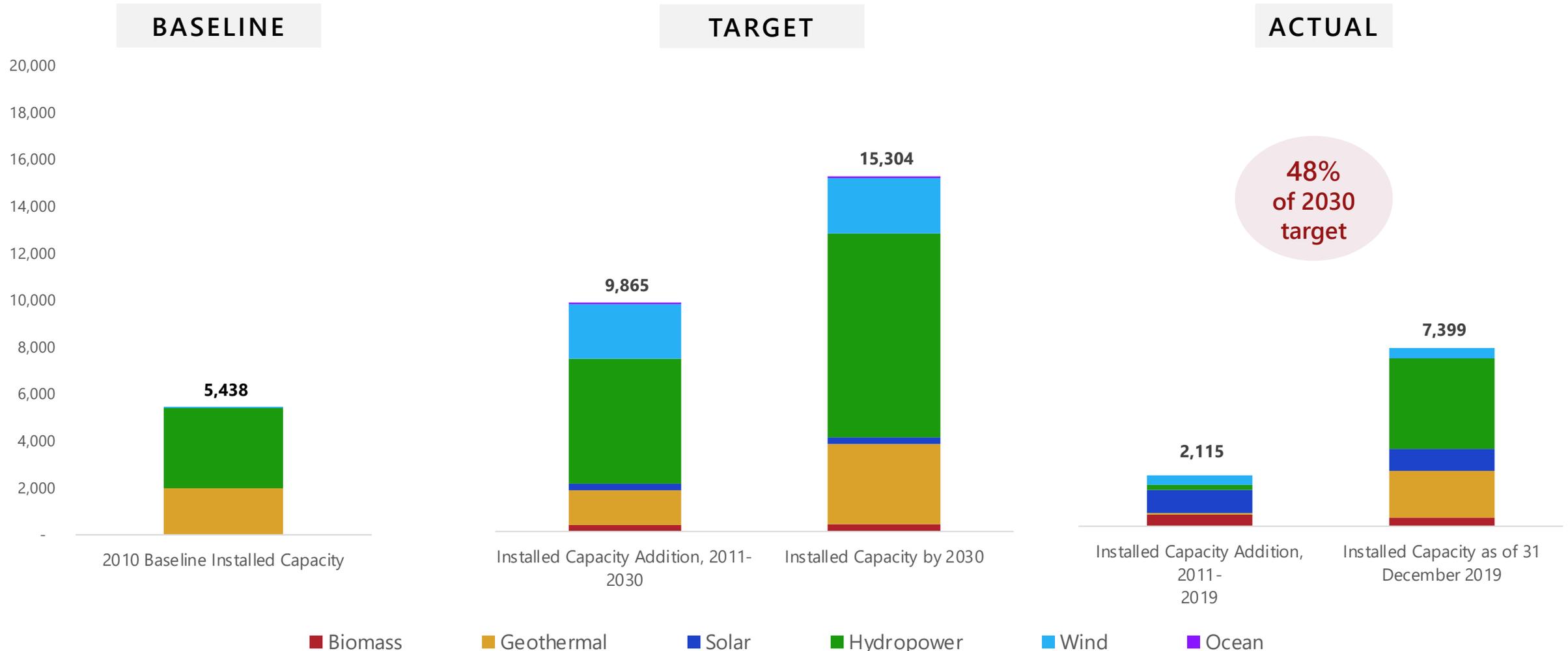


2011-2030 National Renewable Energy Program

Aims to achieve a 15,304 MW renewable energy-based power capacity in the Philippines by 2030

Enabling Regulatory Environment to Spur RE Growth

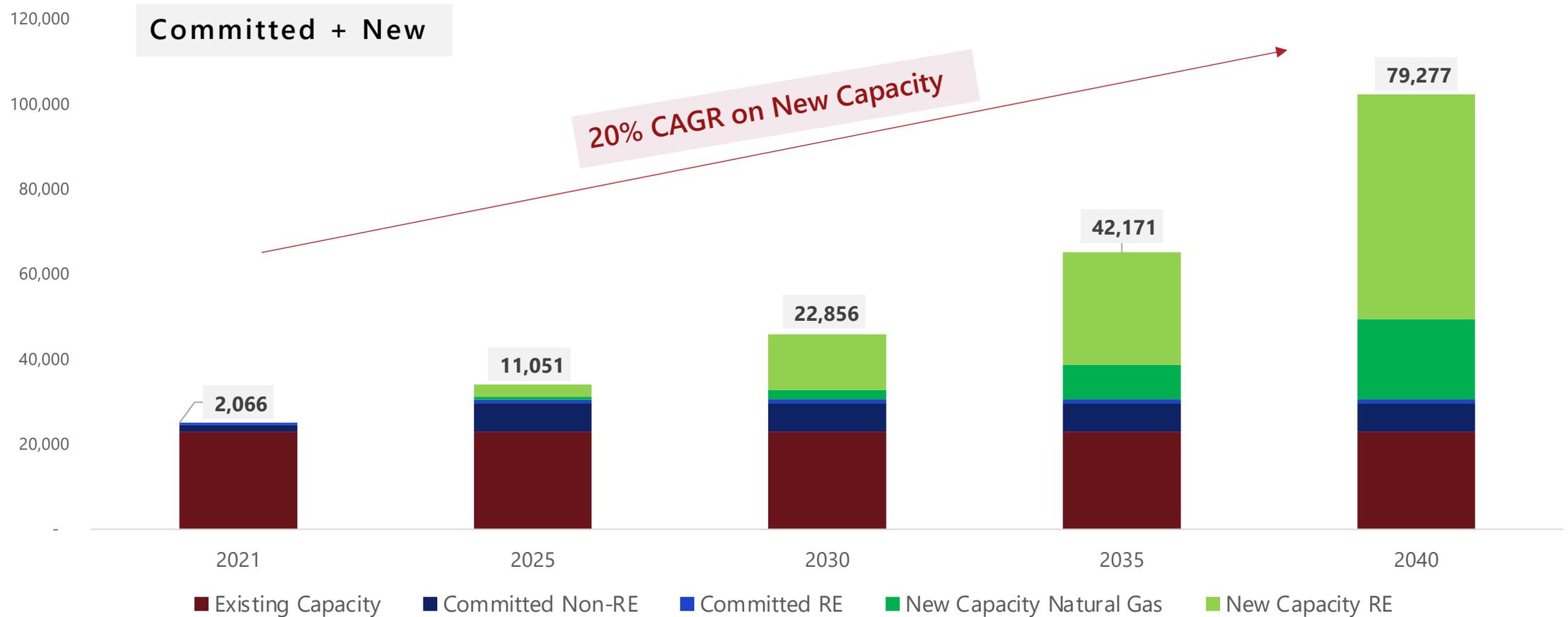
NREP, 2011-2030 Installation Targets vs Actuals, in MW¹



¹National Renewable Energy Program 2020-2040, Department of Energy

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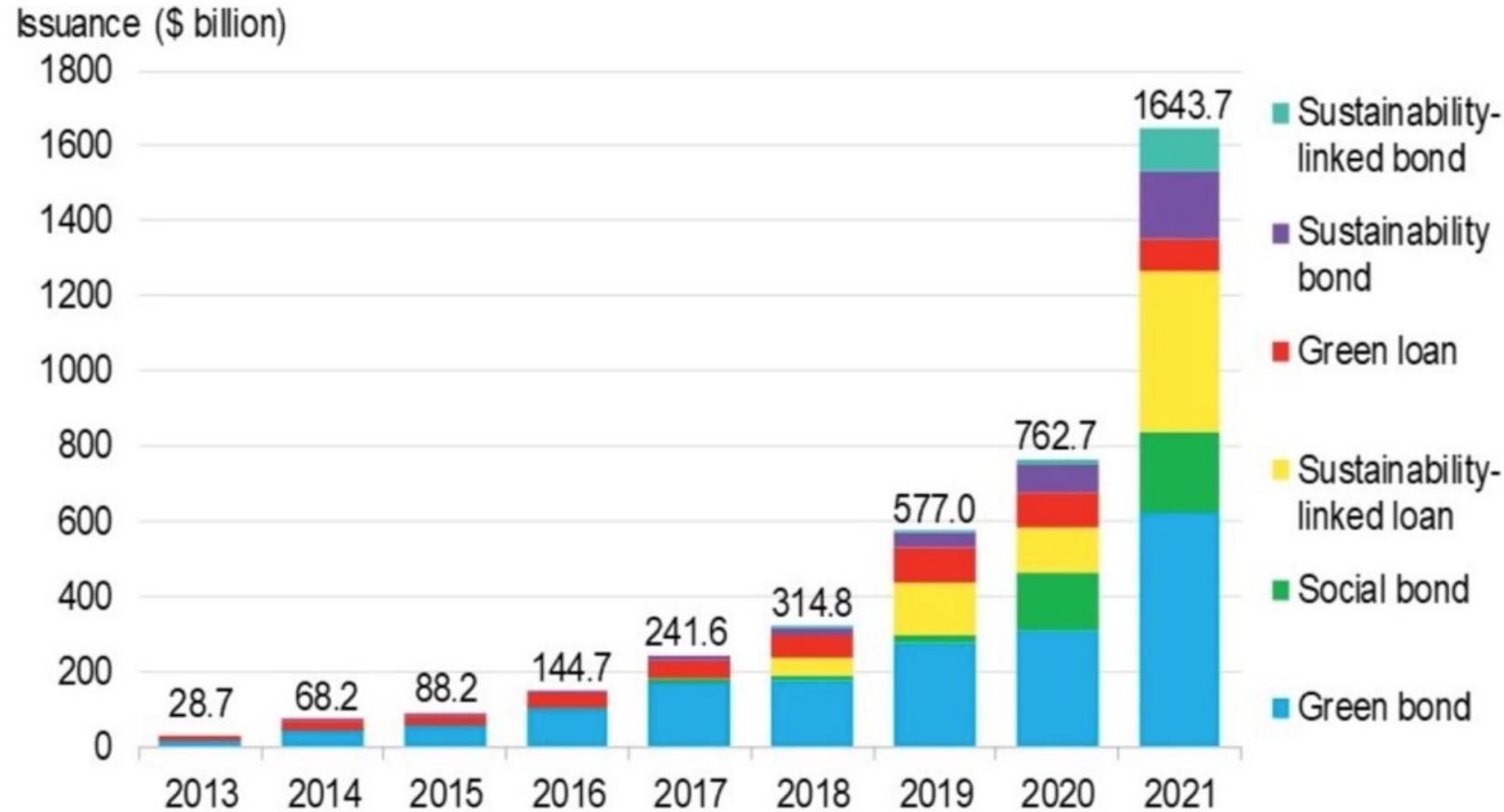
Philippines' RE Outlook, 2021-2040, in MW¹



¹National Renewable Energy Program 2020-2040, Department of Energy

In Transition: Embracing Sustainability Globally

Sustainable Debt Issuance (Global), 2013-2021



- ESG related assets is set to reach US\$ 50 trillion by 2025 from US\$ 35 trillion last year
- Issuance of "Sustainable Debt" in 2021 exceeded US\$ 1.6 trillion
- AUM of Mutual Funds and ESG-focused ETFs grew by 53% in 2021 reaching US\$ 2.7 trillion

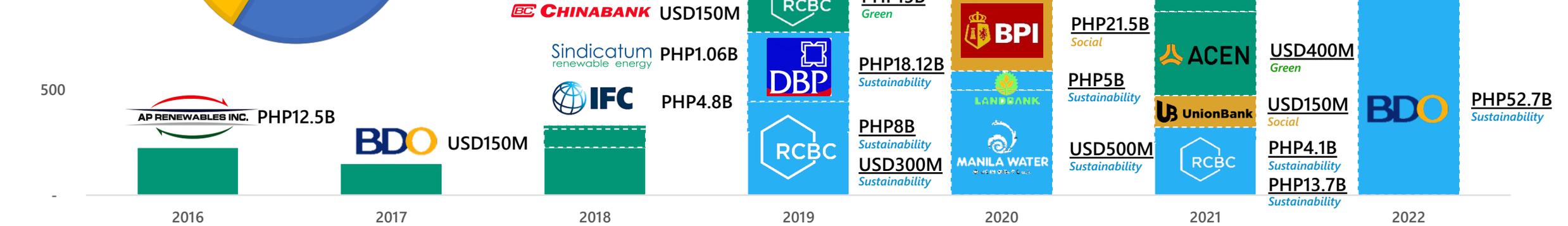
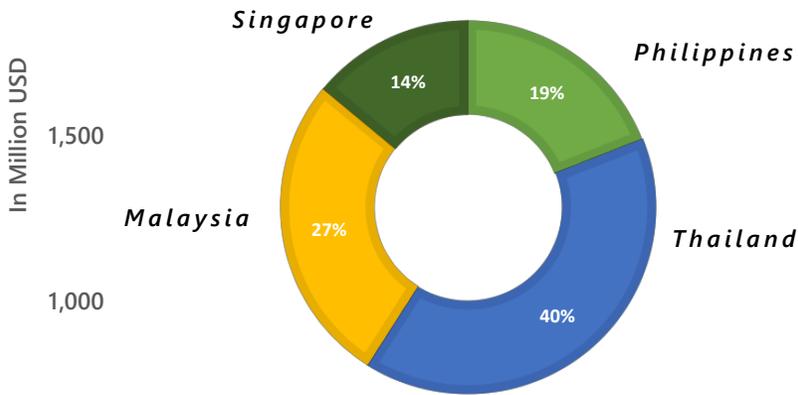
In Transition: Embracing Sustainability in Asia

PHILIPPINE GREEN, SOCIAL AND SUSTAINABILITY (GSS) ISSUES¹

TOP PH GSS ISSUERS BY INDUSTRY



TOTAL GSS OUTSTANDING²



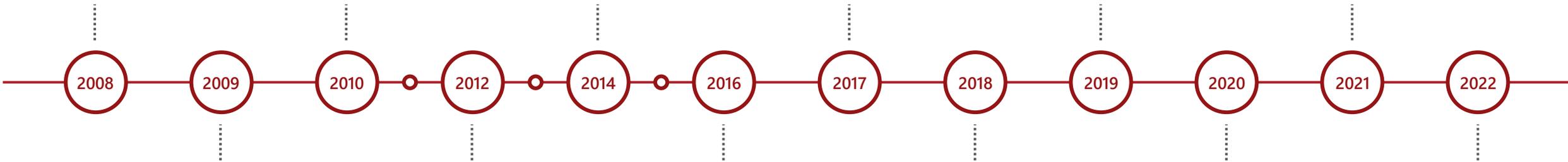
*Includes Green Bonds that are issued prior to the release of the SEC GSS Bond Guidelines and Sustainability Bonds that are not ASEAN-labelled

¹Sustainable Finance Market Update (SEC - Markets and Securities Regulation Department), August 2022 Issue No. 24

²Financing Clean Energy in Developing Asia (Asian Development Bank), July 2021

BPI Sustainability Journey

- 1st PH bank Sustainable Energy Finance (SEF) Program in partnership with IFC
- 1st PH bank Sustainability Report published using the GRI Standards
- 1st PH bank to conduct BPI-WWF Business Risk Assessment and Management of Climate Change Impacts
- Established the BPI Sustainability Strategy Framework
- Addition of Climate Resilience under SEF Program
- BPI partnership with IFC and Philippine Green Building Initiative (PGBI) for free EDGE compliance consultations
- Reporting on BPI's contributions to the UN Sustainable Development Goals (SDGs)
- Launch of the Ayala Sustainability Blueprint
- Launch of the Sustainable Development Finance (SDF) Program
- Board approval of the BPI Sustainability Agenda
- 1st PH bank to give a time-bound commitment to zero-out coal financing, target 2032



- 1st PH risk-sharing facility for energy efficiency and renewable energy projects in partnership with IFC
- 1st PH bank in the USAID Credit Guarantee Program for countryside SMEs
- Launch of BPI Direct BanKo targeting MSMEs
- BPI stake in CARD MRI (microfinance)
- Launch of Business Banking Group targeting SMEs
- BPI Integrated Report external assurance for non-financial disclosures by DNV-GL
- Established BPI Sustainable Funding Framework
- Issued 1st PH COVID Action Response (CARE) Bonds
- 1st PH bank to conduct Environmental Risk Assessment (ERA) of bank and client assets
- 1st Energy Transition Finance Facility (ETFF)
- Launch of various sustainability products

BPI Sustainability Journey



SUSTAINABILITY

BPI SUSTAINABILITY STRATEGY FRAMEWORK

Responsible Banking

- Financing Sustainable Development
- Financial Inclusion
- Supporting Nation Building

Responsible Operations

- Environmental Sustainability
- Social Responsibility

2008

2009

2010

2012

2014

2016

2017

2018

2019

2020

2021

2022

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Pushing Sustainability Forward: Available Avenues

BPI SUSTAINABLE FINANCE PROGRAMS

Sustainable Development Finance (SDF)

- Finances corporates and SMEs with energy efficiency, renewable energy, climate resilience, and sustainable agriculture projects
- Launched a financing program which provides free technical and financial evaluation for renewable energy, energy efficiency, green buildings, and sustainable agriculture (in cooperation with IFC)

Structured Finance Division (SFD)

- Specializes in evaluating loan deals, including project finance, cross-border, and various types of structures credit
- Focuses on large infrastructure projects (makes up a majority of BPI's clean energy portfolio)



FINANCING PROGRAMS IN THE MARKET



Financing in Support of RE Expansion

GREEN-SPECIFIC FUND RAISE

• GREEN BONDS

CHF100 Mn 2yr Bond due 2021	<ul style="list-style-type: none"> • Zero-coupon bond; First negative-yielding bond from a PH issuer • First-rated PH green bond in the international market • Matured
USD300 Mn 2.577% 5yr Bond due 2024	<ul style="list-style-type: none"> • Orderbook over 4x oversubscribed; Carried lowest credit spread at point of issuance • 100% of the net proceeds have been allocated to projects within the Bank's Sustainable Funding Framework • 82% for RE projects; 18% for green buildings • Reduction of 3.4tCO2 per year

• GREEN SAVER TIME DEPOSIT

Required Min Placement	Indicative Rate (p.a.)	Term
PHP 5,000	PHP 5,000 to <50,000	4.00%
	PHP50,000 to <PHP5M	4.25%
	PHP5Mn and up	4.50%
		5 Years Tax-free



Environmentally-friendly time deposit account that gives higher interest rate as you save for a better tomorrow

Time deposits that will be used to fund sustainable projects and businesses accredited by IFC technical consultants

Target raise of PHP 10Bn

Financing in Support of RE Expansion

DISBURSEMENTS FOR RE PROJECTS¹

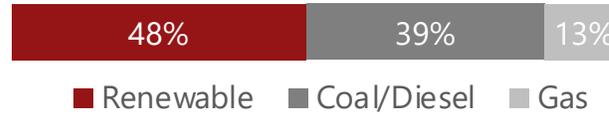


48%
of BPI's outstanding loans to the energy sector is towards renewable energy

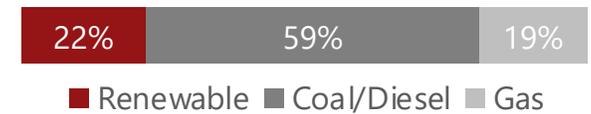
PHP28 Bn
disbursed to energy efficiency projects to date

PHP157.8Bn disbursed to renewable energy projects to date

BPI GENERATION MIX

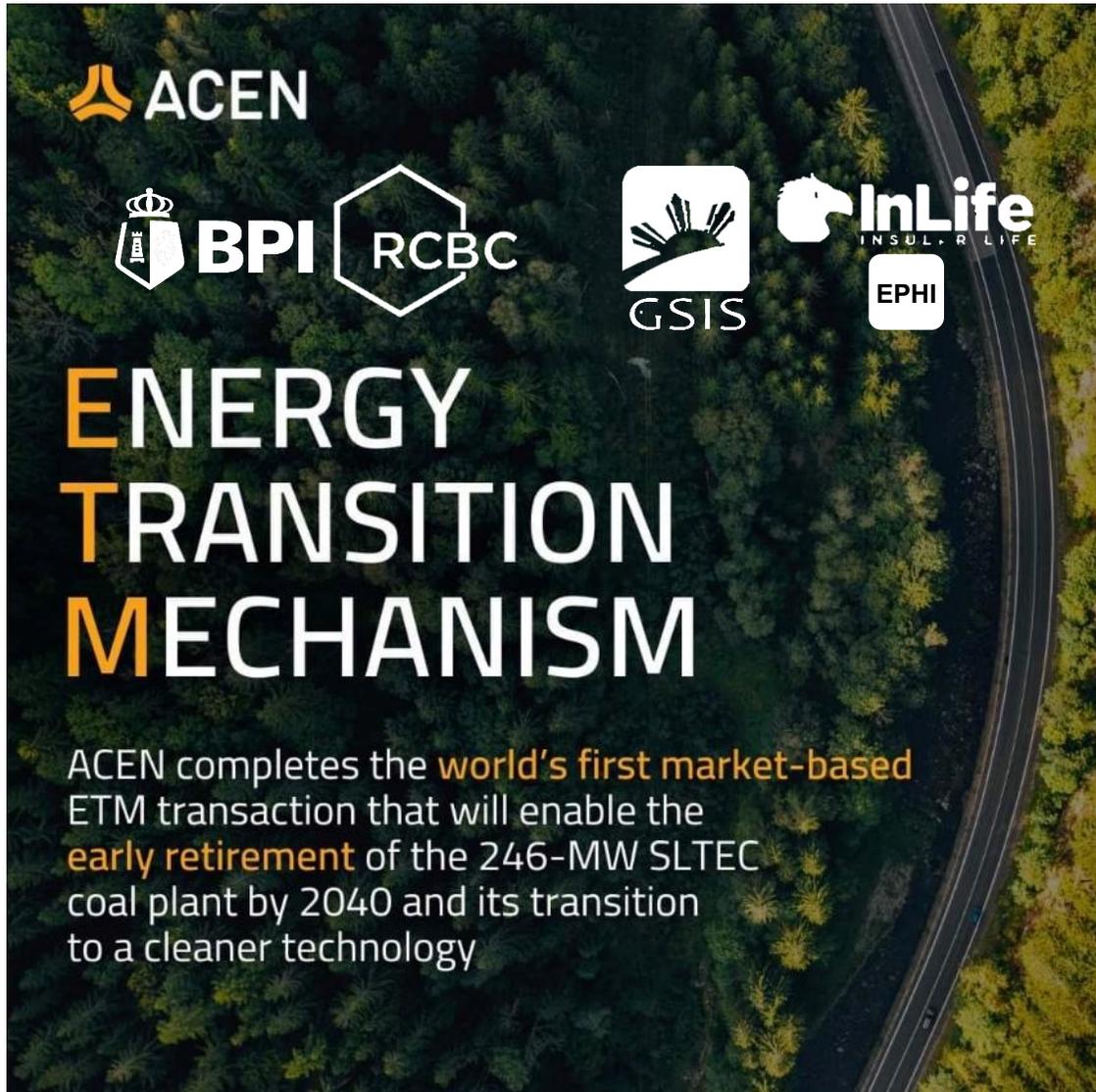


COUNTRY GENERATION MIX




BPI COAL COMMITMENT
No additional financing of greenfield coal power generation projects and reduction of outstanding loans to coal power generation to half of current exposure by 2026 and zero by 2032, ahead of the Paris Climate Agreement for non-Organisation for Economic Co-operation and Development (OECD) countries.

World's First Energy Transition Mechanism



 ACEN

 BPI  RCBC

 GSIS  InLife
INSUL . R . LIFE

 EPI

ENERGY TRANSITION MECHANISM

ACEN completes the **world's first market-based** ETM transaction that will enable the **early retirement** of the 246-MW SLTEC coal plant by 2040 and its transition to a cleaner technology

KEY OUTCOMES

-  **₱17.4 billion** total transaction value, providing steady returns to ETM investors
-  **₱7.2 billion** proceeds to ACEN ...
... to enable construction of a **600MW** solar plant
-  Up to **50 million** MT CO₂ emissions avoided with the early retirement of coal plant
-  **Zero** coal ownership for ACEN following the successful completion of the ETM transaction

TRANSACTION OBJECTIVES

-  Early retirement or repurposing of coal assets
-  Refinance and re leverage through low-cost financing
-  Financing avenue at a time where shift in focus to renewables
-  Provide additional funding for new renewable capacities

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