



BPI

“Sustainable Finance Product Development”

**Experience of the
Bank of the Philippine Islands**

June 2021

**Jo Ann B. Eala
VP and Head
BPI Sustainability Office**

Philippine Case

PAIN: Climate and Environmental Risks

Philippines: Along the **TYPHOON BELT & PACIFIC RING OF FIRE**

20-25 TYPHOONS PER YEAR

- Average of 20-25 typhoons per year
- Stronger, more frequent typhoons leading to heavy rains, strong winds & flooding

3.4MM PER YEAR

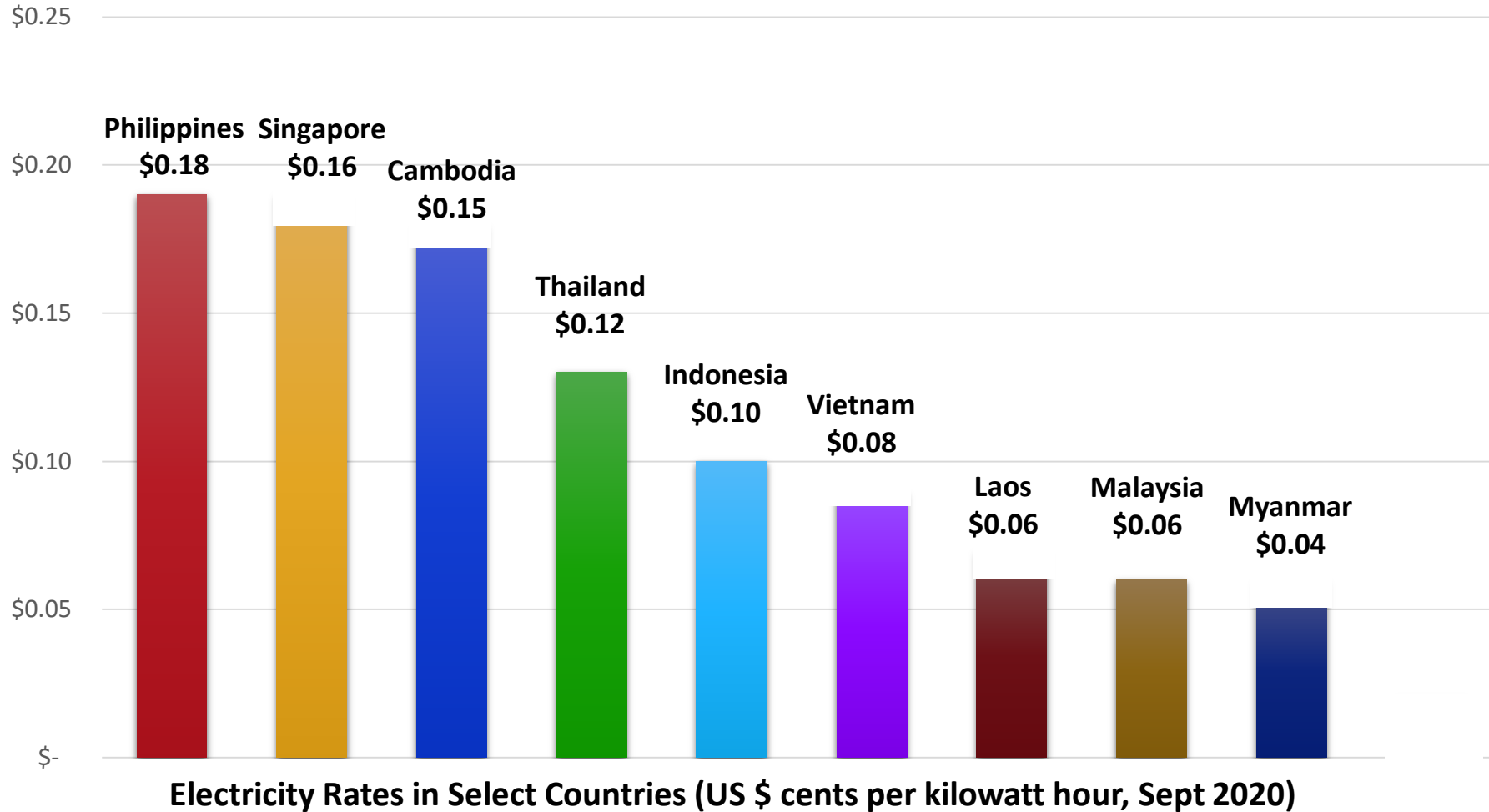
- 3.4mm sea water level rise per year
- estimated 4-inch rise by 2050

20 EARTHQUAKES PER DAY

- Average of 20 earthquakes per day in PH
- 100 to 150 earthquakes felt per year



Pain: Philippine Energy Cost



Source: www.globalpetrolprices.com/electricity_prices/

Electricity in the Philippines:

- Among the most expensive in the ASEAN region, among the top 10 in the world
- Unreliable source of power

Positive: Regulatory Developments



SEC – mandated sustainability reporting for publicly listed companies (SEC Circular Memorandum 4 of 2019)



Phil. Central Bank – mandated Phil. Banks to have a Sustainable Finance Framework and integrate Social, and Governance (ESG) standards in corporate and risk management frameworks (BSP Circular 1085 or 2020)



Phil. Stock Exchange – studying the possibility of requiring ESG reporting as a part of listing rules

BPI: A Bank of “Firsts”



- ✓ First bank in Southeast Asia (1851)
- ✓ First bank to issue a bank loan
- ✓ First ATM in the Philippines (1981)
- ✓ First to introduce the debit card system in the Philippines (1987)
- ✓ First bank to get an investment grade rating from Capital Intelligence, Fitch Ratings, and Moody’s Investor Service
- ✓ First to come up with a Sustainable Energy Finance (SEF) Program (2008)
- ✓ First in Sustainable Development Finance Program (2019)
- ✓ First in Supporting TCFD (Task Force on Climate- related Financial Disclosures (2021)



BPI

Sustainable
Energy Finance



IFC

International
Finance Corporation
WORLD BANK GROUP

In partnership with IFC and the World Bank Group, BPI has pioneered sustainability initiatives in the Philippine banking industry.

Innovation: UN SDG Contribution

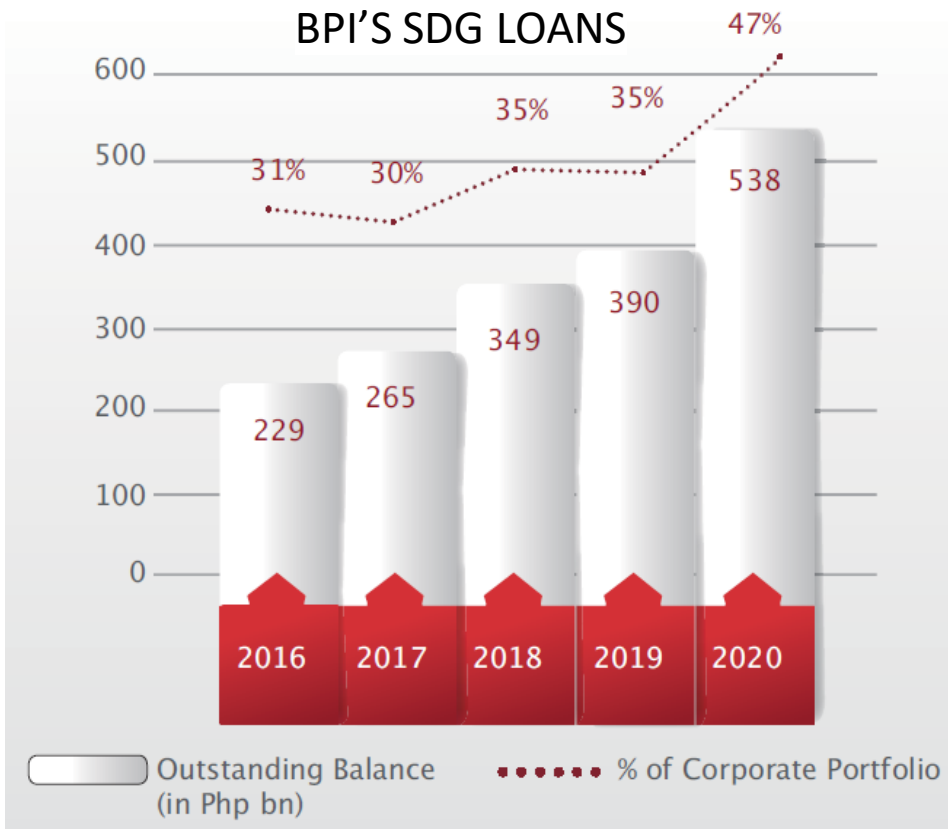


BPI Sustainable Development Finance

SUSTAINABILITY at the core of corporate strategies, ultimately balancing growth aspirations with our environmental and social responsibility, while ensuring project success and profitability

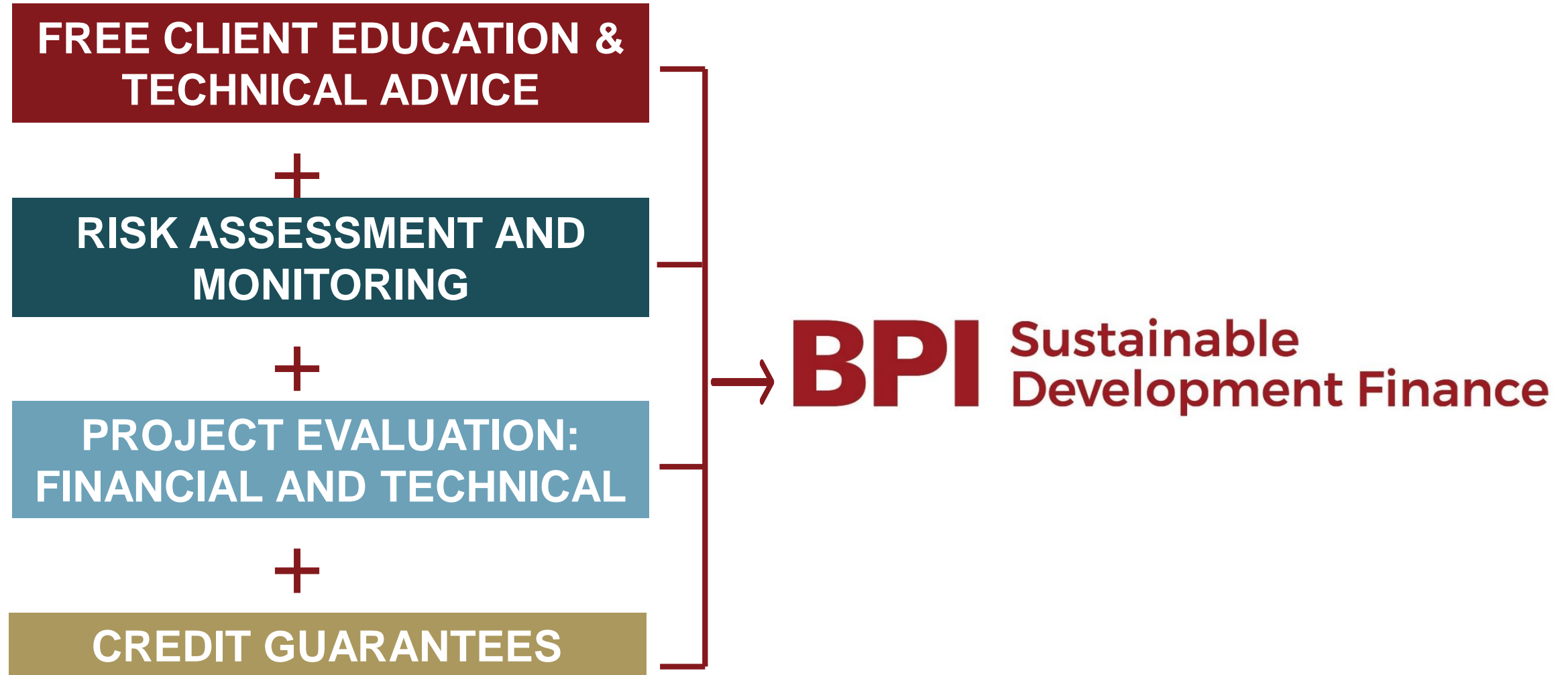


BPI Chairman
Jaime Augusto Zobel de Ayala
 named one of the
**10 Corporate Champions of the
 UN SDGs for 2017**



| | | | | | |
|--|--|---|--|--|--|
| 1 NO POVERTY | 2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY |
| 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION |

BPI Sustainability Innovations (2008 to Present)



BPI SDF Project Types

Energy Efficiency (EE)

- Improve efficiency of operations; lower costs by reducing power consumption

Renewable Energy (RE)

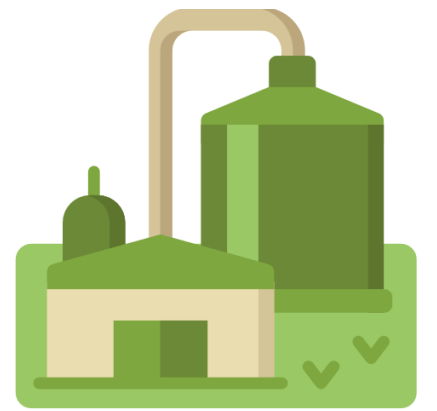
- Produce clean, sustainable and reliable power; lower power costs

Climate Resilience (CR)

- Adapt to Climate Change while improving efficiency and lowering energy costs

Sustainable Agriculture (SA)

- Improve efficiency & profitability; Promote inclusive growth & sustainable countryside dev't.



Green and Social Bond Issuance



Inaugural CHF 100 million ASEAN Green Bond (August 29, 2019)



- First green bond deal from Southeast Asia to be launched in the CHF market
- First negative yielding bond to be issued out of the Philippines and Southeast Asia

- Coupon: 0.000%
- Maturity date: Sept. 24, 2021
- Listing: Swiss Exchange (SIX)
- 4X oversubscribed

USD 300 million ASEAN Green Bond (September 3, 2019)



- First USD-denominated green bond by a Philippine bank
- Lowest coupon and yield ever paid for a USD-denominated bond from the Philippines

- Coupon: 2.5%
- Maturity date: Sept. 10, 2024
- Listing: Singapore (SGX-ST)
- 4X oversubscribed

PHP 21 billion COVID Action Response Bonds (August 7, 2020)



- First ASEAN Social Bond issuance in the Philippines
- First COVID Response Bond in the country
- First ASEAN Social Bond addressing COVID 19

- Coupon: 3.05%
- Maturity date: May 7, 2022
- Listing: Phil. Dealing Sys (Pdex)
- 7X oversubscribed

Achievements as of December 2020



**158 Energy
Efficiency Projects**

354 total cumulative number of projects financed

Php 190.75 Billion (\$4B) cumulative availed loans



**89 Renewable
Energy Projects**

**28.6M Tons
of CO2
emission
reduced**

**472M tree
seedlings
grown**



**107 Climate
Resilience Projects**

2008-2020 Total GHG Emission Reduction

Unique Formula

ESG + E

Environment, **S**ocial, **G**overnance
plus
Economic goals and standards
as part of BPI's core strategy



BPI

Thank You

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