

## **Green Financing Opportunities**

Eurobank's Perspective

April 2023



The key drivers on immediate action on Climate Change and ESG matters:

**Global Challenges** 

**Rating agencies &** 

**Business needs** 

Regulatory

expectations

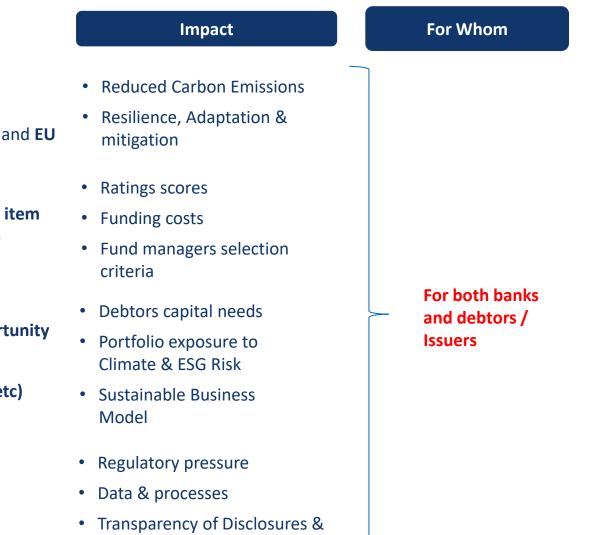
Investors

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3

What are the key	drivers?
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- Climate change and degradation of the natural environment
- Urgent need to address Paris Climate Agreement and EU
   Green Deal commitments
- Introduction of ESG / climate risk section/agenda item
- ESG/climate change is a key item in the investors' agenda
- Mitigation of climate risks creates business opportunity
- Commercial strategies shifts / Stay Relevant
- Reduction of operating costs (energy, efficiency, etc)
- Increasing compliance requirements by regulator
- Integration of climate risks in the Bank's annual assessment
- Increasing disclosure obligations



avoidance of greenwashing



## What we see from market (apart from issuance data)? +30% increase in rating agencies questionnaires (adding more detail in ESG/climate risk management areas). Starting from 2021, S&P and Moody's introduced climate risk as an agenda item focusing on Sustainable Financing and ESG Risk Pillar III disclosures. Peer banks are disclosing initiatives to a more ESG cautious portfolio, initiatives and products, enhancing disclosures **3** climate risk related regulatory exercises/thematic reviews conducted already within H12022 ∼ 65% of European Banks have performed "poorly" in the Climate Risk Stress Test

## Main Product Categories (in the context of evolving regulation)

## **EUROBANK**

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		Characteristics	Examples	(1) Outlook, (2) Challenges & (3) Prospects
1	Green / Sustainability Linked Public Bonds	<ul> <li>Issuers raise publicly traded debt to support their Green transition</li> <li>Targets are set for the transitional targets and usage of funds</li> </ul>	5 Public Bonds are o/s in Athex (€1,15bio) issued between '19 and '22 + 5 Eurobonds (in total €4bio)	<ol> <li>Yields are high and investors are not preferring to lock in (bond issues are in general not preferred at this point)</li> <li>Not suitable for projects</li> <li>Increasing traction for Investors and corporate lssuers</li> </ol>
2	Sustainability Linked Bank Loans	<ul> <li>Issuers raise bank (bilateral or syndicated) debt to support their Green transition</li> <li>Targets are set for the transitional targets</li> </ul>	Hotel Financing with Sustainability linked targets (e.g. lower energy consumption, better waste management / recycling, efficient water usage	<ol> <li>Limited cases and historical data</li> <li>Increased complexity for (currently) moderate benefit (bonus – malus).</li> <li>Banks aim to motivate issuers, whilst educated / high profile Issuers are looking at it</li> </ol>
3	Green Loans	<ul> <li>Issuers raise bank (bilateral or syndicated) debt to implement a "Green Project"</li> <li>Dedicated usage of funds and end product specs.</li> </ul>	<ul><li>(a) Green Buildings</li><li>(offices, hotels, logistics)</li><li>(b) Renewables</li><li>Bonus: RRF</li></ul>	<ol> <li>Amazing demand, boosted by RRF</li> <li>RRF restrictions and difficulties in projects' maturing</li> <li>Necessity for such projects, in combination of RRF solution, investor interest for Greece and the sectors and Greek banks know how, liquidity and appetite → Significant area of growth</li> </ol>

*Eurobank set as one of its key ESG transition pillar targets, 20% of new corporate loan disbursements of 2022 to be in green and sustainability linked loans, a target that was achieved. More to be announced...*