Scale up energy efficiency financial instruments

EIB energy efficiency products – recent trends

European Investment Bank

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EIB Energy Efficiency product range

- **Funding products:**
  - **Investment Loan**
  - **Framework Loan**
  - **MBIL**
- **Guarantee products:**
  - **True sale and synthetic ABS**
  - **Joint Financial Instruments (e.g. PF4EE)**
  - **Investment platforms – combination with grants**

EIB Funding product: Investment Loan

Malmö Energy Efficient Housing

COUNTRY: SWEDEN

European Investment Bank → **Investment Loan** → **CITY OF MALMÖ**

- **SEK 2.6 billion (c. EUR 231m) to construct 13 residential buildings, adding over 1,500 energy-efficient apartments in Sweden's No. 3 city**
- **The operation will contribute to increasing the offer of rental housing units in a market characterised by a fast-growing population and an almost zero vacancy rate.**
- **Tenor: Up to 25 years amortizing**

EIB Funding product: Framework Loan

Erste Green Housing FL II

COUNTRY: AUSTRIA

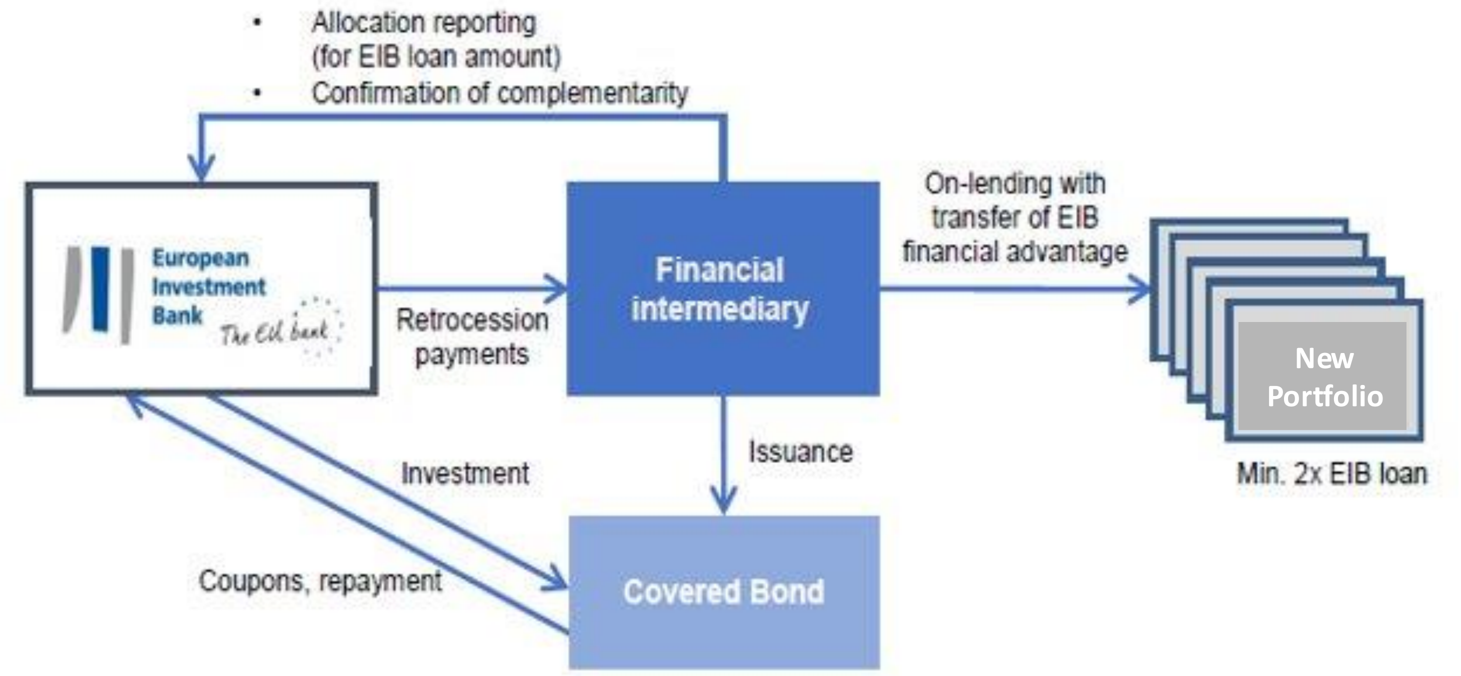
European Investment Bank → Funding → ERSTE Group → Loans → Eligible projects

- Framework Loan (FL) of EUR 250m to ERSTE Bank, to finance (i) the construction of new residential buildings with a high energy efficiency performance (at least 10% beyond the near-zero energy buildings (NZEB) thresholds) in Austria, and (ii) the energy rehabilitation of existing residential buildings.
- The operation will support an estimated EUR 335m of new CAPEX, with EIB finance up to 75% of the project investment costs.
- The refurbishment projects will focus on thermal energy efficiency improvements of the building envelope (e.g., wall insulation, windows, roof and cellar ceilings insulation), of the heating systems and may also include renewable energies for electricity and heating (e.g., PV, biomass boilers). The operation will include small refurbishment projects with the implementation of single EE measures and major renovations leading to primary energy savings of at least 30%, excluding renewables.

EIB Funding product: MBIL (covered bond)

Kutxabank Green Energy Mortgages – Covered Bond

COUNTRY: SPAIN



- **Covered bond pool: residential mortgage loans**
- **Eligible new portfolio: new buildings with the highest energy performance, and the implementation of energy efficiency projects and small-scale integrated renewable energy in residential buildings by individuals, home-owners associations (HOA) and developers**
- **Supports new product of FI: top-up to existing mortgages for the renovation of residential properties by individuals.**

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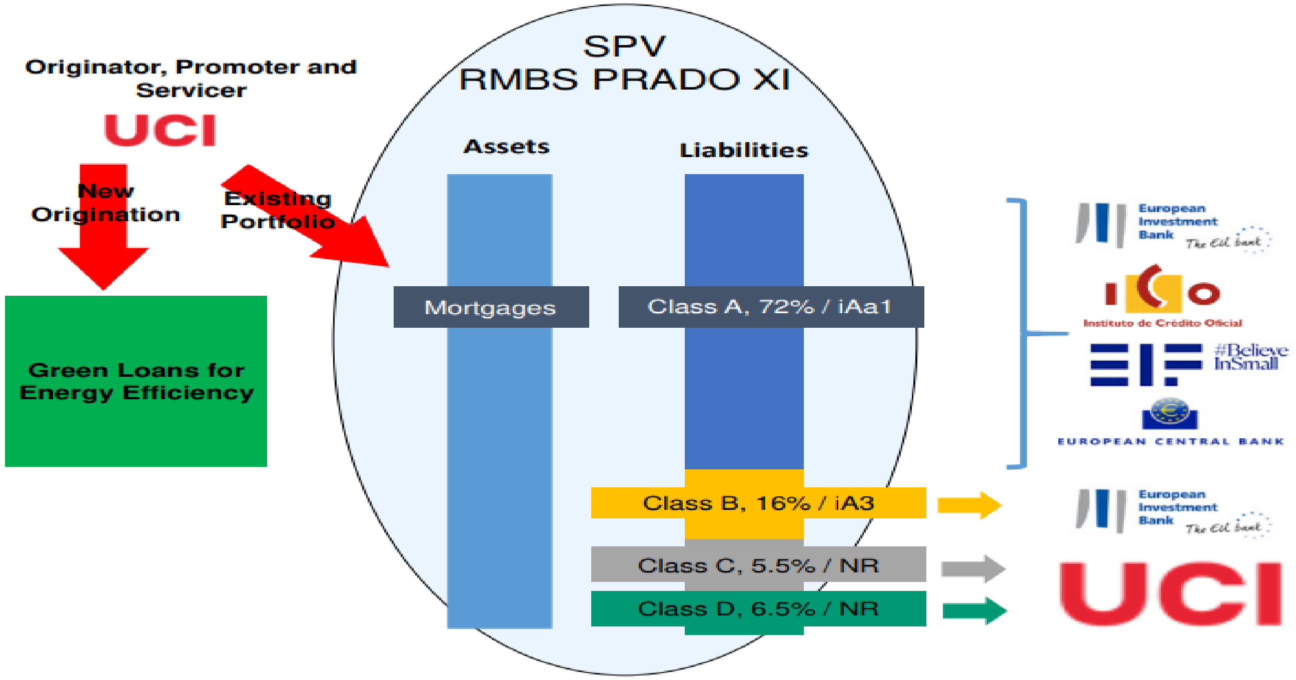
EIB Funding product: MBIL (senior ABS)

UCI Green Mortgages MBIL – True Sale Green RMBS (Residential Mortgage-backed Security)

COUNTRIES: SPAIN AND PORTUGAL



UCI, as Originator, will undertake in the Deed of Incorporation to retain, on an ongoing basis, a material net economic interest of at least five per cent. (5%) in the securitisation in accordance with article 6(3)(c) of the EU Securitisation Regulation (retention of randomly selected exposures).

- <u>Securitised pool</u>: non-green residential mortgages
- <u>Eligible new portfolio</u>: green loans to individual and Homeowner Associations for the energy rehabilitation of residential properties and new building construction.
- <u>Transfer of Financial Value Added:</u> an agreed FVA will be passed on to the final beneficiaries.
- <u>Technical Assistance:</u> UCI signed in June 2021 the assistance programme ELENA (European Local ENergy Assistance), a joint initiative by the European Investment Bank and the European Commission under the Horizon 2020.

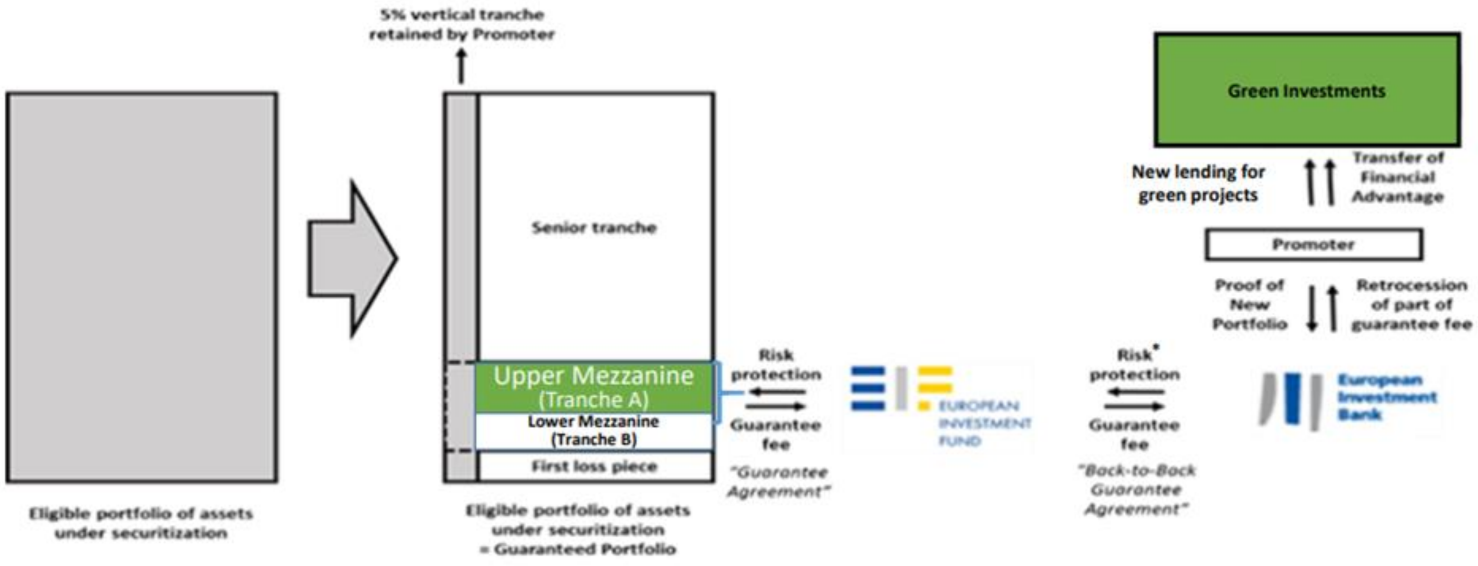
EIB Guarantee Product (1): ABS

Santander Climate Action B

Synthetic RMBS

(Residential Mortgage-backed Security)

COUNTRY: SPAIN



*The Risk protection will not cover the full amount as the EIF will also participate with its own resources for an EUR 50m estimated amount

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- <u>Eligible new portfolio</u>: green loans to individual and Homeowner Associations for the energy rehabilitation of residential properties and new building construction.
- <u>Transfer of Financial Value Added:</u> an agreed FVA will be passed on to the final beneficiaries.

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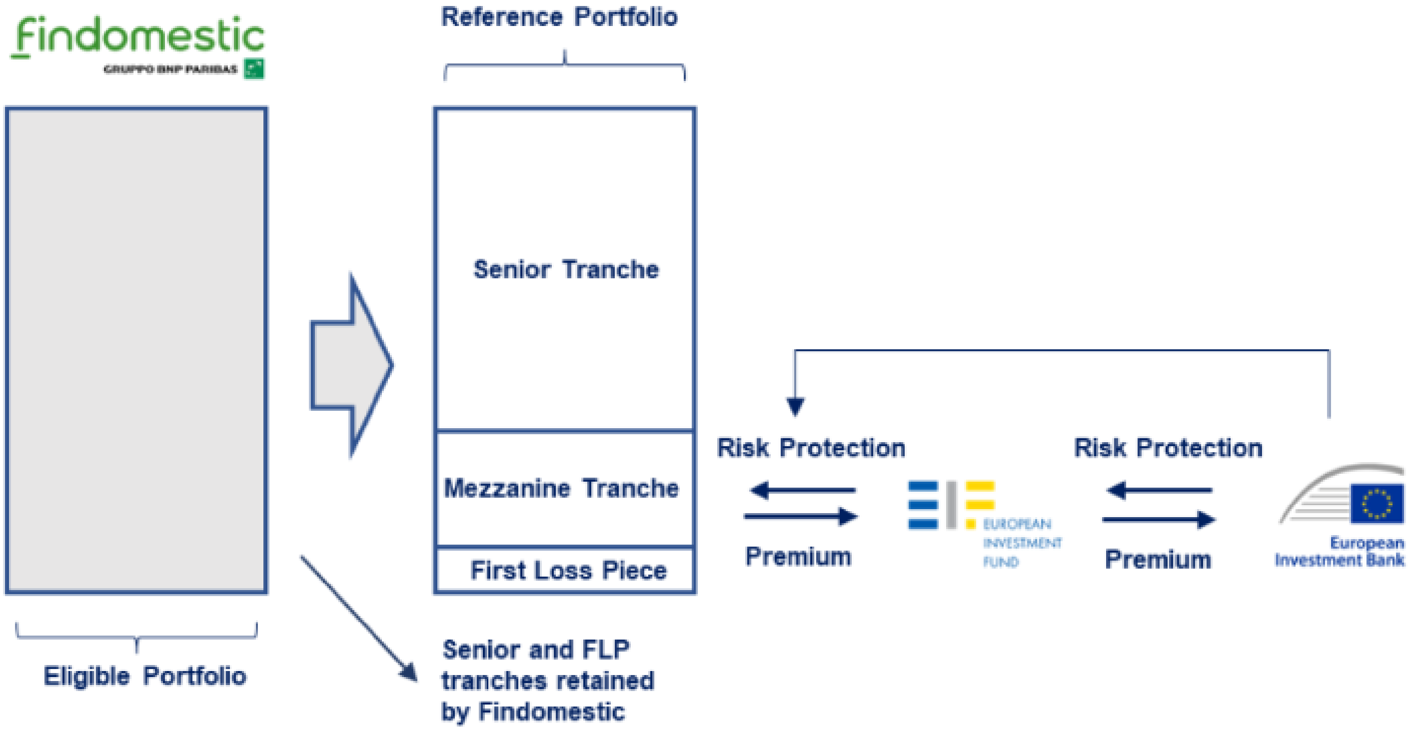
EIB Guarantee Product (2): ABS

Findomestic Enhanced Green Energy Loans

Synthetic Consumer ABS (Asset-backed Security)

COUNTRY: ITALY



- **<u>Securitised pool</u>: unsecured consumer loans to Italian borrowers**
- **<u>Eligible new portfolio</u>: loans to individuals and households ("Final Beneficiaries", "FBs") for the renovation of their residential properties, for carrying out small scale renewable energy projects and for purchasing equipment for residential energy efficiency in Italy**
- **<u>Transfer of Financial Value Added:</u> an agreed FVA will be passed on to each Final beneficiary.**

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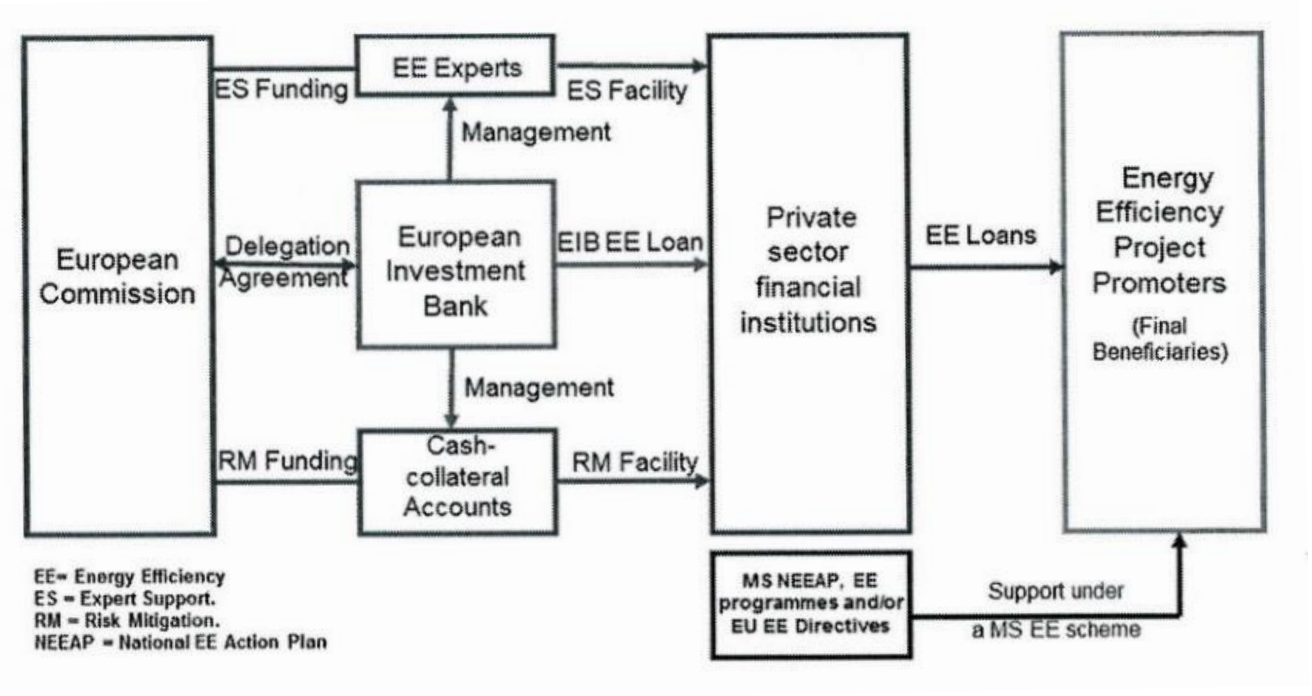
EIB-EC Joint Financial Instrument: PF4EE

KOMERCNI BANKA

ENERGY EFFICIENCY FL - PF4EE

COUNTRY: CZECH REPUBLIC



The PF4EE Instrument combines:

(i) an EIB intermediated loan which finances the underlying loan portfolio of energy efficiency investments. These loans are funded from EIB own resources.

(ii) A risk mitigation mechanism to allow financial intermediaries to partially recover any losses they may incur in their portfolios of energy efficiency loans. The RSF is funded by the EC through cash collateral accounts

(iii) An advisory component (Expert Support Facility) which provides expert support to the financial intermediaries by external consultants, funded by the EC.

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EIB-EC Joint Financial Instrument: PF4EE

LESSONS LEARNED

- Significant number of operation were cancelled as the FIs failed to originate operations fulfilling EE eligibility criteria.
- A number of cancellations driven by changes in market conditions (e.g. due to grants, lower interest rates, cheaper financing from parent company or local market).
- Competing government grants schemes, no compatibility with other grants.
- Implementation has proven difficult, in part due to delays in developing a streamlined and automatized tool to check eligibility criteria and calculate energy savings, and given the need to develop internal knowledge on energy efficiency financing.
- In the majority of cases TA was offered as part of PF4EE package, however there has been difficulties in mobilising the TA amount foreseen, due to slower allocation of PF4EE loans.
- At the contract negotiation phase, PF4EE product and documentation were at times perceived as complex.
- For PF4EE FL, allocations can be different for the loan and for the guarantee, adding another layer of complexity.

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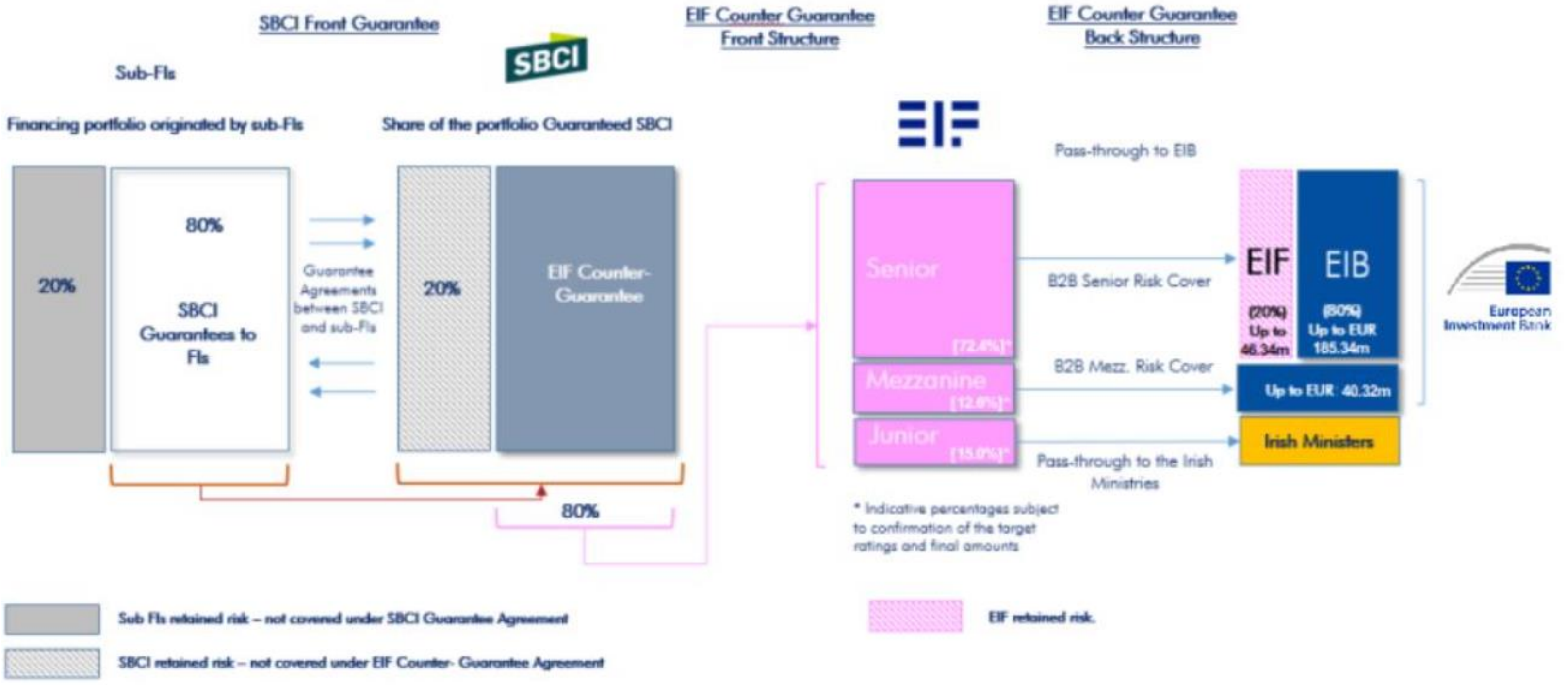
EIB-EIF Guarantee Product combined with local grants

IRISH BUILDINGS ENERGY EFFICIENCY PLATFORM

COUNTRY: IRELAND



- **EUR 500m loan portfolio guarantee scheme for Energy Efficiency Investments in privately owned homes**
- **The guarantee instrument provided to the Financial Sub-Intermediaries is an 80% uncapped (equivalent to max. EUR 400m) guarantee granted by SBCI on a loan-by-loan basis. The loans to Final Beneficiaries, (National) Retrofit Loans (“RLs”), will have a min. amount of EUR 5,000 to max EUR 50,000, with tenors of up to 10 years.**
- **The investments are also be eligible for additional Irish government grant schemes.**

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THANK YOU!

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