

SUSTAINABLE LOAN GROUP

Green & Sustainability- Linked Loan Newsletter

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Miguel
Castillo
(Corporate
Lending)

Hedi
Ben Salem
(Corporate
Lending)

Isidoro
Del Álamo
(ESG
Advisory)

Luis
Léniz
(Leveraged
Lending)

Jaime
Escrivá
(Project
Finance)

Lorenzo
Gómez-
Luengo
(ESG
Newsletter
Coordinator)

miguel.castillo@bbva.com
hedi.bensalem@bbva.com
lorenzo.gluengo@bbva.com
isidoro.delalamo@bbva.com
luis.leniz@bbva.com
jaime.escriva@bbva.com

Introduction

The sustainable loan market reached EUR 453Bn globally in H1 2024, up 28% from H2 2023 and 10% from H1 2023. While Q1 2024 had the highest first-quarter volume since the sustainable loan market began in 2017, Q2 2024 saw a decline to EUR 195Bn, down 24% from Q1 2024 and 18% from Q2 2023. In contrast, overall global loan volumes rose by 15% from Q1 2024 and 21% from Q2 2023.

Sustainability-linked loans continued to dominate the market, making up EUR 144Bn or 74% of the total sustainable loan volume. Despite this, both sustainability-linked and green loans experienced significant declines in Q2 2024 with volumes dropping by double digits compared to both Q1 2024 and Q2 2023.

Regionally, EMEA led in Q2 2024 with a total volume of EUR 93Bn, followed by the Americas at EUR 72Bn and APAC at EUR 28Bn. While APAC's sustainable loan volume increased by 20% compared to Q2 2023, EMEA and the Americas saw substantial declines of 21% and 24%, respectively, after a strong Q1 2024. Together, EMEA and the Americas accounted for 84% of the global sustainable loan volume in Q2 2024.

Highlights of 2Q2024

- **Anti-Greenwashing Regulations on the Horizon**

Contributing to the ongoing development of regulations, evolving standards, and recommendations within the sustainability space, the UK's FCA introduced its anti-greenwashing rule, effective as of 31st May. This follows a similar EU directive on empowering consumers passed earlier in the year, while Canada is also in the process of passing new regulations on the matter.

FCA's anti-greenwashing rules requires firms to ensure that any reference to the sustainability characteristics of a product or service is consistent, fair, clear and not misleading. Similarly, the UE directive on empowering consumers introduces specific rules to tackle unfair commercial practices leading to greenwashing and social washing.

Sustainability-linked Loan Market

Labeling sustainability-linked financing granted to high emission companies and sectors has certainly become more scrutinized, raising concerns over the materiality of the KPIs and the ambition of the SPTs.

To mitigate potential greenwashing accusations, lenders often prefer to get second party opinions to assess the whole sustainability mechanism and the alignment of the financing with market standards such as LMA, making sure that KPIs are material and SPTs ambitious. On top of that, it is not uncommon that sustainability coordinators and underwriters seek comfort by including relevant legal disclaimers.

As the Sustainability-Linked Loan market matures, we are also witnessing an increase in deals underperforming against their SPTs, reflecting the growing challenge of meeting more ambitious sustainability targets.

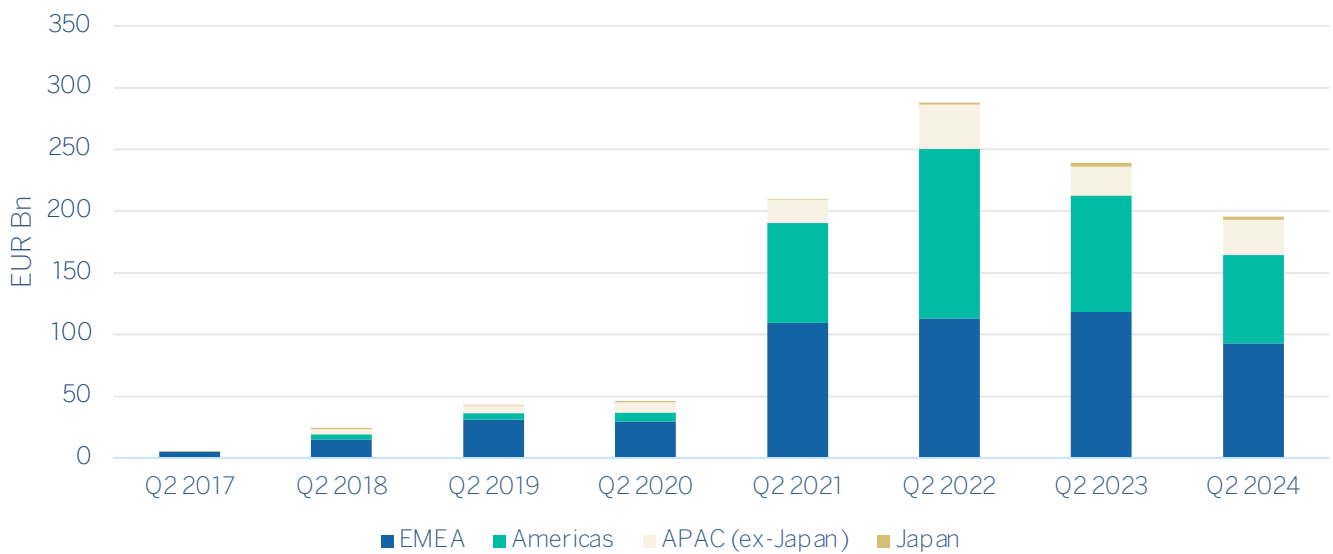
BBVA Top Deals – 2Q2024

- **Inmobiliaria Colonial, Socimi, S.A. , Spain (BBB+/-/-)**, the real estate and construction company managed to refinance in June their EUR 1bn RCF, which includes a **KPI linked** provision. **[BBVA, Sustainability Coordinator]**
- **CEMEX, S.A.B. de C.V., Mexico (BBB-/-/BBB-)**, is a leading company specialized in construction materials founded in 1906. The company produces, distributes and sells in more than 50 countries around America, Europe, Africa and Asia. In April 2024, Cemex managed to refinance its facility of up to EUR 750Mn for a **KPI linked** loan. **[BBVA, Sustainability Coordinator]**
- **DeAcero, Mexico (Unrated)**, is a leading Mexican producer of steel with global presence in more than 20 countries. The company closed in May 2024 a **Green Bilateral Facility** of up to USD 200Mn with BBVA. **[BBVA, Sustainability Coordinator]**
- **Project 3-Pack (Daybreak & Ranger), USA**, consists of 2 build-to-suit greenfield data center projects located in Phoenix, AZ (Daybreak), Dallas, TX (Ranger), owned by Blackstone QTS. The amount of the financing is USD 2,310Mn and its maturity will be in 5 years from now. The **Green Loan** reached successful syndication in May 2024. **[BBVA, Green Loan Coordinator]**
- **Tages Net Zero, Italy**, consists in the refinancing granted to Tages Capital of the existing debt and finance of acquisitions, revamping and repowering of renewable energy assets located in Italy, which closed a **Green Loan** in May 2024. The amount of the refinancing has been EUR 620Mn and its maturity has been extended to 2034. **[BBVA, Green Loan Coordinator]**
- **Sonnedix Kandle, Italy**, consists in the construction of a solar PV portfolio in Sardinia and Sicily with an aggregated installed capacity of 197 MWp, which obtained financing in June 2024 through a **Green Loan** of EUR 258Mn. **[BBVA, Green Loan Coordinator]**

Sustainable Loan Volumes

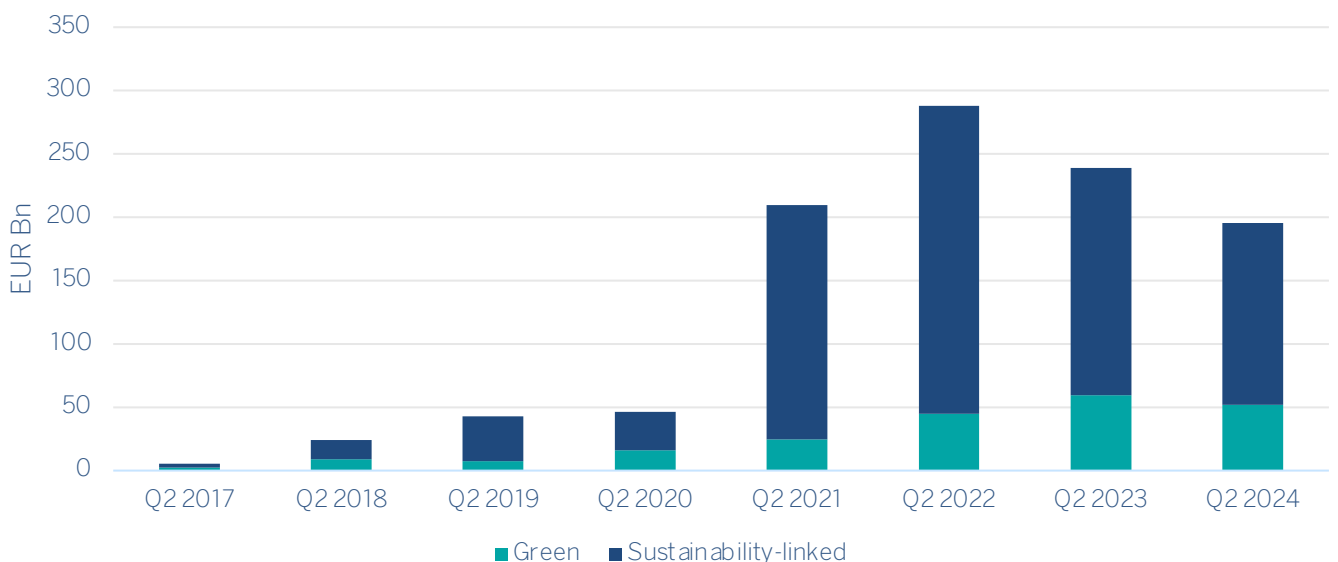
SUSTAINABLE LOAN VOLUMES PER GEOGRAPHY

	Q2 2017	Q2 2018	Q2 2019	Q2 2020	Q2 2021	Q2 2022	Q2 2023	Q2 2024
EMEA	5	15	31	30	110	113	118	93
Americas	0	4	5	7	81	137	94	72
APAC (ex-Japan)	0	4	6	8	19	36	24	28
Japan	0	1	0	1	1	1	3	2
Tot. (EUR Bn)	5	24	43	46	209	288	239	195



SUSTAINABLE LOAN VOLUMES PER TYPE OF INSTRUMENT

	Q2 2017	Q2 2018	Q2 2019	Q2 2020	Q2 2021	Q2 2022	Q2 2023	Q2 2024
Green	2	9	7	16	25	45	59	52
Sustainability-Linked	3	15	35	30	185	243	180	144
Totals (EUR Bn)	5	24	43	46	209	288	239	195



Selected Sustainable Loans – 2Q2024

Borrower	Nationality	Industry	Closing Date	Deal CCy	Deal Amount (EUR Mn equiv.)	Loan Package Type	Sustainable Feature
Ford Motor Co	United States	Auto	22/04/2024	USD	16.801,12	RCF	Sustainability-linked loan
Hyundai Capital America	United States	Auto	07/06/2024	USD	5.740,77	RCF	Sustainability-linked loan
Smurfit Kappa Group PLC	Ireland	Paper and packaging	09/06/2024	USD	4.629,65	Multiple Loan Facility	Sustainability-linked loan
Constellation Energy Group Inc	United States	Utilities	14/06/2024	USD	4.205,61	Revolving Credit Facility	Sustainability-linked loan
H2 Green Steel AB	Sweden	Metal and Metal Products	24/04/2024	EUR	4.155,00	Term Loan	Green Loan
Alphabet Inc	United States	Technology	17/04/2024	USD	3.748,48	RCF	Sustainability-linked loan
Viterra Finance Bv	Netherlands	Agri-food	01/05/2024	USD	3.697,81	RCF	Sustainability-linked loan
Visma AS	Norway	Software	27/05/2024	NOK	3.502,46	Multiple Loan Facility	Sustainability-linked loan
Ferrovie Dello Stato Italiane SpA	Italy	Transportation	19/06/2024	EUR	3.500,00	RCF	Sustainability-linked loan
Gems Group Management Ltd	United Arab Emirates	Commodity Trader	17/06/2024	USD	3.028,47	Term Loan	Sustainability-linked loan
Air Liquide SA	France	Chemicals	22/05/2024	EUR	3.000,00	RCF	Sustainability-linked loan
Retained Vantage Data Centers	United States	Data Centers	12/04/2024	USD	2.819,01	RCF	Green Loan
sPower DevCo Warehouse Borrower LLC	United States	Utilities	26/06/2024	USD	2.809,26	RCF	Green Loan
British Airways PLC (IAG)	United Kingdom / Spain	Transportation	14/06/2024	USD	2.803,74	RCF	Sustainability-linked loan
AECOM	United States	Engineering	19/04/2024	USD	2.768,90	Multiple Loan Facility	Sustainability-linked loan
Barrick Gold Corp	Canada	Mining	21/05/2024	USD	2.763,96	RCF	Sustainability-linked loan
Bell Canada Inc	Canada	TMT	23/05/2024	CAD	2.357,66	RCF	Sustainability-linked loan
Terna Rete Elettrica Nazionale SpA	Italy	Utilities	15/04/2024	EUR	2.250,00	RCF	Sustainability-linked loan
Hydro One Inc	Canada	Utilities	01/06/2024	CAD	2.064,72	RCF	Sustainability-linked loan
Wheaton Precious Metals Corp	Canada	Mining	25/06/2024	USD	1.866,90	RCF	Sustainability-linked loan
Wealthy Link Pte Ltd	Singapore	Real Estate	01/06/2024	SGD	1.843,47	Multiple Loan Facility	Green Loan
Turkiye Cumhuriyeti Ziraat Bankasi AS	Turkey	Banking & Finance	16/04/2024	USD	1.582,71	Term Loan	Sustainability-linked loan
IntelliHUB Holdings Pty Ltd	Australia	Energy	24/05/2024	AUD	1.547,04	Multiple Loan Facility	Green Loan
WSP Global Inc	Canada	Engineering	26/06/2024	USD	1.404,63	RCF	Sustainability-linked loan
TransAlta Corp	Canada	Utilities	30/05/2024	CAD	1.316,14	Multiple Loan Facility	Green Loan
Ares Management LLC	United States	Banking & Finance	21/04/2024	USD	1.314,05	RCF	Sustainability-linked loan
Lre Construction Warehouse LLC	United States	Energy	25/06/2024	USD	1.306,83	Multiple Loan Facility	Green Loan
Gunvor Singapore Pte Ltd	Singapore	Oil & Gas	14/06/2024	USD	1.233,65	Multiple Loan Facility	Sustainability-linked loan
QTS Phoenix II DC2 LLC	United States	Commodity Trader	02/04/2024	USD	1.193,18	Term Loan	Green Loan
Hannon Armstrong Sustainable Infrastructure Capital Inc	United States	Commodity Trader	12/04/2024	USD	1.174,59	Multiple Loan Facility	Sustainability-linked loan
NNN REIT Inc	United States	Commodity Trader	16/04/2024	USD	1.130,27	RCF	Sustainability-linked loan
Yageo Corp	Taiwan	Electrical Equipment	21/06/2024	TWD	1.112,47	RCF	Sustainability-linked loan
Central Boulevard Development Pte Ltd	Singapore	Real Estate	25/04/2024	SGD	1.106,25	Term Loan	Green Loan
Supreme Delight Ltd	British Virgin Islands	Commodity Trader	09/04/2024	HKD	1.078,71	Multiple Loan Facility	Sustainability-linked loan
Inmobiliaria Colonial SOCIMI SA	Spain	Real Estate	28/06/2024	EUR	1.000,00	Term Loan	Sustainability-linked loan
Spie SA	France	Miscellaneous Services	24/06/2024	EUR	1.000,00	RCF	Sustainability-linked loan
Snam SpA	Italy	Energy	24/05/2024	EUR	1.000,00	RCF	Sustainability-linked loan
Turk Eximbank	Turkey	Banking & Finance	07/05/2024	EUR	1.000,00	Term Loan	Green loan

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