Exim Bank India green bond issue raises $500 mn

Export-Import Bank of India, India’s premier export finance institution, successfully launched a 5 year Reg S Green Bond issue of US$ 500 mn on March 24, 2015. The issue attracted subscription of around 3.2 times the issue size led by strong demand, across 140 accounts. The 5 year US$ 500 mn Eurodollar Green bond issue was priced at 147.50 basis points over US Treasuries (UST) at a fixed coupon of 2.75% p.a., cutting through the current secondary trading levels of similar bonds and achieving a pricing tighter than the Bank’s Sydney, Australia when 2.2 million homes were priced at 147.50 basis points over US Treasuries (UST) at a fixed coupon of 2.75% p.a., cutting through the current secondary trading levels of similar bonds and achieving a pricing tighter than the Bank’s Sydney, Australia when 2.2 million homes

The offer saw major participation from fund managers, while banks (20%), sovereign wealth funds / insurance companies (18%) were the other major investor classes. The issue was distributed 60% to Asian investors, 30% to EMEA (Europe, Middle East and Africa) and balance to offshore US investors. Bank of America Merrill Lynch and J.P. Morgan acted as Joint Lead Managers on the offering.

FDB supports earth hour initiative

With 162 countries officially taking part in the movement, Earth Hour has grown into the world’s largest community-driven campaign for the planet. The Fiji Development Bank pledged its continued support for Earth Hour when it handed over a cheque of $1,000 to the local organizer of the event, the World Wide Fund (WWF). Earth Hour is a worldwide event that started in 2007 in Sydney, Australia when 2.2 million homes and businesses turned their lights off for one hour to make their stand against climate change. The global program continues to bring people together through a symbolic hour-long event meant to spur the general public into taking action beyond the hour. In addition to its support for green initiatives, the bank has continued to work on building its green portfolio through the sustainable energy financing facility (SEFF) which is available for solar, hydro, energy efficient equipment and coconut oil fuel. Available in conjunction with the partial guarantee provided by the World Bank, the bank has to date financed 31 projects valued at close to $4.35mn.

“`We won’t have a society if we destroy the environment.```”

--Margaret Mead

JBIC signs second credit line with TKB under GREEN operations

The Japan Bank for International Cooperation (JBIC) signed on March 26 a credit line agreement for setting up a credit line totaling up to USD150 million (of which JBIC’s portion is USD75 million) with Türkiye Kalkınma Bankası A.P. (TKB), Development Bank of Turkey. The credit line is cofinanced with Mizuho Bank, Ltd. (lead arranger), with JBIC providing a partial guarantee for the cofinanced portion. This credit line is expected to spur the general public into taking action beyond the hour. In addition to its support for green initiatives, the bank has continued to work on building its green portfolio through the sustainable energy financing facility (SEFF) which is available for solar, hydro, energy efficient equipment and coconut oil fuel. Available in conjunction with the partial guarantee provided by the World Bank, the bank has to date financed 31 projects valued at close to $4.35mn.

BDC supports holistic environmental sustainability

The Business Development Bank Canada (BDC) has been supporting environmentally beneficial projects and refuse those that do harm. The Bank made it a priority to support entrepreneurs who create technology-based clean and renewable energy companies. It also manages energy and other resources used in more than 100 offices across Canada. In addition, it promotes sustainable development through its lending, investments and operations. BDC has been the most active clean energy technology investor in Canada; provides employee training on financing LEED buildings; 100% percentage of loans for which the Bank do an environmental risk review; 100% compliance with the Canadian Environmental Assessment Act (CEAA); and 80–90% of office materials and furnishings the Bank chooses are according to LEED criteria.

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ADB raises $500m green bonds for climate projects

The Asian Development Bank (ADB) has raised US$500 million from a new green bond issue and the funds will be targeted at low-carbon projects and climate-resilient economic growth in Asia. ADB has estimated that the cost of adapting to climate change in Asia and the Pacific is at least US$40 billion annually, until 2050. Asia’s share of global energy-related carbon dioxide emissions more than doubled from 17 per cent in 1990 to 37 per cent in 2010, and is predicted to increase to around 47 per cent by 2035. ADB’s 10-year green bonds will be channelled to finance climate change adaptation projects including those which combat-proof water, energy, transport, or other urban infrastructure. Climate change mitigation projects covering renewable energy, energy efficiency and sustainable transport initiatives could also be financed by the bonds. The bond was priced at 99.294 per cent, with a spread of 12.45 basis points over the 2 per cent US Treasury due 15 February 2025. The bonds were sold to over 40 investors including AP2, AP3, AP4, Baloise Insurance, Bank Morgan Stanley AG, Banque Syz & Co SA, Blackrock, Calvert Investments, Donner & Reuschel Asset Management, Mirova, Nikko Asset Management Europe Ltd, Omega Global Investors on behalf of Local Government Super, Praxis Intermediate Income Fund, SEB Wealth, State Street Global Advisors, and TIAA-CREF. 16 per cent of the bonds went to central banks and official institutions, 22 per cent to banks, 61 per cent to fund managers/pension funds/insurance, and 1 per cent to other types of investors. 31 per cent of the bonds placed in Asia. It is estimated that around 45 per cent in Europe, Middle East and Africa, and 24 per cent in the Americas. ADB has been helping Asia to combat climate change since the early 1990s and has a strategic goal of supporting environmentally sustainable growth. In 2014, ADB approved climate financing of just over $3 billion, with around 75 percent going towards climate change mitigation and 25 percent to adaptation. ADB has also issued $2.2 billion since 2010 in water and clean energy bonds.

EIB raises £50m for renewable energy investment

EIB and the African Development Bank invested €45m in onshore wind farms on islands in the Cape Verde. The European Investment Bank (EIB) has issued its first green bonds of 2013, raising funds from investors aiming to promote renewable energy projects. The transaction is valued at approximately £50 million and marks the EIB’s continuing presence as one of the largest financiers of projects to tackle climate change. It’s Climate Awareness Bonds raise funds from fixed income investors to support lending for renewable energy and energy efficiency. Last year, the EIB provided over £11 billion for projects to tackle climate change with the bonds forming an attractive proposition to fixed income investors who also benefit from the security of the bank. The current issue will mature in six years and was popular with Scandinavian investors who made up 40 per cent of the total. European investors took the same amount with Asian investors taking the remaining 20 per cent. Proceeds from Climate Awareness Bonds issues are used exclusively to finance renewable energy projects such as wind, hydro, solar and geothermal energy production; and energy efficiency projects such as district heating, co-generation, building insulation, energy loss reduction in transmission and distribution and equipment replacement with energy efficiency gains of 20 per cent or more.

Benefits of green banking

1. Avoids paper work: Paperless banking is the trend today. Almost all banks now are computerized or operate on a core banking solution (CBS). Thus there is ample scope for the banks to adopt paperless or less paper for office correspondence, audit, reporting etc. These banks can switch over to electronic correspondence and reporting thereby controlling deforestation.

2. Creating awareness to business people about environment. Many NGOs and environmentalists are propagating environment consciousness among the pub-

“...global crisis is a global problem, and only global action will resolve it.”

―Barry Commoner

Con’t, JBIC signs...

...tended under GREEN operations*1 and intended to provide funding through TKB for renewable energy projects and energy efficiency projects in Turkey. This credit line follows the one provided to TKB in March 2013.”*2. TKB is a policy-based financial institution that supports the promotion of Turkey’s national development projects, and adopted in its medium-term plan (2013-2015) the basic target of support for the promotion of renewable energy and energy efficiency and environmental conservation. As Japan’s policy-based financial institution, JBIC will continue to support global environmental preservation efforts in cooperation with such overseas governments and financial institutions by drawing on its various financial facilities and schemes for structuring projects, and performing its risk-assuming function.

3. Loans at comparatively lesser rates: Banks can also introduce green bank loans with financial concessions for environment friendly products and projects such as fuel efficient vehicles, green building projects, housing and house furnishing loans to install solar energy system etc.

4. Environmental standards for lending: Banks follow environmental standards for lending, is really a good idea and it will make business owners to change their business to environmental friendly which is good for our future generations.