

Asia bank green/fossil bond syndication league tables

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The current AFII net green/fossil league table rankings ("The Box")[1] allow investors to use banks' relative syndication fees from fossil and green issuance to influence their counterparty selection. This article expands that analysis to cover specifically the ASEAN[2] and Japan regions. The league table rankings provide ESG-minded investors with an opportunity to potentially direct their trading activities away from banks most supportive of fossil fuel activity in the Asia Pacific region.

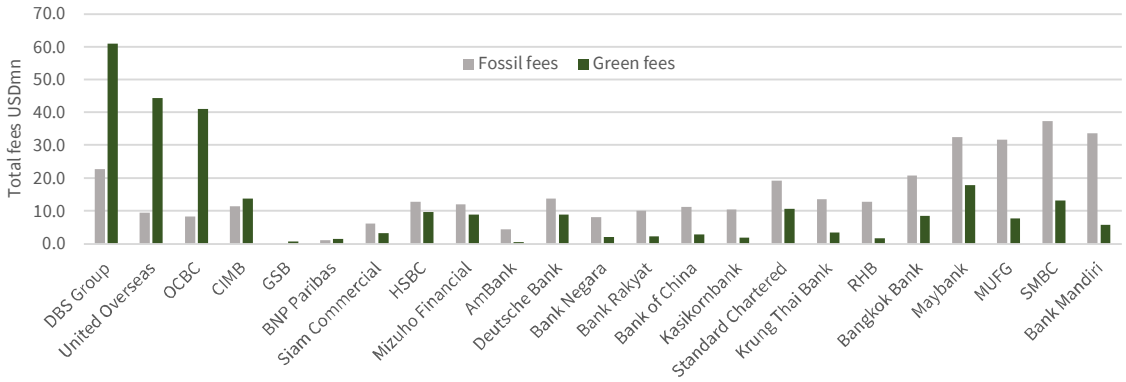
Economic growth in Asia, traditionally reliant on bilateral or syndicated loan bank financing, is increasingly looking to attract international fixed income investors. Trillions of dollars' worth of infrastructure needs to be built to combat the effects of global warming and support economies, and so banks have a choice in how they support this financing activity.

AFII league tables use fees, rather than notional issued amounts, to determine the rankings. A higher fee suggests that activity is both of higher importance for the bank, but also that the bank is of greater value to the issuer. In this publication, we aggregate into tables the bond and loan issuance in the region, to understand relative bank behaviour.

Taken together, the tables lead to the following main conclusions:

- **For domestic deals among the ASEAN regional banks, Oversea-Chinese Banking (OCBC) and DBS Group perform best in the relative rankings.** Global banks perform poorer on a relative basis when looking only over the past year.
- **Using only domestic Japanese deals, almost no banks have generated more in fossil deals than green.** This is likely due to limited domestic oil production.
- **As the absolute number of deals is lower for the region, there is more volatility compared to global tables.** Each individual business decision is therefore of greater influence to a bank's ranking.

Figure 1 Three-year (2020-23) green/fossil bond and loan syndication fees in the ASEAN region. Source: AFII, Bloomberg.



[1] " Net green/fossil bond syndication - Sep23", AFII, 14 Sep 2023.

[2] ASEAN = Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

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Methodology

For our analysis, we look at fossil bond and loan syndication volumes and discern what portion of total bank syndication revenues this represents, to gauge a bank's relative focus on capital provisioning to the fossil sectors. In essence, a big bank will have more fossil-related fees just because of its size in the market; however, what should be important is the relative fee intake from fossil deals. Following this, we generate percentage fossil fee revenue numbers as the ratio of fossil syndication fees / total syndication fees.

We define a fossil bond issue/deal as any issue with a BICS2 level classification of "Coal Operations", "Exploration & Production", "Integrated Oils", "Oil & Gas Services & Equipment", "Pipeline" or "Refining & Marketing". We then tally all new league-table eligible syndicated bond issues and loans between Nov 2020-Nov 2023 on a fee revenue and bank-by-bank basis.[3]

Focusing only on fossil fee revenues would mean not accounting for potential green revenue generation on the other side. Arguably, it is different for a bank to have 10% fossil fee revenues, when the remainder (90%) is green, compared with if there are no green efforts at all. To gauge this, here we consider the net fossil (green bonds minus fossil bonds and loans) syndication fees as a percentage of total syndication fees. Refer to "Net green/fossil bond syndication league tables", AFII, 23 Sep 2021, for a broader discussion on methodology.[4]

For the regional filter, we have used the issuer field in Bloomberg, called "country of risk", to separate deals made in the ASEAN and Japan regions, for banks with a minimum of USD 10mn in total fees in each respective region.

The tables in the subsequent section are based on 23 Nov start and end dates, e.g. 2023 = 23 Nov 2022 – 23 Nov 2023. AFII can provide similar lists for extended and bespoke counterparty lists, please contact the AFII team for further information.

Numbers are based on Bloomberg data and are in many cases inferred or estimated: thus we would be wary of using the absolute dollar number (e.g. "Bank X made Ymn in fees") but hypothesise that the number on an aggregate level is valid for relative rankings.

November 2023 tables

Using fee-intake rather than nominal volumes of financing and/or underwriting is a way to adjust for the risk appetite of the bank for particular types of transactions.[5] Transactions where the bank is a more important facilitator to enable the capital flow ('additionality') are likely to generate higher fees than deals where the bank is more replaceable.

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[3] The introductory article on this subject, devises a system to apply these league tables to drive climate ambition among counterparties "The Box: Algorithmic climate impact for fixed income markets", AFII, 25 Sep 2021. Implementations of this are discussed in, for example, "Buy-side traders start to cool on ESG-deficient dealers", Risk.Net, 11 Jan 2022.

[4] We note JPMorgan has just formally announced that from a sustainable financing point of view they will begin to combine oil & gas financing with green financing, and consider the energy mix target of that portfolio, as reported in "JPMorgan Has a New Way to Gauge Its Green Progress", Bloomberg, 15 Nov 2023. We prefer to separate the two sectors for more transparency.

[5] BloombergNEF presents a volume based approach in "Banks Need Even Bigger Low-Carbon Pivot to Avert Climate Crisis", 28 Feb 2023. The study, which also accounts for equity underwriting, replicates many of the relative ranking results of this study and other previous AFII studies (e.g. our Dec 22 ranking).

The results are divided into the two regions of ASEAN and Japan. Presented below are the net green/fossil bond syndication league tables. We have also combined historical tables from Nov-22 and Nov-21 to understand any changes in deal selection behaviour.

ASEAN: Oversea-Chinese Banking and DBS group top the rankings

Figure 2 shows the most noteworthy rankings observed among the major institutions with deals in the ASEAN region. The top ranked are Oversea-Chinese Banking as well as DBS group, which have remained in the top section this past year. Mizuho Financial (+17) has climbed to the top during this time as well. Notably at the bottom, Deutsche Bank has a net of -65% in fossil deals in the ASEAN region.

Considering the apparent volatilities in Figure 2, which can be explained by the low total fees for deals in the ASEAN region provided by Bloomberg, this table is likely to shift quite a lot moving forward. When considering a counterparty to be put "in the box", i.e. to exclude from an investor's activities, too high volatility in this data can pose a challenge. This is because it could mean shifting too frequently between deciding which counterparties to exclude.

Figure 2. One year (2022-23) net green/fossil league table based on bond and loan syndications in the ASEAN region. A top rank (low ranking number=1) indicates a higher degree of green activities relative to fossil. Source: AFII, Bloomberg.

Rank	vs Nov-2022	vs Nov-2021	Bank	Net green/fossil fees pct	Total fees USDmn	Net green/ fossil revenue USDmn	Chg in fossil fees vs -21/22	SLB fees of total	Net fees (green+ SLB) /fossil
1	1 ↑	2 ↑	Oversea-Chinese Banking	17.8%	62.8	11.2	53%	2.1%	19.9%
2	2 ↑	0 ~	DBS Group	13.7%	93.1	12.7	-14%	2.2%	15.8%
3	0 ~	1 ↑	United Overseas Bank	12.3%	84.4	10.4	57%	0.6%	12.9%
4	17 ↑	3 ↑	Mizuho Financial	11.5%	21.1	2.4	14%	5.6%	17.0%
5	3 ↑	6 ↑	CIMB Group Holdings Bhd	6.7%	121.2	8.1	-67%	1.5%	8.2%
6	1 ↑	0 ~	Government Savings Bank	1.5%	18.4	0.3	n.a.	0.0%	1.5%
7	8 ↑	5 ↑	Siam Commercial Bank PCL	1.0%	30.0	0.3	-86%	2.4%	3.5%
8	2 ↑	-3 ↓	BNP Paribas	0.9%	33.3	0.3	-100%	3.7%	4.6%
9	-3 ↓	0 ~	HSBC	0.2%	41.3	0.1	-88%	2.7%	3.0%
10	1 ↑	0 ~	AmInvestment Bank Bhd	-1.1%	38.5	-0.4	-70%	0.0%	-1.1%
11	-6 ↓	9 ↑	Maybank	-1.6%	93.9	-1.5	-72%	0.0%	-1.6%
12	5 ↑	2 ↑	Kasikornbank PCL	-2.8%	32.2	-0.9	-70%	4.1%	1.3%
13	-1 ↓	6 ↑	RHB	-3.2%	59.7	-1.9	-52%	0.7%	-2.4%
14	8 ↑	3 ↑	Bank of China	-3.6%	33.4	-1.2	-28%	2.0%	-1.6%
15	3 ↑	0 ~	Bangkok Bank PCL	-5.0%	39.5	-2.0	-58%	3.3%	-1.7%
16	0 ~	0 ~	Krung Thai Bank	-6.3%	25.1	-1.6	-46%	5.0%	-1.3%
17	-8 ↓	1 ↑	Bank Negara Indonesia	-9.2%	31.5	-2.9	144%	0.0%	-9.2%
18	2 ↑	5 ↑	Bank Mandiri	-10.9%	48.0	-5.3	-33%	0.0%	-10.9%
19	0 ~	2 ↑	MUFG	-11.5%	43.0	-4.9	-47%	6.2%	-5.3%
20	3 ↑	-7 ↓	SMBC	-13.9%	45.3	-6.3	56%	4.2%	-9.7%
21	-7 ↓	-13 ↓	Standard Chartered Bank	-16.0%	28.0	-4.5	-3%	4.9%	-11.1%
22	-9 ↓	0 ~	Bank Rakyat Indonesia PT	-20.0%	25.8	-5.2	238%	0.0%	-20.0%
23	-22 ↓	-22 ↓	Deutsche Bank	-65.2%	19.2	-12.5	n.a.	0.0%	-65.2%

To account for this fact, we provide another table in Figure 3, where the fees data has been grouped over the past three years, meaning the fees are consolidated for the period 2020-2023. This table is more stable; however, it also means that recent shifts in green/fossil fees might take a longer time to show in the ranking for the banks presented.

In general, when comparing this table to Figure 2, there are similarities. Oversea Chinese Banking Corp, DBS Group and United Overseas Bank are all still in the top section, and MUFG and SMBC are in the bottom section.

Cases such as Deutsche Bank are, however, where it differs more. Deutsche Bank increased its fossil fees substantially in 2023 compared to 2021-2022, mainly due to its underwriting activities in a USD 3bn loan, which will support a commitment by the Singaporean company Trafigura to deliver gas into Europe, and ultimately, to Germany.[6] This led them to its bottom position in Figure 2, whereas the grouped data puts it closer to a middle position when combined over the last three years. In cases like this, further investigation might need to be conducted to decide where the bank in question should rank.

Figure 3. Three year (2020-23) net green/fossil league table based on bond and loan syndications in the ASEAN region. A top rank (low ranking number = 1) indicates a higher degree of green activities relative to fossil activities. Source: AFII, Bloomberg.

Rank	Bank	Net green/fossil fees pct	Total fees USDmn	Net green/ fossil revenue USDmn	SLB fees of total	Net fees (green+ SLB) /fossil
1	Oversea-Chinese Banking	14.3%	229.6	32.8	2.4%	16.7%
2	DBS Group	12.0%	317.1	38.2	3.9%	15.9%
3	United Overseas Bank	11.3%	307.0	34.8	2.8%	14.1%
4	Government Savings Bank	1.2%	57.1	0.7	0.0%	1.2%
5	CIMB Group Holdings Bhd	0.6%	356.8	2.2	0.8%	1.5%
6	BNP Paribas	0.6%	70.6	0.4	2.0%	2.6%
7	HSBC	-1.6%	187.1	-3.0	3.0%	1.4%
8	Siam Commercial Bank PCL	-3.3%	89.8	-3.0	2.8%	-0.5%
9	AmInvestment Bank Bhd	-3.5%	109.6	-3.9	0.0%	-3.5%
10	Mizuho Financial	-4.5%	73.6	-3.3	1.8%	-2.7%
11	Maybank	-4.5%	323.9	-14.7	0.5%	-4.1%
12	Standard Chartered Bank	-5.7%	150.2	-8.6	1.0%	-4.8%
13	RHB	-6.7%	166.2	-11.1	0.4%	-6.2%
14	Kasikornbank PCL	-7.5%	114.8	-8.6	2.7%	-4.7%
15	Bank Negara Indonesia	-7.8%	75.5	-5.9	0.0%	-7.8%
16	Deutsche Bank	-8.6%	58.1	-5.0	0.0%	-8.6%
17	Bangkok Bank PCL	-9.5%	127.7	-12.1	2.4%	-7.1%
18	Krung Thai Bank	-10.0%	101.5	-10.2	3.0%	-7.0%
19	Bank of China	-11.7%	70.6	-8.3	0.9%	-10.8%
20	Bank Rakyat Indonesia PT	-14.4%	54.6	-7.9	0.0%	-14.4%
21	MUFG	-14.8%	162.7	-24.2	3.9%	-10.9%
22	SMBC	-17.3%	140.2	-24.3	2.6%	-14.7%
23	Bank Mandiri	-19.7%	142.5	-28.0	0.0%	-19.7%

[6] "Trafigura signs USD3 billion loan agreement guaranteed by the Federal Republic of Germany to secure gas supply", Trafigura, 5 Dec 2022.

Japan: very few fossil deals

There have been only a few fossil deals in the region because almost no banks with major fee volumes are green/fossil net negative. Figure 4 shows the consolidated ranking of institutions with fees connected to Japanese issuers over the past year. This is not entirely surprising considering Japan's oil consumption is mostly driven by imported crude oil and no notable domestic production.[7] An observation that can also be drawn from Figure 4 is most notably that MUFG, which ranks poorly in the ASEAN region, has a relatively high share of green bonds in the Japan region.

Figure 4 One year (2022-23) net green/fossil league table based on bond and loan syndications in the Japan region. A top rank (low ranking number=1) indicates a higher degree of green activities relative to fossil. Source: AFII, Bloomberg.

Rank	vs Sep-2022	vs Sep-2021	Bank	Net green/fossil fees pct	Total fees USDmn	Net green/ fossil revenue USDmn	Chg in fossil fees vs -21/22	SLB fees of total	Net fees (green+SLB) /fossil
1	7 ↑	8 ↑	MUFG	19.1%	36.3	6.9	n.a.	3.9%	23.0%
2	1 ↑	1 ↑	BofA Securities	16.6%	25.8	4.3	n.a.	0.0%	16.6%
3	10 ↑	9 ↑	Mizuho Financial	9.7%	178.9	17.4	-53%	2.5%	12.3%
4	2 ↑	2 ↑	Goldman Sachs	9.1%	25.6	2.3	n.a.	0.4%	9.5%
5	4 ↑	3 ↑	Nomura	8.7%	119.9	10.5	99%	2.1%	10.9%
6	-5 ↓	-4 ↓	BNP Paribas	8.7%	21.5	1.9	n.a.	0.0%	8.7%
7	-2 ↓	-2 ↓	Citi	7.7%	19.5	1.5	n.a.	0.0%	7.7%
8	3 ↑	3 ↑	Morgan Stanley	7.3%	116.8	8.6	-77%	1.3%	8.7%
9	1 ↑	-2 ↓	SMBC	7.2%	149.4	10.8	-63%	2.0%	9.2%
10	2 ↑	5 ↑	Daiwa Securities	7.0%	117.8	8.3	-88%	1.7%	8.8%
11	-9 ↓	-10 ↓	JP Morgan	6.8%	20.8	1.4	n.a.	0.0%	6.8%
12	-8 ↓	-8 ↓	Credit Agricole CIB	2.4%	25.1	0.6	n.a.	11.1%	13.5%
13	-6 ↓	-3 ↓	Barclays	1.1%	17.0	0.2	n.a.	0.0%	1.1%
14	0 ~	-1 ↓	SBI Holdings Inc/Japan	0.0%	14.8	0.0	n.a.	0.0%	0.0%
15	0 ~	-1 ↓	ANZ Group Holdings Ltd	-2.2%	12.4	-0.3	n.a.	0.0%	-2.2%

Due to similar issues that affect the ASEAN region, we present another table below in Figure 5 for Japanese banks, because there are smaller fee amounts there. This table includes the global fees for Japanese institutions as another way to rank Japan-related banking activities linked to revenue generated from fossil fees. Here, Nomura ranks best due to their low share of fossil fees.

SMBC comes out at the bottom of the list, also demonstrating an increase in its fossil fees compared with its fees recorded during 2021-2022. The most notable recent deal is their part in the project financing of an FPSO (Floating Production Storage and Offloading) in Brazil signed by SBM Offshore, capable of processing 180,000 barrels of oil and 12 million m^3 of gas per day.[8]

Figure 5 One year (2022-23) net green/fossil league table based on bond and loan syndications for Japanese institutions. A top rank (low ranking number = 1) indicates a higher degree of green activities relative to fossil activities. Source: AFII,

Rank	vs Sep-2022	vs Sep-2021	Bank	Net green/fossil fees pct	Total fees USDmn	Net green/ fossil revenue USDmn	Chg in fossil fees vs -21/22	SLB fees of total	Net fees (green+SLB) /fossil
1	0 ~	0 ~	Nomura	6.3%	418.5	26.3	1%	0.6%	6.9%
2	1 ↑	1 ↑	Mizuho Financial	-2.9%	847.0	-24.6	21%	1.6%	-1.3%
3	1 ↑	1 ↑	MUFG	-3.4%	829.0	-27.9	1%	1.7%	-1.6%
4	-2 ↓	-2 ↓	SMBC	-3.9%	793.3	-30.6	14%	1.3%	-2.6%

[7] "Japan Oil Security Policy", IEA, 18 Aug 2022.
[8] "SBM Offshore completes US$1.615 billion financing of Alexandre de Gusmão", SBM Offshore, 20 Jun 2023.

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