

The Box: syndication fee league tables Q4 24

Josephine Richardson (*), Johan Jarnmo

Banks are key in facilitating access to capital markets. When arranging a bond or loan, despite not directly using its balance sheet, the reputation of the bank is essential in representing the borrower to investors, and enabling debt to be raised. Historically, it has been hard to influence this activity; it is often not covered by banks' sustainability policies, which may focus only on direct lending.

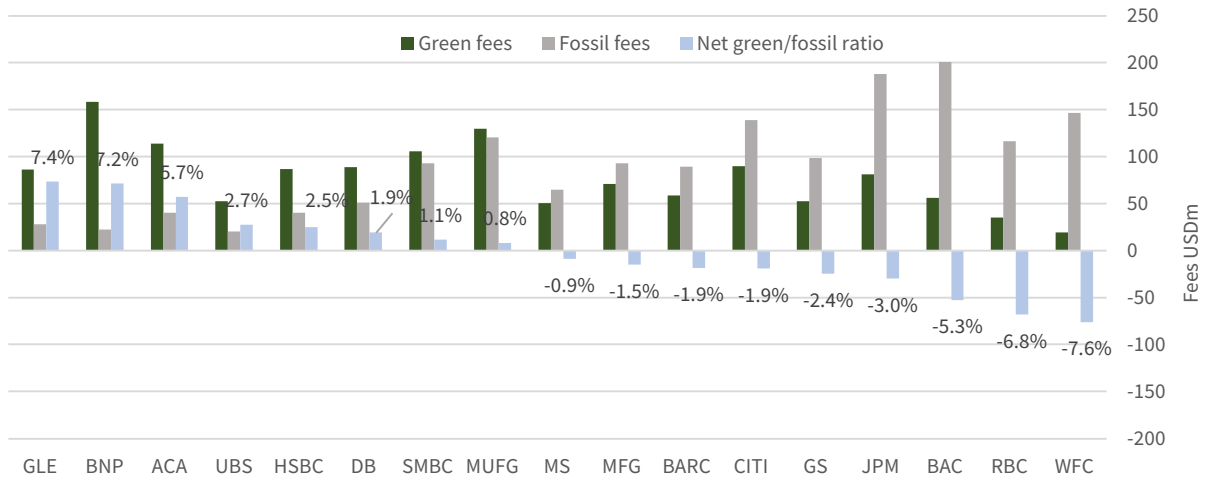
By monitoring syndication fees from sustainable and unsustainable activity, investors can direct business to the best performers and so incentivise a change in behaviour within banks.[1]

AFII has been recording these league tables for several years, and provides updates ahead of IMM derivative roll dates, which are typically high-volume trading days. We have published the data on a webpage, where investors can directly interact with the league tables here.

In this note we present the December 2024 tables, with the following conclusions:

- The global fossil/green league table remains stable. At the bottom are **Wells Fargo**, **RBC,** and **Bank of America, which are** still generating the largest relative percentage of fees from fossil activity compared to green. **MUFG** moves a further place higher (+5 last quarter), and notably now generates more fees from green deals than fossil.
- In ASEAN what is notable is that **SMBC** and **MUFG**, which globally generate net positive green/fossil fees, still facilitate substantially more fossil than green activity.
- **Citi** and **Wells Fargo** again generated the highest proportion of their fees from deals that are potentially exposed to deforestation. A number of significant loan transactions dominated fees in the past quarter amongst these borrowers.

Figure 1. Green/fossil absolute fees for large banks. Source: AFII, Bloomberg, effective date 5 Dec 2024.



[1] For full details please see "The Box: a tool for bank influence", AFII, 20 Dec 2023.

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(*) Anthropocene Fixed Income Institute (www.anthropocenefii.org). Author for contacts: jor@anthropocenefii.org

Green/fossil fee league tables

The green/fossil league table for the IMM date of Dec 24 is shown in Table 1 for banks considered large in terms of global DCM activities, and in Table 2 for banks considered intermediate.[2]

1. Rankings – large banks

Rank: Current Rank
3m/1y/2y change: Change in ranking in 3 months/1 year/ 2 years
Total fees: All fees from eligible deals in the period
Net green/fossil: (total green fees – total fossil fees) / total fees

The table is ordered according to the net fee number, which is expressed as a percentage of total fee generation.[3] This makes the figure comparable across banks of different sizes, which is important as the total fees vary from around USD 1bn (SocGen, SMBC, MUFG) to over USD 3bn (JP Morgan).

Table 1. The green/fossil fee league table. A top rank (low ranking number = 1) indicates a higher degree of green activities relative to fossil. Source: AFII, Bloomberg, effective date 5 Dec 2024.

Rank	Bank	Net green/fossil	3m change	1y change	2y change	Total fees USDmn
1	Societe Generale	7.4%	1 ↑	2 ↑	14 ↑	795
2	BNP Paribas	7.2%	-1 ↓	-1 ↓	2 ↑	1,897
3	Credit Agricole	5.7%	0 ~	-1 ↓	-2 ↓	1,298
4	UBS & Credit Suisse	2.7%	1 ↑	1 ↑	-2 ↓	1,162
5	HSBC	2.5%	-1 ↓	-1 ↓	-2 ↓	1,841
6	Deutsche Bank	1.9%	0 ~	0 ~	-1 ↓	1,990
7	SMBC	1.1%	0 ~	4 ↑	7 ↑	1,112
8	MUFG	0.8%	1 ↑	5 ↑	2 ↑	1,151
9	Morgan Stanley	-0.9%	1 ↑	-1 ↓	-2 ↓	1,619
10	Mizuho Financial	-1.5%	4 ↑	4 ↑	3 ↑	1,460
11	Barclays	-1.9%	1 ↑	-4 ↓	-3 ↓	1,663
12	Citi	-1.9%	-1 ↓	-3 ↓	-1 ↓	2,563
13	Goldman Sachs	-2.4%	-5 ↓	2 ↑	-7 ↓	1,880
14	JP Morgan	-3.0%	-1 ↓	-2 ↓	-2 ↓	3,550
15	BofA Securities	-5.3%	0 ~	-5 ↓	-6 ↓	2,750
16	RBC	-6.8%	0 ~	0 ~	1 ↑	1,187
17	Wells Fargo	-7.6%	0 ~	0 ~	-1 ↓	1,663

The bottom of the table is unchanged from Q3 analysis in September.

The top of the table is still dominated by French institutions, but they have swapped places. Societe Generale has now taken over the top spot from BNP Paribas, having increased its net green/fossil fees from 6.4% to 7.4%.[4]

[2] The intermediate sample of banks is chosen on the basis of total fee size with certain subjectivity relating to the relevance of the bank as a counterparty in terms of secondary trading activities in hard currencies. The list is subject to changes and updates.
[3] It should be noted that the table calculations relating to Deutsche Bank, Goldman Sachs, JP Morgan, and Morgan Stanley have been adjusted for what appears to be a data error in terms of total fees for a single Italian government deal which had contributed fees of USD 1.13bn.
[4] For prior analysis please see "The Box: green/fossil fee league tables Q3 24", AFII, 17 Sep 2024.

MUFG has moved a further slot higher (+5 in Q3), and notably now generates more fees from green deals than fossil deals with a net fee figure of 0.8% (-1.5% in Q3).

Goldman Sachs has reversed its Q3 move of +4 by falling 5 places in this table, due to an increase in fossil fees. A recent deal involving the bank and JP Morgan is a USD 3bn bond related to the natural gas pipeline producer Venture Global LNG, for which they acted as joint lead managers.

2. Rankings – intermediate banks

Table 2 shows the rankings for intermediate institutions,[5] the top and bottom of which are also broadly stable from last quarter. In the middle of the table both Natixis and Lloyds have risen four places, increasing their net green/fossil fees by 3.2% and 4.3% respectively. For Lloyds in particular this may represent increased success with green deals, as its net fees were balanced in the prior quarter, and in the past period it was involved in a GBP green hybrid issuance from EDF.

Table 2 . Green/fossil fee league table for intermediate-sized institutions. Source: AFII, Bloomberg, effective date 5 Dec 2024.

Rank	Bank	Net green/fossil	3m change	1y change	2y change	Total fees USDmn
1	Swedbank	34.8%	0 ~	0 ~	4 ↑	120
2	Danske Bank	24.5%	1 ↑	2 ↑	0 ~	372
3	SEB	23.7%	-1 ↓	0 ~	-2 ↓	323
4	Nordea	22.9%	0 ~	-2 ↓	-1 ↓	391
5	ABN Amro	17.5%	1 ↑	1 ↑	2 ↑	89
6	Natixis	10.7%	4 ↑	7 ↑	4 ↑	584
7	NatWest Markets	10.1%	-2 ↓	0 ~	-1 ↓	382
8	BBVA	10.0%	1 ↑	-3 ↓	5 ↑	366
9	Commonwealth Bank	9.6%	-2 ↓	1 ↑	2 ↑	197
10	Intesa Sanpaolo	9.1%	3 ↑	13 ↑	12 ↑	339
11	Rabobank	8.0%	-3 ↓	7 ↑	3 ↑	177
12	Commerzbank	7.8%	0 ~	-4 ↓	-4 ↓	376
13	ING Groep	7.7%	1 ↑	4 ↑	-4 ↓	705
14	UniCredit	6.6%	-3 ↓	2 ↑	6 ↑	480
15	Westpac Banking	5.6%	0 ~	-4 ↓	4 ↑	252
16	NAB	5.2%	1 ↑	-2 ↓	0 ~	258
17	ANZ Banking Group	4.8%	-1 ↓	-5 ↓	6 ↑	382
18	Lloyds Bank	4.4%	4 ↑	4 ↑	3 ↑	211
19	Nomura	4.4%	-1 ↓	-10 ↓	-7 ↓	377
20	DNB ASA	3.4%	1 ↑	1 ↑	-16 ↓	336
21	ICBC	3.1%	-2 ↓	-6 ↓	-6 ↓	638
22	Standard Chartered Bank	1.5%	-2 ↓	-2 ↓	-5 ↓	617
23	Banco Santander	-0.1%	0 ~	-4 ↓	-5 ↓	1,387
24	US Bancorp	-6.3%	1 ↑	1 ↑	0 ~	493
25	Jefferies	-6.5%	-1 ↓	1 ↑	0 ~	424
26	BMO Capital Markets	-6.9%	1 ↑	2 ↑	0 ~	823
27	Scotiabank	-8.1%	-1 ↓	0 ~	0 ~	617
28	TD Securities	-11.3%	0 ~	-4 ↓	0 ~	838

[5] It should be noted that the table calculations relating to Intesa Sanpaolo and Nomura have been adjusted for what appears to be a data error in terms of total fees for a single Italian government deal which had contributed fees of USD 1.13bn.

The largest fallers are UniCredit (-3), and Rabobank (-3). A notable deal for Rabobank is its joint-bookrunner role in a USD 3.4 bn revolver loan for the US energy trading company Mercuria Energy.

Regional fossil rankings

1. ASEAN

We began producing an ASEAN[6] green/fossil fee league table in Nov 23.[7] This encompasses deals by banks from the in-scope countries that generate a minimum of USD 10mn total fees in the region.

Table 3 shows the rankings for the major institutions with deals in the ASEAN region. Due to deal volumes being lower, we show the rankings for three years of data.

The top six slots are unchanged quarter-on-quarter, and the bottom four banks are unchanged, although Bank Mandiri and Mizuho have swapped places.

The biggest mover was Bangkok Bank (-6), mainly due to a decrease in green fees over the period.

Table 3. ASEAN green/fossil fee league table (fees from deals from ASEAN-based issuers). Source: AFII, Bloomberg, effective 5 Dec 2024.

Rank	Bank	Net green/fossil	3m change	Total fees USDmn
1	OCBC	23.7%	0 ~	242
2	United Overseas Bank	22.4%	0 ~	356
3	DBS Group	16.5%	0 ~	292
4	HSBC	7.3%	0 ~	143
5	Maybank	2.9%	0 ~	311
6	CIMB Group Holdings Bhd	2.5%	0 ~	378
7	BNP Paribas	1.8%	1 ↑	62
8	Government Savings Bank	1.6%	-1 ↓	48
9	Siam Commercial Bank PCL	-2.5%	0 ~	87
10	RHB	-3.8%	0 ~	157
11	AmInvestment Bank Bhd	-4.6%	0 ~	110
12	Standard Chartered Bank	-5.0%	3 ↑	162
13	Bank Negara Indonesia	-5.4%	-1 ↓	95
14	Kasikornbank PCL	-5.9%	0 ~	97
15	Krung Thai Bank	-8.5%	3 ↑	91
16	Bank of China	-8.6%	1 ↑	66
17	Bank Rakyat Indonesia PT	-9.7%	2 ↑	59
18	Deutsche Bank	-9.9%	-2 ↓	53
19	Bangkok Bank PCL	-10.7%	-6 ↓	119
20	MUFG	-12.1%	0 ~	147
21	Bank Mandiri	-14.1%	1 ↑	139
22	Mizuho Financial	-14.4%	-1 ↓	57
23	SMBC	-27.1%	0 ~	137

There are some interesting comparisons to be drawn between this ASEAN-based deals ranking and the global league table. SMBC holds the bottom spot here with -27.1% net fees, however globally it generates more fees from green with a net figure of +1.1%. Similarly, MUFG has negative net fees in ASEAN (-12.1%) but at the global level has been climbing the league table and now generates more

[6] A region which comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

[7] For the inaugural analysis please see "Asia bank league table of green and fossil bond syndication fees", AFII, 29 Nov 2023.

fees from green than fossil. Both banks generate around 12% of their global fees from the ASEAN region.

That eight banks generate net positive fees in the region suggests this is not due to structural differences in issuance patterns. The discrepancies present an opportunity for engagement, to encourage the global business split to be applied in all regions.

2. Japan

Table 4 shows the equivalent green/fossil fee league table for Japanese deals and major banks (which covers firms with a minimum of USD 10mn in total fees from deals where the issuers' country of risk is Japan). It is notable that only one bank has negative net fees, potentially an indicator of the GX transition program making its mark, but also likely a reflection of the country not having its own fossil fuel resources and therefore needing little capex for extractive businesses.[8]

Table 4. Japan green/fossil fee league table (fees from deals from Japanese issuers). Source: AFII, Bloomberg, effective 5 Dec 2024.

Rank	Bank	Net green/fossil	3m change	1y change	2y change	Total fees USDmn
1	Barclays	14.3%	0 ~	12 ↑	7 ↑	17.7
2	BNP Paribas	11.3%	0 ~	5 ↑	0 ~	26.5
3	Daiwa Securities	6.4%	0 ~	5 ↑	8 ↑	121.9
4	JP Morgan	6.1%	1 ↑	7 ↑	-3 ↓	43.9
5	Nomura	5.6%	3 ↑	-2 ↓	5 ↑	104.9
6	Morgan Stanley	5.3%	0 ~	4 ↑	6 ↑	106.5
7	Mizuho Financial	4.6%	0 ~	-2 ↓	2 ↑	211.1
8	BofA Securities	3.6%	4 ↑	-7 ↓	-5 ↓	35.0
9	Goldman Sachs	3.4%	1 ↑	-5 ↓	-2 ↓	29.7
10	SMBC	3.3%	-6 ↓	-4 ↓	3 ↑	243.4
11	Citi	3.0%	0 ~	-2 ↓	-6 ↓	32.0
12	MUFG	2.5%	-3 ↓	-10 ↓	-6 ↓	210.2
13	Credit Agricole CIB	2.4%	0 ~	-1 ↓	-9 ↓	31.8
14	SBI Holdings Inc/Japan	0.1%	0 ~	0 ~	0 ~	17.2
15	ANZ Group Holdings Ltd	-2.0%	0 ~	0 ~	0 ~	9.0

The most significant mover is SMBC, falling six places, and reducing its net fees from +6.8% to +3.3%, with over 20% of its global fees coming from Japanese issuers, and so included in this table. In the past quarter SMBC was bookrunner in a deal with the Japanese coal mining company Nippon Coke & Engineering.

In Table 5 (overleaf), we present the rankings solely for Japanese banks. This table simply compares total fee generation for Japanese banks specifically. This information may be relevant to an issuer looking to identify a local Japanese bank that is best aligned with its own climate policy. There are no changes to the rankings in this table since our last report.

[8] For more info see "Transition power, a JGB SLB, prints in USD", AFII, 2 Feb 2024.

Table 5. Green/fossil fee league table for Japanese banks. Source: AFII, Bloomberg, effective 5 Dec 2024.

Rank	Bank	Net green/fossil	3m change	1y change	2y change	Total fees USDmn
1	Nomura	4.4%	0 ~	0 ~	0 ~	377
2	SMBC	1.1%	0 ~	0 ~	2 ↑	1,112
3	MUFG	0.8%	0 ~	0 ~	-1 ↓	1,151
4	Mizuho Financial	-1.5%	0 ~	0 ~	-1 ↓	1,460

3. Canada

Table 6 shows the green/fossil fee league table for Canadian banks with the highest fee generation from deals globally. These institutions have traditionally been very active in fossil lending, as the net fee numbers demonstrate.[9] The best performer is still CIBC, even though in the most recent quarter it increased fossil fees and generated net negative green fees.

Table 6. Green/fossil fee league table for Canadian banks. Source: AFII, Bloomberg, effective 5 Dec 24.

Rank	Bank	Net green/fossil	3m change	1y change	2y change	Total fees USDmn
1	CIBC	-5.4%	0 ~	0 ~	1 ↑	457
2	RBC Capital Markets	-6.8%	0 ~	1 ↑	2 ↑	1,187
3	BMO Capital Markets	-6.9%	1 ↑	2 ↑	-2 ↓	823
4	Scotiabank	-8.1%	-1 ↓	0 ~	-1 ↓	617
5	TD Securities	-11.3%	0 ~	-3 ↓	0 ~	838

Deforestation risk

To improve transparency for fixed income investors around deforestation risks, AFII monitors the activity of a universe of potentially exposed issuers.[10] This issuer universe (Representative Deforestation Credit Portfolio, or RDCP) comprises 35 companies, all issuers of fixed income securities, that are relevant for credit portfolio managers seeking to control their deforestation exposures. This universe is used to identify syndication fees from deals with potentially exposed issuers, and to create Table 7.

Table 7. RDCP fees vs total fees for large banks: Source: AFII, Bloomberg, effective date 5 Dec 2024.

Bank	RDCP/Total fees ratio	RDCP fees USDmn	Total fees USDmn
Citi	2.1%	140.0	6,608
Wells Fargo	1.9%	82.0	4,325
HSBC	1.5%	69.4	4,498
JP Morgan	1.5%	135.0	8,788
BofA Securities	1.4%	113.1	7,822
Barclays	1.4%	63.7	4,478
RBC Capital Markets	1.4%	44.1	3,243
Mizuho Financial	1.3%	43.5	3,310
Societe Generale	1.3%	30.1	2,306
BNP Paribas	1.2%	61.3	5,077
Deutsche Bank	1.2%	54.5	4,566
Morgan Stanley	1.0%	40.7	3,908
UBS & Credit Suisse	1.0%	36.0	3,686
MUFG	0.7%	20.6	3,121
Goldman Sachs	0.6%	26.8	4,541
SMBC	0.5%	13.4	2,782
Credit Agricole CIB	0.4%	15.9	3,642

[9] AFII has commented on BMO's environmental credentials in "The Montreal-West Virginia-Frankfurt price stability paradox", AFII, 5 Jun 2024.

[10] This is currently tracked using the AFII developed "Representative Deforestation Credit Portfolio" (RDCP), whose methodology is described in "RDCP: Deforestation exposure in liquid credit portfolios", AFII, 22 Dec 2023. For an introduction into its use for The Box please see "Deforestation exposure: Q1 2024 bond issuance review and bank syndication fees", AFII, 25 Apr 2024.

Note that the list in Table 7 is designed to support engagement; it focuses on exposure rather than ranking from best-to-worst. A bank with high exposure may be a very constructive force (or destructive) in terms of deforestation engagement, one with little exposure is simply less relevant for driving deforestation engagement.

1. Highest exposures – large banks

Table 7 shows syndication fees for large banks based on their global DCM activities and trading volumes over the past three years,[11] and considering their fee activity from deals with issuers in the RDCP portfolio. Citi and Wells Fargo are the two with the highest percentage of fee revenue from clients who are potentially exposed to deforestation in the RDCP.

RDCP/Total fees ratio: Percentage of total fees from RDCP
RDCP Fees: All fees from eligible RDCP deals in the period
Total Fees: All fees from eligible deals in the period

Citi has both the highest fee share and the highest absolute amount of deforestation-related fees. We see no overarching commitment from Citi around deforestation, although it has been monitoring and analysing risks in the agribusiness sector, which includes deforestation. When coupled with a Forest 500[12] score of 26% (which is low in absolute terms, but still in the top quartile of bank scores),[13] Citi makes a strong candidate for deforestation-related engagement.

The second-highest fee share belongs to Wells Fargo, which scores incredibly poorly in the Forest 500, with an overall score of 7%, and a 0/6 on its overall approach. It has no commitment on deforestation, does not identify it as a business risk, and does not participate in collaborative finance sector initiatives.[14]

The second-highest bank (after Citi) in terms of absolute fees is JP Morgan, which also held this spot in the previous analysis. JP Morgan's Forest 500 score is lower than Citi's, at 16%, and the bank has no overarching commitment on deforestation, although they are a signatory to a finance sector initiative.[15]

From a fee point of view, the volume of loans to potentially deforestation exposed issuers in the past quarter were more significant than the bonds.

Colgate-Palmolive (ticker CL), an American consumer product manufacturer, seems to have renewed its revolving credit facility with Citi, for estimated revenues of USD 7.5mn.

Archer-Daniel-Midlands (ticker ADM), an American commodity trader, arranged a three-tranche USD 5bn loan with bookrunners Bank of America, Citi, JP Morgan and Barclays (the latter working only on two tranches). Since this is private lending, it is hard for investors to exert influence over this activity, however the syndication fees offer information on how this borrowing is being facilitated.

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[11] The population of banks is split between large and intermediate based on total fee size but using subjectivity relating to the relevance of the bank as a counterparty in terms of secondary trading activity in hard-currencies. The list is subject to change and updates. This aligns with our broader fossil/green rankings as determined in earlier work.
[12] See Appendix or more details on this data set.
[13] "Company rankings: Citigroup", Forest 500, accessed 6 Dec 2024.
[14] "Company rankings: Wells Fargo", Forest 500, accessed 6 Dec 2024.
[15] "Company rankings: JPMorgan", Forest 500, accessed 6 Dec 2024.

The largest bond deal was a two-tranche deal for General Mills (ticker GM), an American food company, managed by Barclays, BNP, Bank of America, Citi, JP Morgan, Morgan Stanley, and Wells Fargo. General Mills also arranged a USD 2.7bn term loan.

2. Highest exposures – intermediate banks

Table 8 shows syndication fees for intermediate-sized institutions, as determined by their global DCM activities and trading volumes.[11] Zuercher Kantonalbank has the highest relative share of in-scope fees among intermediate-sized banks, followed by Rabobank. Zuercher Kantonalbank is not assessed by Forest 500, and its fees mainly relate to bonds and loans concerning Nestle, with which it seems to have a relatively exclusive banking relationship.

Rabobank, which has the second-highest relative fee figure, has a Forest 500 score of 54.7% – one of the highest among financial institutions,[16] with a score of 1.5/3 for its deforestation-free commitment, including a commitment not to provide products and services that support conversion or deforestation of high conservation value areas.[17,18]

In the most recent quarter Rabobank participated in zero in-scope deals, although in Q1 2024 it was joint lead manager for both Ahold and Tyson Foods issuances.

Table 8. RDCP fees vs total fees for intermediate-sized institutions: Source: AFII, Bloomberg, effective date 5 Dec 2024.

Bank	RDCP/Total fees ratio	RDCP fees USDmn	Total fees USDmn
Zuercher Kantonalbank	5.2%	16.9	324
Rabobank	3.0%	14.6	493
Truist Securities Inc	1.6%	23.9	1,450
US Bancorp	1.5%	21.1	1,367
NatWest Markets	1.4%	15.1	1,117
Standard Chartered Bank	1.3%	22.0	1,639
Banco Santander	1.2%	34.7	2,809
BBVA	1.2%	12.0	1,008
ING Groep	1.1%	20.3	1,807
TD Securities	0.9%	20.8	2,335
Commonwealth Bank	0.7%	4.6	621
Commerzbank	0.7%	6.8	951
ANZ Group Holdings Ltd	0.7%	7.2	1,014
Natixis	0.7%	11.2	1,662
BMO Capital Markets	0.5%	11.3	2,224
UniCredit	0.5%	8.0	1,613
Intesa Sanpaolo	0.4%	4.5	1,104
Lloyds Bank	0.3%	1.8	552
Scotiabank	0.3%	6.1	2,083
ABN Amro Bank NV	0.3%	0.8	280
Westpac Banking	0.2%	1.2	654
National Australia Bank	0.1%	0.5	711
Danske bank	0.1%	0.6	931
Industrial & Comm Bank of China	0.1%	1.4	2,135
Nomura	0.0%	0.3	1,200
SEB	0.0%	0.0	808
Swedbank	0.0%	0.0	330
Nordea	0.0%	0.0	1,034
DNB ASA	0.0%	0.0	1,447
Jefferies	0.0%	0.0	961

[16] "Company rankings: Rabobank", Forest 500, accessed 6 Dec 2024.
[17] "Sustainable Policy Framework", Rabobank, Jan 2024.
[18] We note there have been allegations from Greenpeace and Profundo that Rabobank's financing of Brazil-based companies may have links to 287,700 hectares of deforestation, showing how complex tracing these concerns can be. "€ 0.7 billion in profits, € 66 billion in damages. Rabobank's destructive financing of deforestation in Brazil" Profundo, 5 Jul 2023.

Banco Santander (Forest 500 score: 17%)[19] is the intermediate-sized bank with the highest absolute fee revenue from facilitating capital market access for companies potentially exposed to deforestation, as identified by our RDCP analysis.

Its only covered deal in the past quarter was a two-tranche bond deal for Nestle, a Swiss food and drink conglomerate.

[19] "Company rankings: Santander", Forest 500, accessed 6 Dec 2024.

Appendix 1 – Bank ranking methodology

In order to rank banks' performance in supporting access to capital markets, we must first collect data on deals. With a comprehensive universe of securities, we can then conduct rankings, to understand the relative behaviour of banks.

1. Syndication fees

Syndication fees are USD payments which the bank receives for arranging and organising issuances. Typically, a number of banks would be involved in a deal, however the fees paid are not split equally, with 'lead' arrangers receiving more.

We consider these fees to indicate how much work the bank contributed to arrange the bond or loan and how important it was for the issuer to have that bank involved. Banks do not work for free, and issuers do not pay fees that they do not have to.

There is good competition in the market for bond and loan syndication, and so we expect fee levels to reflect bank appetite for certain business, i.e. for a controversial issuer who may have fewer banks offering to represent it, we would expect fees to be higher.

We also look at syndication fees on a relative basis, i.e. what portion of total bank syndication revenues are represented by selected desirable or undesirable activities. This is essential to adjust for the total size of different banks, and to make the league tables comparable.

2. Data collection

Data is collected at the deal level, and then aggregated to provide rankings.

We restrict the population only to vanilla deals, to get a good overview of the market. The following are excluded: variable interest redemptions, bonds without warrants or that are credit linked, convertibles, retained deals, and schuldscheins. Self-led deals must have a transaction amount above USD 50mn. Deal call, put, and maturity length must be more than 540 days. Only deals with an effective date within the specified time window are included.

Eligible securities, both bonds and loans, are identified in Bloomberg, alongside the fees paid to participating banks. Where fee information is not available, they are estimated using Bloomberg's Bond Fee Model that leverages as-reported values where available to predict non-reported fees based on issuer and security-level information.[20]

Current fees are collected over a one-year rolling window. We collect data for the past three years, to calculate two years' worth of rolling fees, in order to understand changes in behaviour. This means that for tables which are effective 5 Dec 2024 (as the tables in this document are), the initial ranking uses an observation period of 5 Dec 2023 - 5 Dec 2024, and earlier periods are used accordingly.

This granular dataset can also be used to identify individual transactions that may be misaligned with a bank's sustainability policy, and so present an engagement priority.

[20] For more information see the Wallet Share Fact Sheet in the LEAG help section in Bloomberg.

3. Ranking

The dataset above gives us, for each institution and period, fees generated from the undesirable behaviour we are seeking to discourage, fees generated from desirable behaviour we are seeking to encourage, and total fees which are used to consider relative performance.

The metric used for ranking is a percentage, as per the below calculation:

$$Net\ aligned\ fee\ share\ for\ bank_i = \frac{\sum_{r=1}^{m} Aligned\ fees_r - \sum_{r=1}^{n} Non\text{-}aligned\ fees_r}{\sum_{r=1}^{p} Total\ fees_r}$$

where *m, n, p* are the total number of relevant deals for bank *i* in the specified rolling window.

When both positive and negative behaviour is included, the net fees for consideration can be positive or negative, and further analysis can reveal whether this an important delineator of overall performance.

Clearly, the net fee number will be dependent on market conditions, e.g. there may be greater need for issuances in certain sectors versus others,[21] which makes it useful to look at net fee shares on a relative basis within certain groups of banks, rather than an outright number. We create this relative comparison simply by ranking peer groups of banks. The ranking is monitored over time, with changes in ranking being identified and analysed. This gives a real-time estimate of how the bank is behaving in the market in terms of their focus in facilitating deals that are undesirable.

4. Method for deforestation risk

We calculate syndication fees for deals with those issuers in our RDCP universe. As the population is small, we group data over the past three years, and calculate the ratio compared to total fees. This rolling ratio can be updated on a quarterly basis to identify trends.

$$RDCP/Total\ fee\ ratio\ for\ bank_i = \frac{\sum_{r=1}^{n} RDCP\ fees_r}{\sum_{r=1}^{p} Total\ fees_r}$$

where *n, p* are the total number of relevant deals for a bank in the specified rolling window.

The resulting table identifies key targets for engagement. It is important to note that the banks with the highest fee revenues are not necessarily major contributors to deforestation. Rather, they are facilitating capital market access for companies that have a recorded potential impact on deforestation.

5. Forest 500

For the banks in question, we have also considered an external data source, the Forest 500 score, to understand their respective commitments to deforestation.

The Forest 500 ranking offers a comprehensive overview of financial institutions' policies and actions related to critical commodities associated with deforestation.[22] Those ranked are assessed on their efforts to address deforestation risks within their portfolios and the degree of transparency and accountability they bring to this task.

[21] For example, renewable energy structurally has larger funding needs in a build-out compared to oil and gas companies that may be almost self-financing through cash flows in already established activities.
[22] For further details, see Forest 500 Ranking Institutions, Forest 500, accessed 12 Apr 2024.

Each Forest 500 score ranges between 0-100%. The higher the score, the stronger the commitment to combating deforestation. Among banks the current highest score is 58.5%, whereas the top corporates stand at 72.5%.

Appendix 2 – "The Box" implementation

We propose the following implementation procedure for "The Box":

1) Generate a league table of banks' syndication activities, with a preference for climate-aligned activities.
2) Communicate to the bottom-ranked banks that they are 'at risk' from fee-generating activity exclusion, either bilaterally or publicly. A bilateral discussion is likely to be better at driving direct alignment with the individual counterparty, as there is less stigma attached to it, whereas a public announcement is likely to cause friction among all counterparties. The pre-exclusion discussion is also important to verify the underlying data for the process, as fee data can be imprecise.
3) Execute and communicate a de-selection for the poorest performing bank(s) in terms of business flows. For example:
    a. Asset owners/managers: De-list the institutions from the eligible counterparty list for new trades for a certain set of products such as cash bonds, credit derivatives, IR swaps and futures, and FX transactions. On primary market transactions, communicate such preferences to the syndicate.
    b. Bond issuers: De-list the institution from syndicating bond deals or executing other financing transactions over the boxed period.
4) After a pre-set period, say 3-6 months, repeat the process starting at step 1. An advantage of this process is that the feedback, positive or negative, can be relatively quick and contained within single compensation cycles, thus driving short-term behaviour more efficiently than an annual cycle.

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