

The Box: syndication fee league tables Q3 24

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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 thus enabling debt to be raised. Historically, it has been hard to influence this activity; it is often not covered by sustainability policies, which may focus only on direct lending.

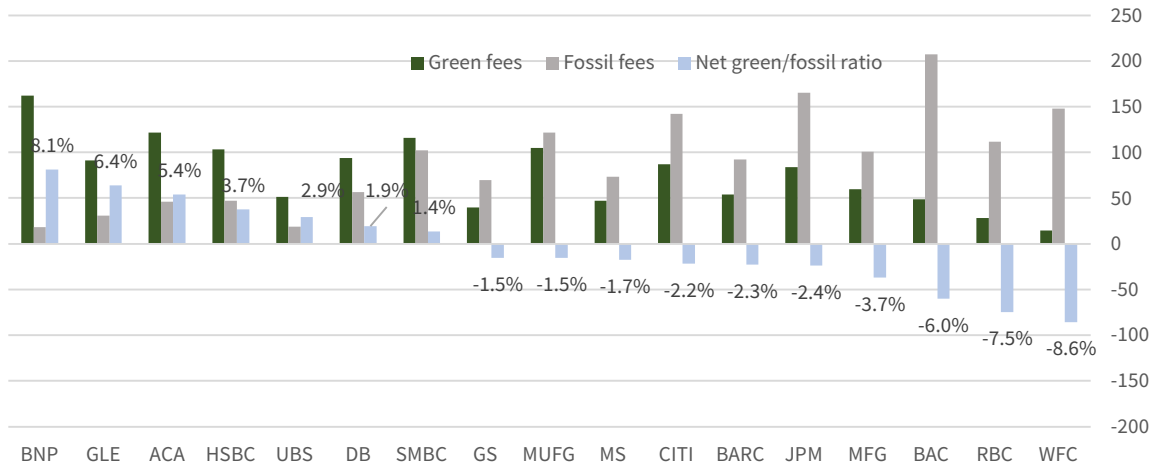
By monitoring syndication fees, specifically from green and fossil activities, investors can direct business to the best performers and so incentivise a change in behaviour within banks.[1]

AFII has been recording these league tables for a number of years, and provides updates ahead of IMM derivative roll dates, which are typically high-volume trading days. We have expanded this work to include syndication activity with issuers who may be exposed to deforestation.

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

- There is limited change at the top or bottom of the global league table, with **Wells Fargo**, **RBC,** and **Bank of America** still generating the largest relative percentage of fees from fossil activity compared to green. **Goldman Sachs** and **MUFG** have moved four and five places higher, respectively, although both still generate more fees from fossil deals than green.
- In ASEAN **Mizuho** has moved down four spots to enter the bottom three. Most notable was its bookrunner role for a loan to Petron Corp, a Philippines-based fossil company.
- **Citi** and **Wells Fargo** both generated the highest proportion of their fees from deals that are potentially exposed to deforestation. The largest transaction was acquisition financing raised by the Kroger Co, which is a sector that risks possible links to deforestation.

Figure 1. Green/fossil absolute fees for Tier 1 banks. Source: AFII, Bloomberg, effective date 10 Sep 2024.



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

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Green/fossil fee league tables

The green/fossil league table for the IMM date of Sep 24 is shown in Table 1 for banks considered Tier 1 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. The percentage expression is normalised for bank size, 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 10 Sep 2024.

Rank	Bank	Net green/fossil	3m change	1y change	2y change	Total fees USDmn
1	BNP Paribas	8.1%	0 ~	0 ~	3 ↑	1,779
2	Societe Generale	6.4%	0 ~	1 ↑	12 ↑	939
3	Credit Agricole	5.4%	0 ~	-1 ↓	-2 ↓	1,404
4	HSBC	3.7%	1 ↑	1 ↑	-2 ↓	1,506
5	UBS & Credit Suisse	2.9%	-1 ↓	-1 ↓	-2 ↓	1,115
6	Deutsche Bank	1.9%	0 ~	1 ↑	-1 ↓	1,939
7	SMBC	1.4%	1 ↑	6 ↑	3 ↑	1,026
8	Goldman Sachs	-1.5%	4 ↑	7 ↑	-2 ↓	1,977
9	MUFG	-1.5%	5 ↑	-3 ↓	7 ↑	1,086
10	Morgan Stanley	-1.7%	-3 ↓	-1 ↓	-3 ↓	1,528
11	Citi	-2.2%	0 ~	0 ~	0 ~	2,561
12	Barclays	-2.3%	-3 ↓	-4 ↓	-4 ↓	1,667
13	JP Morgan	-2.4%	0 ~	1 ↑	-1 ↓	3,386
14	Mizuho Financial	-3.7%	-4 ↓	-2 ↓	-1 ↓	1,118
15	BofA Securities	-6.0%	0 ~	-5 ↓	-6 ↓	2,644
16	RBC	-7.5%	0 ~	0 ~	1 ↑	1,116
17	Wells Fargo	-8.6%	0 ~	0 ~	-2 ↓	1,554

The top and bottom of the table are the same as they were in June.[3] Notable changes quarter-on-quarter include Mizuho (-4) and Barclays (-3) which both moved closer to the bottom of the list. MUFG (+5) improved its ranking the most over the period, having been close to the bottom in recent quarters. This was due to an increase in green fees. A recent deal involving Mizuho is a USD 1.5bn bond related to Adnoc Murban (Abu Dhabi National Oil Company), for which they acted as joint lead managers. Barclays was joint lead manager in a USD 750mn bond for the Australian petroleum exploration and production company Woodside Energy.

[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] "The Box: green/fossil fee league tables Q2 24", AFII, 18 Jun 2024.

Wells Fargo remains in the bottom spot and increased its fossil fees quarter-on-quarter. Notable fossil deals conducted by the bank last quarter include a joint lead manager role for a bond issued by the US oil and gas company SM Energy (ticker: SM, rated B1), and a similar role for another Permian Resources bond deal also involving Barclays, Citi, Goldman Sachs, JP Morgan, Mizuho, and Morgan Stanley.

2. Rankings – intermediate banks

Table 2 shows the rankings for intermediate institutions.[4] The big movers quarter-on-quarter are UniCredit (-5), ABN Amro (+5), and Intesa Sanpaolo (+6). A notable deal for UniCredit is its joint lead manager role in a EUR 850mn bond for Repsol.

Table 2 . Green/fossil fee league table for intermediate-sized institutions. Source: AFII, Bloomberg, effective date 10 Sep 2024.

Rank	Bank	Net green/fossil	3m change	1y change	2y change	Total fees USDmn
1	Swedbank	35.2%	0 ~	0 ~	1 ↑	116
2	SEB	25.0%	0 ~	1 ↑	-1 ↓	301
3	Danske Bank	23.1%	0 ~	1 ↑	0 ~	372
4	Nordea	21.7%	0 ~	-2 ↓	0 ~	371
5	NatWest Markets	12.2%	0 ~	4 ↑	0 ~	410
6	ABN Amro	12.1%	5 ↑	-1 ↓	0 ~	89
7	Commonwealth Bank	8.9%	1 ↑	7 ↑	6 ↑	197
8	Rabobank	8.6%	2 ↑	5 ↑	7 ↑	187
9	BBVA	8.0%	4 ↑	-3 ↓	1 ↑	395
10	Natixis	7.5%	-3 ↓	5 ↑	1 ↑	615
11	UniCredit	7.3%	-5 ↓	6 ↑	10 ↑	510
12	Commerzbank	6.9%	-3 ↓	-5 ↓	-4 ↓	375
13	Intesa Sanpaolo	6.6%	6 ↑	9 ↑	10 ↑	302
14	ING Groep	6.5%	-2 ↓	-3 ↓	5 ↑	654
15	Westpac Banking	6.1%	0 ~	-7 ↓	5 ↑	247
16	ANZ Banking Group	4.7%	2 ↑	3 ↑	6 ↑	335
17	NAB	4.1%	-3 ↓	-5 ↓	-1 ↓	249
18	Nomura	2.2%	-2 ↓	-8 ↓	-9 ↓	378
19	ICBC	2.2%	-2 ↓	-3 ↓	-7 ↓	637
20	Standard Chartered Bank	1.8%	1 ↑	3 ↑	-3 ↓	565
21	DNB ASA	1.4%	1 ↑	0 ~	-14 ↓	303
22	Lloyds Bank	0.1%	-2 ↓	-2 ↓	-4 ↓	220
23	Banco Santander	-0.5%	0 ~	-5 ↓	-9 ↓	929
24	Jefferies	-5.0%	1 ↑	0 ~	0 ~	373
25	US Bancorp	-6.5%	1 ↑	0 ~	0 ~	446
26	Scotiabank	-8.2%	-2 ↓	2 ↑	1 ↑	616
27	BMO Capital Markets	-8.3%	0 ~	0 ~	-1 ↓	781
28	TD Securities	-9.5%	0 ~	-2 ↓	0 ~	833

[4] The DNB calculation has been adjusted for what appears to be a data error in terms of total fees, indicated by (*), where USD 634mn linked to a government deal has been removed.

Regional fossil rankings

1. ASEAN

We began producing an ASEAN[5] green/fossil fee league table in Nov 23.[6] 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-ranked banks currently are OCBC and United Overseas Bank (UOB), with UOB moving up a spot since the last ranking. UOB served as a joint lead manager on a green bond issued by CMT MTN Pte. Ltd., a Singapore-based company that operates a real estate investment trust.

SMBC retains the bottom-most spot it held last. However, at the global level it performs relatively better (holding 7th place with net fees +1.4%),. It also has a high ranking within Japan (4th place and +6.8% net fees). The discrepancies in its regional rankings provide an opportunity for selective engagement, as SMBC seems to originate high volumes of fossil activity in ASEAN.

Table 3. ASEAN green/fossil fee league table (fees from deals from ASEA- based issuers). Source: AFII, Bloomberg, effective 10 Sep 2024.

Rank	Bank	Net green/fossil	3m change	Total fees USDmn
1	OCBC	23.8%	0 ~	226
2	United Overseas Bank	17.2%	1 ↑	321
3	DBS Group	13.1%	-1 ↓	292
4	HSBC	3.5%	0 ~	155
5	Maybank	3.0%	0 ~	306
6	CIMB Group Holdings Bhd	2.1%	0 ~	366
7	Government Savings Bank	1.8%	0 ~	51
8	BNP Paribas	0.6%	0 ~	59
9	Siam Commercial Bank PCL	-1.4%	0 ~	89
10	RHB	-3.7%	0 ~	158
11	AmInvestment Bank Bhd	-4.1%	0 ~	114
12	Bank Negara Indonesia	-4.9%	1 ↑	88
13	Bangkok Bank PCL	-6.0%	3 ↑	118
14	Kasikornbank PCL	-6.7%	1 ↑	101
15	Standard Chartered Bank	-6.9%	-3 ↓	157
16	Deutsche Bank	-8.1%	4 ↑	50
17	Bank of China	-9.1%	-3 ↓	66
18	Krung Thai Bank	-9.9%	0 ~	96
19	Bank Rakyat Indonesia PT	-10.3%	2 ↑	56
20	MUFG	-11.2%	-1 ↓	144
21	Mizuho Financial	-12.3%	-4 ↓	55
22	Bank Mandiri	-14.1%	0 ~	137
23	SMBC	-27.2%	0 ~	130

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

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

Mizuho moved down four spots this quarter due to increased fossil fees since the last ranking. Notably, the bank performed a bookrunner role for a loan issued by a Philippines-based oil and gas company, Petron Corp.

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.[7]

Barclays, which was in 12th position in the Q2 ranking, moved up to the top spot, swapping places with BofA. This shift was driven by an increase in green fees to 10.2% (Q2: 0.0%), as Barclays served as a joint lead manager on three green bonds. Two of these were issued by East Japan Railway company, a Japan-based real transportation company and Mizuho Financial, the Japanese financial institution also part of the rankings in Table 4.

Table 4. Japan green/fossil fee league table (fees from deals from Japanese issuers). Source: AFII, Bloomberg, effective 10 Sep 2024.

Rank	Bank	Net green/fossil	3m change	1y change	2y change	Total fees USDmn
1	Barclays	10.2%	11 ↑	11 ↑	1 ↑	20.6
2	BNP Paribas	9.3%	3 ↑	4 ↑	2 ↑	27.7
3	Daiwa Securities	7.3%	-1 ↓	6 ↑	10 ↑	112.0
4	SMBC	6.8%	6 ↑	4 ↑	3 ↑	157.8
5	JP Morgan	5.6%	3 ↑	0 ~	0 ~	43.9
6	Morgan Stanley	5.3%	-2 ↓	1 ↑	9 ↑	113.7
7	Mizuho Financial	4.9%	-1 ↓	-5 ↓	7 ↑	187.6
8	Nomura	4.6%	-5 ↓	-5 ↓	4 ↑	119.7
9	MUFG	3.3%	2 ↑	4 ↑	-6 ↓	160.9
10	Goldman Sachs	3.1%	-3 ↓	-6 ↓	-2 ↓	29.6
11	Citi	2.8%	-2 ↓	-1 ↓	-3 ↓	33.3
12	BofA Securities	2.5%	-11 ↓	-11 ↓	-4 ↓	38.3
13	Credit Agricole CIB	0.6%	-1 ↓	-2 ↓	-7 ↓	17.1
14	SBI Holdings Inc/Japan	0.0%	-2 ↓	-1 ↓	-6 ↓	12.5
15	ANZ Group Holdings Ltd	-3.3%	0 ~	-2 ↓	-14 ↓	8.1

In Table 5, 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.

Table 5. Green/fossil fee league table for Japanese banks. Source: AFII, Bloomberg, effective 10 Sep 2024.

Rank	Bank	Net green/fossil	3m change	1y change	2y change	Total fees USDmn
1	Nomura	2.2%	0 ~	0 ~	0 ~	378
2	SMBC	1.4%	0 ~	2 ↑	0 ~	1,026
3	MUFG	-1.5%	1 ↑	-1 ↓	1 ↑	1,086
4	Mizuho Financial	-3.7%	-1 ↓	-1 ↓	-1 ↓	1,118

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

For the most recent quarter, MUFG and Mizuho switched places in the table. Nomura ranks highest due to its low share of fossil fees. As mentioned above MUFG increased green bonds activity quarter-on-quarter.

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.[8] 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 10 Sep 24.

Rank	Bank	Net green/fossil	3m change	1y change	2y change	Total fees USDmn
1	CIBC	-3.4%	0 ~	1 ↑	1 ↑	452
2	RBC Capital Markets	-7.5%	1 ↑	1 ↑	1 ↑	1,116
3	Scotiabank	-8.2%	-1 ↓	2 ↑	1 ↑	616
4	BMO Capital Markets	-8.3%	0 ~	0 ~	-3 ↓	781
5	TD Securities	-9.5%	0 ~	-4 ↓	0 ~	833

Deforestation risk

To improve transparency for fixed income investors around deforestation risks, AFII monitors the activity of potentially exposed issuers.[9] 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.

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

Table 7. RDCP fees vs total fees for Tier 1 banks: Source: AFII, Bloomberg, effective date 10 Sep 2024.

Bank	RDCP/Total fees ratio	RDCP fees USDmn	Total fees USDmn
Citi	2.2%	151.7	6,810
Wells Fargo	1.8%	78.6	4,354
HSBC	1.8%	75.6	4,295
JP Morgan	1.6%	147.4	8,962
BofA Securities	1.6%	126.5	8,107
Barclays	1.5%	70.3	4,575
RBC Capital Markets	1.5%	48.8	3,269
Mizuho Financial	1.5%	44.9	3,037
Societe Generale	1.4%	35.2	2,425
BNP Paribas	1.2%	62.2	5,155
Deutsche Bank	1.0%	50.5	4,882
Morgan Stanley	1.0%	39.2	4,037
UBS & Credit Suisse	1.0%	38.3	4,007
MUFG	0.7%	20.9	3,067
Goldman Sachs	0.6%	29.3	4,950
SMBC	0.5%	13.1	2,748
Credit Agricole CIB	0.4%	15.7	3,682

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

[9] 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.

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 banks considered Tier 1 based on their global DCM activities and trading volumes over the past three years,[10] and considering their fee activity from deals with issuers in the RDCP portfolio. Citi and HSBC are the two Tier 1 banks 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 score of 26% (which is low in absolute terms, but still in the top quartile of bank scores),[11] 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.[12]

The second highest ranking bank in terms of absolute fees is JPMorgan, which also held this spot in the previous analysis. JPMorgan'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.[13]

In the past quarter the most significant deal in this universe involved The Kroger Co (ticker KR), an American retailer. It issued $10.5bn of bonds to fund the planned acquisition of another US grocer, Albertsons.[14] Join lead managers on the deal were Citi, Wells Fargo, Mizuho, Truist and US Bancorp.

Restaurant Brands (ticker BCULC), the Canadian-American owner of Burger King, issued one bond in June, one in August for which both JPMorgan and Wells Fargo were joint lead managers (alongside Barclays, Bank of America, Morgan Stanley, RBC and TD Securities). It also signed a $4.75bn term loan for which JPMorgan was left lead manager.

2. Highest exposures – intermediate banks

Table 8 shows syndication fees for intermediate-sized institutions, as determined by their global DCM activities and trading volumes.[10] Zuercher Kantonalbank has the highest relative share of in-scope fees among intermediate-sized banks, followed by Rabobank. Zuercher Kantonalbank is not

[10] 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.
[11] "Company rankings: Citigroup", Forest 500, accessed 13 Sep 2024.
[12] "Company rankings: Wells Fargo", Forest 500, accessed 13 Sep 2024.
[13] "Company rankings: JPMorgan", Forest 500, accessed 13 Sep 2024.
[14] "Kroger Sells $10.5 Billion of Bonds to Fund Albertsons Buy", Bloomberg, 20 Aug 2024.

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, 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.[15,16]

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.

Banco Santander (Forest 500 score: 17%)[17] 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 largest fee deal in the past quarter was its role as joint lead manager for Carrefour's most recent Sustainability-Linked Bond.

Table 8. RDCP fees vs total fees for intermediate-sized institutions: Source: AFII, Bloomberg, effective date 10 Sep 2024.

Bank	RDCP/Total fees ratio	RDCP fees USDmn	Total fees USDmn
Zuercher Kantonalbank	5.4%	16.9	315
Rabobank	3.0%	15.0	508
Banco Santander	1.7%	39.3	2,360
Truist Securities Inc	1.5%	22.0	1,465
US Bancorp	1.5%	20.5	1,380
NatWest Markets	1.4%	16.5	1,167
ING Groep	1.3%	23.5	1,795
Standard Chartered Bank	1.3%	21.0	1,611
BBVA	1.2%	12.3	1,012
TD Securities	1.0%	24.6	2,345
ANZ Group Holdings Ltd	0.8%	7.7	973
Commonwealth Bank	0.8%	4.8	616
Natixis	0.6%	11.0	1,695
BMO Capital Markets	0.6%	12.9	2,287
Intesa Sanpaolo	0.5%	6.0	1,096
Commerzbank	0.5%	4.8	946
UniCredit	0.5%	8.4	1,695
Lloyds Bank	0.3%	1.7	559
Scotiabank	0.3%	6.2	2,126
ABN Amro Bank NV	0.3%	0.8	282
Westpac Banking	0.2%	1.4	637
National Australia Bank	0.1%	0.5	692
Industrial & Comm Bank of China	0.1%	1.5	2,162
Danske bank	0.1%	0.6	936
Nomura	0.0%	0.3	1,282
SEB	0.0%	0.0	806
Swedbank	0.0%	0.0	369
Nordea	0.0%	0.0	1,033
DNB ASA	0.0%	0.0	1,432
Jefferies	0.0%	0.0	998

Truist and US Bancorp both participated in the Kroger Co deal as described in the earlier section, which drove the increase in their fees.

[15] "Sustainable Policy Framework", Rabobank, Jan 2024.
[16] 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.
[17] "Company rankings: Santander", Forest 500, accessed 13 Sep 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.[18]

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 10 Sep 2024 (as the tables in this document are), the initial ranking uses an observation period of 10 Sep 2023 - 10 Sep 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.

[18] 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,[19] 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 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.[20] 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.

[19] 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.
[20] 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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