



ASEAN Webinar Series

What is the price benefit for green bonds?

Monday 11th May 16:00 SG (09: 00 BST)



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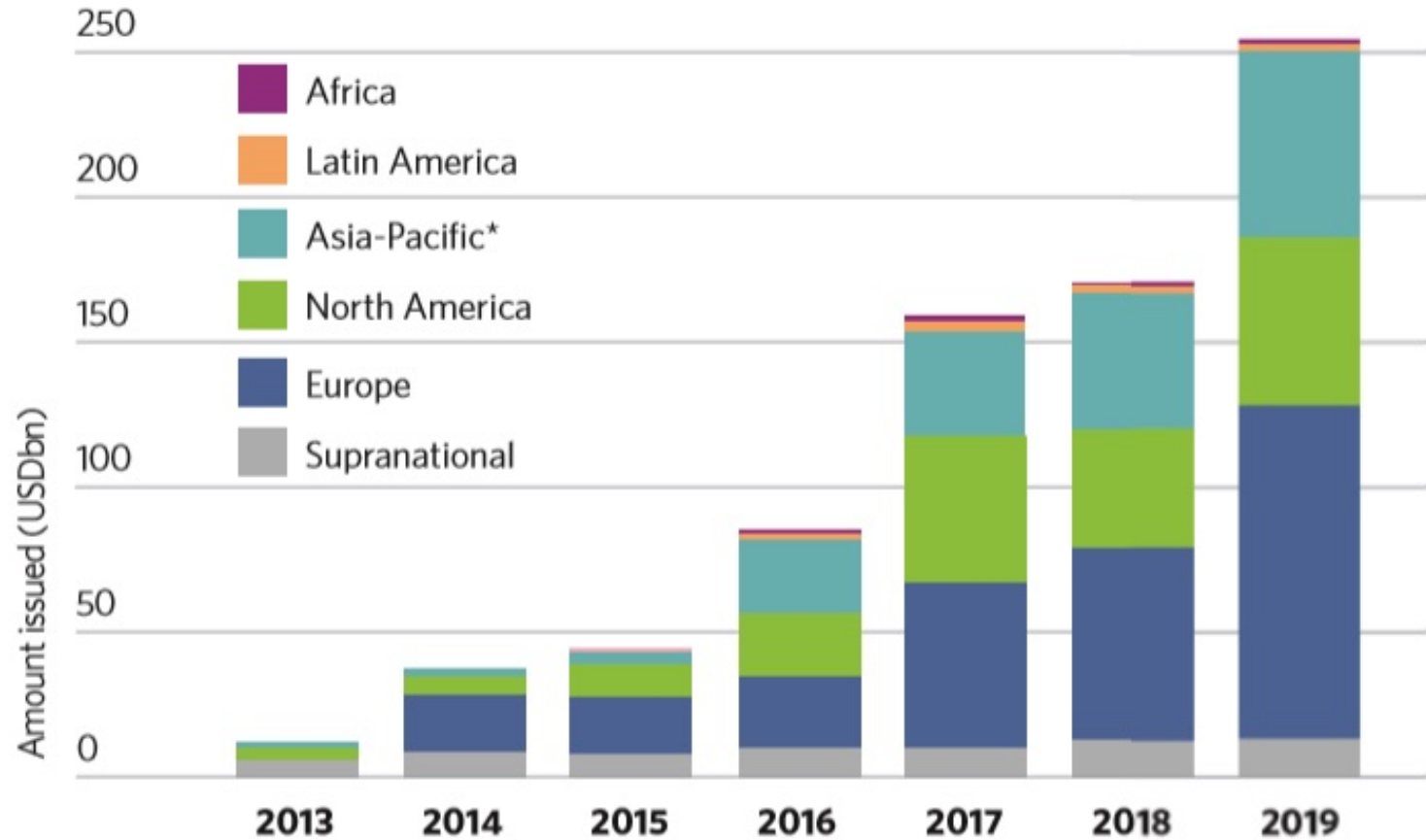
HSBC

NN investment partners

ADB
ASIAN DEVELOPMENT BANK

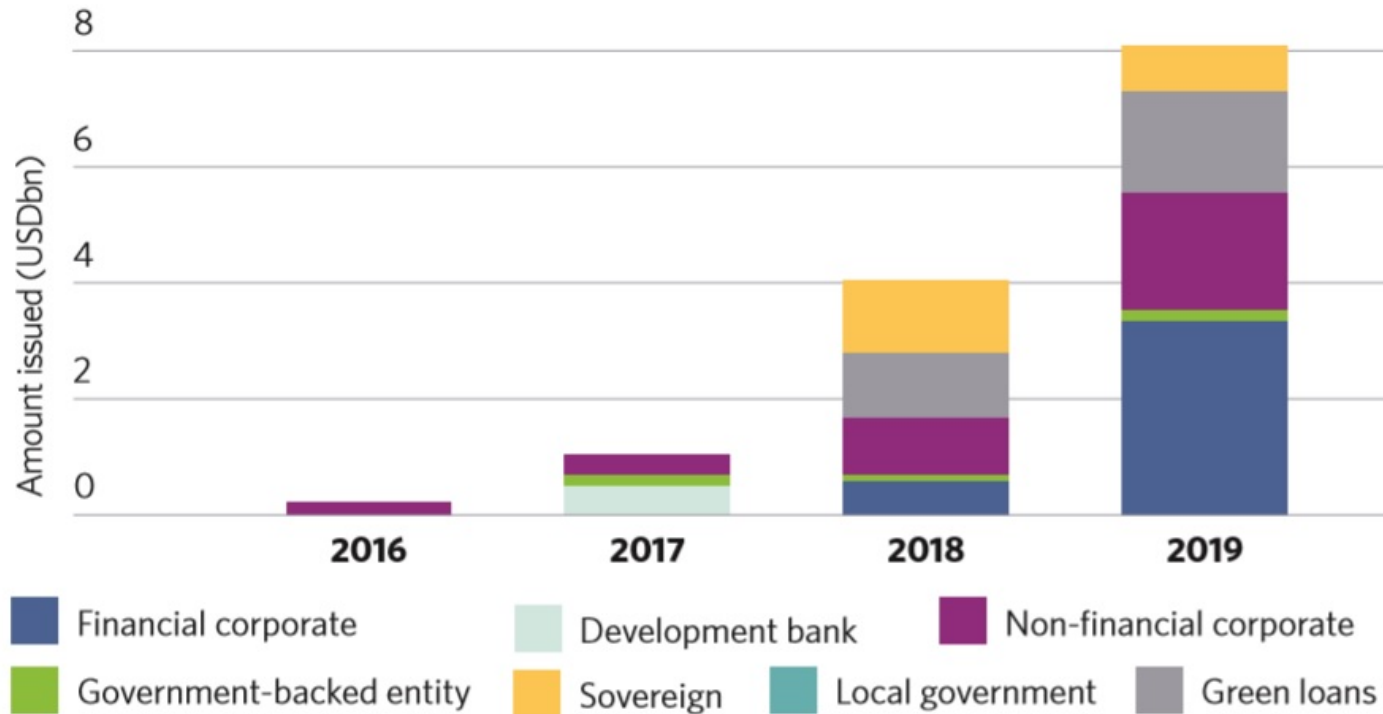


Global Growth remains strong

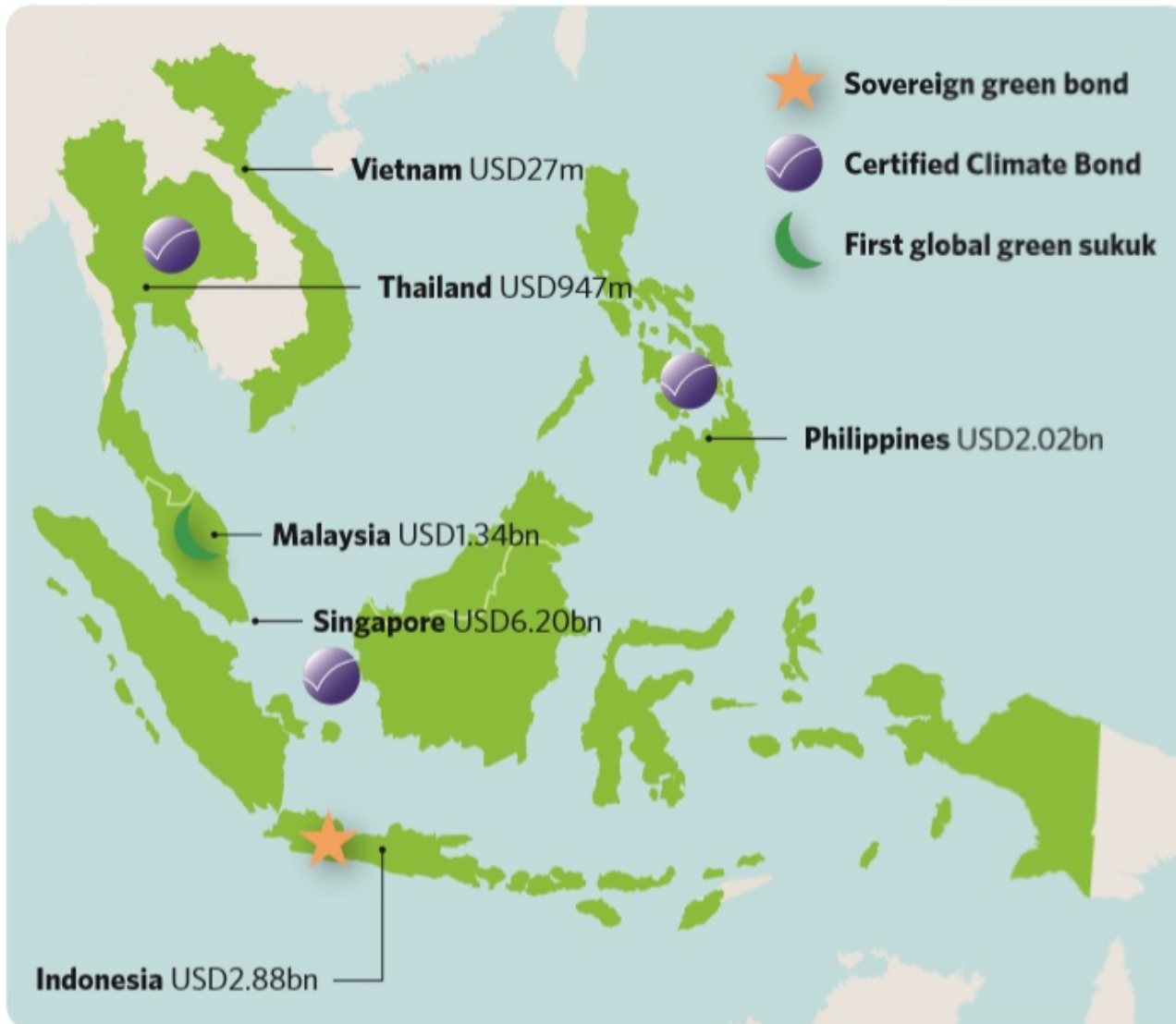


*ASEAN issuance represents 3% of global total, 12% of Asia-Pacific in 2019

ASEAN: strong growth dominated by Financial and non-financial issuers



ASEAN green bond markets are becoming more mature



What are the components for pricing a Bond?

A bond is a **debt security** with:

- some costs to issue
 - ✓ legal costs
 - ✓ marketing costs
 - ✓ information costs
- a regular **COUPON** payment
- an **ISSUANCE** or **PRIMARY MARKET PRICE**
 - ✓ Initial Price Talk
 - ✓ Book-building
 - ✓ Re-offer price
- a **SECONDARY MARKET PRICE**
- a **YIELD** = return to the investor
- all prices are relative to other securities
 - ✓ The difference is called the **SPREAD**
 - ✓ Relative to the securities of the same issuer (=“curve”)
 - ✓ Relative to the securities of other issuers



How To Issue Green Bonds

1

Prepare the bond

- Identify assets that meet the relevant sector criteria and compile supporting information
- Create Green Bond Framework setting out how proceeds of the bond will be used

2

Engage a verifier

- Engage an Approved Verifier for pre- and post-issuance Certification
- Provide them with relevant information
- Receive a Verifier's Report giving assurance that Climate Bonds Standard requirements are met

3

Get Certified & issue a Certified Climate Bond

- Submit the Verifier's Report and Information Form to the Climate Bonds Initiative
- Receive a decision on pre-issuance Certification
- Issue your bond, using the Certified Climate Bond mark

4

Confirm the Certification post-issuance

- Within 12 months of issuance, submit the Verifiers post-issuance report
- Receive notification of post-issuance certification

5

Report annually

- Prepare a simple report each year for term of the bond
- Provide it to bond holders and Climate Bonds Initiative

Green bonds in the primary market

Bookbuilding

- Green bonds tend to attract larger book cover than vanilla equivalents
- Green bonds tend to experience larger spread compression than vanilla equivalents

Pricing

- 20% “greenium”, 30% on the curve, 50% normal new issue premium
- Around half of green bonds placed with investors describing themselves as green

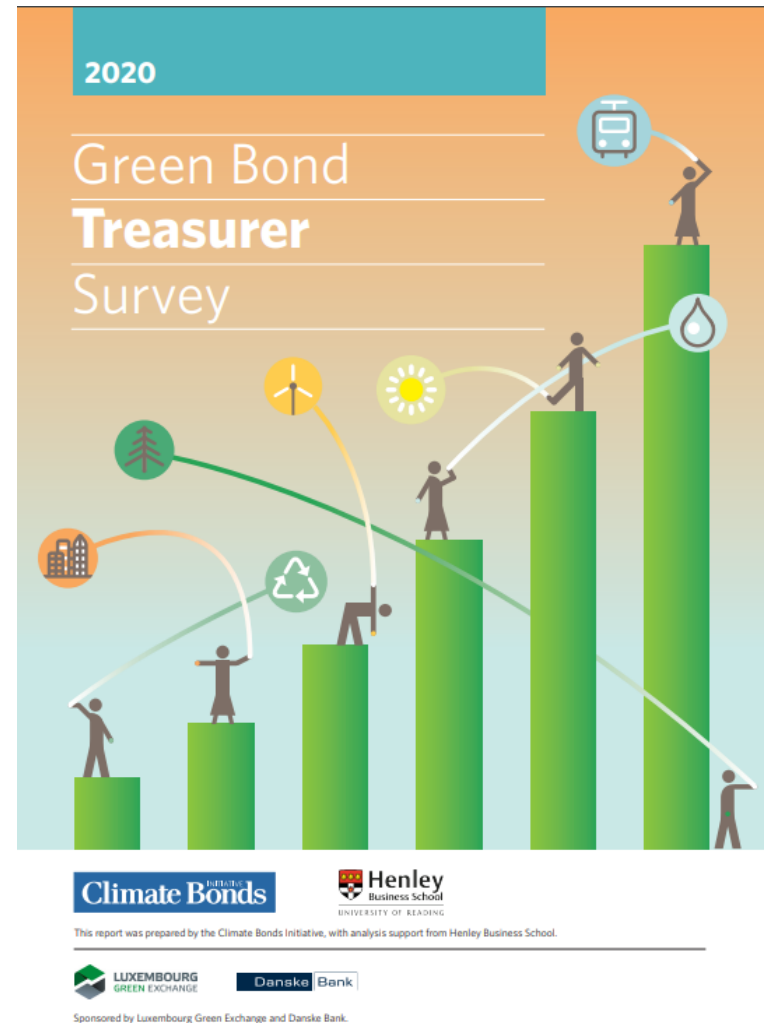
Secondary

- Green bonds tend to tighten more than equivalent indices in the secondary market
- Green bonds tend to tighten more than vanilla baskets in the secondary market

Green Bonds Treasurer Survey

Some highlights from 15 EM participants:

- Board was the main decision maker
- Reputation, market signal, and curbing climate change were main motivations
- Lack of market evolution was most frequently cited for prior lack of issuance
- Extra issuance costs were valid for benefits other than pricing (11/15)
- More investor engagement (13/15)
- Cost of funding either less than or same as vanilla bonds (12/15)
- Deal impacted internal commitment to sustainability (13/14)
- Green bond oversubscribed compared to vanilla deals (9/13 = more, 4/13 = same, 0/13 = less)
- Standardization: 9/14 preferred, 5/14 had reservations



14/15 said green bond attracted new investors

Benefits
of
capturing
new
investors

Broader investor base

New sources of finance with lower cost

Awareness among the broader community of green strategy of organisation

Increased price tension

Reputational benefit

Global visibility

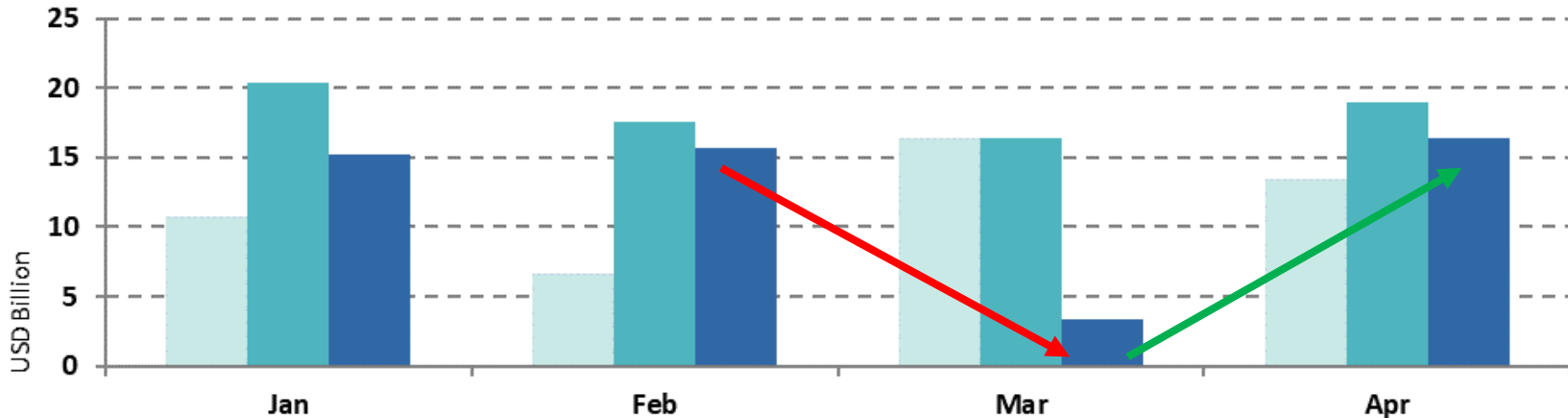
Positive impact to develop decarbonization strategy

Green Bonds in the COVID-19 crisis

April issuance bounces back after March low

2018 2019 2020

Source: Climate Bonds Initiative



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MARKETS | RESPONSIBLE FINANCE

Coronavirus crisis offers green and social bonds chance to prove their worth

Helen Avery | Tuesday, April 07, 2020

Green bond issuance slows in market turmoil, while social bonds offer means to finance Covid-19 responses.

The ICE BofA Green Bond Index lost 5% in total return between the end of February and March 20, while the broader ICE BofA Global Corporate Index was down 11%.



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ASEAN Webinar Series

How much do regulators need to regulate the green finance markets?

Friday 15th May 15:00 SG (08: 00 BST)



Sean Kidney
Climate Bonds Initiative



Jomkwan Kongsakul
SEC Thailand



**Datuk Zainal Izlan
Zainal Abidin**
SEC Malaysia



Eph Amatong
SEC Philippines

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Securities and Exchange Commission
PHILIPPINES

NAM

Suruhanjaya Sekuriti
Securities Commission
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