

Bond of the year: Bank - Rabobank

Channels: [Green Bonds](#)

Companies: [Rabobank](#), [Credit Agricole CIB](#), [HSBC](#), [SEB](#)

People: [Fadi Yakoub](#)

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Rabobank's €500 million (\$561 million) green bond not only aims to give investors exposure to more than large-scale green projects, says Fadi Yakoub, funding manager at the bank. It also aims to link socially responsible fixed-income investors to sustainable small and medium-sized enterprises (SMEs).



Bond of the year: Bank

Rabobank's green bond framework allows the bank to finance large solar and wind projects.

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Fadi Yakoub, Rabobank

But, it also allows the bank to finance sustainable SMEs that have received an internationally recognised sustainability certification, such as from the Business Social Compliance Initiative.

This dual approach allows areas that have traditionally been inaccessible to institutional investors to be financed, says Yakoub.

"Rabobank pioneered a green bond programme with a 'dual approach' that enables investors to invest in renewable energy projects as well as in small companies who

excel in their sustainable and social approach but lack the size to issue green bond themselves,” he explains.

Issuer: Rabobank

Deal type: Use of proceeds bond

Deal structure: Senior, unsecured

Issuer rating: Aa2/A+/AA

Governing law: Dutch Law

Lead arranger: Rabobank

Lead managers: Rabobank, Credit Agricole CIB, HSBC, SEB

Size: €500 million

Maturity: 5 years

Coupon: 0.125%

Use of proceeds: Renewable energy

External review: Sustainalytics

Highlights:

Framework allows for loans to SMEs

The bank’s intention was to create a “replicable” bond framework with an innovative use of proceeds.

“A green bond to create awareness and discussion with Rabobank’s stakeholders was always high on Rabobank’s agenda,” he adds.

“It’s not Rabobank that decides or measures the green or sustainability quality of the SME loans but the market that applies generally accepted standards,” he says. “In this way, we recognise companies that have done the upfront work to incorporate sustainability practices in their business plans early on.”

The Dutch lender, which is a stalwart of green bond market, endeavours to simplify methods for identifying the green and sustainability elements of the bonds it helps arrange.

The bank also helped bring numerous clients to market as a green structuring agent, advising them from inception to execution, says Yakoub.

Rabobank, which is a founding member of industry-led voluntary guidelines, the Green Bond Principles, has so far helped bring nearly \$7 billion worth of green bonds in 14 issuances to market, according to the Green Bond Database published by *Environmental Finance*.

Its bond was well received by investors. It priced at 28 basis points above mid-swaps, which is the lowest spread of any senior, unsecured green bond from a bank to date, according to Rabobank.

This is partially due to the strong interest from green investors, which were allocated 90% of the bond, says Yakoub. “Rabobank is committed to the green and sustainability bond market. The aim is to build a dedicated curve for green and sustainability bonds under our current framework,” he added.

This is the second year that a Dutch bank has won Bond of the Year – Bank in *Environmental Finance*’s Green Bond Awards. Last year, ING was awarded the top spot for its \$1.33 billion inaugural offering.