

Sri Lanka's First-Ever Green Bonds from DFCC Bank Oversubscribed on Opening Day

Posted on

OUR NATION'S FIRST-EVER LISTED, RATED
GREEN BONDS
TOTAL VALUE OF LKR 2.5 BILLION
OVERSUBSCRIBED



DFCC Bank concluded Sri Lanka's first-ever Green Bond issuance, which was heavily oversubscribed on its opening day. This is a significant milestone for the country's financial sector, underscoring DFCC Bank's unwavering commitment to sustainability. The Issue

represents a substantial boost for the nation's solar energy sector, as the proceeds are earmarked for renewable (solar) energy projects that generate significant environmental benefits. DFCC Bank's Green Bonds will soon be listed on the Colombo Stock Exchange (CSE) and traded publicly.

Thimal Perera, Director/ CEO of DFCC Bank, said, "The overwhelmingly positive response to our Green Bond issue is a powerful validation of investors' confidence in DFCC Bank's sustainability strategy and our vision for green finance. Being heavily oversubscribed on the opening day, we have set a new benchmark for the Sri Lankan financial sector and taken a decisive step in fostering the growth of renewable energy in the country. This achievement reaffirms our vision of a greener future and our commitment to driving sustainable economic growth. We take this opportunity to thank our investors and all those who supported us in this achievement."

The bonds are classed as Type A, with a tenure of three years and a fixed interest rate of 12 percent per annum, with annual interest payouts and a bullet capital repayment at the end of the bond's tenure. The Green Bond Issue also aligns with DFCC Bank's Green Bond Framework, developed in collaboration with the Asian Development Bank (ADB), adhering to the International Capital Markets Association (ICMA) Green Bond Principles. Accordingly, the Issue raised the 2.5 billion it sought through an initial issue of two billion rupees and an option to raise an additional 500 million rupees if oversubscribed. The offer price per bond was 100 rupees, and the minimum subscription requirement was set at 100 bonds or 10,000 rupees or multiples thereof.

DFCC Bank's Green Bond Issue received substantial interest from investors, with Ceylinco Life Insurance as the anchor investor. Acuity Partners Private and Capital Alliance Partners, key players in Sri Lanka's capital markets, played crucial roles as joint managers and financial advisors, sharing their expertise and experience in the corporate debt market. Meanwhile, the Trustee to the Issue was People's Bank. At the same time, SSP Corporate Services served as Registrar to the Issue, alongside KPMG as the Independent External Reviewer and Nithya Partners as the Lawyers to the Issue. Additionally, the bonds have received, from Fitch Ratings (Lanka), an Instrument Rating of A- (lka), further backed by DFCC Bank's Issuer Rating of A- (lka)/Stable.

DFCC Bank is ranked among Business Today's Top 40 Corporates in Sri Lanka