



## Green Lending And Investments



[lending](#) [profitability](#) [business customers](#)

**Summary:** It doesn't appear that environmental investing and initiatives are going away any time soon. We show some interesting ways banks are going green.

There are all sorts of green things in this world. There are green M&Ms, money, leaves, grass, trees, frogs, lettuce, limes and more. Green colors can also reportedly improve reading ability and people who like this color are also reported to be lovable and nurturing individuals. What's not to like about green?

In banking, there are things known as green lending, green initiatives or efforts that otherwise promote doing business with customers that promote environmental sustainability. (No, we are not talking about cannabis growers here).

As we reported prior, Bank of America is investing \$300B by 2030 in low-carbon business activities as its third Environmental Business Initiative. Together with two earlier such initiatives, the bank's total commitment is more than \$445B. Included within these efforts are the issuing of \$4.35B in corporate green bonds to provide funding for environmental projects, and \$10.5B of renewable energy tax equity financing.

Similarly, US Bank has invested more than \$20.5B in "environmentally beneficial business opportunities" since 2008. US Bank is also walking the walk by developing business practices that protect and conserve natural resources, as well as adopting new technologies, such as renewable resources, that continue to reduce the bank's own carbon footprint.

It isn't just the big banks that are flexing their green muscles however. Community banks are stepping up their efforts, too. A community bank in MA has helped finance \$171mm in wind, solar and hydroelectric power projects in western MA and northern CT. The bank also reinforces its commitment by hosting eco-friendly events, as well as constructing its three newest branches to LEED (Leadership in Energy and Environmental Design) standards.

Another community bank in MN conducts energy audits to measure and track building energy and water use along with greenhouse gas emissions. The bank converted interior lights to LED; gives employees personal recyclable water containers; uses native landscapes to help with water conservation; donates older equipment for re-use; and recycles destroyed documents, packing material, and beverage containers.

When touting its green initiatives, this bank also uses the opportunity to encourage customers to be environmentally conscious and reduce paper by signing up for eStatements, opting for the bank's eFree account; and utilizing bill pay and digital banking (including mobile deposit).

There appears to be green momentum in other areas of the financial industry too. Environmental, social and governance (ESG) investment strategies have grown relative to real estate funds, according to the US SIF, an advocacy organization. This group reports that the number of property funds and REITs that use ESG strategies rose to 108 in 2018, with \$272.4B in assets. Only 8Ys ago, there were just 30 strategies and \$24.4B in assets.

It doesn't appear that green initiatives and environmental investing are going away any time soon. Whether you lead the way or are simply gathering more information, we hope we have provided you with some interesting information to help keep your bank green as the greenbacks roll in.

## HEDGING SERVICES FOR COMMUNITY BANKS

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