2016
China's Green Bond Market-
What Sectors and Projects are Proceeds Financing

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Registered Scale: RMB 233.79 Billion
Actual Issuance: RMB198.53 Billion
29 issuers, 49 Labelled Green Bonds
Green Bond Issuance in China accounts for 36% of global issuance
State of China's Green Bond Market in 2016 —— Issuer

**Financial Institutions**
- 11 Financial Institutions
- 22 Green Bonds
- RMB 158 Billion issuance
- Policy banks, joint-stock commercial banks, city commercial banks, rural commercial banks and multilateral development institutions

**Non-Financial Enterprises**
- 18 Non-Financial Enterprises
- 27 Green Bonds
- RMB 40.53 Billion issuance
- 44% are from power, heat, gas, water production and supply industry; 28% are from water conservancy, environment and public facilities industry
Green Financial Bonds are big in scale and proceeds allocation are balanced among 6 sectors.

Clean energy and Energy efficiency are top themes for Non-financial Enterprises Green Bonds.
State of China's Green Bond Market in 2016 —— Proceeds Allocation

Clean Energy Sector gets Largest Financing Amounts

- Wind Power and Hydro power projects are dominant

Energy Efficiency Sector is Dominated by Industrial Projects

- Big projects are easier to get financed through bonds
- Issuers are big companies with high rating and fast bond issuance approval
State of China's Green Bond Market in 2016 ——Proceeds Allocation

Resource Conservation and Recycling Gets Small Amounts of Financing

- Two leading companies in the industry account for total bond issuance in this sector

Ecological Protection and Climate Adaptation is the Smallest Theme

- Profitbility is major concern for bond issuance in this sector
Pollution Prevention Theme is dominated by air and water treatments

- Proceeds are used on sewage disposal and air treatment equipment

Clean Transportation theme is linked to urban rail transit and NEVs.

- Conventional transportation companies are active including Wuhan Metro and BAIC
State of China's Green Bond Market in 2016 —— Challenges

Industry Policies

Coordination of de-capacity and de-leverage policies will be the benchmark for bonds issuance in energy efficiency and building sectors.

Project type

Big and profitable assets types may be more attractive in bond issuance.
Potential of China's Green Bond Market
According to 13th Five Year Plans, green industries may have financing demands reaching RMB27 trillion (an estimate). Thus, green bond market is expected to provide RMB5.4 trillion financing based on current bond financing/social financing ratio of 20%.
ChinaBond-China Green Bond Select Index, made by CCDC, CECEP and CBI, shows that there are many bonds with proceeds financing green projects but are not labelled.

By the end of December, 2016, scale of unlabelled bonds reached RMB1303.92 billion.
03 About Green Bond Criteria
Green finance should serve green transformation and green bond criteria is vital to guide capitals into green sectors.
About Green Bond Criteria

Clean definitions

- Improve Green Criteria
- Enhance International Communication
- Expand Green Assets Pool

Define more projects in Ecological and Agriculture sectors

Sustainable Infrastructure...
China's largest technology-based and service-oriented industrial group in energy conservation and environmental protection

13th Five Year Plan for Development of Energy Conservation and Environmental Protection Industry

NDRC “National Key Low Carbon Technologies Promotion Catalogue (2013 - 2016) “

National Development Bank “Green Credit Environmental Benefits Evaluation System”

Green Finance Committee “Green Bond Endorsed Project Catalogue”

Green Finance Committee “Green Project Environmental Benefits Evaluation System”

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