

2016

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



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01 State of China's Green Bond Market in 2016



State of China's Green Bond Market in 2016



36%

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



Labelled
Green
Bonds



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

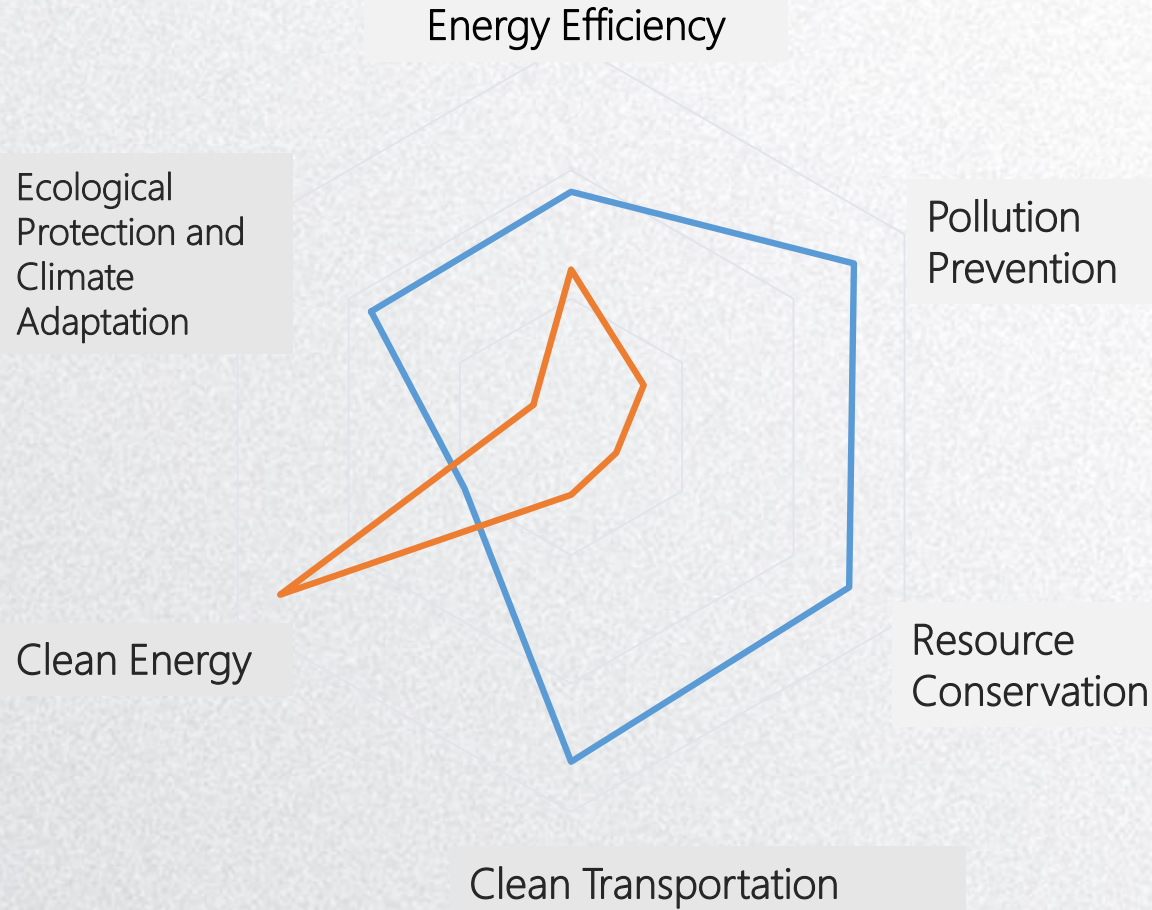
- 18 Non-Financial Enterprises
- 27 Green Bonds
- RMB 40.53 Billion issuance
- 44% are from power, heat, gas, water production and supply industry; 28% are from water conservancy, environment and public facilities industry



State of China's Green Bond Market in 2016 — Proceeds Allocation

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



Green Financial Bond Proceeds Allocation

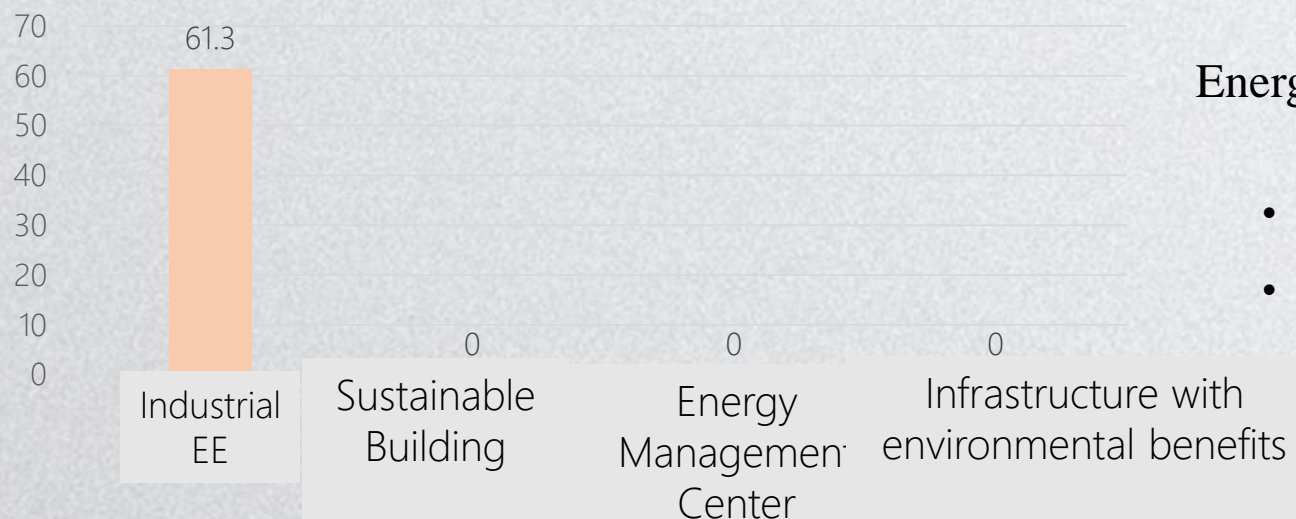
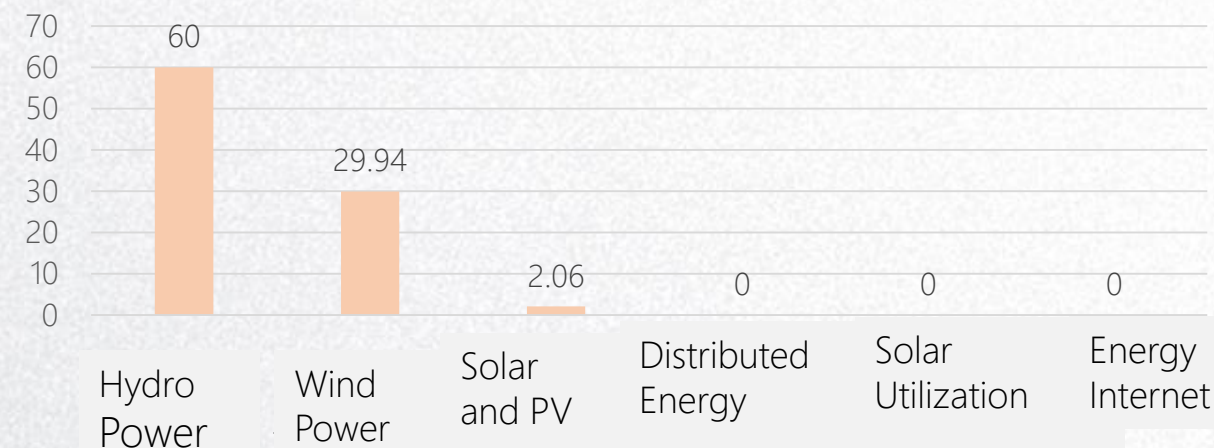
Non-financial Enterprises Green Bond Proceeds Allocation



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

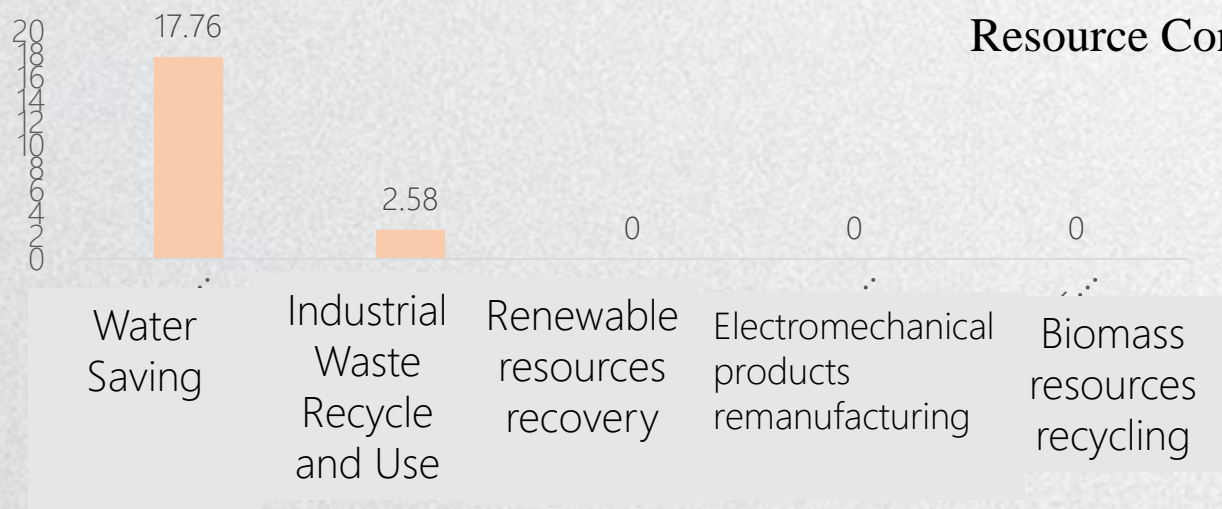


Energy Efficiency Sector is Dominated by Industrial Projects

- Big projects are easier to get financed through bonds
- Issuers are big companies with high rating and fast bond issuance approval



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

- Profitability is major concern for bond issuance in this sector





State of China's Green Bond Market in 2016 — Proceeds Allocation

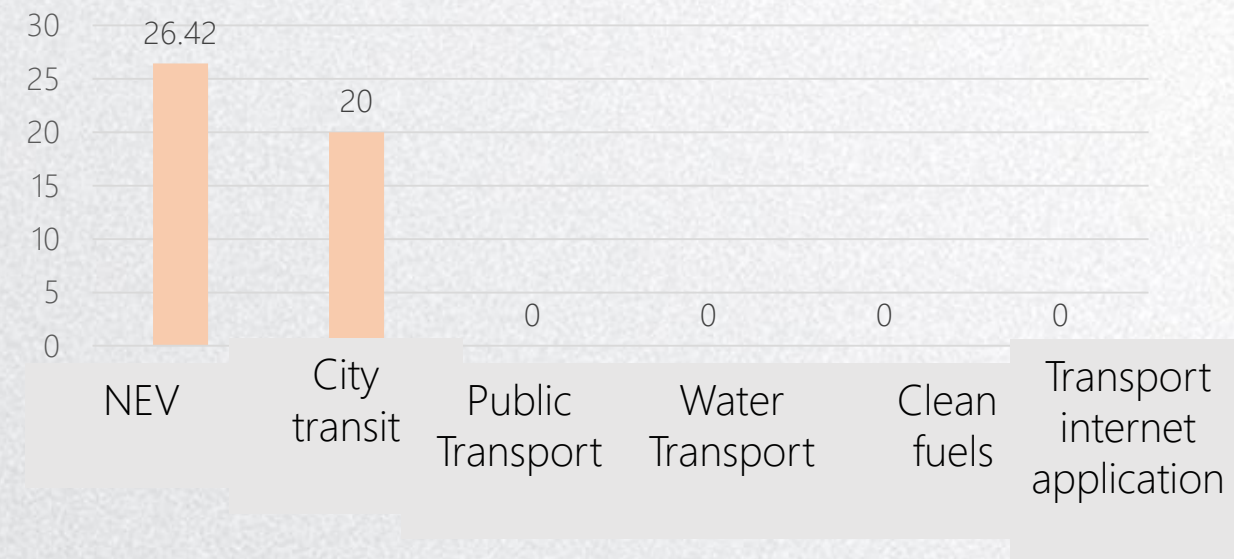
Pollution Prevention Theme is dominated by air and water treatments

- 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





Industry Policies

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



星火燎原

2016年中国绿色债券盘点



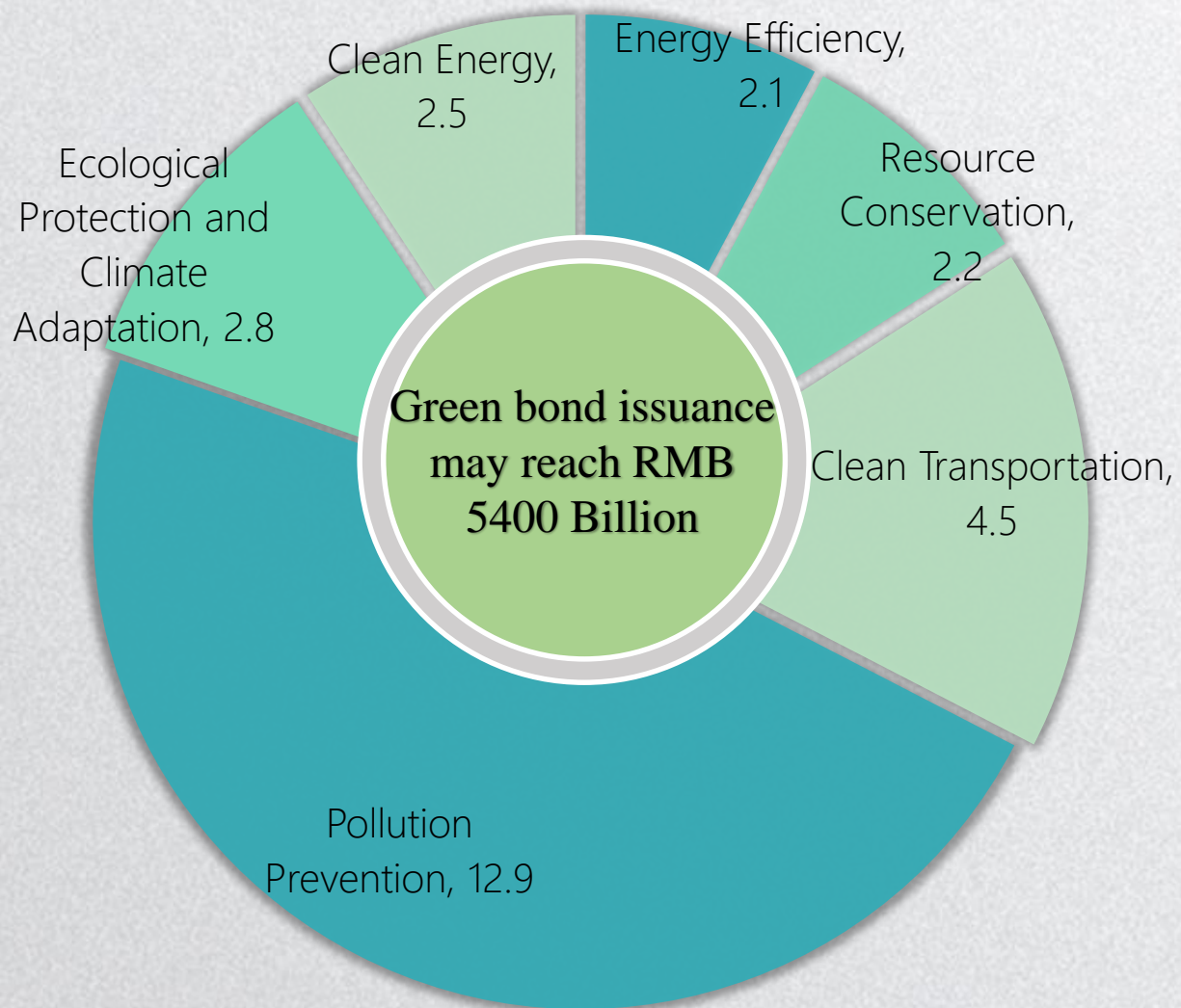
Project type

Big and profitable assets types may be more attractive in bond issuance



02 Potential of China's Green Bond Market

Potentials 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%

Financing Demands Estimated in 6 Sectors (Trillion)



Potential of China's Green Bond Market

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.

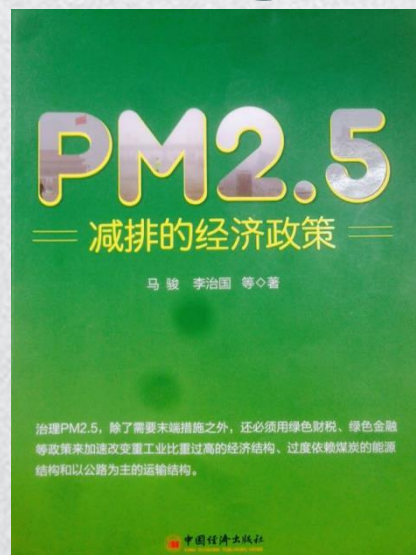




03 About Green Bond Criteria



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

Define more projects in
Ecological and Agriculture
sectors

Improve
Green
Criteria

Enhance
International
Communication

Expand
Green Assets
Pool

Green Criteria

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

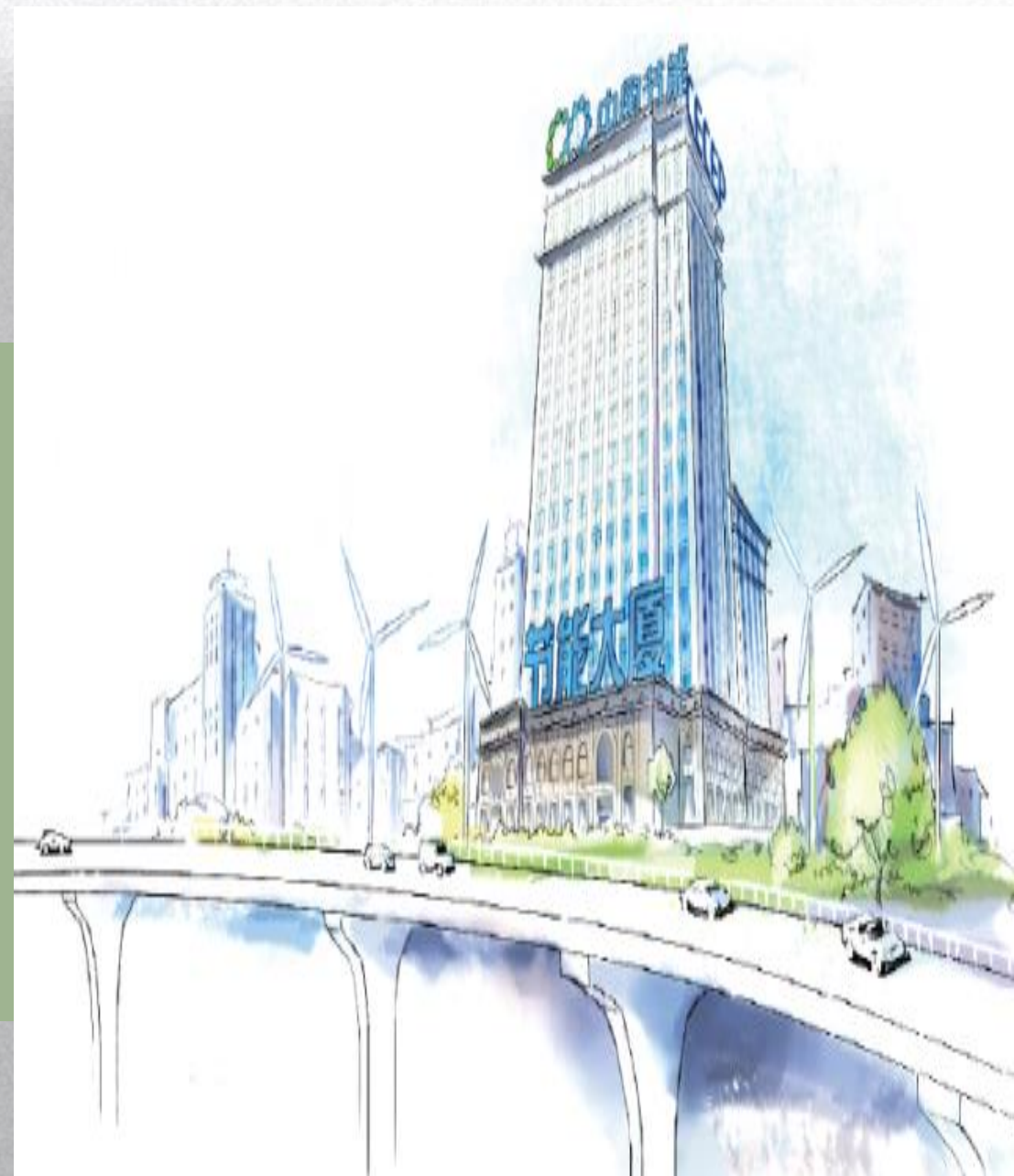
NDRC “National Key Low Carbon Technologies Promotion Catalogue (2013 - 2016) “

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”

China Bond-China Green Bond Index





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