

New 'Bonds and Climate Change: the state of the market in 2015' report sizes the climate-aligned bonds universe at \$597.7 billion

FRANKFURT, 8 July 2015 – The Climate Bonds Initiative today launches its annual report '[Bonds and Climate Change: the state of the market in 2015](#)'.

The report finds that:

- The total climate-aligned bonds universe stands at \$597.7bn — a 20% increase from last year.
- This is comprised of unlabelled climate-aligned bonds (\$531.8bn) and labelled green bonds (\$65.9bn)
- 32% of this year's increase of \$95bn was due to the rapid growth of the green bond market and 40% was due to climate-aligned rail issuance
- Low carbon transport accounts for \$418.8bn (70%) of the total climate-aligned bonds universe followed by clean energy, which accounts for \$118.4bn (20%). The remaining 10% of bonds fall into the Buildings and Industry, Agriculture and Forestry, Waste and Pollution or Water themes or are Multi-Sector bonds

The HSBC Climate Change Centre of Excellence commissioned the report. HSBC Managing Director, Zoe Knight, Head of Centre, said: "Scaling up finance for the transition to a low-carbon economy is critical for addressing climate change. This report from HSBC and the Climate Bonds Initiative provides investors with an important insight into how to access climate related themes through the fixed income market".

Recent developments in the green bond market in terms of size and diversification are discussed; in 2014, \$36.6bn of green bonds were issued, triple the 2013 issuance of \$11bn. The Climate Bonds Initiative expects this growth to continue and green bond issuance in 2015 to reach \$70bn, with a stretch target of \$100bn. Diversification of currencies and ratings of green bonds is an encouraging sign of a deep and liquid green bond market developing.

Another encouraging development is that green bonds have kicked off in emerging markets. India and China have led the way and, judging by the size of the unlabelled climate-aligned bond universe, there is potential for plenty more issuance from these markets, particularly China.

Sean Kidney, CEO, Climate Bonds Initiative, said: "Investors representing \$43 trillion of assets under management signed statement at last September's UN Climate Summit about the importance of addressing climate change and their willingness to invest accordingly, subject to meeting their risk and yield requirements.

"This report shows them that there's a large and liquid \$600 billion universe of bonds they can invest in – and it's 90% investment grade."

Kidney added: "The report also has a 10 point plan for policy makers to take advantage of the growing interest in green bonds to finance their transitions to low-carbon and climate resilient economy."

Today's launch event will include a presentation of report findings by Sean Kidney, CEO, and Tess Olsen-Rong, Market Analyst, of the Climate Bonds Initiative, and a panel discussion on opportunities in Europe and key issues faced by investors and issuers. The panel will include Zoe Knight, HSBC Climate Change Centre of Excellence and Julien Bras, Allianz Global Investors

Karsten Löffler, Head of Allianz Climate Solutions.

This report is the fourth edition of the annual *Bonds and Climate Change: state of the market report*. It's the only publication that attempts to estimate the global flows of bond finance toward climate solutions. These flows are estimated by sizing the unlabelled climate-aligned bond market and the labelled green bond market. Unlabelled climate-aligned bonds are bonds whose proceeds are used to finance climate solutions but do not carry the green label yet.

Country specific findings

AUSTRALIA

- National Australia Bank (NAB) issued an AUD300m green bond as the first Certified Climate Bond from a bank
- Australia's ANZ Bank was the first multi-sector issuer to be certified under both the low carbon buildings and solar Climate Bonds Standards

CHINA

- CNY denominated bonds account for \$197.7bn or 33% of the climate-aligned bond universe
- China Rail is the largest issuer of any climate-aligned entity, with \$171.5bn climate aligned bonds
- China Industrial Bank issued a bond in the green bond style in late 2014. We expect the first regulator approved green bonds in the second half of 2015

FRANCE

- This year's €480m issuance from French recycling company Paprec moves corporate green bond market forward
- France's SNCF has issued \$11bn of climate-aligned bonds

GERMANY

- German KfW bank, with \$4bn in green bond issuance, is the 3rd biggest issuer of green bonds within a year of its first green bond issuance
- German real estate and mortgage bank BerlinHyp issues first labelled green covered bond at €500m in May 2015
- NRW bank issues assurance statements on green bond proceeds

UK

- 9%, \$58.5bn, of climate-aligned bonds universe is from UK issuers
- The UK's Network Rail has issued \$44.1bn of climate-aligned bonds
- Transport for London (TfL) labels its £400m bond green in 2015, the rest of TfL's outstanding bonds are represented in the unlabelled climate-aligned universe

USA

- 12%, \$51bn, of climate-aligned bonds universe is from US issuers
- US municipal green bond market heated up in mid-2014 with green bonds issued for university green property projects and sustainable water projects

-- Ends --

The report can be downloaded [here](#)

For more information (such as other country level findings) or to arrange interviews, please contact:

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About Climate Bonds Initiative:

The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in a rapid transition to a low carbon and climate resilient economy.

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