Climate Bonds Initiative

2015 Green Bond Market Update

2015 Green Bonds (GB) highlights

1st Chinese RMB offshore GB:
$994.5m by Agricultural Bank of China

1st Mexican GB, Climate Bond Certified:
$500m by National Financiera (Nafin)

1st Japanese Corp GB:
$500m by Sumitomo Mitsui Banking Corp

1st India GB:
$161.5m by Yes Bank

1st Brazilian GB:
€500m by BRF SA, a food producer

Largest municipal bond:
$942.8m by Puget Sound Transit

Biggest month ever for GB issuance:
$7.4bn issued in November 2015

Flurry of billion $ GB commitments from investors:
KfW, Zurich Insurance, ACTIAM, Barclays, Deutsche Bank, HSBC, Credit Agricole.

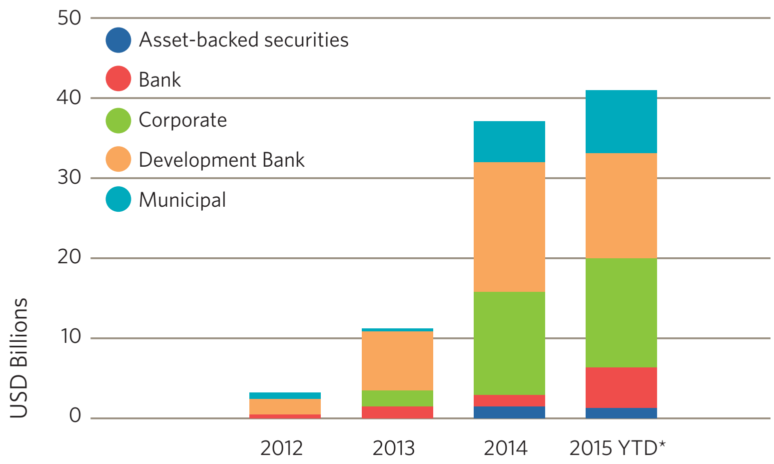
Benefits of labelling

Grow and diversify the investor base
Labelling bonds as green attracts broader ESG / sustainable investor base.

Improve discoverability
Serve as a simple means to allocate funds to climate or environmental investment.

Re-packaging kickstarts a market and leads to additionality
Labelling existing eligible assets will increase investor buy-in, allowing bonds to expand towards lower ratings and future assets to achieve additionality.

Growing momentum in green bond issuance



*Year-to-date as of Nov 27, 2015

Diversity in green bonds

Green bond market is growing more diverse in terms of geography and type of issuer.

An important development in 2015 came with a spike in green bond issuance from emerging market domiciled issuers. First to market was India's Yes Bank, followed quickly by Export-Import Bank of India and then development bank IDBI.

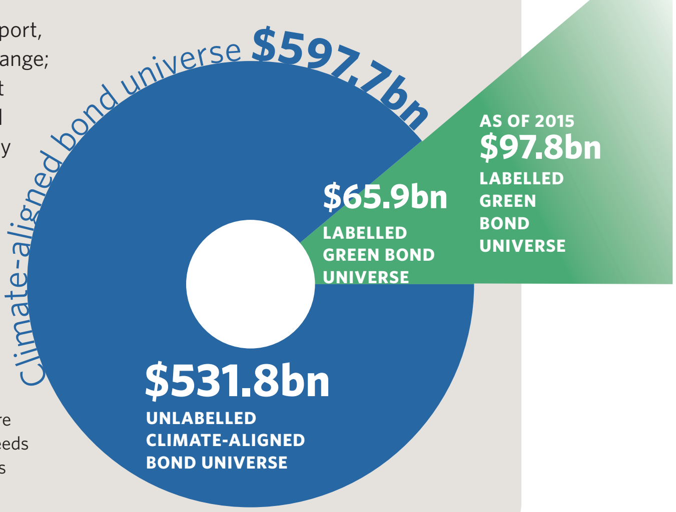
Next, China waded in with an off-shore corporate green bond from Goldwind and the first on-shore green bond from Agricultural Bank of China. Partly driving these issuances are the positive public sector support in India and China and commitment to growing a large robust domestic green bond market.

Before 2014 the green bond market was dominated by AAA issuance from development banks, as expected in an early stage market. Since then, corporates, typically with lower ratings (though still largely investment grade), are having a much larger share of the green bond accounting for 36% of issuance in 2015. Municipalities occupy a larger market share with 15%, followed by Banks at 12%.

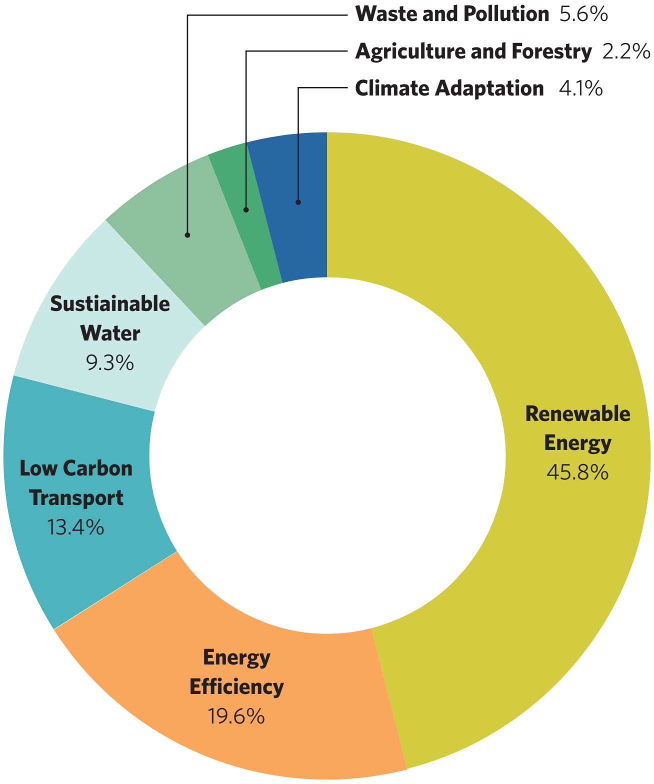
Large liquid universe of climate bonds already exists

Our annual flagship report, Bonds and Climate Change; State of Market Report 2015, identifies the full investment opportunity in labeled green bond and unlabeled climate-aligned bonds^.

^ Un-labelled climate-aligned bonds have over 95% revenues from climate-aligned assets and labelled green bonds declare earmark 100% of the proceeds of the bond sale for projects or assets.



Green bonds finance a range of green projects, with the largest proportion of proceeds going to renewable energy and energy efficiency projects



Example action points for governments

1. Strengthening planning and pipeline transparency of green projects
This allows potential issuers, investors and regulators to plan ahead and develop improved expertise in relevant investment areas.

2. Strategic public demonstration issuance
Initial issuance can come from national treasuries, municipalities and other city-affiliated entities and development banks.

3. Market integrity: Supporting standards development
Support efforts to establish common green definitions, standards, verification, certification and enforcement processes for green bond market.

4. Strategic public green bond investment
Initial investment can come from public pension funds, sovereign wealth funds and public sector treasuries, as well as through establishing a specific public investment fund for green infrastructure.

5. Improving the risk-return profile of green bonds: credit enhancement
Selective credit enhancement (e.g. partial guarantees, subordinate debt and insurance) can make green bonds fit institutional investors' credit requirements.

Check out our public sector guide for scaling green bond markets for more actions for governments and best practice examples.

Growing number of Certified green bonds

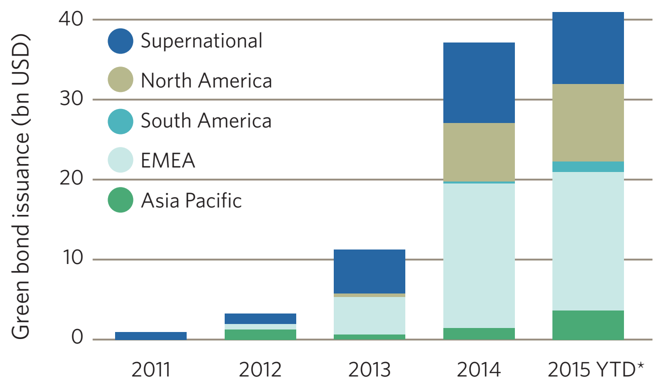
The Climate Bonds Certification Scheme provides a robust approach to verifying that funds are financing projects that deliver a low carbon and climate resilient economy.

Certification allows investors to make quick decisions about whether an investment is "green".

National Australia Bank (NAB), ANZ Bank, ABN Amro, Big60million, and Nacional Financiera all chose to have their inaugural green bonds certified against the Climate Bond Standard and there are more in the pipeline.

Climate Bond Certified

Green bond issuance growing across the world



*Year-to-date as of Nov 27, 2015

Our Partners include*:

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Standard Chartered
HSBC
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*Climate Bonds has over 40 Partner organizations as of November 2015. These range from Institutional Investors, Green Bond Issuers, Underwriting Banks, Financial sector service providers and NGOs. For more information about the Partners Scheme check out www.climatebonds.net/about-us/partners.