

## 2018 Annual Report on Green Bonds in China

### Profiles of Chinese Green Bonds

- The China green bond market grew moderately and the amount of green bonds issued totalled RMB220.9 billion with a year-on-year growth rate of 7.48% in 2018. In China, green bonds covered most types of credit bonds, among which the green financial bonds accounted for the highest proportion of 29.46% and 58.37% in terms of number and amount, respectively.
- The raised funds were mainly invested in pollution prevention, clean transportation and clean energy. The investment in pollution prevention increased to 25.38% from 17.64%, overtaking the investment in clean transportation and ranked first in 2018. The issuers of China green bonds were mainly from state-owned enterprises with expanded coverage to 21 industries including commercial banks, construction and engineering, and utilities etc.
- The China green bond market showed a great preference for short-term bonds amid the tightened regulatory supervisions and moderated monetary policies. The green bonds were issued mainly with ratings higher than 'AA+', which accounted for 97.39% of the total rated green bonds issued in 2018.
- The pace of standardization of China green bond market improved moderately, and both the regulatory framework and peripheral support services have gradually strengthened. The central bank issued various announcements aimed at guiding investors to green investments and enhancing the attractiveness of green bonds. The local green financial policies and the multilateral cooperation in green finance were subject to ongoing promotion.

### Outlook

- Regulatory authorities may continue to encourage green bond issuance. The issuance of green bonds is expected to remain stable due to the increasing demand for green bond investment driven by the emergence of growing consciousness to environmental issues in China.
- We consider that the improvement and unification of the green bond definition standards will continue to be promoted. The assessment certification of green bonds may be further improved. We expect the information disclosure of the green bond market to become more timely, sufficient and transparent.
- The pace of local green finance development is expected to accelerate. We anticipate that China's international cooperation in the green bond market will be strengthened further, which may improve the mechanism of the green bond market and promote the cross-border flow of green capital simultaneously.

For more details, please refer to the Chinese report:

《2018 年度绿色债券运行报告》

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