

# Green finance

## developments in the Greater Bay Area and opportunities for Hong Kong

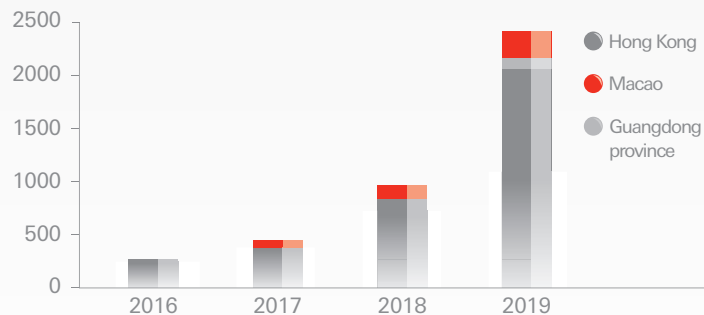
With the growing impact of climate change and the environmental crisis, green finance solutions have a pivotal role to play in helping companies achieve their sustainability objectives while aligning with the Sustainable Development Goals. There has been great progress in green finance across the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) in the last few years and it continues to present a significant opportunity for Hong Kong going forward. The story continues.



### Green finance products have grown rapidly within the GBA\*

Green bond issuance in the GBA has now reached RMB **1.5 trillion**.

Green bond issuance in the GBA 2016-2019 (RMB hundred million)



Hong Kong has the largest issuance volume in the region: in 2019, Hong Kong arranged and issued green bonds worth a total of USD **10 billion**<sup>1</sup>, four times as much as the USD2.3 billion issued in 2017.

By June 2019, **420** companies in Guangdong province were offering green insurance, accumulating a risk guarantee fund of over RMB **560** billion.

Since 2009, Shenzhen has arranged or managed

**121** green funds, accounting for more than 85% of the **141** green bonds issued amongst the nine cities in the Pearl River Delta.



### A sound foundation for sustainable growth\*

#### Policy and regulatory support

As of December 2019, 15 regulatory and reform policies on green finance have been introduced in the GBA

#### Geographical advantages

The GBA's international competitiveness is supported by leading economic strength and a robust industrial structure

#### Bridging domestic and overseas markets

Enhanced connectivity between regional financial markets is increasing coordination and integration within the GBA and attracting international funds

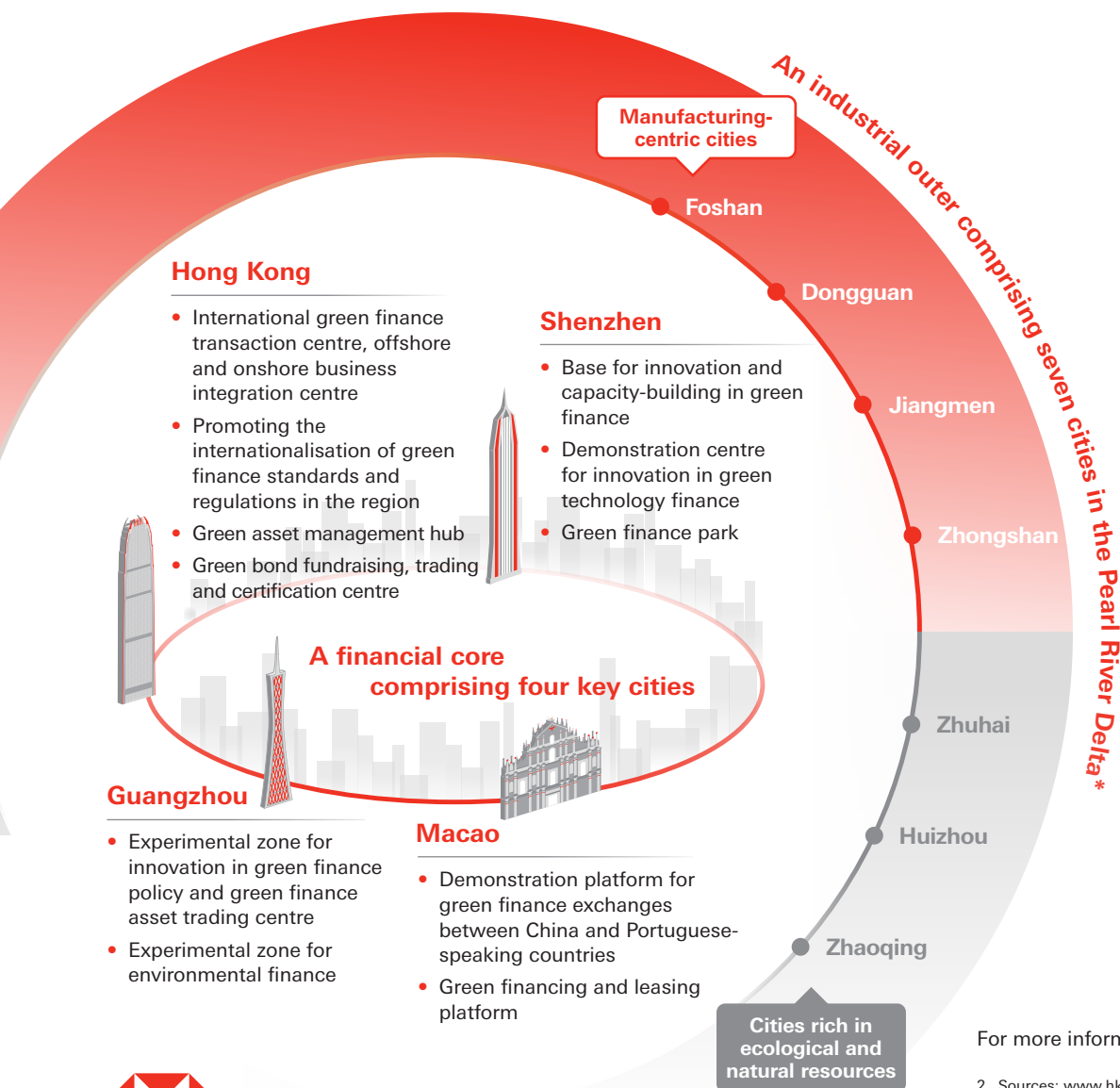
#### A favourable environment for innovation

As an international innovation and technology hub, the GBA is driving the development of green finance in the region

1. Sources: [www.climatebonds.net/resources/reports/hong-kong-green-bond-market-briefing-2019](http://www.climatebonds.net/resources/reports/hong-kong-green-bond-market-briefing-2019)

\* The below information and data are from the following sources: The Guangdong-Hong Kong-Macao Greater Bay Area Green Finance Report jointly published by HSBC China and Peking University HSBC Business School in 2020

Looking ahead, by leveraging the distinct advantages of the GBA cities, **a circular model in which a financial core is supported by an industrial outer** could be established to encourage coordinated and synergistic development.



## Hong Kong establishing a leading role in green finance

### Unique advantages

- Business-friendly environment
- Internationalised market environment, serves as a gateway between foreign investors and mainland China
- Deep pool of capital and liquidity
- Relatively low foreign exchange base rate, enabling lower issuance costs for green bonds denominated in foreign currencies

### Development highlights

- From 2015 to 2017, Hong Kong arranged and issued only nine green bonds, totalling USD3.6 billion; by the end of 2019, the value of green bonds managed and issued in the local market had reached USD26 billion.<sup>2</sup>
- In early 2018, the Hong Kong SAR government launched the HKD100 billion Sovereign Green Bond Programme. In May 2019, it completed the offering of its inaugural green bond.<sup>3</sup>
- As of April 2019, green assets owned by Hong Kong banks reached over USD7.8 billion, including USD2.6 billion in green loans.<sup>4</sup>



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“Green development is a strategic priority in the Greater Bay Area. The demand for green financing solutions is growing, as businesses have become more aware of the importance of sustainable development. Hong Kong is well positioned to become a green finance hub for the GBA, Asia and beyond.”

For more information about green finance development in the GBA, visit [www.hsbc.com.hk/greaterbayarea](http://www.hsbc.com.hk/greaterbayarea)

2. Sources: [www.hkex.com.hk/News/News-Release/2020/200618news?sc\\_lang=en](http://www.hkex.com.hk/News/News-Release/2020/200618news?sc_lang=en)

3. Sources: [www.hkgb.gov.hk/en/others/documents/Green\\_Bond\\_Report\\_2020.pdf](http://www.hkgb.gov.hk/en/others/documents/Green_Bond_Report_2020.pdf)

4. Sources: [www.fsdc.org.hk/sites/default/files/FSDC\\_Paper\\_No\\_44\\_Hong\\_Kong-Developing\\_into\\_the\\_Global\\_ESG\\_Investment\\_Hub\\_of\\_Asia\\_Eng.pdf](http://www.fsdc.org.hk/sites/default/files/FSDC_Paper_No_44_Hong_Kong-Developing_into_the_Global_ESG_Investment_Hub_of_Asia_Eng.pdf)

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