

Montrouge, 16 December 2021

Press release

Green, Social and Sustainability bonds market 2022 outlook: It's all coming together

Climate change is now a top priority in all stakeholders' agendas. All forces are pushing in the same direction at an accelerated pace for the energy transition to become a key driver in the Fixed Income markets.

The pace of sustainable bond issuance is accelerating

The issuance of sustainable bonds¹ in 2021 has been stronger than most anticipated. Year-to-date sustainable bond issuance reached EUR780bn as of mid November (excl. US Municipals and US Mortgages). This is almost a 90% increase compared to last year. This surge has been mostly supported by corporates, representing close to 60% of overall supply.

Product diversification was the main enabler for growth in 2021 and helped numerous issuers to enter the sustainable bond market:

- Green bond issuance maintains its pace as half of the sustainable supply remains green
- Sustainability-linked bonds ("SLB") have allowed new issuers and sectors to enter the sustainable bond market. These SLBs, primarily issued by non-financial corporates, now account for c.10% of the year-to-date global sustainable supply, while they were still negligible last year
- There has been a slowdown of social issuance compared to 2020 when social bonds saw a large growth in response to the pandemic crisis

Euro remains the main currency and represents half of sustainable bond issuance.

¹ Sustainable bonds include Green Bonds, Social Bonds, Sustainability Bonds and Sustainability-Linked Bonds.

Close to EUR1.2trn in issuance in 2022

Our sustainable bond forecasts highlight that corporates, sovereigns and agencies will continue to signal that they are taking action to fight climate change through the development of a deep, liquid and diversified sustainable bond market and seeking financing for that purpose through such instruments.

The estimated sustainable bond supply will increase by c.50% in 2022, reaching EUR1.2trn. Sustainability-linked bonds should support this growth and are expected to account for 20% of the upcoming sustainable bond supply. The share of EUR-denominated issuance is expected to reduce to c.45%, while USD-denominated issuance is likely to exceed 35% of the total sustainable supply. Green bonds are expected to remain the most common product issued accounting for c.52% of the total upcoming supply.

While it is today largely driven by Europe - thanks to EU climate and disclosure regulation - future political and regulatory evolution in other regions could foster even more the issuance of non-European issuers and in other currencies.

Evolution of Sustainable bonds issuance and 2022 forecast by issuer type (EURbn)*

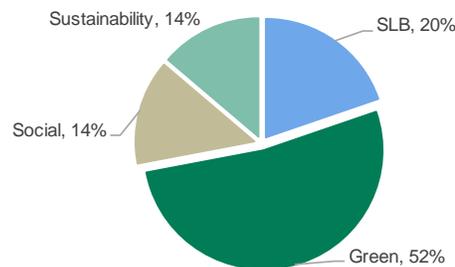
Sustainable supply in EURbn	2019	2020	YTD 2021**	F 2022
Corporate - Non-financials	80	121	310	510
Corporate - Financials	64	70	126	190
Agency	39	99	115	150
Supra	16	67	115	120
Sovereign	22	38	98	155
Local Authorities	15	16	18	50
Grand Total	237	411	782	1 175

Source: Bloomberg, Crédit Agricole CIB

*US Municipals and US Mortgages, 144 securities excluded and only listed companies reported

**Cumulated issuances as of 19 November 2021 and published in Crédit Agricole CIB 2022 Sustainable Outlook on December 13th, 2021

Overall forecast sustainable issuance by product in 2022 (%)



Source: Bloomberg, Crédit Agricole CIB

The boom of sustainable bonds and greenium dynamics show investors' appetite for green over conventional bonds - however investors are increasingly looking beyond bond contents to focus on issuers' strategies and positioning - the recent development of sustainability-linked bonds also reveals this momentum.

According to Damien de Saint Germain, Head of Credit Research & Strategy at Crédit Agricole CIB: "Over time, we expect the climate and energy transition to become a key component of the issuers' risk premium required by investors. From politicians, regulators, central banks, investors, corporates and rating agencies...all players are integrating climate change risks as well as objectives in their priorities, analytical frameworks and business models, accelerating the transmission of climate and energy transition issues to fixed income markets."

With 6.5% market share at the end of 2020 (Bloomberg), Crédit Agricole CIB is one of the leaders of the Green, Social and Sustainability bonds market. Crédit Agricole CIB has a long-term commitment to promote green finance with a consistent organisation across the teams, from origination to distribution.

Press contacts:

Paris – Maryse Dournes 33 (0)1 41 89 89 38 / maryse.dournes @ca-cib.com

About Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB)

Crédit Agricole CIB is the corporate and investment banking arm of Credit Agricole Group, the 12th largest banking group worldwide in terms of tier 1 capital (The Banker, July 2021). Nearly 8,600 employees across Europe, the Americas, Asia-Pacific, the Middle East and Africa support the Bank's clients, meeting their financial needs throughout the world. Crédit Agricole CIB offers its large corporate and institutional clients a range of products and services in capital markets activities, investment banking, structured finance, commercial banking and international trade. The Bank is a pioneer in the area of climate finance, and is currently a market leader in this segment with a complete offer for all its clients.

For many years Crédit Agricole CIB has been committed to sustainable development. The Bank was the first French bank to sign the Equator Principles in 2003. It has also been a pioneer in Green Bond markets with the arrangement of public transactions from 2012 for a wide array of issuers (supranational banks, corporates, local authorities, banks) and was one of the co-drafter of Green Bond Principles and of the Social Bond Guidance. Relying on the expertise of a dedicated sustainable banking team and on the strong support of all bankers, Crédit Agricole CIB is one of the most active banks in the Green bonds market.

For more information, please visit www.ca-cib.com

