BOND SPOTLIGHT

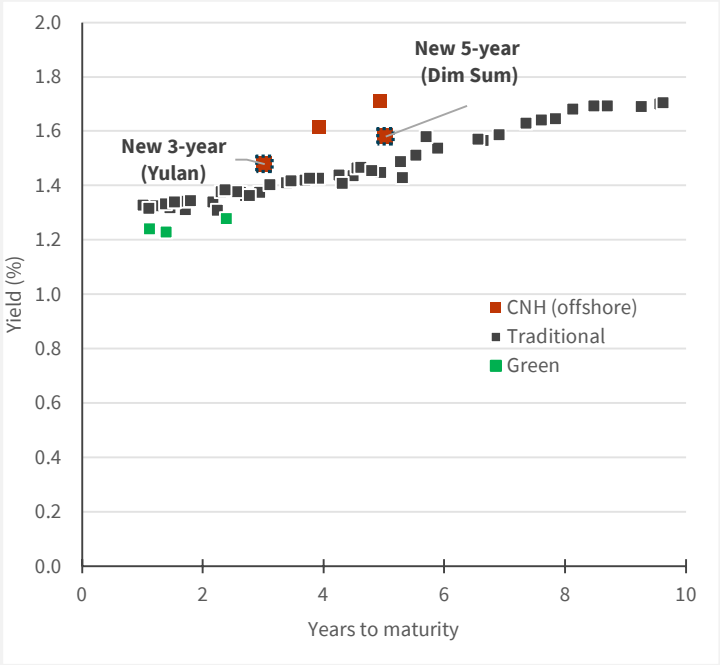
ADBC's biodiversity bonds: a new label on familiar assets

Jonas David* | 25 Nov 2026 | 5 minute read

SUMMARY

- Two new biodiversity-themed offshore bonds of the Agricultural Development Bank of China priced at 1.48% (3-year) and 1.58% (5-year), 57bps inside initial guidance.
- The recently updated framework cites current nature-finance standards, but its biodiversity criteria are broad and largely unquantified; key asset types were already eligible in 2018.
- Dim Sum bonds are gaining visibility after HKEX recently launched a benchmark index. Meanwhile, ADBC's Yulan tranche is issued through Shanghai Clearing House.

Figure 1. ADBC bond yields (offshore and onshore bonds, including traditional and green, with remaing time to maturity between 1-10 years). Source: Bloomberg Finance L.P., accessed 24 Nov 2026.



On 24 Nov 2026, the Agricultural Development Bank of China (ADBC), a wholly state-owned policy bank, launched a dual-tranche offshore transaction: a 3-year Yulan bond (CNH 1bn, ISIN CND1000BLPT8) and a 5-year Dim Sum bond (CNH 3.6bn, ISIN HK0001376281). According to Bloomberg, they priced at 1.48% and 1.58%, respectively, against initial price thoughts of 2.05% and 2.15%.

Figure 1 illustrates the pricing of the bonds. The spread of CNH (offshore) over onshore yields mostly reflects the separate markets, with different liquidity and investor bases, rather than the label. ADBC has two other conventional offshore bonds outstanding: a 3.80% bond due 2030 (ISIN HK0000646957) and a 3.35% bond due 2031 (ISIN HK0000778214). The new 5-year bond priced about 13bps below the 2031 bond, but the latter is relatively small (CNH 550m) and was issued in 2021, so liquidity likely plays a role.[1]

Beyond pricing, the label deserves a closer look. The bonds are the first issued under ADBC's updated Green, Social and Sustainability (GSS) Bond Framework, which adds biodiversity and cites current nature-finance standards. Our reading is that the framework improves disclosure but loosens external constraints, and that several asset types now labelled as biodiversity were already eligible under the 2018 framework.

[1] Another useful reference point is China's government green bonds sold in Canada: CNH 2bn each of 3- and 5-year bonds, priced at 1.40% and 1.50% on 9 Nov 2026, with orders of around 13.5 times the deal size (see "China's Canadian green bond tightens pricing amid 13.5-times oversubscription", Environmental Finance, 11 Nov 2026). They currently trade about 4bps below their issuance yield (Bloomberg, 24 Nov 2026). While they match on currency, tenors and label, they are not a like-for-like comparator, as ADBC should trade at a spread to the government.

*Author to contact: jda@anthropocenefii.org. See important disclaimer.

Introduction

Proceeds are restricted to the 'Eligible Biodiversity Categories' of the updated GSS Bond Framework published in Nov 2026.[2]

The deal is ADBC's first offshore biodiversity-themed bond under the updated framework, but the theme is not new. In Oct 2023, ADBC issued a 3-year onshore green bond whose proceeds were earmarked for loans "supporting biodiversity protection".[3] ADBC's earlier offshore labelled bonds raised EUR 500m in 2018 and CNH 2.5bn in 2019.

We use the latest transaction to explore what 'biodiversity' means for labelled bonds issued by a major Chinese policy bank. Does the new framework add nature-specific constraints, or does it mainly apply a biodiversity label to asset types ADBC already financed? We also set out how the Dim Sum and Yulan formats differ for offshore investors, and how the new bonds price against ADBC's existing bonds (see Figure 1).

What's new in the 2026 framework

A broader scope

The 2018 framework had three green categories (sustainable water and wastewater management; environmentally sustainable management of living natural resources and land use; and renewable energy) and two social categories.[4] The 2026 framework is a full GSS framework with six green, five biodiversity, four blue and five social categories. It also cites the main nature-finance references, including ICMA's 2025 nature guide, the People's Bank of China (PBoC) Biodiversity Finance Catalogue (Pilot) and the Kunming-Montreal Global Biodiversity Framework.[5]

Several key asset types that now count as biodiversity were already eligible in 2018 under other headings.[6] Whether the bonds finance core nature projects will only be visible in the first allocation report. ADBC has not set out an expected allocation split across categories, and S&P, in its second party opinion (SPO), notes that the bank has no standalone biodiversity policy.[7]

There are safeguards worth crediting. Forest projects need FSC or equivalent certification, and agroforestry excludes palm oil and industrial livestock production.[8]

[2] "Green, Social and Sustainability Bond Framework", ADBC, Nov 2026.
[3] "ADBC innovatively issued 7.4 billion yuan of green bonds [translated]", China Securities Journal via CEBNet, 23 Oct 2023.
[4] "Green and Sustainability Bond Framework", ADBC, Oct 2018.
[5] Op. cit. (ADBC, Nov 2026).
[6] Flood-control water conservancy sat under sustainable water management in 2018. In 2026 it sits under "Climate change adaptation and resilience for biodiversity and ecosystems", alongside drought- and pest-resistant crop R&D, efficient irrigation and renewable-powered grain storage. Afforestation and reforestation were eligible under living natural resources and land use in 2018 and now sit under the biodiversity category of the same name. For details, see ADBC frameworks from 2018 and 2026 (referenced above).
[7] "Second Party Opinion: Agricultural Development Bank of China Green, Social and Sustainability Bond Framework", S&P Global Ratings, 20 Nov 2026.
[8] Op. cit. (ADBC, Nov 2026).

Looser external constraints, better disclosure

- Taxonomy. The 2018 framework required compliance with the PBoC green bond catalogue; the 2026 framework commits to best-efforts alignment with its successors. The 2015 catalogue was replaced by a 2021 edition, with outstanding bonds continuing under the 2015 rules.[9]
- External checks. Pre-issuance certification and the third-party role in project selection are dropped.
- Disclosure. The 36-month look-back, refinancing split, project-level allocation list and new technical thresholds for hydro, bioenergy and water assets are genuine improvements.

An SPO graded on a climate scale

S&P finds the framework aligned with all six sets of principles it assessed, including ICMA's nature guide.[10] Alignment with the nature guide rests on ADBC specifying nature-related uses of proceeds and committing to report at least one relevant impact indicator. S&P's Shades of Green grading, however, measures alignment with a low-carbon, climate-resilient future. As a result, adaptation scores higher than conservation: the category "*Climate change adaptation and resilience for biodiversity and ecosystems*" (e.g. climate-resilient crop R&D, irrigation, renewable-powered grain storage, soil conservation and flood-control water conservancy) is graded Dark to Medium green, while "*Terrestrial and aquatic biodiversity conservation*", which covers protected areas and rewilding, is graded Medium to Light green.[11]

S&P also describes the exclusions as covering deforestation,[12] although the published exclusion list does not explicitly include it.

The framework cites current nature-finance references, but few of its biodiversity criteria are quantified or binding, and there is no expected allocation split. The label alone therefore says little about what the bonds will finance.

Dim Sum and Yulan: same currency, different plumbing

Both tranches are denominated in offshore renminbi, but they are registered and held through different infrastructure. Dim Sum bonds, renminbi bonds issued outside mainland China, are gaining visibility as an asset class. On 16 Nov 2026, Hong Kong Exchanges and Clearing Limited (HKEX), in collaboration with Bloomberg, launched Hong Kong's first benchmark index for Dim Sum bonds, covering 305 bonds worth about CNH 864bn as of end-Oct 2026.[13] According to the deal announcement on Bloomberg, ADBC's Dim Sum tranche will clear through Hong Kong's Central Moneymarkets Unit (CMU).

Index eligibility requires a listing on the Stock Exchange of Hong Kong (SEHK) and/or lodging with the CMU, plus the index's other inclusion criteria. Both ADBC tranches will be listed on SEHK; whether they meet the remaining criteria depends on the index methodology.

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[9] "Notice from the People's Bank of China, the National Development and Reform Commission, and the China Securities Regulatory Commission on Issuing the "Catalogue of Green Bond-Supported Projects (2021 Edition)"", State Council, 2 Apr 2021.
[10] Op. cit. (S&P Global Ratings, 20 Nov 2026).
[11] Op. cit. (S&P Global Ratings, 20 Nov 2026).
[12] Op. cit. (S&P Global Ratings, 20 Nov 2026).
[13] "HKEX Launches Offshore RMB Bond Index", HKEX, 16 Nov 2026; "Bloomberg Indices and HKEX Launch Co-branded Offshore RMB Bond Index Family to Support Growing Investor Demand in the Dim Sum Bond Market", Bloomberg via PR Newswire, 15 Nov 2026.

The Yulan format was launched in Dec 2020 by Shanghai Clearing House and Euroclear Bank. Yulan bonds are issued through Shanghai Clearing House, while international investors settle within Euroclear's network with real-time multi-currency delivery versus payment.[14] Yulan issuance started in US dollars and euros; the first renminbi Yulan bond followed in May 2023.[15]

For investors, the choice between tranches is mainly about tenor and where the bonds are registered and held (see Table 1); the credit and the label are the same.

Table 1. The two ADBC tranches compared. Source: Bloomberg Finance L.P., accessed 24 Nov 2026.

	3Y Yulan	5Y Dim Sum
Issuance and clearing	Shanghai Clearing House, settled in Euroclear	CMU, with links to Euroclear and Clearstream
Listings	SEHK, SGX, MOX, LuxSE	SEHK, SGX, MOX, LuxSE, FSE, CEINEX
Coupon and law	Fixed, semi-annual, ACT/365; English law	Fixed, semi-annual, ACT/365; English law
Settlement	1 Dec 2026 (T+5)	1 Dec 2026 (T+5)
Initial price thoughts	2.05% area	2.15% area
Final pricing	1.48%	1.58%
Amount	CNH 1bn	CNH 3.6bn

Conclusions

ADBC priced two offshore biodiversity bonds about 57bps inside initial guidance, with the 5-year about 13bps below its conventional 2031 bond. With one relatively small, older comparable bond, we cannot separate a label effect from new-issue demand and liquidity. Investors also have little information yet on what the bonds will finance.

On the label, the 2026 framework speaks the language of nature finance and improves disclosure, but few of its biodiversity criteria are quantified or binding. Several asset types now labelled as biodiversity, notably flood-control water conservancy, were already eligible under the 2018 framework, and S&P's climate-based grading ranks the adaptation category above conservation.

What to watch: the first annual allocation report by category; the share of refinancing; whether impact reporting goes beyond area and carbon to species or ecosystem condition; and whether ADBC clarifies the exclusions S&P describes. The allocation reports for ADBC's 2023 onshore biodiversity bond may offer an earlier read on how the bank applies the label.

[14] "Euroclear Bank and Shanghai Clearing House create new asset class", Euroclear, 8 Dec 2020.
[15] "Yulan Bond provides high-quality assets, helps push yuan internationalization", Global Times, 31 May 2023.

Version log

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