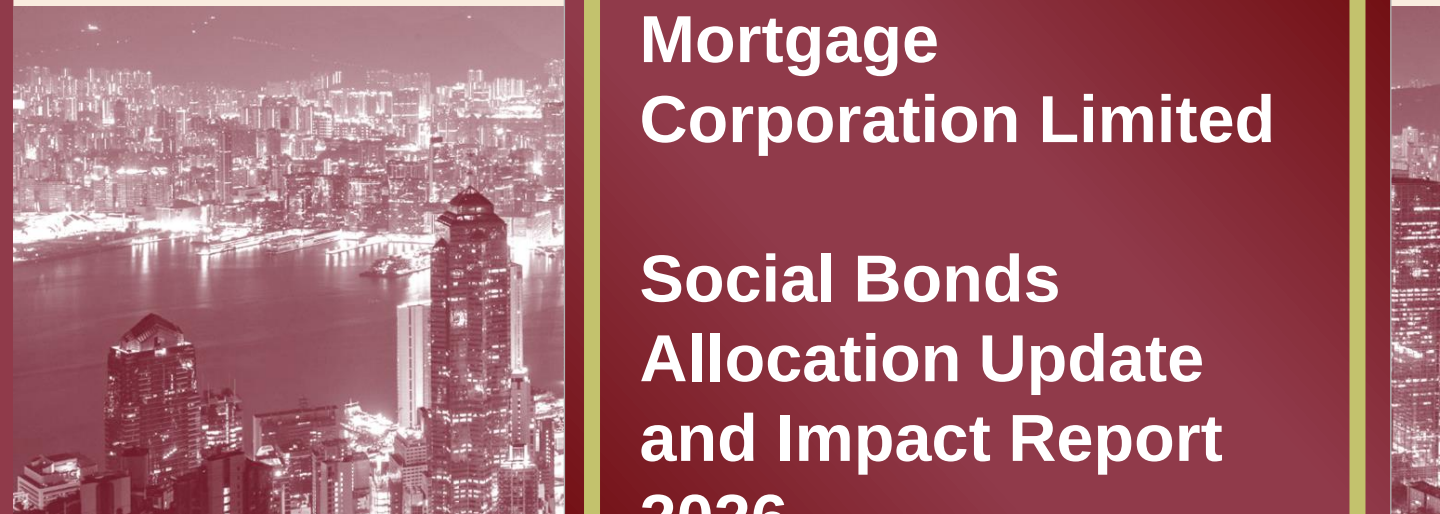




香港按揭證券有限公司
The Hong Kong Mortgage Corporation Limited



The Hong Kong Mortgage Corporation Limited

Social Bonds Allocation Update and Impact Report 2026

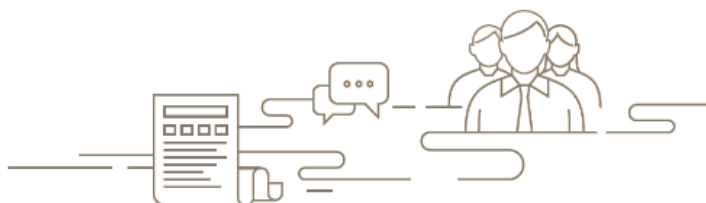


Introduction

The **Hong Kong Mortgage Corporation Limited** (“HKMC” or the “Group”), incorporated since March 1997, is wholly owned by the Government of the Hong Kong Special Administrative Region of the People’s Republic of China (the “HKSAR Government”) through the Exchange Fund. The Group has three wholly-owned principal operating subsidiaries: HKMC Insurance Limited, HKMC Annuity Limited and HKMC Mortgage Management Limited.

The Group is committed to its core missions of promoting stability of the banking sector, wider home ownership, development of the local debt market and development of retirement planning market in Hong Kong, through the following main business activities:

- Promote stability of the banking sector: purchases residential mortgage assets.
- Support home ownership in Hong Kong: operates the Mortgage Insurance Programme.
- Support small and medium-sized enterprises (“SMEs”) in Hong Kong: operates a platform for the HKSAR Government to provide financial guarantee cover to banks in respect of loans advanced to local non-listed enterprises, including SMEs.
- Promote development of the retirement planning market: offers retirement products, namely the Reverse Mortgage Programme (“RMP”), the Policy Reverse Mortgage Programme and the HKMC Annuity Plan, to provide retirees with immediate, stable and lifelong streams of income.
- Consolidate Hong Kong as infrastructure financing hub and fill the infrastructure financing market gaps: acquires infrastructure debt obligations including purchasing and co-financing infrastructure loans, and at right market conditions, securitises these loan assets to further its mandates of promoting the development of the local debt market and stability of the banking sector and facilitating infrastructure investment and financing flows, benefiting financial and professional services sectors in Hong Kong.
- Promote development of Hong Kong debt market: continues to play its key role and maintain an active presence in the local debt market development.



HKMC Environmental, Social and Governance (“ESG”) Strategy

Since its establishment, the Group has been endeavouring to pursue social objectives and deliver on its core missions via the implementation of various business programmes. In recent years, the Group has increased its efforts in ESG integration and implementation in its operations, and a snapshot of the key recent ESG developments and achievements of the Group is provided below.



The Group's Core Missions

Stability of Banking Sector

Wider Home Ownership

Development of Local Debt Market

Development of Retirement Planning Market

ESG Pillars of the Group



Related United Nations' Sustainable Development Goals

Notable Awards and Accolades for the Social Bonds

The Asset Triple A Sustainable Finance Awards for 2026

- Best Social Bond in Hong Kong (awarded for the HKD 2 billion 30-year Social Bond issued in November 2025)



The Asset Triple A Sustainable Finance Awards for 2025

- Best Social Bond in Hong Kong (awarded for the Social Bonds in four tranches totalling approximately HKD 23.8 billion equivalent issued in October 2024)



The Hong Kong Quality Assurance Agency's Hong Kong Green and Sustainable Finance Awards 2024

- Outstanding Award for Green and Sustainable Bond Issuer (Public Sector) - Largest Amount of Social Bonds (awarded for the Social Bonds in four tranches totalling approximately HKD 23.8 billion equivalent issued in October 2024)





HKMC Social, Green and Sustainability Financing Framework

HKMC first published its Social, Green and Sustainability Financing Framework (the “Framework”) in September 2022 (the “2022 Framework⁽¹⁾”) and updated it in August 2025 (the “2025 Framework”). The 2025 Framework reflects the HKMC’s latest sustainable initiatives and is aligned with Hong Kong’s long-term sustainability visions. HKMC will use this Framework as the basis to structure and issue green, social and/or sustainability bond(s) and asset-backed securities via public issuance and private placement (referred to as “Sustainable Financing Instruments”), to support the growth of assets or projects with environmental and/or social benefits.

The Sustainable Financing Instruments issued under the 2025 Framework will be structured in alignment with the Social Bond Principles (2025), Green Bond Principles (2025) and Sustainability Bond Guidelines (2021) released by the International Capital Market Association.

HKMC received a second-party opinion on the 2025 Framework from Sustainable Fitch which affirms that the Framework is aligned with the above sustainable finance principles and guidelines.

HKMC’s intended Eligible Green and Social Asset Categories include:

Eligible Social Asset Categories:

Employment Generation and
Social Alleviation

Access to Essential Financing &
Financial Services for the Elderly

Access to Essential Services

Affordable Housing

Access to Affordable Basic
Infrastructure and Services

Eligible Green Asset Categories:

Renewable Energy

Green Buildings

Clean Transportation

Energy Efficiency

Pollution Prevention and
Control

Climate Change
Adaptation

Sustainable Water and
Wastewater Management

Green Construction
Materials

Environmentally Sustainable Management of Living
Natural Resources and Land Use

For more information, please refer to the 2025 Framework, available at https://www.hkmc.com.hk/eng/investor_relations/sustainable_finance.html.

(1) The Sustainable Financing Instruments issued under the 2022 Framework were structured in alignment with the Social Bond Principles (2021), Green Bond Principles (2021) and Sustainability Bond Guidelines (2021) released by the International Capital Market Association.

The Special 100% Loan Guarantee under the SME Financing Guarantee Scheme

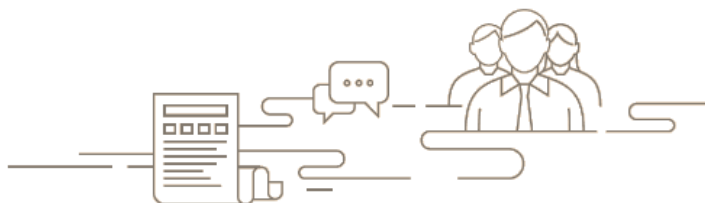
To help ease the cash flow problems of local SMEs and non-listed enterprises (collectively, the “Enterprises” or each an “Enterprise”) adversely affected by the then outbreak of COVID-19, the Financial Secretary of the HKSAR Government announced in the 2020-21 Budget Speech that a **Special 100% Loan Guarantee (“100% SFGS”)** would be introduced under the SME Financing Guarantee Scheme administered by the Group. The 100% SFGS aimed at alleviating the financial burden of paying employee wages and rents by the Enterprises which suffered from reduced income and helping to minimise shutting down of and layoffs by the Enterprises. The loans under 100% SFGS are fully guaranteed by the HKSAR Government at a concessionary low interest rate of Prime Rate⁽¹⁾ minus 2.5% per annum, with all guarantee fees waived. The 100% SFGS started to receive applications on 20 April 2020.

In order to further alleviate the cash flow pressure of the Enterprises due to rapid deterioration of the business environment following the outbreak and spread of COVID-19 then, the HKSAR Government introduced various enhancements to and relief measures under the 100% SFGS.

The eligible Enterprises must have been operating for at least three months in Hong Kong as of 31 March 2022 and have suffered at least 30% decline in sales turnover in any month since February 2020 (“Affected Period”) when compared with the monthly average of any preceding quarter from January 2019 to March 2022 (“Reference Period”), provided that the Affected Period must not be earlier than the Reference Period⁽²⁾.

The maximum loan amount for each eligible Enterprise is the total amount of its employees wages and rents (calculated at the time of application) for 27 months or HK\$9 million, whichever is the lower. The maximum repayment period is 10 years, with an optional principal moratorium and partial repayment to extend the repayment period for up to 84 months.

As society has returned to normalcy after the COVID-19 pandemic, the application period for the 100% SFGS expired on 31 March 2024.



(1) Based on the prime lending rate for Hong Kong Dollars as announced from time to time either by the HKMC or by the relevant participating lending institutions, depending on the participating lending institutions’ practice

(2) For details of the eligibility criteria for 100% SFGS, please refer to https://www.hkmc.com.hk/eng/our_business/sme_financing_guarantee_scheme.html



Summary of Social Bond Issuances



As of 30 June 2026, the HKMC had made four rounds of social bond issuances. The 2022, 2023 and 2024 Social Bonds were issued under the 2022 Framework, with proceeds fully dedicated to the 100% SFGS, while the 2025 Social Bond was issued under the 2025 Framework, with proceeds dedicated to the RMP. The net proceeds from the 2022, 2023 and 2024 Social Bonds have been fully allocated upon issuance. All tranches of the 2022 Social Bonds are matured in October 2025.

The details of the social assets and the allocation of proceeds for the two outstanding multi-tranche Social Bonds issued in 2023 and 2024 are reported in the ensuing sections. The HKMC will provide separate annual updates on the allocation and impact for the 2025 Social Bond before end-2026.

Round	Issue Date	Maturity Date	Description	Use of Proceeds
1	October 2022	HKD: 25 October 2024 CNH: 25 October 2025	- Inaugural social bond issuance - Comprised of 2 tranches, denominated in 2 currencies: HKD 8 billion 2-year and CNH 3 billion 3-year	To support the 100% SFGS
2	September 2023	HKD: 12 September 2025 CNH: 12 September 2026 USD: 13 September 2028	- Comprised of 3 tranches, denominated in 3 currencies: HKD 9.5 billion 2-year, CNH 5 billion 3-year, and USD 650 million 5-year - The largest social bond issuance in Asia on the date of issuance	To support the 100% SFGS
3	October 2024	HKD: 17 October 2026 & 17 October 2029 CNH: 18 October 2031 USD: 18 October 2027	- Comprised of 4 tranches, denominated in 3 currencies: HKD 7 billion 2-year and HKD 8 billion 5-year, CNH 2 billion 7-year, and USD 850 million 3-year - The largest social bond issuance in Asia Pacific on the date of issuance	To support the 100% SFGS
4	November 2025	HKD: 25 November 2055	- Comprised of 1 social tranche, denominated in 1 currency: HKD 2 billion 30-year - The largest 30-year HKD bond issuance in Hong Kong on the date of issuance - The first-ever social bond issuance in Asia Pacific with proceeds being used to support the RMP that provides essential financing for the elderly in Hong Kong	To support the RMP



Bond Issuance Summary of the Social Bond Issuance in September 2023

- Main details of the issuance are as follows:

Issuer	The Hong Kong Mortgage Corporation Limited		
Issue Rating*	AA+ (S&P) / Aa3 (Moody's)		
	HKD Tranche	CNH Tranche	USD Tranche
Issue Size	HK\$ 9.5 billion	CNH 5 billion	US\$ 650 million
Issue Date	12 September 2023	12 September 2023	13 September 2023
Maturity Date	12 September 2025	12 September 2026	13 September 2028
Tenor	2 years	3 years	5 years
Yield	4.68% per annum	2.98% per annum	4.939% per annum
Status	Senior and unsecured		
Listing	The Stock Exchange of Hong Kong Limited		
Use of Proceeds	The net proceeds of the bonds issued were used exclusively to finance and / or refinance projects that fall under one or more of the "Eligible Social Asset Categories" under the 2022 Framework		

Key achievements by this social bond issuance* include:

- Largest social bond issuance in Asia
- First time for a Hong Kong bond issuer to launch HKD, CNH and USD tranches in one transaction

*as of 12 September 2023 / 13 September 2023



Bond Issuance Summary of the Social Bond Issuance in October 2024

- Main details of the issuance are as follows:

Issuer	The Hong Kong Mortgage Corporation Limited			
Issue Rating*	AA+ (S&P) / Aa3 (Moody's)			
	HKD Tranches		CNH Tranche	USD Tranche
Issue Size	HK\$ 7 billion	HK\$ 8 billion	CNH 2 billion	US\$ 850 million
Issue Date	17 October 2024	17 October 2024	18 October 2024	18 October 2024
Maturity Date	17 October 2026	17 October 2029	18 October 2031	18 October 2027
Tenor	2 years	5 years	7 years	3 years
Yield	3.55% per annum	3.45% per annum	2.60% per annum	4.208% per annum
Status	Senior and unsecured			
Listing	The Stock Exchange of Hong Kong Limited			
Use of Proceeds	The net proceeds of the bonds issued were used exclusively to finance and / or refinance projects that fall under one or more of the "Eligible Social Asset Categories" under the 2022 Framework			

Key achievements by this social bond issuance* include:

- Largest social bond issuance in Asia Pacific
- HKD tranches: Largest institutional bond denominated in HKD
- CNH tranche: First 7-year institutional bond denominated in CNH

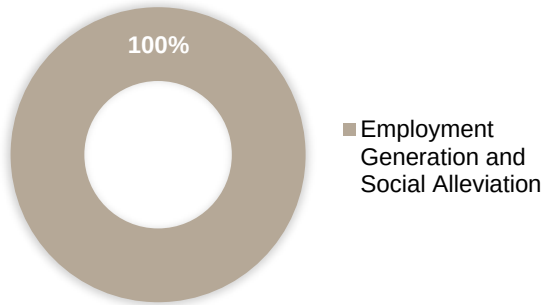
*as of 17 October 2024 / 18 October 2024



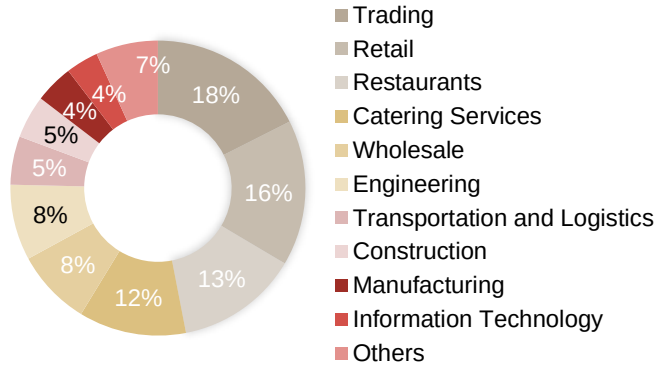
Allocation Reporting (as of 30 June 2026)

September 2023 Social Bond Issuance

By Eligible Social Asset Categories



By Type of Business



Eligible Social Asset Category	Type of Business	No. of Eligible SMEs ⁽²⁾ Loans ^{(3), (8)}	Amount of Proceeds Allocated (HKD Billion) ⁽⁸⁾	Amount of Proceeds Allocated (CNH Billion Equiv.) ^{(4), (8)}	Amount of Proceeds Allocated (USD Billion Equiv.) ^{(5), (8)}
Employment Generation and Social Alleviation ⁽¹⁾	- HKMC has supported various sectors with the 100% SFGS over the last reporting period⁽⁶⁾, including but not limited to: - Trading; - Retail; - Restaurants; - Catering Services; - Engineering; - Wholesale; - Construction; - Manufacturing; - Transportation and Logistics; - Information Technology; and - Others⁽⁷⁾	4,614	10.87	9.41	1.39

* The information reported are as of 30 June 2026

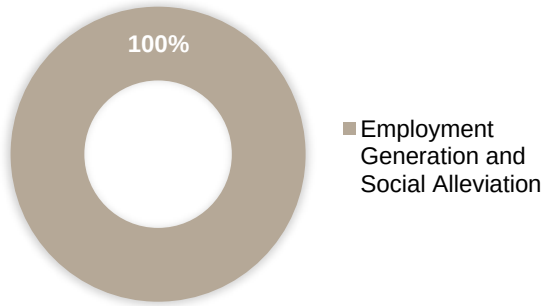
- (1) The Eligible Social Asset Category "Social Alleviation: SME" in the 2022 Framework has been revised to "Employment Generation and Social Alleviation" in the 2025 Framework, reflecting an expanded scope of eligible social assets within this category.
- (2) As defined by Trade and Industry Department of the HKSAR Government: a small and medium-sized enterprise is any manufacturing business which employs fewer than 100 persons in Hong Kong, or any non-manufacturing business which employs fewer than 50 persons in Hong Kong.
- (3) Same borrowers may make multiple loan applications under the 100% SFGS.
- (4) CNHHKD used: 1.1548
- (5) USDHKD used: 7.8429
- (6) The reporting period is from 1 July 2025 to 30 June 2026.
- (7) Major sectors in "Others" include interior design / decoration, professional services and real estate.
- (8) The proceeds of the 2023 and 2024 Social Bond Issuances were allocated to support a total of 22,938 Eligible SMEs Loans, with total allocated proceeds amounting to HKD 34.85 billion (or CNH 30.17 billion equivalent / USD 4.45 billion equivalent).



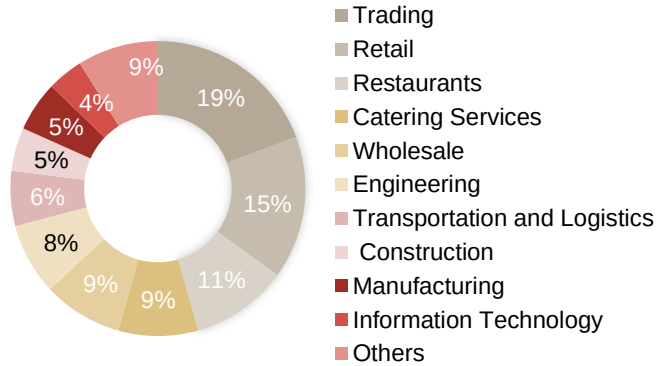
Allocation Reporting (as of 30 June 2026)

October 2024 Social Bond Issuance

By Eligible Social Asset Categories



By Type of Business



Eligible Social Asset Category	Type of Business	No. of Eligible SMEs ⁽²⁾ Loans ⁽³⁾ , (8)	Amount of Proceeds Allocated (HKD Billion) ⁽⁸⁾	Amount of Proceeds Allocated (CNH Billion Equiv.) ⁽⁴⁾ , (8)	Amount of Proceeds Allocated (USD Billion Equiv.) ⁽⁵⁾ , (8)
Employment Generation and Social Alleviation ⁽¹⁾	- HKMC has supported various sectors with the 100% SFGS over the last reporting period⁽⁶⁾, including but not limited to: - Trading; - Retail; - Restaurants; - Catering Services; - Engineering; - Wholesale; - Construction; - Manufacturing; - Transportation and Logistics; - Information Technology; and - Others⁽⁷⁾	18,324	23.98	20.76	3.06

* The information reported are as of 30 June 2026

- (1) The Eligible Social Asset Category "Social Alleviation: SME" in the 2022 Framework has been revised to "Employment Generation and Social Alleviation" in the 2025 Framework, reflecting an expanded scope of eligible social assets within this category.
- (2) As defined by Trade and Industry Department of the HKSAR Government: a small and medium-sized enterprise is any manufacturing business which employs fewer than 100 persons in Hong Kong, or any non-manufacturing business which employs fewer than 50 persons in Hong Kong.
- (3) Same borrowers may make multiple loan applications under the 100% SFGS.
- (4) CNHHKD used: 1.1548
- (5) USDHKD used: 7.8429
- (6) The reporting period is from 1 July 2025 to 30 June 2026.
- (7) Major sectors in "Others" include interior design / decoration, professional services and real estate.
- (8) The proceeds of the 2023 and 2024 Social Bond Issuances were allocated to support a total of 22,938 Eligible SMEs Loans, with total allocated proceeds amounting to HKD 34.85 billion (or CNH 30.17 billion equivalent / USD 4.45 billion equivalent).



Impact Reporting

- In this section, HKMC provides impact reporting on its social bond issuances to show the positive social benefits of the allocated SMEs⁽¹⁾ loans.
- Under the 2022 Framework, HKMC provided guarantee cover for and/or financed the loans under the 100% SFGS to qualified SMEs⁽¹⁾ adversely affected by the COVID-19 pandemic to alleviate their financial burden of paying employee wages and rents and to help minimise business shutdowns and layoffs.
- As of 30 June 2026, the social impacts of the allocated SMEs⁽¹⁾ loans are consolidated as below:

Applicable Issuance	Eligible Social Asset Category	Type of Business	Number of SMEs Financed ⁽³⁾	Estimated Number of Jobs Supported ⁽⁶⁾
September 2023 Social Bond	Employment Generation and Social Alleviation ⁽²⁾	■ HKMC has supported various sectors with the 100% SFGS over the last reporting period⁽⁴⁾, including but not limited to: ■ Trading; ■ Retail; ■ Restaurants; ■ Catering Services; ■ Engineering; ■ Wholesale; ■ Construction; ■ Manufacturing; ■ Transportation and Logistics; ■ Information Technology; and ■ Others⁽⁵⁾	4,453	34,968
October 2024 Social Bond			11,238	91,397

- (1) As defined by Trade and Industry Department of the HKSAR Government: a small and medium-sized enterprise is any manufacturing business which employs fewer than 100 persons in Hong Kong, or any non-manufacturing business which employs fewer than 50 persons in Hong Kong.
- (2) The Eligible Social Asset Category "Social Alleviation: SME" in the 2022 Framework has been revised to "Employment Generation and Social Alleviation" in the 2025 Framework, reflecting an expanded scope of eligible social assets within this category.
- (3) Same borrowers may make multiple loan applications under the 100% SFGS.
- (4) The reporting period is from 1 July 2025 to 30 June 2026.
- (5) Major sectors in "Others" include interior design / decoration, professional services and real estate.
- (6) For avoidance of doubt, the estimated number of jobs supported reported are counted only once in respective social bond issuances.



Reporting Methodology

- Following the maturity of all tranches of its inaugural social bonds issued in October 2022 (“the 2022 Social Bonds”), the HKMC had three outstanding social bonds issuances as of 30 June 2026. The second social bond issuance in September 2023 (the “2023 Social Bonds”) and the third social bond issuance in October 2024 (the “2024 Social Bonds”) were issued under the 2022 Framework, with proceeds fully dedicated to the 100% SFGS, while the fourth social bond issued in November 2025 (the “2025 Social Bond”) was issued under the 2025 Framework, with proceeds dedicated to the RMP.
- HKMC intends to publish its Social Bonds Allocation Update and Impact Report 2026 to provide details of the allocation of the net proceeds of the two multi-tranche Social Bonds issued by HKMC in 2023 and 2024, as well as their social impacts during the year ended 30 June 2026. The reporting of the 2025 Social Bond will be published separately.
- As of 30 June 2026, HKMC earmarked an adequate amount of SMEs loans under the 100% SFGS for the 2023 Social Bonds and the 2024 Social Bonds. Specific details, such as the type of business and the total number of jobs supported, corresponding to the selected SMEs loans were recorded when the relevant loan applications were made. The figures shown in the report are not cumulative.
- The loan portfolio data covered by this report is subject to internal review procedures and review mechanisms established in accordance with the 2022 Framework.
- The loan portfolio data included in this report follows the below assumptions:
- **1) Data preparation date:**
 - For the purpose of Allocation Reporting,
 - the Amount of Proceeds Allocated reflects the outstanding loan balance of the SMEs loans earmarked for the respective social bond issuances as of 30 June 2026; and
 - the Number of SMEs Financed and the Number of Eligible SMEs loans represent the total number of individual SME borrowers and related approved loan applications associated with the loans earmarked for the respective social bond issuances as of 30 June 2026, respectively. The figures shown in the report are not cumulative.
 - During the year ended 30 June 2024, some of the loans initially allocated for the 2022 Social Bonds were paid down or written down. The related bond proceeds were reallocated to refinance other loans under the 100% SFGS which were not previously funded by the issuance (the “Replenishing Loans”). This is to ensure that the bond proceeds are fully allocated.
 - During the year ended 30 June 2025, some of the loans initially allocated for the 2023 Social Bonds and 2024 Social Bonds were paid down or written down. During the same period, the HKD 8 billion 2-year tranche of the 2022 Social Bonds matured in October 2024. In view of this, some of the loans initially allocated for the 2022 Social Bonds were reallocated to the 2023 Social Bonds and 2024 Social Bonds to ensure that the bond proceeds are fully allocated for the 2023 Social Bonds and 2024 Social Bonds.
 - During the year ended 30 June 2026, some of the loans initially allocated for the 2024 Social Bonds were paid down or written down. During the same period, the CNH 3 billion 3-year tranche of the 2022 Social Bonds matured in October 2025 and the HKD 9.5 billion 2-year tranche of the 2023 Social Bonds matured in September 2025. In view of this, some of the loans initially allocated for the 2022 Social Bonds and 2023 Social Bonds were reallocated to the 2024 Social Bonds to ensure that the bond proceeds are fully allocated for the 2024 Social Bonds.



Reporting Methodology (cont'd)

- The other reported information including 1) Type of Business and 2) Estimated Number of Jobs Supported is generally based on the information represented by the SME borrowers at the time when the loan applications were received and therefore may not reflect the latest circumstances of the SME borrowers as of 30 June 2026. In the situation where the SME borrowers made multiple loan applications, the Type of Business and the Estimated Number of Jobs Supported are reported based on the latest applications received from these borrowers by 30 September 2022 for the 2022 Social Bonds, by 30 July 2023 for the 2023 Social Bonds and by 31 August 2024 for the 2024 Social Bonds. For the Replenishing Loans, the Type of Business and the Estimated Number of Jobs Supported are based on the latest applications received from the SME borrowers up to 31 March 2024. For the avoidance of doubt, for SME borrowers with multiple loan applications, the number of SME entities and the respective number of jobs supported are counted only once for the Number of SMEs Financed and the Estimated Number of Jobs Supported disclosed in this report.
- **2) Source of data:**
 - In preparation for the loan portfolio data of the eligible SMEs Loans for disclosure in this report, HKMC relied on the information gathered from the SMEs when they made their loan applications through various financial institutions in Hong Kong. Such information includes but is not limited to 1) indication of their type of business from a pre-defined list in the application form, 2) supplemental information on their business nature (if any), and 3) their total number of employees as reference to jobs supported.
 - HKMC provided the financial institutions with detailed sets of guidelines for their verification of the eligibility of the applicants under the 100% SFGS. The financial institutions used their professional expertise, judgement and care in conducting customer due diligence, reviewing each application, and verifying the eligibility of each loan applicant before submitting the applications to HKMC for approval. The financial institutions then entered the application details into an electronic system maintained by HKMC, through which HKMC approved the cases and generated a reference number for each case for identification purpose.
 - A total of 20 participating lending institutions (“PLIs”) accepted applications for the 100% SFGS: Allied Banking Corporation (Hong Kong) Limited, Bank of China (Hong Kong) Limited, Bank of Communications Co., Ltd., Bank of Communications (Hong Kong) Limited, China CITIC Bank International Limited, China Construction Bank (Asia) Corporation Limited, Chong Hing Bank Limited, Citibank. N.A., CMB Wing Lung Bank Limited, Dah Sing Bank Limited, DBS Bank (Hong Kong) Limited, Fubon Bank (Hong Kong) Limited, Hang Seng Bank, Limited, Industrial and Commercial Bank of China (Asia) Limited, Nanyang Commercial Bank, Limited, OCBC Bank (Hong Kong) Limited, Shanghai Commercial Bank Limited, Standard Chartered Bank (Hong Kong) Limited, The Bank of East Asia, Limited and The Hongkong and Shanghai Banking Corporation Limited. All PLIs are authorized institutions under the Banking Ordinance of Hong Kong, and the conduct of their business activities is subject to supervision by the Hong Kong Monetary Authority.
 - To achieve the HKSAR Government’s policy intent of alleviating the financial burden of SMEs to help minimise the shutting down of and layoffs by SMEs, the eligibility criteria of the 100% SFGS are simple and clear such that the loan applications can be approved swiftly by PLIs and HKMC. To ensure PLIs’ understanding of the 100% SFGS eligibility criteria, HKMC 1) conducted comprehensive consultations with PLIs before launch of the 100% SFGS, 2) hosted frequent and regular meetings with PLIs to provide guidance, 3) provided detailed and clear implementation guidelines for PLIs to assess the eligibility of loan applicants and the eligible loan amount for loan applicants, 4) put in place validation rules to screen applications received, and 5) conducted random sample checks on loan applications before accepting to purchase SMEs loans under the 100% SFGS.



Reporting Methodology (cont'd)

- Each SME of the selected loans was required to sign off the information and declaration provided on its application form for the 100% SFGS. In particular, the eligible loan applicants 1) confirmed that the information and declaration provided at any time or for the purpose of the application was to the best of their knowledge and belief true, accurate, up-to-date and complete as at the date of its submission, and such information and declaration remained true and accurate on the date of drawdown of the loan, and 2) undertook to inform HKMC and the related PLI as soon as practicable if any information and declaration provided in connection with their application was no longer valid or accurate.
- HKMC relied on the professional expertise, judgement and care of PLIs in conducting customer due diligence, reviewing each application and verifying the eligibility of each SMEs loan applicant before submitting the applications to HKMC for approval. The application information submitted by PLIs was considered by HKMC as credible and reliable for the purpose of loan approval, considering the reasonable controls expected to be put in place by PLIs.
- **3) Exclusion of Loans:**
 - In the selection of 100% SFGS loans for the allocation of social bond proceeds, HKMC took into consideration the Exclusionary Criteria as set out in the 2022 Framework.
 - In the allocation of proceeds, HKMC conducted due diligence to avoid the inclusion of businesses which it reasonably determined as coming within the Exclusionary Criteria as set out in the 2022 Framework.
 - Furthermore, HKMC performed additional screening such as keyword searches to assess the business nature represented by the loan applicants. HKMC made reasonable efforts to identify a reasonable coverage of exclusion keywords, but there may be a limitation that the list of exclusion keywords is not sufficiently comprehensive, accurate or exhaustive, and / or the applicants may not have accurately stated their type of business, number of jobs supported, and other information required to be disclosed in the application form due to their multiple lines of business or other reasons.
 - Such exclusions were made with the endorsement of the ESG Committee of HKMC.
- **4) Outstanding Principal Balance:**
 - The allocated SMEs loan amount contains only the outstanding balance with no accrued interest.



External Review

- HKMC has engaged PricewaterhouseCoopers as an independent practitioner to provide limited assurance on the reported allocation of the social bond proceeds and selected information disclosed in this report as of 30 June 2026 (the “Information”). The Information is prepared based on the criteria set out in the Reporting Methodology section.

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