Press Release

HKMC's Inaugural Social Bond Issuance

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Tuesday) the successful issuance of its inaugural social bonds (Issuance) pursuant to its newly-established Social, Green and Sustainability Financing Framework (SGS Framework) and under the US$30 billion Medium Term Note Programme in the institutional market. Following a series of investor roadshows, the Issuance was book-built and priced in Hong Kong on 18 October. The transaction marks the world's first social bond issuance in dual-tranche denominated in Hong Kong dollar (HKD) and offshore Renminbi (CNH).

The dual-tranche issuance comprises HK$8 billion 2-year and CNH 3 billion 3-year social bonds. Despite recent financial market volatility, the Issuance was well received by a diverse group of local and overseas institutional investors with the participation of over 100 accounts, including banks, investment funds, insurance companies, central bank and government-related funds, wealth management and private banks. Major terms of the Issuance are highlighted in the Annex.

A social bond is a conventional bond where the proceeds will be exclusively applied to finance eligible social projects or loans that create positive social impact for a targeted population. The net proceeds from the Issuance will mainly be used to finance or refinance the loans under the Special 100% Loan Guarantee of the SME Financing Guarantee Scheme. The Special 100% Loan Guarantee was launched in April 2020 to alleviate the cash flow pressure of small and medium-sized enterprises (SMEs) in Hong Kong during the COVID-19 pandemic, helping to minimise shut-downs and layoffs. It has benefitted more than 33,000 local SMEs and 350,000 related employees up to early October 2022.

Mr Raymond Li, Executive Director and Chief Executive Officer of the HKMC, said, "The establishment of the SGS Framework and the inaugural social bond issuance

demonstrate the HKMC's commitment to delivering socially responsible products and services. The issuance, which meets growing investor demand for financial instruments fulfilling sustainability objectives, has also provided a good opportunity to further diversify the HKMC's funding source and investor base. The HKMC will continue to support the development of sustainable finance and the debt market in Hong Kong."

The use of proceeds of the Issuance is governed by the SGS Framework, with a Second Party Opinion provided by Sustainalytics. Details of the SGS Framework and the Second Party Opinion are available at https://www.hkmc.com.hk/eng/investor_relations/sustainable_finance.html.

The Hong Kong Mortgage Corporation Limited
25 October 2022

Annex

Major Terms of the HKMC's Inaugural Social Bond Issuance

Issuer:	The Hong Kong Mortgage Corporation Limited	
Issue Rating:	AA+ (S&P) / Aa3 (Moody's)	
Issue Date:	25 October 2022	
	HKD tranche	**CNH tranche**
Issue Size:	HK$8 billion	CNH 3 billion
Maturity Date:	25 October 2024	25 October 2025
Tenor:	2 years	3 years
Coupon:	5.00% per annum	3.40% per annum
Status:	Senior and unsecured	
Expected Listing:	The Stock Exchange of Hong Kong Limited	
Use of Proceeds:	The net proceeds of the notes issued will be used exclusively to finance and / or refinance projects that fall under one or more of the "Eligible Social Asset Categories" under the SGS Framework	
Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners:	Crédit Agricole Corporate and Investment Bank The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank	
Joint Lead Managers and Joint Bookrunners:	Australia and New Zealand Banking Group Limited Bank of China (Hong Kong) Limited Citigroup Global Markets Limited Mizuho Securities Asia Limited United Overseas Bank Limited, Hong Kong Branch	
Joint Social, Green and Sustainability Structuring Banks:	Crédit Agricole Corporate and Investment Bank The Hongkong and Shanghai Banking Corporation Limited	