

Press Release

HKMC's Social Bond Issuance

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (13 September) the successful issuance of its second social bonds of close to HK\$20 billion equivalent (Issuance). Following a series of investor roadshows, the Issuance was book-built and priced in Hong Kong on 5 September. The Issuance marked the largest social bond issuance in Asia and was the first time for a Hong Kong bond issuer to launch Hong Kong dollar (HKD), Renminbi (CNH) and US dollar (USD) tranches in one transaction. The social bonds were issued pursuant to the HKMC's Social, Green and Sustainability Financing Framework (SGS Framework) and under the US\$30 billion Medium Term Note Programme in the institutional market.

The triple-currency issuance comprises HK\$9.5 billion 2-year, CNH 5 billion 3-year and US\$650 million 5-year social bonds. In spite of the rising financial market volatilities, the Issuance was well received by a diverse group of high-quality local and overseas institutional investors with the final allocation to over 200 accounts, including banks, investment funds, insurance companies, central bank and government-related funds, wealth management and private banks. Moreover, the HKD and CNH tranches were the largest social bond issuance in HKD and CNH respectively, which showcased Hong Kong's roles as an offshore Renminbi business centre and the Asian hub for arranging international green and sustainable bonds. Major terms of the Issuance are highlighted in the Annex.

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 business shut-downs and layoffs. It has benefitted more than 35,000 local SMEs and 362,000 related employees up to December 2022.

Mr Raymond Li, Executive Director and Chief Executive Officer of the HKMC, said, “Our successful social bond issuances demonstrated investors’ strong demand for financial instruments that are contributing to desired social outcomes, as well as their recognition of the positive impacts brought about by the Special 100% Loan Guarantee. With the financing from a broadened investor base, the HKMC will continue to deliver on its missions and support the development of sustainable finance 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, the Second Party Opinion, the Allocation Update and Impact Report for the 2022 inaugural Social Bonds and the Independent Practitioner’s Limited Assurance Report by PricewaterhouseCoopers are available at https://www.hkmc.com.hk/eng/investor_relations/sustainable_finance.html.

The Hong Kong Mortgage Corporation Limited
13 September 2023

Major Terms of the HKMC's Social Bond Issuance

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		
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:	Bank of China (Hong Kong) Crédit Agricole CIB HSBC Standard Chartered Bank	Bank of China (Hong Kong) Crédit Agricole CIB HSBC Standard Chartered Bank	Citigroup Crédit Agricole CIB HSBC Standard Chartered Bank
Joint Lead Managers and Joint Bookrunners:	ANZ BNP PARIBAS Citigroup DBS Bank Ltd. Mizuho United Overseas Bank	ANZ China CITIC Bank International China Construction Bank (Asia) Citigroup ICBC (Asia) Mizuho	ANZ Bank of China (Hong Kong) BNP PARIBAS DBS Bank Ltd. J.P. Morgan Mizuho
Joint Structuring Banks:	Crédit Agricole CIB HSBC		