

Press Release

HKMC's Social Bond Issuance

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (17 October) that it has successfully concluded its third social bond issuance of around HK\$23.8 billion equivalent (or US\$3 billion equivalent) (Issuance). Following a series of effective investor roadshows and improvement in overall market atmosphere, the Issuance was book-built and priced in Hong Kong on 9 October 2024. The Issuance marked the largest social bond issuance in Asia Pacific, breaking the record set by the HKMC in September 2023 when it launched its second social bonds of close to HK\$20 billion equivalent.

The triple-currency social bond issuance with four tranches comprises HK\$7 billion 2-year, HK\$8 billion 5-year, CNH 2 billion 7-year and US\$850 million 3-year social bonds. Amid the favourable market conditions, the Issuance was well received by a diverse group of high-quality local and overseas institutional investors including banks, investment funds, government-related funds, wealth management and private banks, with a combined peak orderbook of around HK\$55 billion equivalent and final allocation to over 200 accounts. Moreover, the two Hong Kong dollar (HKD) tranches totalling HK\$15 billion was the largest-ever institutional bond denominated in HKD, while the Renminbi (CNH) tranche was the first ever 7-year institutional bond denominated in CNH. The Issuance has helped to establish new benchmarks across the yield curve for the market and has further facilitated the bond market development in Hong Kong. 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. The application period for the Special 100% Loan Guarantee expired at end-

March 2024. The product has benefitted around 40,000 local SMEs and 400,000 related employees up to September 2024.

Mr Raymond Li, Executive Director and Chief Executive Officer of the HKMC, said, “Our record-breaking social bond issuance once again demonstrated investors’ strong confidence in Hong Kong and the HKMC. With the financing from a broadened investor base and the participation of a diverse group of financial institutions, the HKMC will continue to deliver on its policy missions, support the local development of sustainable finance and further solidify Hong Kong’s role as an international financial centre.”

The HKMC appreciates the professional advice and tremendous support from the Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and the Joint Structuring Banks, which comprised a total of 23 local and international financial institutions, in making the Issuance successful. The list of participated financial institutions is set out at the Annex.

The social bonds are issued pursuant to the HKMC’s Social, Green and Sustainability Financing Framework (SGS Framework). Details of the SGS Framework, the Second Party Opinion, the Social Bonds Allocation Update and Impact Reports and the Independent Practitioner’s Limited Assurance Reports are available at https://www.hkmc.com.hk/eng/investor_relations/sustainable_finance.html.

The Hong Kong Mortgage Corporation Limited

17 October 2024

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 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			
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 Bookrunners and Joint Lead Managers:	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 Bookrunners and Joint Lead Managers:	ANZ BNP PARIBAS China Construction Bank (Asia) Citigroup DBS Bank Ltd. ICBC (Asia) Mizuho United Overseas Bank	ANZ BNP PARIBAS China CITIC Bank International China Construction Bank (Asia) Citigroup DBS Bank Ltd. ICBC (Asia) Mizuho	ANZ Bank of China (Hong Kong) BNP PARIBAS DBS Bank Ltd. J.P. Morgan Mizuho Morgan Stanley MUFG Securities	
Joint Lead Managers:	Bank of Communications Barclays China CITIC Bank International China International Capital Corporation J.P. Morgan Morgan Stanley Natixis OCBC SMBC Nikko UBS	Bank of Communications Barclays China International Capital Corporation J.P. Morgan Morgan Stanley OCBC SMBC Nikko United Overseas Bank	Bank of Communications Barclays China CITIC Bank International China Construction Bank (Asia) ICBC (Asia) OCBC UBS United Overseas Bank	
Joint Structuring Banks:	Crédit Agricole CIB HSBC			