

News Release

13 January 2015

HSBC LAUNCHES FIRST ASSET-BACKED SECURITIES BY A FOREIGN BANK IN CHINA

HSBC Bank (China) Company Limited (“HSBC China”) launched credit asset-backed securities (ABS) in China’s interbank market today through collaboration with Bank of Communications International Trust Co Ltd (“BoCom Trust”). This is the first ABS product launched by a foreign bank in mainland China.

The total size of the “Huiyuan 2015-1 Corporate Loan Securitisation”, originated by HSBC China, is approximately RMB1.35 billion. With BoCom Trust as the issuer, senior class bonds worth RMB995 million are to be traded on the National Interbank Bond Market of China, while subordinated notes worth approximately RMB353 million will be fully retained by HSBC China.

Helen Wong, Deputy Chairman, President and Chief Executive Officer of HSBC China, said: “HSBC has been monitoring market development closely since China started to allow banks to pilot credit asset-backed securitisation. Asset-backed securities not only help diversify product options to investors, but also allow banks more flexibility in asset and liability management and enhance capital efficiency. HSBC is very pleased to become the first foreign bank to launch such a product in China, and we will continue to participate in China’s financial innovations in support of its real economy.”

This ABS issuance has been oversubscribed by institutional investors, with underlying assets comprising a pool of high-quality corporate loans entrusted to BoCom Trust by HSBC China. The final coupon rate for senior class bonds was 4.95%. Proceeds from this issuance will be used to support further growth of HSBC’s China business.

Since its pilot launch in 2005, China’s ABS market has expanded with a growing number of issuers and larger size of underlying assets. It was opened for foreign banks’ participation in late 2013. As the largest foreign bank in China, HSBC will continue to maintain its leadership in financial innovations alongside continuing reforms in the country’s financial markets.

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Note to editors:

HSBC Bank (China) Company Limited

HSBC was one of the first foreign banks to locally incorporate its operations in mainland China, establishing HSBC Bank (China) Company Limited in April 2007. HSBC China’s network currently comprises over 170 outlets across more than 50 major cities. HSBC China’s head office is based in Pudong, Shanghai.

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This information is issued by

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Incorporated in the People’s Republic of China with limited liability.



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