

**MUFG Bank, Ltd.**

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For Immediate Release

## **MUFG is financial advisor to China's first green auto bond**

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### **SAIC Finance's green auto-loan asset-backed security (ABS) well-received by market**

**Beijing, 09 June 2021** – MUFG Bank (MUFG) announced that its wholly-owned subsidiary MUFG Bank (China), Ltd. has successfully partnered with Shanghai Automotive Group Finance Co., Ltd. (SAIC Finance) to launch a RMB910 million green retail auto loan asset-backed security (ABS), a first for China. MUFG served as Financial Advisor and Underwriter for this transaction.

SAIC Finance is a non-bank financial institution with a network of auto dealers across 300 cities in Mainland China. Established in 1994, it is majority owned by SAIC Motor Co., Ltd., the country's leading state-owned automobile manufacturer.

The facility consists of new auto loans originated by SAIC Finance for "new energy vehicles<sup>1</sup>" (NEVs), making it not just China's first ABS focused on the automobile sector, but an important milestone in support of the country's climate change agenda. The issuance generated healthy interest from a wide range of the investors and was oversubscribed three times upon book closure.

This transaction has also been certified as a green issuance. According to its green certification report, the NEVs financed by this transaction will potentially help eliminate 13,000 tons of coal consumption per year, thereby reducing emissions of CO<sub>2</sub> by 11,300 tons and other pollutants such as Nitrogen Oxide (NOX) by 34 tons.

The successful launch of this green bond underscores MUFG's strengths as a leader for debt capital markets especially in the ESG and sustainability-linked financing. This deal also represents MUFG's latest effort towards aligning its strategic commitment to addressing climate change with the sustainability aspirations of its clients. For this particular transaction, MUFG provided expertise and insights of the onshore and offshore green bond markets as well as the latest regulatory requirements to guide the client along throughout the issuance process.

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<sup>1</sup> Under China's New Energy Vehicles (NEV) Program, NEV is used to refer to vehicles that are partially or fully powered by electricity. Source: PRTM Management Consultants, Inc. (April 2011). "The China New Energy Vehicles Program - Challenges and Opportunities"

Mr. Johnson Yuan, Deputy President of MUFG Bank (China) and Head of its China Business Division, said: “We are pleased to play a leading role in partnering SAIC Finance in successfully delivering this exciting investment opportunity in China. With this issuance, SAIC has made a very strong statement about its commitment towards leading the auto sector towards a more sustainable future, and MUFG is proud to have leveraged its market-leading structuring and distribution capabilities in support of this endeavor.”

Mr. Colin Chen, MUFG’s Head of ESG Finance for Asia Pacific said: “The successful launch of China’s first green ABS is an important milestone for the country’s fast-developing green bond market. The positive response for SAIC’s debut green issuance gives us confidence that investor interest in such assets will only grow, and we will accelerate efforts to cater to this demand by harnessing our global distribution network and world-renowned capital market capabilities.”

MUFG has publicly committed to investing JPY20 trillion yen into sustainability related financing globally by 2030. Already well ahead of schedule, with 19% of this target being achieved in its first year (FY2019), MUFG recently announced that it has raised this target to JPY35 trillion yen. In May, MUFG also announced its commitment to achieve net-zero emissions in its finance portfolio by 2050 and its own operations by 2030.

MUFG’s presence in China dates back over 60 years and it was incorporated as a local subsidiary of MUFG in 2007. With a branch network spanning 14 cities, MUFG China is fast establishing itself as not just a leading foreign bank within the country, but a leader in the Renminbi (RMB) markets, having been granted access to China’s open market operations and receiving an underwriting license to support non-financial institutions onshore in April and September 2019 respectively.

As part of proactive efforts to support environmental conservation in China, MUFG China established a RMB 5 billion green credit fund in July 2020 to finance the environmental projects of onshore clients.

Apart from providing auto loans to retail customers, SAIC Finance has also been providing funding to group companies, especially in the areas of R&D and manufacturing for NEVs, an up-and-coming segment within the Chinese auto market that accounted for 25% of total local automobile sales in 2020<sup>2</sup>.

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<sup>2</sup> Source: SAIC Finance

## About MUFG

Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo and with over 360 years of history, MUFG has a global network with around 2,500 locations in more than 50 markets. The Group has over 180,000 employees and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing.

The Group aims to "be the world's most trusted financial group" through close collaboration among our operating companies and flexibly respond to all of the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world. MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges.

MUFG Bank, Ltd. is Japan's premier bank, with a global network spanning more than 50 markets. Outside of Japan, the bank offers an extensive scope of commercial and investment banking products and services to businesses, governments and individuals worldwide.

In Asia, MUFG has a presence across 20 markets – Australia, Bangladesh, Cambodia, China, Hong Kong, Indonesia, India, South Korea, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam.

It has also formed strategic partnerships with some of the most prominent banks in Southeast Asia, further augmenting its unrivalled network across the region – VietinBank in Vietnam, Krungsri in Thailand, Security Bank in the Philippines and Bank Danamon in Indonesia.

## About MUFG China

MUFG Bank began operations in China in 1958 and has since emerged as one of the leading foreign banks in the country, providing corporate clients with tailored business solutions from trade finance to Renminbi (RMB) /foreign currency services. Headquartered in Shanghai, the bank has a branch network spanning 14 cities and 2,300 employees in the country. In 2007, the bank was locally incorporated as MUFG Bank (China), Ltd. (MUFG China).

MUFG China has an RMB internationalisation business office dedicated to promoting the RMB business across Asia and beyond. It had also been granted access to China's open market operations and received an underwriting license to support non-financial institutions' onshore bond issuance activity in April 2019 and September 2019 respectively.

As part of MUFG's long term mission to drive sustainable growth for clients and the communities in which it operates, MUFG China has also established a RMB 5 billion "Green Credit Fund" to help finance clients' environmental conservation efforts in China.

For more information, visit [www.mufg.jp/english](http://www.mufg.jp/english)

# News Release

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