

MUFG Bank, Ltd.

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For Immediate Release

MUFG is Joint Lead Underwriter to China's largest green auto bond

BYDAFC's green retail auto-loan ABS is second issuance of its kind by MUFG in support of China's climate change agenda

Beijing, 17 September 2021 – MUFG Bank (MUFG) announced that its wholly-owned subsidiary MUFG Bank (China), Ltd. has successfully partnered BYD Auto Finance Company Limited (BYDAFC) to launch a RMB2 billion green retail auto loan asset-backed security (ABS), the largest green auto ABS for China's interbank bond market to date. MUFG served as Joint Lead Underwriter for this syndicated transaction.

The issuance generated healthy interest from a wide range of investors owing to the green label. At close, the Senior Notes were priced at par to yield 2.60%. It is also the first internationally rated green retail auto ABS in China, having been assigned AAA for the Senior Notes by Fitch.

BYDAFC is a non-bank financial institution with a network of auto dealers across 294 cities in Mainland China. Established in 2015, it is majority owned by BYD Co., Ltd., the country's leading innovator in the "new energy vehicles¹" (NEVs) industry.

The facility consists of new auto loans originated by BYDAFC for NEVs, making it not just China's largest ABS focused on the automobile sector, but another important milestone in support of the country's climate change agenda. This transaction follows the successful issuance of China's first green retail auto ABS by SAIC Finance in June, during which MUFG served as Financial Advisor and Underwriter.

According to its green certification report, the NEVs financed by the BYDAFC transaction will potentially help eliminate 26,900 tons of coal consumption per year, thereby reducing emissions of CO₂ by 39,100 tons and other pollutants such as Nitrogen Oxide (NO_x) by 47.44 tons.

Mr. Johnson Yuan, Deputy President of MUFG Bank (China) and Head of its China Business Division, said: "This is our first joint lead underwriter mandate with BYDAFC

¹ 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"

and we are privileged to have contributed to the transaction's tremendous success. This deal is also testament to the client's ESG focus and dedication to the country's environmental conservation efforts, which are well-aligned with MUFG's sustainability vision and commitment to its China franchise, thereby enabling both parties to work so well together to successfully conclude this green financing."

Mr. Colin Chen, MUFG's Head of ESG Finance for Asia Pacific said: "The successful launch of China's second and largest green retail auto ABS to date just goes to show that investor sentiment continues to remain strong for opportunities arising out of China. As a market leader in ESG and the regional debt capital markets, we will continue to provide expertise and insights, while harnessing our unrivalled global network and capabilities in support of both issuers and investors alike as we explore further opportunities in China."

MUFG has publicly committed to investing a cumulative total of JPY35 trillion yen into sustainability related financing globally by 2030, of which 22% of this target, or JPY7.9 trillion, has already been achieved (FY2019 and FY2020). In May this year, 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.

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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 approximately 2,500 locations in more than 50 markets. The Group has about 170,000 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

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