

**PRESS RELEASE**

**For immediate release**

**China Merchants Bank brings pioneering carbon neutral bond to LGX**

**Luxembourg 16 September 2021:** In the presence of Luxembourg Minister of Finance Pierre Gramegna and China's ambassador to Luxembourg Xiaorong Yang, the Luxembourg Stock Exchange (LuxSE) and China Merchants Bank (CMB) today celebrated the listing of the bank's landmark dual-tranche bond issuance comprised of a sustainability bond and a carbon neutrality-themed green bond on the exchange. The pioneering bonds are displayed on the Luxembourg Green Exchange (LGX).

"Today's listing on LGX of the first carbon neutral bond by a Chinese bank in Europe once again underlines Luxembourg's position as a leading international hub for sustainable finance. It also highlights the crucial role that international capital markets play in financing the transition towards a greener, more sustainable global economy," said Pierre Gramegna, Luxembourg Minister of Finance.

**Financing the race to net zero**

The issuance, worth a total amount of USD 600 million, marks the first explicitly defined carbon neutral bond to be issued by a Chinese bank on international capital markets in Europe, as well as the first sustainability bond using a secured overnight financial rate (SOFR) linked floating rate by a Chinese bank in Europe.

The USD 300 million carbon neutral bond which makes up one half of this two-tranche issuance is the first carbon neutrality-themed bond from a Chinese issuer and is linked to China's stated goal of achieving carbon neutrality by 2060.

"It is our pleasure to welcome CMB back to LGX with this landmark bond issuance, just 12 months after we celebrated the listing of its first sustainability bond at our exchange. By bringing this issuance to the market, CMB has put itself at the forefront of Chinese green finance and shows its commitment to achieving China's goal of net zero carbon emissions by 2060" commented Julie Becker, CEO of LuxSE.

Carbon neutral bonds raise financing for green projects that specifically focus on reducing carbon emissions in line with China's commitment to net zero. Carbon neutral bonds are defined as a subcategory of green debt financing instruments in the Chinese

For media inquiries, please contact:

Julie Vichi, Press Office

[jvi@bourse.lu](mailto:jvi@bourse.lu)

+352 47 79 36 519 or +352 621 196 495

Green Bond Endorsed Project Catalogue 2021 Edition, where ongoing reporting by a third party is strongly advised.

### **Making the real economy sustainable**

After issuing its first sustainability bond in 2020, CMB now brings its second sustainability bond to the international investor community.

“Today’s successful listing marks another milestone in CMB’s continuous dedication in ESG. It’s also another significant outcome of the cooperation between CMB and Luxembourg,” commented Li Biao, CEO of CMB Luxembourg.

The proceeds of the USD 300 million sustainability bond will be used to finance projects linked to sustainable city development throughout China, such as the provision of loans to micro and small enterprises to boost employment and support a new metro project in the Shanxi Province of Eastern China.

### **China-Luxembourg ties continue to strengthen**

The issuance generated a warm reception from international investors and further strengthened the close relationship between CMB and LuxSE, and cemented Luxembourg’s position as the gateway to China for the international investment community.

#### **About the Luxembourg Stock Exchange**

The Luxembourg Stock Exchange (LuxSE) is the gateway to access international investors. With more than 37,000 listed securities, including 33,000 debt instruments, from 2,000 issuers in 100 countries, LuxSE is one of the world’s leading exchanges for the listing of international, financial securities and offers a unique and integrated service offering covering listing, trading and information services.

In 2016, LuxSE launched the Luxembourg Green Exchange (LGX) and became the first exchange in the world to operate a platform dedicated entirely to sustainable securities. LGX has become a meeting place for issuers of sustainable products and impact-conscious investors, and encompasses more than 1,000 green, social, sustainability and sustainability-linked bonds from 180+ issuers in 41 countries.

LuxSE also operates a specialist subsidiary, Fundsquare, which provides services to support and standardise cross-border distribution of investment funds.

For more information, visit [www.bourse.lu](http://www.bourse.lu)

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