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HSBC COMPLETES ITS FIRST CORPORATE LOAN REFERENCING USD SOFR IN HONG KONG

HSBC further innovates its lending solutions for Hong Kong businesses as the market prepares for the upcoming transition from Interbank Offered Rates (IBOR) to alternative risk-free rates (RFR). The Bank has completed its first corporate loan referencing USD SOFR (Secured Overnight Financing Rate) in Hong Kong.

The USD SOFR loan was secured by a mid-cap corporate in Hong Kong, providing them with flexible repayment and re-borrowing capability for general business purposes.

Following a pilot USD SOFR trade loan completed last month, this corporate loan marks yet another step forward in the gradual adoption of new interest rate benchmarks in Hong Kong. HSBC will continue to offer suitable lending solutions, provide timely updates and webinars to help client navigate new developments.

Terence Chiu, Head of Commercial Banking, Hong Kong, HSBC, said: “The transaction demonstrates our product innovation capability to support corporates in using alternative RFRs in transactions and financing tools. As the transition takes place across markets, we will continue to explore suitable offerings and provide prompt assistance to clients.”

HSBC has been at the forefront of supporting the IBOR reforms in Hong Kong. On top of lending solutions, the Bank executed Hong Kong’s first HONIA (Hong Kong Dollar Overnight Index Average) – HIBOR interest rate swap (IRS) in October 2019, the first centrally cleared HONIA IRS contract in July 2020, and first HKD and Offshore RMB cross currency swaps referencing HONIA and SOFR in October 2020.

For more information on IBOR reforms, please visit:
<https://www.business.hsbc.com/ibor>.

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Note to editors:

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,956bn at 30 September 2020, HSBC is one of the world's largest banking and financial services organisations.

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