

【NEWS RELEASE】

October 23 2020

SMBC Nikko Securities Inc.

SMBC Nikko Leads First Green Bond Offering by Kanagawa Prefecture

TOKYO, October 23 2020 – Kanagawa Prefecture (Governor of Kanagawa Prefecture: Mr. Yuji Kuroiwa) announced today the launch of a JPY 5 billion green bond (the “Green Bond”)*¹, the first municipal bond to be exclusively used for climate adaptation projects. SMBC Nikko Securities Inc. (“SMBC Nikko”) acted as the representative of the joint bookrunners and the sole green bond structuring agent*².

Kanagawa Prefecture has issued "Kanagawa Climate Emergency Declaration" in order to share the sense that the climate is in a state of emergency with municipalities, companies, academia, organizations and citizens. As an effort to adapt to climate change, the Prefecture has formulated the "Kanagawa Prefecture Flood Control Strategy" based on the Kanagawa Prefecture Anti-Global Warming Plan. The strategy is meant to strengthen the ability to respond to flooding and is implemented in a planned and focused manner because it is feared that flooding occurs more frequently in the future due to large-scale typhoons and torrential rains attributable to climate change and other global warming effects.

Among a few projects defined in the strategy, those that are focused areas and are expected to have great improvement in terms of climate adaptation (e.g. developing immediate measures to rivers, and improving anti-flood ponds and waterway bottlenecks, coastal conservation facilities, and sediment disaster prevention facilities) are the use of the proceed of the prefectural bond as Green Bond and are offered to institutional investors. Through this issuance, the Prefecture tries to widely appeal the importance of these projects and the efforts it takes.

The Prefecture promotes the "Kanagawa Prefecture Flood Control Strategy" as a SDGs effort to create “Sustainable Kanagawa where lives of the citizens are protected”.

SMBC Nikko is actively engaged in identifying financing needs to address environmental and social issues and promoting ESG strategies. We are confident that our engagement as the structuring agent in this bond offering or



projects to cope with large typhoons and heavy rains showcases SMBC Nikko's experience in this area and helps develop ESG finance market in Japan further. Based on the recognition that the global environment is our greatest stakeholder, we are committed to leading environment-related financing, addressing diverse challenges with local communities, and contributing to achieving SDGs: "Sustainable Cities and Communities (Make cities and human settlements inclusive, safe, resilient and sustainable)", "Climate Action (Take urgent action to combat climate change and its impacts)", and "Life on Land (Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss)".

*1 Green bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible green projects. Kanagawa Prefecture has established a green bond framework based on "The Green Bond Principles 2018" set by the International Capital Market Association (ICMA) and "The Green Bond Guideline 2020" by the Ministry of Environment of Japan. As a third-party evaluation of the green bond framework, Kanagawa Prefecture has obtained second opinions from Rating and Investment Information, Inc.

*2 A company which supports the issuance of green bonds by providing advice on the formulation of a framework for green bonds and the acquisition of third-party evaluations such as second party opinions.

【Outline of the Green Bond】

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| Name | Kanagawa Prefecture 5-year public bond (Green Bond) – first series |
| Tenor | 5 year (lump sum redemption at maturity) |
| Coupon | 0.020% |
| Issue amount | JPY 5 billion |
| Pricing date | October 23, 2020 |
| Payment date | November 4, 2020 |
| Redemption date | September 19, 2025 |
| Representative of the joint bookrunners | SMBC Nikko Securities Inc. (Joint bookrunner: Mizuho Securities Co. Ltd.) |
| Green Bond Structuring Agent | SMBC Nikko Securities Inc. |

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