

ING advises HKMC on incorporation of sustainability into its inaugural infrastructure securitisation in Hong Kong

- The US\$404.8 million issuance marks new milestone for Hong Kong's securitisation market and broader capital markets
- ING acted as sole Sustainable Finance Adviser in this first-of-its kind transaction in Hong Kong
- Growing demand for sustainable investment opportunities yields price benefit for issuer

Hong Kong/Singapore, 30 May 2023 – ING announced today the closing of The Hong Kong Mortgage Corporation Limited's (HKMC) inaugural infrastructure loan-backed securities (ILBS) issuance – Bauhinia ILBS 1 Limited (Bauhinia 1). ING acted as Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager for the US\$404.8 million transaction, which issued five classes of notes, including a dedicated sustainability tranche with ING acting as the sole Sustainable Finance Adviser.

Bauhinia 1 is backed by a diversified pool of 35 infrastructure and project finance loans, across various sectors and geographies. The transaction marks an important milestone in HKMC's long-term objective to develop an infrastructure securitisation platform, as stated in the Hong Kong 2022-23 Budget.

Bauhinia 1 complements multiple objectives within HKMC's mandate, including the development of Hong Kong's debt capital market landscape and consolidating Hong Kong's position as an infrastructure financing hub.

Anju Abrol, CEO and head of Wholesale Banking, ING APAC, said: "This is a first-of-its-kind transaction for HKMC, and ING is delighted to assist by providing its market-leading expertise in the infrastructure securitisation space. As the first public securitisation in Hong Kong since the Covid-19 pandemic, the transaction will strengthen the local securitisation markets, and will see HKMC join a select group of infrastructure securitisation issuers globally."

Andrew Chew, director of Sustainable Finance, ING APAC said: "Bauhinia 1's significant volume of sustainable assets enabled us to structure a sustainability tranche to cater to the booming demand from bond investors, which manifested into a tangible, quantifiable price benefit of 'greenium' of 10bps for the issuer. We are confident this sustainability transaction and its associated greenium will serve as the benchmark for future sustainability bond issuances in the Asia-Pacific region."

Bauhinia 1 is also notable for its use of a pre-issuance impact report that quantifies the environmental and social benefits associated with the relevant projects. ING advanced the timeline of the report to enable prospective investors to evaluate the broader environmental and social impact of their investments, beyond the traditional factors of risk and reward. The quantification of impact through the pre-issuance impact report heralds a paradigm shift in the region's sustainability bond issuance best practices.

There is a significant need for infrastructure investments both globally and within APAC, with the Asian Infrastructure Investment Bank currently estimating the infrastructure financing gap at US\$26 trillion through 2030. Similarly, to achieve net-zero CO2 emissions by 2050, the IEA's May 2021 report estimates the required annual investment in energy to be between US\$2 to 5 trillion per year this decade, amounts that exceed the capacities of traditional financing mechanisms.

Through pioneering transactions such as Bauhinia 1, private institutional capital will be mobilised to deal with the urgent challenges of climate change, social inequality, and the infrastructure financing gap.

ING is recognised as a sustainable finance pioneer and continues to help its clients transition to a more sustainable way of doing business. Since launching the world's first sustainability-linked loan (SLL) in April 2017, ING has launched other innovative solutions to steer our financing towards meeting global climate goals. In 2022, ING achieved a volume of over €100 billion in sustainable finance mobilised globally, which puts the bank well on its way towards the goal of €125 billion annually by 2025.

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About ING

ING is a global financial institution with a strong European base, offering banking services through its operating company ING Bank. The purpose of ING Bank is empowering people to stay a step ahead in life and in business. ING Bank's more than 57,000 employees offer retail and wholesale banking services to customers in over 40 countries.

ING Group shares are listed on the exchanges of Amsterdam (INGA NA, INGA.AS), Brussels and on the New York Stock Exchange (ADRs: ING US, ING.N).

When it comes to sustainability, we facilitate and finance society's shift to a low-carbon future and pioneer innovative forms of finance to support a better world. As such, we're ranked first in the banks industry group by Sustainalytics and have an 'AA' rating in MSCI's ratings universe. ING Group shares are included in major sustainability and Environmental, Social and Governance (ESG) index products of leading providers STOXX, Morningstar and FTSE Russell.

ING in Asia Pacific

In Asia Pacific, ING offers wholesale banking across 11 markets, namely Australia, China, Hong Kong SAR, India, Indonesia, Japan, the Philippines, Singapore, South Korea, Taiwan and Vietnam.

ING offers both retail and wholesale banking services in Australia. ING's regional presence includes a 13% stake in Bank of Beijing, China and a 23% stake in TMBThanachart Bank in Thailand.

IMPORTANT LEGAL INFORMATION

Elements of this press release contain or may contain information about ING Groep N.V. and/ or ING Bank N.V. within the meaning of Article 7(1) to (4) of EU Regulation No 596/ 2014. Projects may be subject to regulatory approvals.

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