

ING advises HKMC on its successful return to the Hong Kong infrastructure securitisation market

- ING served as Joint Bookrunner and Sole Sustainable Finance Advisor on the USD 423.3 million transaction
- Securitisation is backed by a diversified portfolio of infrastructure projects across Asia Pacific, the Middle East, and Latin America
- Sustainability tranche highlights strong market demand for sustainable infrastructure investments, attracting a robust investor response across a wide investor base.

Hong Kong, 18 September 2024 – ING today announced the successful closing of the Hong Kong Mortgage Corporation Limited's (HKMC) second infrastructure loan-backed securities (ILBS) issuance, Bauhinia ILBS 2 Limited (Bauhinia 2). ING acted as Joint Bookrunner for the USD 423.3 million transaction and served as Sole Sustainable Finance Advisor for the sustainability tranche, valued at USD 107 million.

The Bauhinia 2 transaction builds on the success of the first Bauhinia ILBS issuance in May 2023, expanding both the transaction volume and sectoral coverage. Backed by a diversified portfolio of 28 infrastructure and project finance loans spanning 14 countries, including key markets in Asia Pacific, the Middle East, and Latin America, the projects financed are critical to their respective economies.

This issuance includes five classes of notes, with a dedicated sustainability tranche backed by green and social assets such as renewable energy, education, and telecommunications projects. The transaction aligns with HKMC's Social, Green, and Sustainability Financing Framework, which adheres to best practices including the International Capital Market Association's (ICMA) Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines.

Bauhinia 2 provides investors access to a unique portfolio of infrastructure loan obligations in an investment-grade rated bond format, diversifying exposure across sectors, regions, and projects. Infrastructure loans are known for lower credit risk, higher recovery rates, and countercyclical characteristics compared to other asset classes. The sustainability tranche benefitted from a "greenium" of 5 basis points (bps), reflecting the premium investors are willing to pay for assets aligned with environmental and social objectives.

Jordan Batchelor, head of Asset Securitisation for ING, said: "We are proud to support HKMC on another landmark infrastructure securitisation. The success of Bauhinia 2 reflects the growing sophistication of Hong Kong's infrastructure securitisation market and strengthens its position as a green finance hub. This transaction also plays a key role in addressing the global

infrastructure financing gap. We look forward to continuing our partnership with HKMC and leveraging our expertise in sustainable finance to remain a leader in the Asian infrastructure securitisation space."

Andrew Chew, director of Sustainable Finance for ING APAC, added: "This transaction exemplifies the evolving investment landscape, where impact is increasingly weighted alongside traditional considerations of risk and return. The greenium achieved on the sustainability tranche is a clear proof-point to treasurers and CFOs that sustainable finance instruments are not only desirable but also provides a superior yield."

The Bauhinia 2 transaction represents a significant step in HKMC's mission to build a robust infrastructure securitisation platform. Leveraging Hong Kong's status as a global green finance centre, the issuance meets institutional demand while furthering sustainable development goals across the region. The expanded issuance continues the precedent set by Bauhinia 1, incorporating a pre-issuance impact report that allows investors to assess the environmental and social benefits associated with the projects, further enhancing transparency and decision-making.

ING has been a pioneer in sustainable finance, helping clients transition towards more sustainable business models. Since launching the world's first sustainability-linked loan in 2017, ING has introduced a range of innovative solutions designed to align financing with global climate goals. To date, ING has mobilised €56.9 billion in sustainable volume and supported 367 sustainability deals in 1H2024 alone, reinforcing its commitment to driving positive change in the financial sector.

Society is transitioning to a low-carbon economy. So are our clients, and so is ING. We finance a lot of sustainable activities, but we still finance more that's not. See how we're progressing on ing.com/climate.

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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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