

ING closes landmark sustainability-linked derivative for Ant Group

- The US\$400 million derivative transaction is ING's first in the Chinese technology sector
- This is Ant Group's first SLD, where it will receive incentives for reaching greenhouse gas emission targets (among others) as part of the transaction

Singapore/Hong Kong, 10 March 2023 – ING has closed Chinese technology provider Ant Group's first sustainability-linked derivative (SLD). The US\$400 million SLD is an interest rate swap designed to hedge the interest rate risk of drawings under a floating rate credit facility with sustainability features.

ING designed the sustainability structure in this deal. The SLD incorporates a two-way incentive mechanism linked to Ant Group's sustainability performance. The chosen KPIs addresses major environmental and social goals set out in Ant Group's ESG strategy.

According to Ant Group, these KPIs are highly relevant and material to Ant Group's operations, and are unique and innovative in nature - reflecting Ant Group's DNA in technology. To reach its environmental KPI, Ant Group intends to actively apply green computing algorithms - a set of proprietary technologies, to improve server efficiency in its leased data centres and reduce Scope 3 emissions intensity. Most of such algorithms have been open sourced so that carbon innovators around the world can use them for free. Additionally, social impact KPIs are included to leverage upon the network effect of Ant Group's sizable Alipay user base and ecosystem to encourage more green actions from communities and industries.

These pre-defined targets aim to bring positive environmental and social impact and will be verified by a reputable and independent party. When Ant Group achieves these targets, it is entitled to a rebate from ING. Conversely, if none of these targets are met, the firm will need to payback a pre-agreed amount to ING.

Interest rate swaps are forward contracts where one stream of future interest payments is exchanged for another, based on a specified principal amount. The aim of these swaps is to reduce or increase exposure to fluctuations in interest rates. The contract entered into protects Ant Group against potential higher interest rate fixings in 2023. If the firm meets its sustainability targets, it will effectively enjoy reduced interest expense on bank debt.

Martijn Hoogerwerf, head of Sustainable Finance, ING APAC, said: "This landmark deal is yet another transaction that ING has structured as a sustainability pioneer. We would like to thank Ant Group for the trust it has placed in us for structuring its first ever sustainability-linked derivative. We believe the innovative structure has met the client's business needs and yet incentivise the firm to pursue an approach that creates positive impact for the environment."



The conclusion of this transaction comes as Ant Group accelerates its push for a greener future since issuing its first sustainability report in 2017. More recently, the firm inked a mega US\$6.5 billion syndicated sustainability-linked loan (SLL) in Nov 2022, where ING acted as one of the mandated lead arrangers and bookrunners. Ant Group operates a leading digital open platform (Alipay) and the platform serves over one billion users and 80 million merchants.

China and Hong Kong green growth momentum continues

Despite the general slowdown in 2022 globally, China and Hong Kong maintained the growth momentum in sustainable finance issuance and reached US\$173 billion last year, a 34% on-year increase¹. This is a trend reflected in ING's Greater China franchise, where the number of sustainable finance deals closed last year increased by a third, and the amount of sustainable finance mobilised more than doubled in the same period.

Anju Abrol, CEO and head of Wholesale Banking, ING APAC: "This ground-breaking deal represents how firms increasingly recognise the importance of a carbon neutral business. We are proud to partner with like-minded clients and hope that more firms in the Greater China region will come onboard with us to transit to a more sustainable future."

ING is recognised as a sustainability 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 provided SLLs to numerous companies across a wide range of sectors and regions. 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.

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](https://www.ing.com/climate).

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¹ This is according to data from Bloomberg NEF.



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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.

About Ant Group

Ant Group traces its roots back to Alipay, which was established in 2004. Today, Ant Group becomes an innovative technology provider that strives to bring the world inclusive, green, and sustainable services. Through technological innovation, Ant Group support its partners to enable inclusive, convenient digital life and digital financial services for consumers and SMEs. In 2021, Ant Group achieved carbon neutrality in its own operations (Scope 1 & 2) through a combination of reductions, substitutions and offsets, marking its first major step towards fulfilling the commitments to achieve net zero in carbon emissions by 2030.

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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