



OCBC Malaysia, comprising OCBC Bank (Malaysia) Berhad (OCBC Bank) and its Islamic banking subsidiary OCBC Al-Amin Bank Berhad (OCBC Al-Amin), is on a sustainability journey with its customers – both businesses and individuals – to help them in their sojourn in the world of environment, social and governance (ESG).

Their message has been consistent – individuals and business do well by doing good. The Star spoke to some of the key leaders at the Bank on their recent ESG-linked offerings to customers.

A prime mover and pioneer

In the sustainable finance space, OCBC Malaysia has emerged as a prime mover in pioneering various innovative funding structures in the Malaysian loan and capital markets, arranging numerous award-winning Islamic green and sustainable financing transactions, thus helping to establish Malaysia as a regional Islamic sustainable finance hub.

“As one of Malaysia’s leading banks for responsible and sustainable finance, we are passionate about further advancing the adoption of ESG best practices amongst our business partners by offering holistic and value accretive financing solutions as well as playing a key role in the sustainability ecosystem,” says Tan Ai Chin who serves as OCBC Bank’s managing director, senior banker and Investment Banking head.

Early this year, OCBC Malaysia advised and lead-arranged the issuance of Sustainability Sukuk Wakalah for KPJ Healthcare Group, the first-of-its-kind to be issued by a private healthcare provider in Malaysia. The offering of both features – Islamic and Sustainability or ‘double green’ – under the Sukuk received overwhelming response from investors with more than 10 times oversubscription.

“We also structured Malaysia’s first Islamic ESG-linked financing for Gamuda Berhad, with the unique added feature of an ESG-linked derivative solution. This kind of innovation is a key differentiator for OCBC and further strengthens our position as one of the leaders of Islamic sustainable finance in the region,” Tan added.



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OCBC banking on a sustainability journey with its customers

OCBC offers cutting-edge solutions for corporate customers, individuals and SMEs



Partnership to help businesses in their ESG journey

OCBC Malaysia recently became the first financial institution in the country to formulate specific plans to help businesses decarbonise their greenhouse gas (GHG) emissions using Malaysian Green Technology and Climate Change Corporation’s (MGTC) online carbon management platform Low Carbon Operating System (LCOS).

This is part of its strategic partnership initiative to help its customers in their ESG journey, with the platform guiding corporate and SME customers to improve efficiency, reduce wastage in their business activities and ultimately achieve long-term cost savings as part of a transition financing plan.

LCOS helps businesses measure their carbon footprint, so emissions are well managed. Using a report that LCOS generates, companies can take impactful action to mitigate the amount of carbon their operations produce.

OCBC Bank managing director and Corporate & Commercial Banking head Jeffrey Teoh said the Bank is progressively aligning its financing and investing activities with global sustainability standards and partnering with its customers to strengthen their businesses against climate risks.

“Our tie up with MGTC is aligned to our strategic thrust of building greater awareness of climate change among our customers and how it impacts their business. We also seek to

positively influence their behaviour by engaging them to further adopt appropriate sustainable practices to meet the more stringent industry expectations for ESG over time and ultimately achieve the Green Code of practice,” he said.



OCBC Bank managing director and Corporate & Commercial Banking head Jeffrey Teoh emphasises the importance of partnership and collaboration to “further adopt appropriate sustainable practices to meet the more stringent industry expectations for ESG over time and ultimately achieve the Green Code of practice”.

Greener investment and financing options for retailers

To encourage ownership of “green” homes among Malaysian consumers, OCBC Bank began offering special financing rates and speedier approvals through its Green Home Financing scheme in 2022. The special rates, lower than the Bank’s standard home loans, and speedier fast lane approvals of within 48 hours are for those who opt to purchase a residential property that is either certified as a “green” building or is (or will be) installed with solar panels. The green buildings may be completed or under construction.

A “green” building is one that has been certified to be such by accreditation bodies Green Building Index (GBI), GreenRE, Leadership in Energy & Environmental Design (LEED) or BCA Green Mark. Those applying for the financing scheme based on solar panel installation need only submit a copy of their latest TNB bill indicating the installation has taken place as part of the application process.

OCBC Bank had also earlier introduced its residential solar panel financing plan for individuals as part of its thrust to make sustainable practices even more accessible to homeowners in the country. Residential homeowners may apply for either the Bank’s solar panel financing plan, 0% Instalment Payment Plan (IPP) of up to 48-month tenure, or Easy Payment Plan (EPP) by credit card.



According to OCBC Bank managing director and Consumer Financial Services head Anne Leh Geok Meng, the introduction of the Green Home Financing option provides an avenue to exercise commitment to ESG-related practices and spurs them along the journey.



OCBC Bank managing director and Consumer Financial Services head Anne Leh Geok Meng hopes that the introduction of the Green Home Financing option will spur retailer customers to exercise their commitment to ESG-related practices.

"This is embodied in our special rates and speedier approvals. We hope that the potential homeowners out there will take full advantage of this scheme," she said. On the investment products front, OCBC Bank continues to offer products that take ESG into consideration mainly in unit trusts and retail bonds. As of the first quarter of 2023, OCBC Bank has 92 ESG sustainable funds and 212 ESG sustainable retail bonds, representing 78% of its Unit Trust product offering and 75% of its retail bonds product offering.

Sustainability-linked FRNID for retail investors

Retail customers of OCBC Bank are able to invest in the Bank's maiden principal-protected interest rate-linked floating rate negotiable instrument of deposits (FRNID) that incorporates environmental, social and governance (ESG) elements.

The Callable Interest Cumulation Floating Rate Negotiable Instruments of Deposit (CIC FRNID) is an ESG investment that allows the Bank's customers to earn a potentially higher return than a fixed deposit, by taking a view on KLIBOR rates. The sustainability goals are fulfilled by ensuring the funds collected from the structured investment are invested into assets that fulfil the Bank's internal ESG framework.



OCBC Bank managing director and Emerging Business head Wong Chee Seng strongly encourages small and medium enterprises to shift to more sustainable business practices, with help from OCBC Bank's solutions.

The initiative rides on the Bank's strategy and commitment to significantly increase its offerings in green financing and investment options by 2025.

According to OCBC Bank Managing Director and Global Treasury head Stantley Tan, the Bank's heightened emphasis on sustainability in recent times has caused it to consider sustainability from more angles than before, the latest being through a FRNID.

"A significant number of customers have started to actively pursue ESG-based investments and we are committed to ensuring the needs of those with conservative risk appetites are met through our principal-protected FRNIDs. "The CIC FRNID is suitable for investors looking for a low-risk investment that is 100% principal-protected when held to maturity while seeking potentially higher returns compared to fixed deposits," he said.

Note: This product (CIC FRNID) is principal guaranteed by the issuing bank upon maturity only. If the product is redeemed or sold prior to maturity, the customer may lose part of the initial deposit amount. The returns on this product are uncertain and the customer risks earning no returns at all. The customer is reminded that this product is not protected by Perbadanan Insurans Deposit Malaysia.



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Bringing sustainable finance options to Malaysian SMEs

In the small and medium enterprise (SME) space, OCBC Malaysia is offering sustainable finance options through green loan proceeds for financing or re-financing, in whole or in part, for new or existing projects under development, construction and operations.

According to OCBC Bank managing director and Emerging Business head Wong Chee Seng, the goal is to help businesses shift to greener business approaches and develop sustainably.

"SMEs are often under the impression that sustainable practices are for the larger businesses. But this is far from the truth. We invite them all to engage with us so we are able to offer to them something that fits into their current journey," he said.

Banks play an important role in allocating funds and directing private investment towards the transition to a climate-neutral, resource-efficient, resilient and equitable economy.

