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Page : 13



PETALING JAYA: OCBC Bank and RHB Banking Group have collaborated on a two-year S\$150 million (RM500.2 million) sustainability-linked loan and cross-currency swap between the Singapore lender and RHB Bank Malaysia, and a S\$100 million sustainability-linked loan to RHB Bank Singapore.

These solutions will add to OCBC Bank's sustainable financing portfolio, which stood at S\$44 billion as at end-2022. They also demonstrate RHB Banking Group's commitment to integrate sustainability in its business and operations and to lead by example towards nurturing its clients in adopting sustainable financial services.

The two transactions are structured in a way that promote and drive impactful sustainable business practices as they allow RHB Banking Group to enjoy better rates if it meets the agreed sustainability performance targets in two key metrics.

The cross-currency swap will be used to hedge the currency

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► Singapore, Malaysian lenders in two loan transactions, one of S\$150m and the other S\$100m, and a cross-currency swap

risk coming on the back of the underlying S\$150 million sustainability-linked loan with RHB Malaysia.

This is OCBC Bank's first sustainability-linked derivative (SLD) transaction with a financial institution from Malaysia.

However, the SLD transaction is the second for RHB Banking

Group following its structuring of Malaysia's first green cross-currency swap in 2021. This facility will allow RHB Malaysia to convert its Singapore dollar-denominated (SDG) proceeds into US dollars (USD) at a competitive rate and, at the same time, hedge USD/SGD currency exposure for the duration of the

swap arrangement.

Tan Yuen Siang, head of global financial institutions, global commercial banking, OCBC Bank, said: "We are glad to support RHB Banking Group with their sustainability goals while providing a competitive swapped USD rate, expanded funding choice by tapping on the liquid SGD bank market, and the ability to hedge foreign currency exchange risk with a cross-currency swap.

"As we strengthen our foothold in Asean, which is expected to continue to register economic growth in 2023 despite global headwinds, we will continue to expand our suite of

innovative product offerings to support our regional customers' evolving business needs and sustainability ambitions."

Angus Salim Amran, group treasurer of RHB Banking, said: "We are delighted to collaborate with OCBC Bank on these two sustainability-linked transactions.

"This collaboration further reinforces RHB Banking Group's commitment in providing end-to-end sustainable financing solutions for our customers, as well as increase the depth and breadth of the ESG funding and derivatives market in both Malaysia and Singapore."