



RHB SPEARHEADS GREEN FINANCING FOR SMES



When small and medium enterprises (SMEs) that have jumped on the sustainability bandwagon encounter hiccups along the way, RHB Bank Bhd tries to remedy the problem with its game-changing SME Sustainable Financing, an extension of the bank's existing Sustainable Financing Programme (SFP).

The bank's commitment to driving sustainable practices among SMEs led to the introduction of SME Sustainable Financing, which focuses on delivering financial services across the four pillars of Green Energy, Green Buildings, Green Products and Green Processes. With this visionary initiative, the bank aims to disburse an impressive total of RM1.5 billion in sustainable financing to businesses — with a primary focus on SMEs — by the year 2024.

This sustainable financing programme boasts a comprehensive suite of sustainable financing options encompassing five distinct financing schemes, namely SME Green Building Financing, SME Green Renewable Energy Financing, SME Green Working Capital Financing, SME Green Technology Financing and SME Green Capex Financing. These schemes enable businesses to have access to working capital of up to RM10 million, along with generous repayment terms of up to 10 years, all at preferential rates.

With the need for sustainability and environmental, social and governance (ESG) integrations, RHB Bank takes a holistic approach in its sustainability journey and is focused on minimising impacts and risks while identifying opportunities to

create measurable positive influences on society and the environment.

RHB Bank has been intensifying its efforts in supporting and advancing SMEs towards sustainable practices in 2023 through knowledge sharing, advisory as well as innovative products and services. It is part of the bank's commitment under its five-year Sustainability Strategy and Roadmap.

As part of its efforts in nurturing and supporting customers, especially the SMEs, towards integrating sustainable practices into their operations, the bank recently forged a groundbreaking collaboration with national energy producer Tenaga Nasional Bhd (TNB) to expedite the adoption of renewable energy and energy efficiency solutions among SMEs and individuals.

The memorandum of understanding was signed during the inaugural Energy Transition Conference held in August 2023, an event that brought together local and international thought leaders, industry players and policymakers from across the value chain to formulate solutions to accelerate energy transition effectively and form collaborations. The strategic partnership complements the recently launched National Energy Transition Roadmap (NETR) in empowering businesses, particularly SMEs, and individuals with the requisite knowledge, tools and solutions to transition to greener practices.

The partnership involves TNB offering expert guidance and technical service provider on energy efficiency and renewable energy solutions. This includes the provision and installation of solar photovoltaic panel systems to benefit SMEs.



Chin Ying Trading Director, Yap Wen Piau

Part of this collaboration allows RHB Bank and TNB to jointly organise sustainability roadshows targeted to commence in the fourth quarter of 2023 to engage SMEs across three regions (the Klang Valley/Selangor, southern and northern Malaysia) to promote awareness of sustainable business practices, introduce energy efficiency and renewable energy solutions, and provide advisory services and green financing solutions that support the SMEs' transition journey in alignment with the nation's aspirations towards becoming a low-carbon economy by 2050.

As at June 2023, the bank had approved RM494.68 million in SME Sustainable Financing, of which RM101 million was Bank Negara Malaysia's Low Carbon Transition Facility (LCTF).

RHB Bank is committed to mobilising RM20 billion in sustainable financial services by 2026, and of this amount, RM3.3 billion is to

be directed towards supporting the SMEs' transition. As at June 2023, RHB Bank had achieved 85% of its 2026 target of RM20 billion.

Additionally, the bank is bolstering its Sustainable Finance team with the appointment of ESG sector specialists with deep expertise in key industries such as renewable energy, oil palm, healthcare and property. These specialists will bring their unique insights and perspectives to RHB, enabling the bank to make better informed decisions and develop more effective strategies to support its customers, especially the SMEs, in their sustainability journey.

One of the SMEs that benefited from RHB Bank's Sustainable Financing is Chin Ying Trading Sdn Bhd. The company started its paper trading business in the early 1970s and is now a major importer, stockist and distributor of a full range of paper and board products in Malaysia.

In addition to the company accumulating years of experience in the paper industry, the company also has certification from the Forest Stewardship Council (FSC).

"We've obtained the FSC certification and can only bring in FSC-certified products to create the finished product. We also bring in food-grade packaging under our food packaging products. We are also planning to install solar panels to reduce electricity costs and provide better services to our customers," says Chin Ying Trading director Yap Wen Piau.

The two biggest challenges faced by Chin Ying Trading are customer awareness and additional cost.

"Most of the customers are not aware of how important environmental issues are. And it is expensive to adopt environment-friendly

practices and produce sustainable products. Many clients are still hesitant about paying for the extra cost," Yap laments.

When many financial institutions were treating the business as a sunset industry given the digitalisation and adoption of paperless practices, RHB Bank helped the company with its overdraft and multi-trade line under the RHB BizPower SME Property Loan. Through this, the company was able to bring in and import a lot of environmentally-friendly products.

"With the additional working capital granted by RHB, we're able to secure distributorship from various paper mills and obtain higher market share," Yap adds.

RHB Bank continues to encourage its customers to integrate ESG best practices into their business and operations. Beyond providing sustainable financing solutions, the bank serves as a dependable partner and financial provider, helping businesses navigate the sustainability path and ensure a smooth transition by customising packages to meet each company's specific requirements.