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# RHB structures ESG-related financial products

**PETALING JAYA:** RHB Banking Group has successfully structured the country's first "Green Cross Currency Interest Rate Swap" transaction set against environmental, social and governance (ESG)-linked key performance indicators (KPIs) to hedge a US\$100mil (RM423mil) of two-year sustainable loan.

In a statement yesterday, the bank said the transaction further solidified RHB's commitment towards enhancing the growth of the rapidly evolving ESG landscape within the Malaysian banking sector.

It pointed out that the KPIs for the Green Cross Currency Interest Rate Swap is linked to RHB's green financing commitment of RM5bil in support of green financing by 2025, which entails the group's core business activities of lending, capital markets and advisory as well as investment.

"The structuring and successful execution of Malaysia's first Green Cross Currency Interest Rate Swap transaction drives sustainable value creation for our stakeholders and underlines RHB's position as a leader within

the ESG derivatives market.

"With the growth in sustainable investing, we are also seeing increasing demands for derivative products, specifically linked to ESG KPIs and where returns are linked to sustainability performance and targets.

"This first in market transaction marks the beginning of our journey in developing customisable sustainability-linked derivative transactions using measurable KPIs," said RHB group managing director (MD) and CEO Datuk Khairussaleh Ramli.

He said the move will promote climate action and the adoption of sustainable practices leading to the realisation of actual impact and change in the real economy. He added that the banking group is committed towards the adoption of green considerations across its financial services supply chain.

"This also provides our customers with expedient access to sustainable hedging solutions to manage their financing activities more effectively and further contributes to our vision to create positive impact through

our business activities as a responsible financial services provider," he said,

The Green Cross Currency Interest Rate Swap was executed with Standard Chartered Bank, which exemplifies RHB's commitment to support the growth of the green economy by encouraging its stakeholders, including customers and business partners, to adopt more sustainable business practices.

RHB said a total of RM3.79bil has been extended to green activities by the group, of which 19% is attributed to renewable energy projects as at September 2021.

"We are honoured to be working with RHB to provide such a solution to Malaysia's financial market. Supporting sustainable and responsible growth, including delivering the United Nation's Sustainable Development Goals and the transition to net zero, represents a significant opportunity to us.

"Collaborations with partners such as RHB will help to push the adoption of sustainable practices," said Standard Chartered Malaysia MD and CEO Abrar A Anwar.