

CIMB enters landmark RM2.45 billion sustainability-linked derivative transaction with Standard Chartered

Based on the latest publicly available data, this landmark transaction is the world's first Malaysian Ringgit denominated sustainability-linked derivative transaction and Asia's largest ESG linked derivative trade to date

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for immediate release

Kuala Lumpur: CIMB Bank (“CIMB” or the “Bank”) announced today that it has entered into a sustainability-linked derivative (“SLD”) transaction with Standard Chartered Malaysia in the form of an interest rate swap with a notional value of RM2.45 billion for hedging purposes. Based on publicly available data and the latest data compiled by the International Swap and Derivatives Association (“ISDA”) as at January 2021, this landmark deal is the world's first Malaysian Ringgit denominated SLD transaction and to date Asia's largest environmental, social and governance (“ESG”) linked derivative transaction by notional value.

This landmark SLD transaction has been structured to involve a pricing mechanism whereby a discount (cost reduction) or premium (penalty) will be applied depending on whether CIMB Group achieves pre-agreed sustainability performance targets (“SPTs”). The ESG overlay of this instrument has been structured around two KPIs that reinforce recently announced sustainability commitments made by CIMB Group. The two KPIs are the Group's percentile ranking for banks based on the S&P Global Corporate Sustainability Assessment¹ in support of the Group's aspiration to be an industry leader on the Dow Jones Sustainability Index (“DJSI”), and reductions in Scope 1 and 2 greenhouse gas (“GHG”) emissions in line with the Group's Net Zero ambitions. The SPTs that have been set are material, ambitious, objective, measurable and verifiable by independent sources.

Following this transaction, CIMB is keen to work with clients to execute more innovative treasury and derivative transactions with ESG-related pricing components or utilisation of proceeds, such as swaps, forwards and options involving cross currency, interest rate, commodity, or foreign exchange transactions. CIMB has also been active in offering loan/financing products and bonds/sukuk that are sustainable or sustainability-linked.

Dato' Abdul Rahman Ahmad, Group CEO of CIMB Group, said “We are pleased to have successfully executed this landmark SLD transaction, a testament to the expertise of our Treasury & Markets team and our Group's ambition to be an ASEAN sustainability leader by 2024. This

¹ DJSI Family Universe Percentile Ranking for Global Banks as calculated in accordance with the S&P Global Corporate Sustainability Assessment (CSA) methodology.

transaction demonstrates our very real commitment towards achieving our commitments to mobilise RM30 billion in sustainable finance by 2024, achieve net zero scope 1 and 2 GHG emissions by 2030, and Net Zero GHG emissions by 2050, including financed emissions. As a financial intermediary, we play a critical role in channelling financing and capital in ways that will support a just transition towards a net zero economy and greater social equity. In collaboration with our clients and partners, we look forward to introducing more innovative offerings such as this SLD in the sustainable finance space.”

Abrar A. Anwar, MD and CEO of Standard Chartered Malaysia, said “The attitude towards ESG issues have transformed significantly but many companies are still facing challenges when it comes to incorporating sustainability. Despite their intention to transition to net zero by 2050, 67% of corporates have yet to take any action due to the lack of capital².”

As a key intermediary in the financial system, Standard Chartered is making big strides in the roll-out of new ESG products within our derivatives offering in Asia such as commodity, forex and credit – a proposition that is unique to us and offered globally. We’ve been named as Currency Derivatives House of the Year at the Asia Risk Awards 2021 due to our ability to deliver solutions and shift risk via our product suite.

We are grateful for the opportunity to support CIMB with fulfilling their sustainability agenda as we collectively navigate net zero. Healing the world is a mammoth task, and this landmark deal shows how key collaboration is to making that happen. It isn’t just about helping clients; we’re looking inwards and making our own commitments. To that effect, Standard Chartered is working towards reaching net zero carbon emissions from our financing by 2050, as part of our strategic commitment to put the world on a sustainable path to a zero-carbon economy.”

Under its Forward23+ Strategic Plan, CIMB Group has set a target to be listed and be in the top quartile of the DJSI by 2024. The DJSI tracks the performance of the world’s leading companies in terms of their sustainability performance and ESG elements based on their annual scores using the S&P Global Corporate Sustainability Assessment. CIMB Group has been steadily improving its position from the 19th percentile in 2017 to 65th percentile in 2019. The Group also recently became a signatory to the Net-Zero Banking Alliance (“NZBA”), which is a part of the Glasgow Financial Alliance for Net Zero and the United Nations Race to Zero.

This SLD offering extends CIMB’s track record as an early mover in sustainability-linked instruments in the ASEAN region. CIMB has been actively providing sustainable lending/financing products and was one of the first banks in the country to launch sustainability-linked loans (“SLLs”) for corporate clients in 2020 with an allocation of RM3 billion through 2024. As for the bonds/sukuk space, in the first half of 2021, CIMB acted as the lead manager for the government of Malaysia’s dual tranche US\$1.3 billion Sukuk Wakala offering, where the US\$800 million sustainability

² Zeronomics: <https://www.sc.com/en/insights/zeronomics/>

tranche was the world's first US dollar sustainability sukuk offered by a sovereign. CIMB also launched and priced the government of Indonesia's US\$3 billion global sukuk offering, including a US\$750 million green sukuk tranche.

In 2019, CIMB Group introduced its Group Sustainable Financing Policy and in 2020, the Group implemented its Green, Social, Sustainable Impact Products and Services ("GSSIPS") framework. The GSSIPS framework applies to all offerings across the Group, including wholesale and commercial financing, bonds and intermediation, wealth products, and products that enable financial inclusion such as affordable home financing and other products catered to the B40 group.

In 2020, the Group introduced its coal sector guide which sets out CIMB's commitment to phase out coal from its portfolio by 2040 in line with the 1.5-degree Celsius goal of the Paris Climate Agreement. With the issuance of the coal sector guide, CIMB became the first banking group in Malaysia and the first in Southeast Asia to commit to phasing out coal from its portfolio.

About CIMB

CIMB is one of ASEAN's leading banking groups and Malaysia's second largest financial services provider, by assets. Listed on Bursa Malaysia via CIMB Group Holdings Berhad, it had a market capitalisation of approximately RM46.2 billion as at 30 June 2021. It offers consumer banking, commercial banking, wholesale banking, transaction banking, Islamic banking and asset management products and services. Headquartered in Kuala Lumpur, the Group is present in all 10 ASEAN nations (Malaysia, Indonesia, Singapore, Thailand, Cambodia, Brunei, Vietnam, Myanmar, Laos and Philippines). Beyond ASEAN, the Group has market presence in China, Hong Kong, India, South Korea, the US and UK.

CIMB has one of the most extensive retail branch networks in ASEAN with 635 branches and around 33,000 employees as at 30 June 2021. CIMB's investment banking arm is one of the largest Asia Pacific-based investment banks, which together with its award-winning treasury & markets and corporate banking units comprise the Group's leading wholesale banking franchise. CIMB is also the 92.5% shareholder of Bank CIMB Niaga in Indonesia, and 94.8% shareholder of CIMB Thai in Thailand.

About Standard Chartered Malaysia

Standard Chartered Bank, a member of the Standard Chartered Group, was established in Malaysia in 1875. As Malaysia's first bank, Standard Chartered leads the way through product innovation, consistent and strong growth performance and sustainability initiatives. The Bank provides a comprehensive range of financial solutions to corporates, institutions and individuals through its network of branches across Malaysia. The Bank has an Islamic banking subsidiary, Standard Chartered Saadiq; a global shared services centre, Standard Chartered Global Business Services; a sales arm, Price Solutions and an offshore facility in Labuan. Standard Chartered employs over 7,000 employees in all its Malaysian operations.

About Standard Chartered

We are a leading international banking group, with a presence in 59 of the world's most dynamic markets and serving clients in a further 85. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges.

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