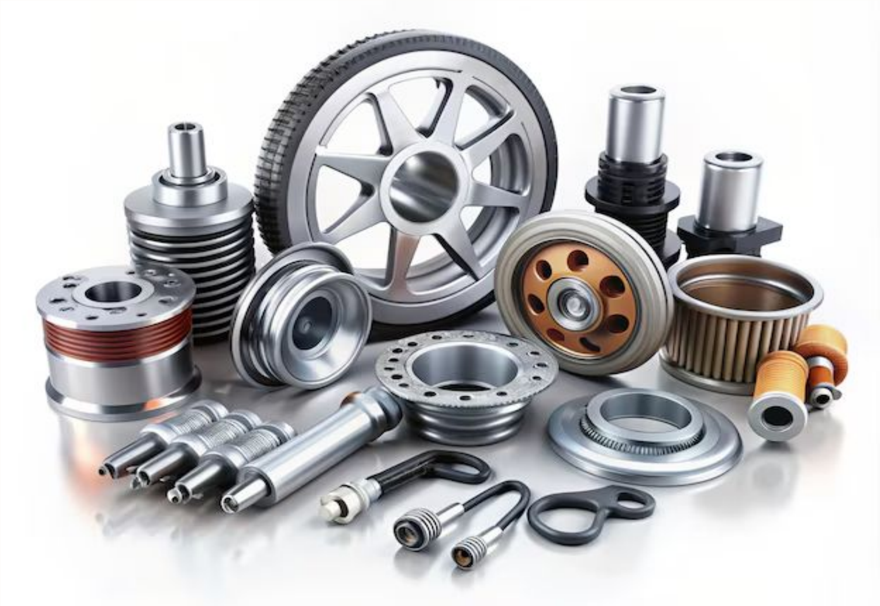
Storytelling Series — Transition in Action Through a Banker's Lens

An SME Automotive Parts Supplier



By :

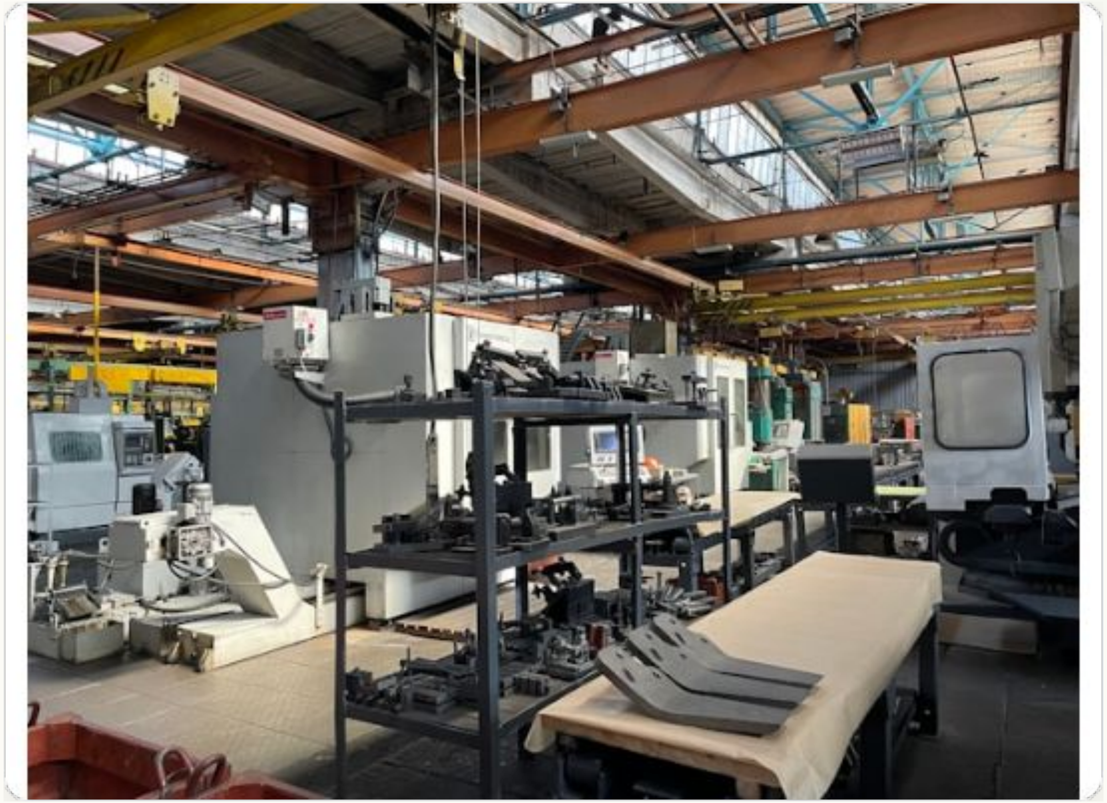
The SME: A Local Automotive Supplier

Based in Selangor, this Tier 2 supplier has been a pillar of the local assembly plant ecosystem for decades.

Core Business: High-quality exhaust components.

Financial Health: Solid business, stable cashflows, and a deep technical bench.

But the horizon was shifting...



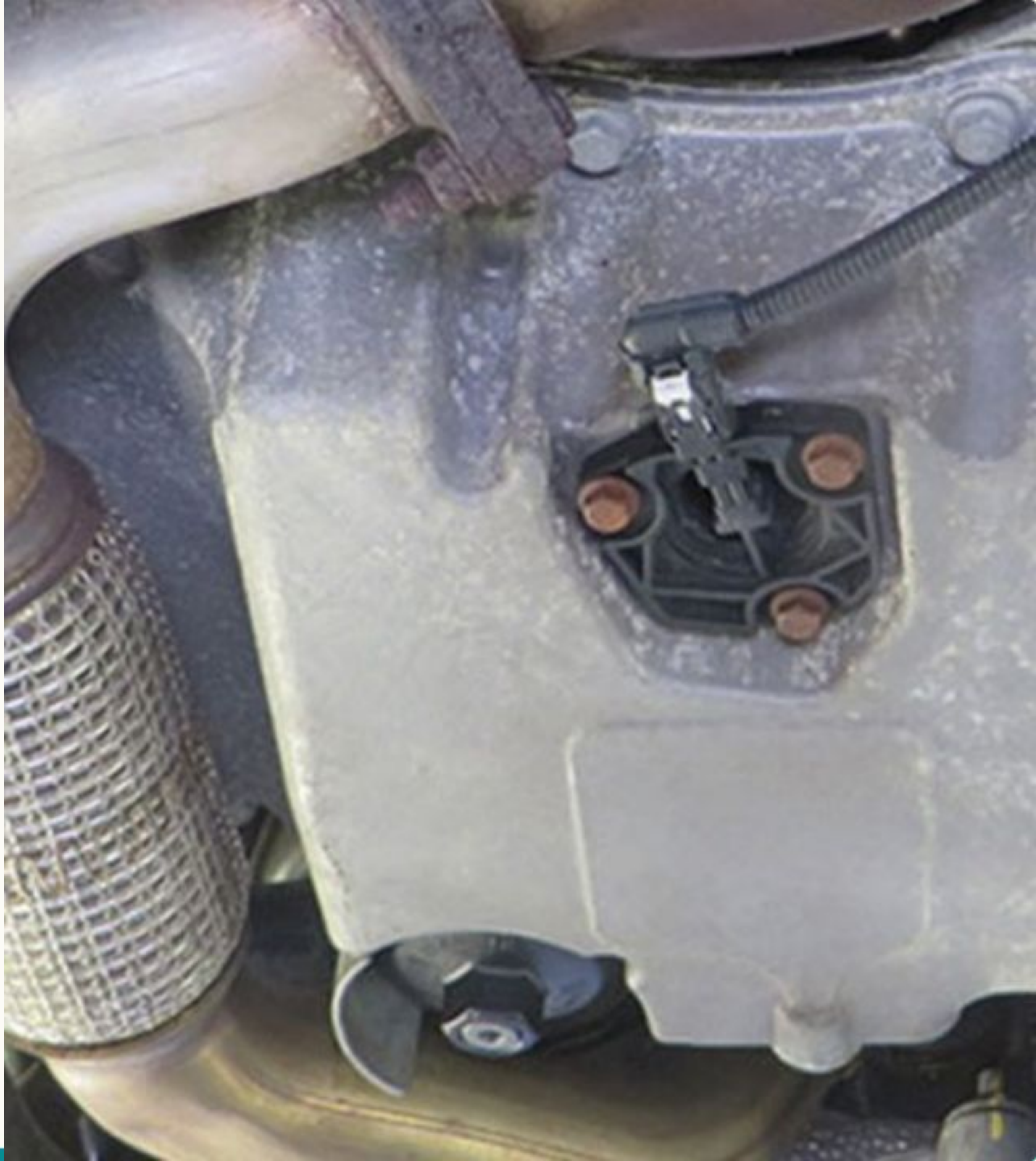
The Looming Industry Risk

The industry shift towards Hybrids and EVs wasn't a future headline—it was an immediate threat to their order book.

Internal Combustion Engine (ICE) components face a **"sunset" risk.** The owner knew this but didn't know where to start.

The gap between **survival** and **irrelevance** was growing daily.

The owner knew this…
but didn't know where to start.



The RM: A Bridge to Sustainability

Experienced in Credit, New to Climate

During a routine annual review, she didn't lead with frameworks or **C1–C5** classifications.

She led with empathy and business intuition, understanding that a client's transition risk is a bank's credit risk.

“How is your industry changing?”

One simple question that shifted the tone from compliance to strategy.

Hearing the Owner’s Reality

The owner shared openly……

The Capability

“Some customers already want hybrid components. We have the technical know-how. We can do it.”

The Fear

“But the tooling cost is high. It’s a massive upfront investment. We’re afraid to take that first step alone.”

The Transition Roadmap Emerges

Phase 1: Tooling

Immediate financing for hybrid-specific tooling to capture current market demand.

Phase 2: Training

Upskilling existing technical staff to handle high-voltage and hybrid architectures.

Phase 3: EV Pivot

Gradual diversification into specialized EV accessories and structural components.

Visualizing the Risk Transition

Today: Red
ICE Dependency

6 months : Amber
Transitioning

Medium-Term: Green
Sustainable EV Hub

The shift from high transition risk to a resilient, green future.

Inside the Credit Room: Analysis

Framework	Assessment Lens	Classification
BNM CCPT	Transition from ICE (C4 Non-aligned) to Hybrid (C2 Transitioning).	Amber
VBIAF	Innovative mindset + Nurturing the Real Economy (SME Support).	Aligned
Transition Facility	Linked to clear milestones: Tooling upgrade and staff upskilling.	Approved

Six Months Later: The Impact

1st

Hybrid Order Secured

By upgrading machinery and upskilling staff, the SME moved from being a "sunset" business to a strategic partner for OEMs.

Result: A new revenue stream opened, decoupling their future from fossil-fuel reliance.

Reflection Through a Banker's Lens

- **Beyond Jargon:** You don't need to lead with CCPT or taxonomy colors to be an effective transition banker.
- **Strategic Curiosity:** Every Relationship Manager can be a curious partner in a client's journey.
- **Risk Mitigation:** Helping a client transition is the ultimate form of long-term credit protection.
- **Human-Centric:** The most powerful sustainability tool is a timely, insightful question.

Questions?

Let's discuss how curiosity can drive transition.

Connect on LinkedIn

Certified Climate Risk Practitioner