1. Credit Risk Rating — A New Lens on Resilience

Traditional credit models rely heavily on financial ratios and historical data. VBIAF × CCPT adds a forward-looking dimension: **climate and transition readiness.**

🟢 Green

Certified, low-emission, compliant supply chain

Lower operational & reputational risk

Stable risk rating / possible pricing benefit

🟡 Amber

Transition plan in progress, partial compliance

Moderate risk, needs monitoring

Supportable with milestones & conditional terms

🔴 Red

High-emission, non-compliant, no roadmap

Elevated risk exposure

Tightened covenants / higher pricing or exit consideration

This colour-coded insight enables credit teams to **differentiate borrowers** by their transition progress — not just their balance sheet.

2. Pricing & Incentives — Linking Risk to Reward

As Malaysian banks gradually align pricing with sustainability, **CCPT serves as a transparent anchor.**

Green Clients

Demonstrate resilience → eligible for *preferential rates, lower PLD/RWA impact*

Amber Clients

Qualify for *transition-linked facilities* with performance conditions

Red Clients

May attract *risk premiums* until they show credible improvement

This approach aligns with **BNM's CCPT GP1–GP5** guidance — rewarding credible transition whilst maintaining prudence.

3. Portfolio View — Seeing the Forest, Not Just the Trees

At an aggregate level, CCPT helps risk teams and management track the **sustainability profile of the lending book.**

1

Example Dashboard Insight

Portfolio Breakdown:

- **25% Green** (low risk, future-ready)
- **55% Amber** (transitioning)
- **20% Red** (watchlist sectors)

2

Strategic Decisions

- **01 Increase Exposure** - Where do we expand? (e.g., renewable supply chains)
- **02 Client Engagement** - Where do we support transition? (e.g., high-emission logistics)
- **03 Stakeholder Reporting** - How do we report progress to regulators, boards, and investors?

4. VBIAF's Human Touch — Beyond the Numbers

VBIAF reminds us that creditworthiness isn't just financial capacity — it's **character, culture, and contribution.**

Shared Value Creation

Does this business create shared value for its community?

Transparency & Ethics

Are its operations transparent and ethical?

Long-term Alignment

Is management aligned with long-term resilience rather than short-term profit?

> These qualitative insights often explain *why two similar borrowers perform very differently* during shocks — floods, supply disruptions, or policy shifts.

5. Integrating It All — The "Balanced View" Approach

An effective credit conversation now includes multiple dimensions working in harmony:

1

Financial Soundness

Traditional risk assessment fundamentals

2

Sustainability Positioning

VBIAF + CCPT insights integration

3

Transition Credibility

Timeline, metrics, certifications validation

Smarter, Fairer, Future-Proof

When these layers come together, credit decisions become **more intelligent, equitable, and resilient.**