A Banker’s Guide

How CCPT Influences Lending, Pricing, and Risk Decisions

Turning CCPT Insights into Lending Action

Classification	Meaning	Lending Action
GP1 / GP2	Green – aligned with climate mitigation/adaptation	Preferential pricing (e.g. lower risk premium), longer tenor, higher approval confidence
Amber	In transition with credible plans	Conditional lending (e.g. tie disbursements to progress on transition plan), medium tenor
Red	Harmful with no credible transition	Higher pricing, shorter tenor, more collateral, or even decline — unless credible improvements are presented

Example:
An **Amber** borrower transitioning to solar energy could be offered a step-down rate as milestones are met — combining ESG with commercial logic.

Integrating CCPT into the Credit Workflow

Classification	Meaning
Early engagement	RMs collect ESG-related disclosures
Screening tools	ESG/Credit Risk teams apply CCPT classification.
Credit committee	Reviews CCPT impact on loan structure and pricing.
Loan monitoring	Use KPIs to track climate transition progress

Tip:

Banks should embed CCPT checkpoints into their LOS (Loan Origination System)

Benefits of Acting on CCPT — Not Just Reporting It

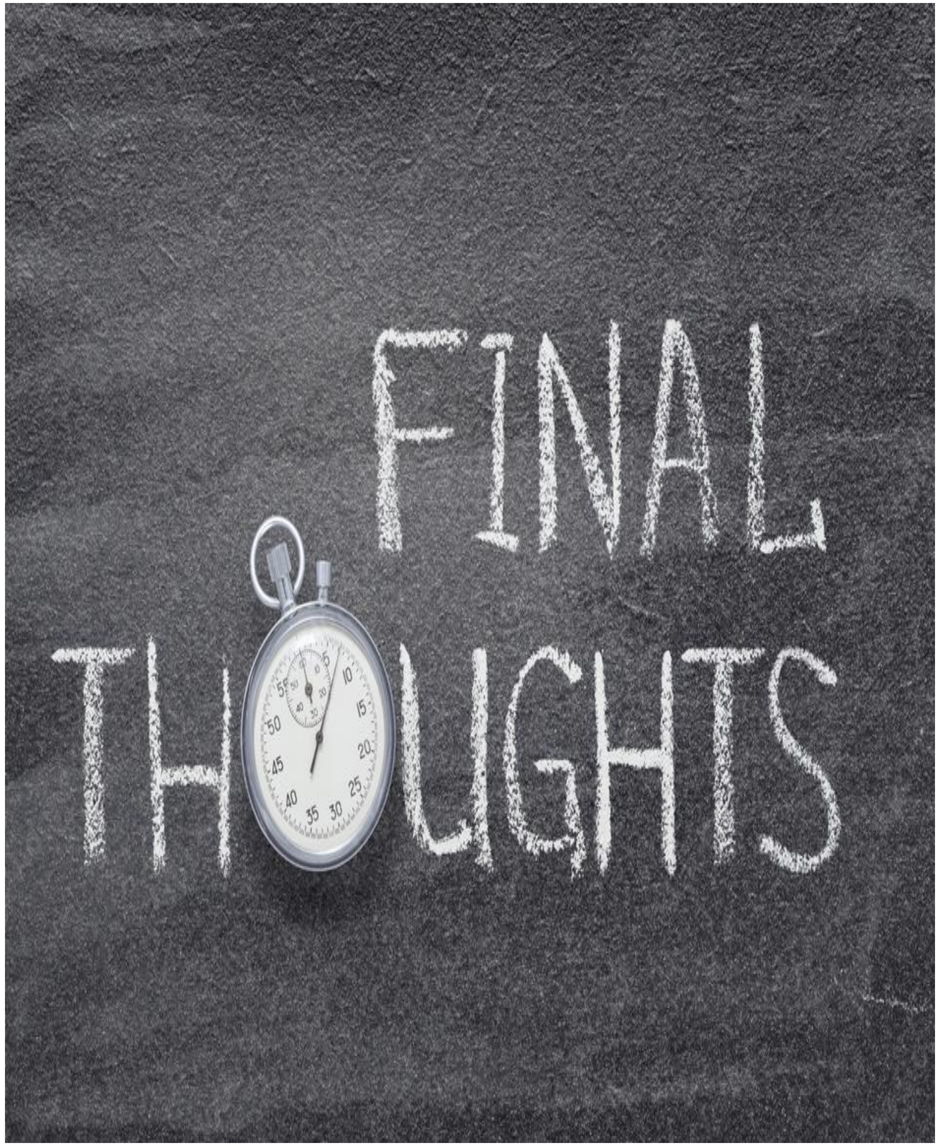
- Strengthens the quality of the loan book.
- Aligns pricing with actual transition risk.
- Positions the bank to meet future regulatory and investor expectations (IFRS S2, ISSB, climate stress testing).
- Enhances client trust and advisory role.

Why **CCPT** Matters More Than Ever?

Since July 2022, all financial institutions in Malaysia must **report their exposures by CCPT categories**. Over time, this data feeds into:

1. Internal risk models and stress testing
2. Pricing decisions (e.g. +25bps for Red, –10bps for Green)
3. Regulatory capital planning
4. ESG disclosures aligned to IFRS S2/TCFD

Turning CCPT Insights into Lending Action



- CCPT isn't just a regulatory tick-box. It's a forward-looking lens that strengthens credit judgment.

- The more we align our lending with climate reality, the more
  - **RESILIENT &**
  - **COMPETITIVE** — we BECOME