



MEDIA RELEASE

OCBC BANK AND MFP SOLAR CONCLUDE AGREEMENT FOR GREEN LOAN RATED GOLD BY MARC

Green Loan for Rooftop Solar Plants sets a new milestone for the domestic sustainable financing market

Kuala Lumpur, 10 May 2021 – OCBC Bank (Malaysia) Berhad (OCBC Bank) and Malaysian Rating Corporation Berhad (MARC) today announced the closing of an externally reviewed multi-tranche Green Term Loan Facility (Facility) for MFP Solar Sdn Bhd (MFP Solar). The agreement facilitates the establishment of a RM100 million Facility between OCBC Bank and MFP Solar which will be utilised to finance the development of multiple rooftop solar photovoltaic plants under a single master facility structure.

MARC had earlier performed a "Green Loan Assessment" on the loan facility offered to MFP Solar by OCBC Bank and assigned it a "Gold" assessment. Each tranche of the Facility will be a standalone term loan that will exclusively finance the project cost of an eligible rooftop solar photovoltaic plant. The loan documentation for the Facility meets core criteria set out in the Loan Market Association's Green Loan Principles (GLP) 2020 regarding the use of proceeds, processes for project evaluation and selection, and management of proceeds.

MFP Solar is a 55%-owned subsidiary of Mega First Corporation Berhad, with the remaining 45% held by Pekat Teknologi Sdn Bhd. A solar pure play, MFP

Solar's business model entails tendering and securing rooftop solar photovoltaic projects under its business model of Solar Power Purchase Agreement. MFP Solar is a registered Solar PV Investor with the Sustainable Energy Development Authority (SEDA).

Ms Tan Ai Chin, Managing Director, Senior Banker Client Coverage and Head of Investment Banking, OCBC Bank, said: "This transaction marks a key milestone in the development of the domestic market for sustainable financing, particularly in promoting the importance of green loans. As a bank which is fully committed to supporting sustainable development, we actively support businesses which are at the forefront of promoting technologies engineered towards mitigating climate change-associated risks. We have taken a step further towards validating the green loan structure by procuring the assessment from MARC and I am glad that we have achieved the highest Gold standard, a testament to our robust structuring capability in sustainable financing."

Commenting on the Green Loan Assessment, MARC's Group Chief Executive Officer, Datuk Jamaludin Nasir said: "The 'Gold' assessment is the highest assessment on MARC's scale for green financing instruments. In assigning the 'Gold' assessment, we considered the positive environmental impacts of rooftop solar projects that will be financed, the Facility's alignment with the Green Loan Principles including its use of external review on a green loan, as well as MFP Solar's prospective sustainability performance. MARC considers the use of proceeds as impactful, as the eligible projects will support national climate change mitigation goals, corporate adoption of clean energy and a sustainable energy supply system."

In August 2020, MFP Solar commissioned the inaugural project that was financed under the Facility by developing a 1.5 MWp solar plant for VAT Manufacturing Sdn Bhd, a high precision valve manufacturer based in Batu Kawan, Penang.

Mr Paraveen T. Singham, Managing Director, VAT Manufacturing Sdn Bhd, said: “This SPPA solution is in line with our organisation’s sustainability objectives whilst also lowering our energy costs. We are delighted to be working with MFP Solar who provided us with a hassle-free, capex-free turnkey solar solution. Their customisable solution from our contract negotiations with them through to the construction and operations of the system has been seamless.”



VAT Manufacturing Solar PV Installation
- Aerial View



VAT Manufacturing Solar PV Installation
- Side Profile

The closing of the transaction attests to the pivotal role that banks are playing alongside the capital markets in supporting the nation’s transition to a low-carbon economy. GLP-aligned loans are a positive step in the direction of mainstreaming green finance and ensuring that a globally consistent methodology is applied to identify loans as “green”. Banks have been stepping up efforts to internalise sustainability goals in their lending strategy, a trend MARC believes will bode well for the resilience of the domestic banking sector to climate and other environmental, social and governance (ESG) risks.

About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with Aa1 by Moody's and AA- by both Fitch and S&P. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the World's Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore by The Asian Banker.

OCBC Bank and its subsidiaries offer a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has more than 470 branches and representative offices in 19 countries and regions. These include over 230 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 70 branches and offices in Mainland China, Hong Kong SAR and Macau SAR under OCBC Wing Hang.

OCBC Bank's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

OCBC Bank offers Islamic banking products and services in Malaysia through its wholly-owned subsidiary, OCBC Al-Amin Bank Berhad.

For more information, please visit www.ocbc.com.

This announcement is available on MARC's corporate website at
www.marc.com.my

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