

Corporate Malaysia

HL Bank, HL Islamic Bank and Cagamas seal Malaysia's first corporate issuance of green housing loans worth RM300 mil

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HLB group managing director and CEO Kevin Lam said that the green assets transaction reinforces the bank's leading role in sustainable finance and underscores its commitment to delivering value to customers, shareholders and the environment.

KUALA LUMPUR (Oct 3): Hong Leong Bank Bhd (HLB), Hong Leong Islamic Bank Bhd (HLIB) and Cagamas Bhd have successfully completed HLB's green housing loans and financing (green assets) transaction of RM300 million.

The transaction was funded by the issuance of Cagamas' one-year Asean Green Bond worth RM210 million and one-year Asean Green SRI sukuk worth RM90 million, under the national mortgage corporation's RM60 billion conventional/Islamic medium-term notes programme, according to the joint statement on Tuesday (Oct 3).

These issuances is the first of its kind in Malaysia, being the first corporate issuances relating to green housing loans and financing.

According to the statement, the green housing assets comprise of green residential properties and buildings utilising GreenRE and Green Building Index (GBI) certifications as their qualifying eligibility criteria.

Notably, GreenRE Certification is the leading green building certification tool developed by the industry for the industry in Malaysia. Whereas the GBI is an industry-recognised rating tool for buildings to promote sustainability in the built environment.

"This demonstrates Cagamas and HLB's joint commitment to support not only the growth of green housing but also the broader objective to transition to a low-carbon economy," said the statement.

HLB and Cagamas have previously collaborated to issue an Asean Sustainability Bond to fund the purchase of affordable housing loans in 2021.

HLB group managing director and chief executive officer (CEO) Kevin Lam said that the green assets transaction reinforces the bank's leading role in sustainable finance and underscores its commitment to delivering value to customers, shareholders and the environment.

"The increasing demand for green asset financing highlights the urgency of addressing climate impact and sustainability concerns. It also reflects a growing awareness that sustainable business practices are not just the right thing to do but also essential for long-term economic viability and environmental stewardship," said Lam.

Lam added that the bank is looking forward to expanding its collaboration with Cagamas to other types of financing.

Meanwhile, Cagamas president cum CEO Kameel Abdul Halim said that the collaboration with HLB has resulted in Cagamas' inaugural issuances of the Asean Green Bond and Asean Green sustainable and responsible investment (SRI) sukuk to fund the purchase of eligible green assets.

"The purchase of these green assets not only contributes positively to our environment but also fortifies our essential role in the facilitation of liquidity within a developing green capital market.

"This practical step underlines our continued efforts as an intermediary in the secondary market, helping to support industry-led green initiatives to achieve their sustainability agenda," Kameel said.

To date, Cagamas has cumulatively issued a total of RM2.9 billion of sustainability-related bonds and sukuk under its RM60 billion conventional/Islamic MTNs programme.

Proceeds were channelled in accordance with the Cagamas sustainability bond/sukuk framework, which is aligned to internationally-recognised market principles, standards and best practices, to support the growth of Malaysia's social and green finance market.

"As we mark this significant milestone, we hope to broaden our involvement in the green bond/sukuk market and anticipate a sustained momentum to pave the way for a more impactful and continued supply of green bond/sukuk issuances," he added.

At 3.41pm, HLB shares were up six sen or 0.31% to RM19.52 on Tuesday, giving it a market capitalisation of RM42.31 billion.