

ISLAMIC FINANCE

Hong Leong Bank, Hong Leong Islamic Bank and Cagamas Berhad conclude RM300 mln green assets transaction

Inaugural Issuances of ASEAN Green Bond/Green SRI Sukuk Made for Green Housing Loans and Financing

Press Release

October 3, 2023



KUALA LUMPUR - Hong Leong Bank, Hong Leong Islamic Bank (“HLB” or the “Bank”) and Cagamas Berhad (“Cagamas”), the National Mortgage Corporation of Malaysia, today announced the successful conclusion of HLB’s green housing loans and financing (green assets) transaction worth a total 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 (collectively, ASEAN Green MTNs) under Cagamas’ RM60 billion Conventional/Islamic Medium Term Notes programme. The issuances of the ASEAN Green MTNs by Cagamas are Malaysia’s first corporate issuances relating to green housing loans and financing.

The green housing assets comprise of green residential properties and buildings utilising GreenRE1 and Green Building Index (GBI)2 certifications as their qualifying eligibility criteria. 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. Previously, Cagamas had collaborated with HLB to issue an ASEAN Sustainability Bond to fund the purchase of affordable housing loans in 2021.

According to Kevin Lam, Group Managing Director and Chief Executive Officer of HLB, the green assets transaction not only reinforces the Bank’s leading role in sustainable finance but also underscores its commitment to delivering value to customers, shareholders and the environment.

“We are currently witnessing a fundamental transformation in the way businesses operate where profitability must now align with the preservation of our 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. We are pleased to work with Cagamas on our maiden green assets transaction and we look forward to expanding our collaboration to other types of financing,” said Lam.

Kameel Abdul Halim, President/Chief Executive Officer of Cagamas Berhad said, “We are extremely pleased that our collaboration with HLB has resulted in our inaugural issuances of the ASEAN Green Bond and ASEAN Green 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. In collaborating with HLB, we are making a tangible contribution towards building climate resilience within the Malaysian financial sector while seamlessly executing our core mission.”

“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. We look forward to similar industry collaborations, which are aligned to Cagamas’ sustainability agenda, to enhance accessibility to affordable green homes and strengthen the green finance ecosystem,” added Kameel.

1. The GreenRE Certification (<https://www.greenre.org/faq>) is the “leading green building certification tool developed by the industry for the industry in Malaysia”, focusing on energy efficiency, water efficiency, carbon emission, environmental protection, indoor environmental quality and other green features.

2. The Green Building Index (GBI) (<https://www.greenbuildingindex.org/>) is “Malaysia's industry recognised green rating tool for buildings to promote sustainability in the built environment”, providing opportunities for developers and building owners to design sustainable buildings that reduce our impact on the environment

About Hong Leong Bank and Hong Leong Bank

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About Cagamas Berhad

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