

Malaysia strengthens commitment towards achieving net zero carbon

Kuala Lumpur (21st September 2022): Malaysia is committed to net zero carbon by 2050, with efforts being put in place to further drive this national agenda by which everyone has a role to play in terms of ensuring that climate change issues are appropriately addressed.

Speaking during a wrap up session during the one-day conference, “Developing and Financing Green Housing in Asia”, Cagamas Berhad (Cagamas) President/Chief Executive Officer Datuk Chung Chee Leong said Cagamas is embarking on building blocks to ensure that it will have more supply of green certified houses in the future.

“There will be provision of more mortgages as well as more green bonds and sukuk,” he said in his closing remarks at the conference organised by Cagamas, in collaboration with the ASEAN Catalytic Green Finance Facility and the ASEAN+3 Asian Bond Markets Initiative.

The conference brought together participants across Asia, including investors, financial regulators, policy makers, developers and representatives from corporations, and offered a unique opportunity for the private and public sectors to exchange views, discuss the current initiatives and priorities to further strengthen the capacity in developing and financing the green housing agenda.

“I believe today’s conference has provided us some insights and tremendous experience and knowledge has been shared by the various speakers,” he added.

Meanwhile, Asian Development Bank Advisor, Satoru Yamadera said transparency in stakeholder communications is critical.

“They need to talk to all stakeholders, not just shareholders, (but) all customers, employees who are really relevant or maybe in the society in general. Transparency is really the key,” he pointed out.

Bank Negara Malaysia Deputy Governor, Datuk Jessica Chew Cheng Lian who delivered the opening keynote address said the financial sector has a critical role in helping the economy and society mitigate risks.

“As part of our mandate to manage risks to financial stability, we expect financial institutions to understand how climate-related risk drivers can impact their risk exposures - including credit, market and insurance risks from their lending, underwriting and investment activities.

“We expect financial institutions to be able to identify, measure and manage these risks well. Second, we believe that the financial sector can and should play a catalytic role in

the transition towards a low carbon economy through its control of resources that fuel the economy”.

She also said that beginning from July this year, financial institutions have started reporting their climate related risk exposures based on the Climate Change and Principle-based Taxonomy developed for the financial sector to assess and classify economic activities within their portfolios.

Aside from building a strong foundation for risk assessments and disclosures, the taxonomy is expected to encourage the flow of capital towards supporting transition activities.

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About Cagamas

Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia, was established in 1986 to promote the broader spread of home ownership and growth of the secondary mortgage market in Malaysia. It issues bonds and sukuk to finance the purchase of housing loans from financial institutions and non-financial institutions. The provision of liquidity to financial institutions at a reasonable cost to the primary lenders of housing loans encourages further expansion of financing for houses at an affordable cost.

The Cagamas model is well regarded by the World Bank as the most successful secondary mortgage liquidity facility. Cagamas is the second largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporation in 1986, Cagamas has cumulatively issued circa RM369.3 billion worth of corporate bonds and Sukuk.

Cagamas' bonds and sukuk continue to be assigned the highest ratings of AAA/Stable/P1 by RAM Rating Services Berhad and AAA/MARC-1 and AAA_{IS}/MARC-1_{IS} by Malaysian Rating Corporation Berhad, denoting its strong credit quality. Cagamas is also well regarded internationally and has been assigned local and foreign currency long-term issuer ratings of A3 by Moody's Investors Service Inc. that are in line with Malaysian sovereign ratings.

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About ASEAN Catalytic Green Finance Facility (ACGF)

The ACGF is a regional, country-owned \$2 billion facility under the ASEAN Infrastructure Fund, administered by ADB, aiming to accelerate the development of green infrastructure in ASEAN by better utilizing public funds to create bankable projects and catalyse private capital, technologies and management efficiencies.

[ASEAN Catalytic Green Finance Facility | Asian Development Bank \(adb.org\)](http://www.adb.org)

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