

**DATO' BAKARUDIN ISHAK**  
**CHAIRMAN, CAGAMAS BERHAD**  
**WELCOME REMARKS**

Developing and Financing Green Housing Asia Conference  
Wednesday, 21 September 2022, Kuala Lumpur

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Bismillahirrahmannirrahim.  
Assalammualaikum Warahmatullahi Wabarakatuh  
Salam sejahtera, Selamat Datang &

Welcome to today's conference entitled "Developing and Financing Green Housing Asia" organised by Cagamas, in collaboration with the Asian Development Bank. We are delighted to have Mr Al-Fre-Do Pair-Di-Ghe-Ro from the ADB with us today. We are also privileged to have Deputy Governor of Bank Negara Malaysia, Datuk Jessica who will be delivering her opening keynote this morning. We have also gathered distinguished speakers and prominent experts in their respective fields to share their thoughts and experience on the current issues surrounding sustainable green housing development and financing, particularly in Asia. We hope to achieve greater understanding from their respective sessions today. Later, we will have the Honourable Minister of Finance, Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, to deliver his keynote speech.

Ladies and Gentlemen,

Over the last decade, the issues and concerns on green initiatives, climate change and ESG have become centre stage and cannot be ignored, as we discharge our role in the economy and marketplace. In this regard, the task to accelerate sustainable finance and expedite green solutions is now critical to ensure that we balance our economic, environmental and social needs, and steer away from indiscriminate economic development. However, like one green marvel hero, we don't need to be angry to be green. Being green should be embedded in our DNA where our fears and anxieties are harnessed into calm and concentrated efforts to address the challenges ahead.

Ladies and Gentlemen,

Cagamas, as a national mortgage corporation, have been there to promote the broader spread of homeownership while contributing to the growth of the bond and sukuk market through our issuances. As a responsible corporate citizen, we are also embedding ourselves into supporting social and green financing initiatives. In line with this, our capability to employ green financing for home mortgages is being amplified in **3 aspects**.

**Firstly**, we established our Sustainability Bond/Sukuk Framework, which is aligned with internationally recognised market principles, standards and best practices, which will provide support to the growth of Malaysia's social and green finance market. To date, Cagamas has issued cumulatively RM1.7 billion worth of sustainability-related bonds and sukuk, which include:

- RM700 million ASEAN Sustainability Bond,
- RM400 million ASEAN Sustainability SRI Sukuk,
- RM155 million ASEAN Social Bond and
- RM435 million ASEAN Social SRI Sukuk.

Proceeds of such issuances in 2021 were allocated to fund the purchase of:

- mortgages related to affordable housing (80.91%), and
- to fund assets portfolio of employment generation (18.47% million),
- renewable energy (0.44%) as well as
- sustainable water and waste management (0.17%)

**Secondly**, actively working with key stakeholders within the green housing value chain to develop a green housing ecosystem in Malaysia and increase accessibility to green affordable homes. This would allow financial institutions to increase their capacity to deploy specific affordable green mortgage lending products to Malaysians. With such an ecosystem, Cagamas will gradually build our green portfolio to be a significant portion of our total asset size over the next 10 years.

**Thirdly**, developing access to green home financing for the B40 and M40 segment. To this end, Cagamas and the ADB will ink a Technical Assistance agreement today to embark on a research study to identify challenges and constraints for scaling up inclusive and green residential mortgages in Malaysia, including the affordable housing segment and housing outside urban centres in smaller cities. We aim to complete the study within a period of one (1) year. The knowledge from these findings will be used to strategise as to how best to expand the green mortgage market to facilitate the issuance of a future Cagamas green bond or sukuk to support these market segments.

These objectives will complement Cagamas' current activities which include facilitating access to home financing for first time homeowners through Skim Rumah Pertamaku (My First Home Scheme, SRP) and access to supplemental income for senior citizen homeowners through Skim Saraan Bercagar (SSB). To date, SRP has helped more than 76,000 Malaysians own their first home with a total financing amount of more than RM17 billion, of which 91% were from the B40 group<sup>4</sup> and aged 35 years old and below. On the other end of the

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<sup>4</sup> B40 definition- Households income of less than RM4,850. Source: Department of Statistics Malaysia (DOSM), Household Income & Basic Amenities Survey Report 2019

spectrum, SSB, the first reverse mortgage scheme in Malaysia for senior citizen homeowners, has seen positive development within the Klang Valley since accepting applications in January this year. In the coming weeks, we expect SSB to gain momentum as we will be launching the world's first shariah-compliant version of reverse mortgage, Skim Saraan Bercagar Islamik.

Cagamas is firmly committed to doing its part to ensure that finance works for sustainable development. We look forward to advancing the development of sustainability-related instruments, both conventional and Islamic, to deepen market liquidity for green bonds.

To achieve a more tangible outcome, we should not be hindered by the age-old 'chicken and egg' paradox to argue on what comes first. Instead, we should focus on being solution oriented regardless, by leveraging on new climate technologies, as a prerequisite to achieve the desired impact. If it happens that the egg comes first, then we should find a solution to help hatch the egg and vice-versa, should the chicken come first, then we should look for a suitable way to assist the chicken lay an egg. All these solutions are aimed towards achieving the greater well-being of society.

### **Closing**

In closing, we would like to thank the ASEAN Catalytic Green Finance Facility of ADB as our collaborative partner, our valued sponsors for supporting today's conference and the Asia School of Business for providing this excellent facility to make this event possible.

Thank you all very much, and I wish you a productive conference.

Wabillahitaufig Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.