

Cagamas expands its affordable housing mandate to cover green housing & female-headed households

Kuala Lumpur (21st September 2022): Cagamas Berhad (Cagamas) is planning for issuance of green bond/sukuk to fund its stakeholders for the purpose of developing and financing green residential housing with a potential carved out for female-headed households.

With nearly 40% of global carbon dioxide emissions coming from the real estate sector¹, Cagamas and the Asian Development Bank (ADB) inked a Technical Assistance agreement today to identify challenges for scaling up green residential mortgages in Malaysia, including for the affordable housing segment and housing in smaller towns.

Cagamas President/ Chief Executive Officer, Datuk Chung Chee Leong and ADB Director, Private Sector Financial Institutions Division, Private Sector Operations Department, Christine Engstrom sealed the agreement at the “Developing and Financing Green Housing in Asia” conference organised by Cagamas.

The signing ceremony was witnessed by the Finance Minister, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Cagamas Chairman, Dato’ Bakarudin Ishak, ADB Director, Regional Cooperation and Operations Coordination Division, Southeast Asia Department, Mr Alfredo Perdiguero, and Executive Chairman, Securities Commission Malaysia, Dato’ Seri Dr. Awang Adek Hussin.

Tengku Zafrul said, “The transition and implementation of Green practices across all sectors of the economy will require the deployment of significant resources, both financial and non-financial. While we have made significant inroads on our path to sustainability, more can and must be done. We urgently need to scale up support using innovative approaches, and this is where sustainable finance development in the financial sector will play a significant role.”

He added, “Cagamas and all industry players here to also play a key role in this space and become the catalyst to support not only the growth of green housing, but also the inclusivity agenda in Malaysia. The financial and investment ecosystem also have a key responsibility to help the Government address certain structural issues and generate balanced growth opportunities across all sizes of businesses, and all segments of society.”

¹ <https://www.forbes.com/sites/davidcarlin/2022/04/05/40-of-emissions-come-from-real-estate-heres-how-the-sector-can-decarbonize/?sh=24361d3763b7>

Cagamas President/ CEO, Datuk Chung said, “We want to ensure that affordable green housing is accessible to lower income home buyers, whilst reducing the overall environmental footprint of the housing sector.

“We aim to complete the study within a period of one year. The findings will produce knowledge on how the green mortgage market could be expanded, including to the B40 and M40 and female headed household segments. These can inform the issuance of a future Cagamas green bond/sukuk to support these market segments.”

To date, Cagamas has issued cumulatively RM1.70 billion worth of sustainability-related bonds and sukuk. Proceeds were allocated in accordance with its Sustainability Bond/Sukuk Framework, which is aligned with internationally recognised market principles, standards and best practices, to support the growth of Malaysia’s social and green finance market.

“It is with much enthusiasm that we announce our partnership with Cagamas to explore the opportunities to create a sustainable and green housing finance ecosystem in Malaysia. Supporting green residential housing supply through sustainable construction methods to ensuring proper standards and quality control, as well as ensuring adequate financing, are all of utmost importance in contributing to this outcome.

“Addressing climate change impacts and supporting our private sector clients with business solutions is a key priority for ADB. Our partnership with Cagamas is a significant step in addressing the impacts of climate change in housing, while also ensuring that low income segments, including women, are not left behind,” commented ABD Director, Private Sector Financial Institutions Division, Private Sector Operations Department, Christine Engstrom.

The conference has received in-kind support from the ASEAN Catalytic Green Finance Facility and the ASEAN+3 Asian Bond Markets Initiative (ABMI).

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About ADB

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region.

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.

Cagamas Berhad

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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 \(adb.org\)](#)

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