

Maybank reaches half of 80 billion ringgit green loans goal



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Maybank group CEO Khairussaleh Ramli / Photo: Bloomberg

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Malaysia's biggest lender Malayan Banking is halfway toward meeting its target of putting 80 billion ringgit (\$23.4 billion) toward sustainable finance by 2025.

A big chunk of the green loans has been disbursed to support Singapore-based companies' shift to low-carbon sources, Maybank group CEO Khairussaleh Ramli said in an interview at his office.

"We can talk about moving into renewables straight away, but equally important is how we support our clients on transition financing, transition advisory," he said.

Maybank is among major Malaysian banks pledging to funnel money into green loans. CIMB Group Holdings, which counts sovereign wealth fund Khazanah Nasional as its largest shareholder, aims to allocate 60 billion ringgit to sustainable funding by 2024, twice its initial goal, while RHB Bank plans to put 20 billion ringgit toward sustainable funding by 2026.

The amounts, while large, aren't enough to wean businesses off fossil fuels and address other sustainability goals. Malaysia is estimated to need 637 billion ringgit of investments over the next three decades to support its renewable energy goal to reach 70% of the energy mix by 2050. The country would "need support from overseas" for funding, Khairussaleh said.

The Asian Development Bank estimates that Southeast Asia needs annual investments of US\$210 billion to meet its climate-change goals, prompting Maybank to further expand its footprint in the region.

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Already the Southeast Asia's fourth-largest lender by assets, Maybank has made Cambodia a new universal banking market, Khairussaleh said. The Malaysian lender, currently No. 11 in Cambodia, could be in the top 10 in the local market soon, he added.

Maybank shares rose as much as 0.4% to 9.04 ringgit at 9:42 am local time. The stock has gained about 4% so far this year.

Excerpts from the interview:

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Maybank to spend up to 4.5 billion ringgit on capital expenditure in the next three-to-five years, mainly for upgrading its digital infrastructure

The lender expects Bank Negara Malaysia to keep interest rates on hold for the rest of the year as inflation eases

Expects further compression in net interest margins as competition for deposits and transmission of higher policy rates to savers push up funding costs

Expects foreign investors to return to Malaysia in a "big way" as there's greater clarity on policy and direction of the economy

Maybank isn't averse to inorganic growth but any M&As must align with the basic principle of adding value, right timing, right price

Sees strong growth in Islamic wealth and plans to claim global leadership in this segment

Rules out plans to list insurance unit Etiqa as it is profitable and has potential to grow in Malaysia and the region