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## RHB and CGC sign Malaysia's first LCTF portfolio guarantee agreement

**PETALING JAYA:** RHB Banking Group has signed a RM400 million portfolio guarantee agreement with Credit Guarantee Corporation Malaysia Bhd (CGC) that includes a RM100 million allocation to the Low Carbon Transition Facility (LCTF).

The agreement marks Malaysia's first LCTF portfolio guarantee aimed at assisting small and medium enterprises in transitioning to a low-carbon economy. The LCTF is a financing facility introduced by Bank Negara Malaysia to encourage and support SMEs to adopt sustainable practices for business resilience.

RHB, being the first bank in Malaysia to sign a LCTF portfolio guarantee with CGC, has demonstrated its dedication to providing comprehensive green financing solutions.

Under the agreement, SMEs will benefit from up to 80% guarantee coverage from CGC, with LCTF financing options available up to RM5 million across four pillars – SME Green Renewable Energy Financing, SME Green Commercial Property Financing, SME Green Working Capital Financing, and SME Green Capex Financing for Equipment and Machinery.

As of June 2024, the group has approved more than RM411 million to SMEs under Bank Negara Malaysia's LCTF.

RHB Banking Group managing director/CEO Datuk Mohd Rashid Mohamad said, "Our partnership with CGC represents a major step forward in empowering SMEs to embrace sustainability. By providing essential financial support and risk coverage, we enable SMEs to adopt green practices and contribute to Malaysia's green growth agenda. This collaboration is vital to achieving our goal of delivering RM1.6 billion in green financing to our customers by year-end, of which we have achieved 59% as at June 2024."

CGC president and CEO Datuk Mohd Zamree Mohd Ishak, said, "Financial institutions and development financial institutions play a critical role in supporting the Low Carbon Transition Facility by providing financing at competitive rates, while CGC provides support by offering its guarantee thus reducing the risk for FIs and DFIs which in turn will enable them to have greater outreach to Malaysian MSMEs."