Bank Pembangunan Malaysia Berhad

- Energy Transition Initiatives

8th CEFIA GOVERNMENT-PRIVATE FORUM

Kuala Lumpur Convention Center

Muhammad Azraini Hamid

Group Head, Private Equity & Strategic Investments

OUR PURPOSE: *WE DELIVER IMPACT CAPITAL FOR NATIONAL DEVELOPMENT*

BPMB at a glance

52-year history
Established on 28 November 1973

100% government owned
Through Ministry of Finance, Malaysia

AAA-rated
By Malaysian credit rating agencies (MARC and RAM)

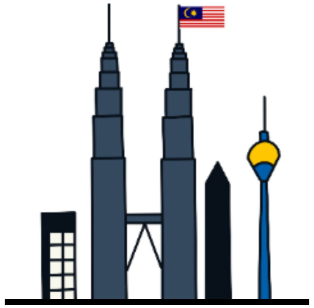
Regulatory oversight
By Bank Negara Malaysia

Our aspirations

- **Trusted Partner to Stakeholders**
- **Social & Economic Development**
- **Talent Hub**

Our strategic role evolved from serving Malaysia's early developmental needs to being a proponent for a sustainable and inclusive economy

Our Dedicated Schemes for Energy Transition



SUSTAINABLE DEVELOPMENT FINANCING SCHEME
MYR1.0 Billion

Financing ventures that promote and support the United Nation's Sustainable Development Goals agenda

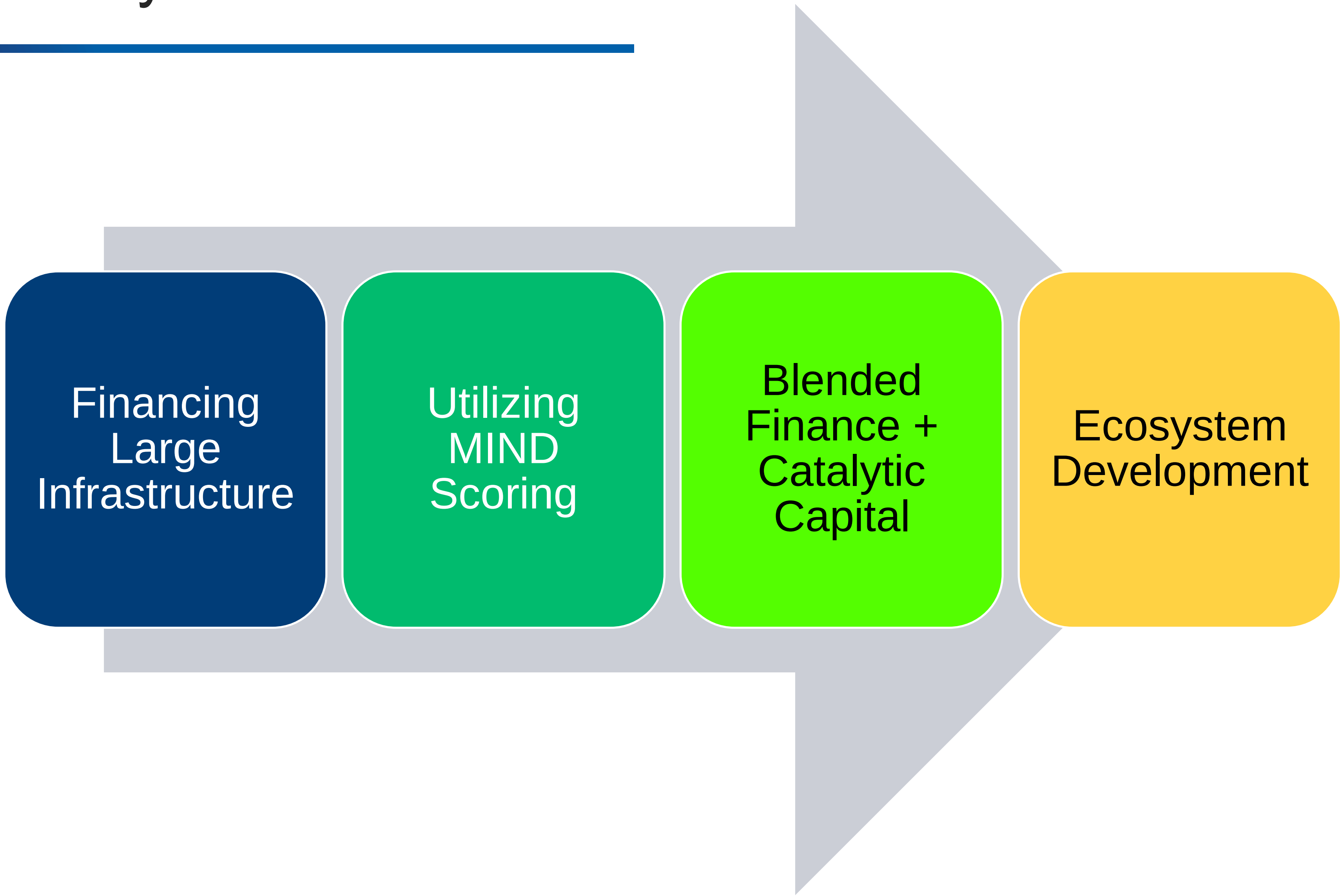
NATIONAL ENERGY TRANSITION FACILITY
~ MYR1.0 Billion (over 10 years)

Catalytic Capital for projects/companies that qualifies under the National Energy Transition Roadmap (NETR)

CAPITAL ACCESS PROGRAM
MYR0.5 Billion

Hybrid instruments to address funding gaps and growth capital.

Our Journey So Far…



Delivering the NETF

The National Energy Transition Facility (NETF) is to **enable catalytic blended financing** to support **energy transition projects** that are **marginally bankable** or **yielding below-market returns**.

BPMB's role is to concessional capital through the six levers and crowd-in other sources of funding,

What projects are eligible?

1. Eligible companies

- Companies registered and incorporated in Malaysia.
- Companies with Malaysian shareholders ultimately holding not less than 51% in equity interest.

2. Targeted projects

Marginally bankable / below market rate return / higher risk projects from the following sectors:

- Transport (Green Mobility)
- Power Generation
- Energy efficiency
- Hydrogen
- Bioenergy
- Carbon capture, utilisation and storage (CCUS) technologies

Non-exhaustive list of projects below market return identified under NETR

Biofuels in aviation
Biofuels in marine
Diesel to biofuel
E2W chargers
E4W chargers
Green hydrogen plants
Biomass
Public transport
Energy storage costs
CCUS hub
Green building
Green Skilling Programs

3. Investment conditions
(MIND score >51, track record of project sponsor, proof of concept)

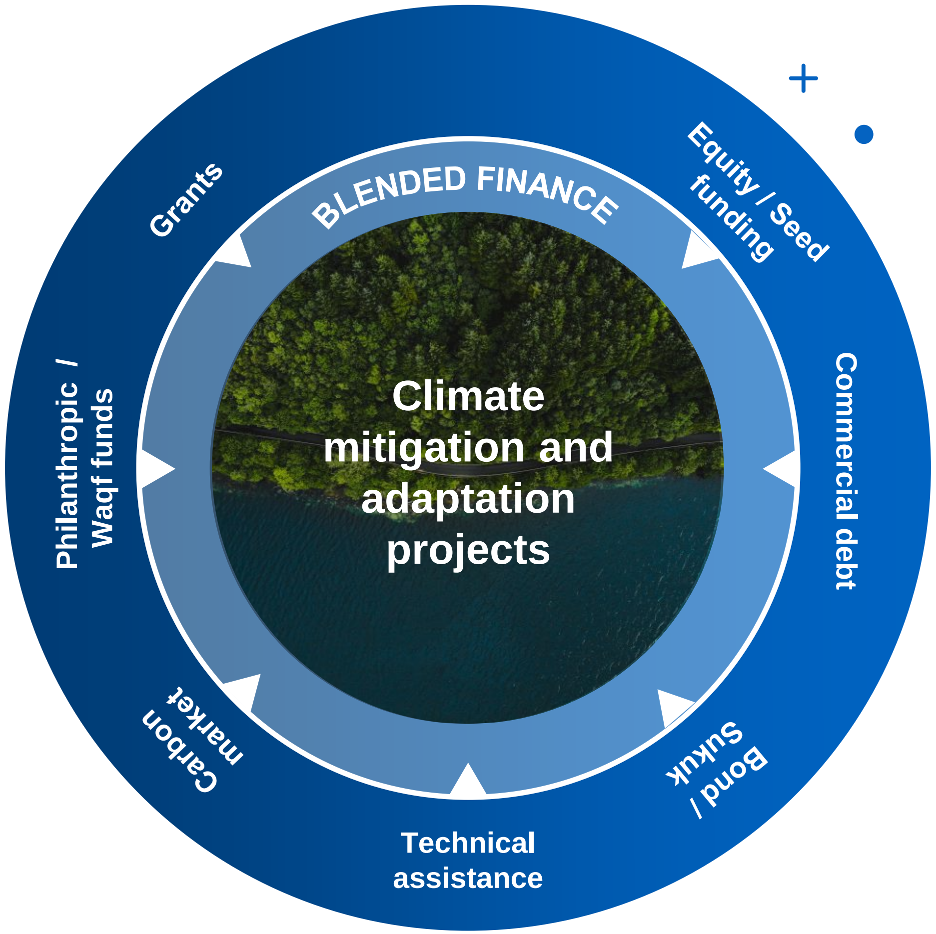
Overview of CFIL

CFIL
Climate Finance Innovation Lab

Purpose:

Climate Finance Innovation Lab (CFIL) is a collaborative platform designed to **identify, develop, and accelerate** climate projects through collaborations and innovative financial solutions to achieve Malaysia's climate ambition.

Climate projects are initiatives or actions aimed at addressing climate change, mitigating its impacts, or adapting to its consequences. These projects are designed to reduce greenhouse gas (GHG) emissions (climate mitigation) and/or enhance resilience to climate-related risks (climate adaptation).



Objectives of CFIL

1 Strengthen public-private collaborations

Support Policy Development:
Assist in designing and implementing policies that incentivise investments in climate-friendly initiatives.

Facilitate Collaboration:
Foster partnerships and collaboration among various stakeholders to maximize impact, leverage resources, and share best practices.

Build Capacity:
Enhance the capacity of stakeholders, including governments, businesses, and communities, to effectively engage in and benefit from climate finance.

2 Explore innovative solutions

Connect capital with projects:
Provide visibility of climate projects and match these projects with capitals that suit the risk profile.

Innovate financial solutions:
Develop innovative blended financial instruments and mechanisms tailored to address capital needs of the climate projects.

Provide Continued Support:
Offer ongoing support from the Lab network to ensure successful implementation and scaling of projects, including resources, and access to a broader community of experts and stakeholders.

3 Mobilise capital for climate projects

Mobilise Private Sector Investment:
Encourage and facilitate private sector involvement and investment in sustainable projects and technologies.

Fundraising for Pilot Projects:
Raise funds to launch pilot projects that demonstrate the viability and scalability of innovative climate finance solutions.

Monitor and Evaluate Impact:
Track the effectiveness and impact of investments to ensure they contribute to long-term sustainability goals and make necessary adjustments for improvement.

CFIL key sector focus

CFIL focuses on key sectors driving Malaysia's GHG emissions—energy, sustainable transport, agriculture, and nature-based solutions—while promoting activities that reduce emissions, conserve biodiversity, and protect the environment. The project shall comprise one or more activities from the CFIL key sector focus.

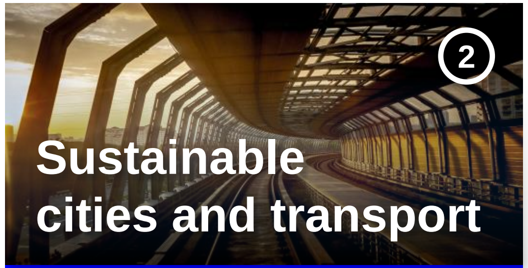
Sector

Example of eligible projects

1 Energy

- ✓ **Renewable energy** *(e.g., solar, hydro, wind, wave, waste-to-energy, small modular reactor)*
- ✓ **Energy efficiency** *(e.g., waste heat recovery systems, energy efficient products)*
- ✓ **Energy distribution and management** *(e.g., grid enhancement)*
- ✓ **Energy and battery storage**
- ✓ **Green hydrogen** *(exclude grey hydrogen)*
- ✓ **Bioenergy** *(exclude biomass derived from unsustainable logging practices)*
- ✓ **Carbon capture, utilization and storage** *(technology-based and nature-based CCUS)*

** Exclude fossil-fuel and coal power generation

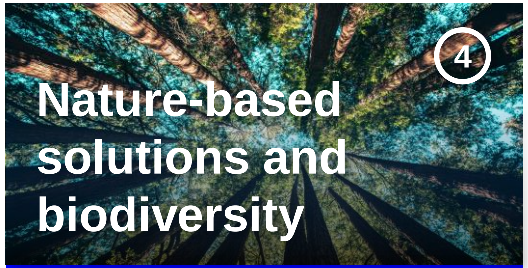


2 Sustainable cities and transport

- ✓ **Climate adaptation infrastructure** *(e.g., flood mitigation system, drainage and irrigation infrastructure)*
- ✓ **Green building** *(e.g., GBI/LEED/GreenRE certified – silver equivalent and above)*
- ✓ **Low carbon transport and infrastructure** *(e.g., mass transit, EV charging infrastructure, green fuel bunkering for ports) (exclude fossil fuel-based transport)*
- ✓ **Water, sanitation, and hygiene systems** *(e.g., water distribution, water treatment plant)*
- ✓ **Waste management** *(exclude open landfill)*

3 Sustainable agriculture

- ✓ **Food security** *(e.g., water irrigation, soil management, sustainable livestock management)*
- ✓ **Low-emission agriculture** *(e.g., Good Agricultural Practice-certified farming, zero-waste farming, smart farming, precision agriculture) (exclude chemical fertilizers and pesticides production, deforestation of high conservation value area)*



4 Nature-based solutions and biodiversity

- ✓ **Forestry**
- ✓ **Conservation and protection**
- ✓ **Restoration**

The Risk Sharing Fund leads to Innovation in Islamic Finance

- The Risk Sharing Fund (RSF) embraces the Musyarakah principle through sharing structure between three parties.
- The focus will be on **Climate Finance** and **Food Security**
- It also gives the investors a flexible approach to funding and achieving a desired return.
- In terms of structure, some of the investments will be deployed to generate dividend income/ yield.

Project Sponsor + BPMB + Risk Sharing Fund

	Capital ratio	Y1	Y2	Y3	Y4	Y5	Total	DPI (x)
Profit to Investors		1,584,000	1,875,150	2,300,963	2,257,867	3,479,838	**11,497,817**	
Sinking Fund		254,822	254,822	254,822	254,822	254,822	**1,274,108**	
Risk Sharing Fund	45%	712,800	843,818	1,035,433	1,016,040	1,629,632	**5,237,723**	1.33
CAP	45%	712,800	843,818	1,035,433	1,016,040	1,629,632	**5,237,723**	1.33
Project sponsor	10%	158,400	187,515	230,096	225,787	220,573	**1,022,371**	1.04

BPMB Malaysia Development Bank

BPMB

Malaysia Development Bank