

Cagamas issues RM500m Islamic debt

KUALA LUMPUR: National mortgage corporation Cagamas Bhd has announced issuance of three-month Islamic commercial papers (ICPs) amounting RM500 million, its final issuance for this year.

The commercial papers will be issued under the Islamic Commodity Murabahah structure and the proceeds from the issuance will be used to fund the purchase of Islamic financing from the financial system.

“Due to market jittery amid uncertain market condition over the outcome of the Federal Open Market Committee meeting on Dec 19, 2013 and year end book closing factor, response from investors on our proposed issuance was below our

average subscription rate.

“Our proposed three months ICP issuance faced stiff competition from banking products that offer higher yields especially fixed deposits for the same tenure,” said Cagamas relief CEO Rafiza Ghazali.

The new ICPs issuance will bring Cagamas' total issuance for the year to RM9.9 billion, 100% higher compared with the total in 2012.

The Cagamas ICPs, which will be redeemed at their full nominal value on maturity, are unsecured obligations of the company, ranking pari passu among themselves and with all other existing unsecured obligations of the company. They will be listed and traded under the Scripless Securities Trading System.