

Cagamas



CAGAMAS ENTERS INTO MEMORANDUM OF PARTICIPATION WITH COMMODITY MURABAHAH HOUSE AS A COMMODITY TRADING PARTICIPANT

Kuala Lumpur, 28 July 2009 – Cagamas Berhad (Cagamas), the National Mortgage Corporation and leading securitisation house, signed a memorandum of participation with Commodity Murabahah House (CMH) as a commodity trading participant. CMH, of which Cagamas is a founding member will play an important role in facilitating Commodity Murabahah products via its commodity trading platform.

Comprising over 26 palm oil commodity suppliers, financial institutions and trading participants, CMH, a Malaysia Islamic International Finance Centre (MIFC) initiative operated by Bursa Malaysia's fully Shariah compliant wholly-owned subsidiary, Bursa Malaysia Islamic Services Sdn Bhd, is an international spot commodity platform which facilitates commodity-based Islamic financing and investment transactions under the Shari'ah principles of Murabahah, Tawarruq and Musawwamah. Initial trades will use crude palm oil to be followed by other Shari'ah approved commodities covering both soft and hard commodities. At present, trades will be Ringgit-denominated whilst efforts are being undertaken to make it multi currency capable, providing more choice, access and flexibility for international financial institutions to participate in this market. This trading platform, which is fully electronic, is the world's first end-to-end Shari'ah-compliant commodity trading platform designed with the main purpose of serving the Islamic financial markets.

“We are deeply honoured by the distinction of being a founding member and a commodity trading participant of CMH. Being one of the first institutions in the country to use CPO and its derivatives as the underlying commodity in structuring Sukuk Commodity Murabahah (SCM), Cagamas’ expertise in conducting and settling CPO transactions to facilitate SCM is of great assistance to CMH”, Cagamas’ President and Chief Executive Officer, Mr Steven Choy said at the signing of the Memorandum of Participation (MOP).

He said that as a result of being the largest issuer of Islamic Private Debt Securities (PDS) in the Malaysian capital market, Cagamas would be able to provide the market with a regular supply of SCM.

Cagamas Berhad issued its first Gulf Cooperation Council (GCC)-compliant RM2.015 billion Sukuk Commodity Murabahah (SCM) in August 2008. The SCM was the largest offering for the year and the largest SCM ever issued in the Malaysian capital market. In recognition, Cagamas Berhad was awarded Islamic Issuer of the Year and Most Innovative Islamic Finance Deal by The Asset Triple A Awards.

Cagamas’ appointment to CMH reinforces its position as a prominent player in the country’s Islamic financial market, and reaffirms its commitment to the MIFC by playing a pivotal role in the development of the Islamic financial and capital market. It further provides an avenue for Cagamas to play a greater developmental role in deepening and widening the Sukuk market and demonstrates Cagamas’ capability as an innovator in structuring Islamic products using a wide and diverse asset base.



About Cagamas

Cagamas Berhad (Cagamas), the National Mortgage Corporation and leading securitisation house, was established in 1986 to promote the secondary mortgage market in Malaysia. Cagamas has, through the years, evolved and diversified its business model from that of a national mortgage corporation seeking to aid Malaysians with affordable housing, to becoming a leader in securitisation. It issues debt securities to finance the purchase of housing loans and other consumer receivables from financial institutions and non-financial institutions. The provision of liquidity at a reasonable cost to the primary lenders of housing loans encourages further financing of 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 debt securities in the market. Since incorporation in 1986, Cagamas has cumulatively issued RM235.7 billion of conventional and Islamic debt securities.

Cagamas' debt securities continue to be assigned the highest ratings of AAA and P1 by RAM Rating Services Berhad and AAA/AAA_{ID} and MARC-1/MARC-1_{ID} by Malaysian Rating Corporation Berhad, denoting its strong credit quality.

Cagamas Berhad (157931-A)

Level 32, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur

Tel : +603 - 2262 1800 | Fax: +603 - 2282 8125 / 9125

www.cagamas.com.my

~ end ~