

Cagamas issues RM305m Islamic commercial papers

by NG MIN SHEN

THE National Mortgage Corp of Malaysia, or Cagamas Bhd, has announced the issuance of its three-month Islamic commercial papers (ICPs) amounting to RM305 million.

In a statement yesterday, the group said the ICPs will be issued under the commodity murabahah structure whereby proceeds from the issuance will be used to fund the purchase of Islamic home financing from the financial system.

Cagamas president and CEO Datuk Chung Chee Leong said Malaysia's 2018 GDP expansion of

4.7% showed steady growth despite a challenging market environment last year.

He added that stronger buying momentum from investors in the domestic bond market was seen as evidenced by the recent auction of Malaysian Government Securities with a bid-to-cover ratio of close to 2.6 times.

"As a result, there was a spillover effect in the corporate bond segment which contributed to the company's successful pricing of its three-month ICPs. The ICPs received overwhelming interest from financial institutions and were concluded via private

placement," Chung said.

With an improvement in yields within the onshore market coupled with the strengthening of the ringgit against the greenback, the ICPs were competitively priced on par against the onshore benchmark three-month Kuala Lumpur Interbank Offered Rate, or KLIBOR, which currently stands at 3.69%.

The papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of the company, ranking pari passu among themselves and with all other existing unsecured obligations of the company.

Established in 1986, Cagamas aims to promote the broader spread of home ownership and growth of the secondary mortgage market in the country, by issuing corporate bonds and sukuk to finance the purchase of housing loans from financial and non-financial institutions.

The company, which is the second-largest issuer of debt instruments after the government, is also the largest issuer of AAA corporate bonds and sukuk in the market.

Cagamas has cumulatively issued circa RM318.3 billion worth of corporate bonds and sukuk since its inception.