

Cagamas to step up efforts to diversify funding sources

KUALA LUMPUR: Cagamas Holdings Bhd will continue its efforts in diversifying its funding sources, and promote a broader range of bonds and sukuk in the capital market, said Chairman Datuk Ooi Sang Kuang.

He said the national mortgage corporation would strive to introduce more globally accepted sukuk structures to attract a larger pool of international and regional investors, while also exploring the refinancing of new asset classes, including the infrastructure and small and medium enterprise sectors.

"Cagamas' business has evolved and broadened as we play a more pro-active role to provide liquidity support to the local financial institutions via competitive cost of funding from a diversified pool of investors," he said in the company's 2016 Annual Report,

Last year, Cagamas achieved the highest secondary market volume in the fixed income market and among AAA rated papers, with a total turnover of RM17.1 billion, surpassing the RM5.3 billion achieved

in 2015.

The reopening exercise in 2016 contributed to the higher secondary market volume.

Cagamas had recorded larger bonds and sukuk issuances totalling RM7.4 billion last year, compared to RM7.1 billion issued in 2015.

The issuances last year comprised RM4.9 billion in bonds and RM2.5 billion in sukuk, out of which 81 per cent or RM6 billion were issued locally, while the rest were sourced internationally.

Ooi said Cagamas' strong capital and capacity would offer a broader range of financing solutions, amid less certain environment, and the need to be ready to support the banking industry with refinancing avenue.

He added that the global economic performance in 2017 was expected to remain very challenging and less certain with Brexit in progress, and the shift in the new United States administration policies, which were geared towards protectionism. — Bernama