

Cagamas' issuances hit RM15.8 billion, highest in 10 years

BY GIGI CHUA

KUALA LUMPUR: Cagamas Bhd, the National Mortgage Corporation of Malaysia, has issued RM15.8 billion worth of aggregate issuances in 2018, the highest in the past 10 years.

The tally was achieved after its latest combined RM1.4 billion bond and sukuk issuance to raise proceeds to fund the purchases of mortgage loans and Islamic home financing from the domestic financial system.

The latest issuance comprises RM800 million Conventional Medium Term Notes (CMTNs), RM400 million Islamic Medium Term Notes (IMTNs), RM100 million Conventional Commercial Papers (CCPs) and RM100 million Islamic Commercial Papers (ICPs).

The CMTN and IMTNs issued will mature in one year, while the CCPs and ICPs issued are tenured six months, Cagamas said in a statement yesterday.

Cagamas chief executive officer Datuk Chung Chee Leong said the overall 2018 issued by the company marked an increase of over RM400 million from the year before, despite a reduction in the primary supply of local currency corporate bonds within the domestic market of more than 10% year-on-year.

"2018 was filled with many significant events and surprises

domestically as well as globally, with a change in government for the first time in six decades and continued geopolitical uncertainties that caused spikes in volatility throughout the year.

"Despite some concerns of Malaysia's debt levels, the company's issuances were well absorbed at competitive levels, which evidenced continued resilience and strength of the domestic markets as well as investor confidence in the company's credit profile.

"We remain optimistic as we usher in 2019 and will continue to fulfil our mandate as intermediation between the capital market and the Malaysian housing sector," Chung said.

As for the latest issuance, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking the same rate among themselves and with all other existing unsecured obligations of the company. They will be listed and be tradable under the Scripless Securities Trading System, Cagamas added.

Cagamas was established in 1986 to promote the broader spread of home ownership and growth of the secondary mortgage market in Malaysia. It issues corporate bonds and sukuk to finance the purchase of housing loans from financial institutions and non-financial institutions.