

Cagamas plans to issue RM11b bonds and sukuk this year

KUALA LUMPUR: Cagamas Bhd, plans to issue a mixture of RM11 billion worth of bonds and sukuk this year compared with RM5.7 billion last year.

Chief executive officer Datuk Chung Chee Leong said the higher projection was due to expectation of better demand from banks for the company's bond and sukuk to comply with the stringent Basel III requirements.

"One of the option (for banks) is to look at Cagamas in terms of providing them capital management as well as liquidity management solution," he told reporters during a briefing on the capital market yesterday.

As of last month, Cagamas already issued RM4.2 billion in bonds and RM1.2 billion in sukuk.

He said the global economic condition was more conducive for the local capital market this year compared with last year.

"Last year, we had Brexit and the election in the United States

which had ripple effects added to the volatility in the local market," said Chung.

He said in terms of the proportion between bond and sukuk, the company planned to issue 70 per cent bond and 30 per cent sukuk.

"But the actual ratio depends on the needs of the financial institutions," he said.

He said Cagamas would issue bonds for non-Islamic loan facility, while sukuk would be issued for Islamic loans.

He added that the company also did not set any target ratio between ringgit and non-ringgit denomination issuance as it would depend on

which currency provided the cheapest option at the time of the exercise.

Meanwhile, on the development of the capital market, he said more educational programmes needed to be carried out in Malaysia to create awareness among retail investors of the bond market's benefits. **Bernama**

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DATUK CHUNG CHEE LEONG
Cagamas, chief executive officer