

Cagamas issues RM500m three-month Islamic debt notes

BY YIMIE YONG

KUALA LUMPUR: Cagamas Bhd, the national mortgage corporation of Malaysia, said it had issued three-month Islamic Commercial Papers (ICP) valued at RM500 million — its fourth issuance so far this year — which brings the year-to-date issuance to RM3 billion.

In a statement, Cagamas said the ICP will be issued under the Islamic Commodity Murabahah structure and that proceeds from the issuance will be used to fund the purchase of Islamic financing from the financial system.

“Despite increased market expectations of the US Federal Reserve raising its interest rate at the Federal Open Market Committee meeting on March 16, 2017, the ICP was competitively priced against the three-month Kuala Lumpur Interbank Offered Rate .

“The issuance was concluded through a public offering and evidenced strong demand as the company was able to tighten

the pricing by three basis points from the high-end of the initial price guidance and secure a commendable bid to cover a ratio of 1.9 times,” said Cagamas chief executive officer Datuk Chung Chee Leong.

Chung said the ICP brings the company's issuance closer to achieving its projected total issuance size of RM10.5 billion for the year.

The ICP, which will be redeemed at their full nominal value on maturity, are unsecured obligations of the company, ranking pari passu among themselves and with all other existing unsecured obligations of the company. They will be listed and tradable under the Scripless Securities Trading System.

Cagamas is the second-largest issuer of debt instruments after the government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporated in 1986, Cagamas has cumulatively issued RM289 billion of corporate bonds and sukuk.