

Cagamas issues RM500 million Islamic papers

KUALA LUMPUR: Cagamas Bhd, the National Mortgage Corporation of Malaysia, announced the issuance of its three-month Islamic Commercial Papers (ICP) amounting to RM500 million. The ICP will be issued under the Islamic Commodity Murabahah structure and 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 KLIBOR (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 3bps from the high-end of the initial price guidance and secure a commendable bid to cover ratio of 1.9 times,” said Cagamas CEO Datuk Chung Chee Leong.

The ICP represents the company's fourth issuance in 2017 and brings the year-to-date issuance amount to RM3.0 billion, which is in line with the company's target to achieve a projected total issuance size of RM10.5 billion for the year.