



ESG Investing / Treasury & Capital Markets

Cagamas issues trio of ESG financing offerings

Malaysian mortgage agency concludes first Social Repo, plus Asean bond, sukuk ICPs

The Asset

30 Jul 2024

Cagamas, the National Mortgage Corporation of Malaysia, has concluded its first 50-million-ringgit (US\$10.77 million) three-month Social Repurchase Agreement (Social Repo) with a local financial institution, the issuance of a 100-million-ringgit two-year Asean Sustainability Bond and 290 million ringgit of its three-month and six-month Islamic Commercial Papers (ICPs) with Asean Social SRI sukuk status, underscoring its commitment to sustainable financing and supporting industry-led sustainability initiatives.

The Social Repo is a bespoke arrangement for the company whereby proceeds raised from the transaction will be used to purchase small and medium enterprise (SME) loans, which qualifies as eligible assets under the Cagamas Sustainability Bond/Sukuk Framework.

The transaction represents another step forward in the company's efforts to anchor industry-led sustainability initiatives within the financial sector. A Social Repo provides the financial markets with a viable funding instrument alternative aligned with their sustainability goals. This alternative broadens the company's sustainability liquidity sources for the financial sector.

Meanwhile, the issuance of 145 million ringgit each for the three-month and six-month Asean Social SRI Sukuk was the company's first short-term Islamic debt securities offering that carries the "social" label, encompassing its deep commitment to providing socially responsible investment opportunities.

Cagamas had previously issued social sukuk of more than one year under its Islamic medium-term note programme. Proceeds from the issuances will be used to fund the purchase of affordable housing financing from the financial system.

“These transactions underscore our on-going efforts to foster a sustainable and inclusive financial ecosystem,” says Kameel Abdul Halim, Cagamas’ president and CEO. “The Social Repo for SMEs, which is a first of its kind for Cagamas, and the Asean Social SRI Sukuk for affordable housing are critical steps in our journey to drive meaningful social change through innovative financial solutions.

“Cagamas remains committed to advancing and leveraging financial instruments to promote sustainable and affordable home financing. These transactions mark significant milestones in our broader strategy to integrate sustainability into our core business offerings.”

To date, the company has raised 10 billion ringgit through the issuance of bonds and sukuk and other funding sources. The papers will be redeemed at their full nominal value upon maturity, are unsecured obligations of the company, ranking pari passu with all other existing unsecured obligations of the company.

