

Cagamas' new deals show its commitment to sustainability

PETALING JAYA: Cagamas Bhd (the National Mortgage Corporation of Malaysia) has concluded its first RM50 million three-month social repurchase agreement (social repo) with a local financial institution.

It has also concluded the issuance of an RM100 million two-year Asean Sustainability Bond and RM290 million of its three-month and six-month Islamic Commercial Papers (ICP) 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 enterprises' loans which qualify 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 RM145 million 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.
