



Kameel Abdul Halim President/Chief Executive Officer of Cagamas. Image courtesy: Cagamas

ISLAMIC FINANCE

Cagamas strengthens sustainability commitment with new sustainability financing offerings

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

Press Release

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Kuala Lumpur – Cagamas Berhad (“Cagamas” or “the Company”), the National Mortgage Corporation of Malaysia, has concluded its first RM50 million 3-month Social Repurchase Agreement (“Social Repo”) with a local financial institution and the issuance of a RM100 million 2-year ASEAN Sustainability Bond and RM290 million of its 3-month and 6-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 Medium Enterprises (“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 RM145 million each for the 3-month and 6-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.

Commenting on these latest developments, President/Chief Executive Officer of Cagamas, Kameel Abdul Halim said, “These transactions underscore our on-going efforts to foster a sustainable and inclusive financial ecosystem. 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,” he further adds.

To date, the Company has raised RM10 billion 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.

About Cagamas

Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia, was established in 1986 to promote the broader spread of home ownership and growth of the secondary mortgage market in Malaysia. It issues bonds and sukuk to finance the purchase of housing loans from financial institutions and non-financial institutions. The provision of liquidity to financial institutions at a reasonable cost to the primary lenders of housing loans encourages further expansion of financing for houses at an affordable cost.

The Cagamas model is well regarded by the World Bank as the most successful secondary mortgage liquidity facility. 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 incorporation in 1986, Cagamas Group has cumulatively issued circa RM433.8 billion worth of corporate bonds and Sukuk.

Cagamas’ bonds and sukuk continue to be assigned the highest ratings of AAA/Stable/P1 by RAM Rating Services Berhad and AAA/MARC-1 and AAAIS/MARC-1IS by Malaysian Rating Corporation Berhad, denoting its strong credit quality. Cagamas is also well regarded internationally and has been assigned local and foreign currency long-term issuer ratings of A3 by Moody’s Investors Service Inc. that are in line with Malaysian sovereign ratings.