

CAGAMAS MAINTAINS ACTIVE ROLE IN FACILITATING INTERMEDIATION IN MALYSIAN FINANCIAL SECTOR



(Standing from left to right: Datuk Chung Chee Leong- President/ Chief Executive Officer of Cagamas Berhad and Dato' Bakarudin bin Ishak, Chairman of Cagamas Holdings Berhad)

Kuala Lumpur, 30 April 2021 – Cagamas Holdings Berhad (the Group) via its wholly owned subsidiary Cagamas Berhad (Cagamas/ the Company) continued to be an effective intermediary to financial institutions by providing channels to access liquidity and manage risk. In a statement released after the Group’s Fourteenth Annual General Meeting, Chairman Dato’ Bakarudin Ishak said, “The Company’s asset purchase at RM7.0 billion under the Purchase With Recourse (PWR) scheme, increased by 40% from the preceding year, while a growth of 15% in bond/ sukuk issuances worth RM11.7 billion was recorded.”

There were 22 issuance exercises comprising RM8.6 billion (74%), raised via conventional bond issuances and RM3.1 billion (26%), raised via sukuk. Cagamas through its subsidiary, Cagamas Global P.L.C., was also the only Malaysian corporate issuer to successfully issue a SGD130 million 1-year Singapore Dollar denominated Fixed Rate Note in 2020.

“The ability for Cagamas to maintain its total debt issuances beyond the RM10 billion mark for the fourth consecutive year demonstrates its consistent ability to raise competitive funding even as Malaysia’s corporate issuances experienced a steep decline,” he further added.

Dato’ Bakarudin added that the Group continued to widen its investor base and support industry-led sustainability initiatives through Cagamas’ maiden issuances of RM100 million ASEAN Sustainability SRI Sukuk for affordable housing and RM100 million ASEAN Sustainability Bonds for the Small and Medium Enterprises sector.

For the financial year ended 31 December 2020, the Group, which includes Cagamas, Cagamas MBS Berhad (“CMBS”) and Cagamas SRP Berhad (“CSR”), reported a pre-tax profit of RM512.2 million compared with RM534.2 million in 2019. The Group remained strongly capitalised with its Total Capital Ratio standing at 59.1% (2019: 44.1%). For the financial year, the Group’s Board of Directors declared a total dividend amounting to 20 sen per share to the shareholders.

CSRP, established to support the national agenda for homeownership through the Skim Rumah Pertamaku (“SRP”) and Skim Perumahan Belia (“SPB”), extended SRP’s outreach in 2020 to eligible homebuyers through digital distribution channels with the launch of Digital SRP. Up to December 2020, cumulative loans/ financing approved under SRP and SPB increased by 57% from 2019, with 18,787 approved new loans/financing worth RM4.2 billion, helping approximately 52,000 Malaysians own their first home, of which 87% were from the B40 group.

On the outlook for 2021, Dato’ Bakarudin said, “Building on its consistent track record of strong capitalisation and resilient asset quality, the Group will continue to explore new areas of growth in tandem with market demands by providing a suite of liquidity and capital management solutions to financial institutions.”

Cagamas aims to enhance its product portfolios in line with the Government’s social and sustainability agenda, including innovative home financing schemes for different segments of the population, particularly those in the gig economy.

The Company is also progressing towards operational readiness in its effort to introduce a reverse mortgage product to Malaysian retirees. The product will address income insecurity for seniors, by enabling them to tap into the unutilised equity of their residential properties, while continuing to live in their homes, thereby providing a more comfortable retirement.

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About Cagamas Holdings Berhad

Incorporated in 2007, Cagamas Holdings Berhad is the holding company of Cagamas Berhad, Cagamas MBS Berhad, Cagamas SME Berhad, BNM Sukuk Berhad, Cagamas SRP Berhad and Cagamas MGP Berhad.

Its wholly owned subsidiary, Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia, was established in 1986 to promote homeownership and contribute towards nation development. It contributes towards the growth of the capital markets, Islamic finance and other priority sectors through the issuance of innovative instruments. 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. Cagamas MBS Berhad (CMBS) is a special purpose vehicle set up to facilitate asset-backed securitisation transactions while Cagamas SRP Berhad provides mortgage guarantees to primary lenders.

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 till end 2020, the Group has cumulatively issued RM349.7 billion of conventional bonds and sukuk including RM10.4 billion Ringgit equivalent foreign currency issuances and RM10.2 billion Residential Mortgage Backed Securities.

Cagamas corporate bonds and sukuk continue to be assigned the highest ratings of AAA/Stable/P1 by RAM Rating Services Berhad (RAM), and AAA/MARC-1 and AAAS/MARC-1_{IS} by Malaysian Rating Corporation Berhad (MARC), 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 that are in line with Malaysian sovereign ratings. Similarly, issuances by CMBS continue to be rated AAA/Stable by RAM and MARC respectively, reflecting the superior quality of the underlying assets.

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