

# CAGAMAS IN THE NEWS

## Nilai terbitan Cagamas tertinggi pada Ogos



Cagamas Bhd mengumumkan pemuktamadan gabungan terbitan bernilai RM665 juta yang terdiri daripada Kertas Komersial Konvensional (CCP) bertempon tiga bulan bernilai RM300 juta dan Kertas Komersial Islam (CPI) tiga bulan bernilai RM365 juta.

Perbedaan pada nilai negara itu berkaca, hasil terbitan berkenaan akan digunakan untuk membiayai pembelian pinjaman perumahan dan pembiayaan rumah patuh Syariah daripada sistem kewangan domestik.

"Kami gembira dengan kejayaan pemuktamadan CCP dan CPI ini memant-

apkan dalam masing-masing adalah terbitan keempat dan kelima bagi Ogos. "Ini menjadikan jumlah nilai terbitan bagi bulan ini sahaja adalah sebanyak RM1.8 bilion, yang juga paling tinggi bagi 2019 setakat ini," kata Presiden dan Ketua Pegawai Eksekutifnya, Datuk Chung Chee Leong dalam satu kenyataan.

Pemuktamadan ini menjadikan terbitan syarikat setakat ini bagi 2019 adalah bernilai sebanyak RM5.6 bilion.

Walapun wujud ketidaktentuan antara dua terbitan, namun kadar pengembalian global seperti diiktirafkan menurut be-



Chung Chee Leong

rapa pelonggaran dasar monetari di rantau ini, namun kertas konvensional dan kertas komersial Islam itu memperoleh harga kompetitif yang dirujukan pada 15 mata asas di bawah Kadar Tawaran Antara Bank Kuala Lumpur tiga bulan.

"Terbitan itu akan dilagukan sepenuhnya oleh institusi kewangan yang terus mencari aset pelaburan gred tinggi jangka pendek pada peringkat domestik," katanya.

BERNAMA

## Cagamas, KHFC ink MoU to promote home ownership

KUALA LUMPUR: National mortgage corporation Cagamas Bhd and Korea Housing Finance Corp (KHFC) have signed a memorandum of understanding (MoU) to jointly explore housing financing methods to promote local, as well as South Korean home ownership.

Cagamas president and chief executive officer Datuk Chung Chee Leong said the initiative aims to enhance the strategic cooperation between Malaysia and South Korea, including research and knowledge sharing related to housing finance.

"This initiative is in line with both institutions' mandate to develop the secondary mortgage finance market. "It will enable the wealth of domestic experience in housing finance, mortgage and financial instruments to be mutually exchanged between both countries," he said in a statement after the signing of the MoU at the Constructing and Financing Affordable Housing Across Asia Conference here yesterday.

Chung said the MoU is expected to enhance the stability of housing and mortgage markets, mortgage-backed securities (MBS), as well as other funding instruments to



HOUSING and Local Government Minister Zuraida Kamaruddin (standing, centre) and the chairman and chief executive officer of Korea Housing Finance Corporation, Jung Hwan Lee (front, second right), Photo: Bernama

leverage private capital to the housing market. "This MoU also aims to identify and attract private and public capital investment," he said.

Cagamas is Malaysia's second largest issuer of debt instruments after the government-owned corporation that facilitates the long-term, stable supply of housing funds and other related instruments which promote national welfare and develops the South Korean economy. -Bernama

## Cagamas issues debt securities worth RM1.1bil

PETALING JAYA: Cagamas Bhd has issued RM1.1bil worth of debt securities to fund the purchase of mortgage loans and Islamic house financing from the financial system. The national mortgage corporation said the issuances comprised RM300mil three-year conventional medium-term notes (CMTNs), RM300mil three-year Islamic medium-term notes (IMTNs) and RM500mil three-month conventional commercial papers (CCPs).

Cagamas president and chief executive officer Datuk Chung Chee Leong said the conclusion of the company's 24th and 25th issuance exercises for this year would bring the total issuances for year-to-date to RM9.04bil, comprising RM1.04bil conventional bonds and RM3bil sukuk.

"The company's CMTNs and IMTNs were competitively priced at final coupon/yield rate of 3.38% with 25 to 33 basis points (bps) over Malaysian Government Securities (MGS) and Government-Backed Securities (GBS) issues and five bps above government-guaranteed bonds and sukuk of equivalent tenure," Chung said in a statement.

"Riding on the strong demand for Cagamas papers, the company has also successfully priced RM500mil three-month CCPs at a competitive pricing level of the corresponding three-month KLIBOR benchmark rate or equivalent to 3.35% on pricing date," he added. Cagamas said the new debt papers, which would be redeemed at their full nominal value upon maturity, were unsecured obligations of the company, ranking pari passu among themselves and with all other existing unsecured obligations of the company.

## Cagamas concludes pricing of RM300 mln conventional commercial papers

KUALA LUMPUR: Cagamas Bhd, the national mortgage corporation, has announced the issuance of its three-month Conventional Commercial Papers (CCPs) amounting to RM300 million. Cagamas said the CCPs would be issued from the company's existing RM2.9 billion Commercial Paper Islamic Commercial Paper programme, where proceeds from the issuance would be used to fund the purchase of mortgage loans from the financial system.

President and chief executive officer Datuk Chung Chee Leong

said the CCPs represented the company's fourth issuance for the year, which brought the total issuance to RM1.0 billion year-to-date.

"As the onshore market continues to see sustained demand for local currency bonds across tenures, opportunities for the company to source competitive funding which enables the purchase of more housing loans," he said.

Chung said the CCPs were concluded via private placement and priced competitively at a spread of 38 basis points above

Malaysian Treasury Bills.

"The pricing of the CCPs matches the corresponding three-month onshore benchmark Kuala Lumpur Interbank Offered Rate, which was last referenced at 3.69 per cent," he added.

According to Cagamas, the papers, which would be redeemed at their full nominal value upon maturity, were unsecured obligations of the company, ranking pari passu among themselves and with all other existing unsecured obligations of the company. -Bernama

## Cagamas plans shared equity home ownership scheme

'It could see the mortgage agency guaranteeing up to 100% of housing price, to the ministry'

STORIES BY ANJANA CHANDRAN SHANKAR & TAN XUE YING

KUALA LUMPUR: The National Mortgage Corporation of Malaysia (Cagamas Bhd) is currently working on a shared equity home ownership programme, where proceeds from the issuance would be used to fund the purchase of mortgage loans from the financial system. President and chief executive officer Datuk Chung Chee Leong said the scheme would see the mortgage agency guaranteeing up to 100% of the housing price, to the ministry. "It is a very interesting scheme where they (Cagamas) will be able to provide the 20% deposit from the buyers' side, while the 80% normally comes from the bank," Zuraida explained.

When questioned on how long the scheme would take to develop, Cagamas president and chief executive officer Datuk Chung Chee Leong said there are issues that Cagamas needs to iron out. "There are issues that we need to address... because we need to be able to generate a product that can provide returns to investors," he said, adding that he hoped a blueprint can be produced by year-end.

Zuraida and Chung were speaking on the sidelines of the "Constructing and Financing Affordable Housing Across Asia" Conference jointly organised by Cagamas and the World Bank Group here yesterday.

During a panel session, Chung



noted that green bonds are the way forward to attract new types of investments or investors, but their definition must be provided, especially in the standardisation of classifications on whether the loan was "green" or otherwise. "The first building block is to define what green housing loan is," he said, adding that the definition for green loans would spell out areas such as whether the building should show improvements in either water or energy consumption.

For example, Chung said, if a secondary mortgage corporation were to be set up, it could benefit from

the support of the central bank and government. "But I guess the other point really is the prudent risk management standards that Cagamas itself applied so it can be perceived by the market, rating agencies and other investors as a safe model they can invest in," he said.

On the subject of preferential treatment to social bonds and social responsible investments (SRIs), the World Bank senior adviser (finance, competitiveness and innovation) Luk Chikater said that was part of the factors that support new players in housing sectors who have yet to

access capital markets for funding. As for government intervention in the affordable housing sector and in setting up structures, such as real estate investment trusts, RUM Housing Malaysia structured finance ratings head Siew Suet Ming said intervention could be helpful in the initial stage, likened to paying "tuition fees" at the start of a college education. "First it gives (investors) a first of confidence, then (later) be able to build a sustainable pipeline," she said, adding that intervention would add certainty in the housing market.



Cagamas Bhd president and chief executive officer (CEO) Datuk Chung Chee Leong (third from right) exchanging documents with Korean Housing Finance Corp CEO Lee Junghwan at the 'Constructing and Financing Affordable Housing Across Asia' conference yesterday, witnessed by Housing and Local Government Minister Zuraida Kamaruddin (second from right). With them are (from left) Cagamas senior president (business and product development) Aziz Ali, Cagamas chairman Saharudin Isahak and Bank Negara Malaysia deputy governor Abdul Raheem Chafour. Pic by ROSLA ISMAIL.

CONSTRUCTING AND FINANCING AFFORDABLE HOUSING ACROSS ASIA CONFERENCE

## 'GAME CHANGER' FOR PROPERTY SECTOR'

Having big data system will enable govt to make projections for future housing needs, says minister

LIDIANA ROSLI  
KUALA LUMPUR  
li@mediaprima.com.my

A BIG data system is needed to solve the property overhang issue in Malaysia, said Housing and Local Government Minister Zuraida Kamaruddin, adding that such a system will be a "game changer" for the local property industry.

"She said the lack of a big data system had hindered the government's bid to understand the housing needs of the people."

"Rest assured that we are working on establishing the big data system as outlined in the National Housing Policy 2.0," she said at the "Constructing and Financing Affordable Housing Across Asia" conference here, yesterday.

"Once we have this system up and running, we can consolidate

the data to see where we are now and this will allow us to make projections for future housing needs in terms of property type, price and location. This will also be helpful in solving the property overhang issues."

Data from the Valuation and Property Services Department show as of September last year, there were 30,115 unsold residential units worth RM19.5 billion nationwide.

Zuraida said the government was in discussion with several international agencies to invest in the local housing market. She said, however, these agencies would be participating as financiers to the finished products instead of being developers.

"We are currently in discussions with entities from China, South Korea and the Middle East, with Cagamas Bhd as a conduit and administrator to the deal."

"These entities will be able to provide financing schemes to potential buyers at the completion of a project, which runs between three and five years," she said, adding that she was keen to secure several memoranda of understanding (MoUs) by year-end. "Even if we secure a deal with these entities this year, it will not be until three to five years till these entities can come up with financing schemes as they need to wait for the completion of the project."

Meanwhile, Zuraida said she would most likely accompany Prime Minister Tun Dr Mahathir Mohamad to the Belt and Road Forum in Beijing at the end of this month.

"I am looking forward to go to the forum and hopefully will be able to identify three to four agencies to sign MoUs with us there," she said.



The National Mortgage Corporation of Malaysia, or Cagamas Bhd, has announced the aggregate issuance of its RM395 million conventional debt instruments, comprising RM195 million one-year Conventional Medium Term Notes (CMTNs) and RM300 million three-month Conventional Commercial Papers (CCPs). - Bernama photo

## Improved market sentiments kickstart Cagamas' issuances for 2019

KUALA LUMPUR: The National Mortgage Corporation of Malaysia, or Cagamas Bhd, has announced the aggregate issuance of its RM395 million conventional debt instruments, comprising RM195 million one-year Conventional Medium Term Notes (CMTNs) and RM300 million three-month Conventional Commercial Papers (CCPs).

Proceeds from the issuances will be used to fund the purchase of mortgage loans from the financial system. "The start of the 2019 financial year saw better investor sentiment on the back of growing optimism in trade talks between China and the United States."

"The strengthening of the ringgit and the release of dovish hints by the Federal Open Market Committee also contributed to improved momentum in the local bond market."

"These positive sentiments in the market had allowed the company to price its papers at competitive yield," Cagamas

president and chief executive officer Datuk Chung Chee Leong said in a statement.

Chung said these year CMTNs were competitively priced at 3.90 per cent level, 10 basis points (bps) below its previous level in December 2018.

The CMTNs also marked the country's first AAA issuance in 2019.

"The three-month CCPs received overwhelming interest and were competitively priced on par against the onshore benchmark three-month KLIBOR rate which currently stands at 3.69 per cent. "It was last priced at 3.77 per cent on Dec 14, 2018," Chung said.

The papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking pari passu among themselves and with all other existing unsecured obligations of the company.

"They will be listed and tradable under the Scripless Securities Trading System. - Bernama



## CAGAMAS IN THE NEWS (CONTINUED)

### Cagamas wraps up 2019 with bonds and sukuk issuance over RM10b

The issuance comprises of 3 Islamic and conventional debt papers namely ICPs, CCPs and 1MTNs

by PRIYA VASU

CAGAMAS Bhd, the National Mortgage Corp of Malaysia issued RM10.2 billion worth of aggregate bonds and sukuk this year.

The issuance comprised of three Islamic and conventional debt papers — RM600 million Islamic Commercial Papers (ICPs), RM200 million Conventional Commercial Papers (CCPs), and RM400 million Islamic medium-term notes (IMTNs).

The proceeds from ICPs, CCPs and IMTNs issuances will be used to fund the purchases of mortgage loans and Islamic house financing from the domestic financial system.

"The issuance exercise which brings the aggregate issuances for the year to RM10.2 billion, marking the company's third consecutive year surpassing RM10 billion worth of issuances," said Cagamas presi-



The issuance exercise which brings the aggregate issuances for the year to RM10.2b, marking the company's 3rd consecutive year surpassing RM10b worth of issuances, says Chung

dent and CEO Datuk Chung Chee Leong said.

The six-month CCPs/ICPs was

competitively priced at 3.25%, 20 basis points (bps) above six-month Malaysia Treasury Bills and 17bps

above the Malaysian Islamic Treasury Bills.

The one-year IMTNs was com-

petitively priced at 3.29%, 26bps above the corresponding Malaysia Government Investment Issue.

"It has been an eventful year for both domestic and global markets. The company remains optimistic as it continues to fulfil its mandate as a financial intermediary between the capital market and the Malaysian housing sector," he said.

The papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of the company, ranking pari passu among themselves and with other existing unsecured obligations of the company.

They will be listed and tradable under the Scripless Securities Trading System.

According to Malaysia Rating Corp Bhd, Malaysia's sukuk market remains the biggest in East Asia, where 61% of the total local currency bonds outstanding comprises of sukuk. The outstanding amount of Malaysia's local currency bonds totalled RM1.49 trillion at the end of October 2019, a 71% year-on-year growth.

### Cagamas issues RM350m worth of CCPs

by S BIRRUNTHA

NATIONAL mortgage corporation Cagamas Bhd has announced the issuance of its three-month conventional commercial papers (CCPs) amounting to RM350 million.

In a statement, Cagamas said proceeds from the issuance will be used to fund the purchase of mortgages from the financial system.

The company also stated that the CCP, which represents the company's fifth issuance for the year, will be issued from its existing RM20 billion conventional and Islamic commercial paper programme.

Cagamas CEO Datuk Chung Chee Leong said with the current risk-off sentiment arising from continued global geopolitical uncertainty and increased expectations of a cut in the US Federal Reserve funds rate, the issuance was strategically concluded via private placement.

"It achieved a competitive pricing of three basis points below the corresponding benchmark three-month KLIBOR (Kuala Lumpur Interbank Offered Rate).

"We are pleased to see that the company's short-term issuances continue to be highly sought after as demand for local currency fixed income instruments remains robust within the domestic capital market," he added.

Chung said the conclusion of this issuance brings the company's total year-to-date issuance to RM2.8 billion.

According to Cagamas, the papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of the company.

#### 8 HOME BUSINESS

Integrated property database key to address market concerns

### Integrated property database key to address market concerns

This will serve as a launch pad for future policy direction — experts

STORIES BY TAN XUE YING

6 ARJUNA CHANDRAN SHANKAR

KUALA LUMPUR: Malaysia will need an integrated property database that could serve as a launch pad for future policy direction and actions by both the government and private sector players.

This was suggested by experts at the inaugural "Constructing and Financing Affordable Housing across Asia Conference" on Affordable Housing, jointly hosted by Cagamas Bhd and the World Bank Group here, yesterday.

Speaking during a panel session, Cagamas president and chief executive officer Datuk Chung Chee Leong said while there has been clear success in the promotion of home ownership, as observed in the rate of Malaysian home ownership at over 70%, there is a prevailing issue of a supply and demand mismatch.

He also lamented the increase in housing prices, which have grown at a faster pace than the growth of income levels of individuals or households.

"It is the lack of big data that facilitated this mismatch of supply and demand. But another issue that should be debated is whether the Millennials are really looking to own houses. There is a real need to understand the needs, especially among millennials who are going to enter the market as purchasers," said Chung.

World Bank senior adviser of finance, competitiveness, and innovations Lok Chikar stressed that an inclusive property market database will work in the government's favour.

"If the government can have a fully integrated vision of the housing market with real solid data, this data could be the base of many further actions," he explained.

Chikar added that the development of the Malaysian rental



From left: Harrison, Chikar, Chung, Gwiner, and World Bank finance expert Simon Wallat at the closing session of the conference yesterday. Photos by Mohd Yusoff Mohd Yusoff

market is another area the World Bank could look into discussing with the government.

He also stressed that the rental market should not be confused with rent-to-own (RTO) schemes.

RTO schemes, he said, are "one very powerful and potential vehicle for home ownership."

"It is a different ball game for the rental market. We need, as the minister has said, a solid tenancy act, and maybe some packages — call [them] subsidies or incentives — for both landlords and tenants, [together with] tax treatments, and long-term finance," said Chikar.

"What we really believe in is the use of big data to help leapfrog the way of aggregating data, and how we can turn that data into something that is helpful for the government," said World Bank senior housing specialist Duo Harrison.

In addition, more efforts could

be made to integrate existing home ownership subsidy programmes, which Harrison sees as a complex supply-side issue.

She also cautioned that measures taken should be able to strike a balance in ensuring private developers are not crowded out of the market.

Nevertheless, Malaysia remains a sophisticated market with plenty of opportunities, according to International Finance Corp principal operations officer of housing finance William Britt Gwiner.

"There are a lot of elements in Malaysia — institutional investors, professional property builders, professional property managers — that we can work with here, more than in a lot of other markets that we've looked at."

"The RTO scheme is something we could take a look at supporting alongside Cagamas, depending on

the needs and structure," he added.

The RTO scheme is said to have garnered foreign agencies' interest, according to Housing and Local Government Minister Zuraida Kamaruddin on Tuesday.

She said Cagamas can act as a conduit for investors by undertaking administration and distribution roles of funds parked under the institution.

While Chung said Cagamas has yet to discuss with any parties on the matter, he agreed that the institution could be the best body to act as an intermediary — other than government agencies — as it is the country's largest issuer of corporate debts and has issued bonds in foreign currencies.

Cagamas, also known as the National Mortgage Corp of Malaysia, has cumulatively issued RM323 billion worth of bonds and sukuk.

### Cagamas' debt paper issuance of RM1.8b in August highest this year

BY ARJUNA CHANDRAN SHANKAR

KUALA LUMPUR: Cagamas Bhd said its issuance of debt papers for August totalled RM1.8 billion, the highest this year.

The national mortgage company said these include its most recent issuance of RM300 million three-month conventional commercial papers (CCPs) and RM305 million three-month Islamic commercial papers (ICPs).

Proceeds from the issuances will be used to fund the purchase of housing loans and Islamic home financing from the domestic financial system, it said in a statement yesterday.

"We are pleased with the successful conclusion of both the CCPs

and ICPs as it represents the company's fourth and fifth issuances respectively for the month of August," said Cagamas president and chief executive officer Datuk Chung Chee Leong. The company said that despite uncertainty stemming from global growth rate forecasts, evidenced by regional monetary policy easing, both the ICPs and CCPs secured competitive pricing at 15 basis points below the three-month onshore Kuala Lumpur Interbank Offered Rate.

"The issuances were fully subscribed by financial institutions which continue to seek short-term high-grade investment assets domestically," added Chung.

August's issuances brought Cagamas' total year-to-date issuances to RM5.6 billion.

### Cagamas issues RM1.2b bonds, sukuk

KUALA LUMPUR: National mortgage corporation Cagamas Bhd has announced the combined issuance of RM1.2 billion bonds and sukuk, comprising RM600 million Islamic Commercial Papers (ICPs), RM200 million Conventional Commercial Papers (CCPs) and RM400 million Islamic Medium-Term Notes (IMTNs).

President and chief executive officer Datuk Chung Chee Leong said yesterday the proceeds from the combined issuance would be used to fund the purchases of mortgage loans and Islamic home financing from the domestic financial system.

"We are pleased to conclude the year with yet another successful issuance representing the company's 26th issuance exercise which brings the aggregate issuances for the year to RM10.2 billion, marking the company's third consecutive year surpassing RM10 billion worth of issuances," he said in a statement.

The six-month CCPs/ICPs are competitively priced at 3.25%, 20 basis points (bps) above six-month Malaysian Treasury Bills and 17bps above the Malaysian Islamic Treasury Bills, while the one-year IMTNs are competitively priced at 3.29%, 26bps

above the corresponding Malaysian Government Investment Issue.

"The company remains optimistic as it continues to fulfil its mandate as a financial intermediary between the capital market and the Malaysian housing sector," Chung said.

The papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of the company, ranking pari passu among themselves and with all other existing unsecured obligations of the company.

They will be listed and tradable under the Scripless Securities Trading System. — Bernama