

Cagamas announces first RM1b dual tranche sukuk reopening

BY ADELA MEGAN WILLY

KUALA LUMPUR: National mortgage corporation Cagamas Bhd has initiated the company's and Malaysia's first dual tranche sukuk reopening, involving RM1 billion of Cagamas Islamic medium term notes over a three-year period.

In a statement yesterday, Cagamas said proceeds from the issuance — its 14th for the year — will be used to fund the purchase of Islamic house financing from the financial system.

The new issuance will bring Cag-

amas' aggregate issuance for the year to RM8.5 billion.

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.

Despite being only a half-day offering, the order book received overwhelming response, said Cagamas, which allowed the company to successfully tighten the yield to 3.98% and upsize the issuance from an initial size of RM800 million to RM1 billion.

"This demonstrated the strength and resilience of the domestic market. The final yield was priced competitively at a spread of 50 basis points over the three-year Government Investment Issue (GII)," said Cagamas' chief executive officer Datuk Chung Chee Leong.

He also said that as at Sept 8, Cagamas' secondary trading volume stood at over RM5 billion, as subscription from foreign-based investors, which represented 6% of the total issue size, indicated continued confidence in the company amidst a volatile market backdrop.