



## **CAGAMAS LAUNCHES INNOVATIVE SUKUK PROGRAMMES IN COLLABORATION WITH AL RAJHI**

**KUALA LUMPUR, 13 July 2010** - Cagamas Berhad (Cagamas), the National Mortgage Corporation and leading securitisation house, today launched the innovative Sukuk or Islamic debt securities, Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm), under its RM5 billion Islamic Commercial Paper (ICP) and Islamic Medium Term Note (IMTN) Programmes, in a ceremony witnessed by the Deputy Finance Minister II, Senator Datuk Dr Awang Adek Hussin.

The ICP and IMTN Programmes have a tenure of seven (7) years and thirty (30) years respectively and a combined aggregate limit of RM5 billion. The Sukuk Programmes have been rated "AAA" or equivalent by Malaysian Rating Corporation Bhd and RAM Rating Services Bhd. Sukuk ALIm will widen investment options available to the Islamic financial institutions and investors.

Speaking at the Sukuk ALIm launch ceremony, Cagamas President and Chief Executive Officer, Mr Steven Choy said, "Sukuk ALIm marks an important milestone for Cagamas as it is not only widely accepted and tradable in the secondary market but also meets the most discerning investors' Shariah requirements. This reaffirms Cagamas' commitment to contribute towards the development of the Malaysian capital market and to make Malaysia a premier global Islamic financial centre. We are confident that the innovative Sukuk ALIm, jointly developed with Al Rajhi Bank Malaysia, will further set a new benchmark in Malaysia's Sukuk industry."

Al Rajhi Bank Malaysia (Al Rajhi) together with RHB Investment Bank (RHB), have been appointed as Joint Principal Advisers and Joint Lead Arrangers for the Sukuk Programmes. Al Rajhi and Amanie Business Solutions Sdn Bhd are the Shari'ah Advisers. The Joint Lead Managers (JLM) are Al Rajhi, RHB and The Royal Bank of Scotland (RBS).

“We have been working closely with Cagamas on this Sukuk for more than a year. Sukuk ALIm, is tradable in the secondary market and since preclude certain principles which may be contentious to Shari’ah, is expected to meet the requirements of a wider range of investors,” said Chief Executive Officer of Al Rajhi, Ahmed Rehman at the launch of the Sukuk ALIm in Kuala Lumpur today.

The Sukuk ALIm structure is envisaged to comply with the Shari’ah standards of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), a self-regulatory standard-setting body that issues accounting, auditing, governance, ethics and Shari’ah standards for Islamic financial institutions.

Whilst there had been an emergence of more diversified Sukuk such as mixed asset Sukuk or Sukuk istithmar, this new Sukuk ALIm structure is a type of Sukuk Istithmar but precludes the principles of Inah (sale and buyback), Bai’ Dayn (trading of debt) and Wa’ad (undertaking). The term Sukuk ALIm could set the benchmark for future Sukuk issuances, particularly those targeting the Middle East markets.

At the launch of the Sukuk ALIm Programmes, Al Rajhi, RHB and RBS inked the agreement with Cagamas for the Sukuk issuance under the RM5 billion ICP and IMTN Programmes, witnessed by Senator Datuk Dr Awang Adek Hussin (Deputy Finance Minister), Dato’ Muhammad Ibrahim (Deputy Governor, Bank Negara Malaysia and Director, BNM Sukuk Berhad) and Dato’ Abdullah Mat Noh (Chairman of RHB). Mr Steven Choy signed the agreement on behalf of Cagamas while Al Rajhi, RHB and RBS were represented by Mr Ahmed Rehman, Mr Chay Wai Leong (Managing Director) and Mr Andrew Sill (Malaysia Country Executive/ Managing Director) respectively.

Commenting on the launch of the Sukuk ALIm, Mr Chay Wai Leong, Managing Director of RHB, said, “RHB is proud to partner Al Rajhi in this innovative programme for Cagamas. We hope that this is the beginning of a long-standing relationship of working together with both Al Rajhi and Cagamas in landmark Sukuk programmes that will enhance the landscape of Islamic private debt issuances in Malaysia.”

RBS’ Andrew Sill said, “The innovativeness of the Islamic structure combined with the pedigree of Cagamas as a preeminent Malaysian issuer makes this transaction truly unique. RBS is extremely proud to be part of such a prestigious transaction and we’re confident that investors will find this asset very attractive”.



## **About Cagamas Berhad**

Cagamas Berhad (Cagamas), the National Mortgage Corporation and leading securitisation house, was established in 1986 to promote the secondary mortgage market in Malaysia. Cagamas has, through the years, evolved and diversified its business model from that of a national mortgage corporation seeking to aid Malaysians with affordable housing, to becoming a leader in securitisation. It issues debt securities to finance the purchase of housing loans and other consumer receivables from financial institutions and non-financial institutions. The provision of liquidity at a reasonable cost to the primary lenders of housing loans encourages further financing of houses at an affordable cost.

The Cagamas model is well regarded by the World Bank as a successful secondary mortgage liquidity facility. Cagamas is the leading issuer of AAA debt securities as well as one of the top Sukuk issuers in the world. Since incorporation in 1986, Cagamas has cumulatively issued RM243.56 billion of conventional and Islamic debt securities.

Cagamas' debt securities continue to be assigned the highest ratings of AAA and P1 by RAM Rating Services Berhad and AAA/AAA<sub>ID</sub> and MARC-1/MARC-1<sub>ID</sub> by Malaysian Rating Corporation Berhad, denoting its strong credit quality.

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