

# Cagamas sukuk issuances raise 1.03 billion ringgit

Proceeds will be used to acquire Islamic home financings from domestic banking system

## The Asset

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Cagamas, the National Mortgage Corporation of Malaysia, has raised 1.03 billion ringgit (US\$228 million) via the issuances of three-month Islamic commercial papers (ICPs) amounting to 300 million ringgit and one-year Islamic medium-term notes (IMTNs) totalling 735 million ringgit.

“Cagamas’ fund-raising activities continue to gain momentum with the successful conclusion of the funding exercises in an improved domestic market condition,” says Cagamas president and chief executive officer Chung Chee Leong. “Proceeds raised from the issuances will be used to fund the purchase of Islamic home financings from the domestic financial system, reflecting continued provision of liquidity by the company to the domestic banking system.”

The IMTNs were concluded via a book-building exercise that allowed Cagamas to tighten the pricing by 5bp from an initial price guidance of 3.79% to the final 3.74%, or a 40bp spread against the Malaysian government securities with a final book-to-cover ratio of 1.89x. The issuance attracted subscription from a diversified range of investors including financial institutions, asset managers and insurance companies. The ICPs were privately placed, Chung adds.

The latest deals bring the company’s aggregate issuances for the year to 14.01 billion ringgit. The papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of the company, ranking pari passu with all of its other existing unsecured obligations. They will be listed and tradable under the scripless securities trading system.