

# Cagamas to seek new investors for first non-ringgit sukuk

**KUALA LUMPUR** — Malaysia's Cagamas Bhd will target new investors across the Middle East and Europe for its first foreign currency sukuk this year.

The state-backed mortgage lender set up a US\$2.5 billion (RM9 billion) multi-currency sukuk programme in November, after issuing conventional bonds in yuan, Hong Kong dollars and US dollars that year.

"We would have to look into new markets where we have not interacted with investors yet, for example, the Middle East, the greater part of Europe, Taiwan and Japan," chief executive officer Chung Chee Leong told Re-

uters in an interview.

Foreign investors may be more cautious after Malaysia cut its economic forecast and shrunk its budget for the year, to reflect lower revenues from oil and gas.

"You'll see some investors may choose to do a more stringent credit assessment before they invest in a Cagamas paper," said Chung.

"In our new issuance, we may need to engage with them more. They may have more questions, we'll be happy to answer." The company's fundamentals in terms of its capital position, asset quality and profitability were still strong, he added.

Cagamas is aiming to further diversify its investors and will seek more participation from sovereign wealth funds.

"It's important because it shows that they recognise us as a paper they can invest in. They have a more stringent criteria compared to the funds," said Chung.

Cagamas provides liquidity to primary lenders of housing loans to promote home ownership, by issuing bonds and sukuk to make those purchases.

It is Malaysia's second-largest issuer of debt instruments behind the government. The country's central bank, CIMB Group

Holdings Bhd and RHB Bank own stakes in the company.

About 52 per cent of its current portfolio is Islamic.

For its foreign currency issuance last year, the company had met investors in Asia and London to create awareness of its business model.

"What they want is diversity. The market was looking for issuers from emerging markets like Malaysia," said Chung.

The company hopes its move into foreign markets can set the price benchmarks for local bond issuers to follow suit. — Reuters