

Cagamas chalks up a first with Singapore sukuk

PETALING JAYA: National mortgage corporation Cagamas Bhd has advanced further into the international sukuk market with its maiden Singapore dollar-denominated sukuk multicurrency medium-term note (EMTN) issuance, under its US\$2.5 billion (RM10.85 billion) multicurrency sukuk programme.



The S\$162.75 million (RM500 million) one-year sukuk is issued through its wholly-owned subsidiary, Cagamas Global Sukuk Bhd, and will be fully and unconditionally guaranteed by Cagamas.

The issuance marks the first sukuk to be denominated in Singapore dollar for 2015 thus far and proceeds from the issuance will be used to fund the purchase of Islamic home financing from the financial system.

“As a frequent issuer, Cagamas continues to monitor the comparative funding cost and distribution advantage in the international market against our domestic bond issues. The company’s debut conventional EMTN issuance in the Singapore dollar bond market in July 2015 has generated greater interest from a number of investors that led to the conclusion of the deal,” Cagamas president and CEO Chung-Chee Leong (pix) said in a statement.

The Islamic principle used for the sukuk is based on “Wakala”.

“We acknowledge the increasingly challenging market environment and, to this end, the company continues to assess market dynamics and identify changes in trends through proactive engagement with investors and market participants” Chung said.

The S\$162.75 million sukuk carries an issue rating of A3 by Moody’s Investor Service and was competitively priced at a spread of 36 bps over the corresponding Singapore’s Swap Offer Rates.

The issuer’s principal activity is to carry on the business of a fundraising vehicle.