

Cagamas reopens 3-year Islamic notes

KUALA LUMPUR: Cagamas Bhd, the national mortgage corporation of Malaysia, has reopened its three-year remaining maturity Islamic medium-term notes (IMTN) amounting to RM500 million.

The latest issuance, fresh from the company's first conventional reopening on Oct 28, represents the first reopening of a sukuk under its RM40 billion medium-term notes programme.

Proceeds from the issuance will be used to fund the purchases of loans from the financial system.

"It has been one of our objectives to reopen the existing tranches to increase trading activity and promote secondary market liquidity of our papers hence our second reopening within a two week time span. The response to our initiative was encouraging as the company managed to raise another RM500 million of three-year tenure from the market despite raising a total of RM2 billion in a single tenure within

the past two weeks," president and CEO Chung Chee Leong said in a statement.

"The reopening issuance was concluded at an absolute yield of 4.19%, 1 bps (basis points) lower than the company's first reopening the previous week. In terms of spread, it was competitively priced at 21 bps over mid-swap rate," added Chung.

With the latest issue, the company's total issuance for the past three weeks jumped to RM2.5 billion, which underscores the credit strength of the company and its ability to raise funds within a short time span.

Consequently, total issuance for the year-to-date increased to RM4.8 billion.

The IMTN, which will be redeemed at their full nominal value on maturity, are unsecured obligations of the company, ranking pari passu among themselves and with all other existing unsecured obligations of the company. They will be listed and tradable under the Scripless Securities Trading System.

