

Cagamas issues largest RM1.5b notes

BY YIMIE YONG

KUALA LUMPUR: National mortgage company Cagamas Bhd is issuing three-year conventional medium term notes (CMTN) to raise RM1.5 billion, which will be used to fund the purchases of loans from the financial system.

"The latest issuance represents the largest ringgit bond issuance ever in a single tenure by the company," its president and chief executive officer Chung Chee Leong said in a statement yesterday.

"The larger issue size is expect-

ed to promote liquidity in the secondary market and contribute positively to the price discovery of other domestic issues while increasing investors' acceptance of Cagamas' debt issuances," he added.

Chung said Cagamas has succeeded in attracting competitive bids particularly from insurance companies, with orders received from this market segment constituting around 20% of the issue size.

The three-year CMTN was successfully priced with a spread of

58 basis points above the corresponding Malaysian Government Securities, he added.

The CMTNs, which will be redeemed at their full nominal value on maturity, are unsecured obligations of Cagamas, 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.

Since 1986, Cagamas has cumulatively issued RM275.9 billion of conventional bonds and sukuk.