

Cagamas issues RM500m notes to fund loan purchases

NATIONAL Mortgage Corp of Malaysia, Cagamas Bhd, has issued RM500 million of conventional medium term notes (CMTN).

The CMTN, which comprises one- and three-year tenures, will be used to fund the purchases of loans from the financial system.

"The orderbook received a bid to cover a ratio of 3.1 times which includes orders from international investors and

priced 54 basis points (bps) above the corresponding Malaysian government securities (MGS), 11 bps tighter than the initial price guidance," said Cagamas president and CEO Chung Chee Leong.

The notes will be redeemed at their full nominal value on maturity and are unsecured obligations of the company, ranking pari passu among themselves and with all other existing unsecured

obligations of the company, Cagamas said in a statement yesterday.

They will be listed and tradeable under the Scripless Securities Trading System to fund the purchases of loans from the financial system.

"The market operating environment is overshadowed by aggressive bidding for liquidity from the financial institutions as implementation of the liquidity coverage ratio

requirement draws closer which caused widening of the credit spread over corresponding MGS," said Chung.

Cagamas was established to promote the broader spread of house ownership and growth of the secondary mortgage market in the country. It issues debt securities to finance the purchase of housing loans from financial institutions and non-financial institutions.

— by TANU PANDEY