

Cagamas concludes combined issuances with value of RM1b

PETALING JAYA: National Mortgage Corporation of Malaysia, Cagamas Bhd announced its combined issuances with a value of RM1 billion, that will be used to fund the purchase of housing loans from the financial system.

According to Cagamas, the issuance comprised RM700 million one-year fixed rate Conventional Medium Term Notes (CMTN), RM200 million three-month Conventional Commercial Papers (CCP) and RM100 million one-year Floating Rate Conventional Medium Term Notes (FRN).

“The RM700 million one-year CMTN issuance was concluded via reopening of an existing bond tranche which marked our first reopening exercise for the year,” said its president and CEO Datuk Chung Chee Leong.

He said that the outstanding bond which has a remaining maturity of one year and an outstanding amount of RM50 million was successfully upsized to RM750 million, post-reopening exercise.

“The conclusion of the deal represents part of our ongoing initiatives and continued commitment in promoting secondary liquidity for its outstanding local currency bonds and sukuk in the domestic market,” he added.

The group revealed that both the CCP and FRN were strategically priced post-Bank Negara Malaysia’s announcement to maintain the Overnight Policy Rate at 3% during its Monetary Policy Committee meeting on July 9, 2019.

Meanwhile, Chung said that the RM200 million three-month CCP was concluded via public offering which recorded a commendable bid-to-cover ratio of 2.6 times and competitively priced at 10 basis points below the corresponding three-month Kuala Lumpur Interbank Offer Rate (KLIBOR).

“In addition, the RM100 million one-year FRN was priced at par with the three-month KLIBOR and represents our first FRN issued for the year,” he said.

Chung said the concluded FRN also marked the first floating rate note issuance within the domestic AAA rated segment and further underscores its ability in diversifying its funding options to a wider pool of investors.

The papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking pari passu among themselves and with all other existing unsecured obligations of the group.