

Cagamas makes debut in Singapore bond market

KUALA LUMPUR: Cagamas Bhd, the national mortgage corporation of Malaysia will issue its inaugural Singapore dollar (SGD) denominated bonds under a US\$2.5 billion (RM9.52 billion) Conventional Multicurrency Medium Term Notes (EMTN) programme.

The SGD denominated paper, with a maturity of 3 years, will be issued through its wholly-owned subsidiary, Cagamas Global P.L.C. and be fully and unconditionally guaranteed by Cagamas.

"The company's investor engagements and reverse enquiry initiatives generated interest from a number of Singapore dollar investors for its papers and led to the conclusion of this deal at attractive pricing," said

president/CEO Chung Chee Leong.

Carrying an issue rating of A3 by Moody's Investor Service, the 3-year SGD issuance was competitively closed at a spread of 50 bps over the corresponding Singapore's Swap Offer Rates.

Domestically, the Cagamas concluded its RM115 million CMTN, which will be issued via its existing RM40 billion Islamic and Conventional Medium Term Notes Programme.

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

"Demand for Cagamas' papers remained strong as evidenced by a commendable bid-to-cover ratio of 4.2 times, despite market participants remaining on the side lines ahead of the

festive break and an announcement of Malaysia's June CPI figure, which rose to 2.5% year-on-year against market consensus of 2.4%.

"The one and three-year CMTN was competitively priced with the spread of 53 basis points and 57 basis points respectively above the corresponding Malaysian Government Securities (MGS)," added Chung.

The CMTN, 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.