

Cagamas prices RM300m IMTNs, the first with floating profit rate

KUALA LUMPUR: Cagamas Bhd has announced the successful pricing of its RM300 million one-year Floating Profit Rate Islamic Medium Term Notes (IMTNs), the proceeds of which would be used to fund the purchase of house financing from the financial system.

President/chief executive officer, Datuk Chung Chee Leong said the successful conclusion of the company's IMTNs represents its ongoing efforts in developing onshore capital markets through the issuance of diversified structures, catering to market needs in the current interest rate environment that contributes positively to the depth and breadth of the domestic sukuk market.

In a statement yesterday, Cagamas said the transaction marked its first IMTNs with



floating rate mechanisms since June 2014, attracting investors by providing potentially higher returns amid rising interest rate environment.

The IMTNs were successfully priced via private placement at the corresponding 3-month Kuala Lumpur Interbank Offered Rate

(KLIBOR) or equivalent to 2.12 per cent based on KLIBOR fixing on the pricing date.

"The new issuance brings the company's aggregate issuances for the year to RM5.6 billion.

"The IMTNs, which will be redeemed at their full nominal

value upon maturity, are unsecured obligations of the company, ranking pari passu with all other existing unsecured obligations of the company," it said.

Cagamas, the National Mortgage Corporation of Malaysia, was established in 1986 to promote the broader spread of homeownership and the growth of the secondary mortgage market in Malaysia.

It issues corporate bonds and sukuk to finance the purchase of housing loans from financial institutions and non-financial institutions.

The provision of liquidity to financial institutions at a reasonable cost to the primary lenders of housing loans encourages the further expansion of financing for houses at an affordable cost.

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