

Cagamas plans inaugural foreign-currency debt of RM521m

MALAYSIA'S state-owned Cagamas Bhd plans to sell as much as one billion yuan (RM521 million) of bonds in its first-ever offering of foreign-currency debt, said a person familiar with the deal.

The company, which buys home loans and repackages them as securities, will probably offer three-year notes, said the person who asked not to be named as the information hasn't been made public. The sale is the first from the Kuala Lumpur-based corporation's

US\$2.5 billion (RM7.98 billion) programme that's rated A3 by Moody's Investors Service, the fourth-lowest investment grade.

Cagamas' issuance of yuan-denominated bonds will be the third from the South-East nation, following in the footsteps of sovereign wealth fund Khazanah Nasional Bhd and mobile phone operator Axiata Group Bhd. Corporate yuan notes with maturities of one to three years have returned 4.4% so far this year, compared to

2.5% for the whole of 2013, according to a Bank of Merrill Lynch index.

Bank of China Ltd, HSBC Holdings plc and Malayan Banking Bhd are the joint arrangers for the Cagamas sale. The company has limited refinancing because the maturity of its assets and borrowings were fairly well-matched at end-2013, according to a Sept 9 statement from Moody's.

Khazanah sold 500 million yuan of three-year Islamic bonds at a coupon of 2.9% in

2011. The notes, which mature next month, yielded 3.27% when last traded on March 12, data compiled by *Bloomberg* show.

Axiata issued one billion yuan of two-year Shariah-compliant securities at 3.75% in 2012 and they were paying 3.72% yesterday, before they come due on Sept 18.

Cagamas has 160 bonds outstanding totalling RM23.2 billion, according to data compiled by *Bloomberg*. — *Bloomberg*