

Cagamas' RM800m Tiger Emas Bond launched

KUALA LUMPUR: Maybank Investment Bank Bhd, Hongkong and Shanghai Banking Corporation Ltd (HSBC) and the Bank of China Ltd (BOC) have successfully launched Cagamas Bhd's inaugural three-year 1.5 billion renminbi (RM800 million) Tiger Emas Bond with a fixed coupon rate of 3.70 per cent per year.

Cagamas' Tiger Emas Bond is a landmark deal for the Malaysian and international bond markets as it is the largest renminbi bond by a Malaysian and Southeast Asian issuer to date.

Maybank IB, HSBC and BOC acted as the joint lead managers and joint bookrunners for this issuance.

Maybank IB said the bonds were issued through Cagamas' newly established US\$2.5 billion (RM8.2 billion) conventional multi-currency medium-term note programme, which gives Cagamas the ability to issue bonds under a host of international currencies.

It said the bond is the largest renminbi bond in Southeast Asia to date, the first renminbi bond from Malaysia in conventional format and the first renminbi bond in the world by a mortgage corporation.

Cagamas also broke new grounds by being the first non-ringgit denominated bond issuance to be settled by using Bank Negara Malaysia's real-time electronic transfer of funds and securities system operated and managed by Malaysian Electronic Clearing Corp Sdn Bhd.

"With Cagamas' Tiger Emas Bond, Maybank Investment Bank is proud to have brought another Malaysian name to the international debt markets. By staying client-focused and solutions-driven, we are committed to deliver the best outcome for our clients and contribute towards the development of debt capital market," said Maybank Kim Eng Group and Maybank IB chief executive officer John Chong in a statement issued yesterday.

The Tiger Emas Bond, which was issued through its unit, Cagamas Global Plc, carries an issue rating of "A3" (positive) by Moody's, similar to the programme's ratings of "A3" and "gA2(s)" by Moody's and RAM Rating Services, respectively, and on par with Malaysia's sovereign rating.

The statement added that the overwhelming response allowed Cagamas to upsize its issuance size to 1.5 billion renminbi and price the bonds at a re-offer yield of 3.70 per cent, significantly tighter than the initial price guidance and achieving what is considered to be a tight pricing for a debut issuance.