

Cagamas' debut US\$ bond oversubscribed

KUALA LUMPUR: National mortgage corp Cagamas Bhd, through subsidiary Cagamas Global PLC, has priced its inaugural benchmark US\$500 million (RM1.72 billion) senior unsecured notes at 115 basis points (bps) over the five-year US Treasury bonds.

The company's first US dollar issuance drew a strong order book of more than US\$2.4 billion, a bid-to-cover ratio of close to five times.

The note was issued through the company's newly established US\$2.5 billion conventional multicurrency medium-term note programme, which gives Cagamas Global the ability to issue bonds under a host of international currencies. Proceeds from the issuance, which has a five-year maturity, will be used for working capital and general corporate purposes.

"Our maiden USD issuance will clearly establish Cagamas' position in the international bond market as a new USD benchmark for Malaysian issuers and significantly increases opportunities for other Malaysian issuers to tap liquidity in the offshore market," said Cagamas president and CEO Chung Chee Leong.

Participation was widely

distributed with 65% from Asia, 20% from Europe and the remaining 15% from Offshore USA, garnering interest from Bahrain, the UAE, Qatar, Luxembourg, Germany, Monaco and the Netherlands. Upon allocation, the total order book was made up of fund managers (63%), banks (21%), sovereign (9%), insurance companies (5%) and private banks (2%).

"Strong interest from diverse market segments, which included top global money managers and sovereign wealth funds across regions, underscore the international investors' confidence in Malaysian corporate investment grade issues that offer strong value proposition for international investors to achieve greater diversification in their credit portfolio," Chung said.

CIMB, HSBC, RHB and Standard Chartered Bank acted as joint lead managers and joint bookrunners for the transaction.

The issuance will be fully and unconditionally guaranteed by Cagamas. The issuer's principal activity is to carry on the business of a fundraising vehicle. The notes carry an rating of A3 by rating agency Moody's.