

Cagamas issues RM300 mln one-year Floating Rate Notes

KUALA LUMPUR: Cagamas Bhd, the national mortgage corporation of Malaysia, has issued a RM300 million 1-year Floating Rate Notes (FRN).

Chief Executive Officer Datuk Chung Chee Leong said proceeds from the issuance would be used to fund the purchases of mortgage loans from the financial system.

"The FRN was successfully concluded via a private placement and competitively priced at five basis points over the three-month KLIBOR benchmark rate," he said in a statement yesterday.

Chung said the short-term FRN was an attractive alternative investment for investors to mitigate interest rate risk exposure in a rising interest rate environment.

Recent commendable bid-to-cover ratio of 2.5 times and 3.4 times respectively on the RM4 billion 15-year Malaysian Government Securities (MGS) and RM4 billion 10-year Government Investment Issues indicated that there was ample liquidity and demand for high grade investment bonds in the domestic financial system, he added. — Bernama