

# Cagamas announces RM1b dual currency issuance

BY YIMIE YONG & SANGEETHA  
AMARTHALINGAM

KUALALUMPUR: National mortgage corporation Cagamas Bhd said its latest debt securities issuance is in dual currency in an effort to overcome pricing challenges. Totalling RM1 billion, it comprises one-year US\$130 million (RM534 million) and one-year RM470 million conventional medium-term notes.

Cagamas said the notes in US dollar were issued (through wholly-owned unit Cagamas Global plc) under its US\$2.5 billion conventional multi-currency medium-term note programme, while the notes in ringgit were issued under its existing RM40 billion Islamic medium-term note/medium-term note programme.

“Consistent monitoring and analysis of comparative advantages between foreign currency and domestic

bond issuances led to the dual currency issuance,” said Cagamas chief executive officer Chung Chee Leong.

“Amid uncertainty in interest rate expectations post nonfarm-payroll release in the US and pre-monetary policy committee meeting in Malaysia, the dual currency issuance was favoured to obtain a lower weighted average funding cost,” he said in a statement.

Chung said the issuance of the US\$130 million notes, concluded through a private placement, was competitively priced at 1.60%.

“On the local front, the ringgit issuance achieved a commendable bid-to-cover ratio of 2.6 times and was subscribed by a diversified pool of investors consisting of asset managers (15%), financial institutions (62%), insurance groups (9%), sovereign wealth funds (13%) and the remaining 1% was subscribed

by new local corporate investors. Foreign participation represented 13% of the ringgit issuance,” he said.

Cagamas said the new issuance will bring the company’s aggregate issuance for the year to RM5.4 billion. The conventional medium-term notes, which will be redeemed at their full nominal value on maturity, are unsecured obligations of the company, ranking *pari passu* among themselves and with all other existing unsecured obligations of the company. They will be listed and tradable under the Scripless Securities Trading System.

Meanwhile, Cagamas Global’s US dollar-denominated senior unsecured notes due in September 2017 have been given an A3 rating by Moody’s Investors Service Inc. This is at the same level as the A3 foreign currency long-term issuer rating of parent Cagamas.