

Cagamas announces 1st foreign currency FRN

CAGAMAS Bhd's wholly owned subsidiary Cagamas Global plc announced its inaugural Australian dollar issuance amounting to A\$100 million (RM336.7 million) on Tuesday.

The Australian dollar medium-term notes (MTNs) will mark Cagamas' first foreign currency floating rate note (FRN) issued under Cagamas' US\$2.5 billion (RM10.55 billion) conventional multicurrency MTN programme.

The national mortgage corporation issued a three-year conventional medium-term notes worth RM1 billion which were issued under the company's RM40 billion MTN programme.

This was its second dual tranche re-opening concluded this year. Cagamas CEO Datuk Chung Chee Leong said the group has been monitoring the foreign markets for opportunities evident in this deal, and is pleased with the innovation and creativity of the group in issuing a foreign currency FRN via a new currency to reduce the cost of funding.

"The company's continued engagement with investors has garnered interest from Australian dollar investors which led to the conclusion of this deal at competitive pricing of 75 basis points over the corresponding benchmark three-month Australian Bank Bill Swap Rate. The FRN also marks the first ever Australian dollar deal from a Malaysian non-bank issuer," he noted in a release on Tuesday.

The dual currency issuance will bring the total foreign currency denominated for the year to RM3.1 billion while RM7.4 billion issued in the local currency market (ringgit), bringing the cumulative issuance of Cagamas to RM10.5 billion, which represents the most amount issued by them since 2013 for a single year. — TMR