

Cagamas issues commercial papers worth RM300m

by DASHVEENJIT KAUR

NATIONAL mortgage corporation Cagamas Bhd has announced the issuance of its three-month Conventional Commercial Papers (CCPs) amounting to RM300 million.

Cagamas CEO Datuk Chung Chee Leong said proceeds from the issuance would be used to fund the purchase of housing loans from the financial system.

"The concluded issuance increases the company's outstanding conventional corporate papers to RM1.05 billion, which represents 16% of the overall short-term local currency bond market domestically," he said in a statement last Friday.

Chung said the CCPs were priced via a public offering representing the company's first book-building exercise for the year, which received overwhelming response evidenced by a commendable bid-to-cover ratio of over three times.

"The CCP was competitively priced at the lower end of the initial price guidance which was seven-basis-point lower than the three-month Kuala Lumpur Interbank Offered Rate.

"Orders were received from a diversified pool of investors including financial institutions and insurance companies," he added.



Pic by Ismail Che Rus

Proceeds from the issuance would be used to fund the purchase of housing loans from the financial system, says Chung

According to Cagamas, the papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations, ranking pari passu among themselves and with all other existing unsecured obligations of the company.

CCPs are short-term instruments with maturities of between one and 12 months.

The papers are issued at either a discount from the face value, where the notes are redeemable at their nominal value upon maturity, or interest bearing notes where interest is paid on a semi-annual basis, or such other periodic basis as determined by Cagamas.