

Cagamas successfully prices RM150mil debt papers

PETALING JAYA: Cagamas Bhd has successfully priced its RM150mil three-month conventional commercial papers (CCPs) which will be used to fund the purchase of housing loans from the financial system.

Cagamas president and chief executive officer, Datuk Chung Chee Leong, said the CCPs were competitively priced at the corresponding three-month Kuala Lumpur Interbank Offered Rate (Klibor) benchmark rate plus three basis points (bps) or equivalent to 2.31% based on the Klibor fixing on the pricing date.

"The pricing of the CCPs represented 28bps above Malaysian Treasury Bills, which was concluded via a private placement basis," he added in a statement yesterday.

Chung said the successful pricing of the CCPs reflected investors' continued strong

demand for the company's short-term debt securities.

This was despite global financial markets bracing for uncertainty due to the economic reopening.

The increasing geopolitical tensions, which affected investor sentiment locally, were not helping, he added.

The RM150mil issuance was Cagamas' seventh issuance exercise for the year and brings the year-to-date issuance amount to RM3.46bil.

The papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of the company, ranking pari passu or on an equal footing among themselves and with all other existing unsecured obligations of the company.

They will be listed and tradable under the Scripless Securities Trading System.

Cagamas was established in 1986 to promote the broader spread of home ownership and growth of the secondary mortgage market in Malaysia.

It issues corporate bonds and sukuk to finance the purchase of housing loans from financial institutions and non-financial institutions.

The provision of liquidity to financial institutions at a reasonable cost to the primary lenders of housing loans encourages further expansion of financing for houses at an affordable cost.

The Cagamas model is well regarded by the World Bank.

It is said to be the most successful secondary mortgage liquidity facility.

It is the second-largest issuer of debt instruments after the Malaysian government and the largest issuer of AAA corporate bonds and sukuk in the market.