

# Cagamas' RM40m CMTN issued

by JOHN GILBERT

NATIONAL mortgage corporation Cagamas Bhd has concluded the issuance of a RM40 million two-year conventional medium-term notes (CMTN).

The proceeds of the bonds will be used to finance the purchase of conventional loans from the financial system.

The CMTN, which will be redeemed at its full nominal value on maturity, are unse-

cured obligations of Cagamas, ranking *pari passu* among themselves and with all other existing unsecured obligations of the company, according to a statement yesterday.

The CMTN will be listed and tradable under the scriptless securities trading system, it said.

The company said the anticipated hike in overnight policy rate by at least 25 basis points this year had softened the market as most of the players pre-

ferred to stay on the sidelines.

Nonetheless, the issuance which is the first since the inclusion of Cagamas in the HSBC Asian Local Bond Index on April 1, 2014, managed to achieve a commendable bid to cover a ratio of 3.5 times and was competitively priced at 46 basis points above the corresponding government securities.

"This is reflective of investors' confidence in Cagamas papers, despite the difficult

market environment," the statement said.

In April this year, Cagamas declared a record pretax profit of RM703.2 million for year ended on Dec 31, 2013, a 27.4% increase from the pretax profit of RM551.9 million recorded a year ago, driven by robust financing and higher interest.

The national mortgage corporation declared a dividend of 15 sen per share for the financial year.