

CAGAMAS ISSUANCES REACH AN AGGREGATE RM15 BILLION FOR THE YEAR

Kuala Lumpur, 12 December 2017 – Cagamas Berhad (“Cagamas” or “Company”), the National Mortgage Corporation of Malaysia, announced new issuances totaling RM2.3 billion comprising RM700 million 6-month Commercial Papers (CP) as well as RM1.6 billion Conventional Medium Term Notes (CMTN) of 1-, 3- and 5-year tenures. Proceeds from the issuances will be used to fund the purchase of mortgage loans from the financial system.

“With heightened uncertainty in rates for the medium to longer term, there was a spike in interest for short term bonds and sukuk, with a total of 38% of secondary trades concluded within the last month focused on bonds and sukuk with maturities of 1 year or less which led to tightening in yield of an average 20 basis points (bps) month-on-month for outstanding Government bonds and sukuk with maturities of 1 year. Capitalizing on the current market’s interest in short-term papers, Cagamas has managed to competitively price its RM700 million 6-month CP at 6-month KLIBOR flat,” said Datuk Chung Chee Leong, Chief Executive Officer of Cagamas Berhad.

“Notwithstanding subdued market activity prior to the expected interest rate hike by the Federal Reserve at its final Federal Open Market Committee (FOMC) meeting for 2017 on 13 December, together with the upcoming Christmas and New Year celebrations, Cagamas has also managed to competitively price its aggregate RM1.6 billion CMTN comprising RM10 million 1-year, RM90 million 3-year, and RM1.5 billion 5-year tenures. The multiple issuances brings the year-to-date (YTD) issuances amount to an aggregate RM15 billion, surpassing the total 2016 issuances by 103 percent. The net increase in total outstanding of approximately RM5 billion has increased the total Cagamas papers outstanding in the market to more than RM30 billion,” added Datuk Chung.

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

About Cagamas

Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia, 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 as the most successful secondary mortgage liquidity facility. Cagamas is the second largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporation in 1986, Cagamas has cumulatively issued circa RM301.6 billion worth of corporate bonds and Sukuk.

Cagamas' corporate bonds and sukuk continue to be assigned the highest ratings of AAA and P1 by RAM Rating Services Berhad and AAA/AAA_{IS} and MARC-1/MARC-1_{IS} by Malaysian Rating Corporation Berhad, denoting its strong credit quality. Cagamas is also well regarded internationally and has been assigned local and foreign currency long-term issuer ratings of A3 by Moody's Investors Service Inc. that are in line with Malaysian sovereign ratings.

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