

CAGAMAS' ISLAMIC COMMERCIAL PAPER (ICP) PRICED AMID IMMINENT RATE HIKE

Kuala Lumpur, 22 March 2017 – Cagamas Berhad (“Cagamas” or “the Company”), the National Mortgage Corporation of Malaysia, announced the issuance of its 3-month Islamic Commercial Papers (ICP) amounting to RM500 million. The ICP will be issued under the Islamic Commodity Murabahah structure and proceeds from the issuance will be used to fund the purchase of Islamic financing from the financial system.

“Despite increased market expectations of the US Federal Reserve raising its interest rate at the Federal Open Market Committee meeting on 16 March 2017, the ICP was competitively priced against the 3-month KLIBOR. The issuance was concluded through a public offering and evidenced strong demand as the Company was able to tighten the pricing by 3 bps from the high-end of the initial price guidance and secure a commendable bid to cover ratio of 1.9 times,” said Datuk Chung Chee Leong, Chief Executive Officer of Cagamas.

“The ICP represents the Company’s fourth issuance in 2017 and brings the year-to-date issuance amount to RM3.0 billion, which is in line with the Company’s target to achieve a projected total issuance size of RM10.5 billion for the year. Since the start of 2017, Cagamas has managed to issue a variety of bonds with the first issuance being a floating rate note followed by the issuance of a foreign currency sukuk and conventional local currency fixed rate bond. The issuance of the ICP underscores the Company’s relevance in its continuous support towards the development of the bond market through issuance of various types of bonds/sukuk to meet the diversified investor needs,” added Datuk Chung.

The ICP, which will be redeemed at their full nominal value on maturity, are unsecured obligations of the Company, ranking pari passu among themselves and with all other existing unsecured obligations of the Company. They will be listed and tradable under the Scripless Securities Trading System.

About Cagamas

Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia, was established in 1986 to promote the broader spread of house 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 RM289 billion 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/AAAID and MARC-1/MARC-1ID 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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