

CAGAMAS BONDS SHOW RESILIENCE DESPITE WEAK MARKET SENTIMENT

Kuala Lumpur, 8 August 2016 – Cagamas Berhad (“Cagamas” or “the Company”), the National Mortgage Corporation of Malaysia, today announced the issuance of 1-year RM410 million bond/sukuk comprising of RM180 million Conventional Medium Term Notes (CMTN) and RM230 million of Islamic Medium Term Notes (IMTN). Proceeds from the issuance will be used to fund the purchase of mortgage loans and Islamic house financing from the financial system.

“Since the cut in the Overnight Policy Rate (OPR) from 3.25% - 3.00% by Bank Negara Malaysia on 13 July 2016, we saw more demand in high yielding bonds/sukuk. Despite strong headwinds over the past week coupled with weakening of the MYR, the issuance was competitively priced 10 bps below the 3-months KLIBOR. The issuance represents a continuous growing interest in corporate bonds particularly among international investors seeking yield pick up over sovereign issuance,” said President/ Chief Executive Officer, Mr Chung Chee Leong.

“Strong secondary market liquidity of Cagamas bonds and Sukuk, which has surpassed the RM10.5 billion mark and continues to be the highest traded corporate bond/sukuk in the local market for the year contributed to the success of this issuance. Foreign holdings of our local currency bonds has also increased from 0.6% in June 2015 to 5.7% in June 2016, indicating a growth of over 5% in foreign holdings,” he added.

The new issuance will bring the Company’s aggregate issuance for the year to RM4.2 billion.

The CMTN and IMTN, 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 debt securities 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 debt securities in the market. Since incorporation in 1986, Cagamas has cumulatively issued RM283.4 billion of conventional bonds and Sukuk.

Cagamas' debt securities continue to be assigned the highest ratings of AAA and P1 by RAM Rating Services Berhad and AAA/AAA_{ID} and MARC-1/MARC-1_{ID} 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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