

CAGAMAS CONCLUDES 3-YEAR RM400 MILLION SUKUK ISSUANCE

Kuala Lumpur, 14 August 2019 – Cagamas Berhad (“Cagamas” or “the Company”), the National Mortgage Corporation of Malaysia, today announced the issuance of its 3-year RM400 million Islamic Medium Term Notes (IMTN). Proceeds from the issuance will be used to fund the purchase of Islamic housing financing from the financial system.

“The successful conclusion of the IMTN marks the Company’s third sukuk issuance year-to-date out of its existing RM40 billion MTN/IMTN local currency programme. As the market braced for an expected interest rate cut by the Federal Reserve followed by our regional peers recently, the Company managed to secure a competitive rate of 3.5%,” said President/Chief Executive Officer, Datuk Chung Chee Leong.

“The pricing of the 3-year IMTN was concluded at 10 bps above the recently concluded 1-year MTN/IMTN, supported by the positive sentiments in the onshore bond market. This is evidenced by the strong demand on the reopening auction of the 5-year Government Investment Issue (GII) which recorded a book-to-cover ratio of over four times last week,” added Datuk Chung.

The conclusion of the deal brings the Company’s year-to-date issuance to RM5 billion. 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 RM322.6 billion worth of corporate bonds and Sukuk.

Cagamas' corporate bonds and sukuk continue to be assigned the highest ratings of AAA/Stable/P1 by RAM Rating Services Berhad and AAA/MARC-1 and AAA_{IS}/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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