

CAGAMAS CONCLUDES RM500 MILLION AGGREGATE ISSUANCE OF FLOATING RATE NOTES AND COMMERCIAL PAPERS

Kuala Lumpur, 14 December 2018 – Cagamas Berhad (“Cagamas” or “the Company”), the National Mortgage Corporation of Malaysia, announced the aggregate issuance of RM500 million conventional debt instruments comprising RM150 million 1-year Floating Rate Notes (FRNs) and RM350 million 3-month Conventional Commercial Papers (CCPs). Proceeds from the respective issuances will be used to fund the purchases of mortgage loans from the financial system.

“As interest rates started to ease off in the month of December, having witnessed the 10-year US Treasury yield dip below 3.00% in the wake of the Federal Reserve’s dovish tilt as well as an inverted yield curve displayed in the US with current 2-year US Treasury yield higher than the 5-year benchmark. Correspondingly the yields for Malaysian Government Securities (MGS) across tenors have also tightened, evidenced by roughly 6 basis points month-to-date for the 10-year MGS. The Ringgit has inched on gains against the US Dollars demonstrating strength and resilience of the domestic bond market which contributed greatly to the success of our issuances,” said President/Chief Executive Officer, Datuk Chung Chee Leong.

The issuances were priced competitively at spread against the onshore benchmark 3-month KLIBOR rate which currently stands at 3.69%. The FRNs marked the Company’s second FRN issuance for the year and underscores efforts in developing onshore capital markets through the issuance of diversified structures catering for various investment needs. The 3-month CCPs were well received by financial institutions (FIs) as well as foreign FIs, which comprised almost 29% of the subscription rate,” 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. 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 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 RM316.2 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 AAAIS/MARC-1IS 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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