

STRONG FOREIGN DEMAND FOR CAGAMAS MYR BONDS

Kuala Lumpur, 13 October 2016 – Cagamas Berhad (“Cagamas” or “the Company”), the National Mortgage Corporation of Malaysia, announced the issuance of its 2-year Conventional Medium Term Notes (CMTN) amounting to RM350 million. Proceeds from the issuance will be used to fund the purchase of housing loans from the financial system.

“Despite the uncertainty in global markets ahead of the US Presidential Elections and the Federal Open Market Committee (FOMC) rate decision in early November, which influences market participants to weigh the possibility of an interest rate hike in the upcoming meeting, the 2-year CMTN was successfully concluded at a competitive yield of 3.42%, representing a spread of 10 bps over the 2-year IRS rate” said Mr Chung Chee Leong, Chief Executive Officer of Cagamas.

“The issuance displays an increase in acceptance of local currency corporate bonds and sukuk among the foreign investors, which is evidenced by the year-on-year growth in foreign holdings of Cagamas MYR bonds from 0.6% to 7.8% as at September 2016” added Mr. Chung.

Year to-date, Cagamas has successfully issued a total of RM6.3 billion in the primary market consisting of RM4.9 billion in domestic currency and RM1.4 billion MYR equivalent in foreign currencies. The Company has also achieved secondary trading volume of RM13 billion, making it the highest traded corporate bond and sukuk in the local bond market thus far – and second to Government securities.

The CMTN, 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 RM285.1 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.

Cagamas Berhad (157931-A)

Level 32, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur

Tel : +603 - 2262 1800 | Fax: +603 - 2282 8125 / 9125

www.cagamas.com.my

Media Enquiries

Sarah Abdul Aziz

Tel : +603 - 2262 1866

csc@cagamas.com.my

Lucia Wee

Tel : +603 - 2262 1868

csc@cagamas.com.my

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