

## **SUCCESSFUL ISSUANCE OF CAGAMAS' RM500 MILLION ISLAMIC COMMERCIAL PAPERS (ICP) AMIDST MARKET UNCERTAINTY**

**Kuala Lumpur, 22 December 2016** – Cagamas Berhad (“Cagamas” or “the Company”), the National Mortgage Corporation of Malaysia, today announced the issuance of its second 3-month ICP for the year 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 recent volatility in the global bond markets post the US Presidential Election and the increasing rate hike expectation in the US amongst market players, liquidity in the local bond market remains resilient as evidenced by the commendable bid-to-cover ratio of more than 2.5 times for the Company’s ICP” said Datuk Chung Chee Leong, Chief Executive Officer of Cagamas.

“The 3-month ICP received overwhelming response among the financial institutions (FIs) as the short duration corporate sukuk offers an alternative investment option for the FIs to increase their holdings in High Quality Liquid Assets (HQLA) to meet the Liquidity Coverage Ratio (LCR) requirement by year end while reducing market risk exposure amidst the volatile market environment“ 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 RM286.5 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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