

CAGAMAS ENTERS 2017 WITH A ONE YEAR FLOATING RATE NOTE ISSUANCE

Kuala Lumpur, 24 February 2017 – Cagamas Berhad (“Cagamas” or “the Company”), the National Mortgage Corporation of Malaysia, announced its first issuance of the year, RM300 million 1-Year Floating Rate Notes (FRN). Proceeds from the issuance will be used to fund the purchases of mortgage loans from the financial system.

“We are indeed pleased that the Company has concluded its first issuance of the year despite looming uncertainty and volatility in global markets. The FRN was successfully concluded via private placement and competitively priced at 5 basis points over the 3-month KLIBOR benchmark rate,” said Chief Executive Officer, Datuk Chung Chee Leong.

“The short term FRN appears to be an attractive alternative investment for investors to mitigate interest rate risk exposure in a rising interest rate environment, as the market expects multiple interest rate hikes by the Federal Reserve in 2017, which is underscored by improving economic data in the United States. Recent commendable bid-to-cover (BTC) ratio of 2.5 times and 3.4 times respectively on the RM4 billion 15-year Malaysian Government Securities (MGS) and RM4 billion 10-year Government Investment Issues (GII) evidenced ample liquidity and high demand for high grade investment bonds in the domestic financial system,” added Datuk Chung.

The papers, 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 RM286.8 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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