

CAGAMAS SETS NEW BENCHMARK WITH FIRST DUAL TRANCHE REOPENING

Kuala Lumpur, 18 September 2017 – Cagamas Berhad (Cagamas/Company), the National Mortgage Corporation of Malaysia, today announced its fourteenth issuance for the year. The 3-year, RM1.0 billion Cagamas Islamic Medium Term Notes (IMTN) represents the Company and the country’s first ever dual tranche Sukuk reopening. Proceeds from the issuance will be used to fund the purchase of Islamic house financing from the financial system.

“Despite being only a half-day offering, the order book received overwhelming response which allowed the Company to successfully tighten the yield to 3.98% and upsize the issuance from an initial size of RM800 million to RM1.0 billion; this demonstrated the strength and resilience of the domestic market. The final yield was priced competitively at a spread of 50 bps over the 3-year Government Investment Issue (GII),” said Chief Executive Officer, Datuk Chung Chee Leong.

“The successful conclusion of this dual tranche reopening signifies the Company’s continued innovation within the local fixed income market and on-going strategic initiatives to promote secondary liquidity. As at 8 September 2017, Cagamas’ secondary trading volume stood at over RM5 billion. Subscription from foreign-based investors which represented 6% of the total issue size indicates continued confidence in the Company’s name amidst a volatile market backdrop,” added Datuk Chung.

The new issuance will bring the Company’s aggregate issuance for the year to RM8.5 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 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 RM295.1 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.

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