

## **CAGAMAS OVERCOMES PRICING CHALLENGES WITH DUAL CURRENCY ISSUANCE**

**Kuala Lumpur, 13 September 2016** – Cagamas Berhad (“Cagamas” or “Company”), the National Mortgage Corporation of Malaysia, announced its dual currency issuance totalling RM1.0 billion equivalent, comprising of 1-year US Dollar 130 million and 1-year RM470 million Conventional Medium Term Notes. The USD was issued through the Company’s wholly-owned subsidiary, Cagamas Global P.L.C under Cagamas’ USD 2.5 billion Conventional Multicurrency Medium Term Note (EMTN) Programme whereas the Ringgit was issued under Cagamas’ existing RM40 billion IMTN/MTN Programme.

“Consistent monitoring and analysis on comparative advantages between foreign currency and domestic bond issuances lead to the dual currency issuance. Amid uncertainty in interest rate expectations post Non-Farm-Payroll release in the US and pre Monetary Policy Committee meeting in Malaysia, the dual currency issuance was favored to obtain a lower weighted average funding cost. The issuance of 1yr - 130 million USD, concluded through a private placement, was competitively priced at 1.60%” said Chief Executive Officer Mr. Chung Chee Leong.

“On the local front, the Ringgit issuance achieved a commendable bid-to-cover-ratio of 2.6 times and was subscribed by a diversified pool of investors consisting of asset managers (15%), financial institutions (62%), insurance groups (9%), sovereign wealth funds (13%) and the remaining 1% was subscribed by new local corporate investors. Foreign participation represented 13% of the Ringgit issuance.” added Mr. Chung.

The new issuance will bring the Company’s aggregate issuance for the year to RM5.4 billion. The CMTNs, 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 debt securities 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 debt securities in the market. Since incorporation in 1986, Cagamas has cumulatively issued RM284.6 billion of conventional bonds and Sukuk.

Cagamas' debt securities continue to be assigned the highest ratings of AAA and P1 by RAM Rating Services Berhad and AAA/AAA<sub>ID</sub> and MARC-1/MARC-1<sub>ID</sub> 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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