



CAGAMAS MBS BERHAD ISSUES SECOND ISLAMIC RESIDENTIAL MORTGAGE-BACKED SECURITIES

Kuala Lumpur, May 7, 2007

Cagamas MBS Berhad (CMBS), a wholly-owned subsidiary of Malaysia's national mortgage corporation, Cagamas Berhad (Cagamas), today announced its second issue of Islamic Residential Mortgage-Backed Securities (IRMBS) involving the acquisition of the Government of Malaysia's (GOM) staff Islamic home financing. The transaction will involve the issuance of up to RM2.3 billion nominal value IRMBS backed by the GOM's staff Islamic home financing.

CMBS is a special purpose entity established solely to undertake the securitisation of the GOM's staff housing loans/home financing. Representatives from financial institutions, fixed income investors and analysts were briefed about the transaction today in Kuala Lumpur.

"Securitisation of the GOM's staff Islamic home financing via our innovative Sukuk Musyarakah will help to deepen and broaden the domestic Islamic capital market and promote Malaysia as the centre for global Islamic finance," said Dato' Mohd. Razif Abd. Kadir, Chairman of CMBS. "This second issue under the Musyarakah principle will provide an added option for Islamic fixed income investment."

The IRMBS, with tenures of 3, 5, 7, 10, 12, 15, and 20 years, have been accorded the highest rating of AAAID by Malaysian Rating Corporation Berhad (MARC) and AAA by Rating Agency Malaysia Berhad (RAM). The ratings reflect the superior quality of the underlying assets of the portfolio and the strength of the counterparties. This includes the GOM as the Servicer for these assets and Cagamas as the Transaction Administrator and Administrator.

Stringent eligibility criteria have been imposed including the requirement that the principal outstanding amount is fully covered by Mortgage Reducing Term Assurance. Hence, full recovery of principal is assured in event of death of the obligor.

The creation of the 10-year, 12-year, 15-year, and 20-year series will meet the needs of certain groups of investors with an appetite for longer-term investments such as insurance companies and pension and provident funds. This issue will also appeal to a wider investor base comprising both conventional and Islamic investors.

CIMB Investment Bank Berhad is the principal and financial adviser, and lead arranger of the transaction. Aseambankers Malaysia Berhad, CIMB Investment Bank Berhad and HSBC Bank Malaysia Berhad, will act as Joint Lead Managers, and market the IRMBS to both local and foreign investors. The Joint Lead Managers are also expected to make a market for the IRMBS.

CMBS' IRMBS issue in 2005, which was the world's first rated IRMBS, won several awards, namely:

- i. Islamic Finance Deal of the Year in Euromoney Islamic Finance Awards 2006
- ii. Best Malaysia Deal, Best Domestic Securitisation and Best Islamic Finance Deal in FinanceAsia Achievement Awards 2005

iii. New Islamic Benchmark in RAM League Awards 2005

About Cagamas

Cagamas Berhad, the National Mortgage Corporation, was established in 1986 to promote the secondary mortgage market in Malaysia. Cagamas has, through the years, evolved and diversified its business model from that of a national mortgage corporation seeking to aid Malaysians with affordable housing, to becoming a leader in securitisation. It borrows money by issuing debt securities and uses the funds to finance the purchase of housing loans from financial institutions, selected corporations and the Government. The provision of liquidity at a reasonable cost to the primary lenders of housing loans encourages further financing of houses at an affordable cost.

Through the years, Cagamas has issued large amounts of fixed and floating rate notes to purchase housing mortgages, industrial property loans, hire-purchase, housing mortgages, industrial property loans, leasing debts and credit card receivables from the financial institutions on a full-recourse basis.

Cagamas Berhad
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