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**PRESS RELEASE**  
**KENYATAAN AKHBAR**  
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## **MBSB AND CAGAMAS INK AGREEMENTS FOR PURCHASE WITH RECOURSE**

**Kuala Lumpur, 30 April 2014** – Malaysia Building Society Berhad (MBSB) today inked master agreements under the purchase with recourse scheme with Cagamas Berhad (Cagamas), its third fund-raising exercise with the national mortgage corporation in its effort to support its business expansion plans.

At the signing ceremony, Dato' Ahmad Zaini Othman, MBSB President and Chief Executive Officer said, "This collaboration will help strengthen MBSB's balance sheet position and strategically support the growth of our financing assets. The programme will also enable MBSB to strengthen its liquidity management and provide us with access to competitively-priced funding."

Dato' Ahmad Zaini added that this fund-raising exercise will be using MBSB's mortgage receivables as the underlying assets thus enabling MBSB to maintain its strong asset quality via sound liability management strategies focused on prudent and innovative financing packages that are in line with Bank Negara's responsible financing guidelines.

He further explained, "The liquidity generated from this initiative allows MBSB to diversify its funding platforms and will further assist the company's plan to increase asset growth in the corporate segment, especially in infrastructure and property development projects."

As at 31 December 2013, MBSB recorded a cumulative annual growth rate (CAGR) of 76.77% and expects to sustain this upward trend in the coming years. Its group profit before tax (PBT) as at 31 December 2013 stood at RM932 million.

Meanwhile, Mr. Chung Chee Leong, President/Chief Executive Officer of Cagamas Berhad said “We are pleased to mark this new phase in our initiatives with MBSB whereby Cagamas may now purchase housing loans and home financing directly from MBSB on a with “recourse basis”.

Chung added that this new initiative is an extension to the maiden transaction between Cagamas and MBSB in 2009 whereby Cagamas purchased housing loans from MBSB under a back-to-back arrangement via intermediary commercial banks. The distinction between this new initiative and the previous initiative is that the housing loans were purchased indirectly from MBSB via intermediary banks, namely Maybank, Affin Bank, and EON Bank.

Under this new initiative, MBSB will originate housing loans and Islamic home financing which may then be sold directly to Cagamas in accordance with Cagamas’ eligibility criteria. This enables MBSB to enhance its lending operations by unlocking its illiquid assets at a competitive cost via Cagamas’ AAA funding and extending more affordable home financing to its customers. The new initiative is in line with Cagamas’ mandate of helping Malaysians gain access to affordable and competitive home financing.

As one of the earliest established secondary mortgage corporations in the region, Cagamas has promoted the development of the secondary mortgage market and has in place a range of products that benefit both mortgage lenders and borrowers in Malaysia. As at the end of 2013, Cagamas has cumulatively refinanced housing loans and home financing in the secondary market equivalent to RM111 billion, or financing 1.8 million houses.

The agreements were executed by Dato’ Ahmad Zaini and Mr Chung, witnessed by Tan Sri Abdul Halim Ali and Dato’ Ooi Sang Kuang, the chairmen of MBSB and Cagamas respectively.

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## **About Malaysia Building Society Berhad (MBSB)**

*The origin of Malaysia Building Society Berhad (MBSB) can be traced back to the Federal and Colonial Building Society Limited incorporated in 1950. In 1956, it changed its name to Malaya Borneo Building Society Limited (MBBS), with the Malaysian government as its major shareholder. MBBS was then listed on the Stock Exchange of Malaysia and Singapore in August 1963. The company became an incorporation in Malaysia under the Companies Act 1965 on 17 March 1970, before it was listed on the Kuala Lumpur Stock Exchange now Bursa Malaysia on 14 March 1972.*

*The Employees Provident Fund (EPF) is currently the financial holding company of MBSB. MBSB was defined as a Scheduled Institution under the repealed Banking and Financial Institution Act 1989 (BAFIA). The status of an Exempt Finance Company was granted to MBSB on 1 March 1972 by the Ministry of Finance and the status has remained since. This allows MBSB to undertake a financing business in the absence of a banking license. Under Section 272 (a) of the Financial Services Act 2013, exemptions granted under the BAFIA is deemed to have been granted under the corresponding provision of the Financial Services Act 2013 and shall remain in full force and effect until amended or revoked. As a financial provider, MBSB offers a spectrum of innovative financial products and services for both individuals and corporates throughout its branches nationwide.*

## **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 RM265.9 billion of conventional 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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