

CAGAMAS REVIVES DOMESTIC CORPORATE BOND REOPENING ISSUANCE

Kuala Lumpur, 28 October 2015 – Cagamas Berhad (“Cagamas” or “Company”), the National Mortgage Corporation of Malaysia, today announced the reopening of the Company’s 3-year remaining maturity Conventional Medium Term Notes (CMTN) amounting to RM500 million. The issuance marks the first reopening exercise under Cagamas’ RM40 billion Medium Term Notes Programme. Proceeds from the issuance will be used to fund the purchase of loans from the financial system.

“The enlarged tranche size of outstanding bonds would encourage trading activity of the reopened stock and promote secondary market liquidity for the paper. This strong value proposition would serve as a trade-off for the higher capital charge required by financial institutions (FIs) to invest in Private Debt Securities (PDS) and is evidenced by 63% of orders to-date coming from FIs.” said President/Chief Executive Officer, Mr. Chung Chee Leong.

“The increased issue size post-reopening is expected to meet the pre-requisite minimum size for inclusion into some of the widely-followed local currency bond indexes and would promote greater visibility for the Company’s debt securities particularly among international investors,” he further added. The issuance received encouraging demand from various market segments and was competitively priced at 57 basis points above the corresponding Malaysian Government Securities (MGS).

The CMTN, 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. 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 RM276.4 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_{ID} and MARC-1/MARC-1_{ID} 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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