

## **CAGAMAS PRICED LATEST ISSUES AT SPREAD OVER GOVERNMENT SECURITIES**

Kuala Lumpur, 8 July 2014 – Cagamas Berhad (“Cagamas”), the National Mortgage Corporation of Malaysia, announced the issuance of 1, 2 and 3 year Cagamas Sukuk Commodity Murabahah amounting to RM395 million. Proceeds from the issuance will be used to fund the purchase of Islamic financing from the financial system.

“Notably, the price guidance for the order book was deliberately quoted based on spread over the corresponding Government Securities to promote credit spread pricing culture for Private Debt Securities. The pricing convention which is widely accepted as best practice in developed markets would contribute positively to the maturity and sophistication of the domestic bond market.” said Mr. Chung Chee Leong, President/Chief Executive Officer of Cagamas.

“Investors were very supportive of the pricing initiative as the order book recorded bid-to-cover ratio of more than 2 times and competitively priced with weighted average spread of 37 basis points and 50 basis points above the corresponding Government Investment Issues (GII) and Malaysian Government Securities (MGS) respectively.” Mr Chung further added.

The IMTN, 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 RM277.1 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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