



**PRESS STATEMENT ON THE NINETEENTH ANNUAL GENERAL MEETING OF CAGAMAS BERHAD HELD ON 25 APRIL 2006**

The Nineteenth Annual General Meeting of Cagamas Berhad, the National Mortgage Corporation, was held at 12.30 p.m., 25 April 2006 at the Conference Room, Bank Negara Malaysia, Jalan Dato' Onn, Kuala Lumpur.

The Chairman of Cagamas, Dato' Ooi Sang Kuang, informed shareholders that in the year 2005, Cagamas successfully undertook and completed two further securitisation transactions of the Government's staff housing loans following the first deal in October 2004. This represented a strategic initiative on the part of the Government to broaden and deepen the domestic bond market with the introduction of a new asset class, while simultaneously creating a benchmark yield curve for longer term asset-backed securities. The deals involved the securitisation of the Government's staff Islamic home financing and the issuance of RM2,050 million of Islamic Residential Mortgage-Backed Securities (IRMBS) on 8 August 2005, followed by the securitisation of the Government's staff conventional housing loans and the issuance of RM2,060 million of Residential Mortgage-Backed Securities (RMBS) on 12 December 2005. The bonds were issued by Cagamas MBS Berhad (CMBS), a wholly-owned subsidiary of the Company, and the issues were overwhelmingly subscribed.

The financial position of the Company in 2005 included that of CMBS and reflected that of the Group as a whole. At the Company level, the profit before tax for the financial year ended 31 December 2005 was RM150 million as compared to the pre-tax profit achieved in 2004 of RM183 million. The lower profit was mainly attributed to the smaller business volume in the Company's traditional segment of purchase with recourse as compared with the last few years. In addition, the fine pricing policy adopted by the Company coupled with the maturity of higher yielding loans and debts, as well as, an increase in overheads arising from the Company's asset securitisation and capacity expansion programme, were contributory factors that led to lower earnings.

During the year, the Company's shareholders' funds increased by 7.2% from RM1,257 million in 2004 to RM1,347 million in 2005, while the net tangible assets per share increased from RM8.38 at the end of 2004 to RM8.98 at the end of 2005.

Given that the market was characterised by the continued excess liquidity in the banking system and a stable interest rate environment for most part of the year, the financial institutions remained less inclined to sell their loans and debts to Cagamas. Arising from this challenging business environment, the Company offered more attractive Cagamas quoted purchase rates (Cagamas Rates) and intensified its marketing efforts.

Despite these efforts, the Company managed to purchase 'on with recourse' basis a significantly lower amount of RM3,591 million of total loans and debts for the year as compared to RM7,166 million in 2004. The Company's total assets decreased from RM28,283 million as at the end of 2004 to RM25,938 million as at the end of 2005.

The volume of new purchases of loans and debts during the year was lower as compared to the volume of repurchases and repayments, hence, resulting in the Company's outstanding loans and debts decreasing by 13.3% from RM27,508 million at the end of 2004 to RM23,860 million at the end of 2005. As at the end of 2005, Cagamas purchased 9.5% of the total housing loans and 14.5% of the total hire purchase and leasing debts outstanding in the banking system.

Cagamas continued to be an active issuer in the private debt securities market in 2005. The Company recorded a total of 12 issues of debt securities with a total nominal value of RM2,540 million (including two re-opening exercises) during the year, as compared with 18 issues with a nominal value of RM9,315 million in 2004. The outstanding Cagamas debt securities amounted to RM24,357 million in nominal value as at the end of 2005.

All Cagamas bonds and notes issued in 2005 continued to be assigned the highest ratings of AAA and P1 by Rating Agency Malaysia Berhad and AAA and MARC-1 by Malaysian Rating Corporation Berhad.

For the half-year ended 30 June 2005, the Board of Directors declared an interim dividend payment of 5 sen per share less income tax. In spite of the healthy financial position of the Company, the Annual General Meeting approved a final dividend of 10 sen per share less income tax in order to preserve the Company's capital to support the generation of a higher volume of business through its securitisation programme and to back the potential building of new and riskier asset classes in its books in the near future. The total dividend for the financial year ended 31 December 2005 was 15 sen per share less income tax of 28%, amounting to RM16.2 million.

The Chairman indicated that whilst 2004 was the watershed year where Cagamas took the first step towards securitisation, 2005 witnessed Cagamas transforming itself and building the capacities and expertise in order to become a leading securitisation house in the country. The new focus via securitisation, which is fee based, is expected to grow over time to achieve the critical mass in terms of business volume. In addition, Cagamas intends to grow its Islamic finance business and to provide more innovative and diverse Islamic financial products. Therefore, overall growth trend in earnings is expected to materialise in the next couple of years as sufficient returns from securitisation and Islamic finance filter through.

The role ahead for Cagamas will continue to be demanding but equally challenging. The more diversified banking sector in Malaysia is now well-poised to meet the varied needs of businesses and consumers with a greater variety of financial products. Islamic banking is set to expand further while the larger numbers of investment banks will intensify competition.

The capital market will continue to remain as a growing and important source of medium- and long-term financing for the economy. The growth potential for securitisation in other segments of the Malaysian market such as small and medium-scale enterprise loans, property rental receivables, auto loans, credit card receivables and housing loan portfolios of other commercial entities are promising.

**Cagamas Berhad**  
**25 April 2006**