

CAGAMAS CONCLUDES MALAYSIA’S FIRST FLOATING RATE BONDS BASED ON MALAYSIA OVERNIGHT RATE (MYOR) REFERENCE

Kuala Lumpur, 5 July 2022 – Cagamas Berhad (“Cagamas” or “the Company”), the National Mortgage Corporation of Malaysia, announced the successful pricing of RM200 million 1-year Floating Rate Conventional Medium Term Notes (CMTNs). The CMTNs, which referenced the Malaysia Overnight Rate (MYOR), is the first of its kind in Malaysia. The proceeds from the CMTNs will be used to fund the purchase of housing loans from the financial system.

This landmark transaction represents Malaysia’s and Cagamas’ first ever bond to be priced against Malaysia Overnight Rate (MYOR), the new alternative reference rate (ARR) for Malaysia, launched by Bank Negara Malaysia (BNM) in September 2021. Globally, ARRs are introduced by many market jurisdictions to improve the integrity of the financial benchmark rates as part of a transition to transaction-based rates, in-line with the London Interbank Offered Rate (LIBOR) ¹ reforms after the Global Financial Crisis.

“The positive conclusion of this issuance reflects the strong commitment by Cagamas to support new developments introduced by BNM for the financial markets. This latest issuance is also an important step in driving the adoption of new benchmark rates for financial instruments in Malaysia. We will continue to work closely with the regulators, industry partners and investors for a smooth transition in relation to ARR,” said Datuk Chung Chee Leong, President/ Chief Executive Officer of Cagamas.

“The conclusion of the RM200 million 1-year CMTNs at the corresponding MYOR plus 83 basis points brings the Company’s year-to-date issuance amount to RM8.7 billion,” added Datuk Chung.

The issuances will be redeemed at their full nominal value upon maturity, are unsecured obligations of the Company, ranking pari passu with all other existing unsecured obligations of the Company.

¹ LIBOR is a widely used financial benchmark rate for short-term interest rates, based on the estimated funding rate by large, internationally active banks in the wholesale, unsecured funding market.

About Cagamas

Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia, was established in 1986 to promote the broader spread of home ownership and growth of the secondary mortgage market in Malaysia. It issues bonds and sukuk 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 corporate bonds and sukuk in the market. Since incorporation in 1986, Cagamas has cumulatively issued circa RM367.5 billion worth of corporate bonds and Sukuk.

Cagamas' bonds and sukuk continue to be assigned the highest ratings of AAA/Stable/P1 by RAM Rating Services Berhad and AAA/MARC-1 and AAA_{IS}/MARC-1_{IS} 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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