



Cagamas Berhad

National Mortgage Corporation of Malaysia

Investor Presentation

October 2017



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- Section 1** Cagamas Overview
- Section 2** Business Overview
- Section 3** Initiative to Promote Market Liquidity
- Section 4** Financial Highlights
- Section 5** Key Credit Strengths





SECTION 1

Cagamas Overview





Background



Entity Name	Cagamas
Shareholders	Cagamas Holdings Berhad (100%), which is 20% owned by Bank Negara Malaysia (BNM), and 80% by commercial and investment banks
Credit Rating	A3 Stable (Moody's)
Date of Incorporation	2 December 1986

Objectives

- Established by Bank Negara Malaysia to support the national agenda of increasing home ownership and promoting the development of Malaysia's capital markets
- Development and promotion of Islamic finance within Malaysia

Business Model

- Through the issuance of conventional and Islamic securities, Cagamas funds the purchase of housing loans and house financings through its Purchase With Recourse (PWR) and Purchase Without Recourse (PWOR) schemes
- Based on this business model, Cagamas is able to provide liquidity to financial institutions at a competitive cost, encouraging them to provide additional housing loans and house financings to new applicants at an affordable price
- The World Bank has regarded Cagamas Berhad as the largest and most successful liquidity facility in its publication entitled "Housing Finance Policy in Emerging Markets" in 2009
- The PWR and PWOR schemes have now been expanded to include other loans and financings such as hire purchase / leasing receivables and personal loans and financings



Cagamas at a Glance (cont.)



Recent Awards and Accolades

 Best Islamic Issuer-Quasi-Sovereign 2017	 Best Local Currency Sukuk 2017 375 Million Ringgit Commodity Murabahah Sukuk	 Top Trade Amount Overall Top Trade Amount Conventional Top Trade Amount Islamic 2016	 Islamic Finance Advocacy Award (Institutional) 2016	 Outstanding Contribution for the Development of Shariah-Compliant Mortgage Securitisation 2016	 Best Local Currency Sukuk 2016 Cagamas 500 million ringgit Commodity Murabahah sukuk	 Treasurer of the Year – Malaysia 2016	 Emas Status 2016 Cagamas USD2.5 billion Multicurrency Sukuk Issuance Programme	 Best Corporate Sukuk 2015 Cagamas RM70 million One-Year and RM930 million Three-Year Sukuk	 Best Issuer of the Year for Corporate 2015
 Emas Status 2014 Cagamas Offshore Renminbi Medium Term Notes Issuance	 Market Pioneer Award for the World's 1st RMB-bond by a Mortgage Corporation 2014 Cagamas RMB1.5 billion Offshore RMB Bond	 Best Renminbi (Offshore) Offering 2014 Cagamas RMB1.5 billion Offshore RMB Bond	 Best Foreign Currency Bond Deal of the Year 2014 in Southeast Asia 2014 Cagamas RMB1.5 billion Offshore RMB Bond	 Best Deal- Highly Commended, Malaysia 2014 Cagamas 3.8 Billion Ringgit Multi-Tenor Sukuk	 Most Outstanding Securitisation House 2013	 Highly Commended / Most Innovative Deal 2013 Cagamas 500 million ringgit multi-tenor Sukuk Wakala Bil Istithmar	 Best Islamic Commodity-linked Murabahah 2011 RM230 million Variable Rate Sukuk Commodity Murabahah	 Best Islamic Deal, Malaysia 2011 Cagamas RM1.0 billion Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm)	 Islamic Issuer of the Year 2011 Cagamas RM1.0 billion Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm)
 Sukuk Issuer of the Year 2011	 Islamic Deal of the Year 2011 Cagamas RM1.0 billion Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm)	 Malaysian Innovation of the Year 2010 Cagamas RM5.0 billion Sukuk al-Amanah Li al-Istithmar programme (Sukuk ALIm)	 Country Deals of the Year 2010 Cagamas RM1.0 billion Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm)	 Tawarruq Deal of the Year 2010 RM230 million Variable Rate Sukuk Commodity Murabahah	 Islamic Deal of the Year 2010 Cagamas RM1.0 billion Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm)	 Tawarruq Deal of the Year 2009 Sukuk Commodity Murabahah RM915 million Medium Term Notes	 Most Innovative Deal of the Year 2009 Sukuk Commodity Murabahah RM915 million Medium Term Notes	 Most Innovative Islamic Finance Deal 2008 RM2.015 billion Sukuk Commodity Murabahah	 Islamic Issuer of the Year 2008
 New Structured Finance Benchmark Deal 2007 Cagamas SME Berhad Synthetic Securitisation of RM600 million SME Loans	 Best Domestic Securitisation 2007 Cagamas SME Berhad Synthetic Securitisation of RM600 million SME Loans	 Asian Deal of the Year 2007 Cagamas SME Berhad Synthetic Securitisation of RM600 million SME Loans	 Malaysia Capital Markets Deal of the Year 2007 Cagamas SME Berhad Synthetic Securitisation of RM600 million SME Loans	 New Islamic Benchmark Deal 2005 Cagamas MBS Berhad RM2.05 billion Islamic Residential Mortgage-Backed Sukuk Musyarakah	 Islamic Finance Deal of the Year 2005 Cagamas MBS Berhad RM2.05 billion Islamic Residential Mortgage-Backed Sukuk Musyarakah	 Best Malaysia Deal Best Domestic Securitisation Deal Best Islamic Finance Deal 2005 Cagamas MBS Berhad RM2.05 billion Islamic Residential Mortgage-Backed Sukuk Musyarakah	 Best Malaysian Ringgit Bond 2004 Cagamas MBS Berhad RM1.55 billion Residential Mortgage-Backed Securities	 Best Local Currency Bond in Asia 2004 Cagamas MBS Berhad RM1.55 billion Residential Mortgage-Backed Securities	 Best Local Currency Bond Deal of the Year 2004 Cagamas MBS Berhad RM1.55 billion Residential Mortgage-Backed Securities





Strategies and Key Objectives

- ✓ *To be acknowledged as a leader in the provision of financial support in Malaysia's efforts to meet the housing needs of Malaysians*
- ✓ *To be the pace-setter for the development of the bond and sukuk market within Malaysia*
- ✓ *To attain recognition on a national and international level for its work as a pioneer with a successful business model for others wishing to establish a successful secondary mortgage liquidity facility and mortgage-backed securitisation offerings*

How Cagamas meets its Objectives

- *Providing innovative facilities at a competitive cost to primary home lenders*
- *Widening and deepening the scope of securitisation with innovative instruments*
- *Nurturing and maintaining a competent workforce of the highest integrity and professionalism*
- *Using technology to enhance productivity and efficiency*
- *Valuing staff for their commitment and loyalty*
- *Inculcating a caring and responsible corporate culture*

Future Plans

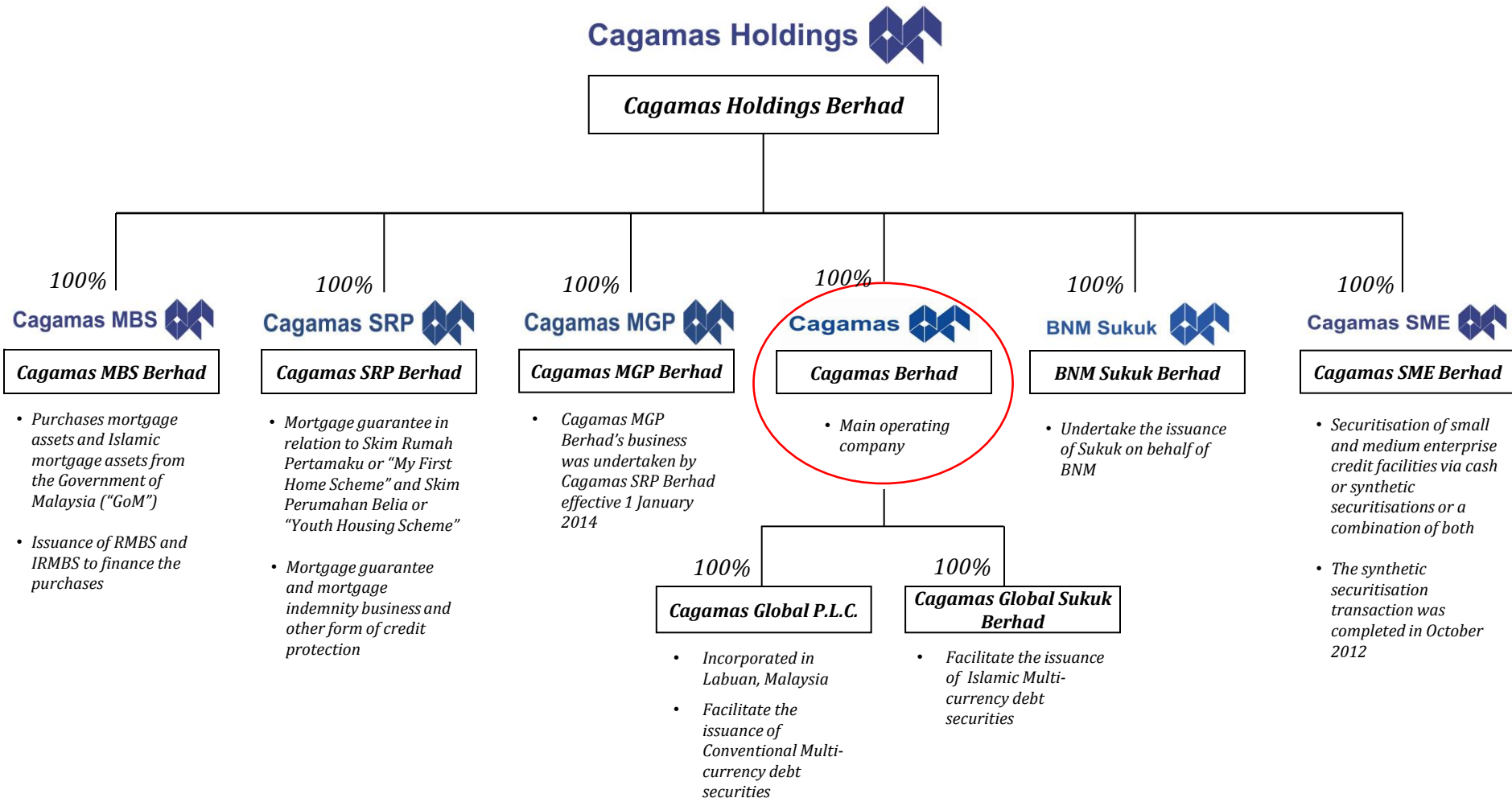
- *Continuing to help Malaysians gain access to competitive house financing*
- *Developing risk and capital management solutions to assist financial institutions especially in light of Basel III*
- *Enhancing product offering participation in Development Financial Institutions to further spur the growth of SMEs*
- *Providing competitively priced funding through diversification of funding sources and widening of investor base*
- *Exploring opportunities to replicate Cagamas' business model in SE Asia to complement Malaysian financial institutions expanding abroad*



Structure of the Cagamas Group



Cagamas is a wholly owned subsidiary of Cagamas Holdings Berhad and remains the core revenue and profit generator for Cagamas Group



Shareholding Structure for Cagamas Holdings



➤ Shareholders Demographics:

BNM 20%

Commercial Banks 73%

Investment Banks 7%

Shareholders of Cagamas Holdings Berhad



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Shareholding: 20.0%



Shareholding: 3.1%



Shareholding: 16.5%



Shareholding: 2.9%



Shareholding: 14.2%



Shareholding: 2.2%



Shareholding: 8.6%



Shareholding: 2.0%



AmBank

Shareholding: 8.0%



Shareholding: 0.5%



Shareholding: 7.0%



Shareholding: 0.3%



Shareholding: 6.0%



Shareholding: 0.2%



Shareholding: 4.1%



Shareholding: 3.7%

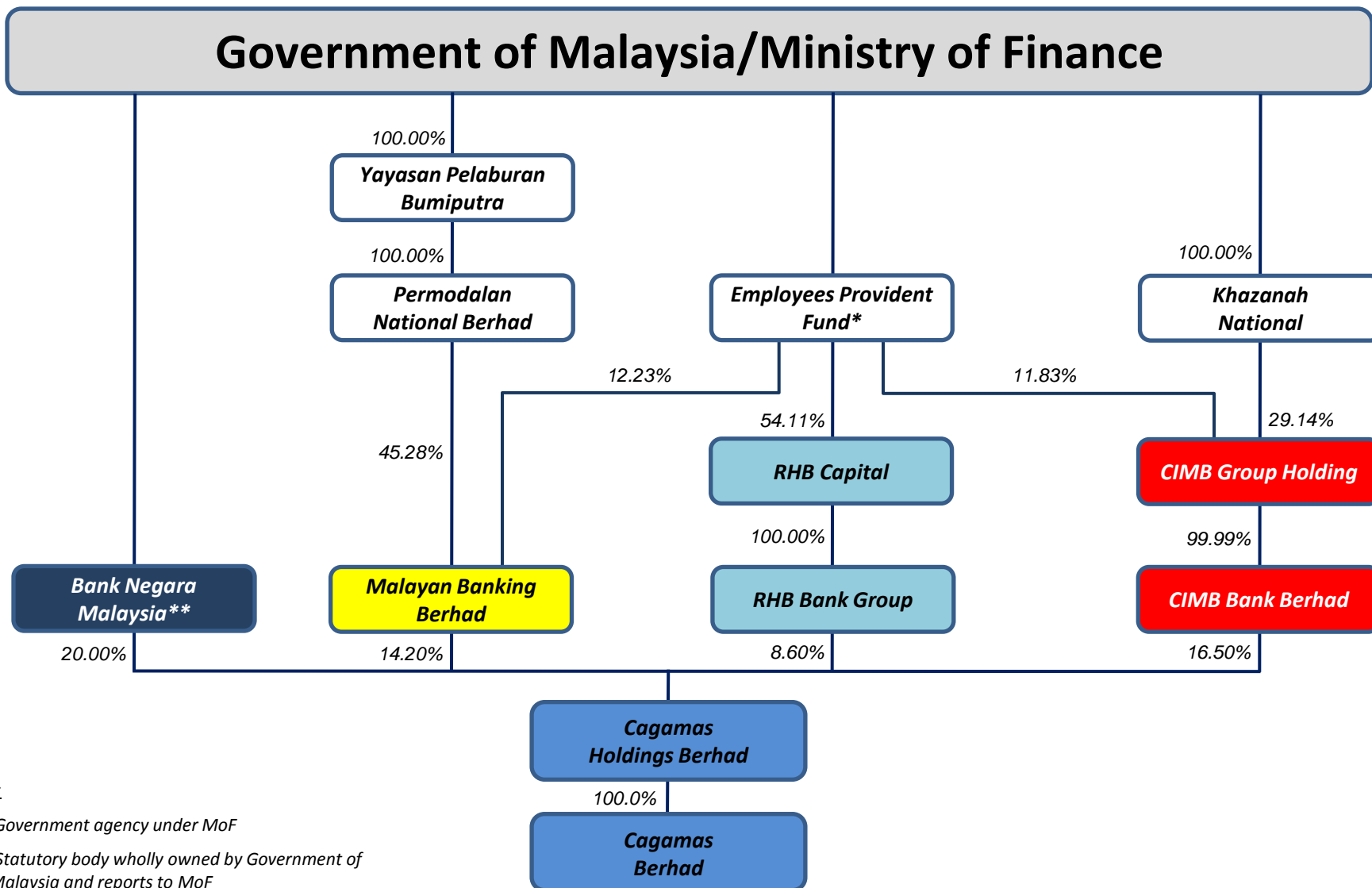


Shareholding: 0.2%

Note: SIBB Berhad 0.3% and The Royal Bank of Scotland Berhad 0.2%



Shareholders of Cagamas Holdings Berhad with links to Government of Malaysia/Ministry of Finance



Note:

* Government agency under MoF

** Statutory body wholly owned by Government of Malaysia and reports to MoF





SECTION 2

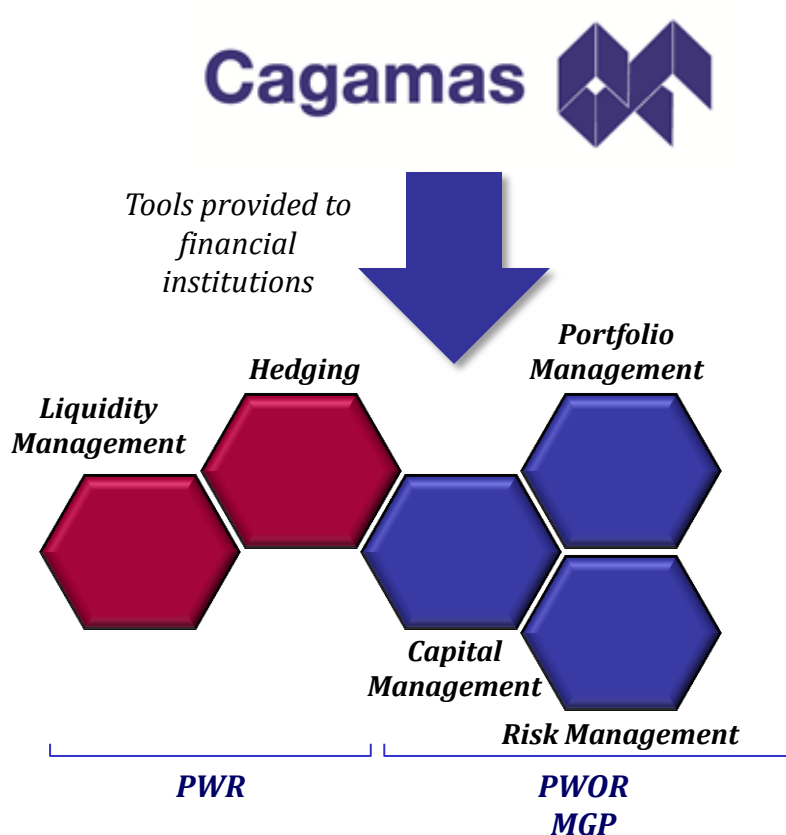
Business Overview





Cagamas is primarily engaged in the purchasing of loans and financings from financial and non-financial institutions under PWR, PWOR and guaranteeing housing loans and house financings under Mortgage Guarantee Programme (MGP) schemes

Types of loans / financing
purchased under each
scheme



Purchase with Recourse (PWR)

- Housing Loans
- Islamic House Financings
- Commercial and Industrial Property Financings
- Hire Purchase and Leasing Debts
- Islamic Hire Purchase / Islamic Leasings
- Personal Loans
- Islamic Personal Financings
- Rahn Financings

Purchase without Recourse (PWOR)

- Housing Loans
- Islamic House Financings
- Hire Purchase
- Islamic Hire Purchase / Islamic Leasings

Mortgage Guarantee Programme (MGP)*

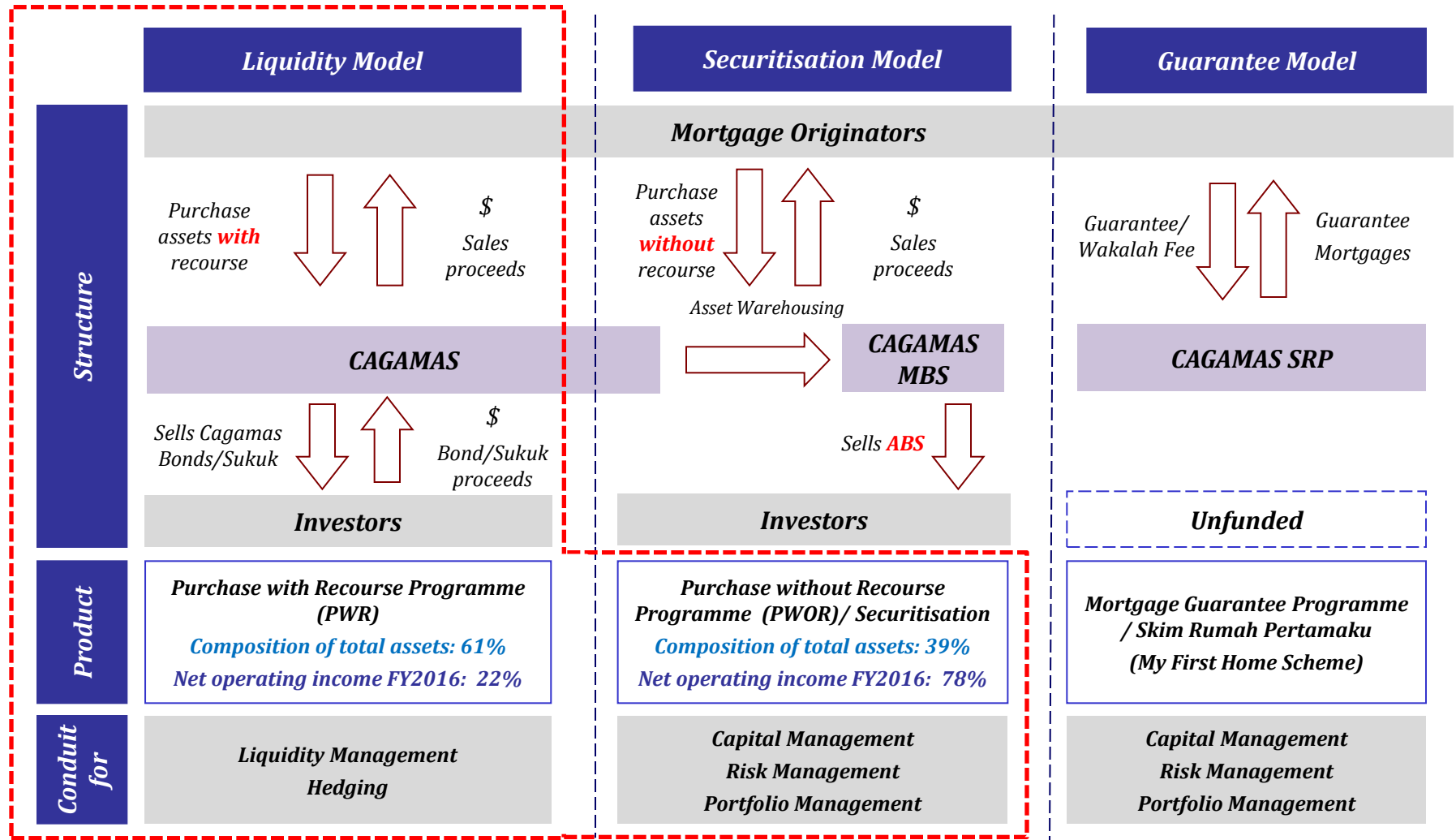
- Housing Loans
- Islamic House Financing
- Skim Rumah Pertamaku /My First Home Scheme
- Skim Perumahan Belia / Youth Housing Scheme

MGP offers "first loss" protection on a mortgage portfolio while the mortgage assets remain on the originator's books

* Under Cagamas SRP Berhad



Cagamas purchases loans and financing under 2 schemes – Purchase with Recourse and Purchase without Recourse



Cagamas Berhad



Cagamas is governed by the following regulations under the respective authorities



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Financial Services Act 2013 (FSA) and Islamic Financial Services Act 2013 (IFSA)

- Subject to certain provisions of FSA and IFSA

Real Time Electronic Transfer of Funds and Securities (RENTAS)

Member of RENTAS

- Subject to RENTAS trading rules

Fully Automated System for Issuing/Tendering (FAST)

- Operational Procedures For Securities Services
- Participation and Operation Rules For Payments and Securities Services

Bank Negara Malaysia



Suruhanjaya Sekuriti
Securities Commission
Malaysia

Capital Markets and Services Act 2007 (CMSA)

Registered Persons status under the CMSA

Securities Commission



Electronic Trading Platform (ETP)

Cagamas' bonds are tradable on the ETP and are subject to the trading rules of the ETP and Bursa Malaysia

Bursa Malaysia



LAWS OF MALAYSIA

Companies Act 2016

- Incorporated under the Companies Act and are subject to provision of the Act

Labuan Companies Act 1990

- Incorporated under the Labuan Companies Act and are subject to provision of the Act

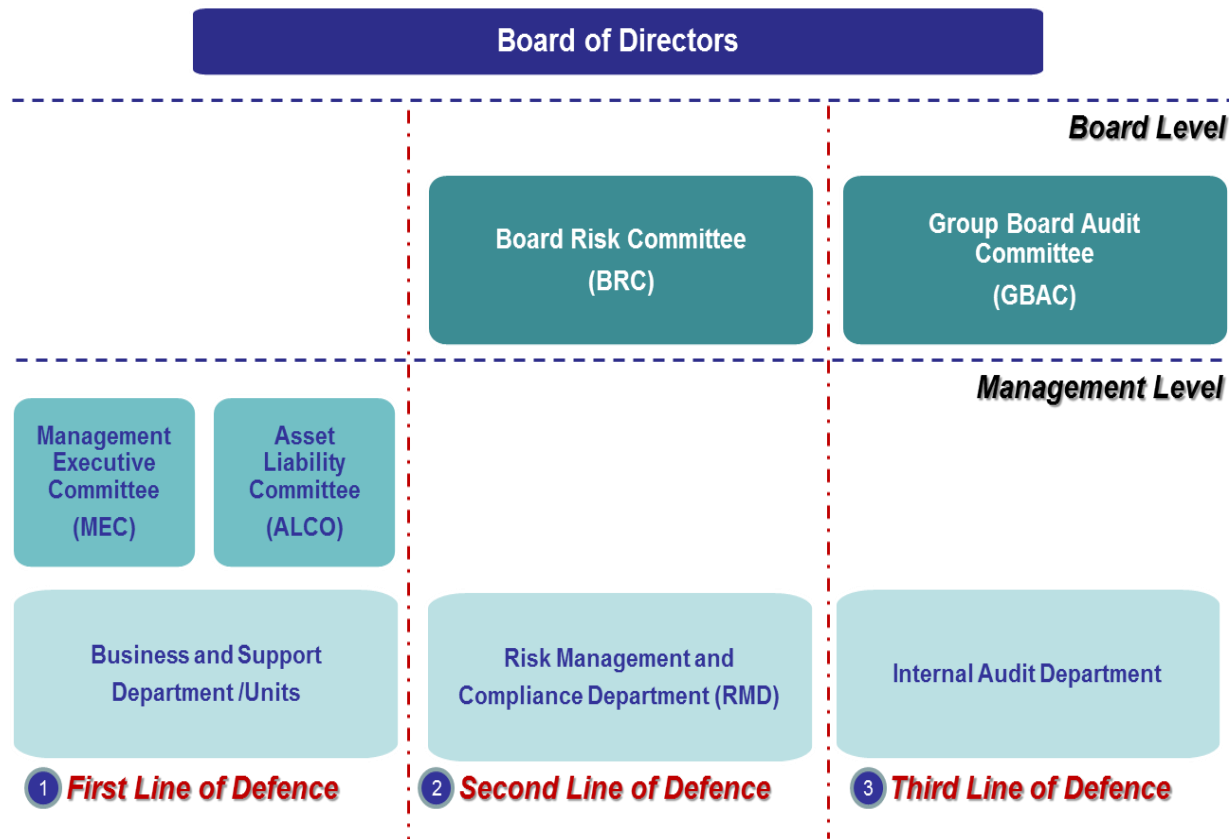
Others



Enterprise Risk Management Framework (ERM)



Cagamas takes a holistic and enterprise-wide view in managing risk. The Cagamas Board of Directors approved the ERM which details the scopes of responsibility and accountability of the respective parties involved. In line with the ERM Framework, Cagamas employs three lines of defense when managing risk



1 The business units within Cagamas are the first line of defense, and have the primary responsibility of identifying, mitigating and managing risks within their line of business. They also ensure that their day-to-day activities are conducted in line with established risk policies and procedures, and that no limits are exceeded.

2 An independent Risk Management and Compliance Department (RMD) acts as Cagamas' second line of defense by providing specialised resources to proactively manage risks. This includes assessment of risk exposures and the coordination of risk management on an enterprise-wide basis. The RMD is also responsible for ensuring that risk policies are implemented accordingly. The Compliance Unit within the RMD oversees the statutory compliance framework of the Group, by ensuring that a comprehensive compliance programme is in place and regular audits are conducted to monitor adherence.

3 The Internal Audit Department (IAD) is Cagamas' third line of defense and is responsible for independently reviewing the adequacy and effectiveness of risk management processes, the system of internal controls and compliance with risk policies.





ASSET & LIABILITY COMMITTEE (ALCO)

Proactive asset and liability management to mitigate risks and optimise profitability

Identified Risk	Risk Control
Market Risk & Liquidity Risk	<ul style="list-style-type: none"> • Match-Funding Policy – All asset purchases are funded by bonds of matched size and duration • Duration Gap – The duration gap of the Company shall not exceed 6 months • Liquidity Gap Limit – Net funding requirement by assessing all of the Company's cash inflow against outflows • Liquidity Ratio – Company's ability to pay off its short term debt obligation. Ratios are higher than 1.0
Funding Risk	<ul style="list-style-type: none"> • Interbank borrowing and repurchase agreement (REPO) as 'Approved Interbank Institution' ¹ • Intraday credit facility from BNM as 'RENTAS' ² member • Strong shareholders' funds as additional source for liquidity needs • Cagamas Debt programme - MYR40 billion MTN/IMTN, MYR20 billion CP/ICP and USD5 billion Conventional/Sukuk Multi-Currency MTN Programme • Issuance and distribution of its own debt securities as 'Registered Person' under CMSA ³ • Facility Agent of its own debt securities as a 'FAST' ⁴ member
Credit Risk - Investment	<ul style="list-style-type: none"> • Prudent Investment Policy • Stringent Credit Concentration Limit Exposure • Regular Credit Review

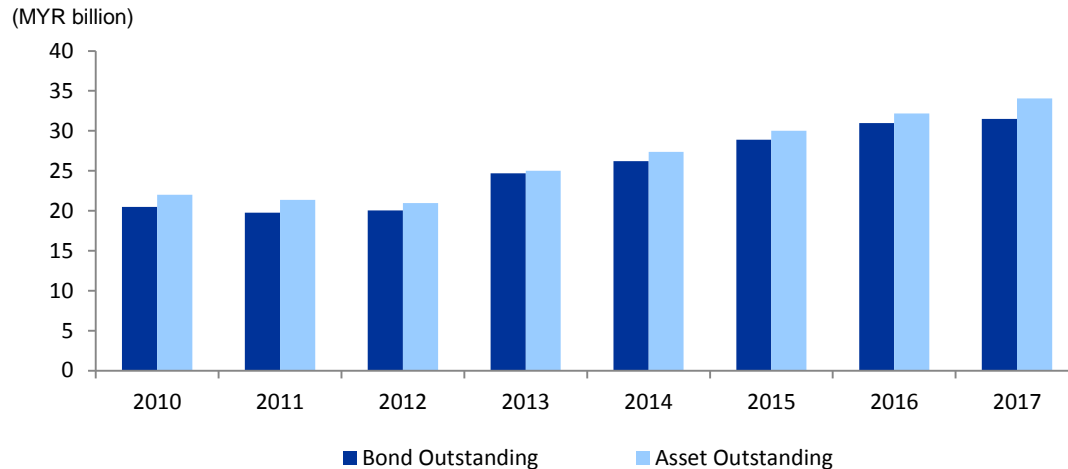
1. Cagamas status as "Approved Interbank Institution" enable direct access to interbank money market as stipulated in The Malaysian Code of Conduct for Principals and Brokers in the Wholesale Money Market and Foreign Exchange Markets
2. Real Time Electronic Transfer of Funds and Securities is a real time gross settlement system for transfer and settlement of interbank funds and scriptless securities transactions
3. The Capital Markets and Services Act 2007 issued by the Securities Commission of Malaysia in relation to dealing with fund raising activities
4. Fully Automated System for Issuing/ Tendering



Asset Liability Management – Market and Liquidity Risk

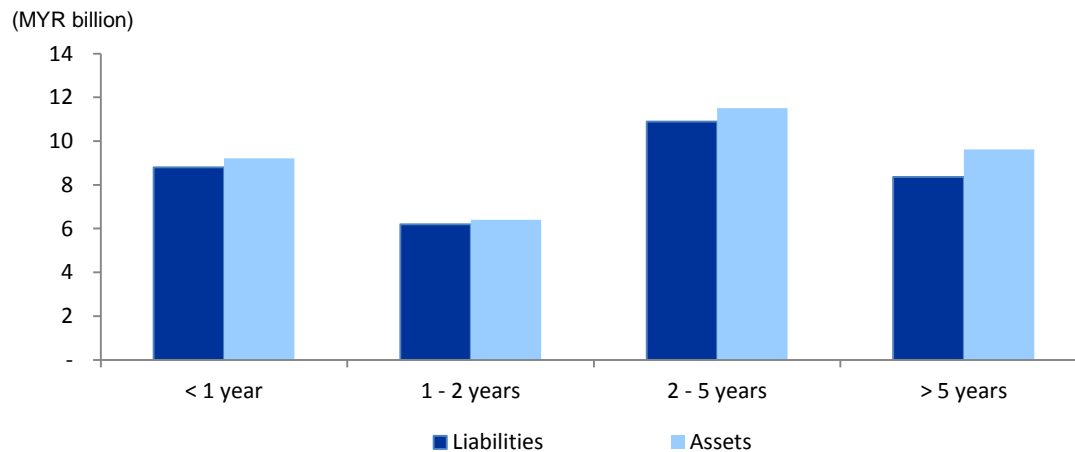


Outstanding Bonds/Sukuk and Assets since 2010 (as at August 2017)



- *Cagamas practices a strict match-funding policy where all asset purchases are funded by bonds/sukuk of matching size, duration and self-sufficient in cash flows*
- *Cagamas also imposes a duration gap limit to manage liquidity and interest/profit rate risk*

Maturity Profile of Assets and Bonds/Sukuk (as at August 2017)



- *The maturities of the assets and liabilities are also matched as close as possible*
- *Cagamas also places limits on maximum shortfall against shareholders' funds and liquidity ratio to ensure sufficient funds to meet maturing liabilities*

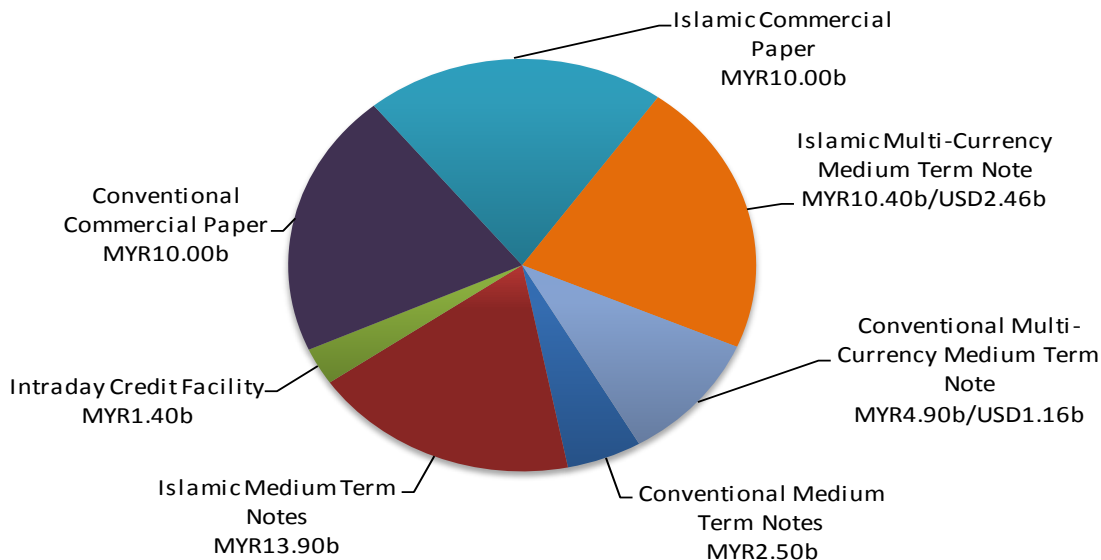




Cagamas has access to intraday credit facility provided by Bank Negara Malaysia

Available Credit

Total Credit Available : MYR53.10 billion¹



MYR Debt Securities Programme

- MYR40 billion MTN/IMTN Programme
- MYR20 billion CP/ICP Programme
- MYR5 billion ICP/IMTN Programme (Sukuk ALIm)

FCY Debt Securities Programme

- USD 2.5 billion Multicurrency MTN Programme
- USD 2.5 billion Multicurrency Sukuk Issuance Programme

In addition to these, a minimum of 50% of Cagamas' fixed income investments are in government/government-guaranteed issues which can be used to obtain funding via REPO

Note 1: USD/MYR exchange rate of 4.2335 (as of 2 October 2017)





Objectives:

- Widening the Company's investors base and network
- Diversify funding sources
- Achieve competitively priced funding from international liquidity pool
- Funding of potential purchase of non MYR assets
- Developmental role in deepening and broadening the Malaysian and international debt capital market
- Reduce over reliance on single benchmark for pricing
- Reduce overcrowding effect in domestic market

Programme Features:

Type	Conventional	Islamic
Programme Size	USD2.5 billion	USD2.5 billion
Tenor	Perpetual	
Rating	A3 by Moody's Investors Service, Inc.	
Issue format	Regulation S only	
Governing laws	English Law	
Listings	LFX and SGX-ST	

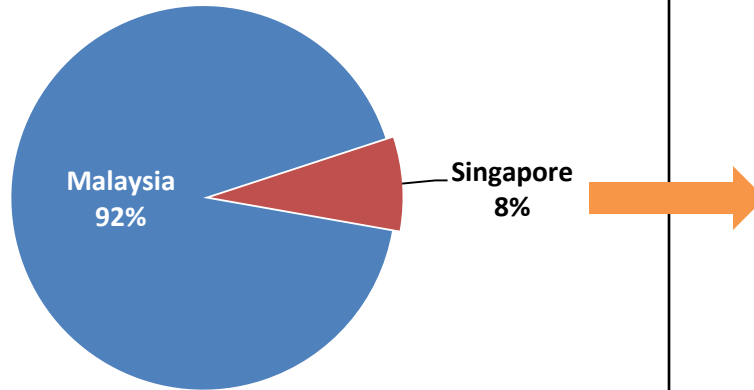


Investor's profile based on total investors

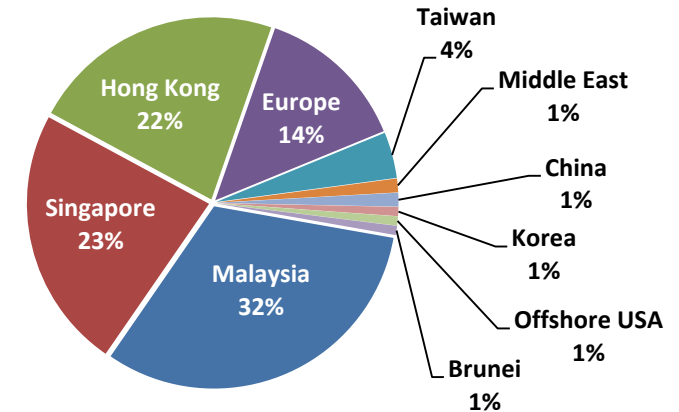


Before the establishment of EMTN

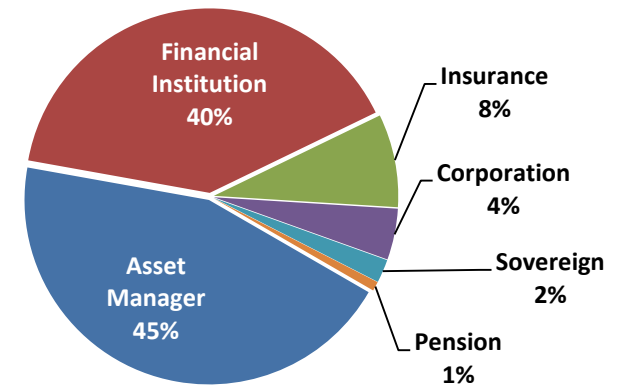
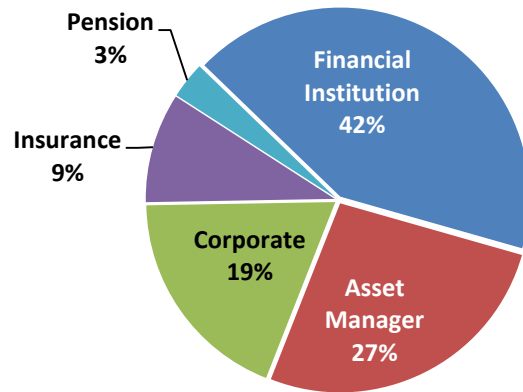
By Country



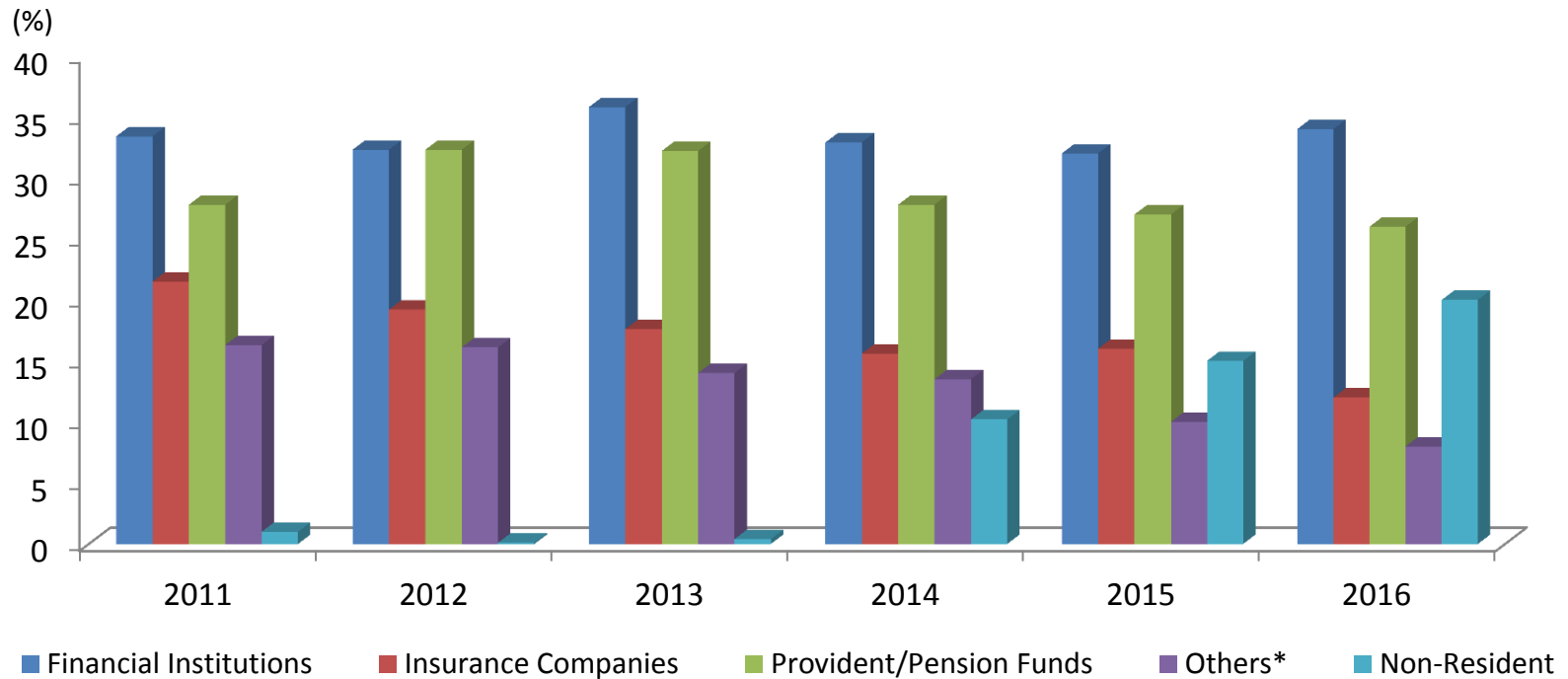
After the establishment of EMTN



By Type



Investor's profile based on outstanding debt securities



	Banking Institutions	Insurance Companies	Provident/ Pension Funds	Others*	Non-Resident
2016	34%	12%	26%	8%	20%
2015	32%	16%	27%	10%	15%
2014	33%	16%	28%	13%	10%
2013	36%	17%	32%	14%	1%

* Others – Local Corporations, Government-Linked Companies and Trust Funds





SECTION 3

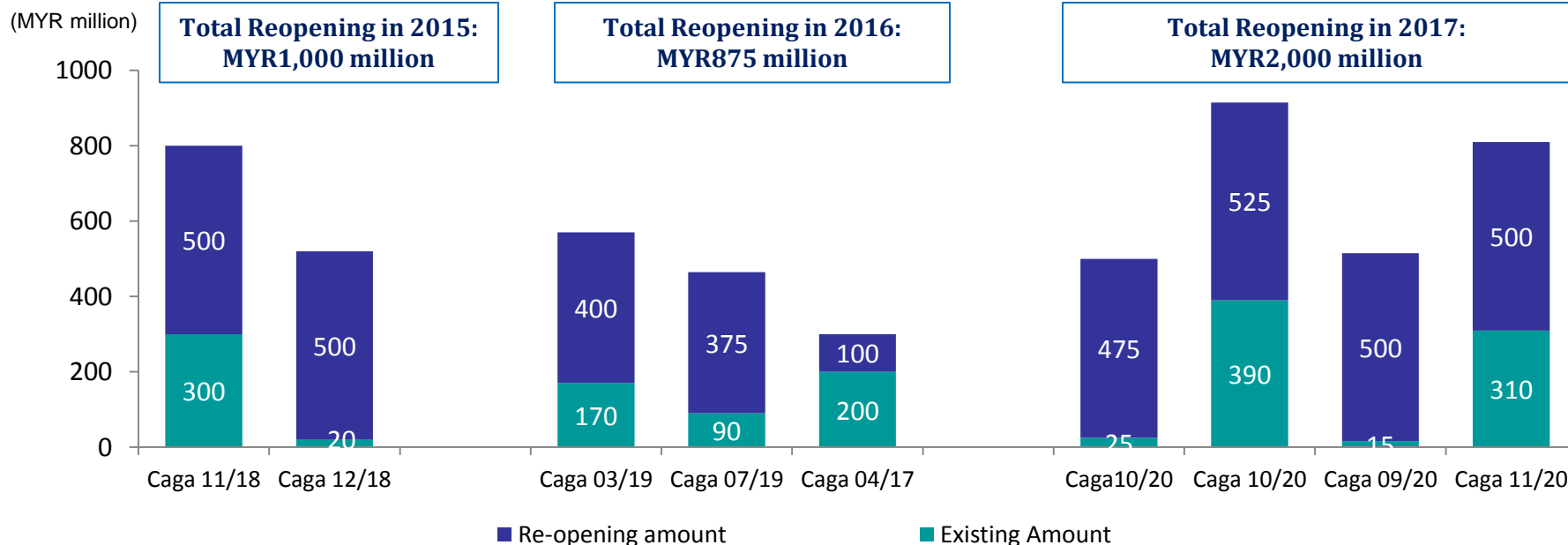
Initiatives to Promote Market Liquidity



Re-opening Initiatives



Enlarged existing tranche size of outstanding bond would encourage trading activity of the reopened stock and promote secondary market liquidity for the paper



- Since 2015, Cagamas has successfully reopened MYR3,875 million of Cagamas MYR debt securities.
- The reopening initiatives are more in demand amongst investors to promote healthier secondary liquidity.
- Enlarged issue size that meet the minimum size pre-requisite for inclusion into influential local currency bond index increases weightage of Cagamas bonds in the indices, thus promoting greater visibility of Cagamas debt securities particularly among international investors.





Cagamas debt securities continue to be included in widely followed global indices

No.	INDICES	MYR	HKD	RMB	USD
1	Markit iBoxx ALBI Index	✓	✓	✓	
2	BofA Merrill Lynch Diversified Local Emerging Markets Non-Sovereign Index (LOCL)	✓		✓	
3	BofA Merrill Lynch Broad Local Emerging Markets Non-Sovereign Index (LCCB)	✓	✓	✓	
4	BofA Merrill Lynch Diversified Broad Local Emerging Markets Non-Sovereign Index (LCCD)	✓		✓	
5	S&P Pan Asia Bond Index	✓			
6	S&P Malaysia Bond Index	✓			
7	S&P Hong Kong Quasi and Foreign Government Bond Index		✓		
8	Barclays Capital Offshore Renminbi (CNH) Bond Index			✓	
9	FTSE-BOCHK Offshore RMB Bond Index Series			✓	
10	FTSE-BOCHK Offshore RMB Investment Grade Bond Index			✓	
11	Citi Dim Sum (Offshore CNY) Bond Index			✓	
12	Barclays Global Aggregate Index				✓
13	J.P Morgan Asia Credit Index (JACI)				✓
14	Citi World Broad Investment-Grade (WorldBIG) Index				✓
15	Citi Asian Broad Bond Index (ABBI)				✓
16	Markit iBoxx Asian USD Dollar Bond Index				✓
17	BofA Merrill Lynch US Emerging Markets Liquid Corporate Plus Index (EMCL)				✓



Cagamas Pricing Page



Ticker on Bloomberg: **"CAGA"**

<Menu> to Return

97) Settings 98) Output 99) Show in Launch Page 1/2 Cagamas Berhad

Conventional Islamic (Sukuk)

Cagamas Medium Term Notes-Conventional MSG Contributor 10:52:05

Zoom 100%

Cagamas Berhad -> Cagamas Berhad -> Local Currency- Fixed/Floating MTN -> Conventional (GDCO 34288 1)

Stock Name	ISIN Code	Coupon	Maturity	Bid Yield-Indicative	Ask Yield-Indicative	Bid Size-mln Indicative	Ask Size-mln Indicative	Time
1) CAGA 3.95 03/20/18	MYBUG1500217	3.95	03/20/18		3.600		30M	09:31
2) CAGA 3.9 11/16/18	MYBUI1301091	3.90	11/16/18		3.650		30M	09:31
3) CAGA 4.1 11/18/20	MYBUI1301089	4.10	11/18/20	3.980	3.880	20M	40M	09:31
4) CAGA 3.91 10/31/22	MYBUN1200616	3.91	10/31/22	4.200		10M		09:31
5) CAGA 4.65 11/25/22	MYBUI1501092	4.65	11/25/22	4.200		10M		09:31
6) CAGA 3.9 12/02/22	MYBUN1200855	3.90	12/02/22	4.200		10M		09:31
7) CAGA 4.3 11/17/23	MYBUN1301075	4.30	11/17/23		4.180		10M	09:31
8) CAGA 5.52 07/17/24	MYBUS0900645	5.52	07/17/24		4.200		20M	09:31
9) CAGA 6 10/10/28	MYBUX0800886	6.25	10/10/28		4.530		5M	09:31
10) CAGA 4 11/17/28	MYBUS1301058	4.75	11/17/28		4.550		5M	09:31
11) CAGA 5 07/17/29	MYBUX0900652	5.75	07/17/29		4.580		5M	09:31
12) CAGA 5 11/26/29	MYBUX0901171	5.50	11/26/29		4.580		5M	09:31
13) CAGA 4.55 11/18/25	MYBUP1301062	4.55	11/18/25		4.200		100M	09:31

Contact Disclaimer

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Mandeep {IB>16414368<G0>}
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Mandeep	mandeep@cagamas.com.my	Message Me
Ismadi	ismadi@cagamas.com.my	Message me

LOCAL CURRENCY - FIXED/FLOATING MTN - ISLAMIC (SUKUK)

Stock Name	ISIN Code	Coupon	Maturity	Bid Yield-Indicative	Ask Yield-Indicative	Bid Size-MIL Indicative	Ask Size-MIL Indicative	Time	Date
CAGA 3.70 280317	MYBV11201430	3.700 %	28-Mar-2017		3.25		50M	16:26	22-Nov-2016
CAGA 4.01 070717	MYBVG1401745	4.010 %	07-Jul-2017		3.30		50M	16:26	22-Nov-2016
CAGA 3.95 261018	MYBV11302618	3.950 %	26-Oct-2018		3.58		10M	16:26	22-Nov-2016
CAGA 3.90 161118	MYBUI1301091	3.900 %	16-Nov-2018		3.60		15M	16:26	22-Nov-2016
CAGA 4.05 201218	MYBV11303483	4.050 %	20-Dec-2018		3.60		10M	16:26	22-Nov-2016
CAGA 5.28 170719	MYBVN0907474	5.280 %	17-Jul-2019		3.63		10M	16:26	22-Nov-2016

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REALTIME NEWS

Cagamas Berhad
18-Oct-2016 14:06:31 BNMM

CAGAMAS ISSUES RM580 MLN 3-YEAR CMTN
18-Oct-2016 00:03:46 BER

CAGAMAS TERBITKAN NOTA JANGKA Sederhana konvensional tiga tahun bernilai RM580 juta
18-Oct-2016 00:03:44 BER

Cagamas taps foreign demand
15-Oct-2016 08:00:21 IFR

UPDATE: Cagamas prices M\$580m 3yr bond at 3.75%

FX

	BID	ASK	TIME
MYR	4.4120	4.4200	17:18
GBP	1.2484	1.2485	17:24
EUR	1.0642	1.0643	17:24
AUD	0.7397	0.7407	17:24
CHF	1.0089	1.0093	17:24
SGD	1.4217	1.4219	17:24
CNY	6.8838	6.8870	17:09
SAR	3.7505	3.7507	16:40

FX - AGAINST MYR

	BID	ASK	TIME
MYR	4.4120	4.4200	17:1
GBPMYR	5.5079	5.5184	17:2
EURMYR	4.6953	4.7042	17:2
AUDMYR=R	3.2653	3.2730	17:2
CHFMYR=R	4.3713	4.3810	17:2
SGDMYR=R	3.1027	3.1092	17:2
CNYMYR=R	0.64063	0.64209	17:1
SARMYR=R	117.6314	117.8510	17:1

Credit Curves

Legend: AAA (blue), CMBS (purple), GG (green), Cagamas (orange), MGS (red)



Top 10 Corporate Bond and Sukuk Secondary Trading Performance



2017

Ranking	Issuer	Rating	Traded Amount (MYR million)
1	Cagamas Berhad	AAA	5,058
2	DanaInfra Nasional Berhad	GG	4,252
3	Prasarana Malaysia Berhad	GG and AAA	3,919
4	Pengurusan Air SPV Berhad	GG and AAA	3,333
5	BGSM Management Sdn Berhad	AA	2,872

2016

Ranking	Issuer	Rating	Traded Amount (MYR million)
1	Cagamas Berhad	AAA	17,071
2	DanaInfra Nasional Berhad	GG	8,429
3	Prasarana Malaysia Berhad	GG and AAA	8,360
4	Pengurusan Air SPV Berhad	GG and AAA	7,642
5	Projek Lebuhraya Usahasama Berhad	GG and AAA	6,995

Source: Bursa Malaysia Electronic Trading Platform as at 11 September 2017





SECTION 4

Financial Highlights

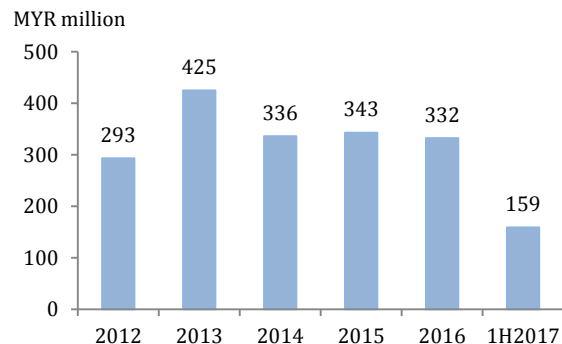


Summary Financial Highlights

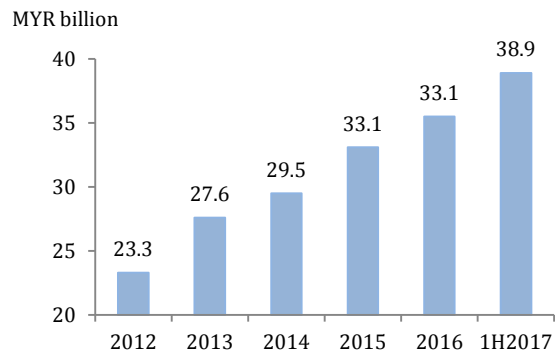


Healthy asset growth with sustained profitability

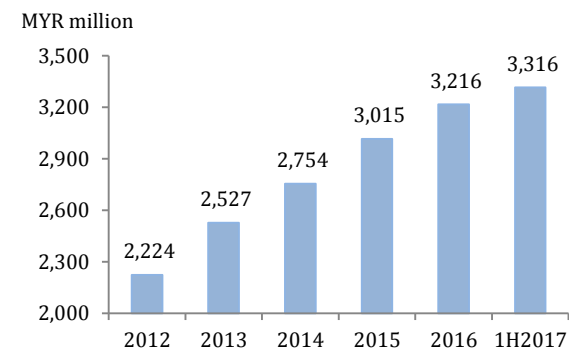
Profit Before Tax



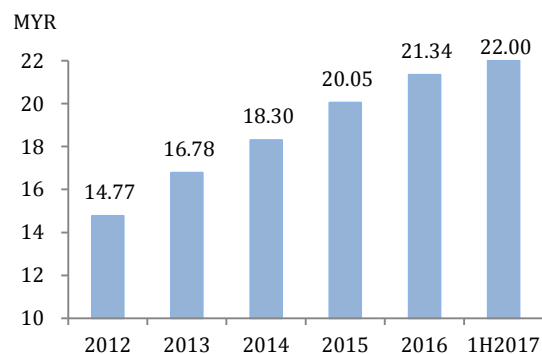
Asset Size



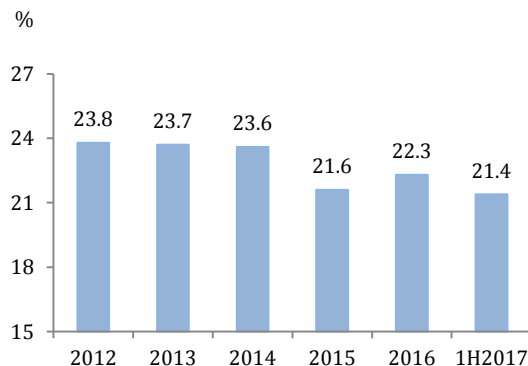
Shareholders' Fund



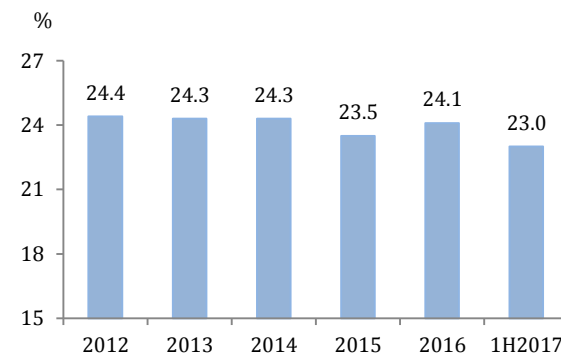
Net Tangible Asset per share



Core Capital Ratio



Risk Weighted Capital Ratio



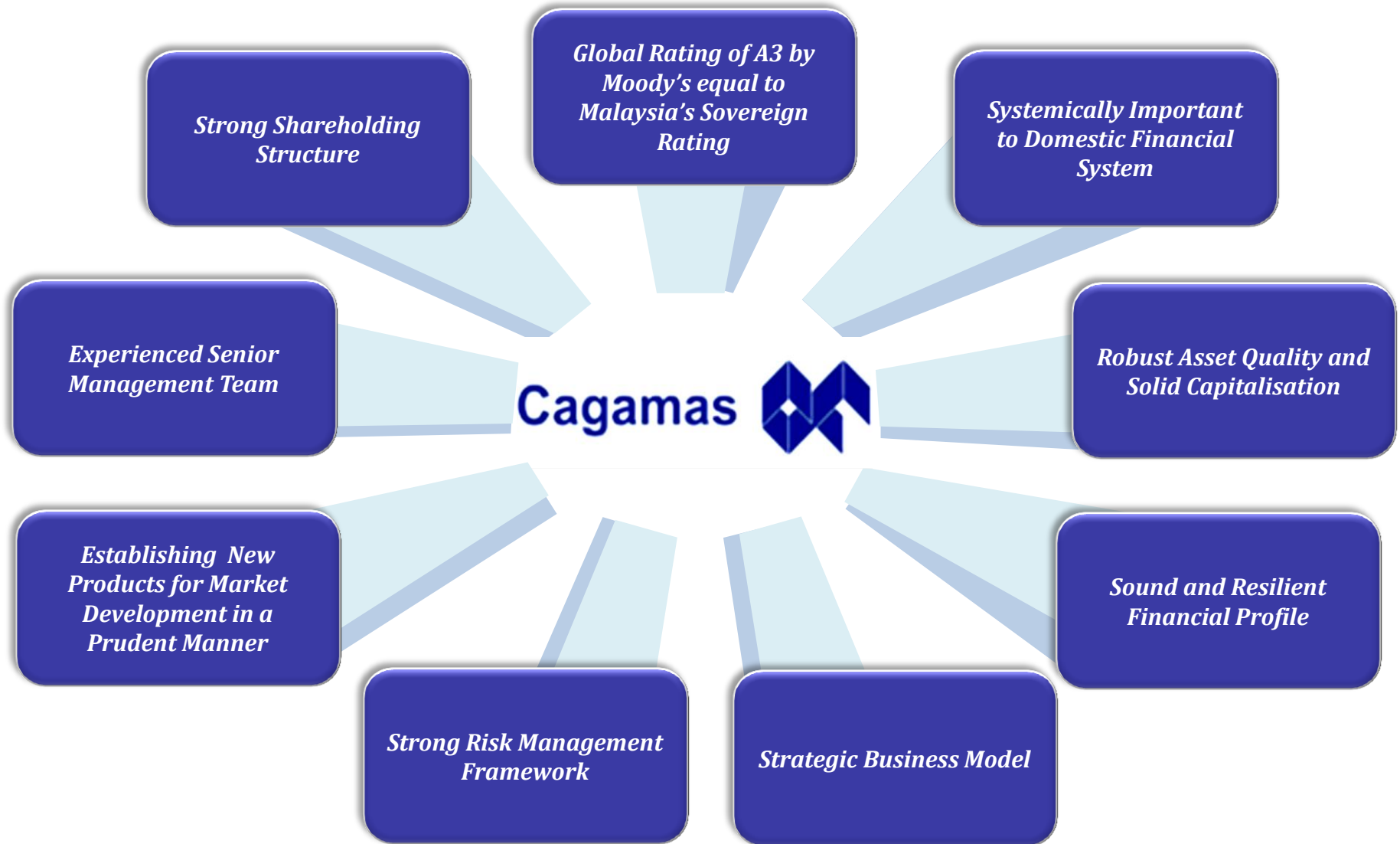


SECTION 5

Key Credit Strengths



Key Credit Strengths





A3

HIGH SYSTEMIC
SUPPORT
from
Government of
Malaysia

STRONG CREDIT PROFILE

▪ ***Sovereign Equivalent Rating***

▪ ***Special policy role***

- ✓ *Supporting the national objective to increase home ownership & promote development of Malaysia debt capital market*

▪ ***Close linkages with BNM and the Government***

▪ ***High systemic importance in Malaysian financial sectors***

- ✓ *Significant linkages with other FIs and prominent role in the debt capital market*

▪ ***Strong Capitalisation***

▪ ***Good Asset Quality***

- ✓ *Above industry average*

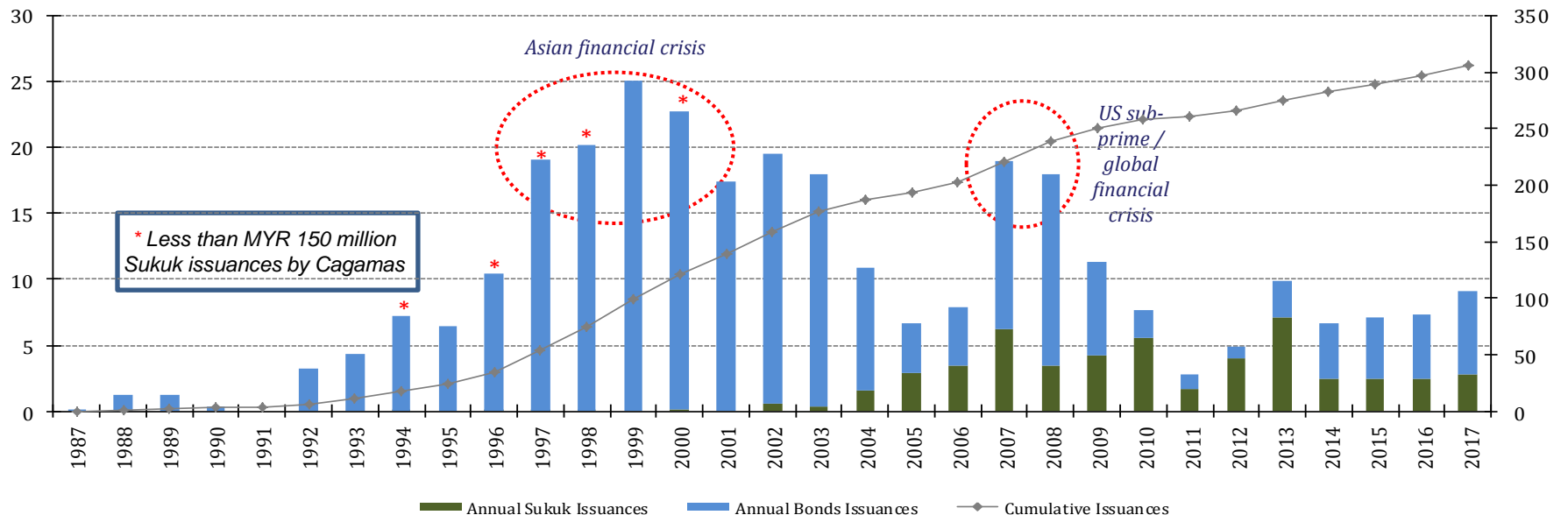
▪ ***Stable Profitability***



Systemically Important to Domestic Financial System



(MYR billion)



Cagamas plays a systemically important role in the domestic financial system, underscored by its dual function as liquidity provider and as a leading issuer of conventional and debt securities and Sukuk

- Provide credit and portfolio risk management solutions
- Provide capital management solutions
- Conduit to remove systemic risk in the financial sector
- Conduit for best practices & setting up of standards – development of conforming financing standards
- Cagamas Group has issued papers worth MYR305.9 billion to the financial market and has successfully redeemed MYR268.6 billion with not even a single technical default as at September 2017



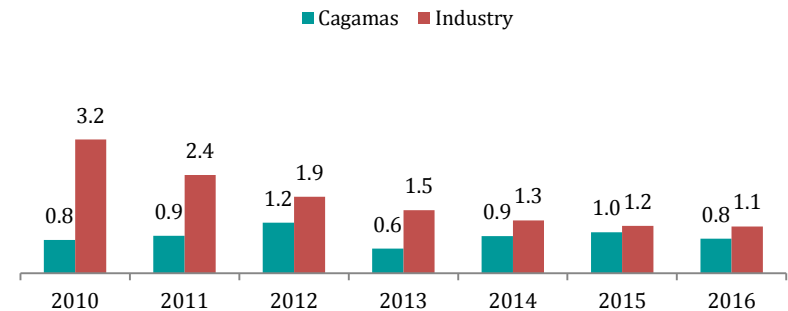
Robust Asset Quality and Solid Capitalisation



Cagamas' asset quality is robust, premised on its exposure to highly rated PWR counterparties and the provision of loans/financings with non-discretionary salary deduction at source as a key feature of its PWOR portfolio

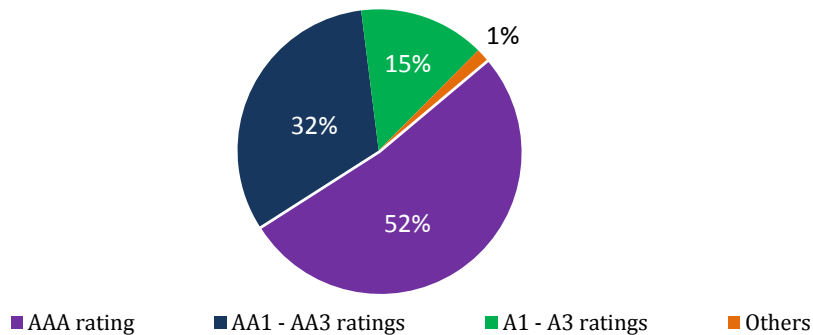
- As at August 2017, more than **80%** of the Company's counterparties under the PWR scheme carried at least AA ratings. There has been zero impairment losses for PWR assets
- The company's PWOR portfolio is considered healthy given that these receivables are subject to non-discretionary salary deductions at source. Cagamas' ratio of **loans/financings** that are 90 days past due came up to **0.8%** as at 31 December 2016, lower than the Malaysian banking system's gross impaired loan/financing ratio of 1.1% for residential property mortgages
- The ratio of its PWR and PWOR receivables stood at about **62:38** as at June 2017

Impaired Assets %

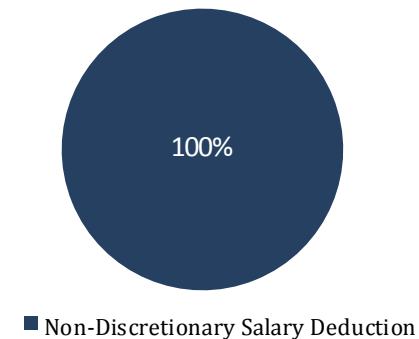


Source: Bank Negara Malaysia (Industry)

Counterparties exposure by local ratings for PWR assets (%) as at August 2017



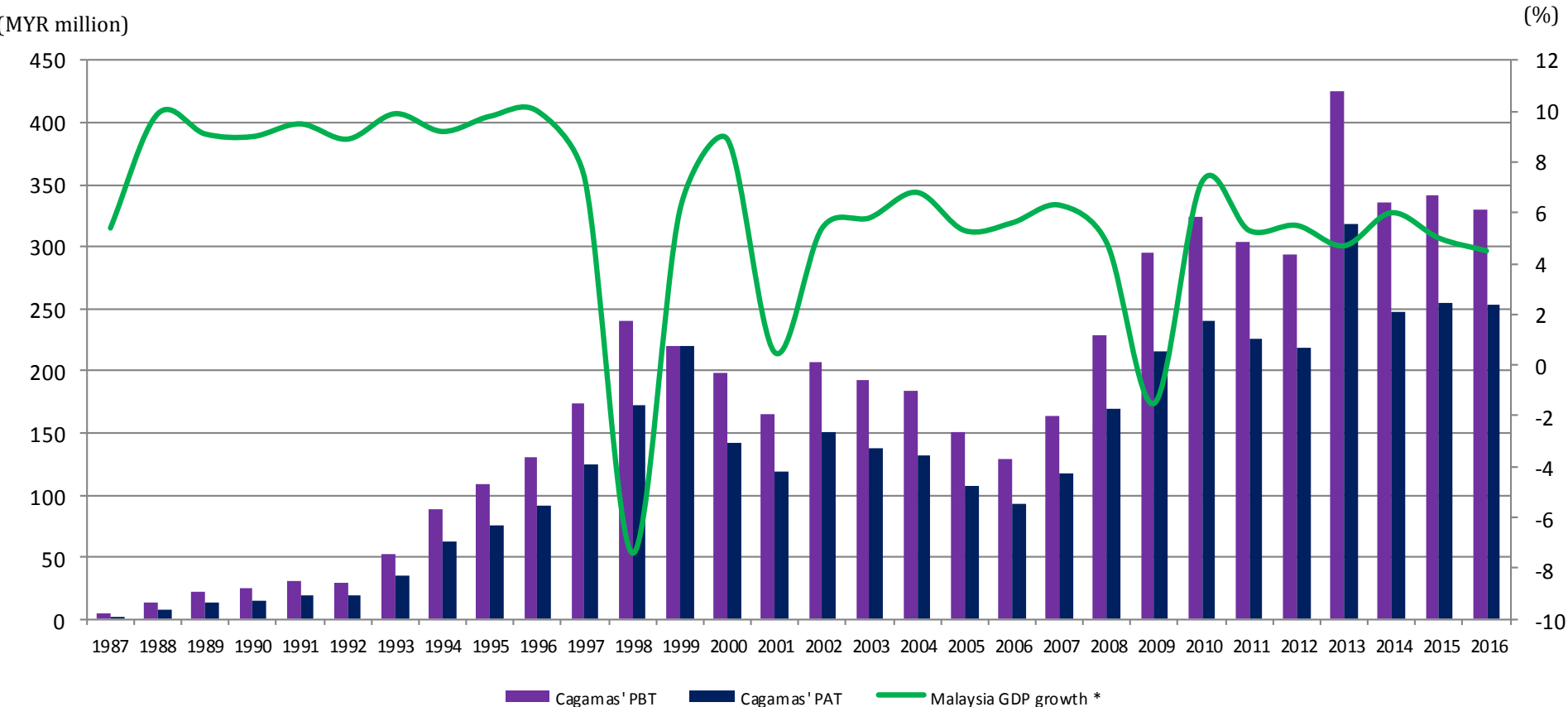
Collection exposure for PWOR assets (%) as at August 2017



Sound and Resilient Financial Profile



Cagamas consistently achieves strong and resilient profit since its inception, demonstrating that business is managed in both prudent and profitable manner

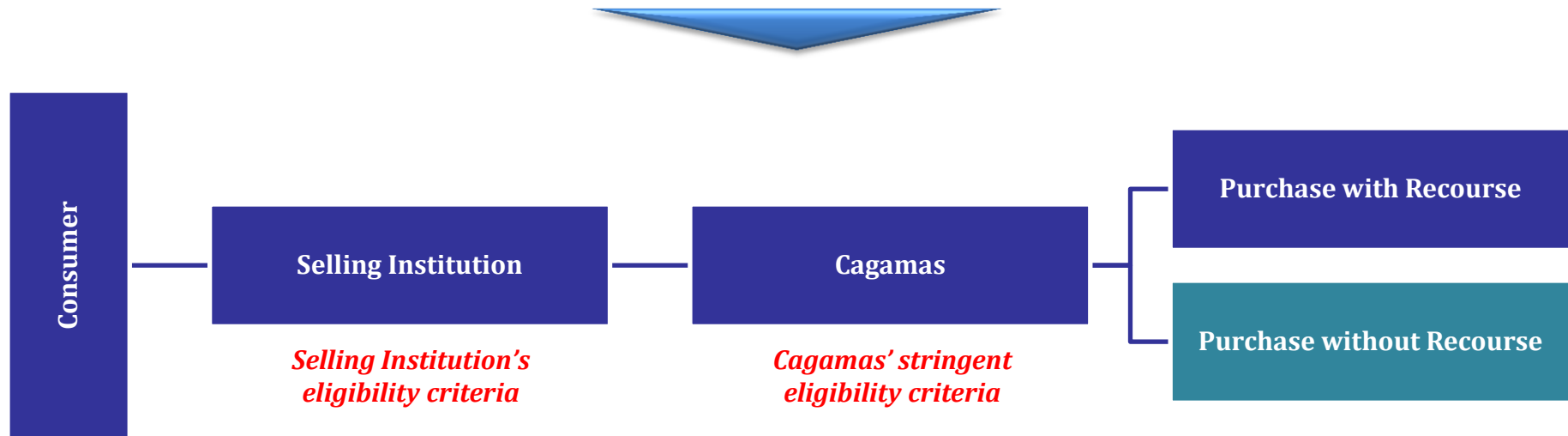


*Source: The World Bank
Department of Statistics Malaysia





Since the commencement of operations in 1987, Cagamas has been a global role model of how emerging countries can establish successful secondary mortgage liquidity facilities



- *The Selling Institution will have applied its own eligibility criteria in granting the loan / financing to the consumer*
- *Cagamas will have applied its own stringent eligibility criteria in determining that the loan / financing to be purchased from the Selling Institution is of sufficient quality to maintain the high quality of Cagamas assets*

The success of Cagamas' business model has been recognised by other countries as well as the World Bank and the Asian Development Bank





The strong risk management framework is a major contributor to the highly successful Cagamas business model



- *Rigorous New Product Approval Process governing the end-to-end process for obtaining approval for all businesses/products;*
- *Identification of new products or variation of existing products by the Business Units;*
- *Robust process include setting up of a working committee to ensure new product is in line with the Company's objectives;*
- *Research and development shall be undertaken during the establishment to include essence of the product, risk profile of the product, impact on consumers/markets , legal, regulatory, tax, accounting and compliance requirements.*

Credit Risk Management

Limit

*Eligibility
Criteria*

*Credit Approval
Process*

Liquidity Management

*Strict Match
Funding Policy*

*Reserves in cash
& liquid assets*

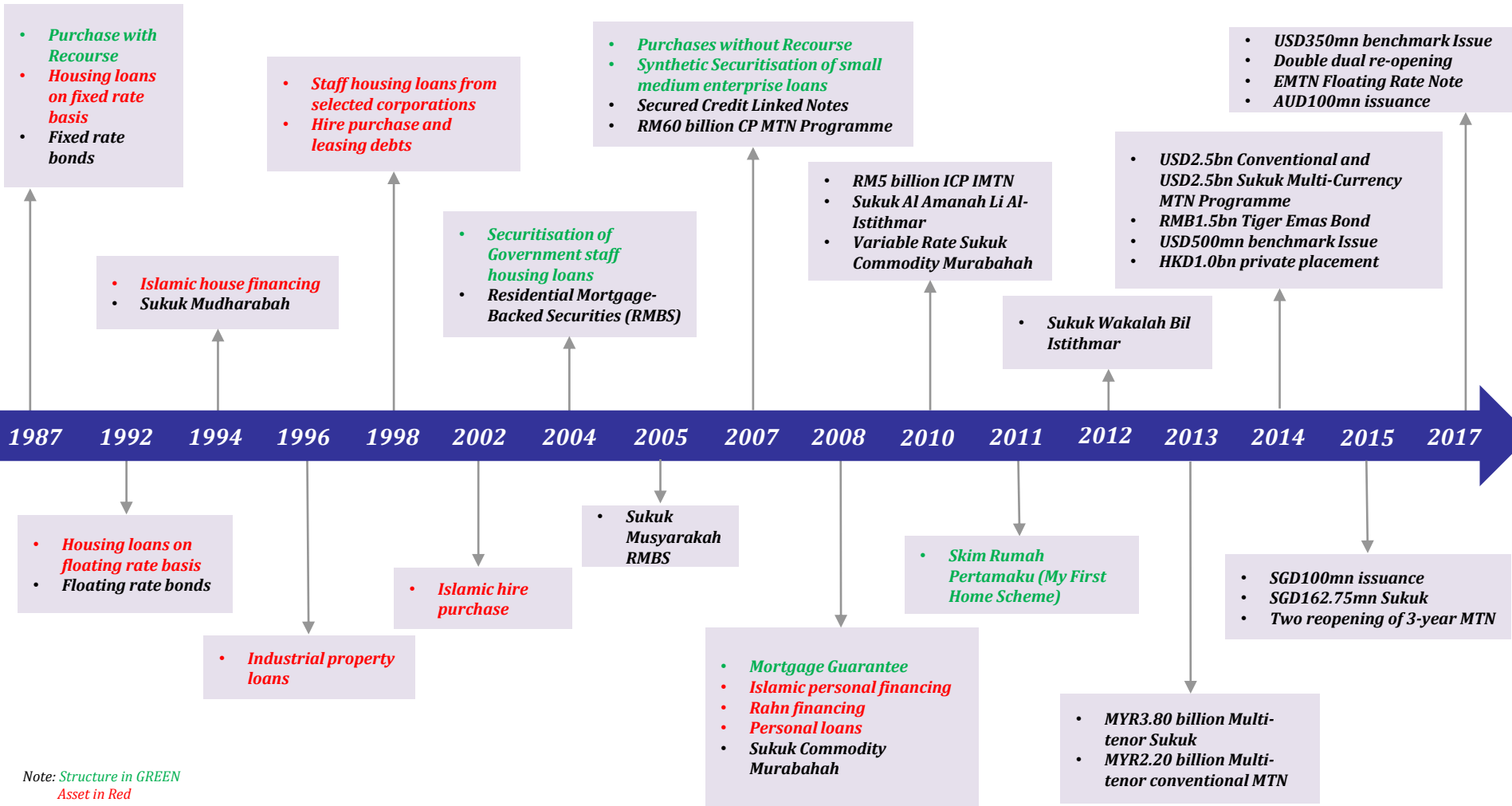
*MYR and Multi-
currency MTN
Programme*



Establishing New Products for Market Development in a Prudent Manner



Cagamas has strong expertise with 30 years of successful operations



Experienced Board of Directors



The Board of Directors of Cagamas, comprising non executive directors with extensive experience in Government, Central Banking, Banking, Investment and other sectors

Board of Directors



**Mr. Shaik Abdul Rasheed
bin Abdul Ghaffour**
Chairman/Non-Executive Director
*(Deputy Governor Bank Negara
Malaysia)*



Dato' Halipah binti Esa
Non-Executive Director



Dr. Roslan bin A. Ghaffar
Non-Executive Director



Dato' Md Agil bin Mohd Natt
Non-Executive Director



Mr. Philip Tan Puay Koon
Non-Executive Director



Dato' Wee Yiaw Hin
Non-Executive Director



Dato' Ooi Sang Kuang
Non-Executive Director



Mr. Nazrul Hisyam bin Mohd Noh
Non-Executive Director
*(Chief of Staffs Bank Negara
Malaysia)*



Datuk Chung Chee Leong
*Chief Executive Officer/
Executive Director*



Experienced Senior Management Team



Cagamas has an experienced senior management team, with an average of more than 20 years of industry experience

Senior Management Team



Datuk Chung Chee Leong
Chief Executive Officer

Years in Industry: 33 years
Years in BNM: 29 years



Norazilla Md Tahir
Chief Financial Officer

Years in Industry: 24 years



Audrey Wong
Chief Risk Officer

Years in Industry: 22 years



Azizi Ali
Senior Vice President,
Islamic Business

Years in Industry: 30 years



Abdul Halim Salleh
Senior Vice President,
Treasury & Capital Markets

Years in Industry: 21 years



S. Shanmuganathan
Senior Vice President,
Operations and Services

Years in Industry: 30 years



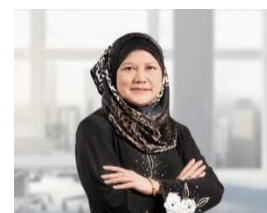
Badrulnizam Bahaman
Senior Vice President,
Core Business

Years in Industry: 23 years



Delvin Chong
Senior Vice President
Corporate Strategy &
Analytics

Years in Industry: 23 years



Mazlina Saidi
Senior Vice President,
Human Capital &
Administration

Years in Industry: 32 years





Image: Simon Howden / FreeDigitalPhotos.net

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Thank You

