



Knowledge Event

Hosted by the Economic Research and Regional Cooperation Department
and the South Asia Regional Department

30th August 2018

MALAYSIA'S HOUSING FINANCE SOLUTIONS

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President/Chief Executive Officer
Cagamas Berhad





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OVERVIEW OF HOUSING FINANCE MARKET IN MALAYSIA

Housing Finance Market



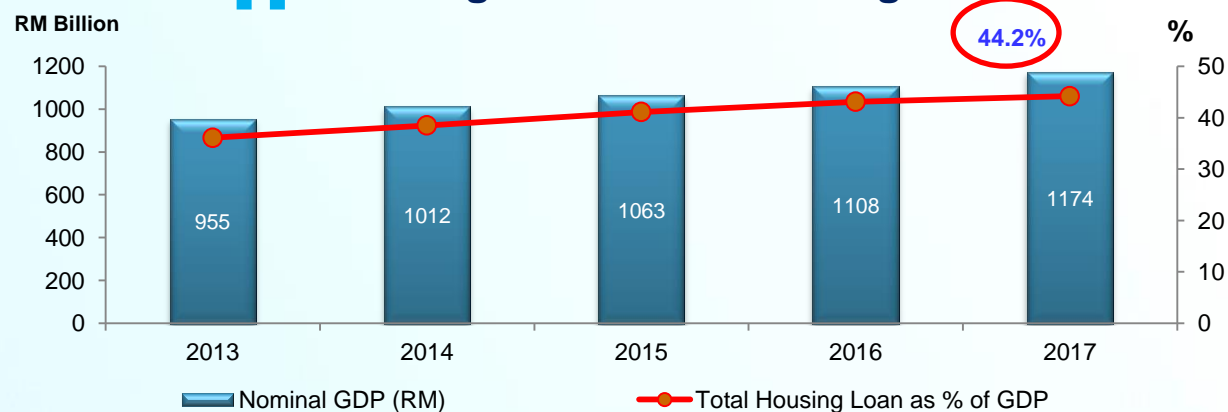
Mortgage Originators in Malaysia:-

Private sector plays a dominant role in development in Malaysia

Private Sector	Public Sector	Secondary Mortgage Corporation
<ul style="list-style-type: none"> Commercial Banks (Conventional and Islamic Banks) Development Financial Institutions Others : Insurance Companies, Co-operatives, Developers 	<ul style="list-style-type: none"> Public Sector Housing Financing Board 	<ul style="list-style-type: none"> Cagamas Berhad

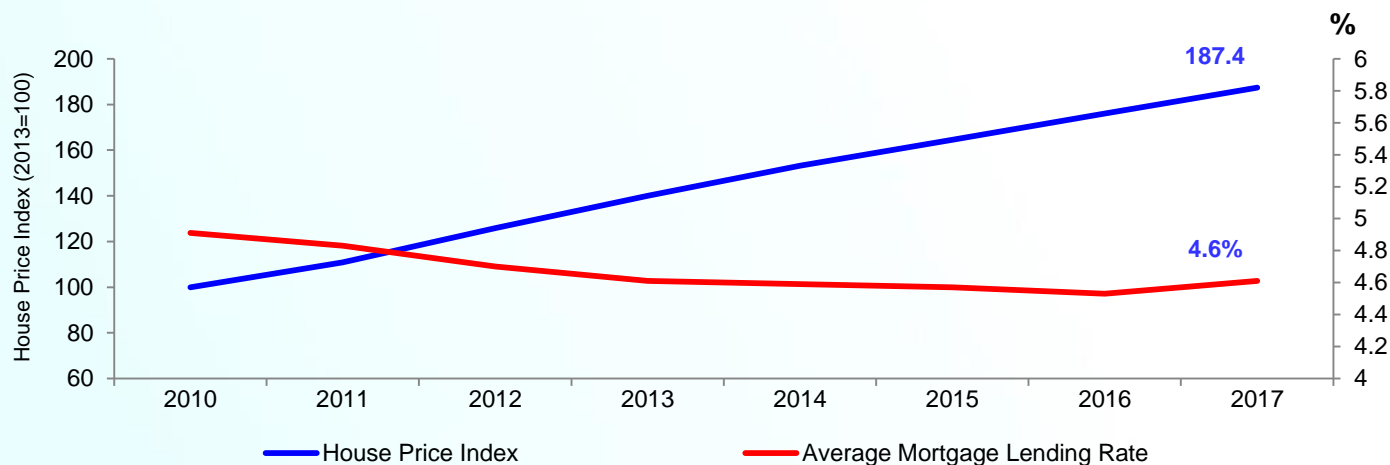


Housing Loans Outstanding to GDP:-

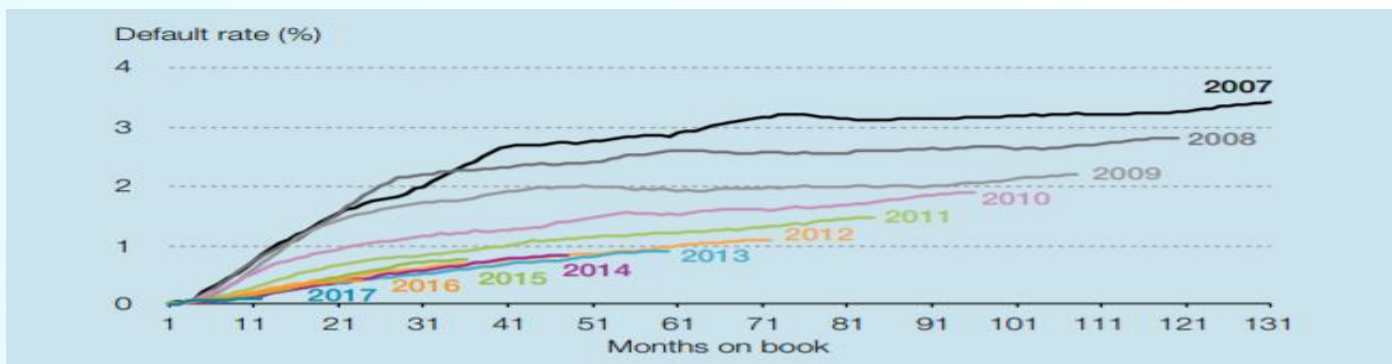


Housing Finance Market (cont'd)

House Price Index and Mortgage Rate :-



Default rates of housing loans improved since 2007:-



Characteristics of Housing Loans in Malaysia

	In the 80's	Now
Tenure	10-15 years	Max 35 years
Interest Rate	Fixed (8% -12% p.a) Monthly rest	Floating - Daily rest <u>or</u> Teaser rate for first few years
Repayment	Amortising	Amortising <u>or</u> Step-up Repayment Schedule
Structure	Conventional	Conventional and Islamic
LTV	≈ 80%	≈ 90%
Auction Process	2-3 years	Within 1 year
Special Housing Loans	Quota for individual/banks for housing loans below RM25K	No quota

Home Ownership: Government's Policy

Government Policy

- Increase supply of housing to the market
- Provision of adequate, affordable and quality houses
- Enhancing accessibility to housing finance supply
- Encourage home ownership

Objective of housing policy

- to increase accessibility to adequate, affordable and quality houses

Actively promote home ownership since 1970s

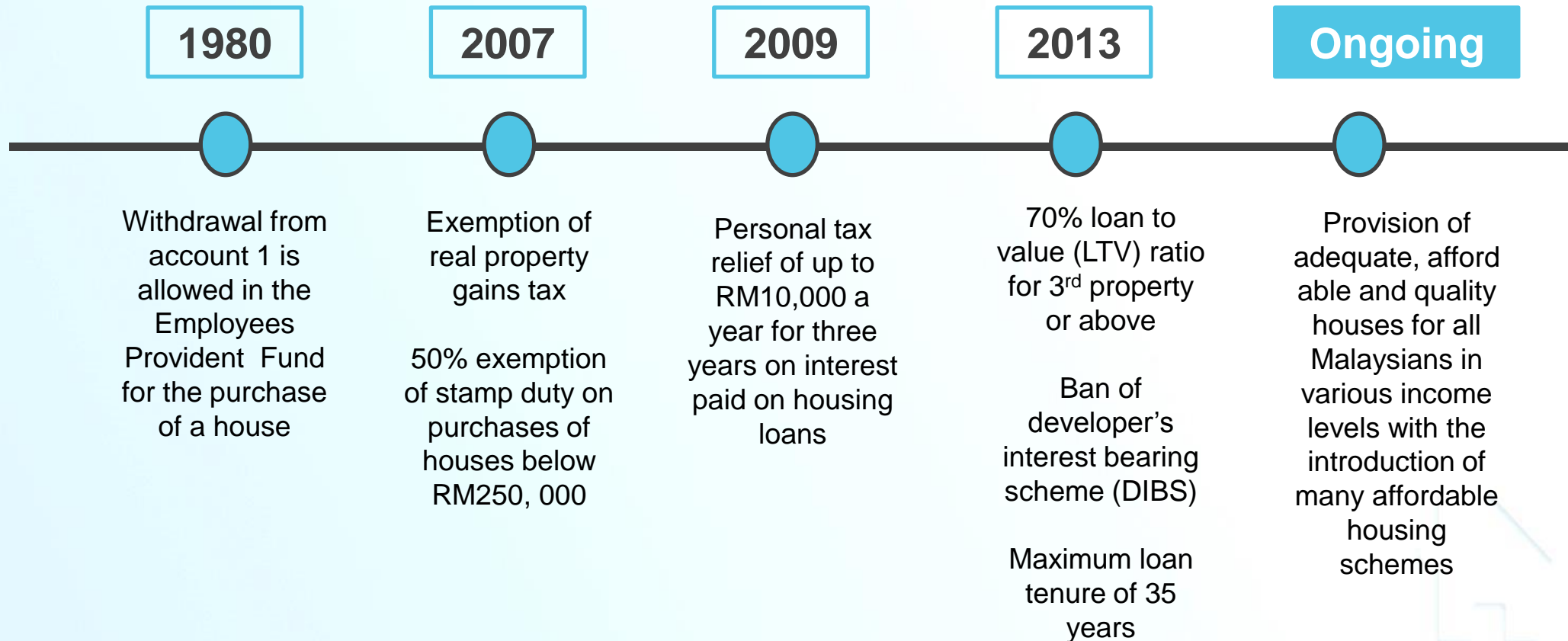
- especially among the lower and middle income groups



Measures Introduced by the Government

Over the years, the Government continues to introduce new measures to facilitate the housing finance system and also to curb house price speculations.

Among the measures introduced :



Government Assisted Financial Schemes

- Provision of adequate, affordable and quality houses for all Malaysians in various income levels with the introduction of many housing schemes

Schemes	Service/Product Offering
Housing Credit Guarantee Scheme	<ul style="list-style-type: none"> ▪ Guarantee scheme to enable applicants above 18 years old with good repayment capability but without fixed income, to purchase their first home priced up to RM300,000(USD75,000)
My First Home Scheme	<ul style="list-style-type: none"> ▪ Guarantee scheme that enables applicants below the age of 40 years with monthly income of up to RM5,000 (USD1,250) - for single and RM10,000 (USD2,500) – for married couple to purchase their first home of up to RM500,000 (USD125,000).
Youth Housing Scheme	<ul style="list-style-type: none"> ▪ Financing facility with guarantee facility to assist single or married youths between 21 to 45 years old, with income of up to RM10,000 (USD2,500) to own their very first home. The Government is also to aid monthly instalments of RM200 (USD50) per month for a period of 2 years to help buyer to pay for the instalment or interest of the mortgage.
Housing Special End Financing Scheme	<ul style="list-style-type: none"> ▪ Financing facility to assist applicants above 21 years old to purchase homes with flexible loan repayment.

Role of Regulator

The **Central Bank of Malaysia** take a responsible and measured approach to ensure Malaysia's housing market remains strong and stable.

The regulatory enhancements include:

Strengthen risk management standard and corporate governance practices by financial market players

Effective policies in place for development of housing finance system

Comprehensive and robust regulatory and supervisory framework and effective surveillance



Measures Introduced :

Guidelines on Responsible Financing



Maximum tenure for home financing is 35 years.



Affordability assessment takes into account all existing debt obligations, including financing from all FSPs and other non-bank entities.



No prescribed debt-service-ratio (DSR) level but FSPs shall ensure that the DSR level is prudent enough to prevent the customers from becoming over-leveraged.



Proof of income may include salary slip, EPF statement, savings account statement or income tax submission.



Borrowers with no permanent employment or are self-employed may be required to provide evidence of income for a period of at least 6 months.



PRE- ESTABLISHMENT OF CAGAMAS

The market situation in mid 1980's

Funding mismatch in financial institutions resulting in liquidity crunch

Financial institutions were not lending to homebuyers despite their demand

Limited funding source in the market – no bond market



There was a need in the market for an institution to:-

- Function as intermediary between primary lenders and investors of long term funds; and
- Take on role of credible issuer of mortgage securities

The move to a Secondary Market

- As a direct result of the needs of the market, Cagamas Berhad was incorporated in December 1986 as the National Mortgage Corporation with the following objectives:-



1

Alleviate the liquidity problem and reduce funding mismatch within the banking sector

2

Reduce the risk of unfavorable changes in the difference between the cost of funds of the primary lenders and the rate of return on their housing loans

3

Spearhead development of the private debt securities market



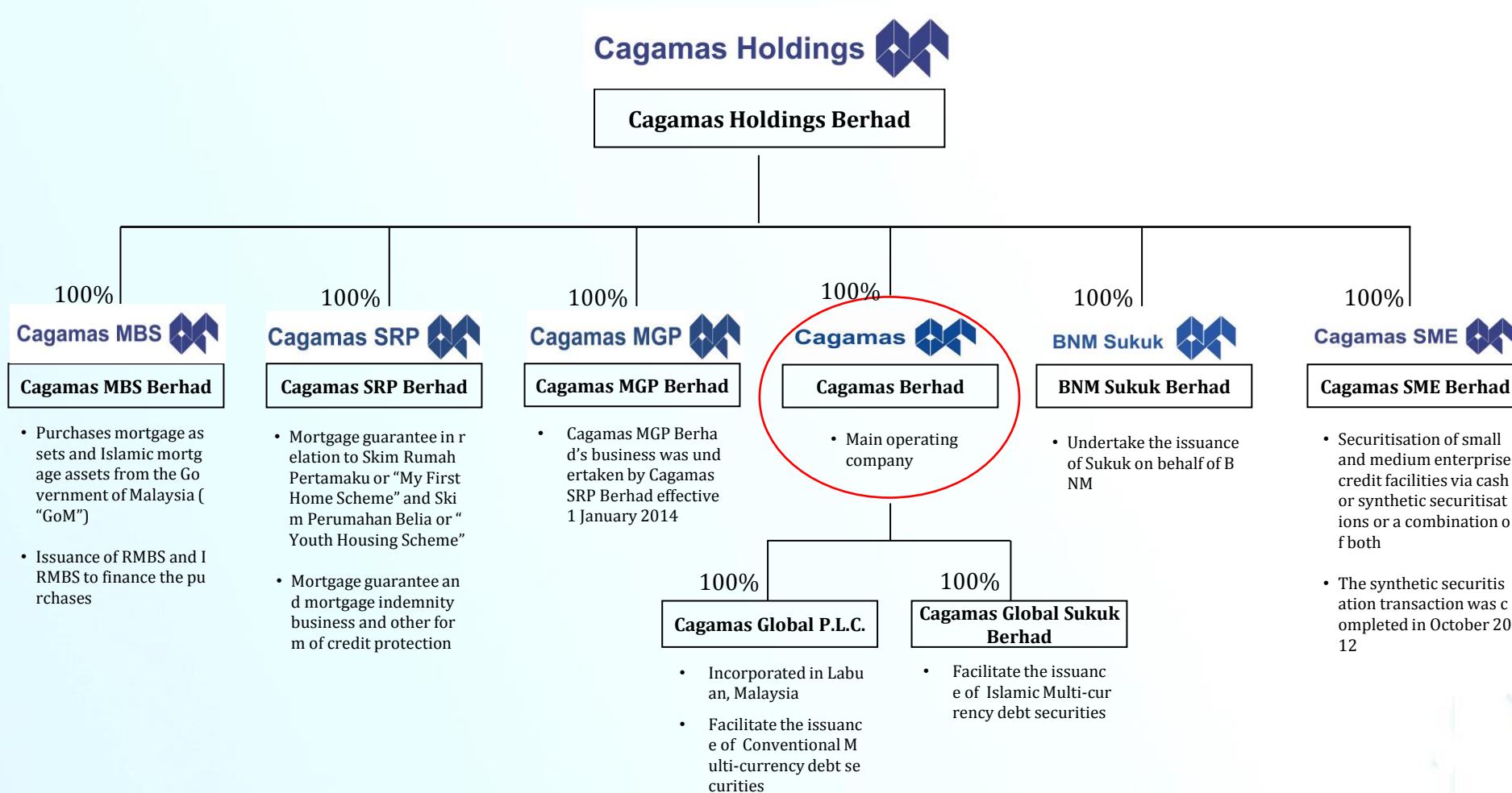
ESTABLISHMENT OF CAGAMAS

Company Overview

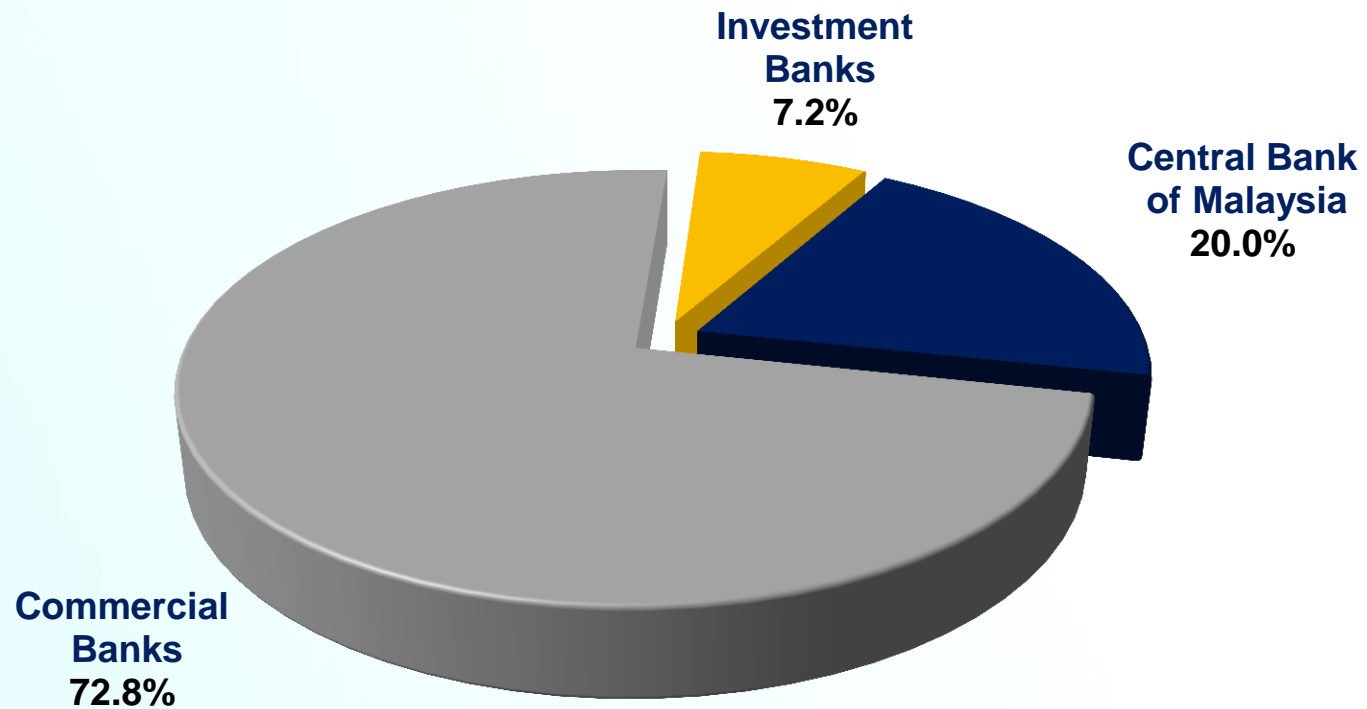
Entity Name	Cagamas Berhad
Shareholders	Bank Negara Malaysia (20%) Commercial and Investment Banks (80%)
Credit Rating	A3 Stable (Moody's) / AAA (RAM) / AAA (MARC)
Date of Incorporation	2 December 1986
Objectives	<ul style="list-style-type: none"> ▪ Established by Bank Negara Malaysia to support the 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	<ul style="list-style-type: none"> ▪ Through the issuance of conventional bonds and sukuk, Cagamas funds the purchase of housing loans and house financings through its Purchase With Recourse (PWR) and Purchase Without Recourse (PWOR) schemes. ▪ By doing this, 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 cost. ▪ The PWR and PWOR schemes have now been expanded to include other loans and financings such as SME loans, infrastructure financing and industrial hire purchase / leasing receivables. ▪ Guarantee housing loans and home financings under Mortgage Guarantee Programme (MGP)

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



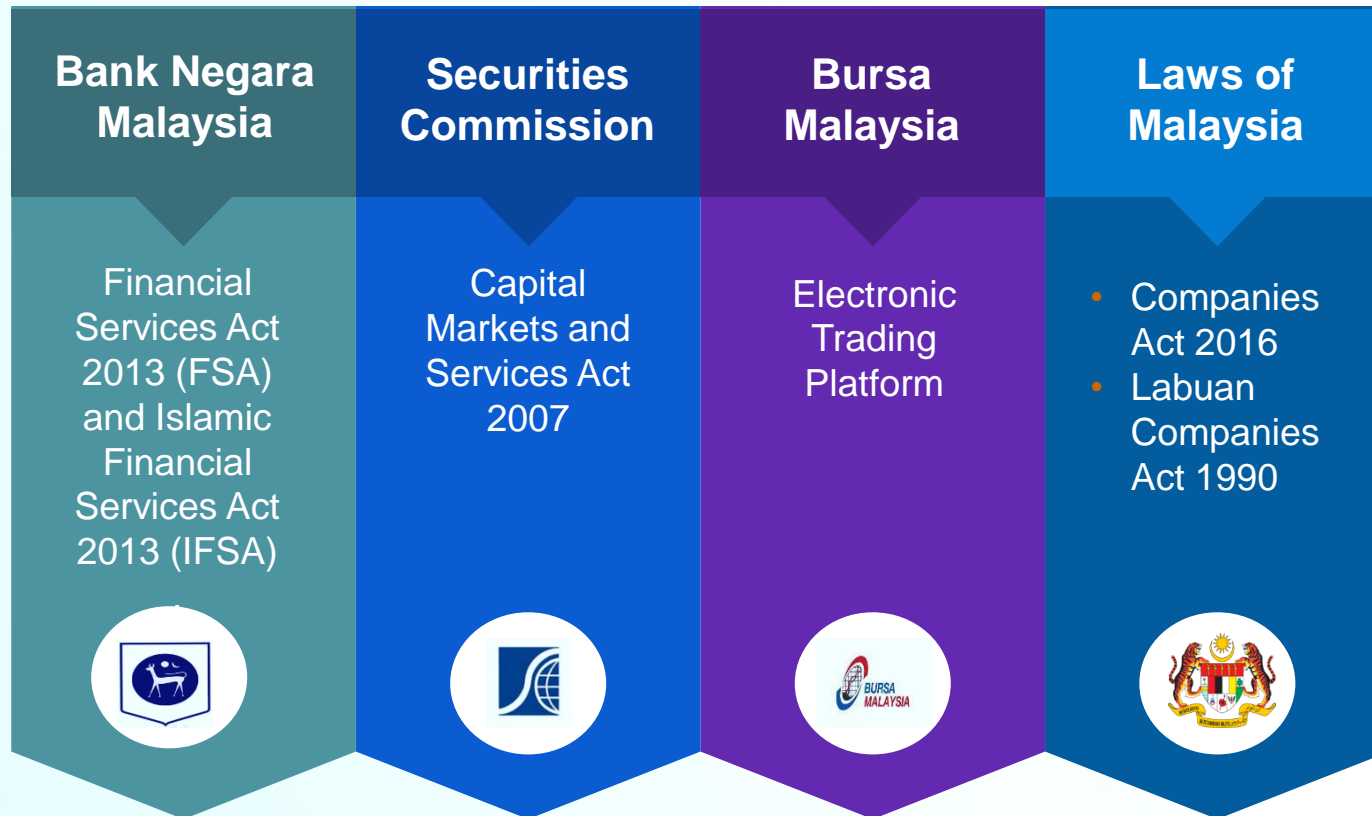
Ownership Structure



Regulatory Environment



Governed by the following regulations under the respective authorities:-



Regulatory Environment (cont'd)



Regulatory support received :-

Before 2004

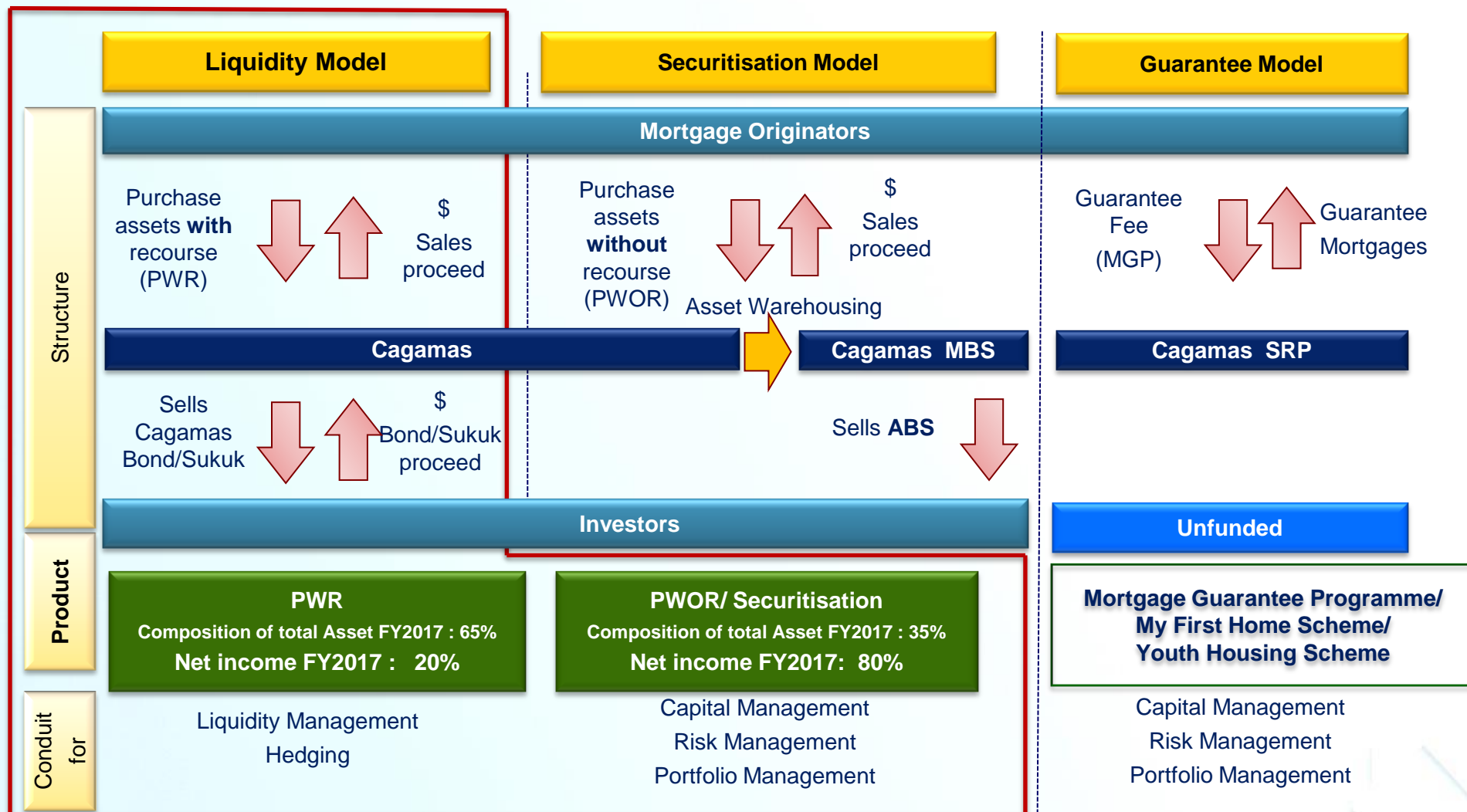
- 10% risk weight under the Risk Weighted Capital Ratio framework
- Class-1 liquefiable assets status under the liquidity framework
- 4% yield slippage under the liquidity framework
- Exempted from Single Customers Credit Limit (SCCL)
- Mode of primary issuance is through Principal Dealers' network
- Holdings by insurance companies classified as low risk asset
- A scheduled institution under Banking Financial Act (BAFIA)
- Access to domestic interbank money market (sole corporate participant)

Current

- 20% risk weight under the Risk Weighted Capital Ratio framework
- Class – 2A under Liquidity Coverage Ratio (LCR)
- Liquidity Framework superseded by Liquidity Coverage Ratio (LCR)
- Subject to SCCL of 25% of the total capital funds
- Mode of primary issuance is not through Principal Dealers' network
- Holdings by insurance companies classified as credit facilities
- Registered persons status under the Capital Markets and Services Act 2007 (CMSA)
- Access to domestic interbank money market (sole corporate participant)

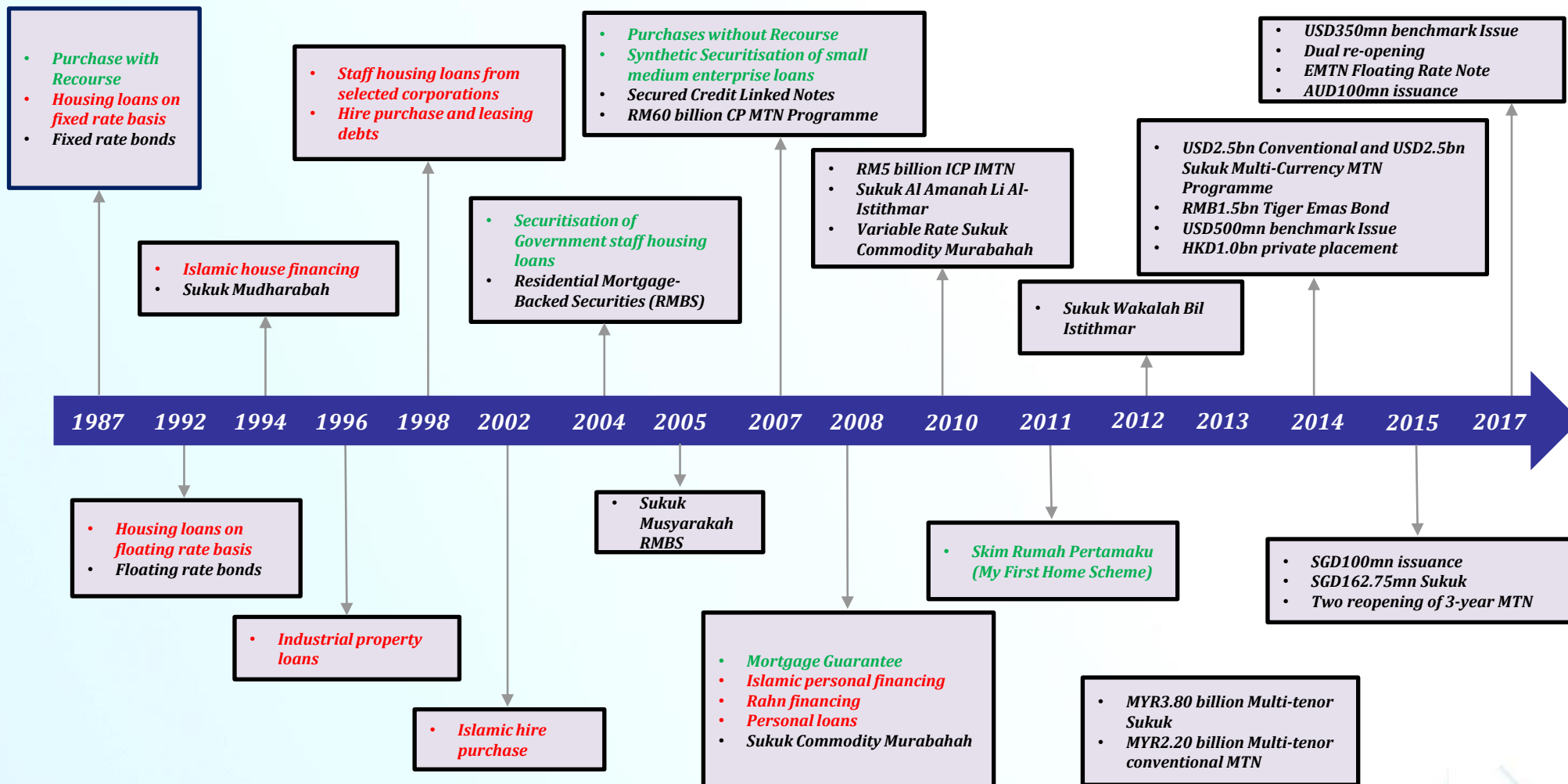
Strategic Business Model

Cagamas Berhad



Establishing New Products for Market Development

22



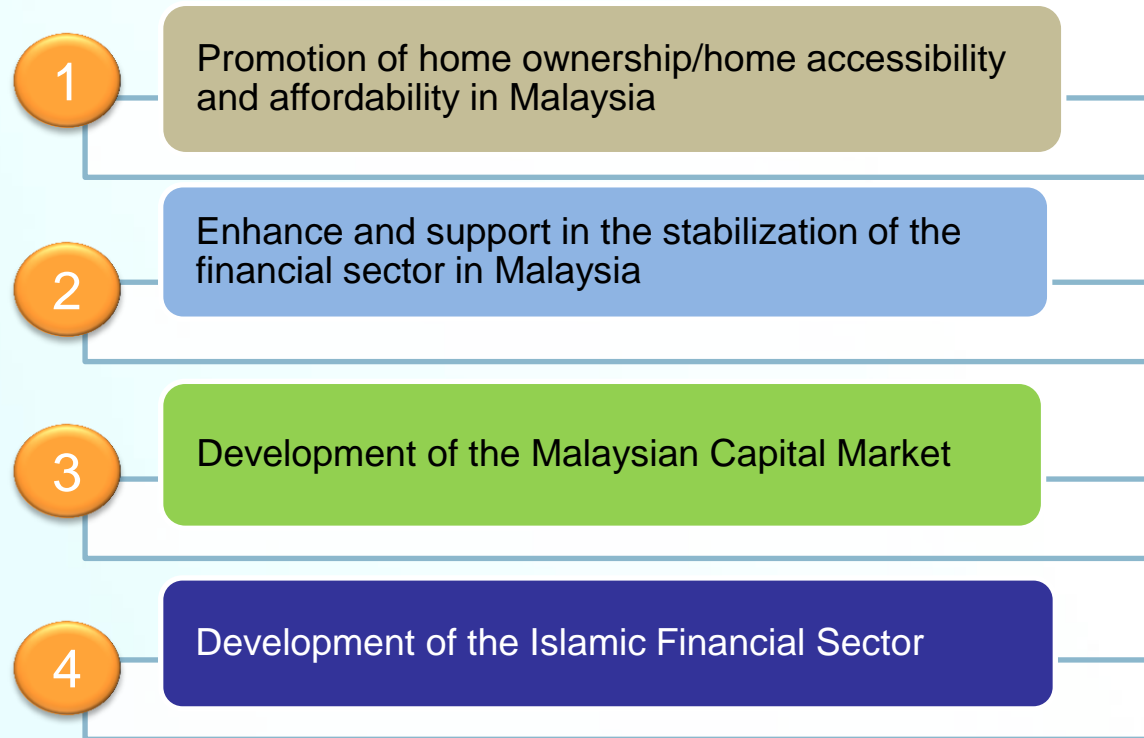
Note: Structure in GREEN
Asset in RED
Bond / Sukuk in BLACK



ROLES OF CAGAMAS IN HOUSING FINANCE SYSTEM

Roles in Housing Finance System

- Catalyst for the Government's and Central Bank's initiative for the economy and financial sector
- 4 key areas for Cagamas :-



Roles in Housing Finance System (cont'd)

1

Promotion of home ownership/home accessibility and affordability in Malaysia

- **Providing liquidity and hedging** to mortgage financiers – PWR programme
- **Promoting origination of longer tenure house financing**
 - Longer tenure financing of up to 35 years
 - Demand for houses has strengthened and house financing is more affordable
- **Generating strong competition among FIs to grant house financing.** Provide access to competitively priced funds, resulting in easy access to affordable house financing (particularly the low cost sector)
- **Developing innovative structures** for mortgage financiers
 - Provide mortgage guarantee under the My First Home Scheme (SRP) and Youth Housing Scheme (SPB) to promote home ownership particularly among young working adults
 - Assist the Government to develop structures on Rent-to-Own scheme and rental housing market

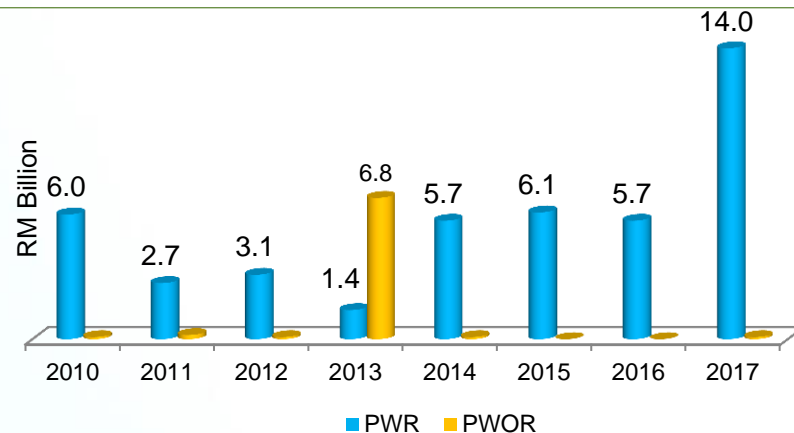
Roles in Housing Finance System (cont'd)

26



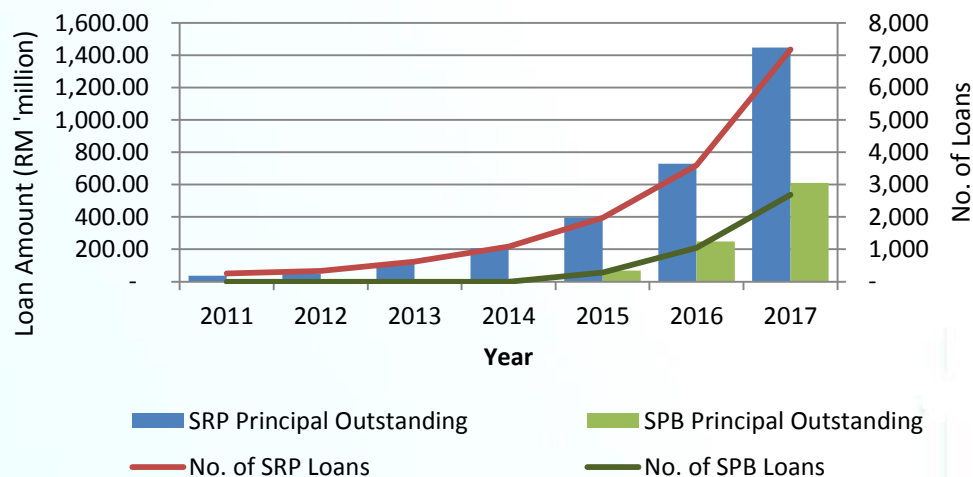
Asset Purchased of PWR/PWOR

- Significant PWR purchase of RM14 billion in 2017 was due to FIs meeting net stable funding ratio (NSFR) for more stable funding requirements by 2019 and the need to maintain Liquidity Coverage Ratio (LCR) as part of implementation of BASEL III regulations.



Mortgage Guarantee Facility by CSRP Berhad

- Significant growth in both SRP and SPB since 2015
- No deterioration of credit profile for both schemes
- Government continue to support schemes via allocation of guarantee fee fund
- As at 31 Dec 2017, guarantee provided by CSRP has enabled 9,840 individuals/household to own their first home



Roles in Housing Finance System (cont'd)

2

Enhance and support in the stabilization of the financial sector in Malaysia

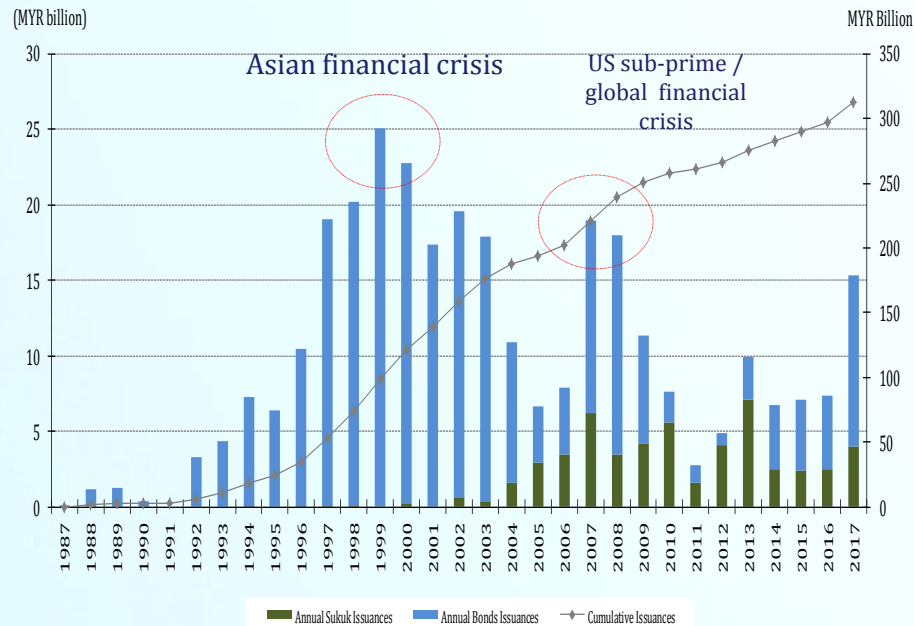
- **Provide proactive asset and liability management solutions**
- **Conduit to remove systematic risk in the financial sector due to Cagamas' role as a liquidity provider and often as a "lender of second last resort"**
- **Conduit for best practices and setting up standards**



Purchases and Issuances



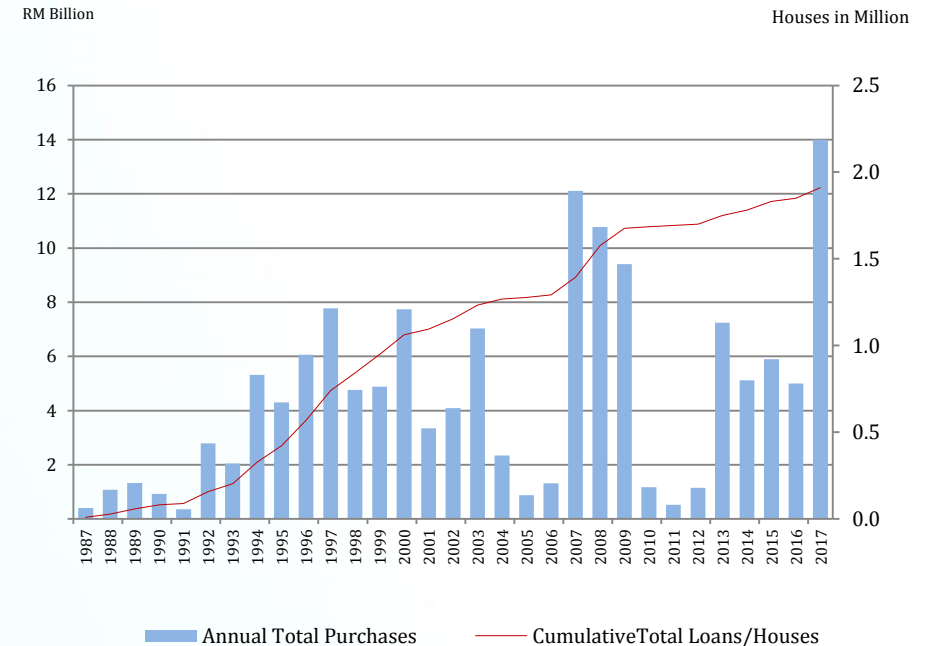
Total Issuances



- Issued **MYR312.1 billion** to the financial market and successfully redeemed **MYR272.5 billion** with no default .



Cumulative Refinanced Housing Loans

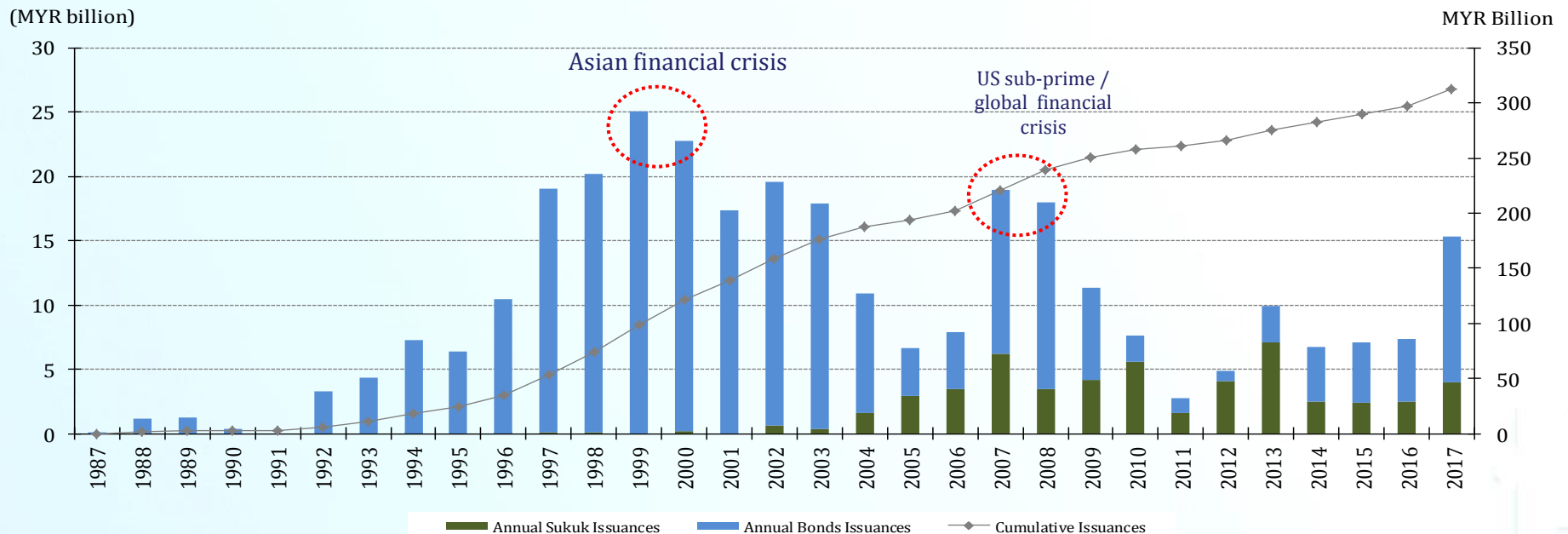


- Cumulatively refinance housing loans in the secondary market equivalent to **MYR142 billion** or around **1.9 million houses** .

Systemically Important to 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 MYR312.1 billion to the financial market and has successfully redeemed MYR272.5 billion with not even a single technical default as at December 2017



Roles in Housing Finance System (cont'd)

3

Development of the Malaysian Capital Market

- **Enhance the quality of capital securities market** – structuring of high investment grade instruments
 - Approx. 24% of AAA outstanding Malaysian Private Debt Securities (PDS) market
 - Approx. 55% of AAA outstanding Malaysian Asset Backed Securities (ABS) market
- **Contribute to the depth and breadth of capital market** – structuring of sophisticated instruments
- **Significant player in the capital securities market - Linking the mortgage market to the capital market**
 - Development of the Residential Mortgage Backed Securities (RMBS) market for both conventional and Islamic (1st RMBS issuer in Malaysia (April 2004))
 - 2nd largest issuer after the Government of Malaysia
- **Providing an alternative form of investment in quality private capital securities**
 - Large volume of highly-rated multi-tenor Cagamas capital securities has given investors new instruments for investing their surplus funds

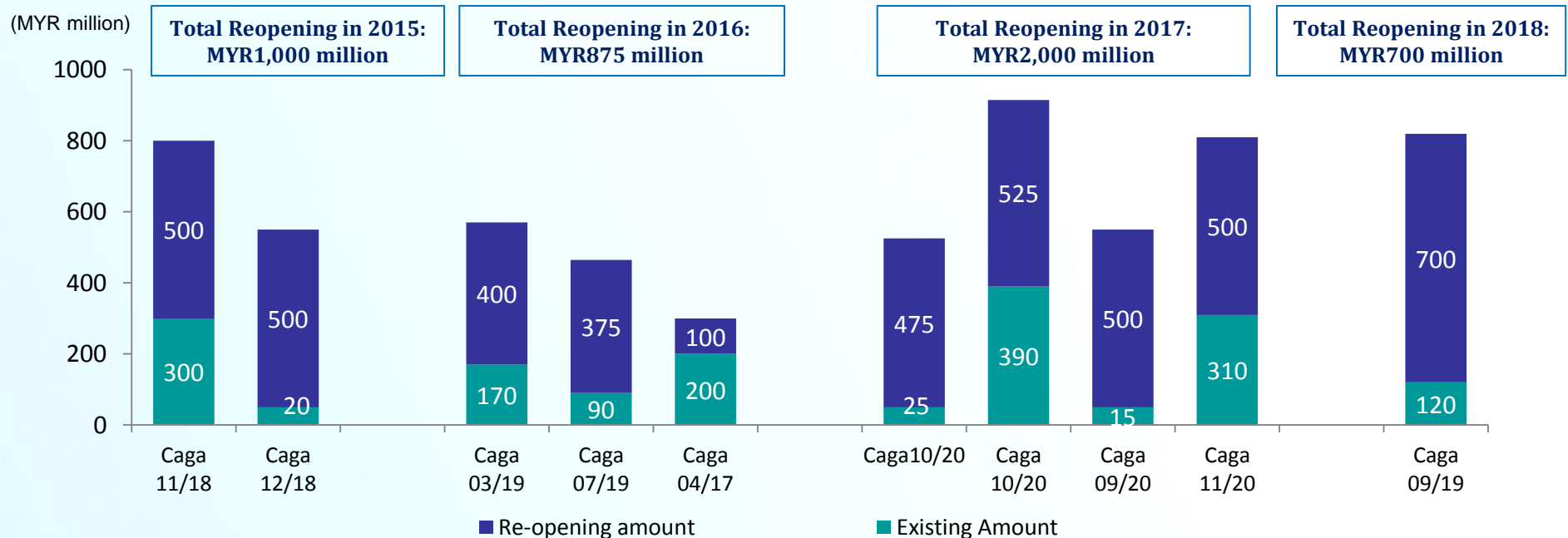
Initiatives to Diversify Investors Base and Funding Avenue

- ✓ **Provision of competitively priced liquidity** vis a vis funding costs via successful issuance of investment grade bonds and sukuk
- ✓ **Promote development of bond market through:**
 - Issuance of various type of conventional and Islamic debt instruments across tenures in multiple currencies
 - Promote efficient and robust price discovery for establishment of a reliable yield curve based on frequently traded bonds and sukuk in the secondary market
- ✓ **Promotion of secondary liquidity** for outstanding bonds and sukuk via:
 - **Reopening of existing stock**
Enlarged existing tranche size would encourage trading activity and meet the prerequisite minimum size for inclusion into widely followed local currency bond indices
 - **Inclusion of Cagamas bonds in widely followed indices**
Promote greater visibility of the Company's debt securities particularly among international investors
 - **Establishment of Bloomberg and Reuters pricing platform initiative**
Widen market reach and enhance price dissemination across the globe



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 MYR4,575 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.

Inclusion in Benchmark Indices

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 -1) Show in Launch Page 1/2 Cagamas Berhad

Conventional Islamic (Sukuk)

Cagamas Medium Term Notes-Islamic

66) MSG Contributor 17:02:02

Zoom 100%

Cagamas Berhad -> Cagamas Berhad -> Local Currency- Fixed/Floating MTN -> Islamic (Sukuk)

Stock Name	ISIN Code	Coupon	Maturity	RAM	MARC	Bid Yield	Ask Yield	Bid Size-m	Ask Size-m	Time
						-Indicati	-Indicati	Indicati	Indicati	
1) CAGA 4.15 10/28/20	MYBVK1302606	4.15	10/28/20	AAA	AAA	4.150	3.950	50M	20M	17:01
2) CAGA 4.45 11/25/20	MYBVI1502712	4.45	11/25/20	AAA		4.150	3.950	50M	20M	17:01
3) CAGA 6.05 10/10/23	MYBVS0813218	6.05	10/10/23	AAA	AAA	4.400		10M		17:00
4) CAGA 5.52 07/17/24	MYBVS0907499	5.52	07/17/24	AAA	AAA		4.420	5M		17:01
5) CAGA 6 1/2 08/08/28	MYBVX0811568	6.50	08/08/28	AAA	AAA		4.640	10M		17:01
6) CAGA 4 3/4 10/27/28	MYBVS1302575	4.75	10/27/28	AAA	AAA	4.800		10M		17:01
7) CAGA 5.69 03/30/29	MYBVX0901161	5.69	03/30/29	AAA	AAA		4.680	25M		17:01
8) CAGA 5 3/4 07/17/29	MYBVX0907416	5.75	07/17/29	AAA	AAA		4.720	10M		17:01

Contact

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Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2018 Bloomberg Finance L.P.
SN 293521 HKT GMT+8:00 H439-5792-1 19-Jan-2018 17:02:03

Ticker on Reuters: “**CAGAMAS PRICING PAGE**”

Cagamas Berhad - Pricing Page | Local Currency - Fixed/Floating MTN | CONVENTIONAL | CAGAMAS BERHAD

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CAGAMAS BERHAD - NATIONAL MORTGAGE CORPORATION OF MALAYSIA

Local Currency - Fixed/Floating MTN - CONVENTIONAL Local Currency - Commercial Paper Foreign Currency - Medium Term Notes (EMTN)

Cagamas
National Mortgage Corporation of Malaysia

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Ismadi	ismadi@cagamas.com.my	Message Me
Lim Tze Chyn	tclim@cagamas.com.my	Message Me

LOCAL CURRENCY - FIXED/FLOATING MTN - CONVENTIONAL

Stock Name	ISIN CODE	COUPON	Maturity	Bid Yld-Indicative	Ask Yld-Indicative	Bid Sz-MIL	Ask Sz-MIL	Time	Date
CAGA 3.95 200318	MYBUG1500217	3.950 %	20-Mar-2018	3.45	3.40	40M	40M	15:10	29-Nov-2017
CAGA 3.90 121018	MYBUF1700579	3.9 %	12-Oct-2018	3.60	3.48	10M	40M	15:10	29-Nov-2017
CAGA 4.36 030920	MYBUN1000966	4.360 %	03-Sep-2020		3.95		10M	15:10	29-Nov-2017
CAGA 4.10 181120	MYBUK1301089	4.100 %	18-Nov-2020	4.12	4.00		10M	15:10	29-Nov-2017
CAGA 6.25 101028	MYBUX0800886	6.250 %	10-Oct-2028		4.75		10M	15:10	29-Nov-2017
CAGA 5.75 170729	MYBUX0900652	5.750 %	17-Jul-2029		4.80		10M	15:10	29-Nov-2017

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REALTIME NEWS

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

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

CAGAMAS TERBITKAN NOTA JANGKA SEDERHANA KONVENTIONAL 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

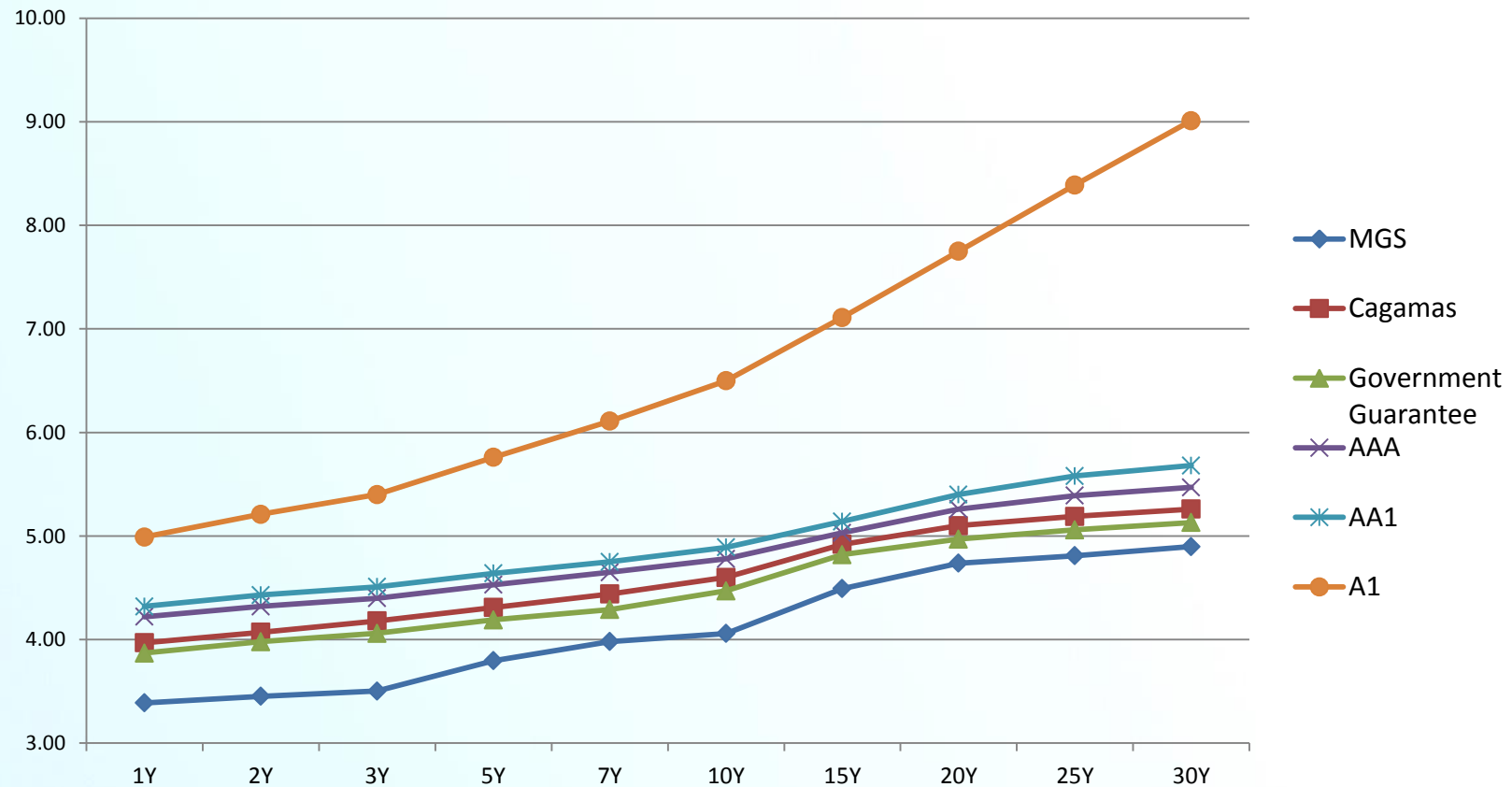
	BID	ASK	TIME
MYR	4.4120	4.4200	17:1
GBPMYR	5.5079	5.5184	17:2
EURMYR	4.6953	4.7042	17:2
AUDMYR	3.2653	3.2730	17:2
CHFMYR	4.3713	4.3810	17:2
SGDMYR	3.1027	3.1092	17:2
CNYMYR	0.64063	0.64209	17:1
SARMYR	117.6314	117.8510	17:1

Credit Curves

Legend: AAA, CMBS, Cagamas, MGS

Cagamas Bond Yield

Cagamas bond yield comparison against Malaysia Government Securities (MGS), Government Guaranteed, AAA, AA1 and A1 Corporate Bonds & Sukuk (CBS)*



*As at 31 Dec 2017

Roles in Housing Finance System (cont'd)

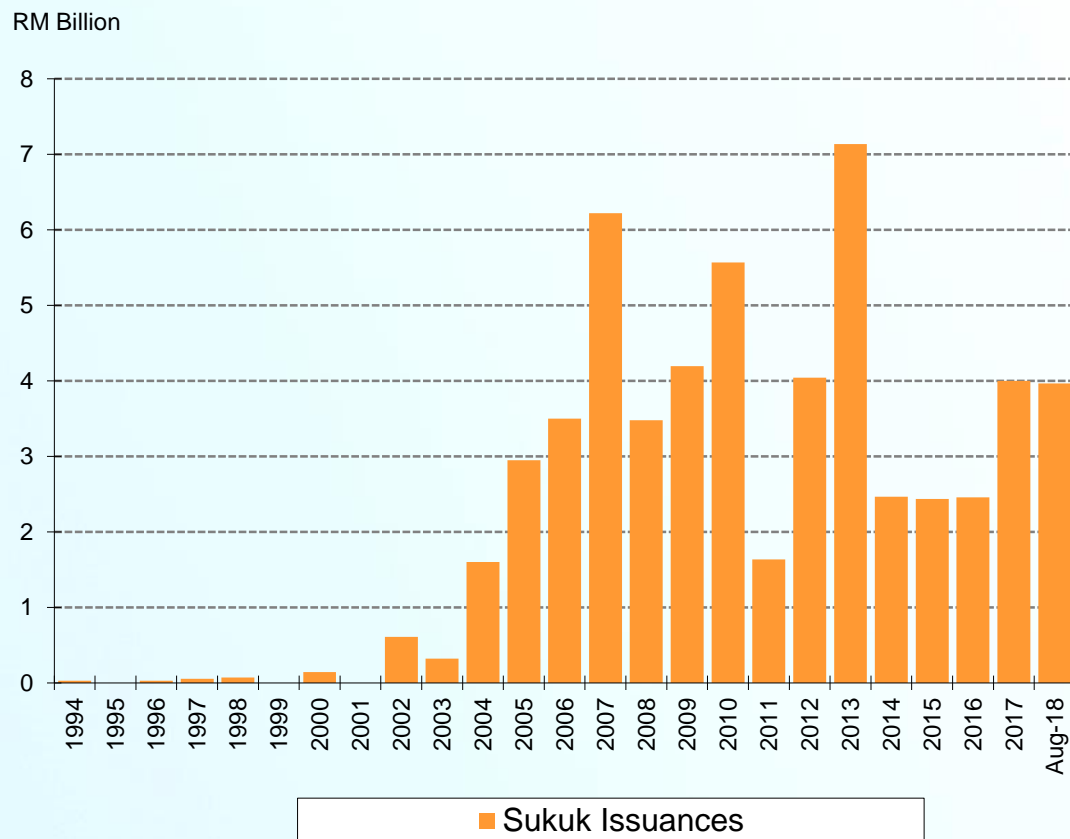
4

Development of the Islamic Financial Sector

- **Enhance the quality of Islamic capital market** – structuring of high investment grade sukuk
- **Contribute to the depth and breadth of Islamic capital market** – structuring of sophisticated instruments
- **Support the promotion of Malaysia** as an International Islamic Financial Centre
- **Significant player in the Malaysian Islamic securities market**
 - Approx. 13% of outstanding AAA Malaysian Sukuk market
 - Approx. 53% of outstanding AAA Malaysian Islamic ABS market

Sukuk Issuances

Cagamas has issued **RM57 billion or 18%** of sukuk since inception and the percentage was growing from year to year basis



Year	Sukuk Issuances (RM Million)
1994	30
1996	30
1997	54
1998	70
2000	144
2002	610
2003	320
2004	1,600
2005	2,950
2006	3,500
2007	6,220
2008	3,480
2009	4,195
2010	5,570
2011	1,635
2012	4,040
2013	7,135
2014	2,467
2015	2,435
2016	2,459
2017	3,998
Aug2018	3,965



PRUDENT ASSET & LIABILITY MANAGEMENT

DIVERSIFICATION OF FUNDING

- ✓ **Establishment of EMTN**

Prudent Asset and Liability Management

Match Funding Policy

All assets purchases funded by bonds of matched size and duration

1

Liquidity Gap

Ability to pay off short term debt obligation. Ratios are higher than 1.0

2

FAST Member

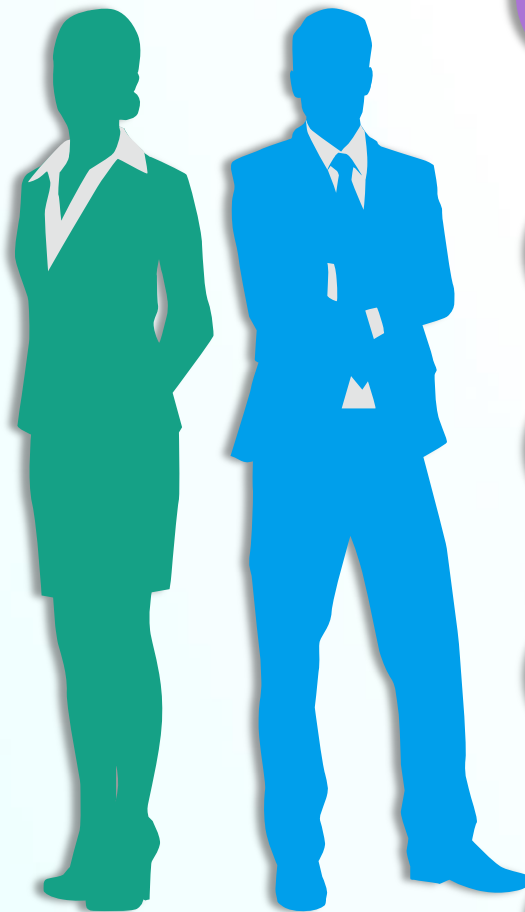
Facility Agent of its own debt securities as a FAST member

3

Duration Gap

The duration gap of the Company shall not exceed 6 months

4



5

Approved Interbank Institution

Interbank borrowing and repurchase agreement (REPO) as Approved Interbank Institution

6

RENTAS Member

Intraday credit facility from BNM as RENTAS member

7

Liquidity Gap Limit

Net funding requirement by assessing all cash inflow against outflows

8

Registered Person under CMSA

Issuance and distribution of its own debt securities as "Registered" Person under CMSA

9

Strong Shareholder's Fund

Intraday credit facility from BNM as RENTAS member

Prudent Asset and Liability Management

40

(cont'd)



Outstanding Bond/Sukuk and Assets

(MYR billion)

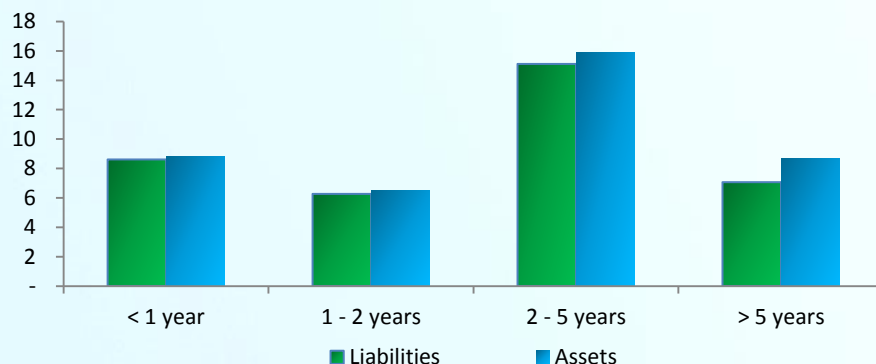


- Cagamas practices a **strict match-funding policy** where all asset purchases are funded by bonds/ sukuk of matching policy size, duration and self- sufficient in cash flows
- Cagamas also imposes a **duration gap limit** to manage liquidity and interest/profit rate risk



Maturity profile of Bond/Sukuk and Asset

(MYR billion)



- 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

Establishment of EMTN in 2014

(Multicurrency Medium Term Note Programme)



Programme Objectives

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



Programme Features

Type	Conventional	Islamic
Programme Size	USD2.5 billion	USD2.5 billion
Tenor	Perpetual	Perpetual
Rating	A3 by Moody's	A3 by Moody's
Issue format	Regulation S only	Regulation S only
Governing Laws	English Law	English Law

Investor's Profile based on Total Investor

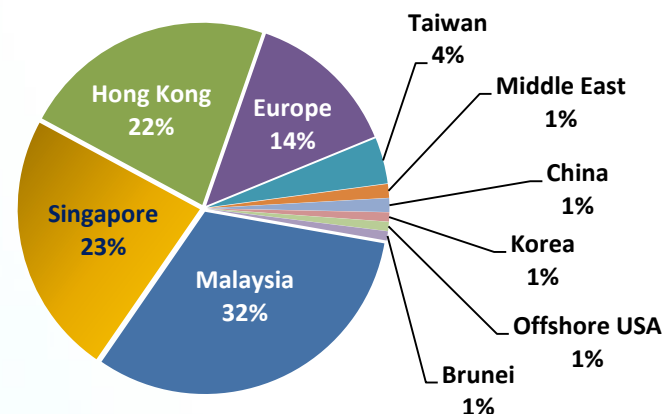
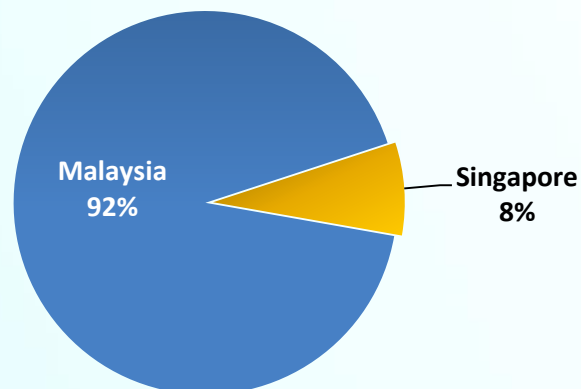


Before Establishment of EMTN

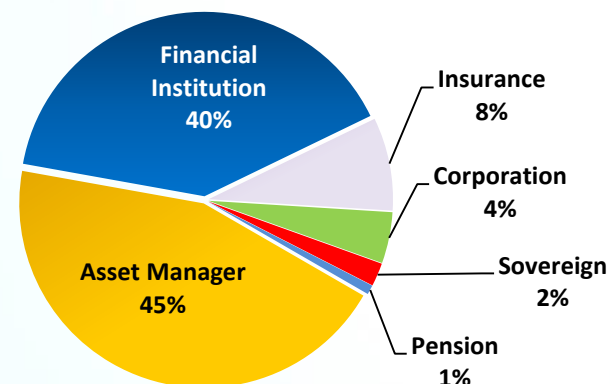
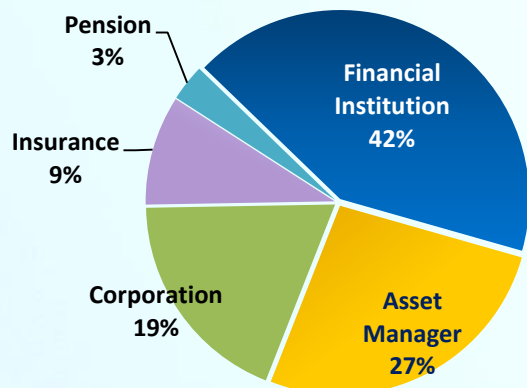


After Establishment of EMTN

By Country



By Type





NEW INITIATIVES:

- ✓ **Funding Arrangement for Intervention and Failure Resolution (IFR)**
- ✓ **Establishment of Rent-to-Own Scheme**
- ✓ **Issuance of Sustainable Bonds/Sukuk**

Funding Arrangement for Intervention and Failure Resolution (IFR)

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Programme Objectives

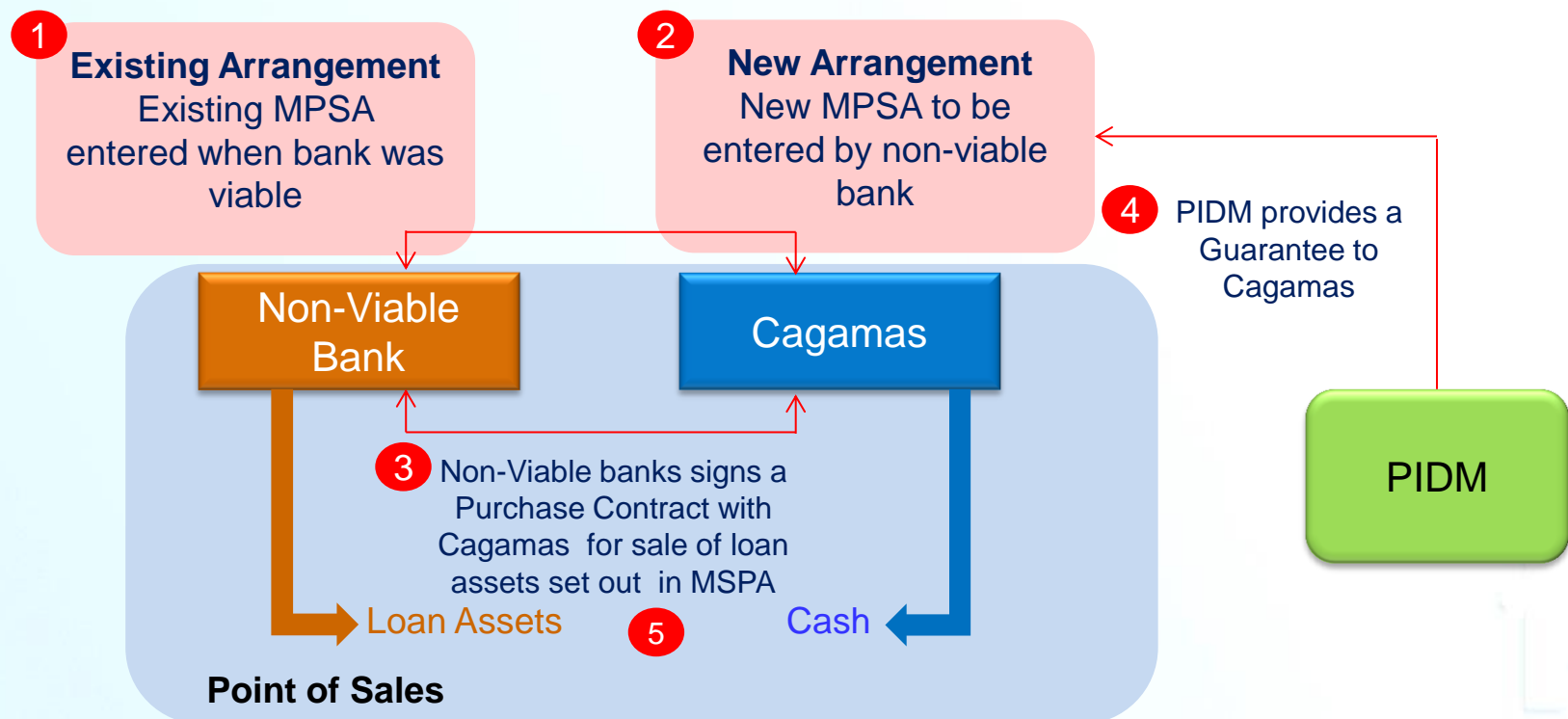
- To **provide alternative funding arrangement** to Perbadanan Insurans Deposit Malaysia (PIDM) for IFR purposes.
- PIDM is a Government Agency established to administer the Deposit Insurance System (DIS) and the Takaful and Insurance Benefits Protection System (TIPS)
- Roles of PIDM is to protect bank depositors and owners of takaful certificates and insurance policies in the event of a member institution (MI) failure or becomes non-viable.
- For the purpose of PIDM's IFR, when a MI becomes non viable (where PIDM assumed control and acting on its behalf), the **non-viable MI is allowed to enter into a Purchase with Recourse (PWR) arrangement with Cagamas** for the sale of its available assets.



Funding Structures of IFR

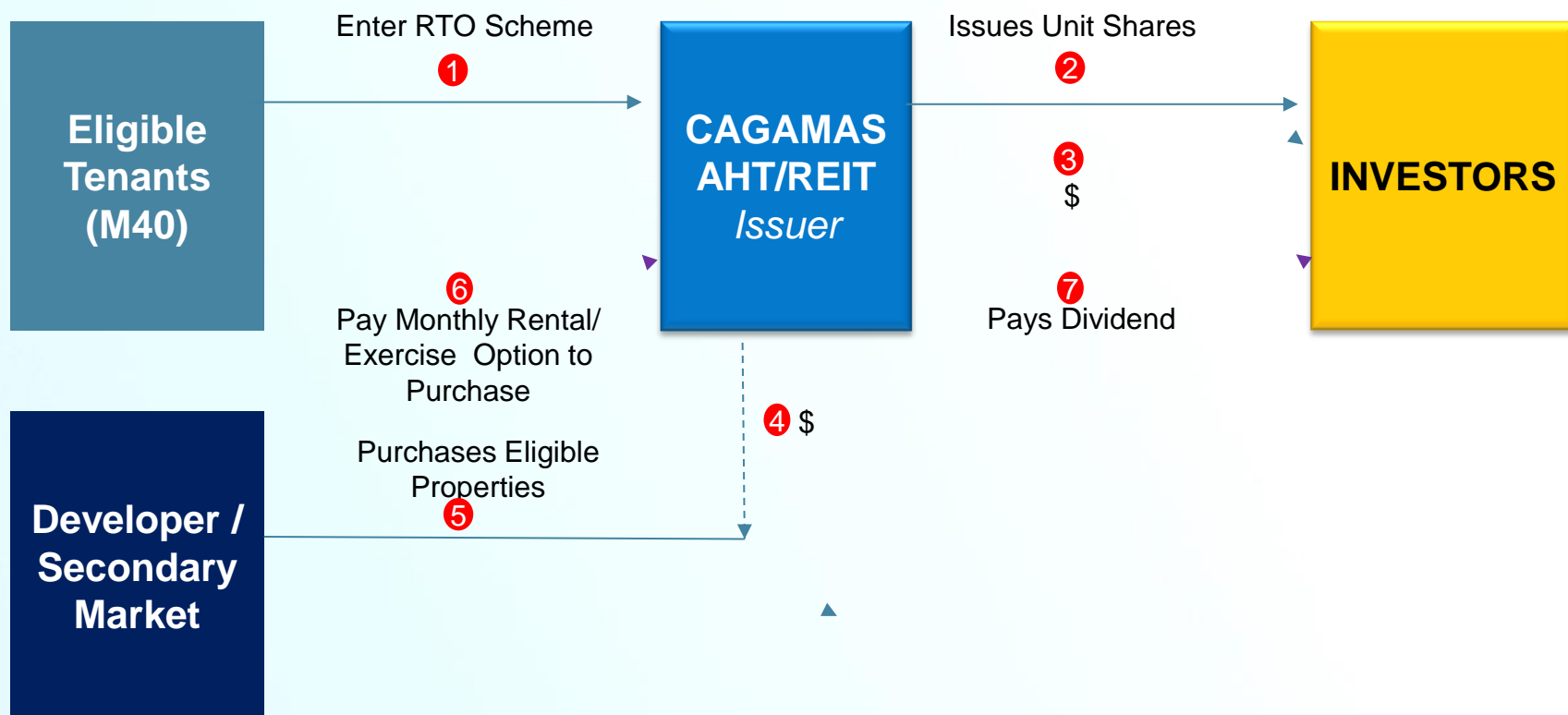
The funding structures of IFR consist of 3 possible options:

1. Sale by non-viable bank to Cagamas via existing Master Sales and Purchase Agreement (MPSA) already executed for the sale of existing eligible assets
2. Sale by non-viable bank to Cagamas via new Master Sales and Purchase Agreement that does not cater for the sale of new eligible assets other than existing eligible assets
3. Sale by Bridge Institution(BI) or Asset Management Company (AMC)



Establishment of Rent to Own Scheme

- Establish Rent-to-Own (RTO) scheme for affordable housing and collaborate with reputable affordable housing developers
- Derive rental/return that is acceptable to investors
- Possible Government support to provide credence to investors

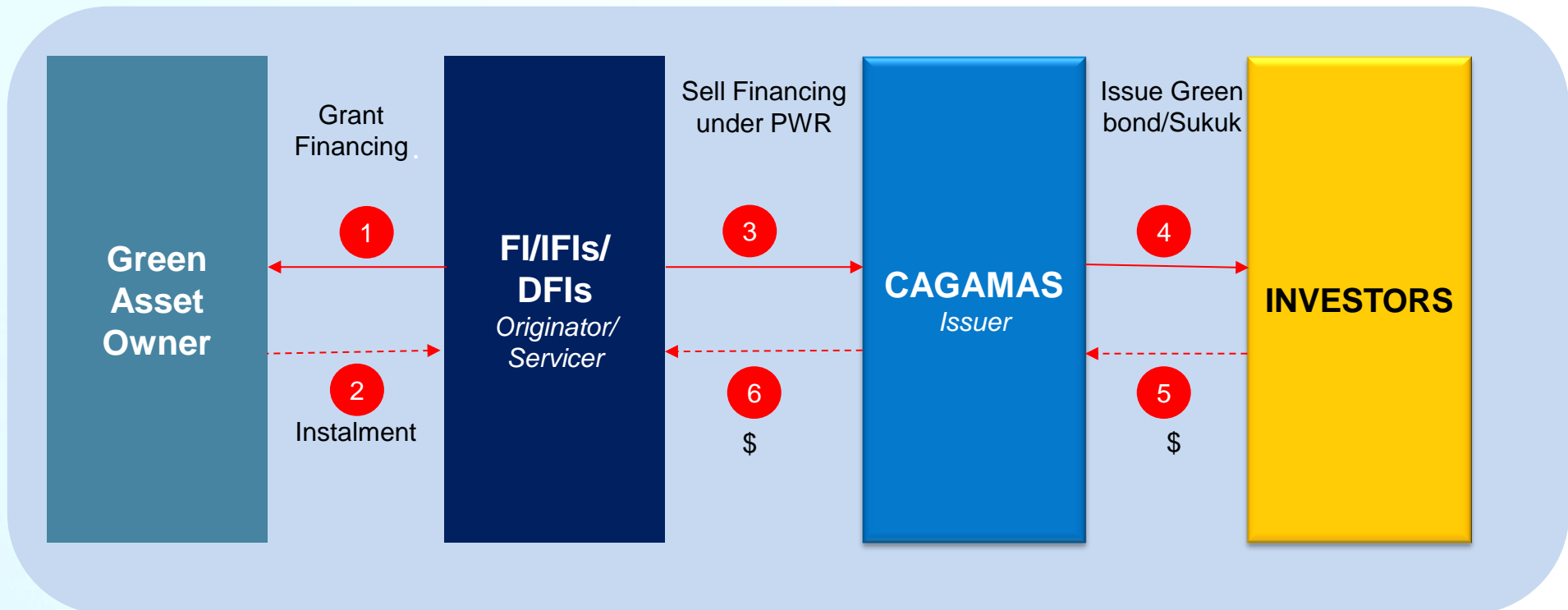


AHT : Affordable Housing Trust
REIT : Real Estate Investment Trust

Issuance of Sustainable Bonds or Sukuk

- Support the Government's initiative in sustainable development within the ambits of Cagamas' mandate and business model
- Target issuance by end of 2018

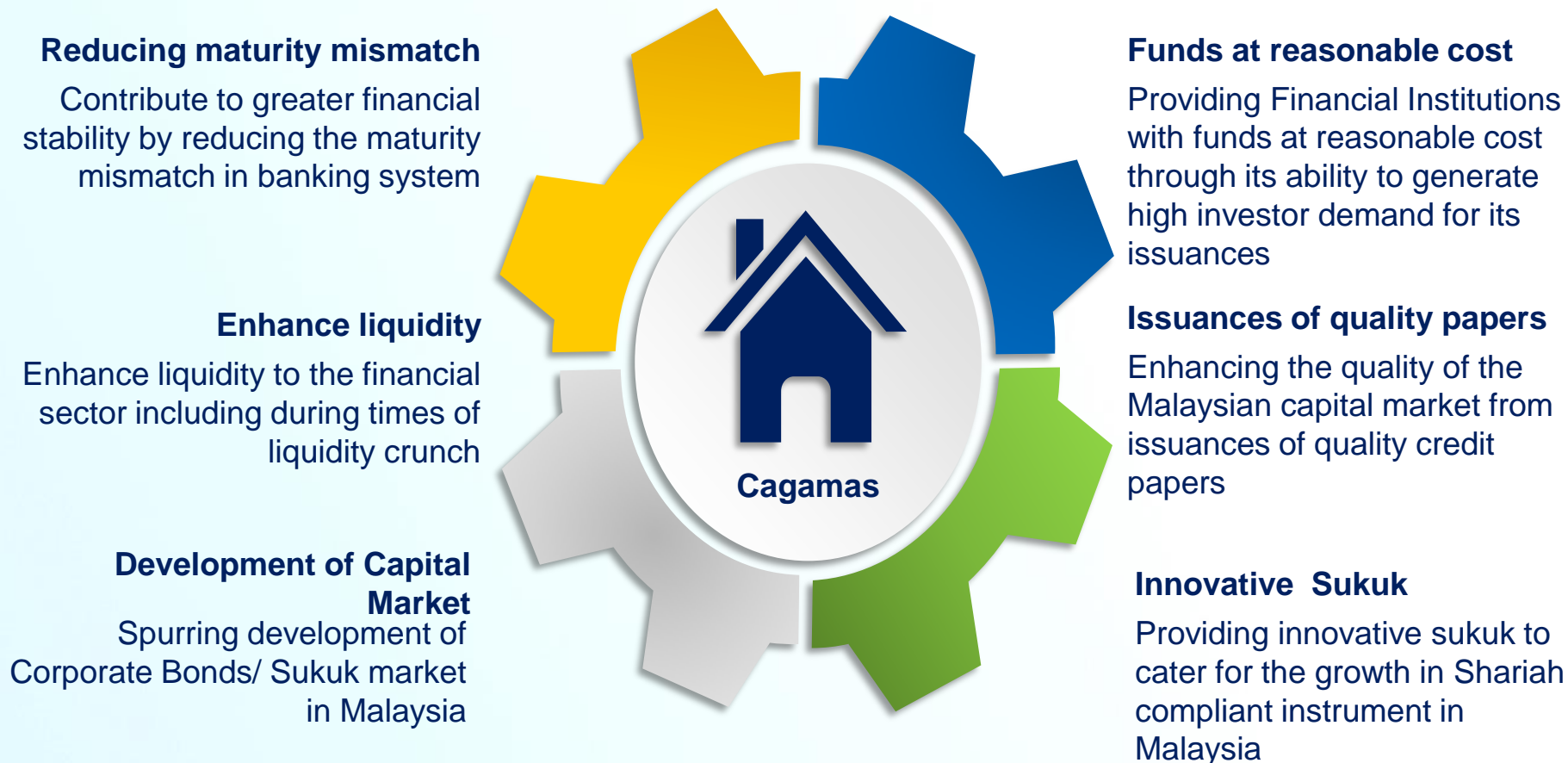
SUSTAINABLE BOND FRAMEWORK





IMPACT OF CAGAMAS' ESTABLISHMENT

Impact of Cagamas' Establishment





FACTORS CONTRIBUTE TO SUCCESS

- ✓ **Key Success Factors**
- ✓ **Key Credit Strength**

Key Success Factors

Cagamas Key Success Factor

Solid financial standing & shareholding

- Profitable going concern
- Strong shareholders equity of RM3.4 billion as at 31 Dec17
- High RWCR of over 20%
- Strong shareholders in the form of CBA and FIs

Strong management team

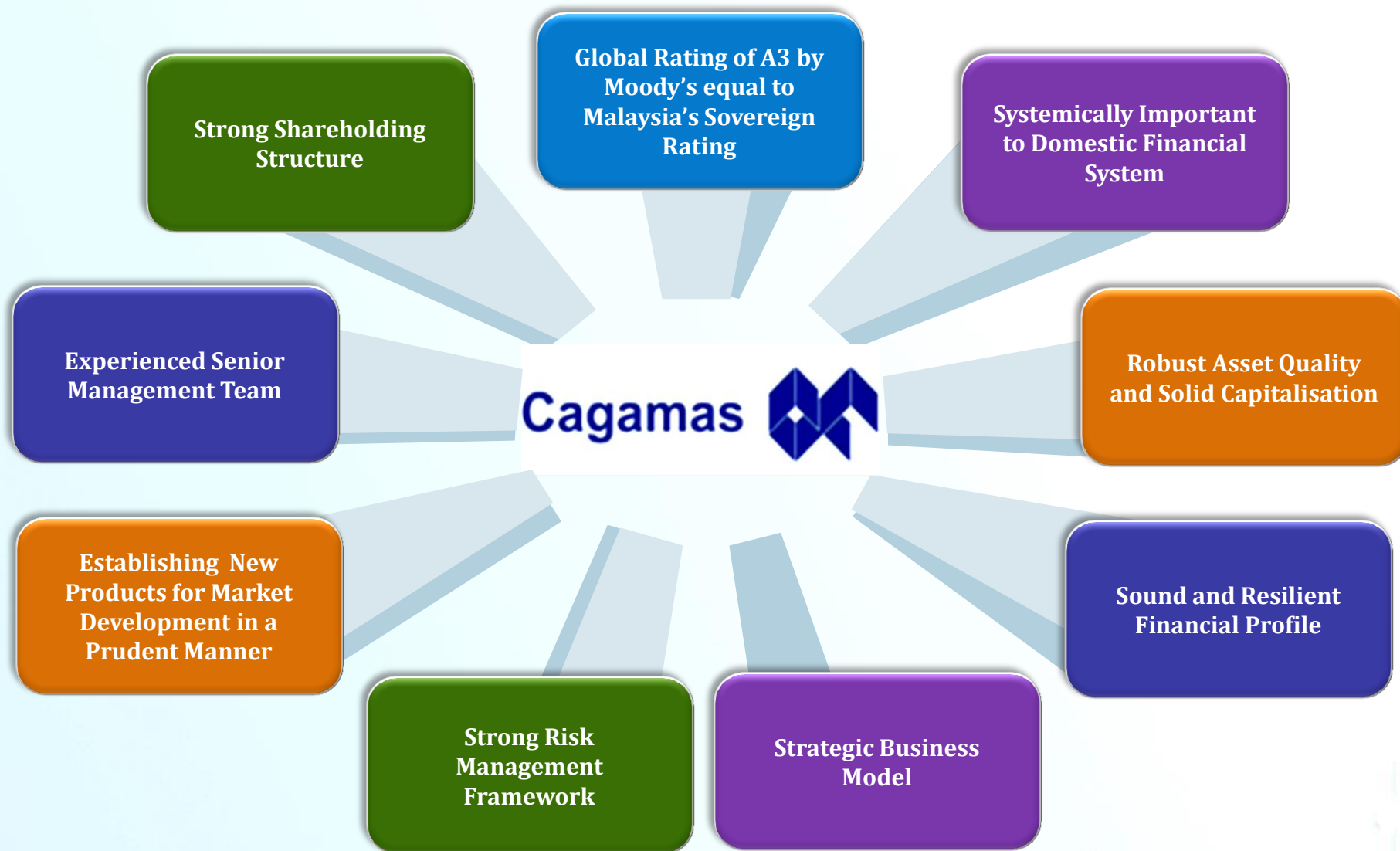
- Experienced and dedicated professional team
- Result oriented and performance driven culture
 - Robust risk management and corporate governance structure

Support given by regulators

Implicit and explicit support given:-

- Implicit: Through Central Bank of Malaysia's shareholding in Cagamas
- Explicit: Through incentives by government and regulators at the initial stage

Key Credit Strength

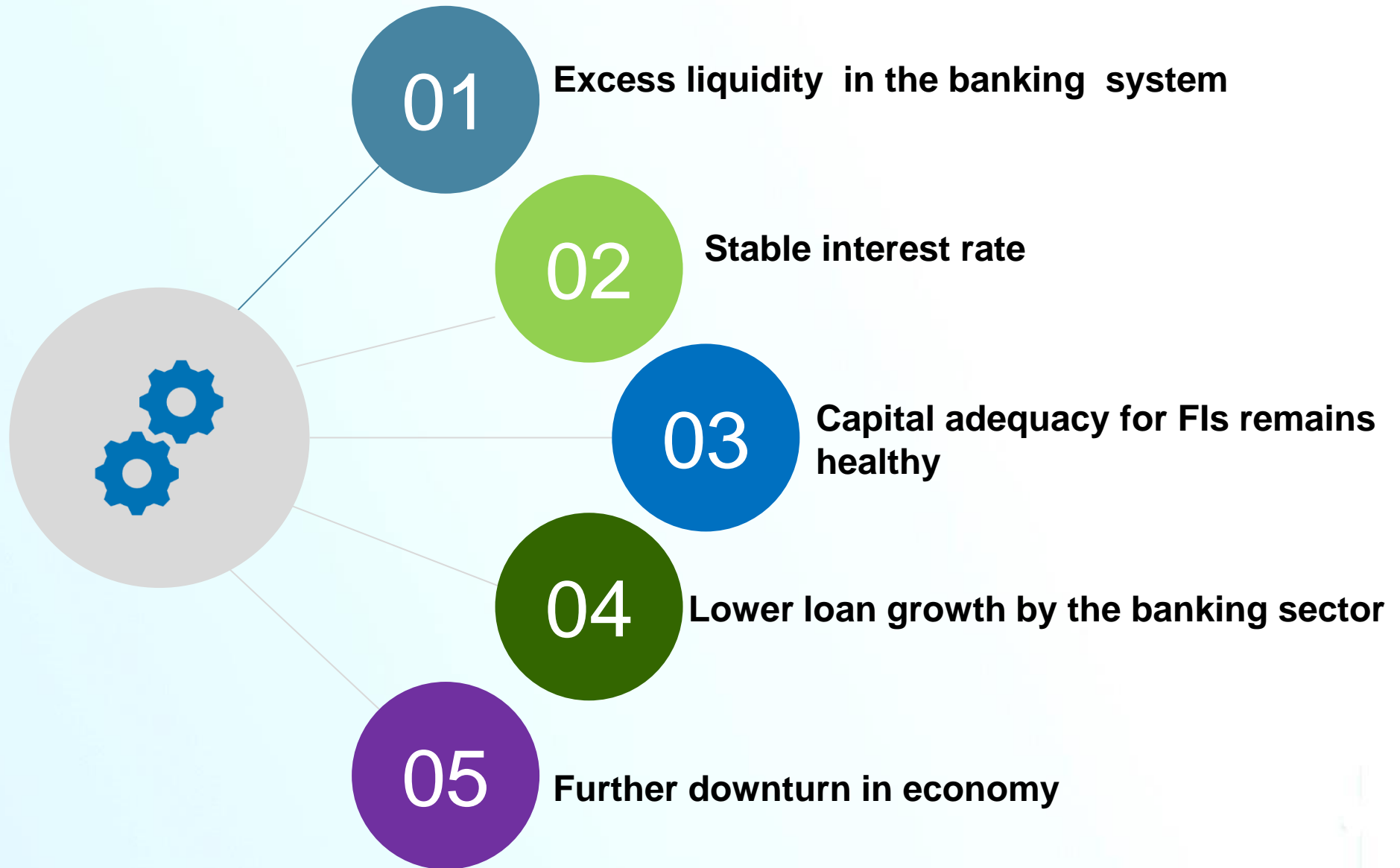




CHALLENGES & ACHIEVEMENTS

Some of the challenges....

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Key Achievements

1	Cumulatively issued a total of RM312.1 bil (USD78 bil) bonds and sukuk	6	Developed and structured innovative Islamic financial instruments and solutions
2	Cumulatively refinanced housing loans in the secondary market worth up to RM142 bil (USD35.5 bil) or 1.9 million houses	7	Issued Malaysia's first Residential Mortgage-Backed Securities (RMBS) and world's first rated Sukuk Musyarakah RMBS
3	Provided guarantees for housing loans totaling RM2.1bil (USD0.5 bil) , enabling 9,840 individuals/households to own their first home under My First Home Scheme and Youth Housing Scheme	8	Cagamas' model is well regarded by the World Bank as a successful secondary mortgage liquidity facility
4	Establishment of US\$5bil Conventional and Islamic Multi Currency Euro Medium Term Note Programme (EMTN) in 2014	9	Executed ASEAN's first synthetic securitisation of SME loans and issued secured Credit Linked Notes
5	Maintained local credit rating of AAA by RAM and MARC , denoting its strong capitalisation, robust asset quality, stable profitability, prudent risk management and sound corporate governance	10	Issued inaugural RMB denominated bonds and settled via RENTAS



MOVING FORWARD

Moving Forward

1

To continue to support Government' initiatives in enabling housing access particularly in the area of affordable housing

2

To spearhead and be a catalyst in support of Government' initiatives to enhance the efficiency, functioning and diversification of the Malaysian debt capital market by providing capital market solutions particularly in the area of Islamic finance and environmentally friendly financial instruments

3

To continue to function as intermediary between primary lenders and investors of long term funds. It aims to enhance and support in the stabilisation of financial sector in the country

4

To be the main secondary liquidity facility in the country to support the growth of main contributing sectors to Malaysia GDP i.e. infrastructure/SME

5

To promote and replicate Cagamas business model in South East Asia to complement Malaysian financial institutions expanding abroad

6

To provide risk and capital management solutions to assist financial institutions in light of Basel III requirements






















AWARDS & ACCOLADES

AWARDS & ACCOLADES

 <p>Best Quasi-Sovereign Sukuk 2018</p> <p>Cagamas Dual Re-opening of Three-Year 475 Million Ringgit Sukuk And 525 Million Ringgit Sukuk</p>	 <p>Islamic Issuer of the Year- Quasi-Sovereign 2018</p>	 <p>Top Bond Issuer - Conventional Top Traded Amount - Overall Top Traded Amount - Conventional 2018</p>	 <p>Best Islamic Issuer-Quasi-Sovereign 2017</p>	 <p>Best Local Currency Sukuk 2017</p> <p>375 Million Ringgit Commodity Murabahah Sukuk</p>	 <p>Top Trade Amount Overall Top Trade Amount Conventional Top Trade Amount Islamic 2016</p>	 <p>Islamic Finance Advocacy Award (Institutional) 2016</p>	 <p>Outstanding Contribution for the Development of Shariah-Compliant Mortgage Securitisation 2016</p>
 <p>Best Local Currency Sukuk 2016</p> <p>Cagamas 500 million ringgit Commodity Murabahah sukuk</p>	 <p>Treasurer of the Year – Malaysia 2016</p>	 <p>Emas Status 2016</p> <p>Cagamas USD2.5 billion Multicurrency Sukuk Issuance Programme</p>	 <p>Best Corporate Sukuk 2015</p> <p>Cagamas RM70 million One-Year and RM930 million Three-Year Sukuk</p>	 <p>Best Issuer of the Year for Corporate 2015</p>	 <p>Emas Status 2014</p> <p>Cagamas Offshore Renminbi Medium Term Notes Issurance</p>	 <p>Market Pioneer Award for the World's 1st RMB-bond by a Mortgage Corporation 2014</p> <p>Cagamas RMB1.5 billion Offshore RMB Bond</p>	 <p>Best Renminbi (Offshore) Offering 2014</p> <p>Cagamas RMB1.5 billion Offshore RMB Bond</p>
 <p>Best Foreign Currency Bond Deal of The Year 2014 in Southeast Asia 2014</p> <p>Cagamas RMB1.5 billion Offshore RMB Bond</p>	 <p>Best Deal- Highly Commended, Malaysia 2014</p> <p>Cagamas 3.8 Billion Ringgit Multi-Tenor Sukuk</p>	 <p>Most Outstanding Securitisation House 2013</p>	 <p>Highly Commended / Most Innovative Deal 2013</p> <p>Cagamas 500 million ringgit multi-tenor Sukuk Wakala Bil Istithmar</p>	 <p>Best Islamic Commodity-linked Murabaha 2011</p> <p>RM230 million Variable Rate Sukuk Commodity Murabahah</p>	 <p>Best Islamic Deal, Malaysia 2011</p> <p>Cagamas RM1.0 billion Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm)</p>	 <p>Islamic Issuer of the Year 2011</p> <p>Cagamas RM1.0 billion Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm)</p>	 <p>Sukuk Issuer of the Year 2011</p>

AWARDS & ACCOLADES (cont'd)

 <p>Islamic Deal of the Year</p> <p>2011</p> <p>Cagamas RM1.0 billion Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm)</p>	 <p>Malaysian Innovation of the Year</p> <p>2010</p> <p>Cagamas RM5.0 billion Sukuk al-Amanah Li al-Istithmar programme (Sukuk ALIm)</p>	 <p>Country Deals of the Year</p> <p>2010</p> <p>Cagamas RM1.0 billion Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm)</p>	 <p>Tawarruq Deal of the Year</p> <p>2010</p> <p>RM230 million Variable Rate Sukuk Commodity Murabahah</p>	 <p>Islamic Deal of the Year</p> <p>2010</p> <p>Cagamas RM1.0 billion Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm)</p>	 <p>Tawarruq Deal of the Year</p> <p>2009</p> <p>Sukuk Commodity Murabahah RM915 million Medium Term Notes</p>	 <p>Most Innovative Deal of the Year</p> <p>2009</p> <p>Sukuk Commodity Murabahah RM915 million Medium Term Notes</p>
 <p>Most Innovative Islamic Finance Deal</p> <p>2008</p> <p>RM2.015 billion Sukuk Commodity Murabahah</p>	 <p>Islamic Issuer of the Year</p> <p>2008</p>	 <p>New Structured Finance Benchmark Deal</p> <p>2007</p> <p>Cagamas SME Berhad Synthetic Securitisation of RM600 million SME Loans</p>	 <p>Best Domestic Securitisation</p> <p>2007</p> <p>Cagamas SME Berhad Synthetic Securitisation of RM600 million SME Loans</p>	 <p>Asian Deal of the Year</p> <p>2007</p> <p>Cagamas SME Berhad Synthetic Securitisation of RM600 million SME Loans</p>	 <p>Malaysia Capital Markets Deal of the Year</p> <p>2007</p> <p>Cagamas SME Berhad Synthetic Securitisation of RM600 million SME Loans</p>	 <p>New Islamic Benchmark Deal</p> <p>2005</p> <p>Cagamas MBS Berhad RM2.05 billion Islamic Residential Mortgage-Backed Sukuk Musyarakah</p>
 <p>Islamic Finance Deal of the Year</p> <p>2005</p> <p>Cagamas MBS Berhad RM2.05 billion Islamic Residential Mortgage-Backed Sukuk Musyarakah</p>	 <p>Best Malaysia Deal Best Domestic Securitisation Deal Best Islamic Finance Deal</p> <p>2005</p> <p>Cagamas MBS Berhad RM2.05 billion Islamic Residential Mortgage-Backed Sukuk Musyarakah</p>	 <p>Best Malaysian Ringgit Bond</p> <p>2004</p> <p>Cagamas MBS Berhad RM1.55 billion Residential Mortgage-Backed Securities</p>	 <p>Best Local Currency Bond in Asia</p> <p>2004</p> <p>Cagamas MBS Berhad RM1.55 billion Residential Mortgage-Backed Securities</p>	 <p>Best Local Currency Bond Deal of the Year</p> <p>2004</p> <p>Cagamas MBS Berhad RM1.55 billion Residential Mortgage-Backed Securities</p>		

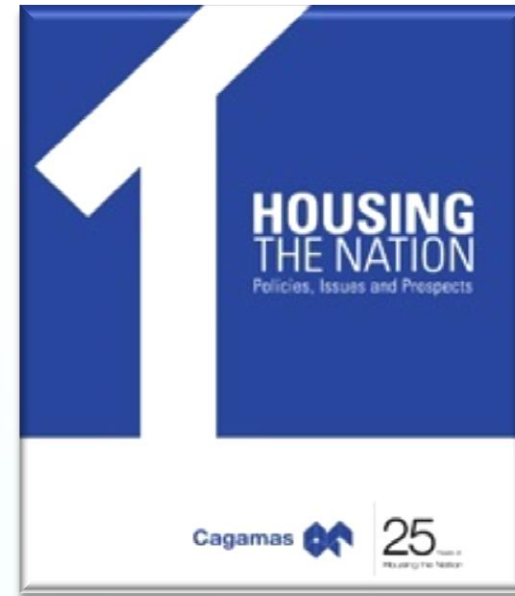
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Thank you