

CAGAMAS BERHAD

MUFG'S MALAYSIA INVESTOR ENGAGEMENT DAY

22 APRIL 2021 | 2.30 pm – 3.30 pm

President / Chief Executive Officer
Datuk Chung Chee Leong

Senior Vice President, Treasury and Markets
Mr. Delvin Chong

Vice President, Treasury and Markets
Mr. Asyraf Mokti



SECTION 1

CAGAMAS OVERVIEW

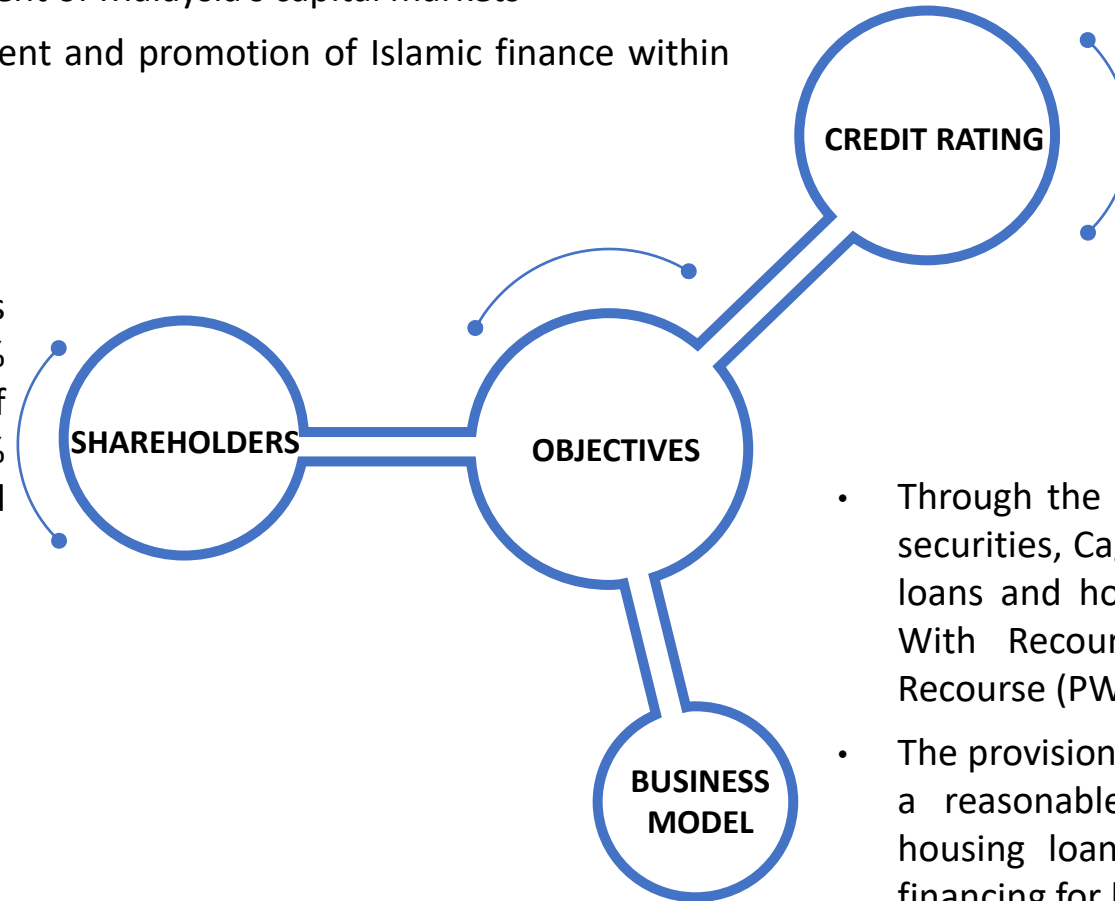
CAGAMAS BERHAD AT A GLANCE

(incorporated 2nd December 1986)

- Established by BNM 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

- A3 Stable (Moody's)
- AAA/P1 Stable (RAM Rating Services Berhad)
- AAA/MARC-1 (Malaysian Rating Corporation Berhad)

- 100% owned by Cagamas Holdings Berhad, which is 20% owned by Central Bank of Malaysia (BNM), and 80% owned by commercial and investment banks in Malaysia



- 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
- 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



Future Plans

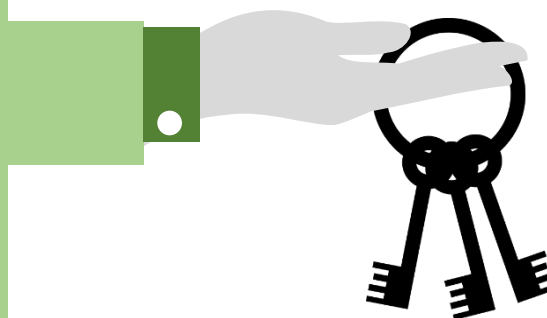
- Help Malaysians gain access to competitive house financing
- Develop risk and capital management solutions to assist financial institutions
- Diversify funding sources and widen investor base
- Exploring opportunities to replicate Cagamas' business model in SE Asia
- Enhancing product offering participation to further spur the growth of SMEs

STRATEGIC AND KEY OBJECTIVES

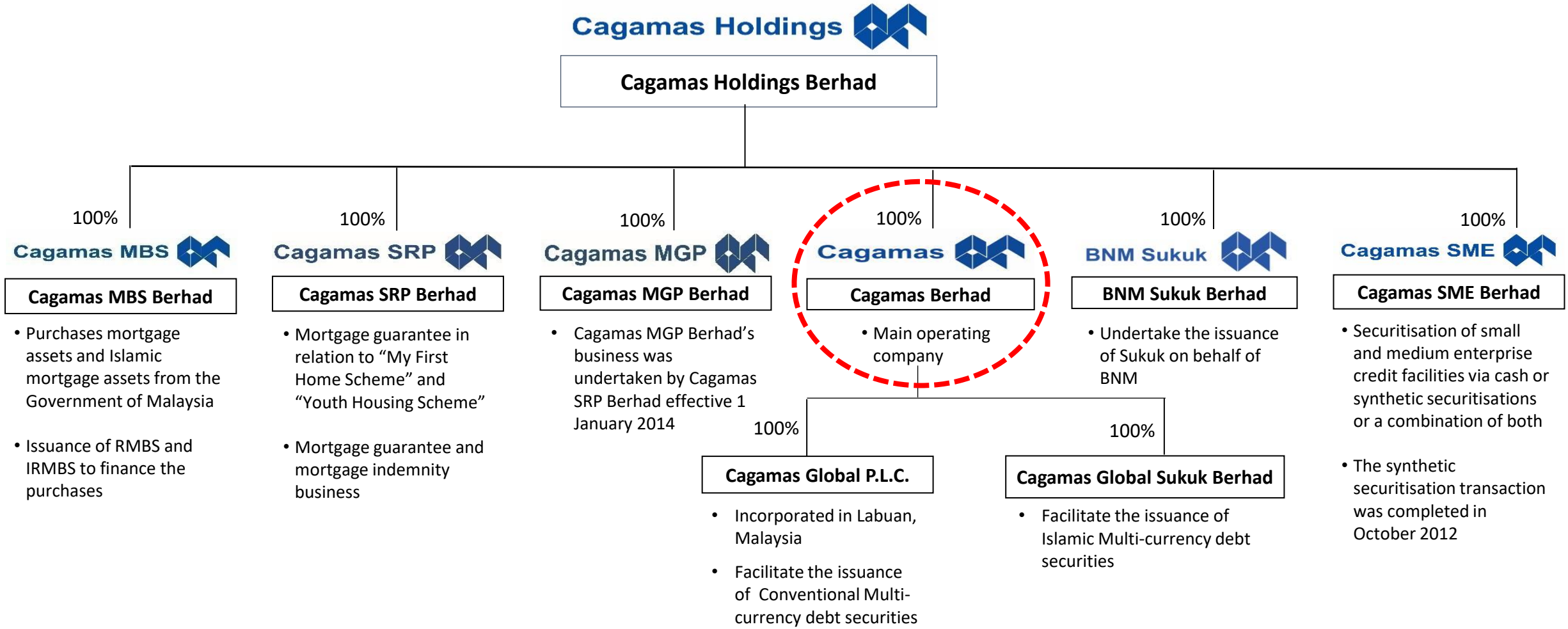
- ✓ To promote homeownership and contribute towards nation development
- ✓ Support the government's initiatives toward homeownership
- ✓ Provide liquidity to the financial sector as a secondary mortgage corporation
- ✓ Contribute towards the growth of the capital markets, Islamic finance and other priority sectors through issuance of innovative instruments
- ✓ Offer bespoke risk and capital management solutions in line with the Company's objectives
- ✓ Embrace a culture of deploying sustainable initiatives
- ✓ Promote professionalism, integrity and good corporate governance

How Cagamas meets its Objectives

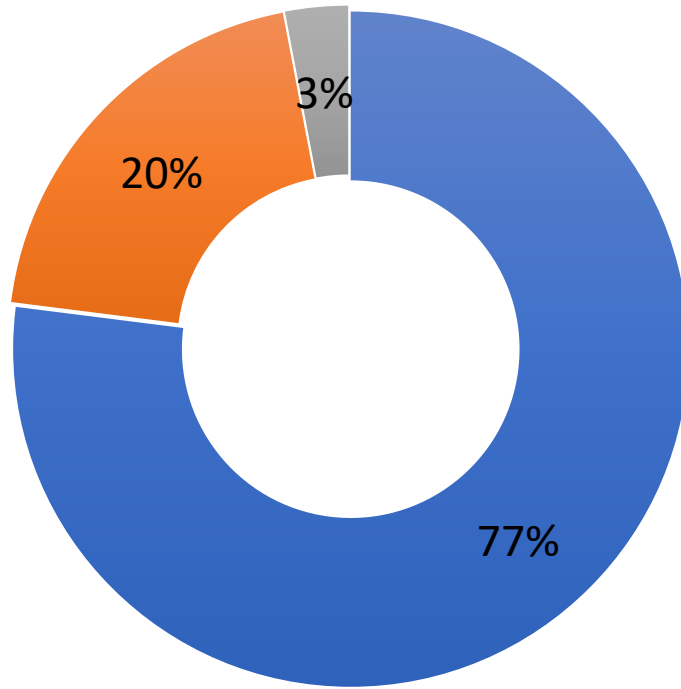
- Widening and deepening the scope of securitization
- Inculcating a caring and responsible corporate culture
- Nurturing a competent workforce of the highest integrity and professionalism
- Providing innovative facilities at a competitive cost to primary home lenders
- Valuing staff for their commitment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






STRUCTURE OF CAGAMAS GROUP



SHAREHOLDING STRUCTURE FOR CAGAMAS HOLDINGS

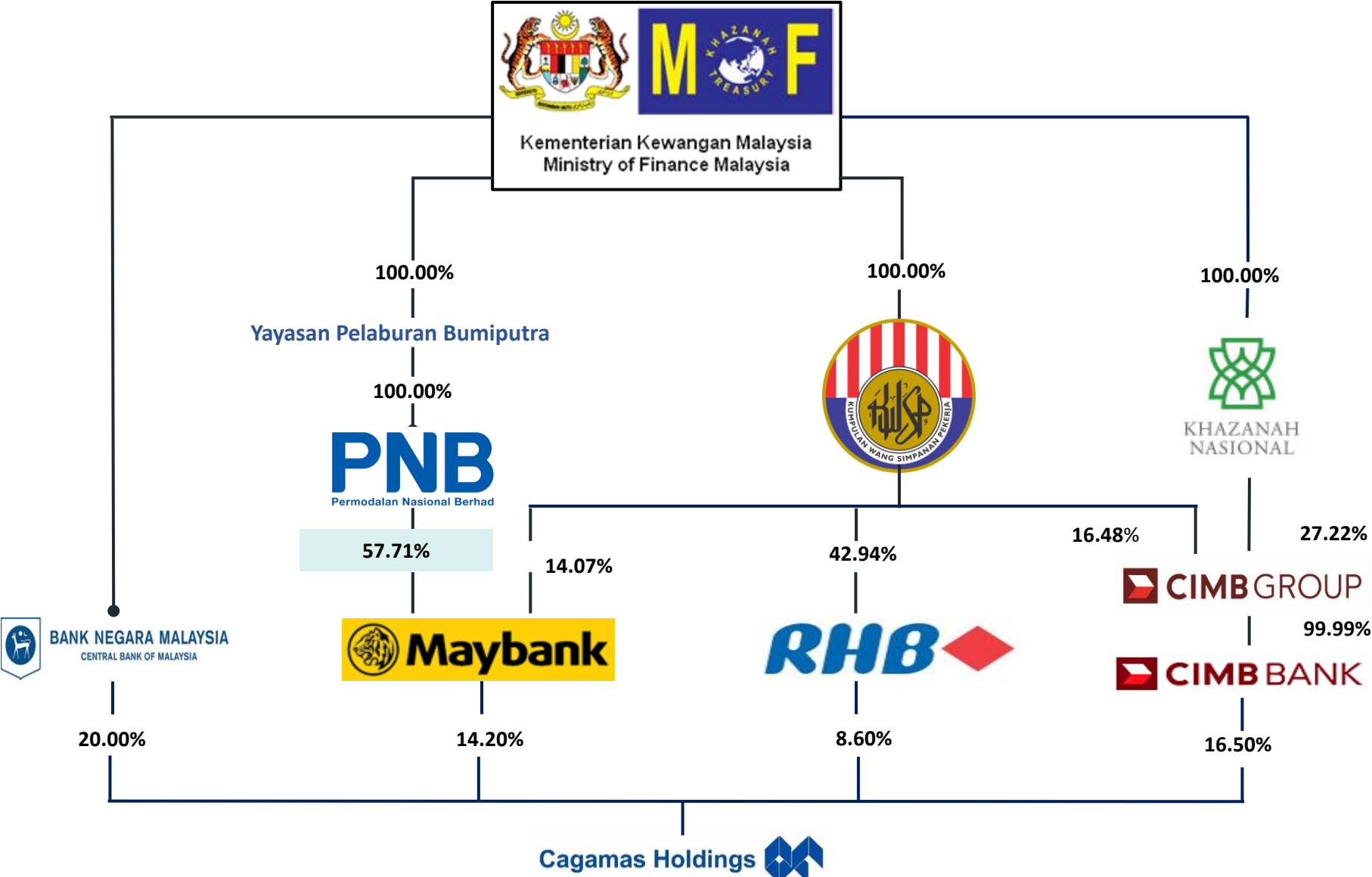


- Commercial Bank
- Central Bank of Malaysia
- Investment Bank

 BANK NEGARA MALAYSIA CENTRAL BANK OF MALAYSIA	20.0%	 Standard Chartered	3.1%
 CIMB BANK	16.5%	 AFFIN BANK	2.9%
 Maybank	14.2%	 UOB 大華銀行	2.2%
 RHB	8.6%	 OCBC Bank	2.0%
 AmBank	8.0%	 Bank of Tokyo-Mitsubishi UFJ MUFJ	0.5%
 PUBLIC BANK	7.0%	 Bangkok Bank	0.3%
 HongLeong Bank	6.0%	 Scotiabank	0.2%
 HSBC	4.1%	 Deutsche Bank	0.2%
 ALLIANCE BANK	3.7%	 中國銀行馬來西亞 BANK OF CHINA (MALAYSIA) BERHAD	0.2%

Note: 0.3% shareholding by SIBB Berhad a wholly-owned subsidiary of CIMB Bank

INDIRECT OWNERSHIP BY THE GOVERNMENT OF MALAYSIA



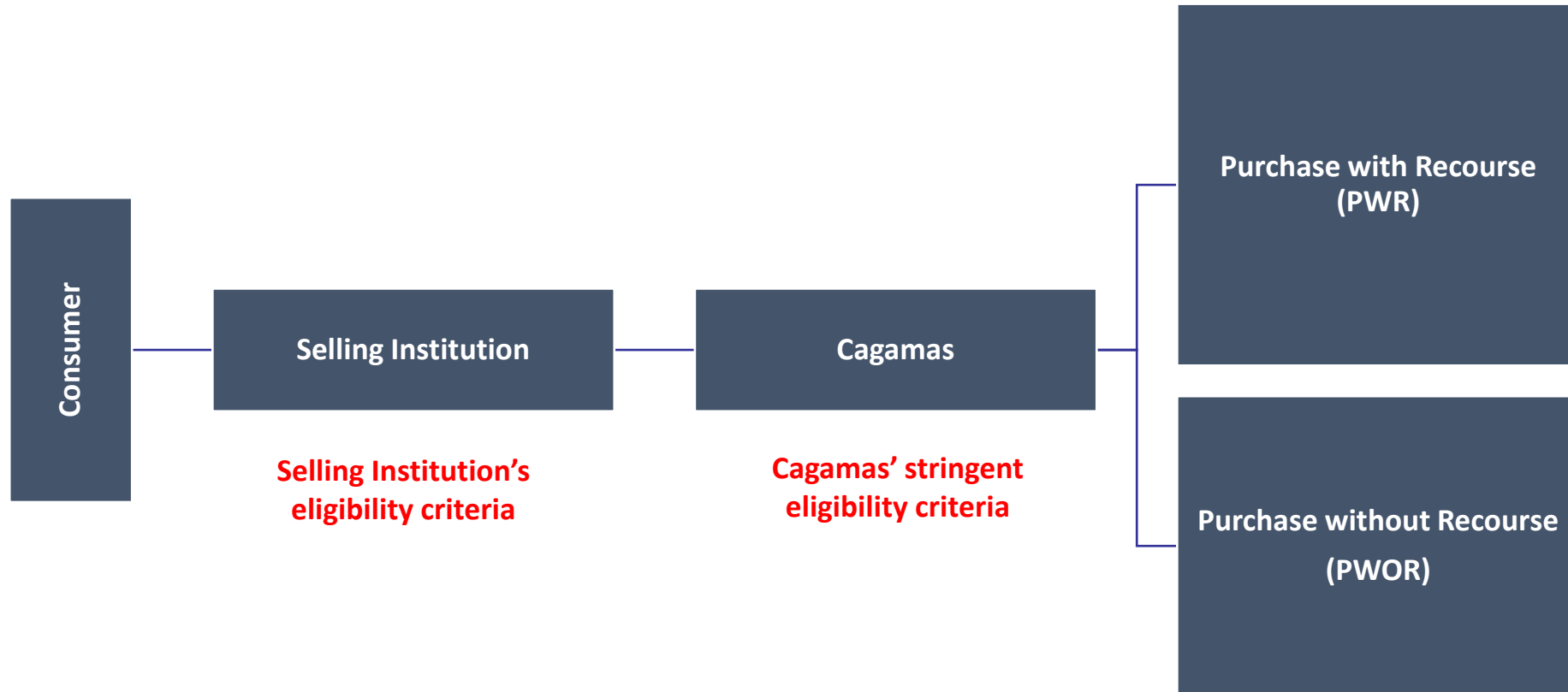
SECTION 2

BUSINESS OVERVIEW



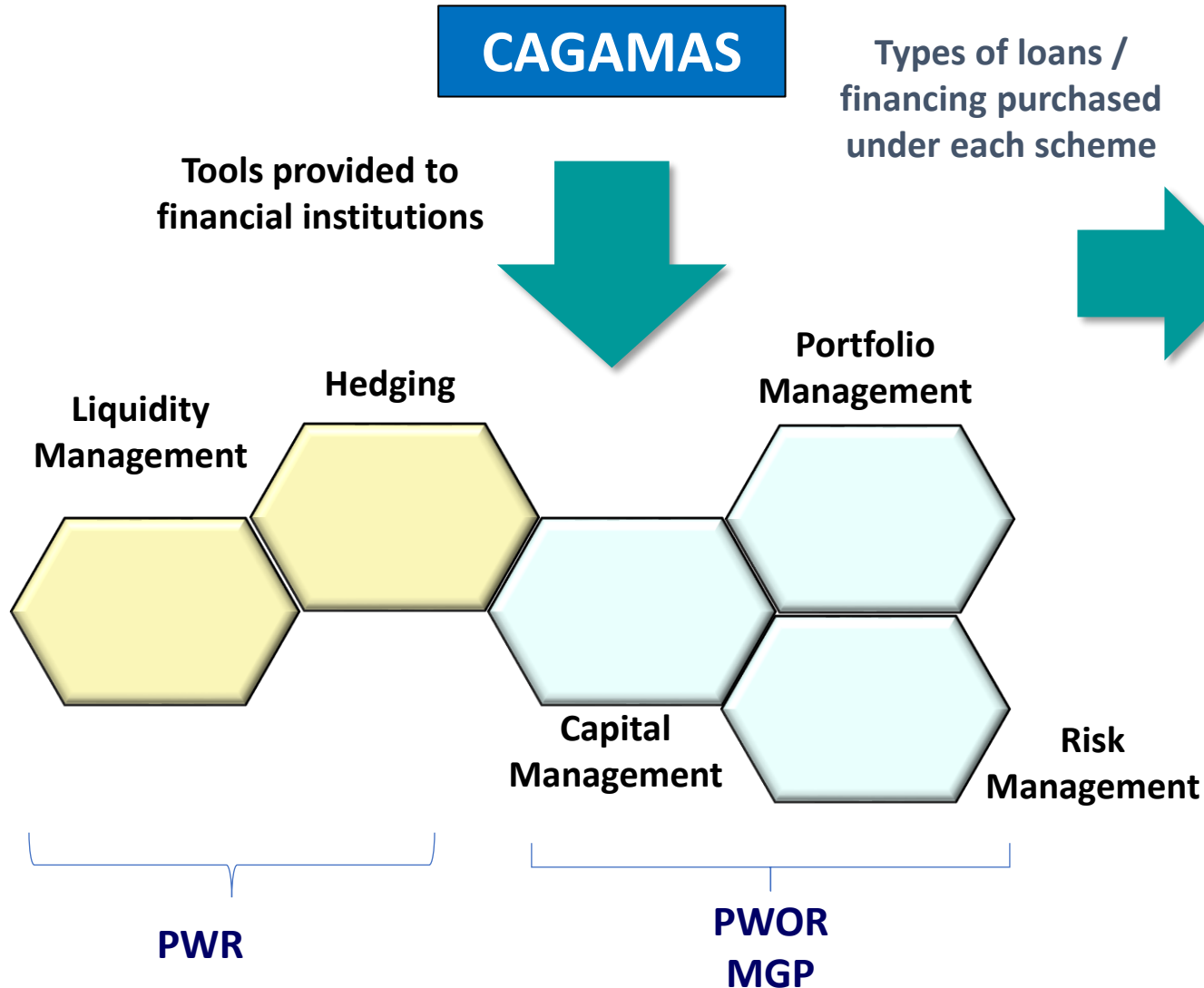
BUSINESS OVERVIEW

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



BUSINESS OVERVIEW (CONT'D)

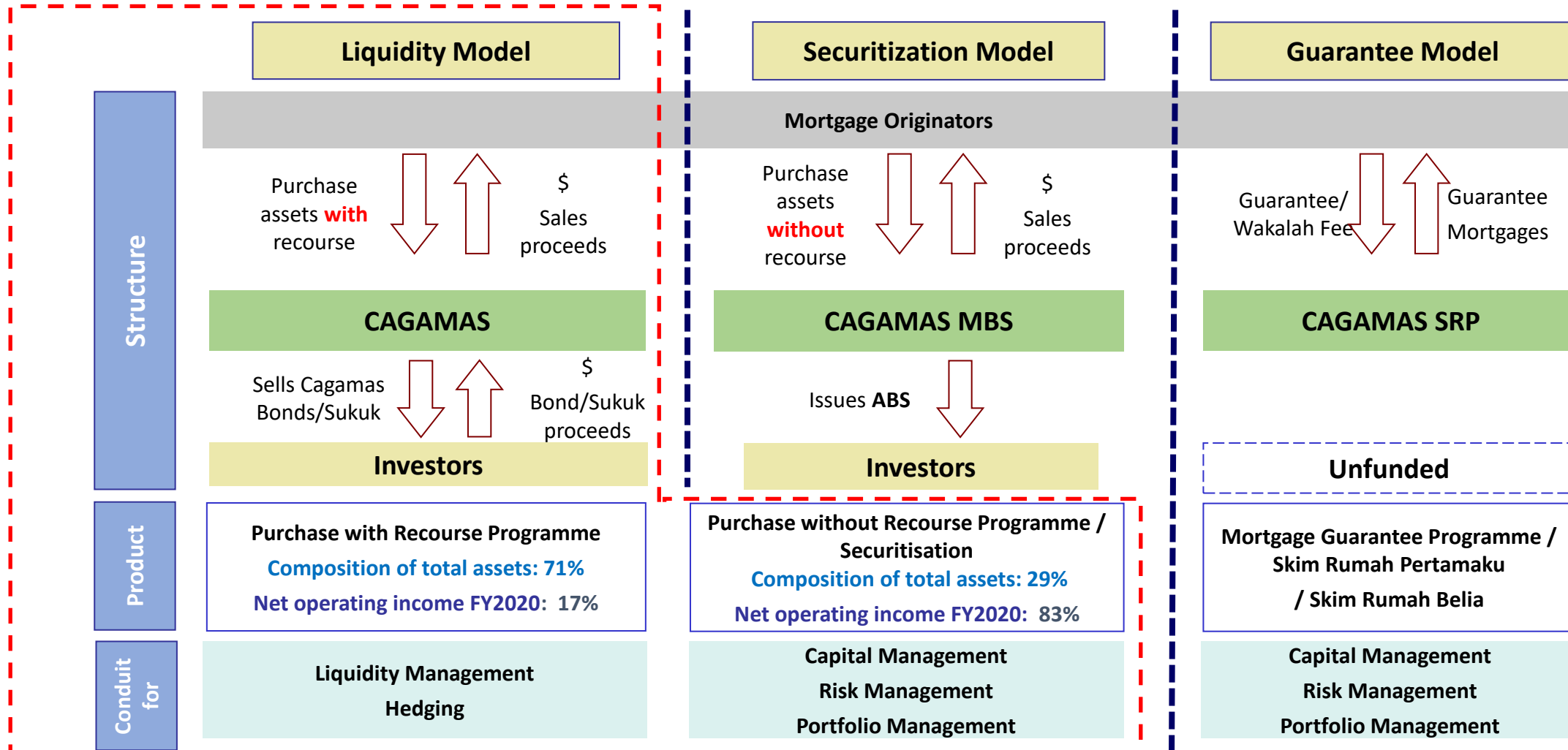
Cagamas is primarily engaged in the purchasing of loans and financings from financial and non-financial institutions under PWR, PWOR and guaranteeing housing loans and house financings under Mortgage Guarantee Programme (MGP) schemes



Purchase with Recourse	Purchase without Recourse	Mortgage Guarantee Programme (MGP)*
Housing Loans /Islamic House Financings	Housing Loans /Islamic House Financings	Housing Loans
Commercial and Industrial Property Financings	Hire Purchase /Islamic Hire Purchase	Islamic House Financing
Infrastructure Loans	Islamic Leasings	Skim Rumah Pertamaku /My First Home Scheme
Rahn Financings		Skim Perumahan Belia / Youth Housing Scheme
SME Loans		*MGP offers "first loss" protection on a mortgage portfolio while the mortgage assets remain on the originator books
Hire Purchase and Leasing Debts		* Under Cagamas SRP Berhad
Personal Loans/Islamic Personal Financings		

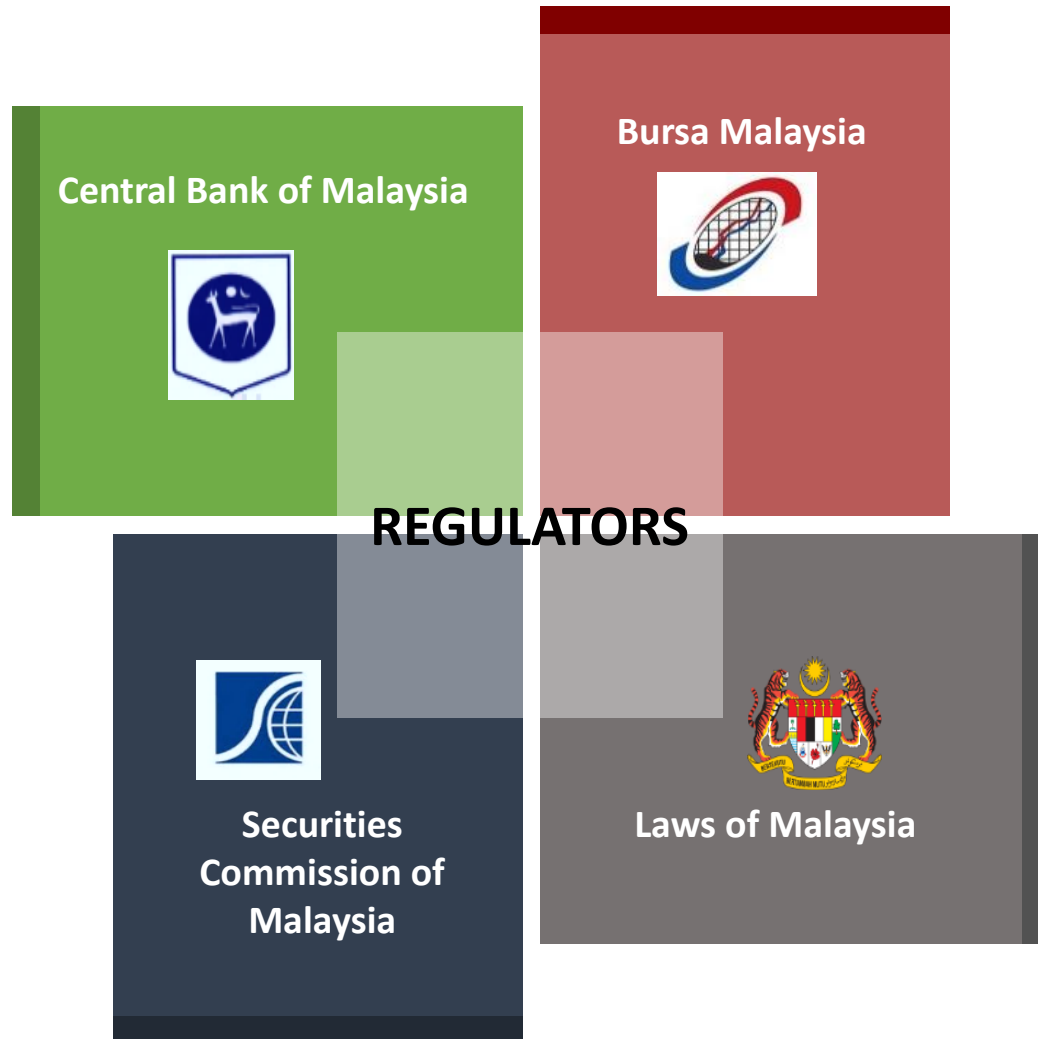
CAGAMAS BUSINESS MODEL

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



* Assets acquired under PWOR are potential securitisation asset at a future date

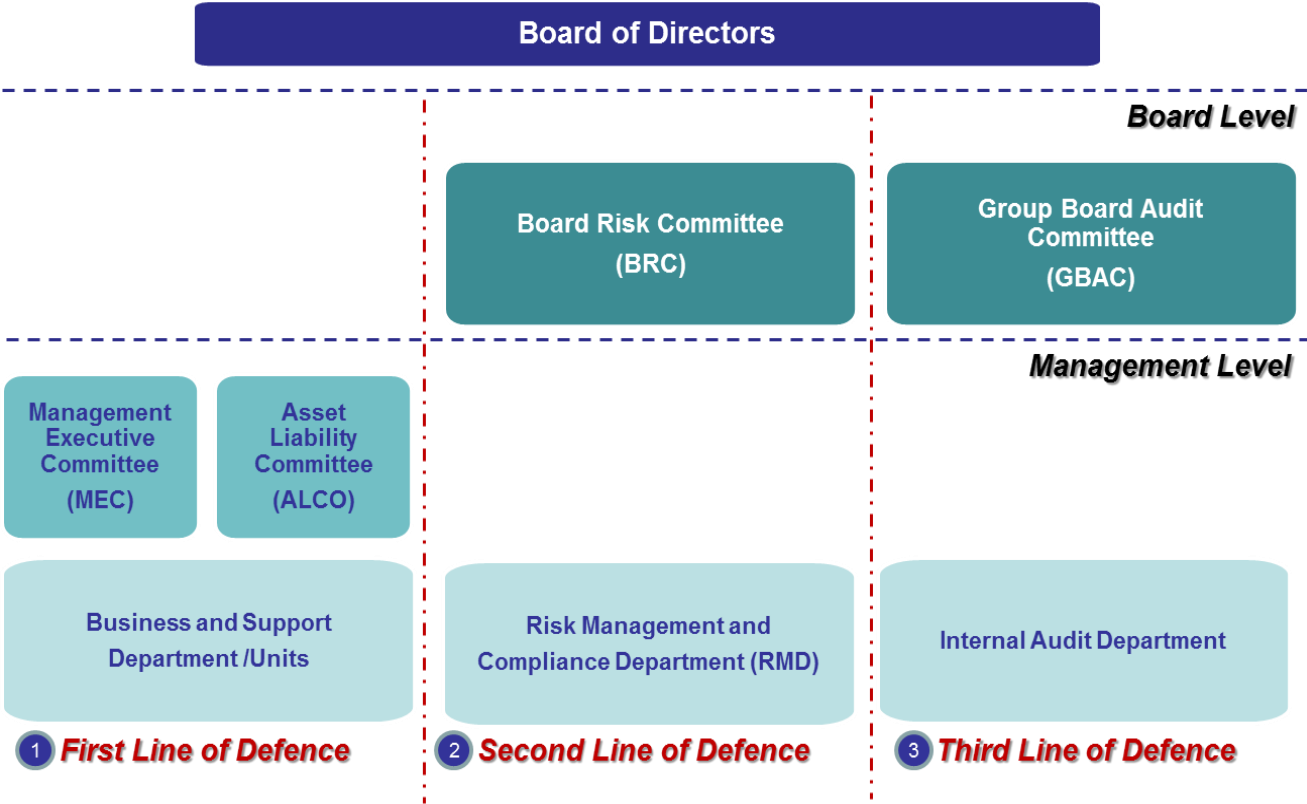
REGULATORY ENVIRONMENT



- **Central Bank of Malaysia**
 - **Financial Services Act 2013 (FSA) and Islamic Financial Services Act 2013 (IFSA)**
 - **Real Time Electronic Transfer of Funds and Securities (RENTAS)**
 - **Fully Automated System for Issuing/Tendering (FAST)**
- **Bursa Malaysia**
 - **Electronic Trading Platform (ETP)**
- **Law of Malaysia**
 - **Companies Act 2016**
 - **Labuan Companies Act 1990**
- **Securities Commission of Malaysia**
 - **Capital Markets and Services Act 2007 (CMSA)**

ENTERPRISE RISK MANAGEMENT FRAMEWORK (ERM)

The Cagamas Group takes a holistic and enterprise-wide view in managing risk across the subsidiaries. The Cagamas Board of Directors approved the ERM which details the scopes of responsibility and accountability of the respective parties involved.



- 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.
- 2 An independent Risk Management and Compliance Department (RMD) acts as Cagamas’ second line of defense by providing specialized resources to proactively manage risks. 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.
- 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.

Proactive asset and liability management to mitigate risks and optimize profitability

- 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

Market Risk & Liquidity Risk



- Interbank borrowing and repurchase agreement (REPO) as 'Approved Interbank Institution'¹
- Intraday credit facility from BNM as 'RENTAS'² member
- Cagamas Debt programme – MYR60 billion MTN/IMTN, MYR20 billion CP/ICP and USD5 billion Conventional/Islamic Multi-Currency MTN Programme
- Issuance and distribution of its own debt securities as 'Registered Person' under CMSA³
- Facility Agent of its own debt securities as a 'FAST'⁴ member

Funding Risk



- Prudent Investment Policy
- Stringent Credit Concentration Limit Exposure
- Regular Credit Review

Credit Risk



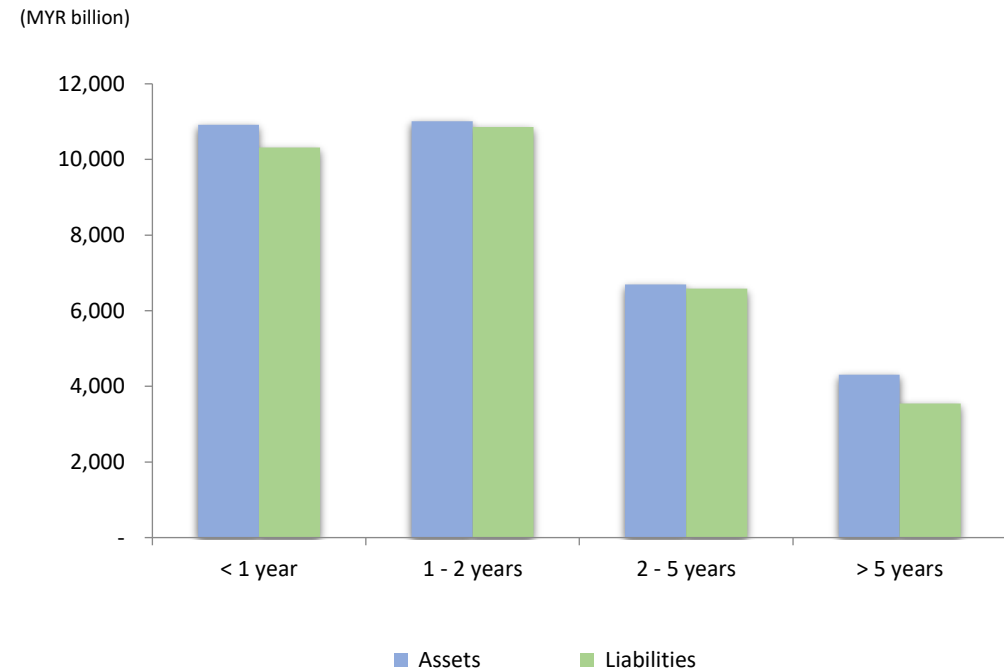
1. Cagamas status as "Approved Interbank Institution" enable direct access to interbank money market
2. Real Time Electronic Transfer of Funds and Securities is a real time gross settlement system for transfer and settlement of interbank funds and scriptless securities transactions
3. The Capital Markets 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

Proactive asset and liability management to mitigate risks and optimize profitability (continued)

**Outstanding Asset vs Bonds/Sukuk as at
31 December 2020**

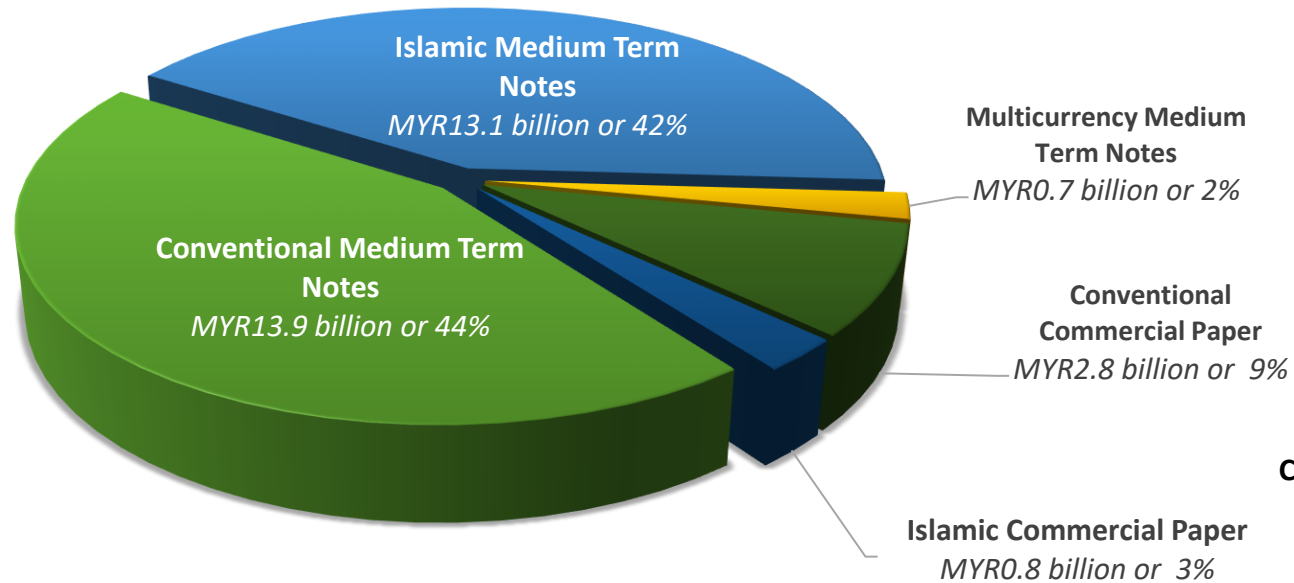


**Maturity Profile of Asset vs Liabilities as at
31 December 2020**

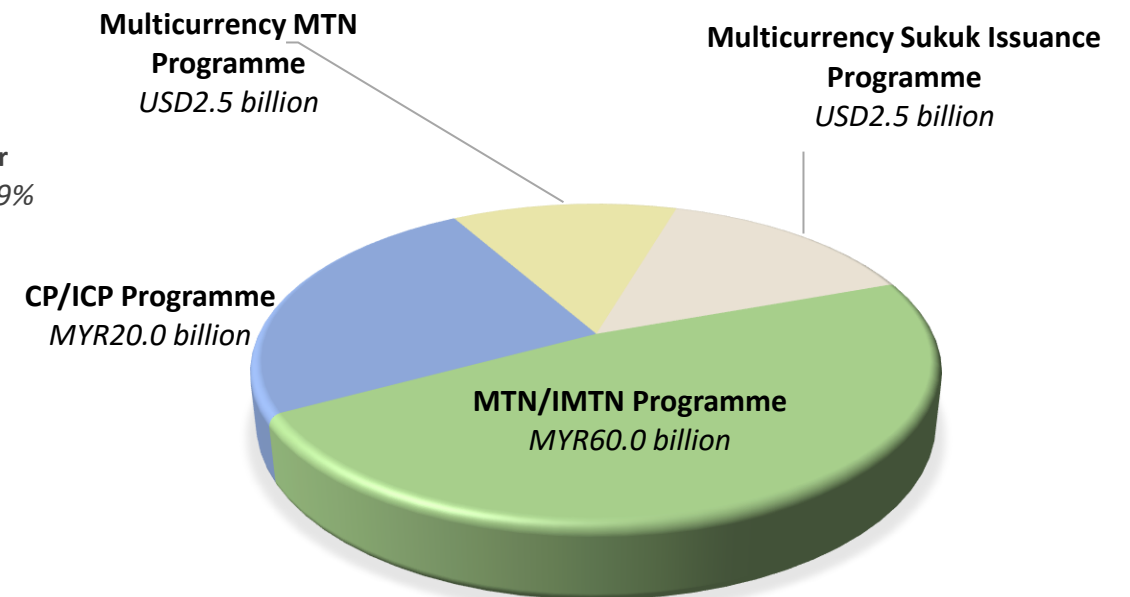


CAGAMAS OUTSTANDING BONDS AND SUKUK

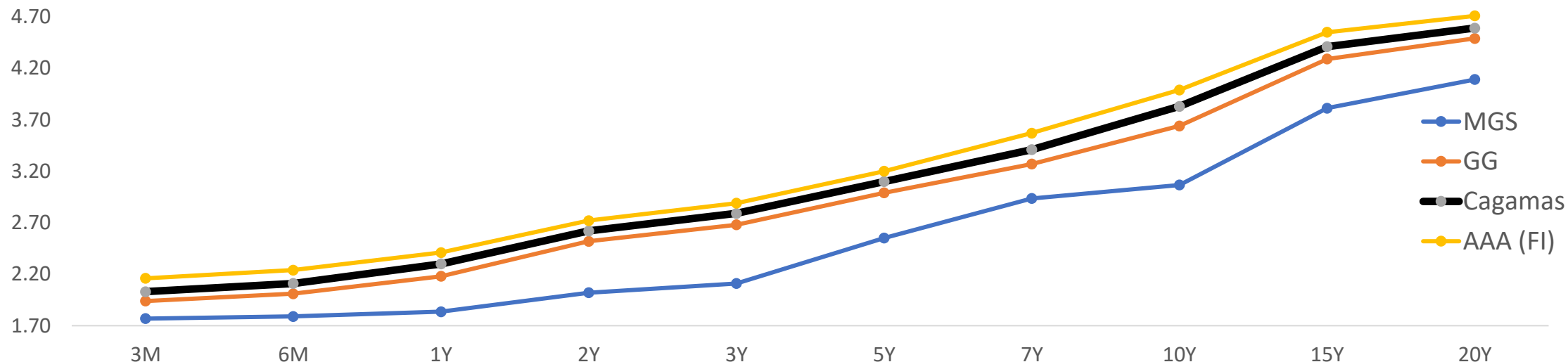
OUTSTANDING BONDS AND SUKUK AS AT 31 DECEMBER 2020 MYR31.3 BILLION



MYR AND FCY FUNDING FACILITIES SIZE



BOND YIELD COMPARISON



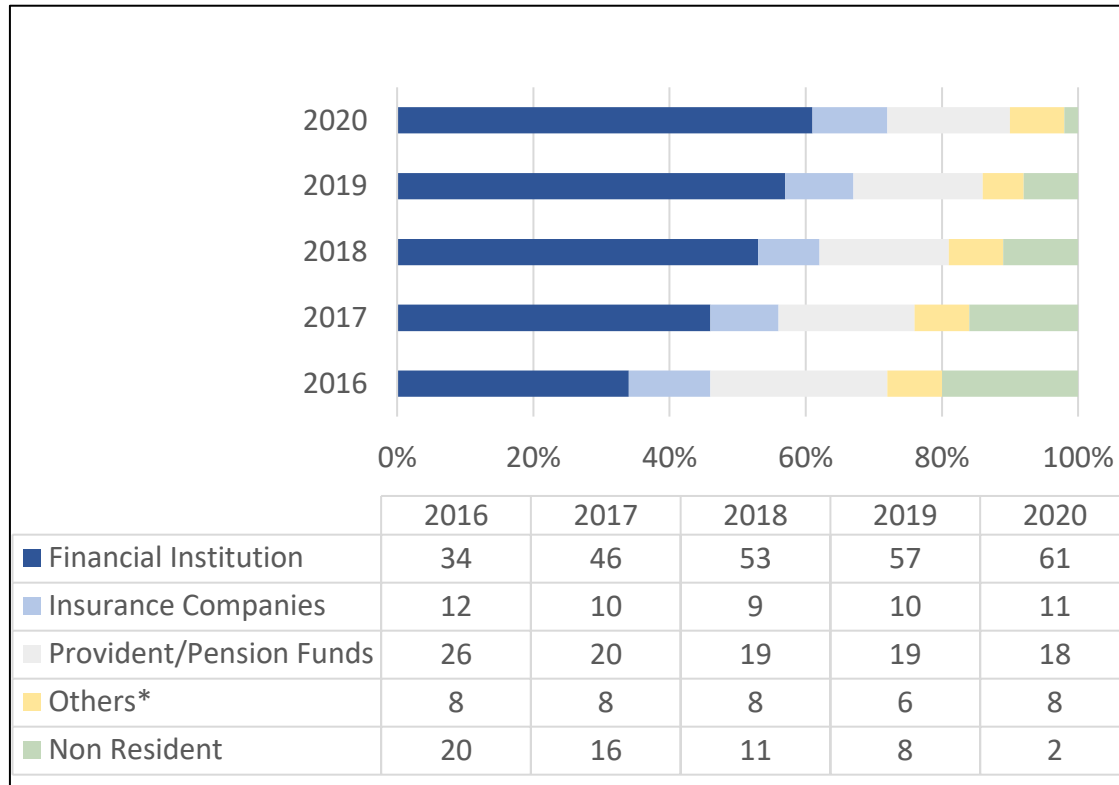
Establishment of Multicurrency Medium Term Note Programme

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

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 PROFILE BASED ON OUTSTANDING DEBT SECURITIES



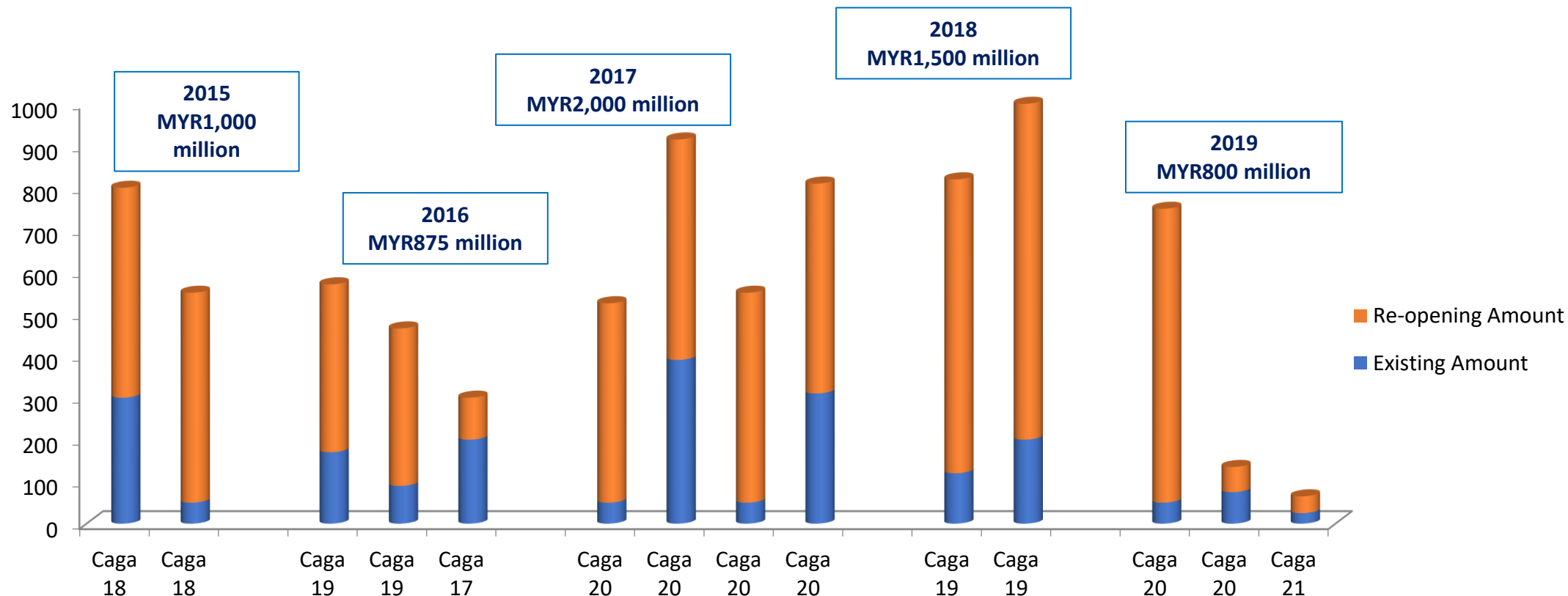
CAGAMAS GLOBAL INVESTOR NETWORK



SECTION 3

INITIATIVE TO PROMOTE MARKET LIQUIDITY

RE-OPENING INITIATIVES

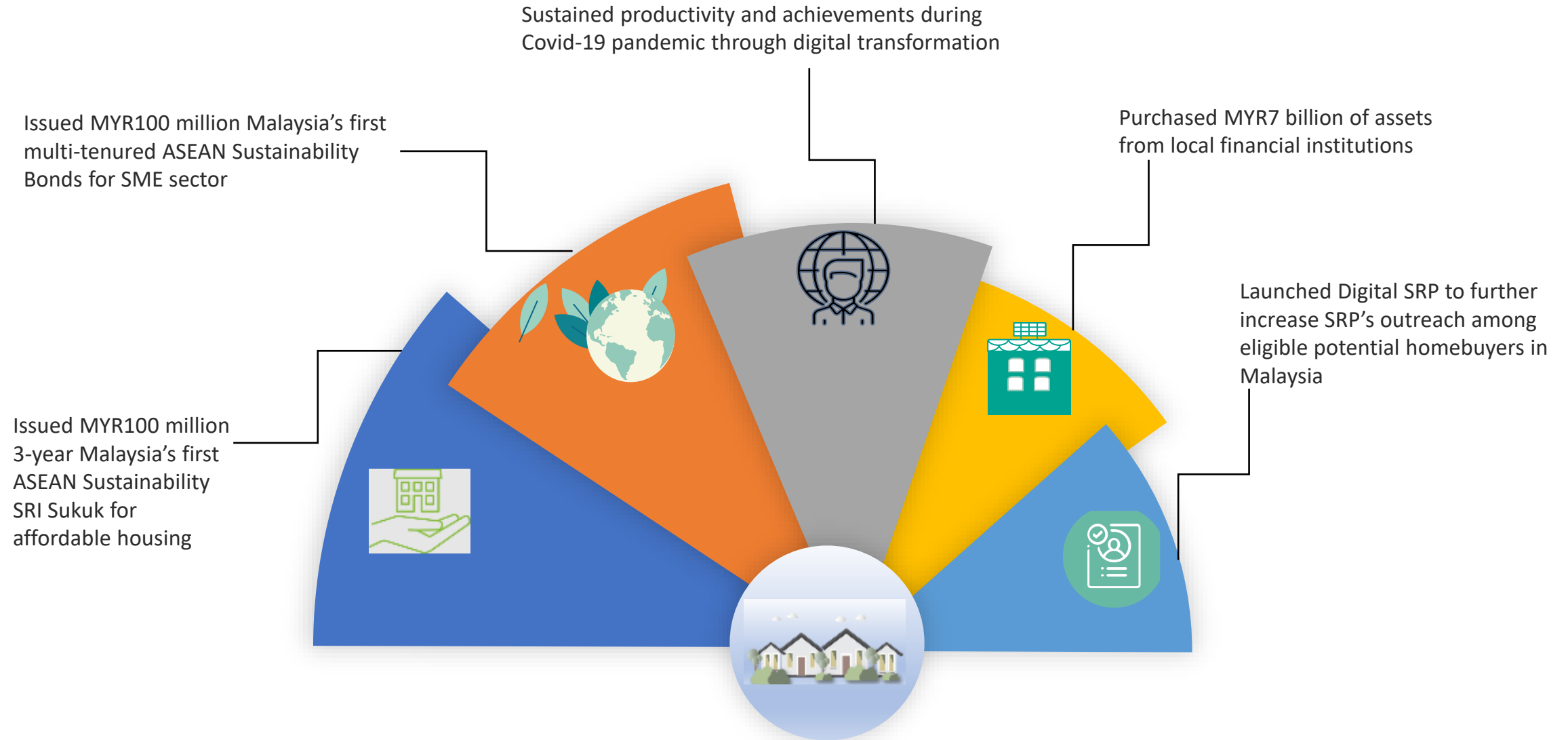


- Since 2015, Cagamas has successfully reopened a total of 14 tranches for a combined size of MYR6,175 million.
- Enlarged issue size that meet the minimum size pre-requisite for inclusion into influential local currency bond index increases weightage of Cagamas bonds in the indices, thus promoting greater visibility of Cagamas debt securities particularly among international investors.
- Cagamas has also set new benchmark in 2019 with the Company and the Country's first ever dual tranche bonds and sukuk reopenings.

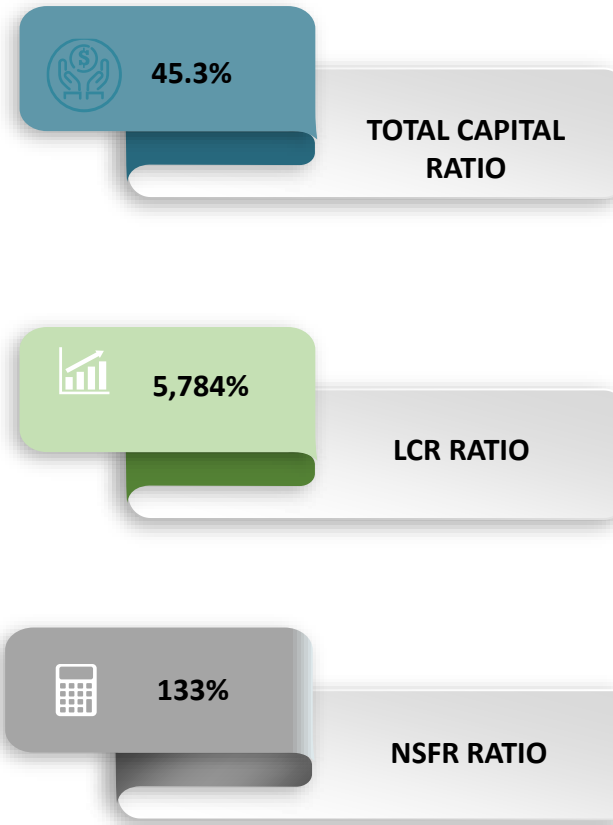
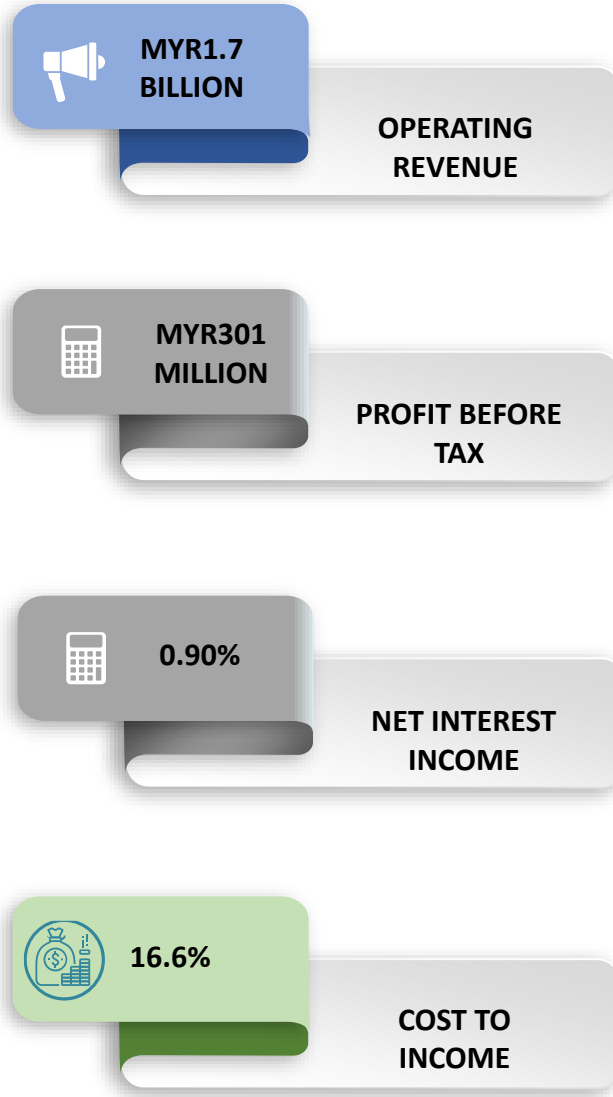
SECTION 4

BUSINESS AND FINANCIAL HIGHLIGHTS

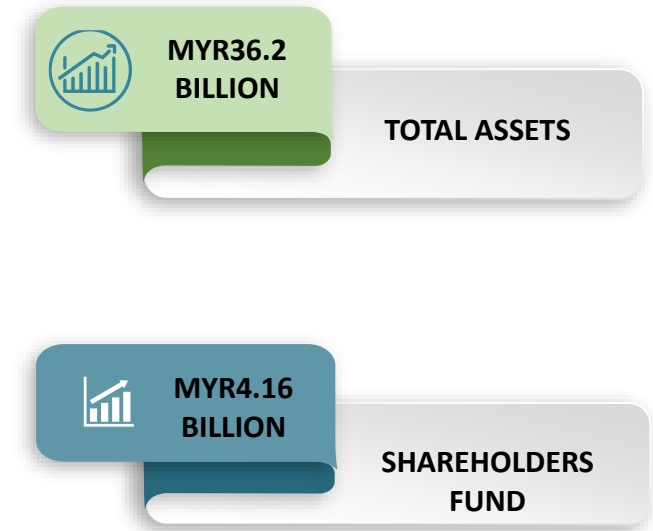
KEY BUSINESS HIGHLIGHTS



FINANCIAL HIGHLIGHTS



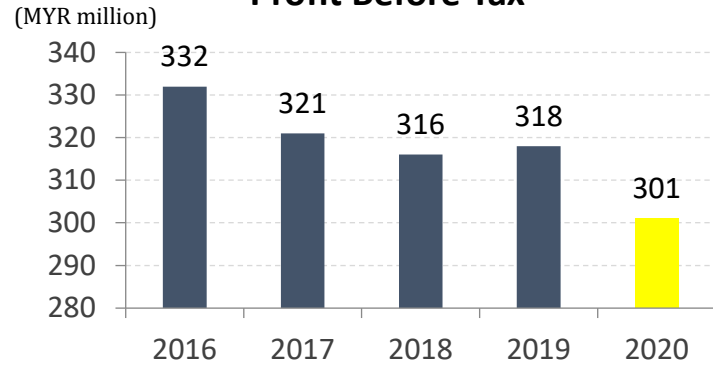
FINANCIAL YEAR 2020 KEY RATIOS



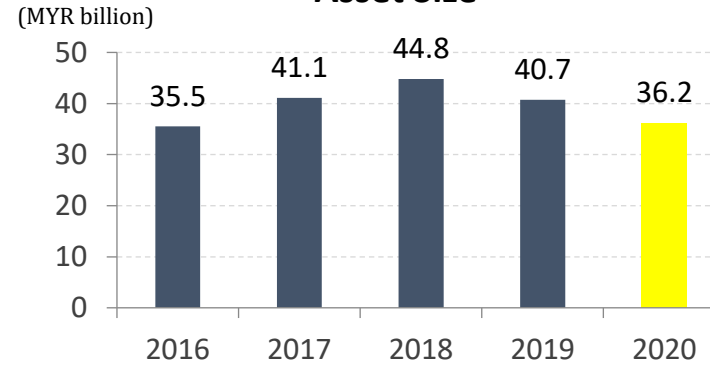
FINANCIAL HIGHLIGHTS

HEALTHY ASSET GROWTH WITH SUSTAINED PROFITABILITY

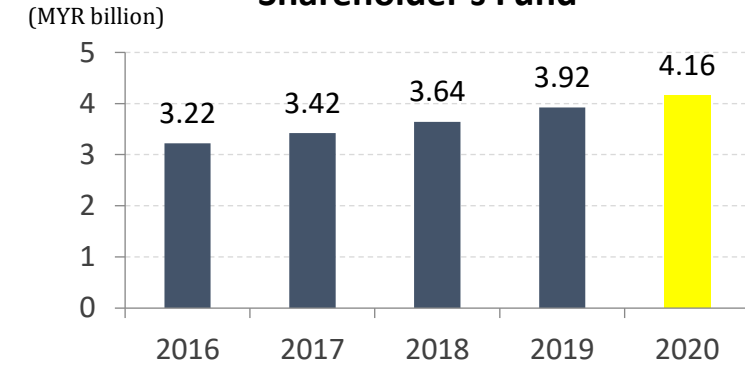
Profit Before Tax



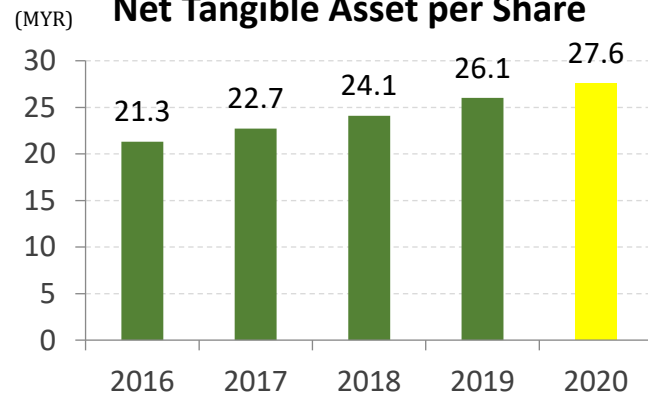
Asset Size



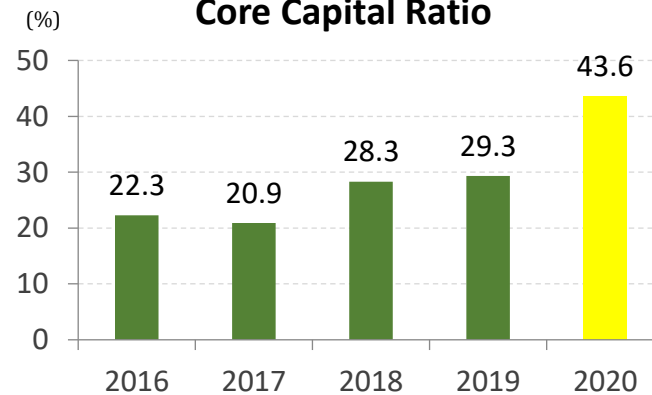
Shareholder's Fund



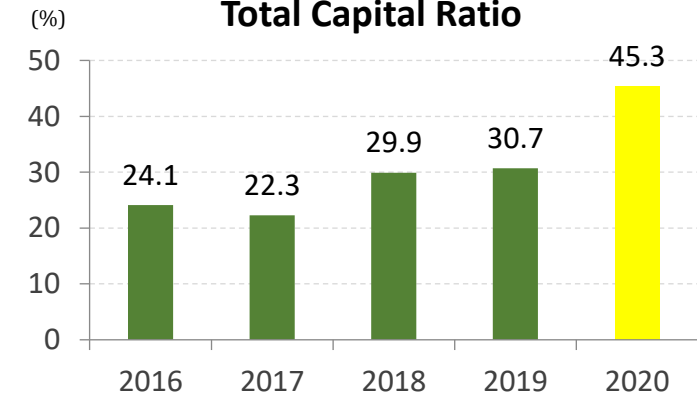
Net Tangible Asset per Share



Core Capital Ratio



Total Capital Ratio



SECTION 5

CREDIT STRENGTH

KEY CREDIT STRENGTH

Strong Shareholding Structure

**Global Rating of A3 by Moody's
equal to Malaysia's Sovereign
Rating**

**Systemically Important to
Domestic Financial System**

Experienced Board of Director

**Strong Risk Management
Framework**

**Robust Asset Quality and Solid
Capitalisation**

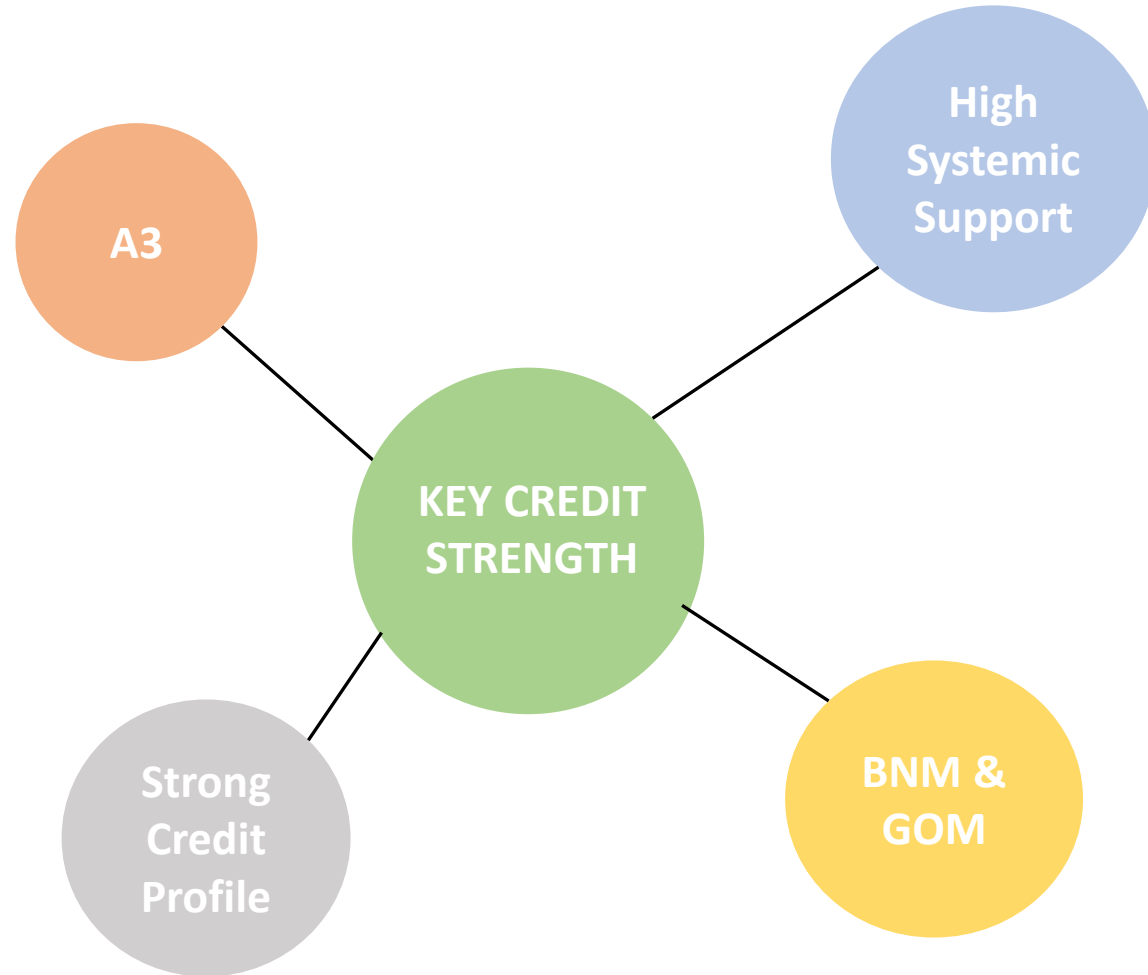
**Establishing New Products for
Market Development**

Strategic Business Model

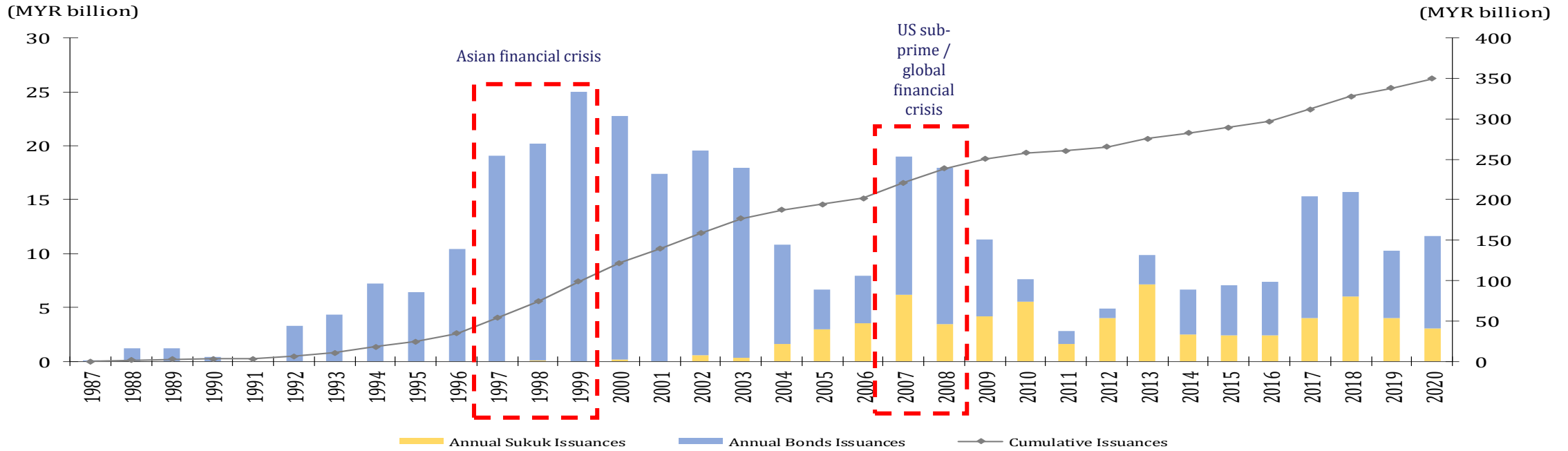
**Sound and Resilient Financial
Profile**

KEY CREDIT STRENGTH

- **Sovereign Equivalent Rating**
- **Special policy role**
 - ✓ Supporting the national objective to increase home ownership & promote development of Malaysia debt capital market
- **High systemic importance in Malaysian financial sectors**
 - ✓ Significant linkages with other financial institutions and prominent role in the debt capital market
- **Close linkages with BNM and the Government**
- **Strong Capitalisation**
- **Good Asset Quality**
- **Stable Profitability**



SYSTEMATICALLY IMPORTANT TO DOMESTIC FINANCIAL SYSTEM

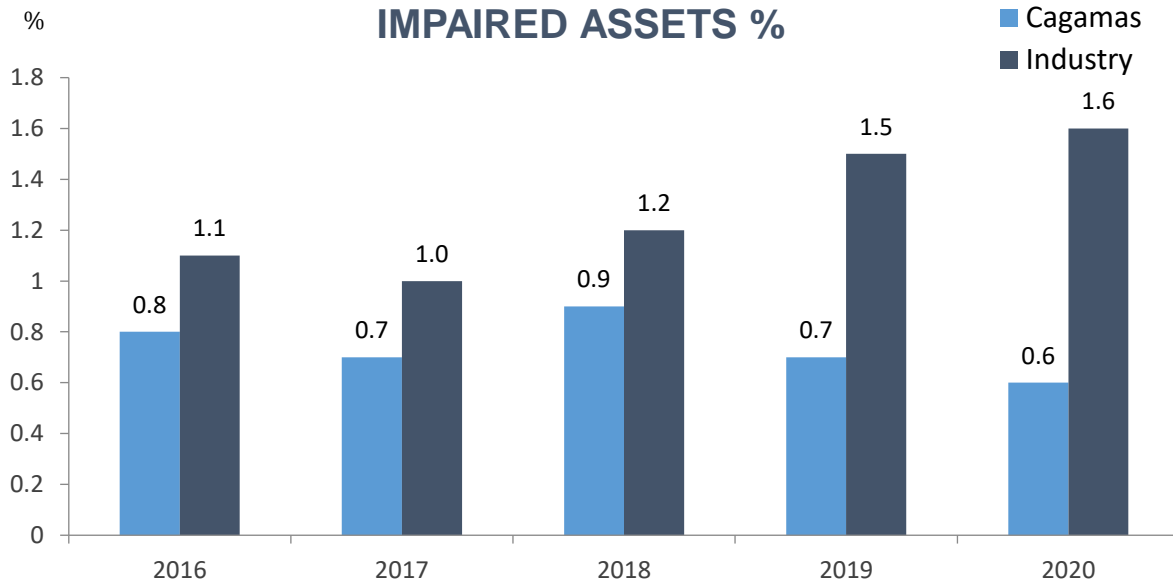


Cagamas plays a systemically important role in the domestic financial system, underscored by its dual function as liquidity provider and as a leading issuer of conventional bonds and Sukuk

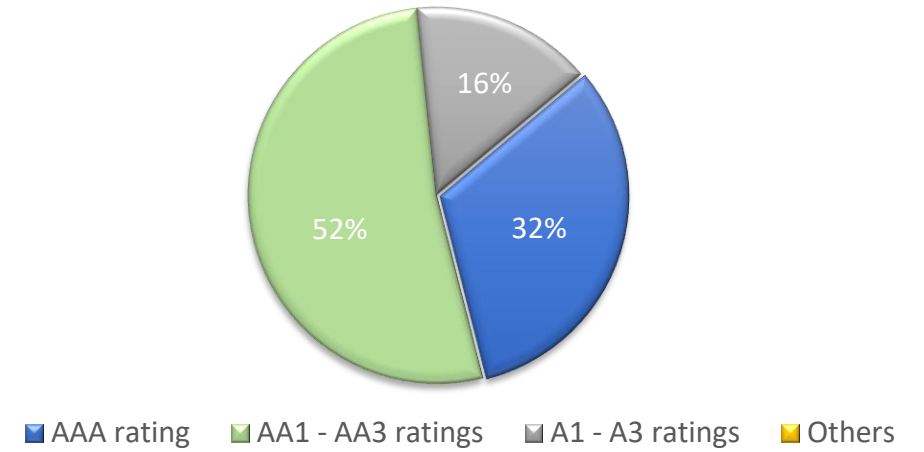
- Provide credit and portfolio risk management solutions
- Provide capital management solutions
- Conduit to mitigate systemic risk in the financial sector
- Conduit for best practices & setting up of standards – development of conforming financing standards
- Cagamas Group has issued papers worth MYR350 billion to the financial market and has successfully redeemed MYR317 billion without a single technical default as at 31 December 2020.

ROBUST ASSET QUALITY

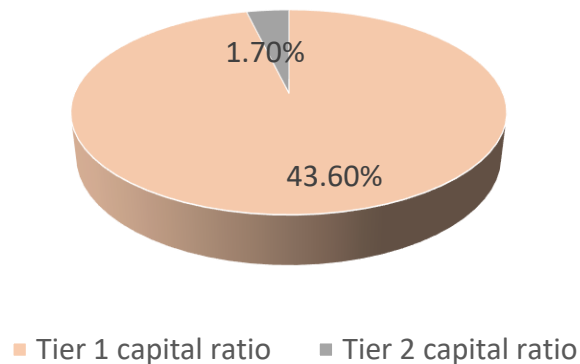
Cagamas' asset quality is robust, premised on its exposure to highly rated PWR counterparties and the provision of loans/ financings with non-discretionary salary deduction at source as a key feature of its PWOR portfolio



COUNTERPARTIES EXPOSURE FOR PWR ASSETS



TOTAL CAPITAL RATIO: 45.30%



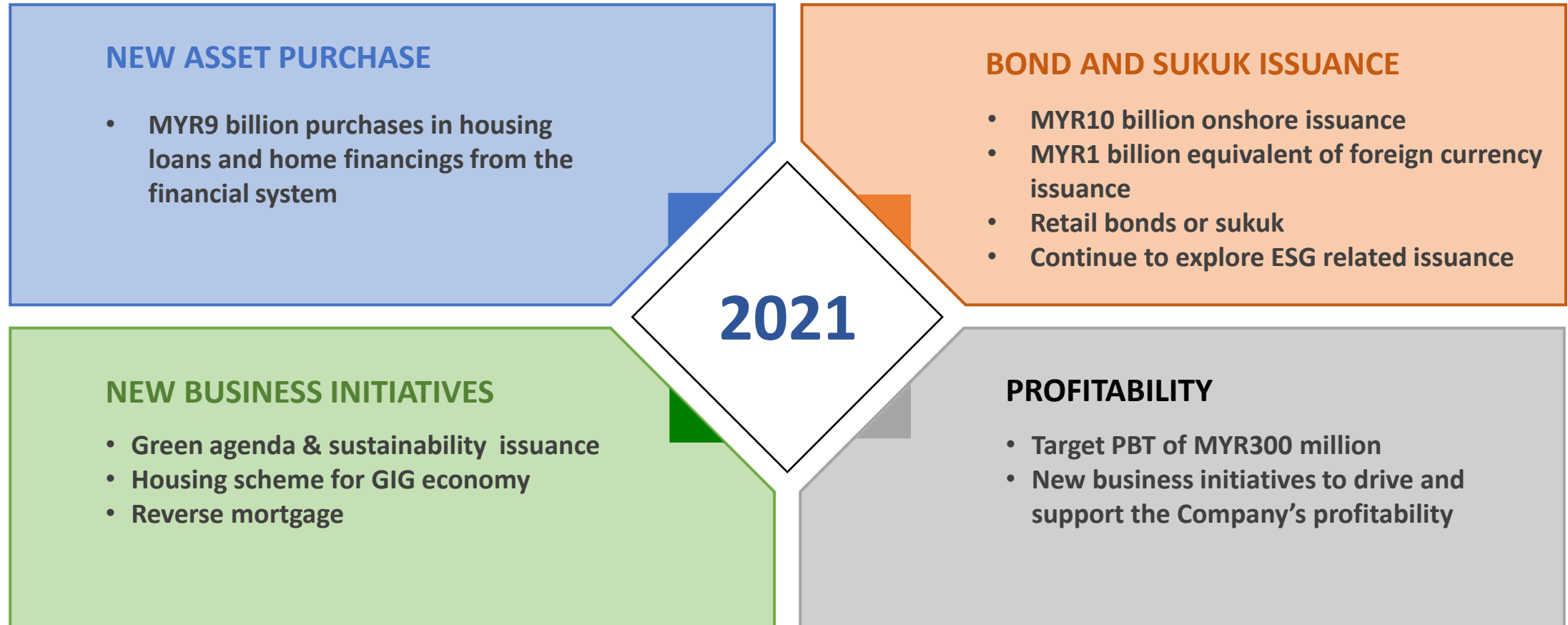
COLLECTION EXPOSURE FOR PWOR ASSETS



SECTION 6

2021 OUTLOOK

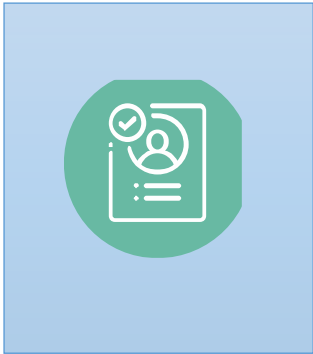
2021 BUSINESS TARGETS & PROJECTION



ACHIEVEMENTS

2018

- Issued first USD Floating Rate Note



2017

- Issued first AUD Floating Rate Note
- Reopening of first dual tranche

2015

- Provided guarantee under Skim Perumahan Belia (Youth Housing Scheme)
- Issued inaugural SGD bonds and SGD Sukuk
- Establishment MYR20 billion ICP and CP Programmes

2014

- Established USD2.5bn Conventional and USD2.5bn Sukuk Issuance Multi-Currency MTN Programme
- Issued inaugural CNH, USD and HKD bonds
- Completed first RMB denominated bonds settlement via RENTAS

2012

- Issued Sukuk Wakalah Bil Istithmar

2011

- Provided guarantee under Skim Rumah Pertamaku (My First Home Scheme)

2010

- Established MYR5 billion ICP IMTN
- Issued world's first Sukuk Al-Amanah Li Al-Istithmar

2008

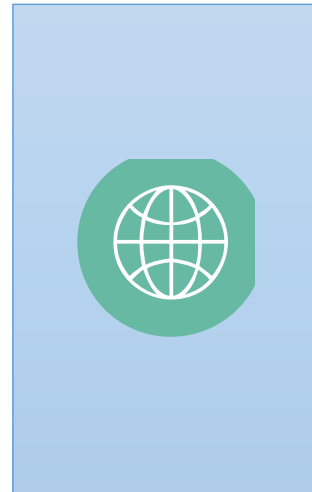
- Launched Mortgage Guarantee Programme
- Issued Sukuk Commodity Murabahah

2007

- Executed ASEAN's first synthetic securitization of small and medium enterprise loans
- Issued secured credit linked notes
- Established ASEAN's largest funding programme via MYR60 billion CP MTN Programme

2005

- Issued world's first rated Sukuk Musyarakah RMBS



2004

- Launched Securitisation of Government staff housing loans
- Issued Malaysia's first Residential Mortgage-Backed Securities (RMBS)

1999

- Launched Purchase without Recourse

1998

- Purchased staff housing loans from selected corporations
- Purchased Hire purchase and leasing debts

1994

- Purchased Islamic house financing
- Issued world's first Sukuk Mudharabah



1992

- Purchased Housing loans on floating rate basis
- Issued first floating rate bonds

1987

- Launched Purchase with Recourse
- Purchased Housing loans on fixed rate basis
- Issued first fixed rate bonds

Awards and Accolades

 <p>Best Quasi-Sovereign Sukuk</p> <p>YEAR 2020</p> <p>500 million Ringgit Commodity Murabahah Sukuk</p>	 <p>YEAR 2020</p> <p>GIFA Special Awards (Islamic Financial Advocacy)</p>	 <p>YEAR 2020</p> <p>GIFA Excellence Awards (Islamic Securitisation)</p>	 <p>Islamic Issuer of the Year-Quasi-Sovereign</p> <p>YEAR 2020</p>	 <p>YEAR 2020</p> <p>Top Traded Amount-Conventional</p>	 <p>Islamic Finance Advocacy Award (Capital Market)</p> <p>2019</p>	 <p>Islamic Issuer of the Year-Quasi-Sovereign</p> <p>2019</p>	 <p>Top Issuance - All</p> <p>Top Traded Amount - Conventional</p> <p>2019</p>
 <p>Best Local Currency Sukuk</p> <p>2019</p> <p>1.5 billion Ringgit Commodity Murabahah Sukuk</p>	 <p>Islamic Issuer of the Year-Quasi-Sovereign</p> <p>2018</p>	 <p>Best Quasi-Sovereign Sukuk</p> <p>2018</p> <p>Cagamas Dual Re-opening of Three-Year 475 Million Ringgit Sukuk And 525 Million Ringgit Sukuk</p>	 <p>Top Bond Issuer - Conventional</p> <p>Top Traded Amount - Overall</p> <p>Top Traded Amount -Conventional</p> <p>2018</p>	 <p>Islamic Finance Advocacy Award (Capital Market)</p> <p>2018</p>	 <p>Best Local Currency Sukuk</p> <p>2017</p> <p>375 Million Ringgit Commodity Murabahah Sukuk</p>	 <p>Best Islamic Issuer-Quasi-Sovereign</p> <p>2017</p>	 <p>Outstanding Contribution for the Development of Shariah-Compliant Mortgage Securitisation</p> <p>2016</p>
 <p>Islamic Finance Advocacy Award (Institutional)</p> <p>2016</p>	 <p>Emas Status</p> <p>2016</p> <p>Cagamas USD2.5 billion Multicurrency Sukuk Issuance Programme</p>	 <p>Top Trade Amount Overall</p> <p>Top Trade Amount Conventional</p> <p>Top Trade Amount Islamic</p> <p>2016</p>	 <p>Best Local Currency Sukuk</p> <p>2016</p> <p>Cagamas 500 million ringgit Commodity Murabahah sukuk</p>	 <p>Best Corporate Sukuk</p> <p>2015</p> <p>Cagamas RM70 million One-Year and RM930 million Three-Year Sukuk</p>	 <p>Best Deal- Highly Commended, Malaysia</p> <p>2014</p> <p>Cagamas 3.8 Billion Ringgit Multi-Tenor Sukuk</p>	 <p>Emas Status</p> <p>2014</p> <p>Cagamas Offshore Renminbi Medium Term Notes Issuance</p>	 <p>Best Foreign Currency Bond Deal of The Year 2014 in Southeast Asia</p> <p>2014</p> <p>Cagamas RMB1.5 billion Offshore RMB Bond</p>

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THANK YOU

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National Mortgage Corporation of Malaysia

