



Cagamas Berhad

National Mortgage Corporation of Malaysia

4th Asian Fixed Income Summit
Bali, Indonesia

Investing in Housing Sector through Secondary Mortgage Corporation

Datuk Chung Chee Leong
President/Chief Executive Officer

Agenda

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 - Cagamas at a Glance
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 - Reopening Initiatives
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- **Way Forward**
 - Impact of Cagamas to Malaysian Economy
 - Conclusion



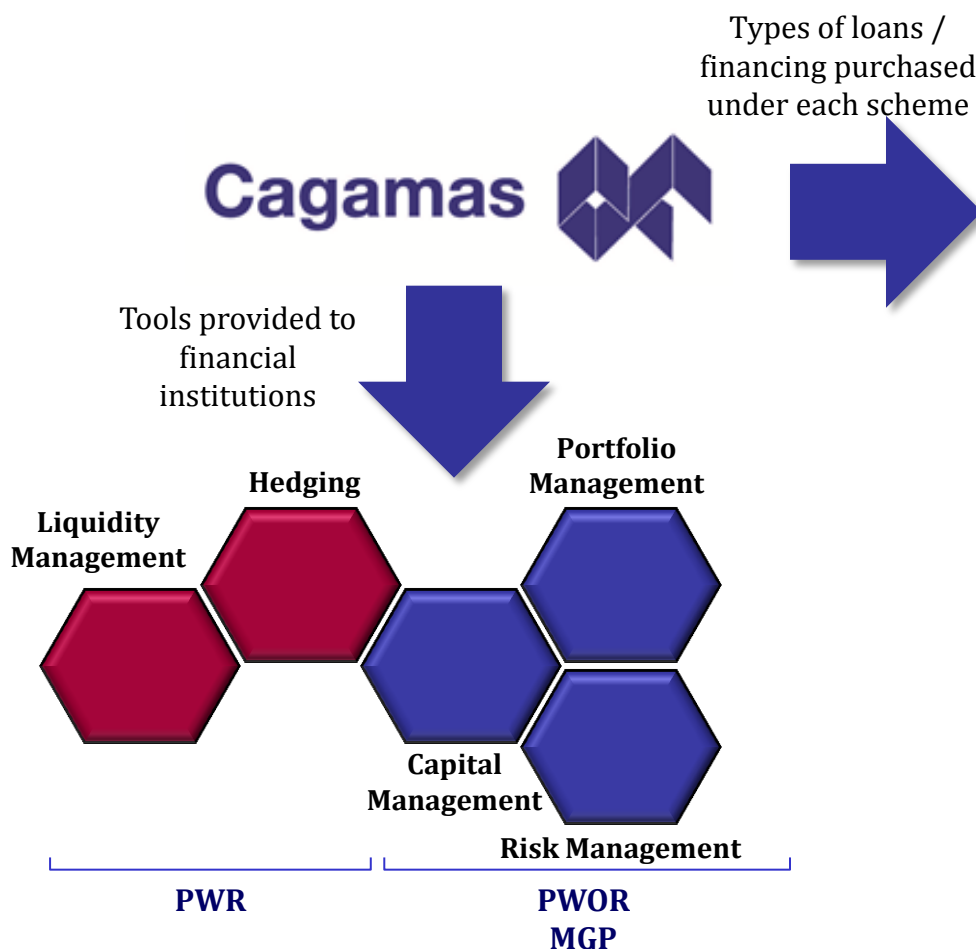
Company Overview

Cagamas at a Glance

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
	<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)
Business Model	

What We Do?

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)



Purchase with Recourse (PWR)

- Housing Loans
- Islamic House Financings
- Commercial and Industrial Property Financings
- Hire Purchase and Leasing Debts
- Islamic Hire Purchase / Islamic Leasing
- SME Loans
- Infrastructure Loans

Purchase without Recourse (PWOR)

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

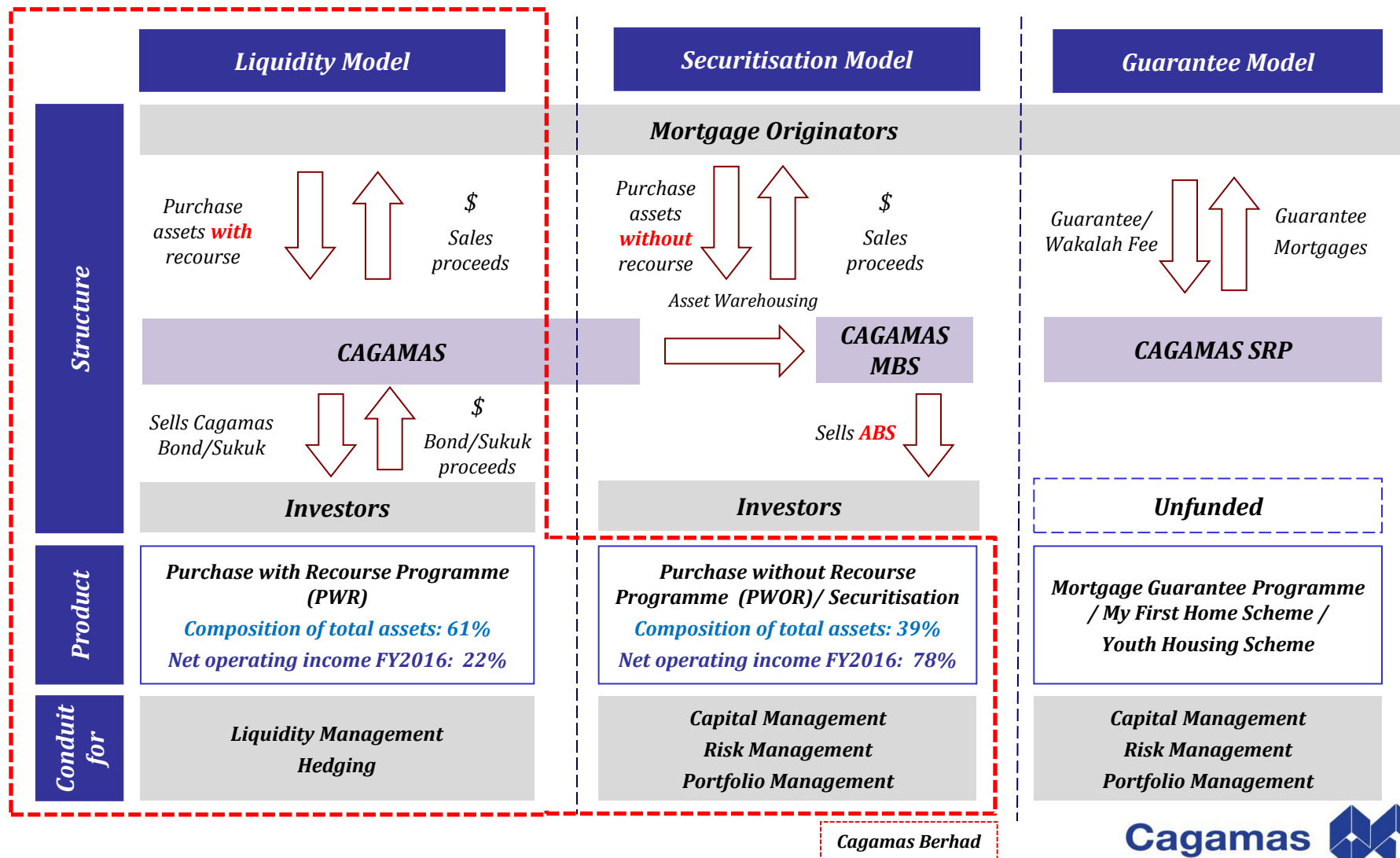
Mortgage Guarantee Programme (MGP)*

- 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

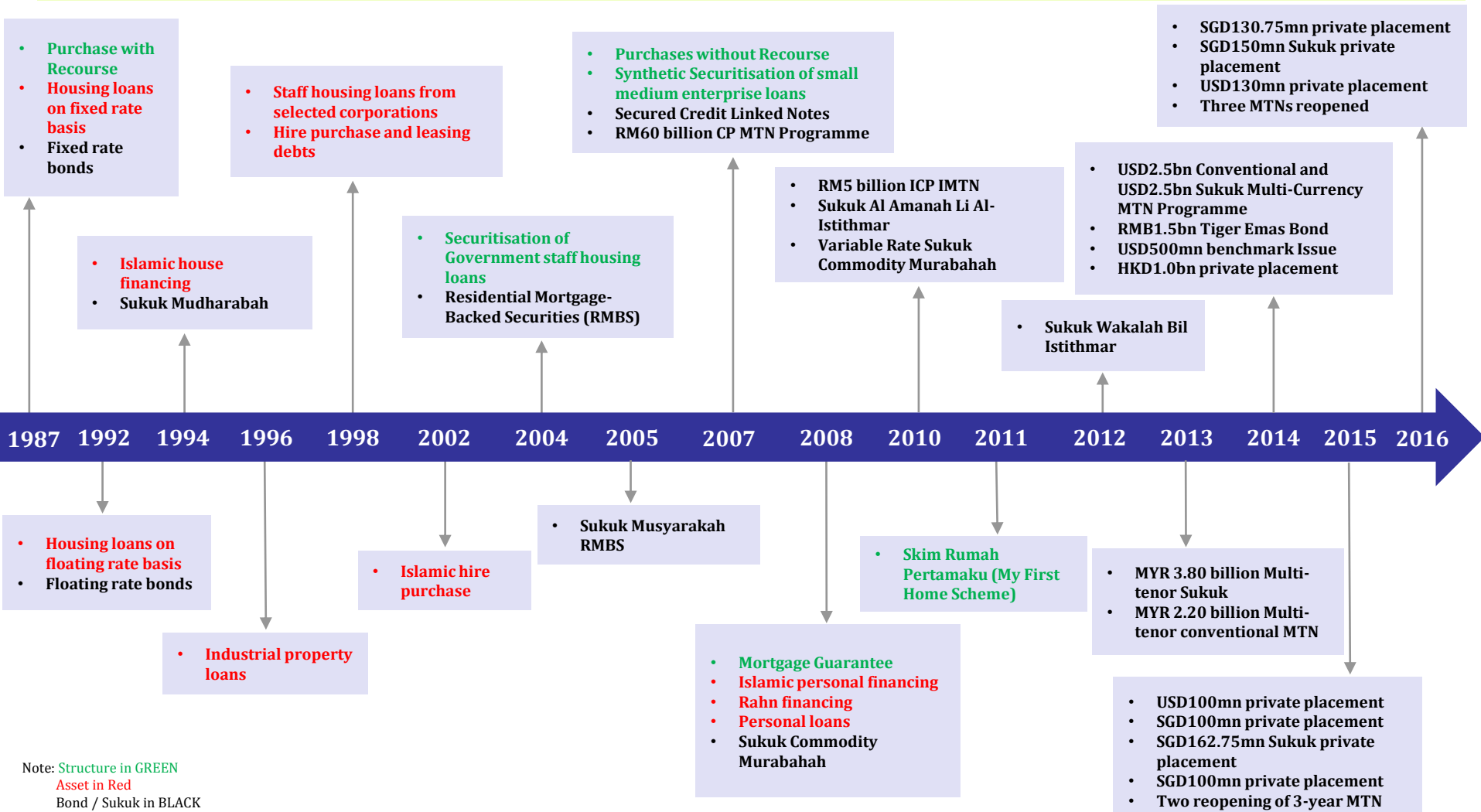
Cagamas' Strategic Business Model

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



Cagamas' Journey

Cagamas has strong expertise with 29 years of successful operations

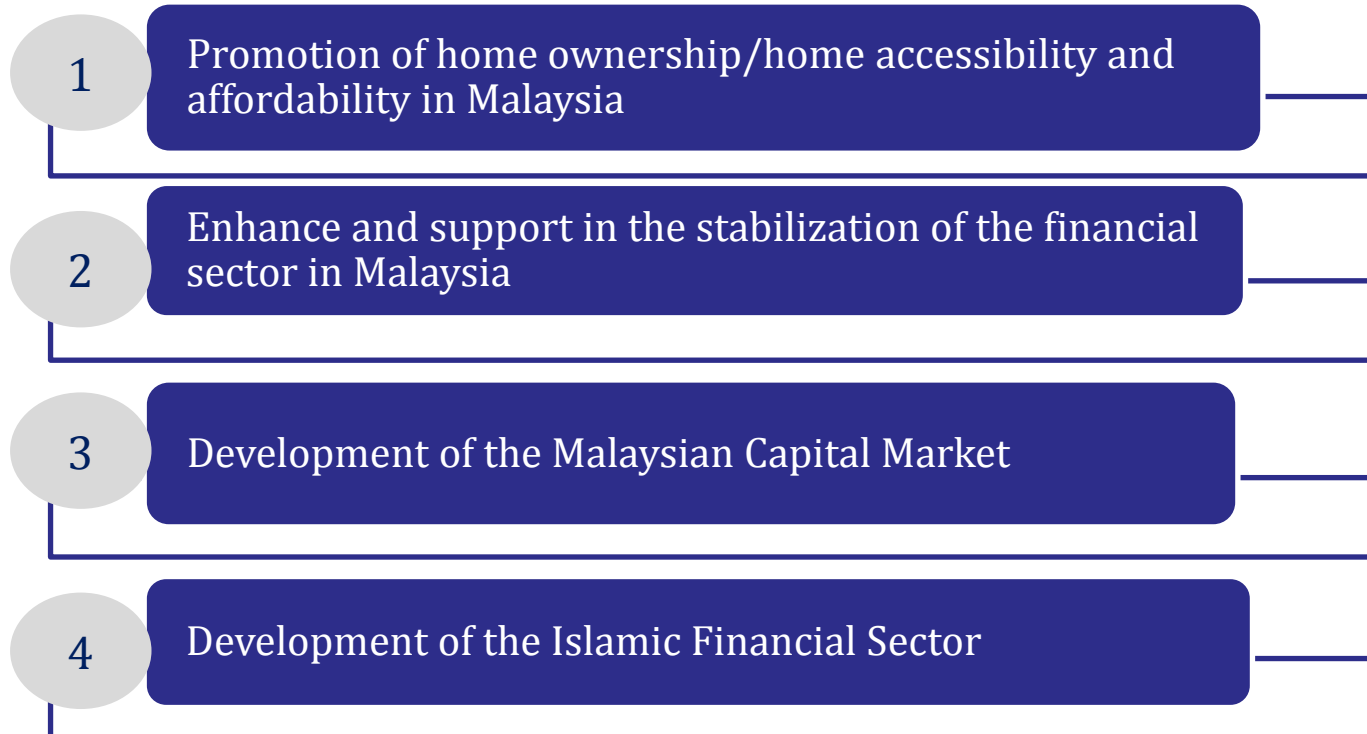




Cagamas' Role as The National Mortgage Corporation

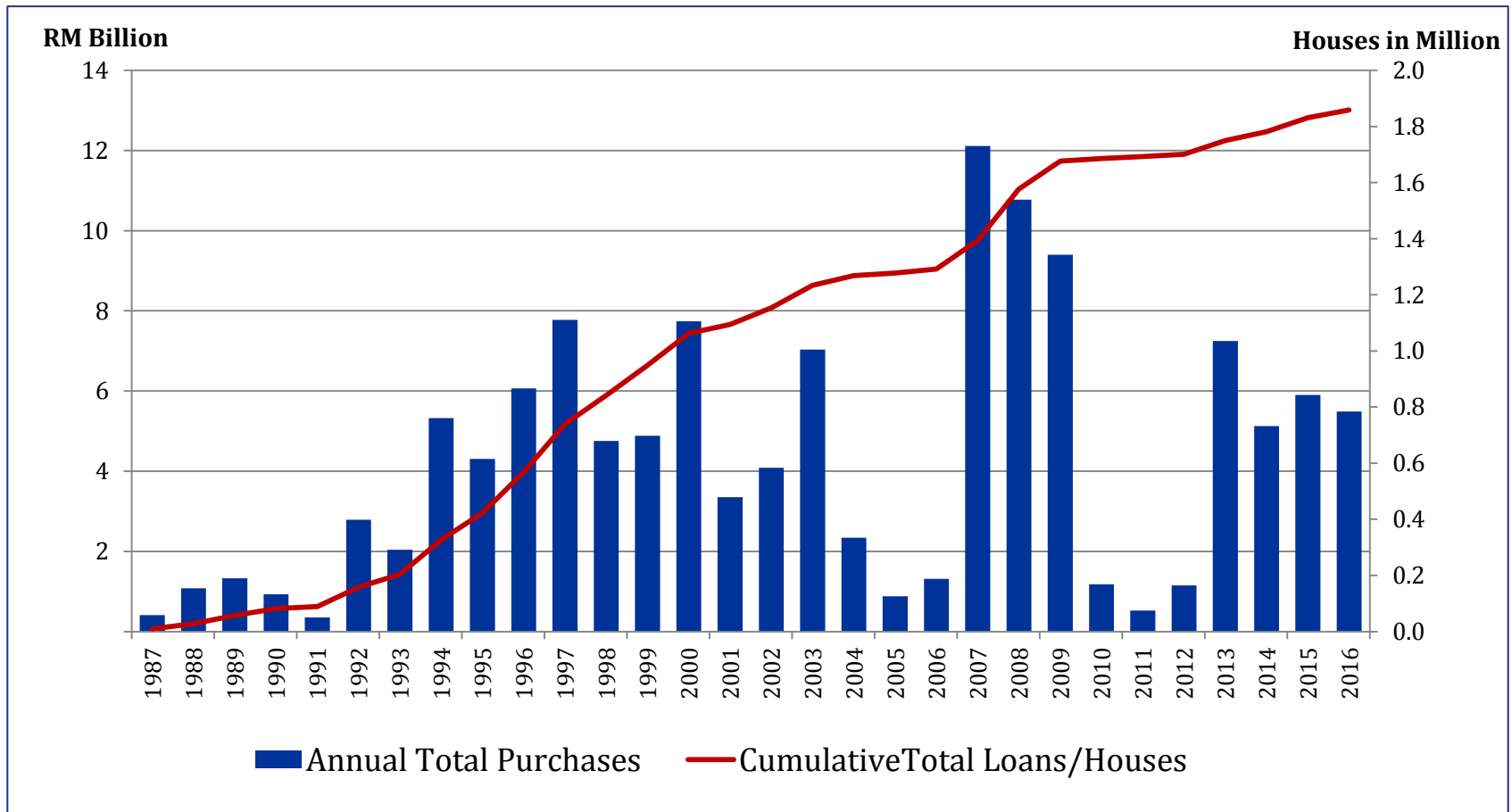
Cagamas' Role as the National Mortgage Corporation

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



Role of Cagamas

Cagamas has **cumulatively refinanced housing loans** in the secondary market amounting to **RM133 billion** or equivalent to **USD31 billion** or approx. **1.9 million houses**.



Malaysian Primary Mortgage Market

Mortgage Originators in Malaysia consists of:

1 Private Sector

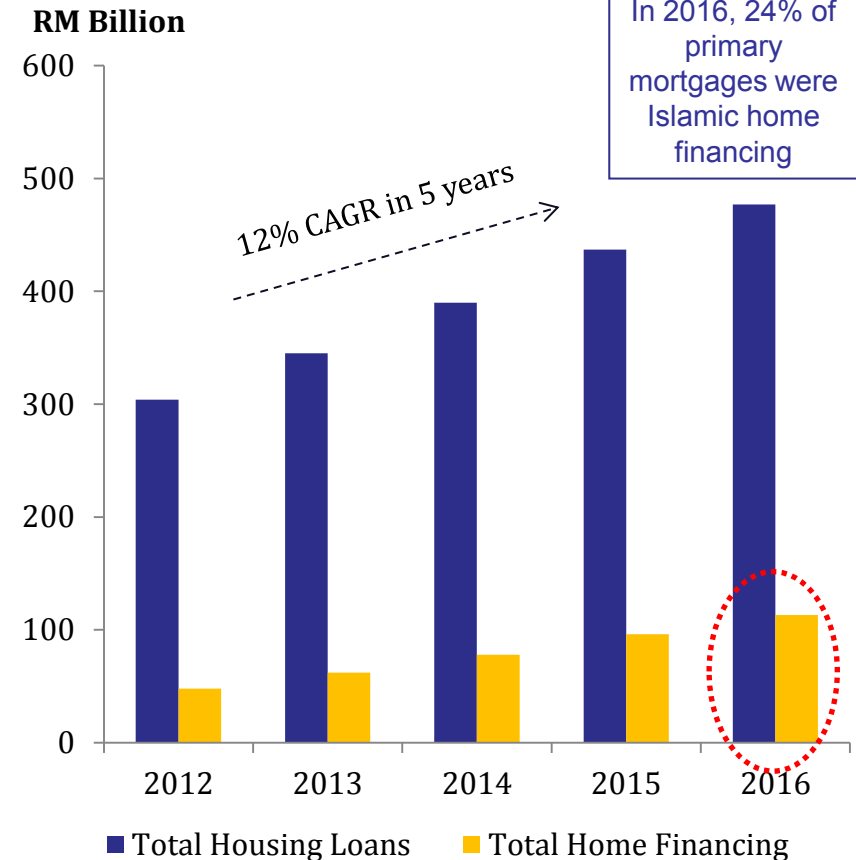
- Commercial Banks
- Malaysia Building Society Berhad (MBSB)
- Other Housing Credit Institutions

2 Public Sector

- The Public Sector Housing Financing Board (LPPSA)

- As at 2017, there are 27 Commercial Banks and 16 Islamic Banks in Malaysia
- Average growth in Islamic home financing is 12% in 5 years from 2012

Market Share of Islamic Home Financing



Development of Secondary Mortgage Market

Establishment of Cagamas Berhad

- Creation of a secondary mortgage market as a result of liquidity crunch in 1980s and public policy objective of a “homeownership democracy”
- Spearhead the development of Corporate Bonds market

The market situation in the mid-1980's

Funding mismatch in financial institutions resulting in liquidity crunch

Financial institutions were not lending to homebuyers despite demand

Limited funding source in the market – no bond market



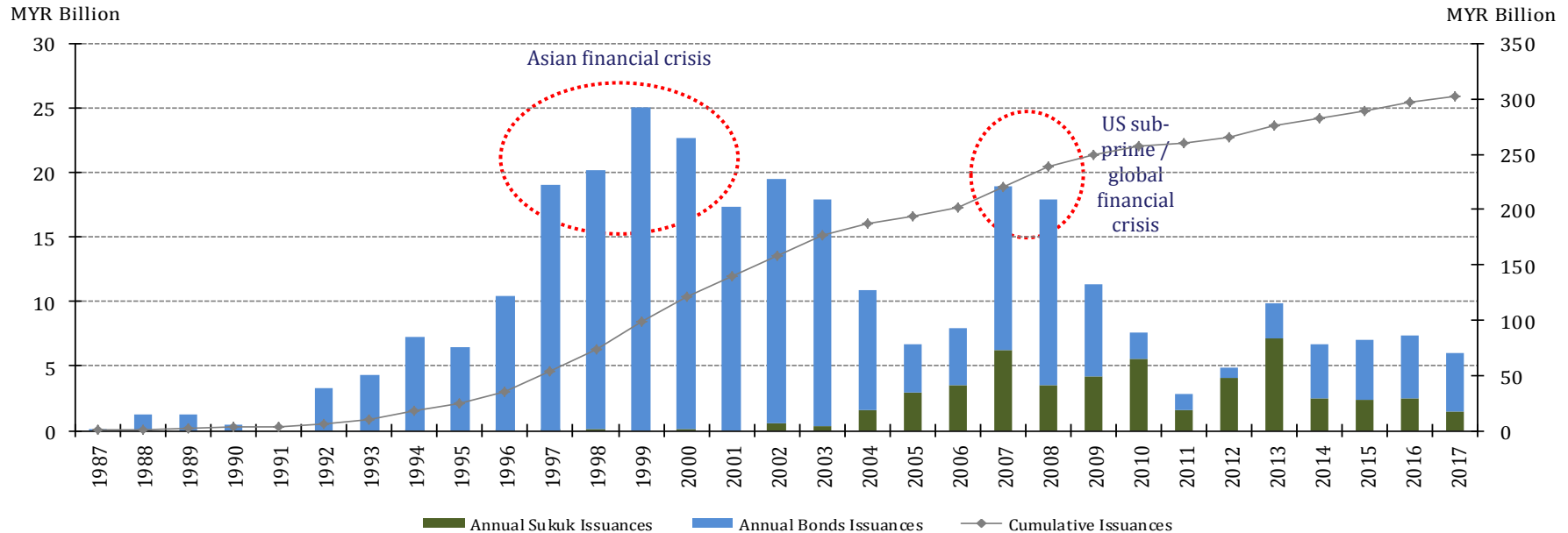
There was a need in the market for an institution to:-

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



Cagamas as a Bridge between Mortgage Market and Capital Market

Cagamas is Systemically 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 reduce 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 MYR302.7 billion to the financial market and has successfully redeemed MYR264.6 billion without a single technical default to date as at June 2017

Establishment of Multicurrency Medium Term Note (EMTN) 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

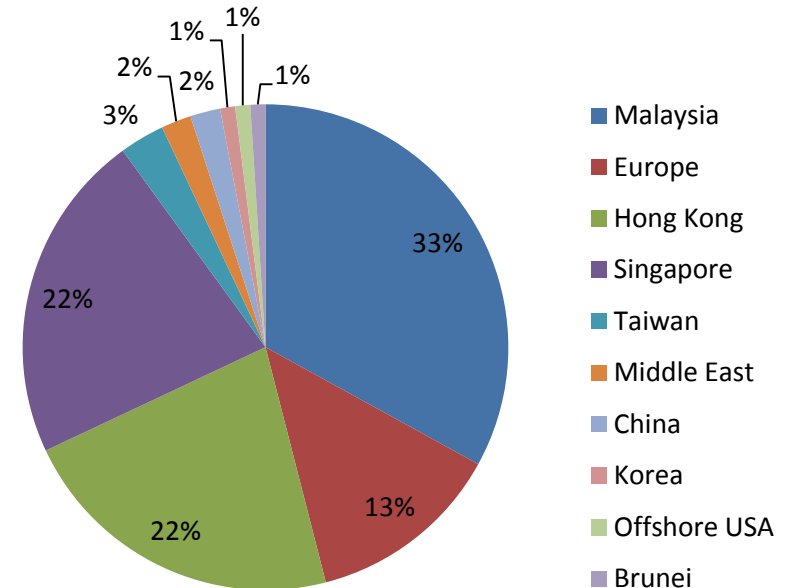
Programme Features:

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

Year	Issue Date	Conventional (mil)	Sukuk (mil)
2014	25-Sep-14	CNH1,500	-
	5-Nov-14	HKD1,000	-
	10-Dec-14	USD500	-
2015	25-Jun-15	USD100	-
	30-Jul-15	SGD100	-
	25-Sep-15	-	SGD162.75
	27-Nov-15	SGD100	-
2016	3-Mar-16	SGD130.75	-
	10-Mar-16	-	SGD150
	13-Sep-16	SGD130	-
2017	13-Mar-17	-	SGD50
	12-Apr-17	SGD100	-
	26-Apr-17	SGD350	-
	24-Jul-17	SGD42	-

Investors' Profile by Countries/Region



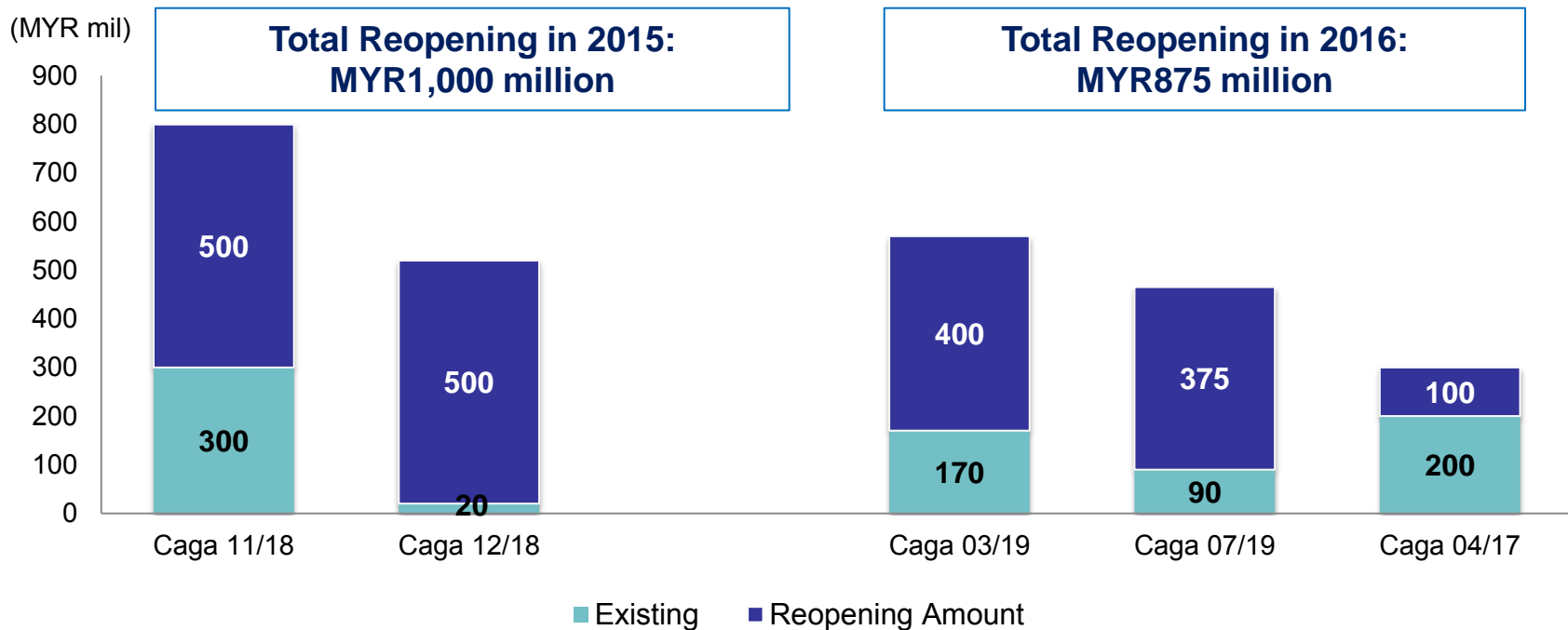
Investors' Profile based on Outstanding Bonds & Sukuk

	2013	2014	2015	2016
Banking institutions	35%	33%	32%	34%
Provident/ Pension Funds	32%	28%	27%	26%
Insurance Companies	18%	16%	16%	12%
Non-Resident	1%	10%	15%	20%
Others*	14%	13%	10%	8%

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

Promoting Secondary Market Liquidity: Reopening 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 MYR1,875 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.

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

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Conventional Islamic (Sukuk)

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

Zoom 100%

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 3/4 10/10/28	MYBUX0800886	6.25	10/10/28		4.530		5M	09:31
10) CAGA 4 3/4 11/17/28	MYBUS1301058	4.75	11/17/28		4.550		5M	09:31
11) CAGA 5 3/4 07/17/29	MYBUX0900652	5.75	07/17/29		4.580		5M	09:31
12) CAGA 5 1/2 11/26/29	MYBUX0901171	5.50	11/26/29		4.580		5M	09:31
13) CAGA 4.55 11/18/25	MYBUI1301062	4.55	11/18/25		4.200		100M	09:31

Contact: Sarah {IB>15711668<GO>}, Mandeep {IB>16414368<GO>}, Ismadi {IB>3325172<GO>}

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Ticker on Reuters: **"CAGAMAS PRICING PAGE"**

CAGAMAS BERHAD - Pricing Page | Local Currency - Fixed/Floating MTN | ISLAMIC (SUKUK) | CAGAMAS BERHAD

Cagamas Berhad National Mortgage Corporation of Malaysia

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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

DISCLAIMER

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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

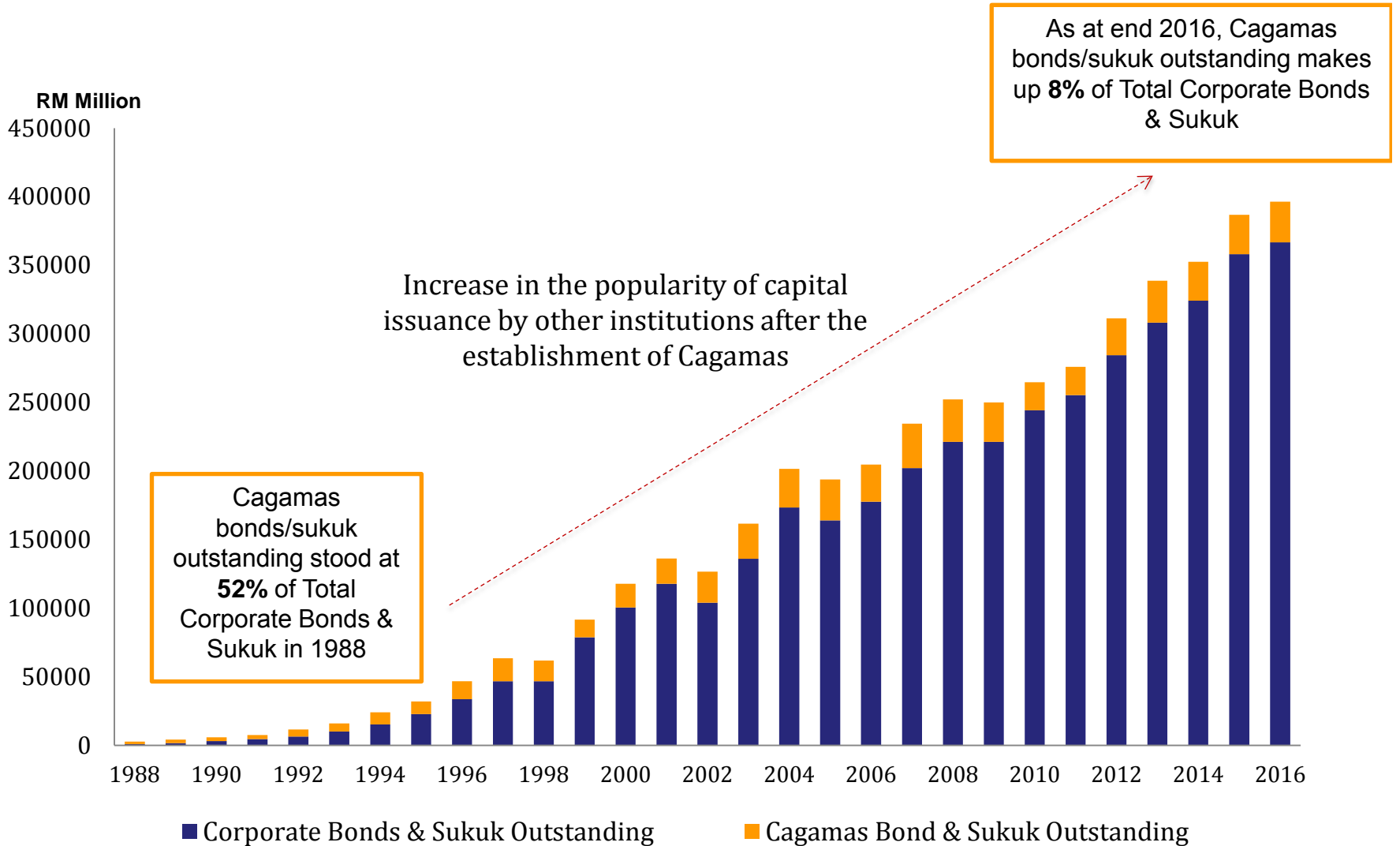
UPDATE: Cagamas prices M\$580m 3yr bond at 3.75%

	BID	ASK	TIME		BID	ASK	TIME
MYR	4.4120	4.4200	17:18	MYR	4.4120	4.4200	17:11
GBP	1.2484	1.2485	17:24	GBPMYR	5.5079	5.5184	17:21
EUR	1.0642	1.0643	17:24	EURMYR	4.6953	4.7042	17:21
AUD	0.7397	0.7407	17:24	AUDMYR=R	3.2653	3.2730	17:21
CHF	1.0089	1.0093	17:24	CHFMYR=R	4.3713	4.3810	17:21
SGD	1.4217	1.4219	17:24	SGDMYR=R	3.1027	3.1092	17:21
CNY	6.8838	6.8870	17:09	CNYMYR=R	0.64063	0.64209	17:11
SAR	3.7505	3.7507	16:40	SARMYR=R	117.6314	117.8510	17:11

Credit Curves

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

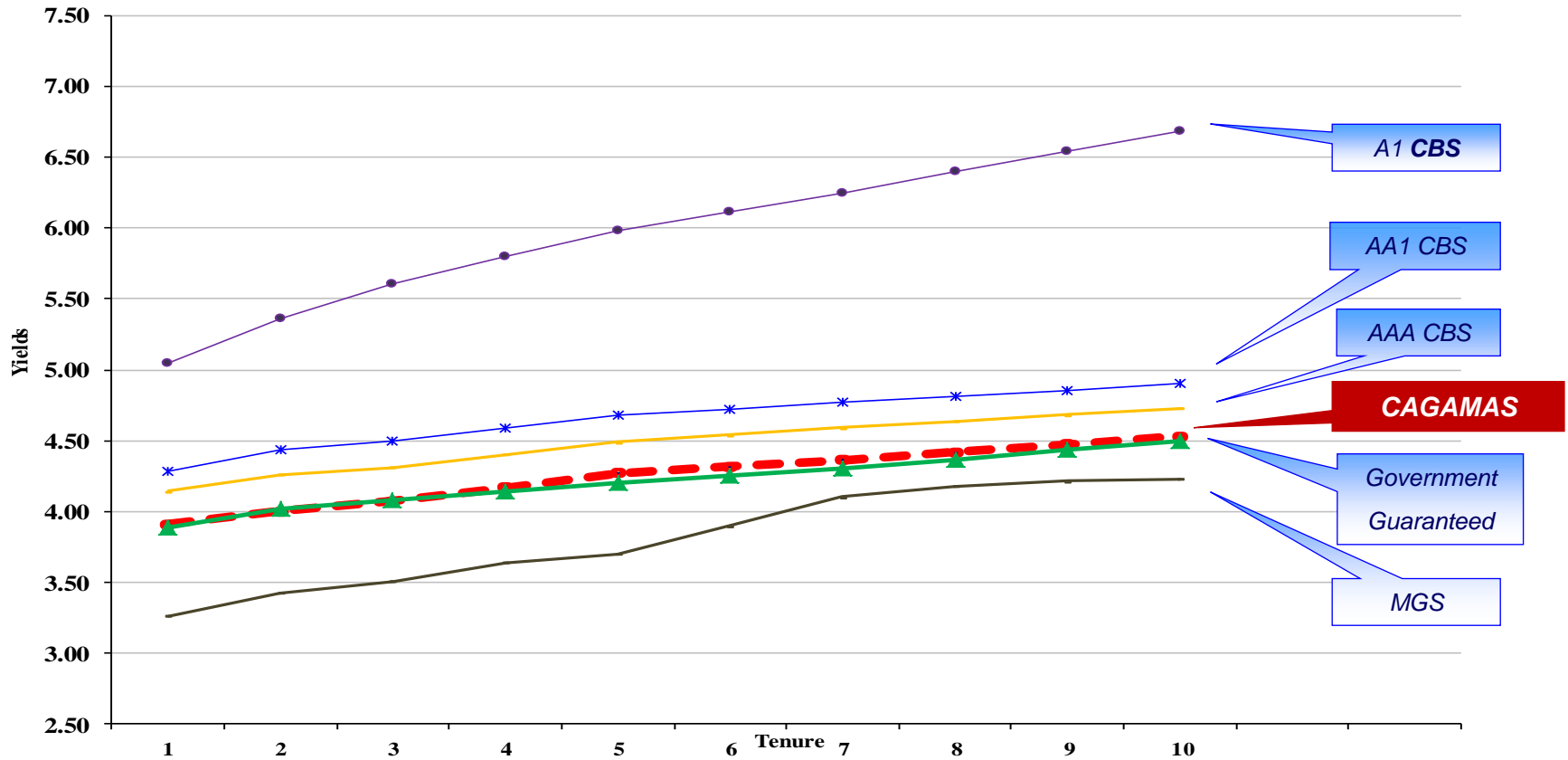
Cagamas' Share in Bonds & Sukuk Market



Source: BNM Annual Report, various years

Cagamas Bond Yield

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

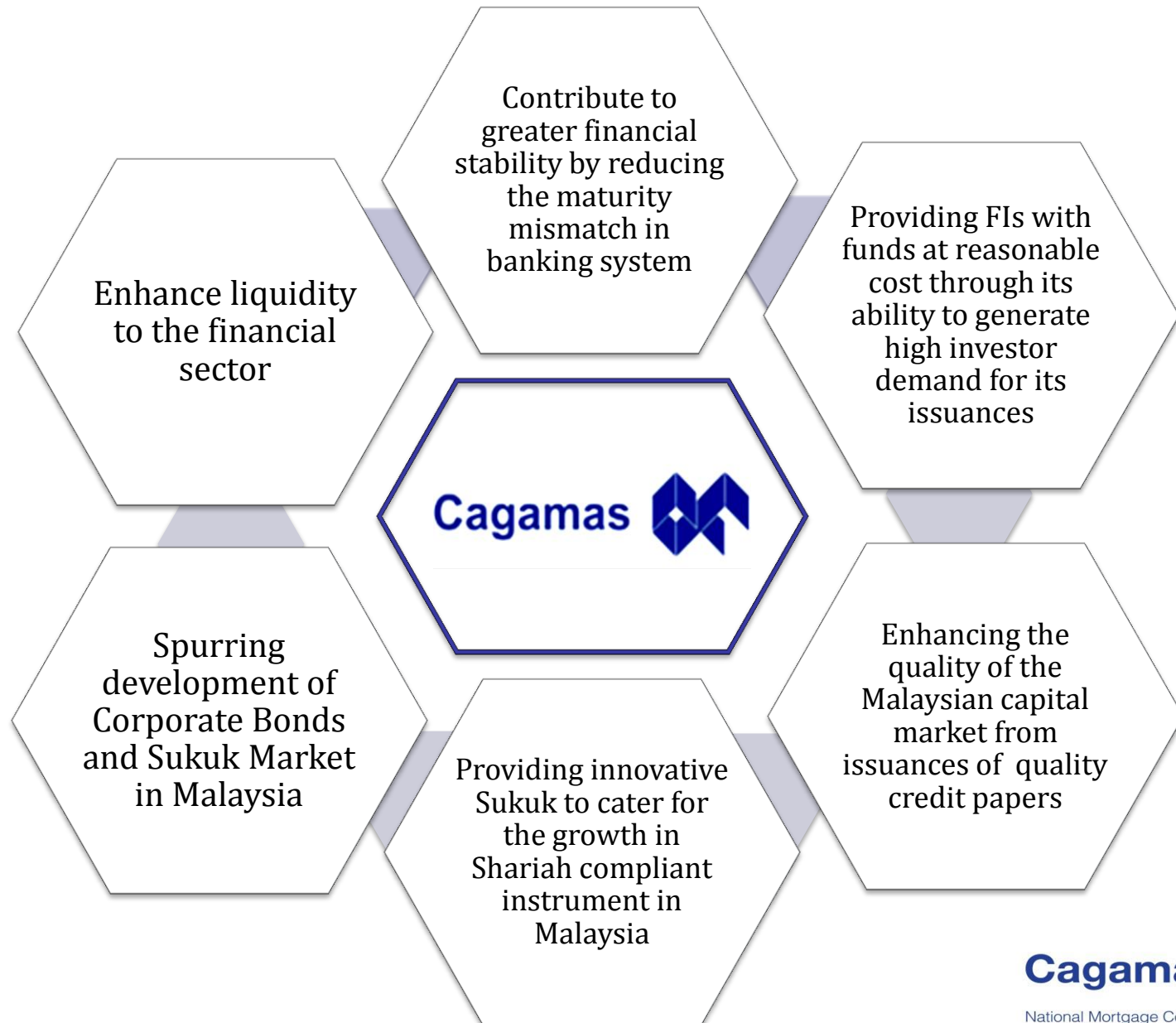


*As at 31 Dec 2016



Way Forward

Impact of Cagamas to Malaysian Economy



Conclusion

Cagamas is continuously evolving with the changing financial landscape

- A catalyst for the Government's and the Central Bank of Malaysia's initiatives for the economy and financial sector.

Cagamas has become well known locally and internationally

- Development of sustainable secondary mortgage market;
- Spearheading the development of corporate bonds market;
- Establishing foreign currency bond and sukuk programmes; and
- Pioneering various Islamic finance fronts.

Cagamas has become a source of reference and a model for many developing countries and recognised by international agencies

- World Bank;
- Asian Development Bank;
- International Finance Corporation



Thank you

For further information, please refer to www.cagamas.com.my

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