

CAGAMAS' JOURNEY TOWARDS SUSTAINABILITY

8th ASMMA MEETING 2022

22 September 2022



SUSTAINABLE DEVELOPMENT GOALS

CAGAMAS SUSTAINABILITY JOURNEY

7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



8 DECENT WORK AND ECONOMIC GROWTH



7 AFFORDABLE AND CLEAN ENERGY



6 CLEAN WATER AND SANITATION



WHY WE EMBARK ON THIS JOURNEY?



Support and promote the 17 Sustainable Development Goals (SDGs)



In line with Malaysia's aspiration to achieve net-zero carbon emission by 2050



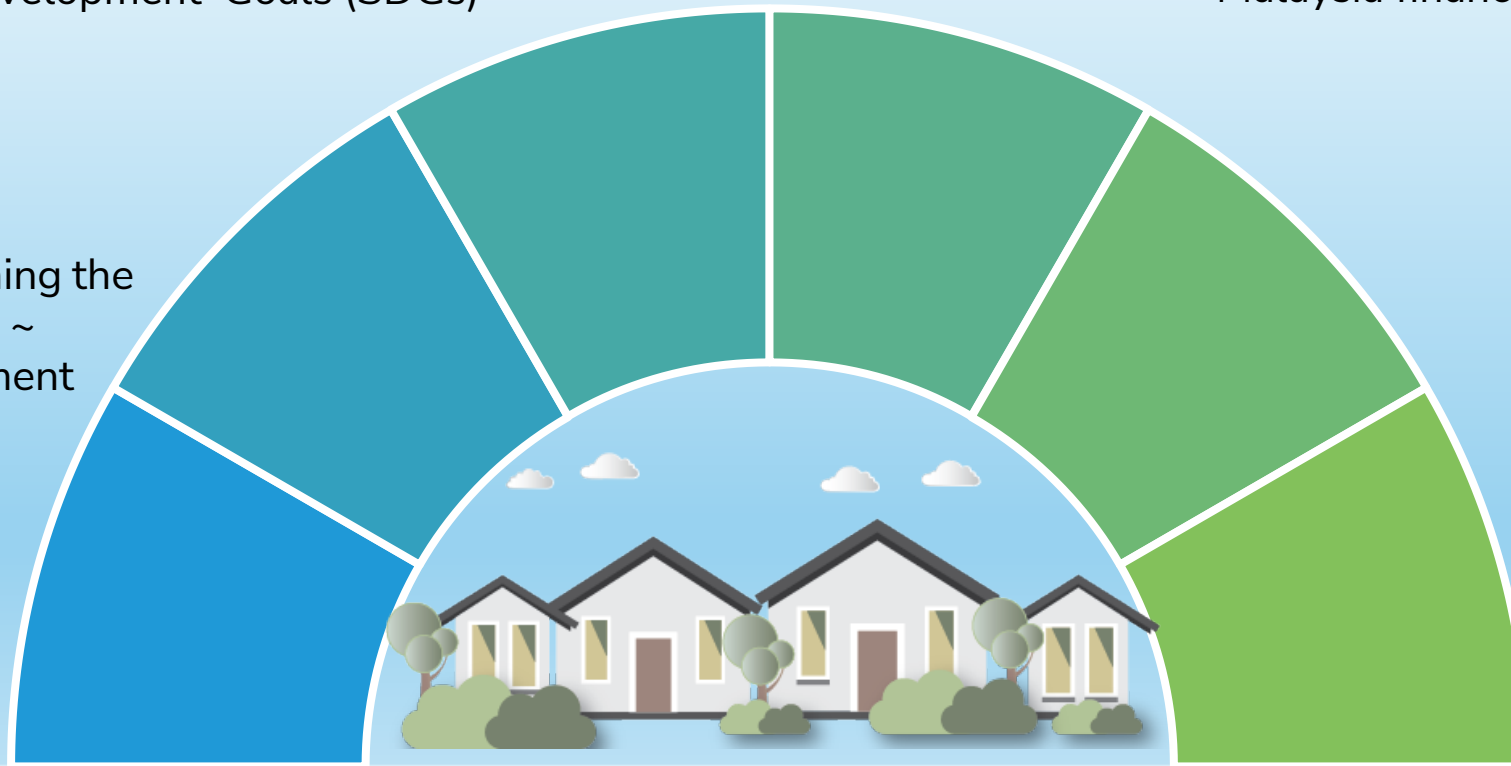
To support JC3 in building climate resilience within the Malaysia financial sector



Reaffirming and deepening the Company's mission ~ sustainable development





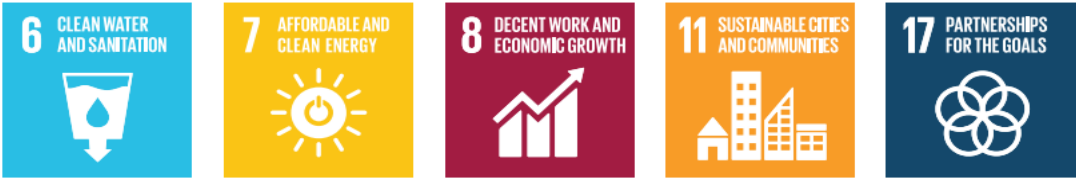
Conversion of Cagamas' funding/ investment activities to aligned with SDGs, COP26 and JC3





Cagamas Sustainability Roadmap

Reaffirming and deepening Cagamas' core mission of providing affordable housing vis-à-vis sustainable development and its responsibilities towards the environment.

2019	2020	2021
<p>Establishment of Cagamas Sustainability Bond/Sukuk Framework</p>	<p>Establishment of Cagamas Sustainability Framework</p>	<p>Enhancement of Sustainability Framework to include Cagamas Green Initiative</p>
<ul style="list-style-type: none"> Establishment of Cagamas Sustainability Bond/Sukuk Framework has led to Cagamas <ul style="list-style-type: none"> ✓ Issued Malaysia's first ASEAN Sustainability SRI Sukuk for affordable housing in 2020 & ✓ Issued Company's first Sustainability Bonds for SMEs Also part of Cagamas' commitment to spearhead the development of Malaysia's debt capital market and promotion of Islamic finance. 	<ul style="list-style-type: none"> Issued a blueprint for the Company towards embedding sustainable practices into the Group's business and operations. Three thematic pillars to the framework are: 	<ul style="list-style-type: none"> Introduced Pillar 4: Positive Environmental Impact to facilitate Cagamas' green agenda initiative. Pillar 4 represents our commitment towards climate change mitigation and adaptation and spearhead the provision of green financing for homes and home improvements to consumers. 

2019

**ESTABLISHMENT OF
CAGAMAS SUSTAINABILITY BOND/SUKUK
FRAMEWORK**



Aligned with local and international principles, standards and guidelines



International Capital Market Association

- Green Bond Principles
- Social Bond Principles
- Sustainability Bond Guidelines



Asean Capital Markets Forum

- ASEAN Green Bond Standards
- ASEAN Social Bond Standards
- ASEAN Sustainability Bond Standards



Securities Commission Malaysia

- Sustainable and Responsible Investment Sukuk framework

Use of proceeds to purchase loans/financing/assets related to:



Renewable energy



Energy efficiency



Green Buildings



Low carbon transportation



Affordable housing



Sustainable water and wastewater management



Employment generation





To-date, Cagamas has issued RM1.7 billion of Sustainability Bond and Sukuk in total which comprises of:

- RM700 million of ASEAN Sustainability Bond
- RM400 million of ASEAN Sustainability SRI Sukuk
- RM155 million of ASEAN Social Bond
- RM435 million of ASEAN Social SRI Sukuk

Proceeds from the issuances were used for the purchase of loans/financing related to:



Affordable Housing



Small Medium Enterprises



Renewable Energy



Wastewater Management

WHAT NEXT?

CAGAMAS GREEN AGENDA



EXPANDING AFFORDABLE HOUSING MANDATE TO INCLUDE GREEN HOUSING

- **MERGING AFFORDABLE HOME WITH GREEN**



Cagamas 

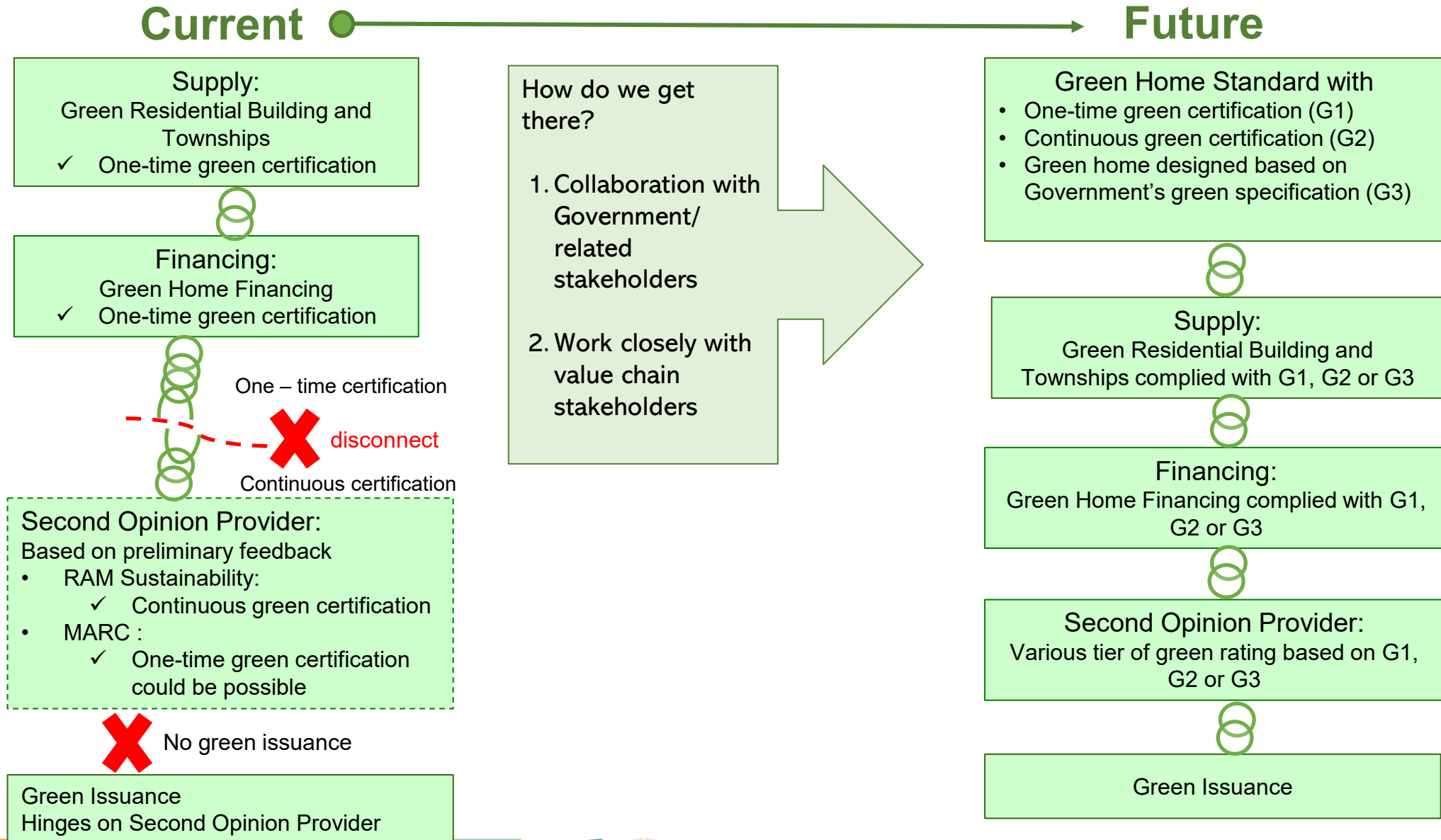


- House price may be higher but potential lower energy bills will result in higher disposable income of B40 and M40.

Role of Cagamas

- As catalyst to promote green home loans with attractive rates/incentives for B40 and M40
- Bridging the green home loans and green bond market

CHALLENGES : THERE ARE DISCONNECTS ALONG THE VALUE CHAIN



Cooperation on Green Housing Finance between Asian Development Bank and Cagamas Berhad

Technical Assistance for Women's Financing Marketplace -
Expansion of the Marketplace, Scaling Up Inclusive and Green
Mortgages in Malaysia



ABOUT THE TECHNICAL ASSISTANCE

- To overcome the current challenges in the green housing market, Cagamas is working together with ADB on a Technical Assistance to achieve the following:



1. Increase accessibility to green affordable home and make it inclusive to all segments, including the female-headed household



2. Living in a green home reaps potential longer-term benefits of lower utility cost which translates into higher disposable household income for B40 and M40

3. Spearheading the issuance of green bond/sukuk market related to green mortgages



- The TA has an overarching objective to identify the challenges and constraints for scaling up inclusive and green residential mortgages in Malaysia, including the affordable housing segment and housing outside big urban centres and in smaller cities.
- The findings will produce knowledge on how the green mortgage market could be expanded, including to the B40 and M40 and female headed household segments, of which can then be transformed into the issuance of Cagamas green bond/sukuk in future to support these market segments.

SUMMARY OF CAGAMAS' ACHIEVEMENTS OVER 35 YEARS



2022

- Launched the World's first Islamic Reverse Mortgage product
- Malaysia's first FRN based on Malaysia Overnight Rate (MYOR) reference

2021

- Launched Malaysia's first Reverse Mortgage product

2020

- Issued Malaysia's first ASEAN Sustainability SRI Sukuk for affordable housing
- Issued Company's first Sustainability Bonds for SMEs
- Launched Digital Skim Rumah Pertamaku

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

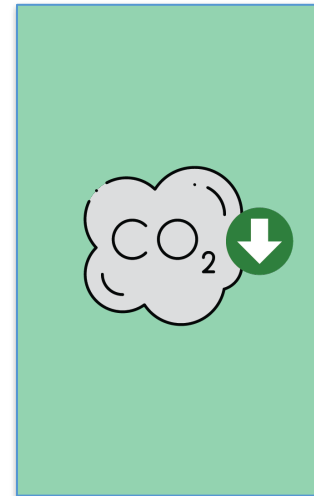
2007

- 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

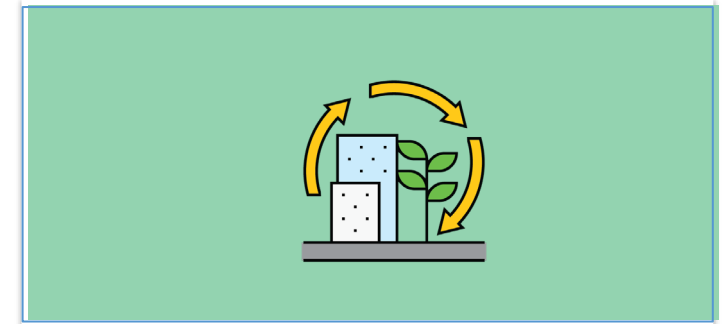
2005

- 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

SKIM SARAAAN BERKAGAR (REVERSE MORTGAGE)

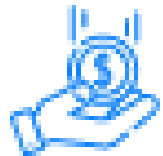
Cagamas has launched Skim Saraan Bercagar (SSB) or Reverse Mortgage (RM) on 14 December 2021.

SSB is targeted for the elderly or retirees who are 55 years old and above.

- Allowing them to convert their home equity into a fixed monthly income stream
- Gain access to a lifetime of supplemental income stream
- Continuing to stay in their home and age in place

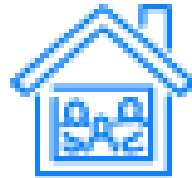


KEY FEATURES OF SSB



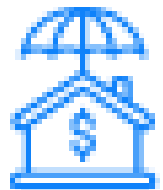
Lifetime tenure

Fixed monthly payouts throughout the entire life of the borrower or joint borrower.



Residing in own home

Borrower and joint borrower can continue to stay in their property throughout their life.



No repayment during lifetime

Repayment only due when borrower or joint borrower passes away, whichever later.



Non-recourse

Borrower's estate will not be responsible for any shortfall to settle the RM loan if the sale proceeds of the property is less than the outstanding loan amount.

Any balance from the sale proceeds of the property will be passed on to the borrower's estate.



SSB ISLAMIK (ISLAMIC RM)

- Further to the rollout of SSB in December 2022, Cagamas have been developing the Shariah-compliant version of Reverse Mortgage based on the Murabahah Tawarruq concept.
- In near term, Skim Saraan Bercagar Islamik (SSB-i) will be launched soon.
- It represents the global-first Islamic Reverse Mortgage financing solution for retirees, which is aimed to help the elderly fund their retirement, the Shariah-compliant way.
- SSB-i evidenced Cagamas' continuous commitment in supporting the development of Islamic finance, especially the Islamic capital market sector.
- This comprehensive and integrated solution focuses on retirees who might be affected by the current economic conditions due to minimal savings and aims to help them maintain their standard of living.



SSB ISLAMIK– KEY FEATURES



Shariah-compliant principles

- There is no usury-based (riba) loan element



No element of uncertainty in the contract

- Fixed financing period
- Fixed monthly payout
- Fixed Ceiling Profit Rate



Profit charges based on the effective profit rates of the principal outstanding

- Profit calculation is not compounded
- Monthly rebates and early settlement are given to the Customer



MALAYSIA'S FIRST FRN BENCHMARK AGAINST MALAYSIA OVERNIGHT RATE

- Cagamas on 5th July 2022 issued its first floating rate notes (FRN) benchmarking against the Malaysia Overnight Rate (MYOR).
- This landmark transaction represents Malaysia's first ever FRN to be priced against MYOR, the new alternative reference rate (ARR) for Malaysia that was launched by Bank Negara Malaysia (BNM) in September 2021.
- Globally, ARR's are introduced by many market jurisdictions to improve the integrity of the financial benchmark rates as part of a transition to transaction-based rates, in-line with the London Interbank Offered Rate (LIBOR) reforms after the Global Financial Crisis.
- The issuance reflects the strong commitment by Cagamas to support new developments introduced by BNM for the financial markets and promote the development of domestic debt capital market.

Issuance Details

Issuer	Cagamas
Type	Floating Rate Conventional Medium Term Notes (CMTNs)
Issue Date	5 July 2022
Issue Size	RM200,000,000.00
Programme Description	RM60 billion Islamic/Conventional Medium Term Note Programme (IMTN/CMTN)
Tenure	1-Year
Frequency	Semi-annual
Coupon Rate (p.a.)	MYOR + 83bps
Mode of Issuance	Private Placement

THANK YOU

Cagamas Berhad

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National Mortgage Corporation of Malaysia

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