

HOUSING THE NATION:  
*30 years*  
of sustainable growth



**Cagamas Holdings Berhad** (762047-P)

Level 32, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
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## *Housing the Nation: 30 Years of Sustainable Growth*

The Cagamas Group is committed towards its mandate of promoting the broader spread of home ownership and growth of the secondary mortgage market. Over the years we have helped realise the dreams of home ownership through innovative funding solutions as well as supporting the Government's affordable home ownership programmes. As we celebrate 30 years of sustainable growth, we look forward to continuing our role in Housing the Nation.

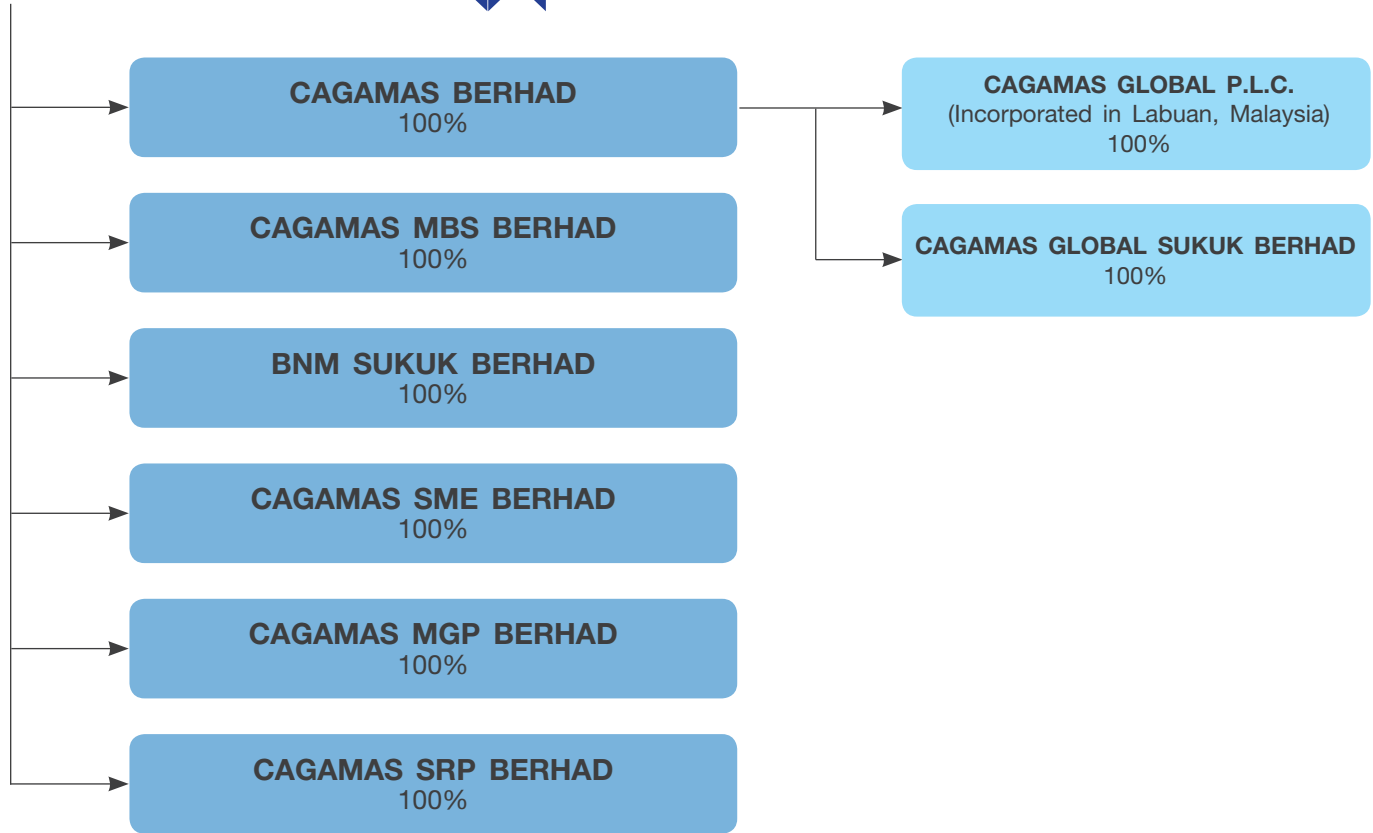
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# Group Corporate Structure

## Cagamas Holdings



## Corporate Information

### Registered Office

Level 32, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : +603-2262 1800  
Fax: +603-2282 9125

### Company Secretary

Sarah Abdul Aziz (LS 0008763)

### Auditors

Messrs. PricewaterhouseCoopers  
Level 10, 1 Sentral, Jalan Travers  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

### Banker

Malayan Banking Berhad

# Notice of Annual General Meeting

/ CAGAMAS HOLDINGS BERHAD / Annual Report 2016 /

03

**NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of Cagamas Holdings Berhad will be held at the Conference Hall 1, Sasana Kijang, Bank Negara Malaysia, No. 2 Jalan Dato' Onn, 50480 Kuala Lumpur on Friday, 5 May 2017 at 11.00 a.m. for the transaction of the following business:**

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2016, together with the Reports of the Directors and Auditors and the Statement and Statutory Declaration therein. **(Ordinary Resolution No. 1)**
2. To approve the following payments to Directors:
  - 2.1 Fees of RM394,918 for the financial year ended 31 December 2016. **(Ordinary Resolution No. 2)**
  - 2.2 Benefits comprising meeting allowances of RM40,500 from 31 January 2017 to 31 March 2017. **(Ordinary Resolution No. 3)**
3. To re-elect the following Directors who are retiring pursuant to Articles 19.13 and 19.14 of the Articles of Association of the Company and being eligible, offer themselves for re-election:
  - (a) Dato' Ooi Sang Kuang
  - (b) Datuk Abdul Farid Alias **(Ordinary Resolution No. 4)**
4. To re-elect the following Directors who are retiring pursuant to Article 19.10 of the Articles of Association of the Company and being eligible, offer themselves for re-election:
  - (a) Wan Hanisah bt Wan Ibrahim
  - (b) Shaik Abdul Rasheed bin Abdul Ghaffour
  - (c) Nik Mohd Hasyudeen bin Yusoff **(Ordinary Resolution No. 5)**
5. To appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution No. 6)**
6. To transact any other business of which due notice shall have been given.


By Order of the Board

**Sarah Abdul Aziz** (LS 0008763)  
Company Secretary

Kuala Lumpur  
13 April 2017

## NOTES

1. A member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. In the case where a member is a corporation, the Proxy Form must be executed under its common seal or under the hand of its attorney.
3. All Proxy Form must be duly executed and deposited at the Registered Office of the Company at Level 32, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting as the case may be.

A watercolor-style landscape painting. The background features a range of mountains in shades of brown and tan, with a prominent, rounded peak. Below the mountains are rolling green hills. In the foreground, there is a body of water, possibly a lake or a wide river, with a small wooden pier or dock extending into it. The overall style is soft and artistic, with visible brushstrokes and a gentle color palette.

Realising dreams of  
home ownership

# Achieving





**Dato' Ooi Sang Kuang**  
Chairman/Non-Executive Director

**Dato' Ooi Sang Kuang**, Malaysian, aged 70, was appointed to the Board of Directors on 15 April 2008 as a Non-Executive Director and Chairman of the Board. He is Chairman of the Group Board Governance Committee and chairs the Boards of Cagamas Berhad, Cagamas MBS Berhad and Cagamas SRP Berhad.

Dato' Ooi is also Chairman of OCBC Bank (Malaysia) Berhad, OCBC Al-Amin Bank Berhad, Oversea-Chinese Banking Corporation Limited, Singapore and Xeraya Capital Sdn. Bhd. and Xeraya Capital Labuan Ltd. He also sits on the board of OCBC Wing Hang Bank Limited.

Dato' Ooi Sang Kuang was a Special Adviser in Bank Negara Malaysia (BNM) from July 2010 to December 2011. As Special Adviser, Dato' Ooi chaired the Executive Committee and all the Working Committees to craft Malaysia's Financial Sector Blue Print 2011-2020. Prior to that, he was Deputy Governor of BNM and a member of the Board of Directors of BNM from June 2002 to June 2010. As Deputy Governor, he was responsible for the sectors covering Economic and Monetary Assessment, Reserves Management and Monetary Operations, and Finance and Operational Support. He was a member of the Monetary Policy Committee, the Risk Management Committee, the Financial Stability Committee and the Reserve Management Committee of BNM. At the Asian regional level, Dato' Ooi represented BNM and Malaysia in a number of Asian Regional Taskforces and Regional Policy Committees. He co-chaired the high-level Monetary Policy and Financial Stability Committee of EMEAP (Executive Committee of East Asia and Pacific) Central Banks, the Asean +3 (China, Japan and Korea) Finance and Central Bank Deputies Meeting and the High Level Task Force on Asean Financial Integration.

Dato' Ooi joined the Economics Department of BNM in 1971 and held various senior positions in the Department before leaving in 1984 to join the private sector. He held a number of senior management responsibilities across the financial services sector. He was Chief Executive Officer of a finance company in Malaysia, after which he assumed the post of Chief Economist, Asia-Pacific, in the Asian Regional Office of Standard Chartered Bank, Singapore. In 1994, he was appointed Managing Director of Warburg Asset Management Pte. Ltd., Singapore where he led a team to manage a number of portfolios covering Asian equities. From January 1996, Dato' Ooi was with the RHB Group covering ASEAN regional equities as Managing Director and Regional Research Director of RHB Research Institute. At the RHB Group, he was a member of the Board of Directors of Rashid Hussain Berhad, RHB Investment Bank Berhad and Deputy Chairman of Rashid Hussain Asset Management Berhad. Dato' Ooi was a member of the Board of Directors of Great Eastern Life Assurance (Malaysia) Berhad and Overseas Assurance Corporation (Malaysia) Berhad from April 2012 to December 2013 and Chairman of the Board of Directors of the Malaysian Electronic Clearing Corporation Sdn. Bhd. (MyClear) from January 2009 to February 2014.

Dato' Ooi received a Bachelor of Economics (Hons) degree from University of Malaya and Master of Arts (Development Finance) from Boston University, USA. Dato' Ooi is a Fellow Member of the Asian Institute of Chartered Bankers (formerly known as Institute of Bankers Malaysia).

Dato' Ooi attended all four Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad.



**Tan Sri Dato' Sri Tay Ah Lek**, Malaysian, aged 74, was appointed to the Board of Directors on 12 August 2011 as a Non-Executive Director. He is also a member of the Group Board Governance Committee.

Tan Sri Tay is the Managing Director and Chief Executive Officer of Public Bank. He has 56 years of experience in the banking and finance industry. He joined the Public Bank Group as a pioneer staff in 1966. Prior to his present designation, he was the Executive Vice-President of the former Public Finance, then the Executive Vice-President and Executive Director of Public Bank. His directorships in the Public Bank Group include Public Bank, Public Investment Bank, Public Mutual, Public Islamic Bank and Public Bank (Hong Kong) Ltd. His directorships in other public companies include the ASEAN Finance Corporation Ltd. and Ombudsman for Financial Services (formerly known as Financial Mediation Bureau).

Presently, he is the Chairman of the Association of Hire Purchase Companies of Malaysia and a Council Member of the Association of Banks in Malaysia. Tan Sri Tay also serves as a member of the Steering Committee and the Service Provider Consultative Group of the National Payments Advisory Council.

He holds a Master's degree in Business Administration from Henley, United Kingdom and attended the Advanced Management Program at Harvard Business School. He is a Emeritus Fellow of the Malaysian Institute of Management, a Fellow, Chartered Banker, of the Asian Institute of Chartered Bankers and is a Fellow of CPA Australia and the Financial Services Institute of Australasia.

Tan Sri Tay attended three out of four Board Meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad.



**Tan Sri Dato' Sri Tay Ah Lek**  
Non-Executive Director

**Datuk George Ratilal**, Malaysian, aged 57, was appointed to the Board of Directors on 15 April 2008 as a Non-Executive Director. He is also the Chairman of the Group Board Audit Committee.

Datuk George is the Executive Vice President & Group Chief Financial Officer of Petroliam Nasional Berhad (PETRONAS). He is a member of its Board and Executive Leadership Team. He also sits on the board of several subsidiaries of PETRONAS. Prior to joining PETRONAS in 2003, he was attached with a local merchant bank for 18 years, concentrating in corporate finance where he was involved in advisory work in mergers and acquisitions, and the capital markets. His other directorships in public companies include KLCC Property Holdings Berhad and MISC Berhad.

Datuk George holds a degree in Accountancy from Birmingham City University and an MBA from Aston University, United Kingdom.

Datuk George Ratilal attended all four Group Board Audit Committee meetings and one out of four Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad.



**Datuk George Ratilal**  
Non-Executive Director

## Profile of the Board of Directors

**Datuk Abdul Farid bin Alias**, Malaysian, aged 49, was appointed to the Board of Directors on 6 June 2013 as a Non-Executive Director.

Datuk Abdul Farid was appointed the Group President and CEO of Malayan Banking Berhad (Maybank) on 2 August 2013. Prior to that, he was Deputy President & Head, Global Banking (formerly Global Wholesale Banking) since 1 July 2010.

Datuk Farid started his career in the Maybank Group in its investment banking unit, Aseambankers (now known as Maybank Investment Bank) in 1992, after graduating from Pennsylvania State University, USA in 1990 with a Bachelor of Science in Accounting, and from University of Denver, USA in 1991 with a Masters in Business Administration in Finance.

He later broadened his career in investment banking and capital markets with a number of multi-national institutions

like Schroders and JP Morgan, as well as with Malaysia's Malaysian International Merchant Bankers and Khazanah Nasional Berhad, the latter as Investment Director from 2005 to 2008. At JP Morgan, he spent eight years in the investment banking division between 1997 and 2003, and was assigned to its equity capital markets division in Singapore in 2001.

He re-joined Maybank on 1 January 2009 as Head of International Business and subsequently Deputy President and Head, Global Banking (formerly known as Global Wholesale Banking).

In 2013, Datuk Farid attended Harvard Business School's Advanced Management Programme.

Datuk Farid attended one out of four Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad.



**Datuk Abdul Farid bin Alias**  
Non-Executive Director



**Datuk Azizan bin Haji Abd Rahman**  
Non-Executive Director

**Datuk Azizan bin Haji Abd Rahman**, Malaysian, aged 61, was appointed to the Board of Directors on 1 June 2015 as a Non-Executive Director. He is a member of the Group Board Audit Committee and serves on the Board of Cagamas SRP Berhad.

Datuk Azizan is the Chairman of Malaysian Rating Corporation Berhad, MIDF Amanah Investment Bank Bhd, Kensington Trust Labuan Ltd. and Kensington Trust Malaysia Berhad. He was the former Director General of Labuan Financial Services Authority (Labuan FSA), where he served for more than six years until his retirement in September 2011.

Datuk Azizan started his career in Bank Negara Malaysia (BNM) in 1979. During his 31 years of service with BNM, Datuk Azizan accumulated a wide spectrum of experience in finance, supervision and examination. Prior to joining Labuan FSA, he was a Director of Banking Supervision at BNM, where his portfolio included the examination and supervision of major domestic and foreign banking institutions operating in Malaysia. He was also a member of the boards and investment committees of several government bodies, including Kumpulan

Wang Persaraan (Diperbadankan) and ERF Sdn Bhd, and Advisor to the Malaysian Accounting Standards Board.

Currently, Datuk Azizan serves on various boards including Malaysian Industrial Development Finance Berhad, Barakah Offshore Petroleum Berhad, CTOS Holdings Sdn Bhd, CTOS Data Systems Sdn Bhd, City Credit Investment Bank Ltd, Labuan, MARC Risk Management Solutions Sdn Bhd, MARC Training Sdn Bhd, OCBC Bank Malaysia Berhad, OCBC Al-Amin Berhad and Suruhanjaya Pencegahan Rasuah Malaysia.

Datuk Azizan graduated with a Bachelor in Accounting (Hons) degree from the University of Malaya and holds a Master's degree in Business Administration from the University of Queensland, Australia. He is a Fellow Member of CPA (Australia) and Chartered Accountant of the Malaysian Institute of Accountants.

Dato' Azizan attended all four Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad.

**Dato' Lee Kok Kwan**, Malaysian, aged 51, was appointed to the Board of Directors on 1 June 2015 as a Non-Executive Director. He is a member of the Group Board Audit Committee.

Dato' Lee Kok Kwan was CIMB Group's Deputy CEO where his areas of responsibilities included the corporate banking, transaction banking, sales and trading businesses in interest rates, credit, foreign exchange, commodities, equity and their derivatives; group treasury and funding; fixed income investments; and debt capital markets which he developed since joining CIMB in 1996 and had since grown the businesses to be one of the largest global markets operations in ASEAN.

Prior to joining CIMB in 1996, Dato' Lee had more than seven years of market and treasury experience in the Canadian banking industry. He was the Treasury Portfolio Manager responsible for interest

rates and optionality risk and return for a leading Canadian bank and a member of its Senior Asset-Liability Management Committee.

Dato' Lee is presently the Board member of CIMB Group Holdings Berhad, CIMB Bank Berhad, CIMB Thai Bank Public Company Ltd and CIMB Bank Labuan Limited.

Dato' Lee holds a BBA Joint Honours (1st Class) degree and a Master of Business Administration from Simon Fraser University of Canada. He is also the President of the Financial Markets Association of Malaysia.

Dato' Lee attended all four Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad.



**Dato' Lee Kok Kwan**  
Non-Executive Director

**Ms. Wan Hanisah binti Wan Ibrahim**, Malaysian, aged 61, was appointed to the Board of Directors on 26 May 2016 as a Non-Executive Director. She is a member of the Group Board Audit Committee and also a Board member of Cagamas MBS Berhad.

Ms. Wan Hanisah Wan Ibrahim has over 30 years of experience at Bank Negara Malaysia (BNM), where she retired as a Director in the Bank's LINK and Regional Offices Department. Ms. Wan Hanisah previously has held positions including as Chief Representative for Bank Negara Malaysia's London Representative Office, Director of International Department, Director of Treasury Department and Director of Foreign Exchange Administrations Department at BNM. She was also a member of the National Investment Committee of Malaysia.

In April 2014, she was appointed as independent Board of Director in Franklin Templeton GSC Asset Management Sdn. Bhd. (FTGSC), and also currently sits in the Investment Committee of the FTGSC.

Ms. Wan Hanisah graduated with a Bachelor's degree in Economics (Honours) and Masters of Economics from University of Malaya.

Ms. Wan Hanisah attended all two Board meetings since her date of appointment. She has no family relationship with any Director of Cagamas Holdings Berhad.



**Ms. Wan Hanisah binti Wan Ibrahim**  
Non-Executive Director

# Profile of the Board of Directors

**Mr. Shaikh Abdul Rasheed bin Abdul Ghaffour**, Malaysian, aged 53, was appointed to the Board of Directors on 1 June 2016 as a Non-Executive Director. He is a member of the Group Board Governance Committee. He is also a Board Member of Cagamas Berhad and Cagamas SRP Berhad.

Mr. Abdul Rasheed is the Deputy Governor of Bank Negara Malaysia (BNM). He is a member of the Monetary Policy Committee, the Management Committee, the Reserve Management Committee and the Risk Management Committee of the Bank. Prior to that, Mr. Abdul Rasheed was Assistant Governor of Bank Negara Malaysia (BNM) and was responsible for the Bank's Monetary and Economics Sector, which also includes

the international relations and statistical services functions of the Bank. Mr. Abdul Rasheed was the Alternate Executive Director for Malaysia on the Executive Board of the International Monetary Fund, in Washington DC, between November 2012 to October 2014.

Mr. Abdul Rasheed graduated from University of Malaya with a Bachelor's degree in Economics (Honours).

Mr. Abdul Rasheed attended all two Board meetings since his date of appointment. He has no family relationship with any Director of Cagamas Holdings Berhad.



**Mr. Shaikh Abdul Rasheed bin Abdul Ghaffour**  
Non-Executive Director



**Mr. Nik Mohd Hasyudeen bin Yusoff**  
Non-Executive Director

**Nik Mohd Hasyudeen Yusoff**, Malaysian, aged 52, was appointed to the Board of Directors on 1 January 2017 as a Non-Executive Director. He is also a member of the Group Board Governance Committee.

Mr. Nik Mohd Hasyudeen is a Fellow at the Putra Business School, an Adjunct Professor at the Faculty of Business and Accountancy, University of Malaya. He is a member of the Corporate Debt Restructuring Committee set up by Bank Negara Malaysia. He sits on the boards of Bank Islam Malaysia Berhad, Malaysia Professional Accountancy Centre and Federation of Investment Managers Malaysia.

Mr. Nik was the Executive Director in charge of Market and Corporate Supervision at the Securities Commission Malaysia and the former Executive Chairman of the Audit

Oversight Board. He was also a member of the Bursa Malaysia Listing Committee, a former board member of Danajamin Nasional Berhad, former President of the Malaysian Institute of Accountants and served on the Executive and Strategy committees of the Confederation of Asian and Pacific Accountants.

Mr. Nik holds a degree in Business from Curtin University of Technology, Perth.

Mr. Nik has no family relationship with any Director of Cagamas Holdings Berhad.

The Board of Directors of Cagamas Holdings Berhad (the Board), comprising senior officers/representatives and chief executives of Bank Negara Malaysia and financial institutions as well as experienced professionals nominated by the Board, is responsible for the formulation of the Company's general policies. The Group Board Audit Committee reviews the audit of Cagamas Group of Companies by the external auditors as well as the effectiveness of the financial and internal control procedures. The Group Board Governance Committee reviews the corporate governance practices of the Group in line with best practices, annually assesses the effectiveness of the Board as a whole, the Board Committees and the contributions of individual Directors, and proposes appointments to the Board and Board Committees.

## BOARD OF DIRECTORS

### Chairman of the Board

Dato' Ooi Sang Kuang

### Directors

Tan Sri Dato' Sri Tay Ah Lek  
Mr. Cheah Tek Kuang  
(Resigned w.e.f. 31 May 2016)  
Datuk George Ratilal  
Datuk Abdul Farid bin Alias  
Datuk Azizan bin Haji Abd Rahman  
Dato' Lee Kok Kwan  
Ms. Wan Hanisah binti Wan Ibrahim  
(Appointed w.e.f. 26 May 2016)  
Mr. Shaik Abdul Rasheed bin Abdul Ghaffour  
(Appointed w.e.f. 1 June 2016)  
Mr. Nik Mohd Hasyudeen bin Yusoff  
(Appointed w.e.f. 1 January 2017)

### Members of the Group Board Audit Committee

Datuk George Ratilal (Chairman)  
Datuk Azizan bin Haji Abd Rahman  
Dato' Lee Kok Kwan  
Ms. Wan Hanisah binti Wan Ibrahim  
(Appointed w.e.f. 26 May 2016)

### Members of the Group Board Governance Committee

Dato' Ooi Sang Kuang (Chairman)  
Tan Sri Dato' Sri Tay Ah Lek  
Mr. Cheah Tek Kuang  
(Resigned w.e.f. 31 May 2016)  
Mr. Shaik Abdul Rasheed bin Abdul Ghaffour  
(Appointed w.e.f. 1 June 2016)  
Mr. Nik Mohd Hasyudeen bin Yusoff  
(Appointed w.e.f. 1 January 2017)

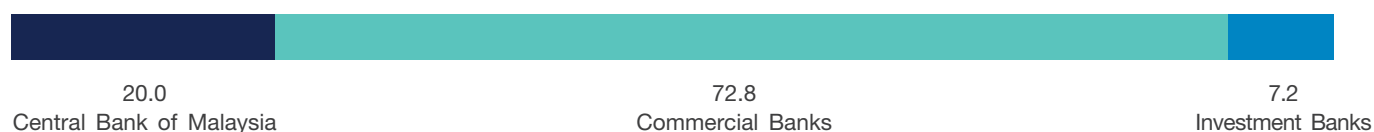
# Shareholders

## CAGAMAS HOLDINGS BERHAD'S SHARE CAPITAL STRUCTURE AS AT 20 MARCH 2017

Authorised Share Capital : 500 million ordinary shares of RM1 each

Issued and Paid-up Capital : 150 million ordinary shares of RM1 each

## SHAREHOLDING STRUCTURE AS AT 20 MARCH 2017



Institutions	% Shareholding	No. of Shareholders	Range of % Shareholding
Central Bank of Malaysia	20.0	1	20.0
Commercial Banks	72.8	18	0.2 – 16.5
Investment Banks	7.2	5	0.4 – 3.9
<b>Total</b>	<b>100.0</b>	<b>24</b>	

## ANALYSIS OF SHAREHOLDINGS AS AT 20 MARCH 2017

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
100,001 to less than 7,500,000 (5% of issued shares)	18	75	43,461,000	29.0
7,500,000 (5%) and above	6	25	106,539,000	71.0

**SHAREHOLDERS OF CAGAMAS HOLDINGS BERHAD AS AT 20 MARCH 2017**

Shareholders	No. of Shares	% Shareholding
<b>Bank Negara Malaysia</b>	<b>30,000,000</b>	<b>20.0</b>
<b>CIMB Bank Berhad</b>	<b>24,684,000</b>	<b>16.5</b>
<b>Malayan Banking Berhad</b>	<b>21,279,000</b>	<b>14.2</b>
<b>RHB Bank Group</b>	<b>12,932,400</b>	<b>8.6</b>
RHB Bank Berhad	11,732,400	7.8
RHB Investment Bank Berhad	1,200,000	0.8
<b>AmBank Group</b>	<b>12,066,000</b>	<b>8.0</b>
AmBank (M) Berhad	6,177,000	4.1
AmInvestment Bank Berhad	5,889,000	3.9
<b>Public Bank Group</b>	<b>10,485,600</b>	<b>7.0</b>
Public Bank Berhad	9,885,600	6.6
Public Investment Bank Berhad	600,000	0.4
<b>Hong Leong Bank Berhad</b>	<b>8,958,000</b>	<b>6.0</b>
<b>HSBC Bank Malaysia Berhad</b>	<b>6,201,000</b>	<b>4.1</b>
<b>Alliance Bank Group</b>	<b>5,583,000</b>	<b>3.7</b>
Alliance Bank Malaysia Berhad	3,183,000	2.1
Alliance Investment Bank Berhad	2,400,000	1.6
<b>Standard Chartered Bank Malaysia Berhad</b>	<b>4,590,000</b>	<b>3.1</b>
<b>Affin Bank Group</b>	<b>4,410,000</b>	<b>2.9</b>
Affin Bank Berhad	3,660,000	2.4
Affin Hwang Investment Bank Berhad	750,000	0.5
<b>United Overseas Bank (Malaysia) Berhad</b>	<b>3,330,000</b>	<b>2.2</b>
<b>OCBC Bank (Malaysia) Berhad</b>	<b>2,997,000</b>	<b>2.0</b>
<b>Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad</b>	<b>738,000</b>	<b>0.5</b>
<b>SIBB Berhad</b>	<b>450,000</b>	<b>0.3</b>
<b>Bangkok Bank Berhad</b>	<b>369,000</b>	<b>0.3</b>
<b>The Bank of Nova Scotia Berhad</b>	<b>327,000</b>	<b>0.2</b>
<b>The Royal Bank of Scotland Berhad</b>	<b>300,000</b>	<b>0.2</b>
<b>Deutsche Bank (Malaysia) Berhad</b>	<b>300,000</b>	<b>0.2</b>
<b>Total</b>	<b>150,000,000</b>	<b>100.0</b>

# Corporate Highlights



## JANUARY

- 1 Business Meetings in Indonesia**  
Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for business meetings held with potential investors in Jakarta, including representatives from Bank Indonesia.
- 2 Dinner with Deputy Governors of Bank Indonesia**  
Chairman, Dato' Ooi Sang Kuang hosted a dinner for Mr. Ronald Waas and Mr. Perry Warjiyo, Deputy Governors of Bank Indonesia in Jakarta.
- 3 Cagamas Golf Friendly 2016**  
Cagamas held its inaugural Cagamas Golf Friendly 2016 at the Kota Permai Golf & Country Club, which saw the participation of senior representatives from both Bank Negara Malaysia and the Cagamas group of companies.

## MARCH

- 4 Global Financial Markets Forum 2016**  
Cagamas participated as a sponsor at the Global Financial Markets Forum 2016 held in Abu Dhabi. The Forum was well received with an attendance of over 1,800 international participants. The delegation, which was led by Chief Executive Officer, Datuk Chung Chee Leong, also met with investors in Dubai and Abu Dhabi.
- 5 Euromoney-ECBC Asian Covered Bond Forum**  
Chief Executive Officer, Datuk Chung Chee Leong was invited to participate in the Euromoney Asian Covered Bond Forum held in Singapore. Datuk Chung spoke on a panel session on *Where Next? Asia's Funding Needs and How Covered Bonds Can Help*.
- 6 Visit by Delegation from South Africa**  
Cagamas welcomed a delegation from South Africa led by the Director General of Human Settlements (Housing), Mr. M. Tshangana and the Chief Executive Officer of the South African National Housing Finance Corporation (NHFC), Mr. Samson Moraba, who were briefed on the affordable housing market in Malaysia and the establishment of Cagamas and its role in the secondary mortgage market.
- 7 Visit by National Home Mortgage Finance Corporation of the Philippines**  
Cagamas hosted a delegation from the National Home Mortgage Finance Corporation (NHMFC) of the Philippines, led by Vice President of the Securitisation Group, Ms. Rosabella Jose. The delegates were briefed on the fundamentals of sukuk Ijarah and sukuk Musyarakah RMBS.





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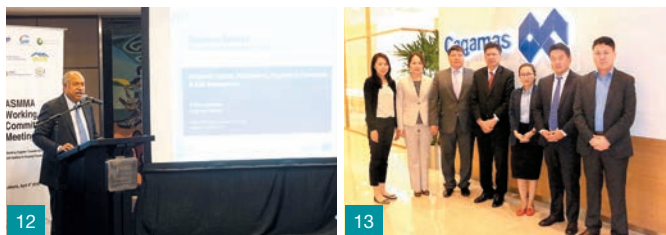
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## MARCH

### 8 Visit by Students of Magister of Economics, Universitas Islam Indonesia

Cagamas welcomed students from the Magister of Economics, Universitas Islam Indonesia. The students were briefed on Cagamas' business operations with focus on its Islamic business.

### 9 Bank Negara Malaysia Confers 'Emas' Status for Cagamas' Sukuk Issuance

Bank Negara Malaysia (BNM) conferred the 'Emas' status to Cagamas' maiden Singapore Dollar (SGD) denominated Sukuk EMTN issuance under Cagamas' USD2.5 billion Multicurrency Sukuk Issuance Programme issued in September 2015. The former BNM Governor, Tan Sri Dr. Zeti Akhtar Aziz presented the conferment plaque to the Chief Executive Officer of Cagamas, Datuk Chung Chee Leong.

## APRIL

### 10 4<sup>th</sup> Asiamoney-CIMB Round Table Series – Developments in the ASEAN Bond & Treasury Markets

Chief Executive Officer, Datuk Chung Chee Leong represented Cagamas at the 4<sup>th</sup> Asiamoney-CIMB Roundtable Series, which was organised by Asiamoney and the CIMB Group in Kuala Lumpur. Datuk Chung participated in the panel discussion on the topic, *2016 Themes and Strategies to Investment Allocation, Corporate Treasury & Risk Management*.

### 11 Cagamas-Danajamin Golf Event 2016

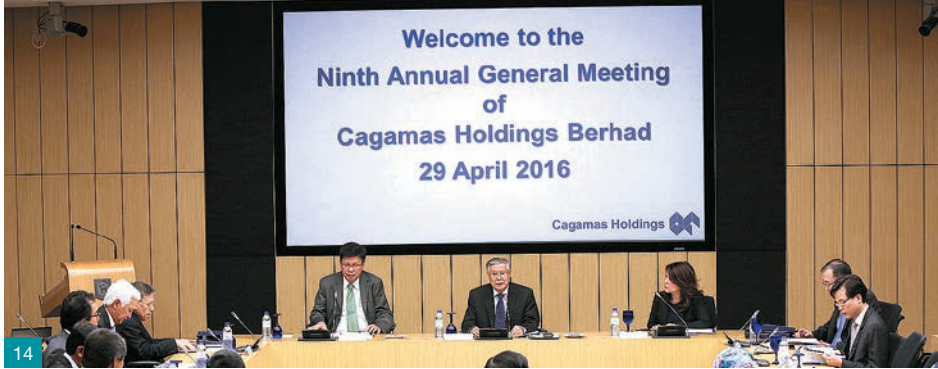
Cagamas participated in a friendly golf game with Danajamin Nasional Berhad at the Kelab Golf Sri Selangor. The game which saw the participation of representatives from both organisations, was led by the respective Chief Executive Officers.

### 12 Asian Secondary Mortgage Market Association Meeting

Senior Vice President of Operations & Services, Mr. S. Shanmuganathan represented Cagamas at the Asian Secondary Mortgage Market Association Working Committee meeting in Jakarta, Indonesia.

### 13 Visit by Delegation from Mongolia

Cagamas received a delegation from Mongolia, led by the Director of Monetary Policy Department from the Bank of Mongolia, Mr. Boldbaatar Dagva. The delegation, which was interested in gaining further insight into the securitisation process in Malaysia, included representatives from the Bank of Mongolia and Mongolian Mortgage Corporation.



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## APRIL

### 14 Ninth Annual General Meeting

Cagamas Holdings Berhad held its Ninth Annual General Meeting in Sasana Kijang, Bank Negara Malaysia.

### 15 7<sup>th</sup> Annual Affordable Housing Projects Conference

Chief Financial Officer, Ms. Nora Tahir represented Cagamas as a panellist at the 7<sup>th</sup> Annual Affordable Housing Projects Conference which was held in Kuala Lumpur. She spoke at the panel discussion on *Meeting Housing Needs* as well as a session on *Promoting the Broader Spread of House Ownership and Growth of the Secondary Mortgage Market*.

## MAY

### 16 Business Meeting with People's Bank of China

Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for a business meeting with Mr. Li Lin, Deputy Head of Bond Issuance, Financial Markets Division from the People's Bank of China in Beijing.

### 17 Cagamas-Sponsored Islamic Financial Publications Launched

Cagamas launched its book translation series entitled *Kitab Al-Luma' Fi Usul Al-Fiqh* (The Refulgence of the Principles of Islamic Jurisprudence) by Abu Ishaq Al Shirazi (1003-1083 C.E.) and *Kitab Al-Waqf Fro Kitab Al-Mughni Al-Muhtaj* (The Book of Endowment) by Al-Khatib Al-Shirbini (D.1067 C.E.) in a ceremony which was officiated by the Governor of Bank Negara Malaysia, Datuk Muhammad bin Ibrahim. Published by the Islamic

Banking and Finance Institute Malaysia (IBFIM), the book is expected to play a crucial role in fulfilling the need for more literature on Islamic finance.

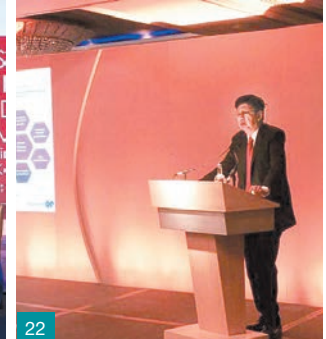
In addition to sponsoring the translation series, Cagamas also partnered with the International Shari'ah Research Academy (ISRA), an autonomous research arm of the International Centre for Education in Islamic Finance (INCEIF) to publish the 2<sup>nd</sup> edition of the *Islamic Financial System: Principles & Operations*, an Islamic financial markets textbook. The first edition of the book is currently being used by 74 educational institutions from 21 different countries as the main textbook reference and has been translated into several languages.



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**MAY**

**18 Cagamas Invitational Golf Challenge 2016**

Cagamas held its Invitational Golf Challenge 2016 at the Palm Garden Golf Club, IOI Resort City, Putrajaya, which saw participation from 86 golfers comprising associates from regulatory bodies, financial institutions and corporations from Malaysia.

**19 The Asset Treasury Industry Achievement Awards 2016**

Mr. Abdul Halim Salleh, Senior Vice President, Treasury & Capital Markets was awarded Treasurer of the Year – Malaysia at The Asset Treasury Industry Achievement Awards 2016 ceremony held in Hong Kong.

**20 2<sup>nd</sup> Asia Treasury & Trade Summit 2016**

Senior Vice President, Treasury & Capital Markets, Mr. Abdul Halim Salleh represented Cagamas as a panelist at the 2<sup>nd</sup> Asia Treasury & Trade Summit 2016 held in Hong Kong. He spoke at the panel discussion on *Asian Treasury Re-imagined*.

**21 Cagamas Berhad Wins Award at the London Sukuk Summit Awards 2016**

Cagamas was accorded the Award for Outstanding Contribution for the Development of Shariah-Compliant Mortgage Securitisation. Chief Executive Officer, Datuk Chung Chee Leong received the award on behalf of Cagamas at the London Sukuk Summit Awards 2016 ceremony held in London.

**22 London Sukuk Summit 2016**

Chief Executive Officer, Datuk Chung Chee Leong represented Cagamas as a speaker at the London Sukuk Summit 2016 held in May. He delivered a Keynote Address on *Sukuk as a Tool for Unlocking Liquidity in Islamic Mortgages: Cagamas Berhad's Ringgit & Foreign Currency Sukuk Issuances*.

**23 The Asset Triple A Islamic Finance Awards**

Cagamas was awarded the Best Local Currency Sukuk in recognition of its 500 Million Ringgit Commodity Murabahah sukuk at The Asset Triple A Islamic Finance Awards 2016 ceremony which was held in Kuala Lumpur.

# Corporate Highlights



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## MAY

### 24 5<sup>th</sup> Borrowers and Investors Forum, Southeast Asia

Senior Vice President, Treasury & Capital Markets, Mr. Abdul Halim Salleh represented Cagamas as a panelist at the 5<sup>th</sup> Borrowers and Investors Forum, Southeast Asia which was held in Singapore. He spoke at the panel discussion on *Developments in Southeast Asia's Bond Markets*.

### 25 3<sup>rd</sup> Roundtable on Liquidity Management

Chief Executive Officer, Datuk Chung Chee Leong represented Cagamas as a speaker at the International Islamic Liquidity Management Corporation's (IILM) 3<sup>rd</sup> Roundtable on Liquidity Management in Jakarta, Indonesia. He spoke on *Credit vs. Liquidity in Distressed Markets – The Cagamas Story*.

## JULY

### 26 OCBC Global Treasury Economic & Business Forum 2016

Chief Executive Officer, Datuk Chung Chee Leong spoke at the Singapore Bond Market Overview Forum which was held in conjunction with the OCBC Global Treasury Economic & Business Forum in Singapore.

### 27 Visit by Deputy Governor of Bank Negara Malaysia

Cagamas welcomed the visit of Deputy Governor of Bank Negara Malaysia, Mr. Shaik Abdul Rasheed bin Abdul Ghaffour.

## AUGUST

### 28 Visit by Lembaga Pembiayaan Perumahan Sektor Awam

Chief Executive Officer, Datuk Chung Chee Leong welcomed a visit from representatives of the Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA), led by the Chief Executive Officer, Ms. Norsimah Abdul Wahab.

### 29 Cagamas Family Outing at Philea Resort & Spa, Malacca

More than 300 attendees comprising staff and their families participated in the Cagamas Family Outing at Philea Resort & Spa, Malacca.



## SEPTEMBER

### 30 Cagamas Group of Companies Annual Dinner 2016

### 31 Visit by Students from Politeknik Nilai Negeri Sembilan

Cagamas welcomed students from the Faculty of Islamic Business and Finance from Politeknik Nilai Negeri Sembilan. The second-year students were briefed on Cagamas' *Islamic Business Experience*.

### 32 3<sup>rd</sup> ASEAN Fixed Income Summit, Bangkok

Chief Executive Officer, Datuk Chung Chee Leong, represented Cagamas at the 3<sup>rd</sup> ASEAN Fixed Income Summit (AFIS), hosted by the Secondary Mortgage Corporation of Thailand in Bangkok, Thailand. Datuk Chung spoke at the panel session on *Exploring ASEAN Bond Landscape for Best Long-Term Fixed Rate Mortgage – Issuers Perspective*, where he spoke on the *Bond Market Development and Liberalisation in ASEAN Countries*.

### 33 Asian Secondary Mortgage Market Meeting

The Asian Secondary Mortgage Market Association (ASMMA) held its 3<sup>rd</sup> annual meeting in Bangkok, Thailand. The meeting saw leaders of secondary mortgage institutions from member countries including Malaysia, Philippines, Indonesia, Japan, Korea, Thailand and Mongolia gather to share knowledge, expertise and product innovation.

### 34 Business Visit to Bangkok

Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for business meetings, which were held with Ms. Chantarvarn Sucharitakul, Assistant Governor, Financial Markets Operations Group from the Bank of Thailand, Mr. Yingyong Nilasena, Deputy Secretary General Fund Management Group of the Government Pension Fund of Thailand and Ms. Unchulee Simasathein, former Acting President of the Secondary Mortgage Corporation of Thailand.

### 35 IFN Forum Investor 2016

Cagamas participated as a corporate sponsor at the IFN Forum Investor 2016 in Kuala Lumpur. The Forum, which serves as a platform of discourse for practitioners in the global Islamic finance industry, had more than 300 participants from around the region.

### 36 ASIFMA Structured Finance Conference 2016 – Asian Securitisation and Covered Bonds

Senior Vice President of Treasury & Capital Markets, Mr. Abdul Halim Salleh and Vice President, Product Development and Management of Islamic Business, Mr. Iqta Farish Shahrir, represented Cagamas as panelists at the ASIFMA Structured Finance Conference 2016 held in Singapore. They spoke at panel discussions on the topics of *Issuers Roundtable* and *Islamic Finance and Shariah-Compliant Securitisation* respectively.



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## SEPTEMBER

### 37 Cagamas Berhad Wins Award at the 6<sup>th</sup> Global Islamic Finance Awards 2016

Cagamas was accorded the Islamic Advocacy Award (Institutional) at the 6<sup>th</sup> Global Islamic Finance Awards 2016. The Chief Executive Officer, Datuk Chung Chee Leong attended the awards ceremony which was held in Jakarta, Indonesia, witnessed by H.E. President Joko Widodo, who was awarded the Global Leadership in Islamic Finance Award 2016.

panel session on *Available House Financing Instruments in ASEAN Region*, where he presented on *Islamic Finance and Sukuk*.

## NOVEMBER

### 39 Islamic Finance Capital Market Masterclass and Conference 2016

Chief Executive Officer, Datuk Chung Chee Leong, represented Cagamas at the 2016 Islamic Finance Capital Market Masterclass and Conference, hosted by the Malaysian U.S. Chamber of Commerce in Washington D.C., United States of America (USA). Datuk Chung was featured at a live stage interview on *Facilitating Responsible Finance through Islamic Capital Markets in the United States – Alternative Fund & Investment Avenues* at the 3<sup>rd</sup> Capital Market Conference and participated in a roundtable discussion for sukuk issuers in the USA.

### 40 Business Visit to Freddie Mac, United States of America

Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for a business meeting which was held with officials from Freddie Mac, including Mr. James G. Mackey, Executive Vice President and Chief Financial Officer.

### 41 Maybank Economic Forum

Chief Executive Officer, Datuk Chung Chee Leong, represented Cagamas at the Maybank Economic Forum 2016. Datuk Chung spoke at the panel discussion on *Outlook and Challenges for 2017*.

## OCTOBER

### 38 Philippine Housing Finance Conference 2016

Chief Executive Officer, Datuk Chung Chee Leong, represented Cagamas at the Philippine Housing Finance Conference 2016, hosted by the National Home Mortgage Finance Corporation in Manila, the Philippines. Datuk Chung spoke at a

### 42 11<sup>th</sup> Asian Bond Markets Summit, Singapore

Senior Vice President of Treasury & Capital Markets, Mr. Abdul Halim Salleh represented Cagamas as a speaker on the 11<sup>th</sup> Bond Markets Summit organised by The Asset held in Singapore. He spoke at the panel session entitled *Spotlight on Malaysia*.



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## NOVEMBER

### 43 Leadership Energy Summit Asia 2016

Cagamas participated as a Supporting Sponsor at the Leadership Energy Summit Asia 2016 (LESA 2016) which was organised by The ICLIF Leadership & Governance Centre at Sasana Kijang, Bank Negara Malaysia.

### 44 Visit by Delegation from Nigeria

Cagamas received a delegation from Nigeria led by Mr. Adebola Adekunle Onadele, Managing Director/Chief Executive Officer of the FMDQ OTC Securities Exchange. The delegation also included a representative from the Securities and Exchange Commission of Nigeria. The study visit covered secondary mortgage financing in Malaysia and in particular, Cagamas' operations and developments.

## DECEMBER

### 45 23<sup>rd</sup> World Islamic Banking Conference

Senior Vice President of Treasury & Capital Markets, Mr. Abdul Halim Salleh, represented Cagamas at the 23<sup>rd</sup> World Islamic Banking Conference (WIBC) organised by Central Bank of Bahrain. He spoke at the panel discussion entitled *Growing Supply/Demand Gap but Shrinking Issuances – How to Capitalise on the Opportunities to Revitalise Sukuk Growth*.

### 46 The 13<sup>th</sup> Kuala Lumpur Islamic Finance Forum 2016

Cagamas participated as Silver Sponsor at the 13<sup>th</sup> Kuala Lumpur Islamic Finance Forum 2016 (KLIFF), organised by CERT Events. The annual event attracted over 500 local and international participants.

AS WE FOCUS ON OUR ROLE IN PROMOTING HOME OWNERSHIP AND GROWTH OF THE COUNTRY'S CAPITAL MARKET, WE CONTINUE TO APPLY THE PRINCIPLES OF SOCIAL RESPONSIBILITY TO OUR OWN OPERATIONS SUCH AS REDUCING AND MANAGING OUR ENVIRONMENTAL IMPACT, ELIMINATING DISCRIMINATION, PROMOTING EQUAL OPPORTUNITY, ENSURING TRANSPARENCY AND INTEGRITY IN GOVERNANCE, DEVELOPING A LONG-TERM PHILANTHROPIC POLICY AND ENCOURAGING THE SOCIAL INVOLVEMENT OF OUR EMPLOYEES.

At Cagamas, we believe in giving back to our community and are committed to providing support through sustainable initiatives which promote growth and development. As part of our corporate social responsibility (CSR) efforts to promote sustainable, positive social and environmental change, Cagamas launched its bond-free Cagamas Scholarship Programme (CSP). Cagamas has also sponsored the construction of homes for eligible recipients under its zakat initiatives and assisted single mothers by channelling funds towards the purchase of equipment required for each recipient's business to improve productivity thus generating more income.

Through our CSR initiatives, we hope to see deserving Malaysians achieve professional and personal success, including the aspiration of home ownership, in line with our mandate of 'Housing the Nation'.

### Donation to Persatuan Membantu Pesakit Parah Miskin Malaysia



Cagamas made a contribution to the Persatuan Membantu Pesakit Parah Miskin Malaysia (PMPPM) for the purchase of medical equipment. PMPPM was established with the mission to provide medical aid to the underprivileged, terminally-ill Malaysians registered under the Social Welfare Department.

### Hari Raya Aidilfitri Shopping Event



Cagamas' Zakat Committee organised a Hari Raya Aidilfitri shopping event for 140 orphans, disabled children and single mothers from Pusat Sokongan Ibu & Anak Kurang Upaya Azwar and Pertubuhan Kanak-Kanak Insan Istimewa Cemerlang.



**Cagamas Scholarship Programme**



Cagamas launched its Cagamas Scholarship Programme as part of the Company’s corporate social responsibility efforts to promote sustainable, positive social and environmental change. A total of 5 successful undergraduates were awarded with the bond-free scholarship for 2016.

**Danajamin Mighty7 Run**



Cagamas participated in the Mighty7 Run organised by Danajamin Nasional Berhad where funds collected were in aid of the National Autism Society of Malaysia.

**Bursa Bull Charge 2016**

Cagamas participated in the 3<sup>rd</sup> Bursa Bull Charge organised by Bursa Malaysia Berhad whereby beneficiaries of the funds collected included selected charity homes and associations.



**Collaboration with Amanah Ikhtiar Malaysia**



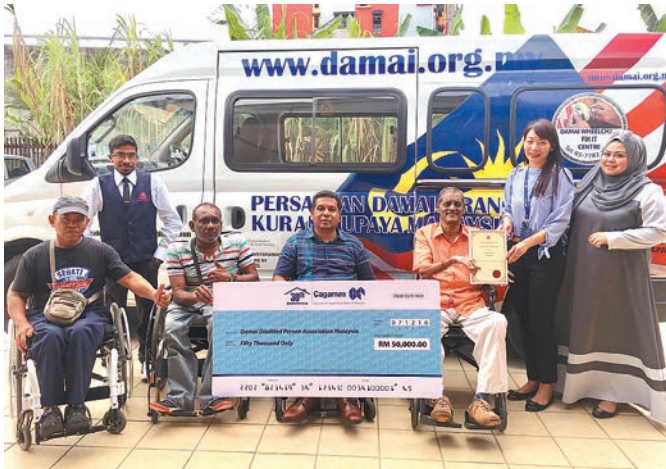
Cagamas made a contribution towards the purchase of business equipment for a total of 38 single mothers from the Southern Perak region. Chief Executive Officer, Datuk Chung Chee Leong represented Cagamas at the handover ceremony. The objective of this aid is to assist single mothers in developing more qualitative and quantitative products to improve productivity thus generating more income.

**RHB Golf Classic 2016**

Cagamas participated in the RHB Golf Classic 2016 which was organised by RHB Banking Group at Tropicana Golf & Country Club Resort. Funds collected from the charity golf were in aid of selected charitable organisations in Malaysia.



## Donation to Damai Disabled Person Association Malaysia



Cagamas made a contribution towards Damai Disabled Person Association Malaysia's (Damai) training fund. The fund goes towards equipping members with skills to lead an independent life and promote employability.

## Cagamas Sponsors AI-Quran Braille Printing Machine for Persatuan Orang-Orang Cacat Penglihatan Islam Malaysia under its Zakat Programme

Cagamas' Zakat Committee sponsored 3 AI-Quran braille printing machines for Persatuan Orang-Orang Cacat Penglihatan Islam Malaysia (PERTIS). A handover ceremony was held at PERTIS' production office located in Brickfields, Kuala Lumpur and was attended by representatives from PERTIS, Majlis Agama Islam Wilayah Persekutuan (MAIWP) and Cagamas.



## Cagamas Sponsors the Construction of Homes under Its Zakat Programme



The Zakat Committee sponsored the construction of homes for eligible recipients under the 'asnaf' category. The handover ceremony was attended by representatives from Cagamas Berhad and its Zakat Committee and also MAIWP in Kampung Melayu Subang Tambahan, Selangor Darul Ehsan.

# Awards and Accolades



Organisation/Publication	Deal/Category – Award
Bank Negara Malaysia	USD2.5 billion Multicurrency Sukuk Issuance Programme – Emas status
The Asset Triple A Islamic Finance Awards 2016	Cagamas 500 million Ringgit Commodity Murabahah Sukuk – Best Local Currency Sukuk
London Sukuk Summit Awards 2016	Outstanding Contribution for the Development of Shariah-Compliant Mortgage Securitisation
6 <sup>th</sup> Global Islamic Finance Awards 2016	Islamic Advocacy Award (Institutional)

## Company raises aid for single mums

This year's RM50,000 fund benefits 38 women entrepreneurs from southern Perak

By NARAIN AN SHAMIN  
narin@thestar.com.my

NATIONAL mortgage company Cagamas Bhd has increased a corporate social responsibility (CSR) project to support single mothers, through its Amanah Baitul Malaysia (ABM).

The objective of this aid is to assist single mothers who are entrepreneurs, in developing their business and generate more income.

"We believe that efforts to generate higher income for single mothers are significantly and closely related to having adequate business equipment," said ABM executive chairman Datuk Dr Zulki Harnan.

"Cagamas' CSR effort does not only contribute towards increasing the recipient's productivity and household income, but also the long-term sustainability of their welfare and wellbeing," he added.

"Apart from business, Cagamas is also aware of the responsibility towards society and that goes down to its core through its ongoing CSR programmes to help them," said Cagamas Bhd chief executive officer Datuk Chung Chee Leong. A total of 38 single mothers from ten branches under the supervision of the southern Perak ABM regional office were identified as recipients for this year.

Last year, beneficiaries were from Selangor and Kuala Lumpur region, who received RM15,000, and this year, the amount was increased to approximately RM50,000. The funds were channelled towards the purchase of machinery and business equipment.



The single mothers chosen by Amanah Baitul Malaysia to receive aid from Cagamas Bhd to buy business equipment. (With Harnan and Zulki Harnan from left) and Chung Chee Leong, fifth from left

ery and business supplies based on needs of the single mothers. "I was using a small oven but one with a bigger oven from Cagamas and ABM. I can produce a variety of cakes and cookies," said one of the 2016 recipients Ismayrah Said.

"I hope they will continue this effort to help needy people like me in the future, and not only in Perak but all over Malaysia," she added.

The expected impact of this contribution is to increase business productivity and indirectly increase the household income.

## Program Biasiswa Cagamas bantu pelajar cemerlang

**Kuala Lumpur:** Cagamas Bhd (Cagamas), Perbadanan Gadaai Janji Nasional mengemukakan biasiswa kepada lima pelajar terpilih melalui Program Biasiswa Cagamas.

Ketua Pegawai Eksekutif (CEO) Cagamas, Chung Chee Leong, berkata program ini adalah sebahagian daripada usaha syarikat untuk menyumbang kepada agenda pembangunan pendidikan di negara ini.

Beliau berkata, Cagamas percaya pendidikan adalah satu pelaburan modal insan jangka panjang serta

sebagai penyumbang kepada pertumbuhan dan pembangunan ekonomi negara.

"Cagamas sentiasa komited dalam usaha membantu menghidupkan dana biasiswa kepada pelajar yang cemerlang dalam pelajaran.

**Melalui saringan**

"Biasiswa Cagamas menggunakan pendekatan holistik dengan memberikan sokongan dalam membina kemahiran insaniah serta menyediakan mentor kepada setiap

penerima biasiswa ketika mereka di universiti," katanya dalam satu kenyataan media di sini, baru-baru ini.

Penerima Biasiswa Cagamas untuk 2016 ialah Na Chin Ann dari Universiti Malaya; Alyssa Wong Sze Minh (Universiti Kebangsaan Malaysia); Fatim Kamili Muhammad Iqbal (Universiti Teknologi MARA); Kosayah Vanu dari Universiti Malaysia Terengganu (UMT) dan Khong Sheh Ann dari Universiti Sains Malaysia (USM).



Chee Leong (empat dari kanan) dan Pengerusi Cagamas Holdings Berhad, Datuk Ooi Sang Kuang (empat dari kiri) bersama lima penerima Biasiswa Cagamas, baru-baru ini.



Single mother Ismayrah receiving award from CEO Chung Chee Leong.



Amanah Baitul Malaysia award for her new oven. She hopes the bigger oven will enable her to produce a bigger variety of cakes and cookies to sell.

## Cagamas Islamic bonds achieve RM2b order book

BY KAMARUL ANWAR

**KUALA LUMPUR:** Cagamas Bhd achieved an order book of more than RM2 billion for its RM375 million Islamic bonds, the proceeds from which will fund the purchase of Islamic property loans from fi-

nancial institutions.

In a statement yesterday, Cagamas said the three-year Islamic medium-term notes (IMTNs) recorded a bid-to-cover ratio of 5.4 times.

Cagamas president and chief executive officer Chung Chee Le-

ong said in the statement that the issuance had achieved an order book of more than RM2 billion, despite being a half-day offering.

"The final yield of 3.95% was competitively priced 62 basis points over government securities with similar tenure.

"The issuance received strong demand from various market segments and attracted participation from new foreign investors, which reflects the strength and diversity of the order book, demonstrating continued market confidence in the company's credit strength,"

Chung said.

According to Cagamas, the RM375 million IMTNs are its sixth issuance this year. Cagamas said the IMTNs, which will be redeemed at full nominal value upon maturity, are unsecured obligations of the company.

## Cagamas issues RM200m debt notes

BY SUPRIYA SURENDRAN

**KUALA LUMPUR:** Cagamas Bhd announced that it has made its ninth issuance of the year, its RM200 million three-year Cagamas conventional medium term notes (CMTNs), the proceeds of which will be used to fund the purchase of mortgage loans from the financial system.

The CMTNs represent Cagamas' second issuance in a week and signifies continuous demand for Cagamas bonds, which underscores investor confidence, the corporation's strong credit profile and highly resilient secondary market liquidity, said Cagamas president and chief executive officer Chung Chee Leong.

The issuance was priced at 29 basis points over the corresponding Swap level, he shared in a statement.

"Cagamas' initiatives in promot-



Chung: Cagamas' initiatives in promoting secondary market liquidity has borne fruit. Photo by Kenny Yap

RM2.4 billion to RM10.5 billion in July 2016, that is a surge in volume of over four times. To date, Cagamas is still leading the corporate bond market within the domestic secondary market liquidity space," he added.

The new issuance will bring the company's aggregate issuance for the year to RM4.4 billion.

The CMTNs, which will be redeemed at their full nominal value on maturity, are unsecured obligations of the company, and ranked equally among themselves and with all other existing unsecured obligations of the company.

ing secondary market liquidity has borne fruit, as evidenced by the growth in year-to-date traded volume over the past one year, from

## Cagamas terbit ICP RM500 juta

**KUALA LUMPUR 22 Dis.** -Perbadanan gadaai janji nasional, Cagamas Bhd. mengemukakan penerbitan Kertas Komersial Islam (ICP) tiga bulan kedua bernilai hingga RM500 juta.

Ketua Pegawai Eksekutif Cagamas, Datuk Chung Chee Leong berkata, ICP tersebut akan diterbitkan di bawah struktur Komoditi Murabahah dan hasil daripada terbitan tersebut akan digunakan bagi membiayai pembelian pembiayaan Islam daripada sistem kewangan.

"Mudah tunai dalam pasaran bon tempatan kekal berdaya tahan di sebalik ketidaktentuan pasaran bon global selepas Pilihan Raya Presiden Amerika Syarikat dan jangkaan peningkatan kadar dalam kalangan pemain pasaran," katanya dalam kenyataan di sini hari ini.

Tambahnya, ICP berkenaan menerima maklum balas memberang-



sangkan daripada institusi kewangan berkaitan sukuk korporat jangka pendek tersebut menawarkan pilihan pelaburan alternatif bagi institusi-institusi kewangan.

Ia juga untuk meningkatkan pegangan mereka dalam Kualiti Aset Cair Tinggi (HQLA) bagi memenuhi keperluan Nisbah Li-putan Kecairan (LCR) menjelang akhir tahun di samping mengurangkan pendedahan risiko pasaran dalam suasana pasaran yang tidak menentu.

Chee Leong berkata, ICP tersebut yang akan ditebus pada nilai nominal penuh apabila matang, adalah obligasi tidak bercagar dan akan disenaraikan serta dinagakan di bawah Sistem Dagangan Sekuriti Tanpa Skrip.

## Cagamas terbit kertas komersial Islam berjumlah RM500 juta

**KUALA LUMPUR 26 Sept.** - Perbadanan gadaai janji negara, Cagamas Bhd. mengemukakan penerbitan Kertas Komersial Islam (ICP) tiga bulan berjumlah RM500 juta.

Ketua Pegawai Eksekutifnya, Chung Chee Leong (gambar) berkata, ICP berkenaan akan diterbitkan di bawah struktur Murabahah Komoditi Islam dan hasilnya akan digunakan untuk

membiayai pembiayaan Islam daripada sistem kewangan.

Katanya, penerbitan ICP syarikat telah meningkatkan penawaran sukuk korporat jangka pendek sukuk terkumpul di pasaran domestik sebanyak 16 peratus pada masa pengumuman perkara ini.

"Penerbitan ICP mendapat

sambutan yang amat menggalakan dan telah berjaya mendapatkan nisbah bida yang diperolehi syarikat dengan bidaan yang diterima lebih tiga kali.

"Ini kerana ia menawarkan pilihan pelaburan tambahan kepada pelabur sukuk jangka pendek," katanya dalam kenyataan di sini hari ini.

ICP telah ditetapkan harga

secara kompetitif terhadap tiga bulan Kadar Tawaran Antara Bank Kuala Lumpur (KLIBOR), dengan tempahan diterima daripada kumpulan pelbagai pelabur, termasuk institusi kewangan, syarikat insurans dan pengurus aset.

Penerbitan baharu itu akan menjadikan penerbitan agregat syarikat bagi tahun ini kepada

RM5.9 bilion.

ICP yang akan ditebus pada nilai nominal penuh pada tarikh matang, merupakan obligasi tidak bercagar syarikat, pada kedudukan setara antara mereka dan dengan semua obligasi tidak bercagar sedia ada lain syarikat itu.

Ia akan disenaraikan dan dinagakan di bawah Sistem Dagangan Sekuriti Tanpa Skrip.



## Cagamas terbit CMTN tiga tahun RM580 juta

**KUALA LUMPUR 17 Okt.** - Perbadanan gadaai janji nasional, Cagamas Bhd. (Cagamas) mengemukakan penerbitan Nota Jangka Sederhana Konvensional (CMTN) tiga tahun berjumlah RM580 juta dengan perolehan daripada terbitan itu akan digunakan untuk membiayai pembelian pinjaman perumahan daripada sistem kewangan.

Ketua Pegawai Eksekutif Cagamas, Chung Chee Leong berkata, terbitan tersebut berjaya dijual pada hasil akhir sebanyak 3.75 peratus yang mewakili 13 mata asas dalam tempoh 12 bulan Kadar Tawaran Antara Bank Kuala

Lumpur (KLIBOR).

Katanya, terbitan itu juga berjaya menarik pelabur yang pelbagai dan akaun asing terdiri daripada dana kekayaan berdaulat, dana pencen, institusi kewangan, kumpulan insurans dan syarikat-syarikat pengurusan aset, merangkumi akaun baharu dalam dan luar negara.

"Walaupun terpaksa bersaing terbitan lain pada hari yang sama, bekal yang lebih rendah daripada kredit gred tinggi bertakrif



CHUNG CHEE LEONG

pendek dalam pasaran domestik telah mendorong pelabur dari pelbagai segmen pasaran untuk mengambil bahagian dalam terbitan Syarikat," katanya dalam kenyataan di sini hari ini.

Sehingga hari ini Cagamas telah berjaya menerbitkan sejumlah RM6.9 bilion di pasaran utama yang terdiri daripada RM5.5 bilion mata wang domestik dan RM1.4 bilion mata wang asing.

# CAGAMAS TO TAKE ON MORE LOANS

National mortgage body targets RM10.5bil loans in 2017

CAGAMAS Bhd will increase its portfolio of loans, particularly housing loans, from financial institutions to support the growth of the financial services sector in the country.

The national mortgage corporation has a target to purchase RM10.5bil worth of conventional loans and RM10.5bil worth of Islamic financing in 2017. The amount is an increase of RM2.5bil over its target of RM8bil in 2016.

According to Cagamas chief executive officer Chung Chee Leong, the group's target was to purchase RM10.5bil worth of conventional loans and RM10.5bil worth of Islamic financing in 2017. The amount is an increase of RM2.5bil over its target of RM8bil in 2016.

"The country's economic and financial recovery has been strong and driven by the growth of the financial services sector. This has led to an increase in the number of loans and deposits in the financial services sector," he said.

"Cagamas has been looking to diversify its portfolio of loans by increasing conventional loans and taking on more Islamic financing to support the growth of the financial services sector," he said.



**Cagamas in numbers**

- It is the largest issuer of conventional bonds and sukuk in Malaysia, with **RM286bil** issued since 1992.
- It has provided guarantee for housing loans totalling **RM840.8mil** as at September 30, 2016, enabling 23.75% individuals/homeowners to own their first homes.
- It targets to purchase **RM10.5bil** worth of conventional and RM10.5bil worth of Islamic financing for 2017.
- Its outstanding bonds and sukuk stood at **RM32.1bil** as at September 30, 2016.

Chung Chee Leong, CEO of Cagamas.

**Big issuer**

Cagamas is the largest issuer of conventional bonds and sukuk in Malaysia, with RM286bil issued since 1992.

It recorded the highest average yield for its conventional bonds and sukuk in 2016, at 4.5%.

The achievement has enabled Cagamas to maintain its credit rating 'BBB+' by International Country Risk Guide (ICRG) and 'A+' by Standard & Poor's (S&P).

In 2016, Cagamas has issued RM2.5bil worth of conventional bonds and sukuk to support the growth of the financial services sector.

**Promoting home ownership**

Cagamas is the largest issuer of conventional bonds and sukuk in Malaysia, with RM286bil issued since 1992.

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In 2016, Cagamas has issued RM2.5bil worth of conventional bonds and sukuk to support the growth of the financial services sector.

**Affordable housing**

Many individuals who were unable to purchase their first homes, especially in the affordable housing segment, are looking for solutions.

Cagamas is also looking to support sustainable housing finance systems in the primary market by providing liquidity and funding to mortgage financiers under the PPR scheme.

**Corporate social responsibility (CSR)**

Cagamas is committed to supporting sustainable housing finance systems in the primary market by providing liquidity and funding to mortgage financiers under the PPR scheme.

It also provides support to the affordable housing segment by providing liquidity and funding to mortgage financiers under the PPR scheme.



Cagamas executives and officials at a meeting.



Cagamas executives and officials at a meeting.

# Cagamas issues RM1bil dual currency notes

CUALA LUMPUR: The national mortgage corp, Cagamas Bhd, has issued dual currency medium-term notes of US dollar and ringgit amounting to RM1bil.

The exercise, issued through its wholly-owned subsidiary, Cagamas Global PLC, comprised of one-year US\$130mil and one-year RM470mil notes.

"Amid uncertainty in interest rate expectations, post non-farm-payroll release in the US and pre-Monetary Policy Committee meeting in Malaysia, the dual currency issuance was favoured to obtain a lower weighted average funding cost," said chief executive officer Chung Chee Leong in a statement yesterday.

He cited the issuance of US dollar medium-term notes, which was concluded through a private placement, was competitively priced at 1.60%.

On the local front, he said the ringgit issuance achieved a commendable bid-to-cover ratio of 2.6 times and was subscribed by a diversified pool of investors. - Bernama



# Cagamas issues RM100mil notes

PETALING JAYA: National mortgage corporation Cagamas Bhd has issued RM100mil conventional medium term notes (CMTN) to fund the purchase of loan receivables from the financial system.

President/Chief executive officer Chung Chee Leong (pic) said the company's reopening of its existing CMTN, which matures in April 2017, was an initiative to promote the secondary liquidity for Cagamas debt paper and has been well-received by both domestic and international investors.

"Within two weeks, Cagamas has successfully re-opened two existing stocks with a total reopening size of RM475mil," Chung said in a statement.

Cagamas has to date issued a total of RM3.8bil in the primary market and achieved secondary trading volume of RM7.5bil, making it the highest traded private debt securities in the local bond market so far and second only to government papers.

# Dua skim pinjaman rumah dapat sambutan

« Inisiatif baharu tingkat akses pembiayaan kediaman untuk rakyat

Skim Rumah Pertama (SRP) dan Skim Pemilikan Rumah (SPB), dua skim pinjaman perumahan yang digalakkan oleh Cagamas Bhd (Cagamas), mendapat sambutan menggalakkan daripada rakyat negara ini.

Sehingga 31 Januari lalu, sejumlah 5,635 permohonan diterima untuk skim SRP dan SPB yang diumumkan oleh kerajaan, adalah diharapkan golongan muda akan dapat merealisasikan impian mereka untuk memiliki rumah.

"Cagamas akan meneruskan usaha untuk mempromosikan kedua-dua skim ini kepada masyarakat luas, terutama kepada golongan muda yang ingin memiliki rumah," kata Chung Chee Leong, CEO Cagamas.



**Kerajaan sentiasa berusaha untuk inisiatif baharu bagi memajukan akses kepada pembiayaan dan mempromosikan rumah mampu milik bagi memenuhi keperluan rakyat.**

Chung Chee Leong, CEO of Cagamas.

# SRP, SPB terima sambutan menggalakkan

CUALA LUMPUR 10 Mac - Cagamas Bhd. (Cagamas), meredakan sebanyak 5,635 permohonan bagi Skim Rumah Pertama (SRP) dan Skim Pemilikan Rumah (SPB) sejak ia dilancarkan pada 2011 dengan jumlah pembiayaan yang diluluskan RM431.5 juta sehingga 31 Januari 2016.

Presiden dan Ketua Pegawai Eksekutif Cagamas, Chung Chee Leong berkata, Bank Simpanan Nasional (BSN) yang juga merupakan rakan kerjasama bagi Skim Rumah Pertama (SRP) dan Skim Pemilikan Rumah (SPB) yang dilancarkan pada Oktober tahun lalu telah menerima sejumlah 1,732 permohonan dengan pembiayaan diluluskan bernilai RM215.5 juta sehingga hari ini.

Beliau berkata, jumlah tersebut adalah mengesankan dan mencerminkan kesedaran awam mengenai skim SRP dan SPB yang diperkenalkan kerajaan semakin meningkat.

"Dengan peningkatan kesedaran orang ramai tentang SRP dan Skim SPB adalah diharapkan golongan muda akan dapat merealisasikan impian mereka untuk memiliki rumah."



Chung Chee Leong, CEO of Cagamas.

Cagamas executives and officials at a meeting.

GABOR Bank Negara Tan Sri Dr. Anwar Aziz (right) berjumpa bersama pemimpin-pemimpin PUA, Sukai Emaq, Bank Negara Malaysia (Bank Negara) Presiden & Ketua Pegawai Eksekutif, Cagamas, Chung Chee Leong, Presiden & Ketua Pegawai Eksekutif, Kumpulan Awana, Chuan Tian Yee (kiri) bersama pemimpin-pemimpin pada persidangan dua hari "Responsible Finance Summit" di Sarawak Kijang, Rabu, Sabtu serta Timbalan Gabenor BNM, Dato' Mohdammad Hassan bin Yusoff (tengah).

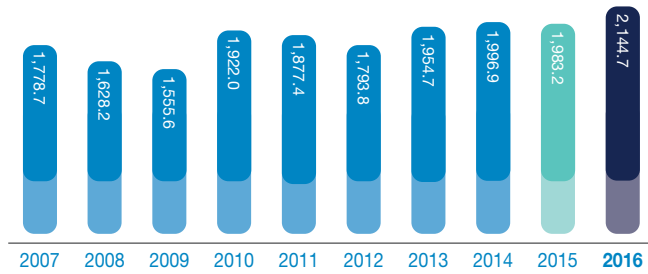
# Group Financial Highlights

	Cagamas Berhad & CMBS*	Group								2016
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<b>Revenue (RM million)</b>										
Gross Operating Revenue	1,778.7	1,628.2	1,555.6	1,922.0	1,877.4	1,793.8	1,954.7	1,996.9	1,983.2	<b>2,144.7</b>
Profit Before Tax and Zakat	541.7	564.3	559.2	610.5	591.5	551.9	703.2	546.5	558.3	<b>574.2</b>
Profit After Tax and Zakat	403.6	419.7	414.7	455.7	442.1	413.2	527.6	391.2	436.5	<b>439.4</b>
Dividend After Tax	66.6	16.7	22.5	22.5	22.5	45.0	22.5	30.0	30.0	<b>30.0</b>
<b>Statement of Financial Position (RM million)</b>										
Amount Due From Counterparties	13,297.9	9,687.7	4,657.5	4,325.1	4,307.0	3,696.1	3,825.7	6,540.2	10,971.0	<b>14,296.2</b>
Islamic Financing Assets	6,962.8	5,643.0	4,578.5	6,854.3	6,879.6	8,076.9	6,107.9	6,541.2	5,581.4	<b>5,307.7</b>
Conventional Mortgage Assets	7,844.3	9,697.5	12,187.3	11,384.6	10,510.8	9,659.4	11,064.3	10,189.8	9,354.3	<b>8,494.0</b>
Islamic Mortgage Assets	4,082.5	6,178.4	7,973.3	7,696.2	7,434.9	7,124.3	10,648.2	10,176.2	9,618.6	<b>9,058.7</b>
Total Assets	35,308.4	34,624.0	32,894.2	32,130.7	32,137.9	31,863.7	36,420.0	37,407.7	40,346.8	<b>42,972.4</b>
Unsecured Bearer Bonds and Notes	15,477.2	13,319.4	11,450.9	10,039.5	9,868.0	9,217.5	11,521.7	13,291.6	17,994.7	<b>20,946.6</b>
Sukuk	7,512.5	8,487.2	9,154.8	10,651.3	10,585.5	11,707.6	13,403.0	13,261.7	11,944.0	<b>11,214.9</b>
Residential Mortgage-Backed Securities	5,445.0	5,220.0	4,902.7	4,135.4	3,842.8	3,195.3	3,195.3	2,464.5	2,143.5	<b>2,143.5</b>
Islamic Residential Mortgage-Backed Securities	4,160.0	3,910.0	3,929.6	3,382.8	3,382.8	2,865.3	2,865.3	2,594.2	2,075.5	<b>2,075.8</b>
Paid-Up Capital	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	<b>150.0</b>
Reserves	2,129.9	2,472.0	2,897.5	3,329.3	3,741.0	4,111.7	4,614.8	4,983.3	5,414.6	<b>5,799.6</b>
Shareholders' Funds	2,279.9	2,622.0	3,047.5	3,479.3	3,891.0	4,261.7	4,764.8	5,133.3	5,564.6	<b>5,949.6</b>
<b>Per Share</b>										
Earnings (sen)**	269.1	279.8	276.5	303.8	294.7	275.4	351.7	260.8	291.0	<b>292.9</b>
Net Tangible Assets (RM)**	15.1	17.4	20.2	23.1	25.9	28.4	31.7	34.2	37.1	<b>39.6</b>
Dividend (sen)	60.1	11.1	15.0	15.0	15.0	30.0	15.0	20.0	20.0	<b>20.0</b>
<b>Financial Ratios</b>										
Pre-tax Return on Average Shareholders' Funds (%)	25.9	23.0	19.7	18.7	16.1	13.5	15.6	11.0	10.4	<b>10.0</b>
After-tax Return on Average Shareholders' Funds (%)	19.3	17.1	14.6	14.0	12.0	10.1	11.7	7.9	8.2	<b>7.6</b>
Pre-tax Return on Average Total Assets (%)	1.7	1.6	1.7	1.9	1.8	1.7	2.1	1.5	1.4	<b>1.4</b>
After-tax Return on Average Total Assets (%)	1.2	1.2	1.2	1.4	1.4	1.3	1.5	1.1	1.1	<b>1.1</b>
Dividend Cover (times)	6.1	25.1	18.4	20.3	19.6	9.2	23.4	13.0	14.6	<b>14.6</b>
Risk-Weighted Capital Ratio (%)	19.2	21.6	21.6	26.8	35.7	39.4	39.1	39.9	37.1	<b>38.0</b>

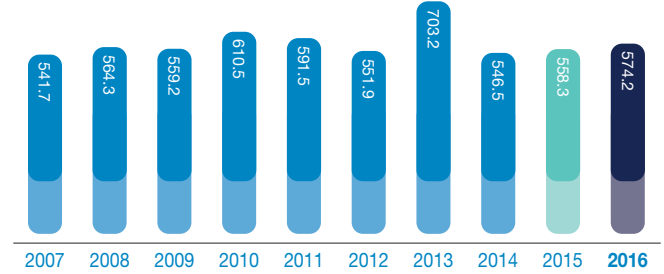
\* Cagamas MBS Berhad.

\*\* Based on 150 million ordinary shares of RM1.00 each.

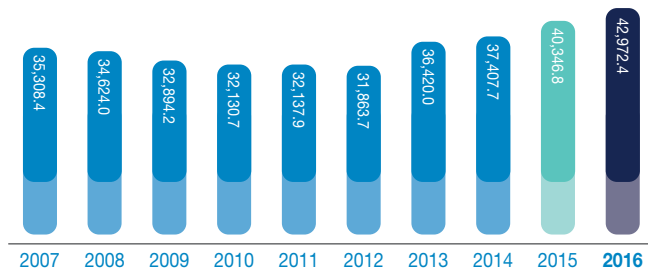
**Gross Operating Revenue**  
(RM million)



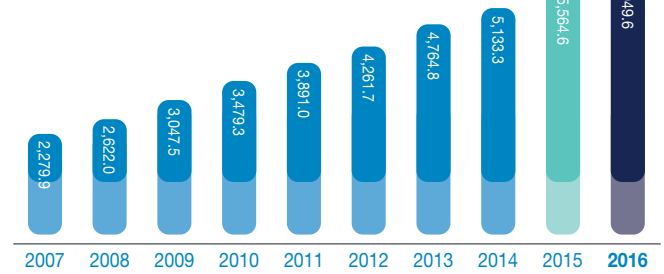
**Profit Before Tax and Zakat**  
(RM million)



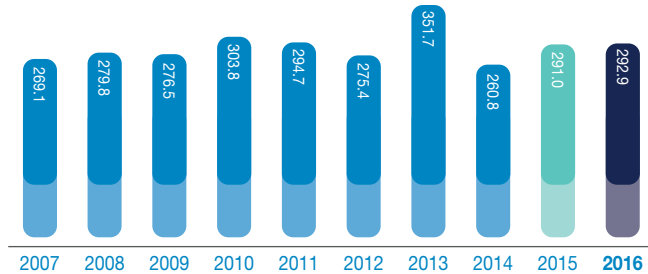
**Total Assets**  
(RM million)



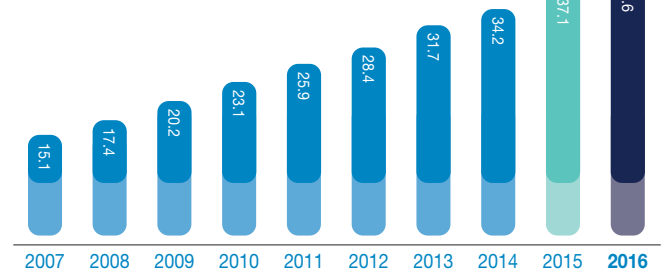
**Shareholders' Funds**  
(RM million)



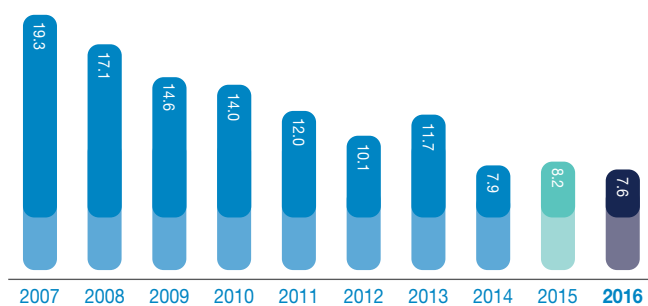
**Earnings Per Share**  
(sen)



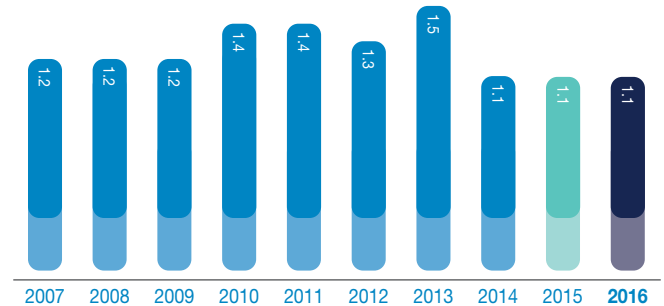
**Net Tangible Assets Per Share**  
(RM)



**After-tax Return on Average Shareholders' Funds**  
(%)



**After-tax Return on Average Total Assets**  
(%)



## CAGAMAS HOLDINGS BERHAD

Incorporated in 2007, Cagamas Holdings Berhad is the holding company of Cagamas Berhad, Cagamas MBS Berhad, Cagamas SME Berhad, BNM Sukuk Berhad, Cagamas SRP Berhad and Cagamas MGP Berhad. Its wholly-owned main operating subsidiary, Cagamas Berhad (Cagamas/The Company) is Malaysia's National Mortgage Corporation. The role of Cagamas is to support the national objective of achieving widespread home ownership and promoting the long term development of the domestic bond market. Cagamas MBS Berhad is a special purpose vehicle set-up to facilitate asset-securitisation transactions while Cagamas SRP Berhad provides mortgage guarantee to the primary lenders.

THE ROLE OF CAGAMAS IS TO SUPPORT THE NATIONAL OBJECTIVE OF ACHIEVING WIDESPREAD HOME OWNERSHIP AND PROMOTING THE LONG TERM DEVELOPMENT OF THE DOMESTIC BOND MARKET.

Cagamas currently purchases loans and financing under two schemes – Purchase with Recourse (PWR) and Purchase without Recourse (PWOR). Under the PWR scheme, Cagamas provides liquidity and takes on counterparty risk i.e. the credit risks of the selling institutions, subject to the latter's undertaking to replace ineligible loans and financing. Under the PWOR scheme, Cagamas absorbs all the credit risks of the loans and financing acquired.

Cagamas funds its purchases through the issuance of corporate bonds and sukuk in the form of fixed and floating rate bonds, discounted notes and sukuk. To manage liquidity risk, Cagamas issues corporate bonds and sukuk that match as closely as possible to the corresponding cash flows and maturity profiles of the portfolio of purchased loans and financing. All corporate bonds and sukuk issued by Cagamas are unsecured, and rank pari passu among themselves.

## OPERATING REVIEW 2016

### Global and Domestic Economic Environment

Global and domestic economic growth remained subdued in 2016, with signs of revival of growth gaining strength in major advanced economies in the latter part of 2016. Slower global growth, soft external demand and low commodity prices continued to place a drag on the Malaysian economy. Volatility in regional currencies, including the ringgit, and concern on Malaysia's fiscal position contributed to the weaker investor sentiment. Despite the challenging environment, the Malaysian financial system remained resilient throughout the year and domestic financial intermediation continued to be well-supported by sound and well-capitalised financial institutions (FIs). This was evidenced by the growth of banking system loans and deposits at 5.3% and 2.0% respectively coupled with a healthy loan to deposit ratio of 89.8% in 2016.

### Interest Rate and Liquidity Environment

Interest rate and liquidity in the banking sector remained supportive with banks maintaining strong liquidity buffers and Bank Negara Malaysia (BNM) adopting an accommodative monetary policy stance. BNM reduced the Statutory Reserve Ratio (SRR) from 4.0% to 3.5% in February 2016, to ensure sufficient liquidity in the banking system followed by a cut in Overnight Policy Rate (OPR) of 25 basis points in July to 3.00%.

### Property Market

House prices in Malaysia continue to rise, but at a slower pace. Based on data from the National Property Information Centre (NAPIC), the Malaysian House Price Index (MPHI) continued to show moderation, from an annual increase of 7.3% in Q3 2015 to 5.3% in Q3 2016. Residential property transactions nationwide contracted by 14% in Q3 2016 compared with Q3 2015, while transaction value shrank by 12%. High property prices and inadequate supply of affordable housing continued to be the main concern and challenges.

### Bond Market

Performance of the local bond market in 2016, was driven by both internal and external factors. Reduced new supply of government securities for tenures 7 years and below by RM20 billion saw increased investors' demand in the secondary market which caused a steepening of the sovereign yield curve. This was evidenced by the increase of 30 bps as measured by the increase in yield differences between the 3-year and 10-year Malaysian Government Securities (MGS) from end 2015. Growing market expectation for interest rate hike in the US underscored by improving economic data coupled with a weaker ringgit contributed to increased price volatility in the domestic bond market. Foreign holdings of MGS continued to increase in 1H 2016 and reached a peak in August 2016 at



RM186.9 billion or 52% of the total MGS outstanding. However, the surprise outcome of the US presidential election in November 2016 triggered a sharp reversal of foreign holdings which dropped by RM18.4 billion to RM168.5 billion in December 2016 and caused a sudden surge in government bonds and sukuk yields. The 5-year, 7-year and 10-year MGS benchmark yields spiked 55 bps, 75 bps and 69 bps respectively to end the year at 3.70%, 4.10% and 4.23% compared to levels following OPR cut by BNM on 13 July 2016.

In the corporate bonds and sukuk space, total issuances for the year 2016 were RM87 billion and was dominated by the financial services sector at 44% while infrastructure and utilities sector contributed 25% of the total issuances. Cagamas' new ringgit issuances which included three reopening of existing stocks contributed a total of RM6 billion or 7% of the total issuances for corporate bonds and sukuk in 2016. In terms of rating, Government Guaranteed issuances garnered 36% of the total issuances, followed by AAA-rated with 25%, AA-rated taking up 24%, A-rated with 5% of total issuances while the remaining 10% were non-rated.

## PURCHASE OF LOANS AND FINANCING

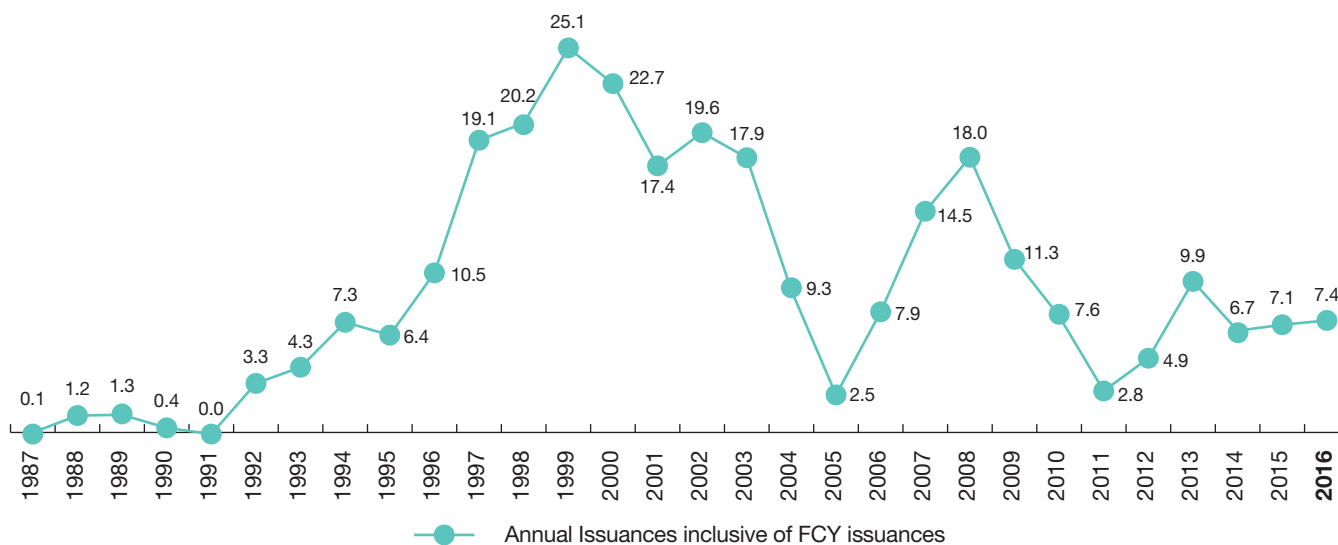
Cagamas recorded RM5.7 billion of purchases of loans and financing in 2016 (2015: RM6.1 billion). All loans and financing purchased in 2016 were under the PWR scheme. Cagamas' net outstanding loans and financing rose by 8% to RM32.5 billion in 2016 (2015: RM30.3 billion). For the year ended 31 December 2016, residential mortgage dominated Cagamas' portfolio at 95.4%, followed by personal loans and financing at 2.6% and hire purchase loans and financing at 2%. Cagamas' Islamic asset portfolio against conventional assets contracted to a ratio of 37:63, while PWR and PWOR loans and financing portfolios were at 57%<sup>1</sup> and 43%<sup>1</sup> respectively. The gross impaired loans and financing under the PWOR scheme remained low at 0.84%, while net impaired loans and financing was at 0.38%.

## ISSUANCE OF CAGAMAS BONDS AND SUKUK

Since 1987 until end 2016, Cagamas and its fully owned subsidiaries; Cagamas Global P.L.C. and Cagamas Global Sukuk Berhad had cumulatively issued approximately RM286.5 billion of corporate bonds and sukuk, including RM43.8 billion of sukuk and RM5.7 billion<sup>2</sup> equivalent of foreign currency (FCY) issuances.

**Table 1**  
**Annual Issuances, 1987 - 2016**

RM billion



<sup>1</sup> Gross loans and financing before loan loss provision and accretion

<sup>2</sup> Foreign currency issuance of RM5.7 billion valued as at issue dates

As one of the largest issuers of corporate bonds and sukuk in Malaysia, Cagamas has continued to diversify its funding sources and investor base to include a wider range of foreign institutional investors. In 2016, the Company issued a total of twenty one new Cagamas bonds and sukuk totaling RM7.4 billion, comprising RM4.9 billion bonds and RM2.5 billion sukuk. The issuances included thirteen new issuances and three reopening of Cagamas bonds and sukuk in ringgit as well as five new Cagamas FCY issuances. RM6.0 billion or 81% was raised from the ringgit bond market while the remaining RM1.4 billion<sup>3</sup> or 19% was issued under the Company's Multicurrency (EMTN) Programmes.

**Table 2**  
**Annual Bonds and Sukuk Issuances, 2006 – 2016**

RM billion



The Company continues to raise funding at competitive price in FCY through private placement deals. During the year, five FCY issuances with a total value of RM1.4 billion<sup>4</sup> were successfully priced. Three of the FCY issuances were in Singapore Dollar (SGD) while two were in USD.

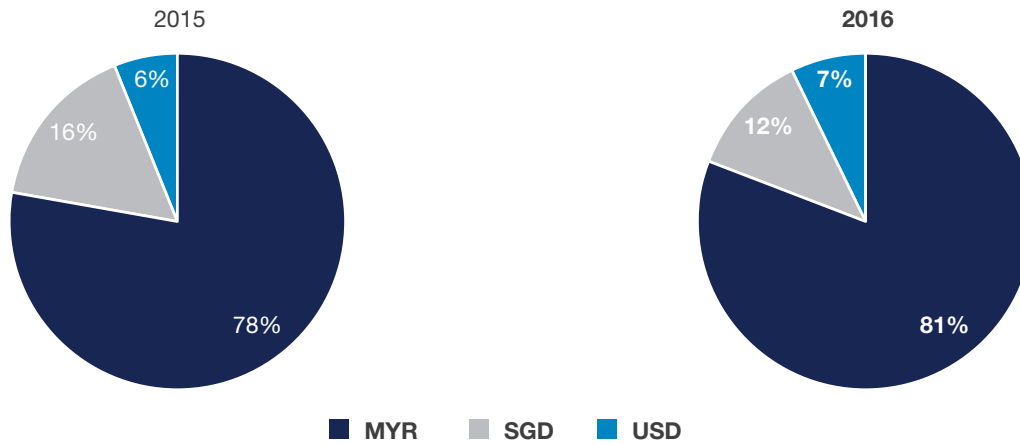
**Table 3**  
**Foreign Currency Issuances, 2016**

Issuance Date	EMTN Programme	Duration	Yield	Amount (million)
3 March	Conventional	1-year	2.30%	SGD87
3 March	Conventional	1-year	2.30%	SGD43.75
10 March	Sukuk	1-year	2.30%	SGD150
13 September	Conventional	1-year	1.60%	USD100
13 September	Conventional	1-year	1.60%	USD30

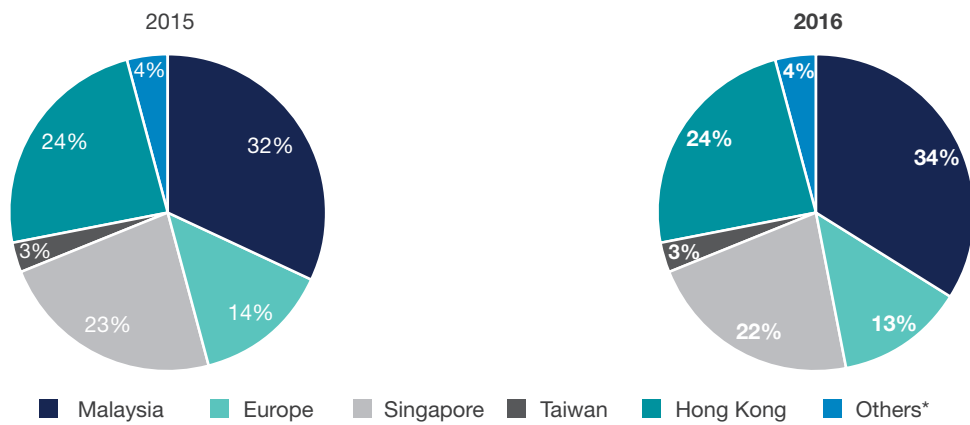
<sup>3</sup> Foreign currency issuance of RM1.4 billion valued as at issue date

<sup>4</sup> Foreign currency issuance of RM1.4 billion valued as at issue date

**Table 4**  
*Issuances by Currency, 2015 & 2016*



**Table 5**  
*Composition of Investors by Country, 2015 & 2016*



\* Others inclusive of Middle East, Korea and Offshore USA

As part of its initiatives to encourage trading activity and promote secondary market liquidity for the Company’s bonds and sukuk, Cagamas conducted reopening exercise under its RM40 billion Medium Term Notes (MTN) Programme starting October 2015. In 2016, Cagamas continued its reopening exercises by opening three more tranches in February, May and June 2016 for a combined size of RM875 million.

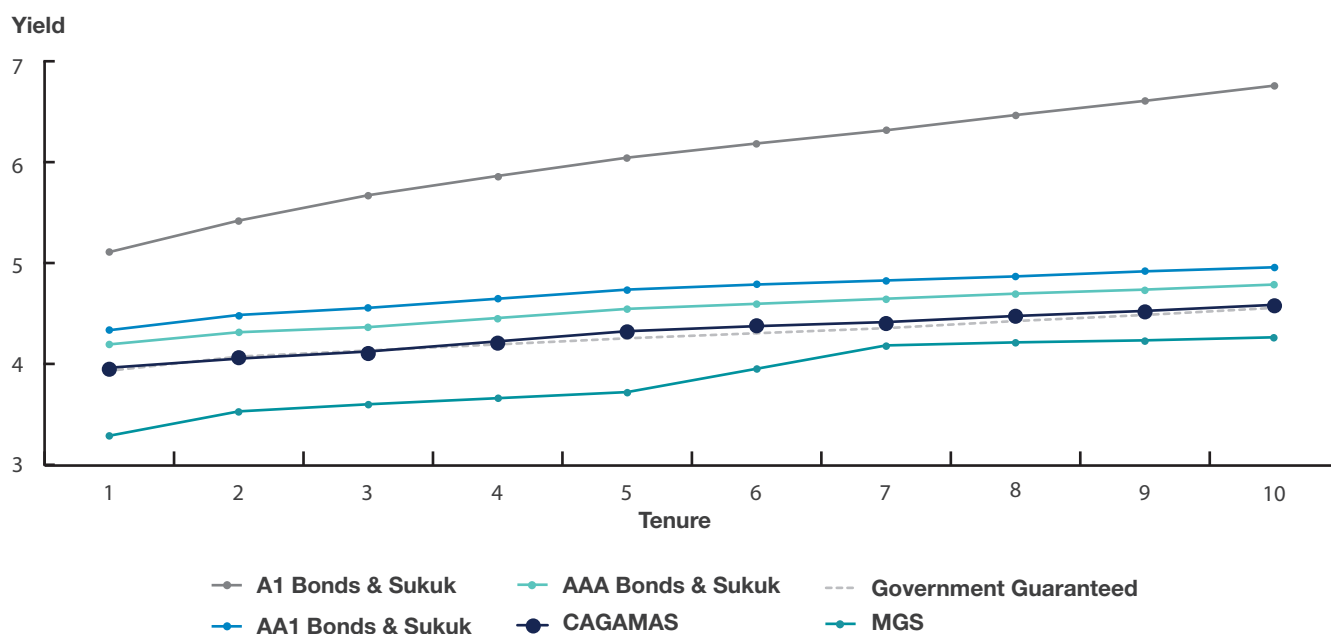
**Table 6**  
**Bonds and Sukuk Reopening, 2016**

Month	Initial Issue Size (RM Million)	Reopened Amount (RM Million)	New Size (RM Million)	Type
February	170	400	570	Sukuk
May	90	375	465	Sukuk
June	100	100	200	Bonds

The Company has also taken various proactive initiatives in 2016 to further promote secondary market liquidity to local and international investors. These include establishment of Cagamas pricing page in Bloomberg and Reuters platforms, offering value tracking mechanism to investors as well as inclusion of Cagamas bonds and sukuk in widely followed global indices to enhance visibility of Cagamas' bonds and sukuk among the local and international investors. The initiatives have successfully resulted in Cagamas registering the highest secondary market volume among AAA rated papers as well as in the domestic corporate bonds and sukuk market in 2016 with a total volume of RM17.1 billion, surpassing the volume of RM5.3 billion in 2015. In addition, the initiatives have also resulted in an increased holdings of Cagamas' ringgit bonds and sukuk among foreign investors from 1.9% in December 2015 to 5.3% in December 2016.

As at 31 December 2016, the Company's outstanding bonds and sukuk stood at RM30.8 billion of which RM25.6 billion or 83% was in ringgit and RM5.2 billion<sup>5</sup> or 17% was denominated in FCY. Bonds formed 64% of the Company's total bonds and sukuk outstanding while the balance 36% is sukuk. Cagamas remained the largest issuer of corporate bonds and sukuk in Malaysia, accounting for 5% of total outstanding corporate bonds and sukuk and 19% of outstanding AAA-rated bonds and sukuk.

**Table 7**  
**Bond Yield Comparison as at 31 December 2016**



<sup>5</sup> Foreign currency issuance of RM5.2 billion valued as at 31 December 2016

Lower supply of short-dated government securities in 2016 increased the demand for such papers in the secondary market and resulted in a widening of credit spread between government securities and corporate bonds and sukuk. The average credit spread of Cagamas bonds and sukuk against MGS for 1-year to 10-year increased by 13 bps from 60 bps in 2H 2015 to 73 bps in 1H 2016. In Q4 2016, MGS yields surged higher due to foreign fund outflows spurred by interest rate hike in the US. However, the impact on domestic corporate bonds and sukuk was minimal due to lower foreign holdings. As a result, credit spread between MGS and Cagamas narrowed from 73 bps in 1H 2016 to 50 bps in December 2016. Cagamas' bonds and sukuk also continued to outperform its peers, registering a yearly average spread of 24 bps below other AAA-rated issues in 2016.

Cagamas' ability to attract investment in its bonds and sukuk has been underpinned by its strong credit rating, track record of strong capitalisation, robust asset quality and stable profitability. For the year 2016, Cagamas continued to be assigned the highest ratings of AAA and P1 by RAM Rating Services Berhad (RAM) and AAA/AAA<sub>ID</sub> and MARC-1/MARC-1<sub>ID</sub> by Malaysian Rating Corporation Berhad (MARC). Moody's Investors Service has also assigned local and foreign currency long-term issuer ratings of A3 to Cagamas, which is in line with Malaysian sovereign ratings. In addition, RAM and Moody's have maintained the ratings of <sub>g</sub>A<sub>2</sub>(s) and A3 respectively to the USD2.5 billion Multicurrency Medium Term Note Programme and USD2.5 billion Multicurrency Sukuk Issuance Programme issued by its subsidiaries, Cagamas Global P.L.C. and Cagamas Global Sukuk Berhad respectively.

**Table 8**  
**Cagamas Ratings**

	Ratings Agency		
	RAM	MARC	Moody's
Cagamas Berhad	AAA and P1	AAA/AAA <sub>ID</sub> and MARC-1/MARC-1 <sub>ID</sub>	A3
Cagamas Global P.L.C.	<sub>g</sub> A <sub>2</sub> (s)	–	A3
Cagamas Global Sukuk Berhad	<sub>g</sub> A <sub>2</sub> (s)	–	A3

## MORTGAGE GUARANTEE

Cagamas SRP Berhad (CSRP) offers mortgage guarantee as a "first loss" protection on residential mortgage portfolio of the FIs. The guarantee reduces the credit risk of the FI's housing loans and financing and thus reduces the capital charge. From the homebuyer's perspective, the guarantee serves as a useful facility to enable them to obtain up to 100% financing from the FIs to own their first home through the Skim Rumah Pertamaku (SRP) and Skim Perumahan Belia (SPB).

As at 31 December 2016, CSRP's guarantee exposure to the SRP and SPB schemes increased to RM95.5 million compared with RM45.5 million in 2015. The growth in the value and number of new loans and financing approved with guarantee cover for SRP and SPB was mainly due to greater public awareness of the schemes through the participating FIs. Since the launch of SRP and SPB in year 2011 and 2015 respectively, CSRP had provided guarantee for housing loans and financing totalling RM981.0 million, enabling 4,655 individuals/households to own their first house.


**Table 9**  
**Skim Rumah Pertamaku (SRP) and Skim Perumahan Belia (SPB)\***

	2011 – 2015	2011 – 2016	Growth
(RM'million)			
<b>Guaranteed Exposure</b>			
SRP	45.5	95.5	+110%
SPB	38.9	71.6	+84%
	6.6	23.9	+262%
(RM'million)			
<b>Loans and Financing Value</b>			
SRP	465.7	981.0	+111%
SPB	397.3	732.0	+84%
	68.4	249.0	+264%
<b>Number of New Loans and Financing Approved</b>			
SRP	2,255	4,655	+106%
SPB	1,975	3,610	+83%
	280	1,045	+273%

\* SPB was launched in 2015

## SECURITISATION

As at end 2016, total outstanding CMBS bonds and sukuk stood at RM4.2 billion out of the total issuance of RM10.2 billion. The remaining CMBS bonds and sukuk are expected to mature by 2027. There was no new securitisation deal during the year.



Providing financial support and  
security towards meeting  
housing needs

# Support



# CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS (THE BOARD), I AM PLEASED TO PRESENT THE ANNUAL REPORT OF CAGAMAS HOLDINGS BERHAD (THE GROUP) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016.





## INTRODUCTION

Global economic growth was subdued in 2016 but showed signs of revival of growth picking up momentum in the latter part of the year in the major advanced economies. In the financial market, the shock of “Brexit” referendum in June caused considerable uncertainty on the future outcome of the European Union. In Asia, growth was supported by domestic demand amid some recovery in commodity prices while China’s economic transformation continued to make progress with stronger signs of stabilisation. Against this backdrop, the Malaysian economy continued to expand, but at a slower pace than 2015. Domestic monetary policy remained accommodative and supportive of growth. In the banking system, liquidity buffers were strong following reduction in Statutory Reserve Ratio (SRR) to 3.5% from 4.0% in February and a cut in Overnight Policy Rate (OPR) by 25 basis points in July.

Donald Trump’s victory in the US election in late 2016 led to a spike in US Treasury yields on expectations that the new administration’s policies would ramp up growth and inflationary pressures, leading to substantial outflow of funds from emerging markets with significant impact on movements of exchange rates. In Malaysia, foreign holdings of Ringgit Bonds dropped from a high of RM246.9 billion in August to RM215.6 billion in December 2016. As a result, yield of 10-year Malaysian Government Securities (MGS) spiked from a low of 3.49% in August 2016 to close the year 2016 at 4.23%. Yields for corporate bonds including Cagamas papers moved in tandem with the MGS. 10-year bond yields for AAA corporate and Cagamas increased from a low of 4.44% and 4.31% in August 2016 to 4.71% and 4.63% respectively in December 2016. On the other hand, the yield spread for Cagamas’ 10-year bond over MGS improved year-on-year, with a tightening of 22 bps from 62 bps in December 2015 to 40 bps in December 2016.

CAGAMAS ACHIEVED THE HIGHEST SECONDARY MARKET VOLUME IN THE FIXED INCOME MARKET AND AMONG AAA RATED PAPERS, WITH A TOTAL TURNOVER OF

# RM17.1 billion

surpassing the RM5.3 billion achieved in 2015.

## HIGHLIGHTS

In 2016, Cagamas achieved the highest secondary market volume in the fixed income market and among AAA rated papers, with a total turnover of RM17.1 billion, surpassing the RM5.3 billion achieved in 2015. The reopening exercises in 2016 contributed to the higher secondary market volume. We also successfully launched an exclusive Cagamas pricing page on the Bloomberg and Reuters platform on 25 April 2016 and 1 November 2016 respectively, as part of our proactive initiatives to promote greater liquidity of Cagamas bonds and sukuk in the secondary market, improve price discovery and also enhance Cagamas’ visibility among the local and international investors. More significantly, Cagamas Ringgit bonds and sukuk have been included in the widely followed Bank of America Merrill Lynch Index and S&P Dow Jones Index. Both achievements underscore Cagamas’ commitment to becoming an issuer with global reach. During the year, Cagamas was conferred the ‘Emas’ Status by Bank Negara Malaysia for Cagamas’ maiden Singapore Dollar denominated Sukuk EMTN issuance, the award for outstanding contribution towards the development of Shariah Compliant Mortgage Securitisation by the London Sukuk Summit Awards 2016, the Islamic Finance Advocacy Award (Institutional) 2016 by the Global Islamic Finance Award and the Best Local Currency Sukuk for Cagamas’ RM500 million Commodity Murabahah Sukuk by The Asset.

Cagamas continued to focus on its primary mandate as a cost-efficient secondary housing mortgage financier to help promote the spread of home ownership in Malaysia. Cagamas contributed to the Government’s initiatives in affordable housing schemes by participating in the Skim Rumah Pertamaku (My First Home Scheme) (SRP) and Skim Perumahan Belia (Youth Housing Scheme) (SPB), as the mortgage guarantee provider. Since the launch of SRP and SPB in 2011 and 2015 respectively, Cagamas had provided guarantee for housing loans totaling RM981 million, facilitating 4,655 individuals/households to own their first house.

As part of our efforts to promote regional cooperation among the secondary mortgage corporations in Asia, Cagamas participated in the establishment of the Asian Secondary Mortgage Market Association (ASMMA). The ASMMA is a platform for secondary mortgage market corporations in Asia to exchange ideas, views and experiences in promoting the housing finance market, compare best practices, and updates on regional capital market integration.

THE GROUP ACHIEVED A HIGHER PRE-TAX PROFIT OF

## RM574.2 million

compared with RM558.3 million in 2015 with both Cagamas Berhad and Cagamas MBS Berhad the key contributors.

### FINANCIAL PERFORMANCE

For the financial year ended 2016, I am pleased to report that the financial position of the Group, which included Cagamas Berhad (CB), Cagamas MBS Berhad (CMBS) and Cagamas SRP Berhad (CSRP), remained strong. The Group achieved a higher pre-tax profit of RM574.2 million compared with RM558.3 million in 2015 with both CB and CMBS the key contributors. The Group's Core Capital Ratio (CCR) and Risk Weighted Capital Ratio (RWCR) stood at a high of 36.3% and 38% respectively, as at end 2016. Excluding CMBS, the Group's CCR and RWCR was 26% and 27.8% respectively. Total shareholders' funds increased to RM5.9 billion from RM5.6 billion, while net tangible asset per share was higher at RM39.6, compared with RM37.1 the year before.

CB, the main operating arm, posted a pre-tax profit of RM332.0 million in 2016 compared with RM343.4 million in 2015. Earnings per share of CB were 170.0 sen in 2016 compared with 170.4 sen in 2015. Total shareholders' funds grew by 6.7% to RM3.2 billion, while net tangible asset per share was higher at RM21.3. CB's CCR and RWCR were strong at 22.3% and 24.1% respectively.

During the financial year, the securitisation arm, CMBS contributed a pre-tax profit of RM230.9 million, compared with RM205.2 million in 2015. There was no redemption in 2016, hence the total CMBS bonds and sukuk outstanding remained at RM4.2 billion, from a total issuance of RM10.2 billion. The remaining CMBS bonds and sukuk are expected to mature by August 2027.

The year saw CSRP, the wholly owned subsidiary of Cagamas Holdings which provides guarantee for residential mortgages, making further progress with the launch of the Skim Perumahan Belia (Youth Housing Scheme) (SPB). Guarantee activities achieved a 68.8% rise in premiums received and a commendable combined increase of 140% in loans guaranteed under the Skim Rumah Pertamaku (My First Home Scheme) and Skim Perumahan Belia (Youth Housing Scheme). Pre-tax profit from guarantee activities was RM2.3 million in 2016, an annual growth of 114.1%.

During the year, CB maintained the international ratings of A3 by Moody's Investors Service (Moody's) and the domestic ratings of AAA by both Malaysian Rating Corporation Berhad and RAM Rating Services Berhad. This is a testament to Cagamas' consistent track record of strong capital, high asset quality, stable profitability and robust risk management system.

CB continued to play an active role in facilitating deeper intermediation in the Malaysian financial sector by providing liquidity and capital and risk management solutions. CB also offer a wider source and tenor of funding for financial institutions. The value of Purchase with Recourse (PWR) transactions in 2016 was RM5.7 billion, compared with RM6.1 billion in 2015. Total outstanding loans and financing of CB amounted to RM32.5 billion as at the end of December 2016.

Cagamas recorded larger bonds and sukuk issuances of RM7.4 billion in 2016, as compared with RM7.1 billion in 2015. The issuances in 2016 comprised RM4.9 billion bonds and RM2.5 billion sukuk. Of the total issuances, 81% or RM6.0 billion were issued locally while the remaining balance were sourced internationally. CB's fixed income securities accounted for 5% of total outstanding corporate bonds and sukuk, and 19% of all outstanding AAA corporate bonds and sukuk in Malaysia.

### DIVIDENDS

For the financial year ended 31 December 2016, the Group declared a total dividend of 20 sen per share to the shareholders.

### INITIATIVES IN 2016

In furtherance of our commitment to holding ourselves to high ethical standards, several measures were taken during the year to enhance our governance framework. The Board Charter, which was drawn in line with the provisions of Bank Negara Malaysia's Guidelines on Corporate Governance, was adopted in 2016. Improvements to our risk and compliance culture and awareness were undertaken through broader engagement of staff and adoption of Bank Negara Malaysia's 13 risk governance principles. This has been reflected in the strengthening of internal controls and more effective management oversight. A risk awareness teambuilding event was held on 15 October 2016 to further embed risk culture among our staff. The Loan Administration System project, one of the core systems to enhance process efficiency was officially launched in November 2016.

Cagamas continued to assist the less fortunate through our Corporate Social Responsibility (CSR) and Zakat initiatives. The Cagamas Scholarship Programme (CSP) was launched for deserving students and is based on a holistic approach, with a focus on academic excellence as well as the development of soft skills. Other CSR/Zakat initiatives include the support of single mothers and the physically handicapped in improving their ability to become self-sufficient through organisations such as Amanah Ikhtiar Malaysia (AIM) and Damai Disabled Persons Association Malaysia.

CAGAMAS RECORDED LARGER BONDS AND SUKUK ISSUANCES OF

# RM7.4 billion

in 2016, as compared with RM7.1 billion in 2015.

In addition, Cagamas launched its book translation series entitled *Kitab Al-Luma' Fi Usul Al-Fiqh* (The Refulgence of the Principles of Islamic Jurisprudence) by Abu Ishaq Al Shirazi (1003-1083 C.E.) and *Kitab Al-Waqf Fro Kitab Al-Mughni Al-Muhtaj* (The Book of Endowment) by Al-Khatib Al-Shirbini (D.1067 C.E.). These books are expected to play a crucial role in fulfilling the need for more literature on Islamic finance. Cagamas also partnered with the International Shari'ah Research Academy (ISRA), a research arm of the International Centre for Education in Islamic Finance (INCEIF), to publish the 2nd edition of the *Islamic Financial System: Principles & Operations*, an Islamic financial markets textbook widely adopted by local and foreign universities.

## OUTLOOK

Recovery in the major advanced economies gained some strength and has become more broad-based as 2017 unfolds. However, global economic performance in 2017 is expected to remain very challenging and less certain with the Brexit in progress and the dramatic shift in policy direction by the new US administration towards protectionism. Economic and political uncertainties have risen significantly with the new US administration's intention to re-negotiate trade agreements and challenge certain existing institutional arrangements. The outcome could have profound global ramifications on trade, investments and capital flows. In the European Union, possible realignments of socio and political agenda arising from elections in 2017 could have consequences on the global economy and the Asian region. These events as they emerge could cause heightened financial market volatility with adverse effect on movements of exchange rates, capital flows and long term investment in many emerging economies.

The Malaysian economy is expected to face headwinds emanating from the international front. Firming commodity prices is expected to provide some support to exports and domestic demand. Overall, the Malaysian economy is expected to expand by 4.0% to 5.0% in 2017.

In facing the less certain environment and the need to stand ready to support the banking industry with refinancing avenue, Cagamas' strong capital and capacity to offer a broader range

of financing solutions have placed it in a sound position to enhance intermediation by the banking industry. Cagamas will also be exploring refinancing of new asset classes, including the infrastructure and SME sectors. At the same time, we will continue to step up efforts to further diversify our funding sources and promote a broader range of bonds and sukuk in the capital market. On the Islamic finance front, we will strive to introduce more globally accepted sukuk structures to attract a larger pool of international and regional investors.

Cagamas' business has evolved and broadened as we played a more pro-active role to provide liquidity support to the local financial institutions via competitive cost of funding from a diversified pool of investors. We continuously aim to deliver greater value to financial institutions with new products, services, and tools needed to serve the market more effectively and efficiently. In our efforts to help Malaysians gain access to affordable housing at viable terms, we will continue to play an active role in supporting the banking sector financing of the Government's affordable home ownership programmes such as the Skim Rumah Pertamaku, Skim Perumahan Belia and PR1MA.

## ACKNOWLEDGEMENTS

On behalf of the Board, I wish to express our appreciation to our shareholders for their continued confidence and support. I also wish to extend our gratitude to the regulatory authorities, in particular the Ministry of Finance Malaysia, Bank Negara Malaysia, the Securities Commission Malaysia, the Companies Commission of Malaysia, Bursa Malaysia and Labuan Financial Services Authority for their guidance and support.

It gives me great pleasure to welcome the new directors to the Group, namely, Mr. Abdul Rasheed Ghaffour, Ms. Wan Hanisah Binti Wan Ibrahim, Mr. Nik Mohd Hasyudeen bin Yusoff, Dato' Wee Yaw Hin and Mr. Nazrul Hisyam bin Mohd Noh. I would also like to thank Dato' Huang Sin Cheng, Mr. Tang Wing Chew and Mr. Cheah Tek Kuang for their valuable contributions to the Board during their tenure as directors in the Group.

Finally, the Board wishes to express its deepest appreciation to the Management and staff of the Cagamas group of companies for their dedication, commitment and valuable contribution to the Group throughout the year.



**Dato' Ooi Sang Kuang**  
Chairman

The background is a watercolor-style wash of colors, primarily teal and light pink, with some darker teal and brownish tones. The colors are blended and textured, creating a soft, artistic feel.

# Productivity

Offering a broader range of innovative financing solutions



The Board of Directors (Board) of Cagamas Holdings Berhad (the Company) is committed to ensuring that the Company and its subsidiaries (the Group), practices the highest standards of corporate governance so that its affairs are conducted with integrity and professionalism to safeguard the financial performance of the Group and enhance long term shareholders' value. To this end, the Board has adopted the Bank Negara Malaysia's Corporate Governance 2016 as its guiding principles to ensure that the highest standards of corporate governance are practiced throughout the Company and the Group.

## BOARD OF DIRECTORS

### The Composition and Independence of Directors

The Board consists of nine Non-Executive Directors, comprising senior officers/representatives and chief executives of Bank Negara Malaysia and financial institutions, as well as experienced professionals nominated by the Board.

Based on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa) criteria, the majority of the Company's Directors are considered independent as they are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Directors do not participate in the day-to-day running of the Company's business. The Directors provide objective and independent views for the Board's deliberations.

The Group Board Governance Committee (GBGC) and the Board have upon their annual assessment, concluded that the Independent Non-Executive Directors continue to demonstrate conduct and behaviour that are essential indicators of independence and that each of them continues to fulfil the definition of independence.

All Directors within the Group, including at the subsidiary level, have wide and in-depth experience in macroeconomics, banking and financial services, capital markets and management of financial institutions. Collectively, the Directors bring to the Board a broad and diverse range of knowledge in banking and finance, capital markets, accounting, economics and risk management.

### Clear Roles and Responsibilities

The direction and control of the Group rests with the Board, and the Board assumes the overall responsibility for corporate governance, strategic direction, risk appetite, formulation of policies, oversight on the operations of the Group and the conduct and performance of the Chief Executive Officer (CEO) and Senior Management. The Board ensures that an appropriate system is in place to identify the Group's material risks and that appropriate internal controls and mitigation measures are implemented to manage these risks. The Board is also entrusted to ensure adequacy and the integrity of the Group's internal control systems and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines.

The Board oversees the conduct and performance of the Group's business by reviewing and approving the Group's strategic business plan and annual budget. Annual and medium term Key Performance Indicators for the CEO and Senior Management of the Company are deliberated and set by the Board. Updates on the key operations of the Group are provided to the Board for review at every Board meeting. In addition, significant matters presented to the Board of the subsidiaries are forwarded to the Board for information or endorsement.

The Board sets the overall risk appetite for the Group's business. The oversight of management of risks within the Group is undertaken by the Board Risk Committee (BRC) of Cagamas Berhad. The BRC oversees the development of risk management strategies, policies, critical internal processes and systems to assess, measure, manage, monitor and report risk exposures within the Group. The BRC reports directly to the Board of Cagamas Berhad which in turn, updates and where necessary, seeks input from the Board of Cagamas Holdings Berhad on decisions pertaining to risk reviews and other risk related matters. The BRC is supported by the Risk Management and Compliance Department (RMD) of Cagamas Berhad which is responsible for performing risk reviews and assessments on the operations of Cagamas Berhad and other subsidiaries of the Company. The Chief Risk Officer reports directly to the BRC. The RMD also submits the risk reviews to the respective Board of Directors of the subsidiaries.

The Chairman of the Company leads the Board and ensures it performs and functions effectively in meeting its obligations and responsibilities. Being an investment holding company, Cagamas Holdings Berhad does not have a Chief Executive Officer or any employees. Nevertheless, the day-to-day operations of the Group are being undertaken by the main operating entity, Cagamas Berhad.

At Cagamas Berhad, there is a clear segregation of roles and responsibilities between the Chairman and the CEO of Cagamas Berhad. The Chairman provides leadership to the Board/the Group and ensures that the Board functions effectively; he leads discussions on overall strategies, policies, risk appetite and oversight on the conduct of the Group's business. The CEO of Cagamas Berhad leads the Management of Cagamas Berhad and is responsible for the implementation of the strategies and policies as well as the day-to-day running of the Group's business.

### **Company Secretary**

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretary and the Compliance Officer who are experienced and knowledgeable on new statutes and directives issued by regulatory authorities and the resultant implications for the Group and the Directors in relation to their duties and responsibilities. The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded in the statutory books maintained at the registered office of the Company. The Company Secretary also facilitates timely communication of decisions made and policies set by the Board and the Group Board Audit Committee (GBAC) and GBGC to the Senior Management for action.

### **Board Meetings**

During the financial year ended 31 December 2016, the Board met four times to deliberate on a wide range of matters, including the Company's business performance, risk profile, business plans and strategic issues that affect the Group's business. Board papers providing updates on operations, financial, risk profile, regulatory issues and corporate developments are sent to the Directors in advance of each meeting.

All Directors have direct access to the advice of the Senior Management of Cagamas Berhad. In furtherance of their duties, the Board is entitled to seek independent professional advice at the Company's expense, as and when deemed necessary.

### **Board Committees**

At present, the Board is assisted by the GBAC and the GBGC which operate within their specified terms of reference ("TOR") as approved by the Board.

The GBGC comprises four Non-Executive Directors, namely:  
 Dato' Ooi Sang Kuang (Chairman)  
 Tan Sri Dato' Sri Tay Ah Lek  
 Mr. Shaik Abdul Rasheed bin Abdul Ghaffour  
 Mr. Nik Mohd Hasyudeen bin Yusoff

The GBGC is responsible for the review of the Group's corporate governance practices and to ensure that the Group's governance practices are in line with best practices. The GBGC is also responsible to annually assess the effectiveness of the Board as a whole, the Board Committees and the contributions of individual Directors, and propose appointments to the Board and Board Committees. With the establishment of the GBGC, a formal procedure is established for the identification, nomination and evaluation of the Board and recommendation for appointment to the Board or Board Committees. The decision as to who shall be nominated is the responsibility of the Board of the respective companies after considering the GBGC's inputs and recommendations.

Other committees, namely the Board Executive Committee, Board Staff Compensation and Organisation Committee and Board Risk Committee remain at Cagamas Berhad.

### **Appointment and Re-election of Directors**

The Directors are nominated by the shareholders or members of the Board. These nominations are reviewed by the GBGC which then presents its recommendations to the Board for approval.

In accordance with the Company's Articles of Association (Articles), at least one-third of the Directors is to retire from office at each Annual General Meeting (AGM) of the Company and may offer themselves for re-election. The Articles also state that Directors appointed by the Board during a particular year are subject to election by the shareholders at the next AGM held following their appointments.

### **Directors' Remuneration**

The Company's policy on Directors' remuneration is to attract and retain Directors of the calibre and experience needed to provide sound and effective oversight of the Group's activities. The GBGC reviews the remuneration of the Non-Executive Directors every three years to ensure the Directors are appropriately remunerated for their contributions to the Group, taking into account the level of expertise, commitment and responsibilities undertaken.

The proposed Directors' fees are approved by the shareholders at the AGM. The aggregate remuneration payable to all the Directors for the financial year ended 31 December 2016 is RM548,418 comprising Directors' fees of RM394,918 and meeting allowances of RM153,500.

## Directors' Training

Some of the Directors are also Directors of public-listed companies and have attended the Mandatory Accreditation Programme as required under the Main Market Listing Requirements of Bursa. All Directors of Cagamas Berhad have/are required to attend the Financial Institutions Directors' Education (FIDE) Core Programme. The annual directors training programme focuses on the continued enhancement of the Directors' skill sets and updates on recent developments in the financial services sector, including relevant new laws and regulations.

## Investor Relations and Shareholders' Communication

The Board recognises the importance of effective and timely communication with all its shareholders and bondholders. The Group's strategies, plans, financial information and new products are communicated to the shareholders and investors through letters, the Annual Report, press statements and announcements, and other financial information providers e.g. Bloomberg, Thomson Reuters, Bursa Labuan International Financial Exchange and Singapore Exchange Limited. The principal forum for dialogue with shareholders continues to be the AGM. At the AGM, the Chairman highlights the performance of the Group and provides the shareholders every opportunity to raise questions and seek clarification on the business and performance of the Group.

Cagamas Berhad maintains a website, [www.cagamas.com.my](http://www.cagamas.com.my) which provides comprehensive up-to-date information on the Group's products, rates and financial information.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board aims to present a balanced assessment of the Company's financial position and prospects in its annual financial statements to shareholders and bondholders. Following discussions with the Chief Financial Officer, Vice President/Head of Internal Audit and external auditors, the Directors determine and declare that in preparing the financial statements, the Company is compliant with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the Companies Act 2016 in Malaysia and has used appropriate accounting policies which are consistently applied and supported by reasonable judgements and estimates and that all accounting standards which they consider applicable have been followed.

### Internal Control

The Company's Statement on Internal Control is set out on pages 51 to 52 of this Annual Report.

### Relationship with Auditors

The Report on the role of the GBAC in relation to the internal and external auditors is described on pages 47 to 50 of this Annual Report. For the financial year ended 31 December 2016, the external auditors attended two meetings with the GBAC. The first meeting was to report on the financial statements for the financial year ended 31 December 2015, and the second meeting was to present their audit plan and scope of audit for the financial year ended 31 December 2016. At one of the meetings, a session was held between the GBAC and the external auditors without the presence of the Management staff. The external auditors are also invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

Auditors' remuneration as well as non-audit fees paid are shown on page 128 of this Annual Report.



# Report of the Group Board Audit Committee

## 1. MEMBERS

For the year of 2016, the members of the Group Board Audit Committee are as follows:

Datuk George Ratilal (Chairman)  
Datuk Azizan Haji Abd Rahman  
Dato' Lee Kok Kwan  
Ms. Wan Hanisah Wan Ibrahim (appointed on 26 May 2016)

The Committee members comprised independent Non-Executive Directors based on the broad description in the Malaysian Code on Corporate Governance. The Directors do not participate in the day-to-day running of the Group's business and are independent of Management. The Directors do not hold shares in their personal capacity and are not influenced by any significant shareholder of the Group. There is no one group of Directors or any individual Director who dominate the Committee's discussions or decision-making. The Directors bring an independent view to the Committee's deliberations.

## 2. ATTENDANCE AT MEETINGS

The Committee held four meetings during the financial year ended 31 December 2016 with the President/Chief Executive Officer and the Head of Internal Audit in attendance. Other senior officers of Cagamas Berhad attended the meetings by invitation. The record of attendance of meetings by the members is as follows:

Name of Committee Member	No. of Meetings Attended
Datuk George Ratilal	4/4
Datuk Azizan Haji Abd Rahman	4/4
Dato' Lee Kok Kwan	4/4
Ms. Wan Hanisah Wan Ibrahim	2/2

The Group's External Auditors, Messrs. PricewaterhouseCoopers had attended two meetings during the year to report on the audit for financial year ended 31 December 2015 and to present their audit plan and scope of work for the Group for the year 2016.

## 3. COMPOSITION AND TERMS OF REFERENCE

### Authority

- a) The Committee shall have unlimited access to all information and documents relevant to its activities, to the Internal and External Auditors, and to Management of the Companies within the Group.
- b) The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise to attend meetings whenever it deems necessary.
- c) The Committee is authorised by the Board to investigate any activity within its purview and members of the Committee shall direct all employees to co-operate as they may deem necessary.

### Size and Composition

- a) The Committee shall be appointed by the Board from amongst the Non-Executive Directors and shall comprise a minimum of three members, a majority of whom shall be independent Directors.
- b) If for any reason the number of members is reduced to below three, the Board must fill the vacancies within three months.
- c) The members of the Committee shall elect a Chairman from amongst their members who shall be an independent Director.
- d) At least one member of the Committee:
  - i) must be a member of the Malaysian Institute of Accountants (MIA); or
  - ii) if he is not a member of the MIA, he must have at least three years' working experience and:
    - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    - he must be a member of one of the association of accountants specified in Part II of the First Schedule of the Accountant Act, 1967; or

# Report of the Group Board Audit Committee

- iii) he must have a degree/masters/doctorate in accounting or finance and at least 3 years post qualification experience in accounting or finance; or
  - iv) he must have at least 7 years experience being a Chief Financial Officer of a Corporation or having function of being primarily responsible for the management of the financial affairs of a corporation.
- e) No member of the Committee shall have a relationship, which in the opinion of the Board will interfere with the exercise of independent judgment in carrying out the functions of the Committee.

## Meetings

- a) Meetings will be held once a quarter or at a frequency to be decided by the Chairman and the Committee. Invitation shall be extended to President/Chief Executive Officer to attend the meeting. The Committee may invite any person to be in attendance to assist in its deliberations.

## Quorum

- a) A quorum shall consists of two members.

## Secretary

- a) The Secretary to the Committee shall be the Head of Internal Audit.

## Duties and Responsibilities

### Financial Reporting

- a) Review the consolidated annual financial statements of the Group for submission to the Board of Directors for approval, to ensure compliance with disclosure requirements and the adjustments suggested by the External Auditors. These include:
- Review of the auditors' report and qualifications (if any) which must be properly discussed and acted upon to remove the auditors' concerns in future audits;
  - Changes and adjustments in the presentation of financial statements;
  - Major changes in accounting policies and principles;
  - Compliance with accounting standards and other legal requirements;
  - Material fluctuations in statement of balances;
  - Significant variants in audit scope; and
  - Significant commitment or contingent liabilities.

- b) Review the half yearly Condensed Interim Financial Statement for Cagamas Berhad and its subsidiaries for submission to the Board of Directors for approval, to ensure compliance with disclosure requirements.

## Internal Audit

- a) Review the scope and results of Internal Audit procedures including:
- Compliance with internal auditing standards, the Group's internal controls, policies and other legal requirements;
  - Adequacy of establish policies and procedures and internal controls;
  - Co-ordination between the Internal and External Auditors;
  - Exercising independence and professionalism in carrying out Internal Audit work;
  - Reporting of results;
  - Recommending changes in accounting policies to the Board; and
  - Recommending and ensuring the implementation of appropriate remedial and corrective actions regularly.
- b) Responsible for establishment of the Internal Audit functions which include:
- Approval of the Internal Audit Charter;
  - Approval of the Internal Audit Plan;
  - To evaluate the performance and decide on the remuneration package of Head of Internal Audit in concurrence with the Company's remuneration policy;
  - Reviewing the adequacy of the scope, functions and resources of the Internal Audit Department or scope restrictions encountered in the course of the function's work;
  - Approval of the appointment or termination of the Head of Internal Audit;
  - Notification of resignation of Internal Audit staff and to provide opportunity for such staff to submit reasons for resigning;
  - Ensuring that the Internal Audit functions have appropriate standing within the Group;
  - Alignment of goals and objectives of the Internal Audit functions with the Group's overall goals; and
  - Placing Internal Audit under the direct authority and supervision of the Committee.

- c) Review the Internal Audit reports before submission to the Board of Directors of the respective Companies within the Cagamas Group and recommend to the Board of Cagamas Holdings for information/endorsement.
- d) Evaluate the findings and ensure that appropriate and prompt remedial actions are taken by the Management of the respective Companies on major deficiencies in controls or procedures that are identified.

#### External Audit

- a) To assess the objectivity, performance and independence of External Auditors.
- b) To discuss with and review the external audit plan, the findings on system of internal controls (including Management's actions and the relevant audit reports).
- c) To review the External Auditors engagement letter and Management's response.
- d) Recommend to the Board the appointment of External Auditors, the audit fee and any question of resignation or dismissal of the External Auditors.
- e) Discuss matters arising from the previous year's audit, review with the External Auditors the scope of their current year's audit plan, their evaluation of the accounts and internal controls systems, including their findings and recommended actions.
- f) Review changes in statutory requirements and any significant audit problems that can be foreseen as a result of previous year's experience or because of new developments.
- g) Evaluate and review the role of External Auditors from time to time.
- h) To approve the provision of non-audit services by the External Auditors, evaluation whether there are any potential conflicts arising from such non-audit services.
- i) To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with exercise of independent judgement of the auditors.
- j) The Audit Committee shall meet with the External Auditors at least once a year without the presence of the management to discuss any key concerns and obtain feedbacks.

#### Related Party Transaction

- a) Review any significant related party transaction or conflict of interest situation that may arise within the Group.
- b) Review any significant transactions, which are not a normal part of the Group's business.

#### Other Responsibility

- a) To review the Management's proposal for payment of dividend prior to submission to the Board for approval.
- b) Perform any other functions as may be delegated by the Board from time to time.

## 4. SUMMARY OF ACTIVITIES

During the financial year, the Committee carried out its duties, as set out in the terms of reference. A summary of the main activities undertaken by the Committee is as follows:

#### Internal Audit

- a) Reviewed and approved the Internal Audit Plan for Financial Year 2017 to ensure adequate scope, coverage over the activities of the Group and the resources requirements of internal audit to carry out its functions;
- b) Reviewed the internal audit reports, audit recommendations and Management's responses to the audit findings and recommendations;
- c) Reviewed the status report on Management's efforts to rectify the outstanding audit issues to ensure that appropriate actions have been taken as per the audit recommendations;
- d) Provided independent evaluation on the performance of the Head of Internal Audit;

#### External Audit

- a) Reviewed audit plan and scope of work of the External Auditors for the year 2016;
- b) Recommended the re-appointment of External Auditors and their audit fees to the Board of Directors; and
- c) Reviewed the results of the audit by the External Auditors and discussed the findings and other concerns of the External Auditors.

## Financial Reporting

- a) Reviewed the annual audited financial statements of the Group to ensure that the financial reporting and disclosure requirements are in compliance with accounting standards.

## 5. INTERNAL AUDIT FUNCTION

The Group has an established Internal Audit Department, which reports directly to the Committee and assists the Board in discharging its responsibilities to ensure that the Group maintains a sound and effective system of internal controls. The Internal Audit Department is independent of the activities or operations of other units. This enables the Internal Audit Department to provide the Committee with independent and objective reports on the state of internal controls, risk management and comments on the governance process within the Group.

The Internal Audit Department undertakes the internal audit functions of the Group in accordance with the approved Audit Charter and the Annual Audit Plan approved by the Committee. The Audit Plan is derived from the results of the systematic risk assessment process, whereby the risks are identified, prioritised and linked to the key processes and auditable areas. The risk assessment process also enables the Internal Audit Department to prioritise its resources and areas to be audited.

The audits conducted during the financial year 2016 focused on the independent review of the risk management, operating effectiveness of internal controls, and regulatory requirements across the Group. The audit reports are submitted to the Committee for its consideration. This enables the Committee to execute its overseeing function by forming an opinion on the adequacy of measures undertaken by Management.

The International Standard for the Professional Practices of Internal Auditing (Standards) issued by the Institute of Internal Auditors (IIA) is used where relevant as authoritative guides for internal auditing procedures.

## RESPONSIBILITY OF THE BOARD

The Board of Directors of Cagamas Holdings Berhad (the Board) together with the Board of Directors of the companies within the Group affirms its overall responsibility in ensuring that the Cagamas Group of Companies (the Group) maintains a sound and effective system of internal controls that support the achievement of the Group's objectives. The system on internal controls covers, inter alia, risk management, financial, strategy, organisational, operational and compliance controls. However, the Board recognises that such a system is designed to manage and control the risks to acceptable levels rather than eliminate the risk of not adhering to the Group's policies and achieving business objectives. Therefore, the system provides reasonable, but not absolute assurance, against the occurrence of any material misstatement of financial information.

The role of management is to implement the Board's policies, on risk and control by identifying and evaluating the risks faced and designing, operating and monitoring a suitable system of internal controls to mitigate and control these risks.

## RISK MANAGEMENT

The Board Risk Committee (BRC) of Cagamas Berhad oversees the management of risks associated with the Group's business and operations. The BRC oversees the development of risk management strategies, policies, key internal processes and systems to assess, measure, manage, monitor and report risk exposures within the Group. The BRC reports directly to the Board of Cagamas Berhad which in turn keeps the Board informed of the decisions pertaining to risk reviews and related risk issues.

The BRC is supported by the Risk Management & Compliance Department of Cagamas Berhad (RMD) which provides risk management support and performs risk management reviews on the business and operations of Cagamas Berhad, the main operating entity as well as for the other subsidiaries. Result of the risk management review and other findings are reported to the Board as well as the Board of the respective subsidiaries. The Group's risk management principles are generally based on Bank Negara Malaysia guidelines and industry best practices.

## KEY INTERNAL CONTROL PROCESSES

The Group's internal control system encompasses the following key processes:

### 1. Authority and Responsibility

- a) An organisational structure, job descriptions and Key Results Areas (KRA) which clearly define lines of responsibility and accountability aligned to business and operational requirements.
- b) Clearly defined lines of responsibility and delegation of authority to the Committees of the Board, Management and staff.
- c) Management has also set up the Management Executive Committee, Asset Liability Committee, IT Steering Committee, Safety & Health Committee and Business Continuity Management Committee to ensure effective management and supervision of the areas under the respective Committees' purview.

### 2. Planning, Monitoring and Reporting

- a) The Annual Business Plan and Budget is developed, presented and approved by the Board before implementation. In addition, actual performances are reviewed against the targeted results on a monthly basis allowing timely responses and corrective actions to be taken to mitigate risks. The result of such performance review is reported to the Board on a quarterly basis. Where necessary, Business Plan and Budget are revised, taking into account any changes in business conditions.
- b) Regular reporting to the Board, the Board of Directors of companies within the Group and Board Committees. Reports on the financial position, status of loans and financings purchased, bonds and notes issued and interest rate swap transactions are provided to the Board at least once a quarter. Where necessary, other issues such as legal, accounting and other relevant matters will also be reported to the Board.
- c) Regular and comprehensive information are provided to Management covering financial and operational reports at least on a monthly basis.

# Statement on Internal Control

### 3. Policies and Procedures

- a) Clear, formalised and documented internal policies and procedures manuals are in place to ensure compliance with internal controls and relevant laws and regulations. Regular reviews are performed to ensure that documentation remains current and relevant.

### 4. Independent Review by Internal Audit Department

- a) The Internal Audit Department provides assurance to the Board by conducting an independent review on the adequacy, effectiveness and integrity of the system of internal controls. It adopts a risk-based approach in accordance with the annual audit plan approved by the Committee. The results of audits are presented to the Group Board Audit Committee, which meets four times during the financial year ended 31 December 2016.
- b) The audit plan and audit reports are also submitted to the Board and the respective Board of Directors of companies within the Group to inform of any weaknesses in the internal controls system. During the financial year, several weaknesses were highlighted, but none has resulted in material loss, contingencies or uncertainties or impact on reputational risk that would require disclosure in the Annual Report.

### 5. Performance Measurement and Staff Competency

- a) Key Performance Indicators (KPIs), which are based on the Performance Scorecard approach, are used to track and measure staff performance.
- b) There are proper guidelines for the hiring and termination of staff, formal training programs and upskilling certification by Industry Experts for staff, annual performance appraisal and other relevant procedures in place to ensure that staff are competent and adequately trained in carrying out their responsibilities.

### 6. Business Continuity Planning

- a) A Business Continuity Plan (BCP), including a Disaster Recovery Plan is in place to ensure continuity of business operations.

### CONCLUSION

The system of internal controls is in place for the year under review and up to the date of issuance of the annual report and financial statements, is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Cagamas Group (the Group) takes a holistic and enterprise-wide view in managing risk across the subsidiaries with regular evaluation of risks.

## Enterprise Risk Management Framework

Enterprise Risk Management (ERM) forms part of Cagamas' culture and is embedded into its business processes and practices. The Board approved ERM Framework details the responsibility and accountability of the Board of Directors (Board), Board Risk Committee (BRC), Management Executive Committee (MEC), Asset Liability Committee (ALCO), Chief Executive Officer (CEO), Chief Risk Officer (CRO), Risk Management & Compliance Department (RMD), Internal Audit Department (IAD) and Cagamas' employees.

The ERM Framework is geared towards achieving Cagamas' objectives, set forth in four categories:

- Strategic – high-level goals, aligned with and supporting its mission
- Operations – effective and efficient use of its resources
- Financial – profitability and sustainability of performance
- Reporting & Compliance – reliability of reporting and compliance with applicable laws and regulations

In line with the ERM framework, three lines of defence in managing risks are adopted within the Group. Business units being the first line of defence, have the primary responsibility of identifying, mitigating and managing risks within their lines of business. They also ensure that their day-to-day activities are carried out within established risk policies, procedures and limits.

An independent RMD plays the role of the second line of defence by providing specialised resources to proactively manage and control risks. This includes the assessment of risk exposures and the coordination of risk management on an enterprise-wide basis. RMD is also responsible for ensuring that risk management policies are implemented accordingly.

The IAD being the third line of defence is responsible for independently reviewing the adequacy and effectiveness of risk management processes, system of internal controls and compliance with risk policies.

## Risk Governance Structure

The Board sets the overall strategic direction for Cagamas. It provides oversight to ensure that Management has appropriate risk management system and practices to manage risks associated with the Company's operations and activities. The Board sets risk appetite and tolerance levels that are consistent with the Company's overall business objectives and desired risk profile. The Board also reviews and approves all significant risk management policies and risk exposures.

The BRC assists the Board in the development of strategies, policies and infrastructure to manage the Company's risks and ensure that there is effective oversight. The BRC is supported by management committees which address key risks identified.

The MEC and ALCO which comprises of the senior management are chaired by the CEO and undertake the oversight function for capital allocation and overall risk limits, aligning them to the risk appetite set by the Board. Management is also responsible for the implementation of policies laid down by the Board and ensuring that there are adequate and effective operational procedures, internal controls and systems to support these policies.

The RMD is responsible for identifying, measuring, analysing, controlling, monitoring and reporting of risk exposures independently and coordinating the management of risks on an enterprise-wide basis. It is independent of other departments involved in risk-taking activities and reports directly to the BRC.

## Strategic Risk Management

Strategic risk is the risk of not achieving the Group's corporate strategy and goals. This may be caused by internal factors such as deficiency in performance planning, execution and monitoring, and external factors such as market environment.

Strategic risk management is addressed by the Board's involvement in the setting of Group strategic goals. The Board is regularly updated on matters affecting corporate strategy implementation and corporate transactions.

## Credit Risk Management

Credit risk is defined as the potential for financial loss arising from the failure of a borrower or counterparty to fulfil its financial or contractual obligations. Credit risk within the Group arises from Purchase with Recourse (PWR) and Purchase without Recourse (PWOR) business, mortgage guarantee programme, investments and treasury hedging activities.

The primary objective of credit risk management is to proactively manage risk and credit limits to ensure that all exposures to credit risks are kept within parameters approved by the Board to withstand potential losses. Investment activities are guided by internal credit policies and guidelines that are approved by the Board. Specific procedures for managing credit risks are determined at business levels based on risk environment and business goals.

## Market and Liquidity Risk Management

Market risk is defined as potential loss arising from movements of market prices and rates. Within the Group, market risk exposure is limited to interest rate risk and foreign exchange risk as the Group does not engage in any equity or commodity trading activities. Interest rate risk is minimal as trading is prohibited. Foreign exchange risk which arises from the issuance of foreign currency denominated bonds is fully hedged by entering into cross currency swaps with strong counterparties. Liquidity risk arises when the Group does not have sufficient funds to meet its financial obligations when they fall due.

The Group manages market and liquidity risks by imposing threshold limits which are approved by Management within the Board approved parameters based on a risk-return relationship. It also adheres to a strict match-funding policy whereby all asset purchases are funded by bonds of closely matched size, duration, and are self-sufficient in terms of cash flow. A forward looking liquidity mechanism is in place to promote efficient and effective cash flow management while avoiding excessive concentrations of funding. The Group plans its cash flow and monitors closely every business transaction to ensure that available funds are sufficient to meet business requirements at all times. Reserve liquidity, which comprises marketable debt securities, is also set aside to meet any unexpected shortfall in cash flow or adverse economic conditions in the financial market.

### Operational Risk Management

Operational risk is the potential loss resulting from inadequate or failed internal processes, people and systems, or from external events. Each business or support unit undertakes self-assessment of its own risk and control environment to identify, assess and manage its operational risks. The Group has established comprehensive internal controls, systems and procedures which are subject to regular reviews by both internal and external auditors. There are also Business Continuity Plans in place to minimise any unexpected disruption and reduce time in restoring operations.

### Reputational Risk

The Group's reputation and image as perceived by clients, investors, regulators and the general public is of utmost importance to the continued growth and success of the Group's businesses and operations. Invariably, reputational risk is dependent on the nature/model of business, selection of clients and counterparties and reliability and effectiveness of business processes.

Stringent screening of potential clients and design of business in accordance with high standards and regulatory compliance are incorporated to safeguard the Group's business reputation and image.

### Shariah Non-Compliance Risk

The Company consults and obtains endorsements/clearance from an independent Shariah Advisor for all its Islamic products and transactions to ensure compliance with Shariah requirements. In addition, the Company obtains the approval of the Shariah Advisory Councils of Bank Negara Malaysia and Securities Commission Malaysia for its Islamic products.

Periodic internal audits are performed to verify that Islamic operations conducted by the business units are in compliance with the decisions endorsed by the Shariah Advisor. Any incidences of Shariah non-compliance are reported to the Shariah Advisor, the Group Board Audit Committee, BRC and Board.

During the financial period under review, there is no Shariah non-compliant event.

### Key Risk Management Initiatives

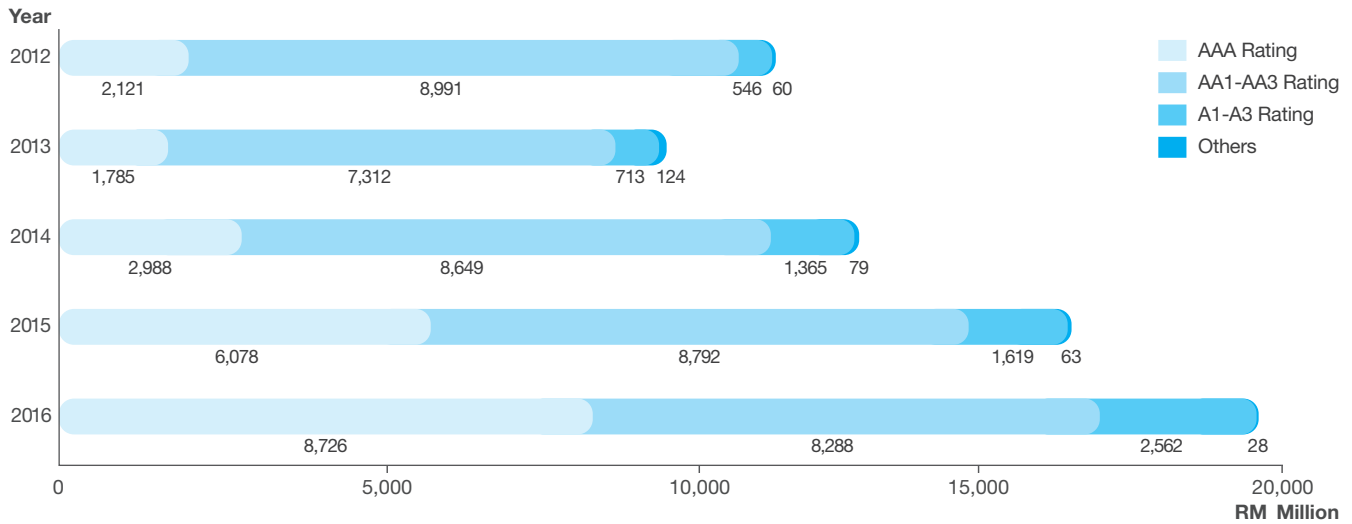
During the year, Cagamas' key achievements in the area of risk management includes the following:

1. Embedding Risk and Compliance Culture
  - A strong and robust risk and compliance culture is an essential building block for effective risk governance. We have continued to strengthen and embed the right risk and compliance culture to ensure that it is embraced and exhibited in the behaviour of each individual within the Company. A risk themed teambuilding event was held wherein risk and compliance management processes are recapped through the activities organised.
2. Integrating Risk Appetite into Corporate Strategy
  - Key focus area is to ensure that business plan and strategy are aligned with the risk appetite. The risk appetite statements have been reviewed wherein additional parameters have been established to align risk reward whilst taking into consideration the Company's developmental role.
3. Enhancing Risk Management Processes and Controls
  - The Internal Capital Adequacy Assessment Process implementation continues to be enhanced, including greater involvement from the relevant departments in the stress test scenario setting and budget planning process. This is to ensure that the Company maintains sufficient capital to support its risk profile.
  - Internal credit rating scorecards which were developed to reduce dependency on external ratings and enabling the scoring of non-rated counterparties have been refined. Credit concentration limits have also been enhanced to be in line with Board approved business strategies.
  - On operational risk, additional key risk indicators have been identified for technology risk following a detailed assessment of IT vulnerabilities.
  - To ensure that our compliance risks are effectively managed, we have developed a compliance policy and a compliance matrix together with an attestation exercise which was undertaken by the Senior Management. In addition, an enhanced Compliance Status report was developed for the MEC, BRC and Board's oversight.
  - Moving forward, risk management systems will be enhanced to enable robust monitoring and reporting of risk exposures, including risk direction.

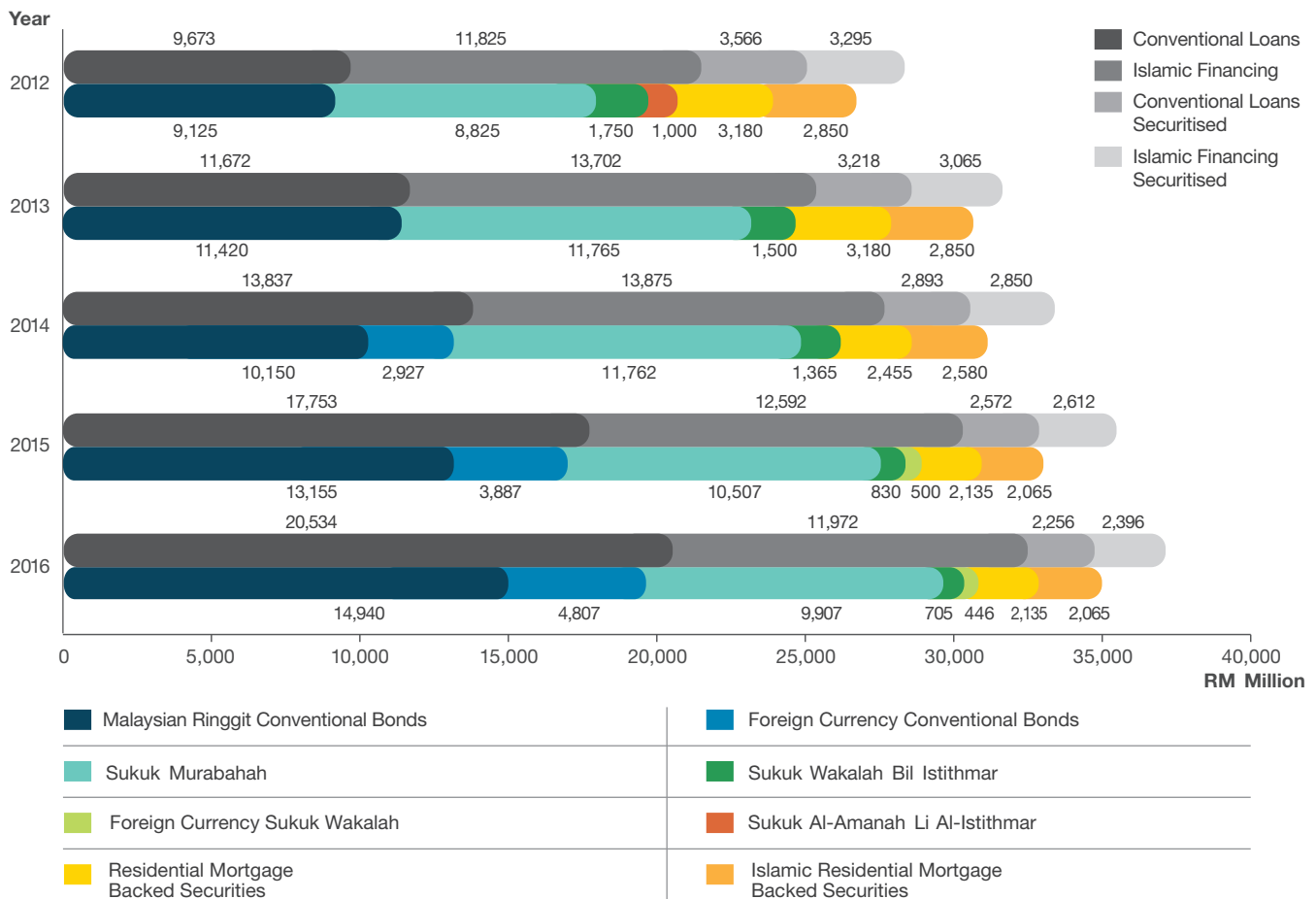


# Statistical Information

## COUNTERPARTIES EXPOSURE BY RATINGS



## COMPARISON BETWEEN OUTSTANDING CAGAMAS GROUP DEBT SECURITIES AND LOANS/FINANCING HELD



# Statistical Information

## CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2016

					Conventional					Islamic				
Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Medium Term Notes	Commercial Paper	Residential Mortgage-backed Securities	Secured Credit Linked Notes	Foreign Currency Bonds	Sukuk Murabahah	Sukuk Wakalah Bil Istithmar	Sukuk Al-Amanah Li Al-Istithmar	Residential Mortgage-backed Securities	Foreign Currency Sukuk
<b>RM MILLION</b>														
<b>2005</b>														
08.08.2005	12	5.010	08.08.2017	0.60									410	
08.08.2005	15	5.270	07.08.2020	3.60									400	
12.12.2005	12	5.340	12.12.2017	0.95			345							
12.12.2005	15	5.650	11.12.2020	3.95			385							
12.12.2005	20	5.920	12.12.2025	8.95			265							
<b>2007</b>														
29.05.2007	10	3.900	29.05.2017	0.41									400	
29.05.2007	12	4.020	29.05.2019	2.41									245	
29.05.2007	15	4.170	27.05.2022	5.41									320	
29.05.2007	20	4.340	28.05.2027	10.41									290	
22.08.2007	10	4.520	22.08.2017	0.64			525							
22.08.2007	12	4.700	22.08.2019	2.64			260							
22.08.2007	15	4.900	22.08.2022	5.64			250							
22.08.2007	20	5.080	20.08.2027	10.64			105							
31.10.2007	10	4.640	31.10.2017	0.83	455									
31.10.2007	12	4.800	31.10.2019	2.83	320									
<b>2008</b>														
08.08.2008	12	6.000	07.08.2020	3.60	65									
08.08.2008	20	6.500	08.08.2028	11.61	90									
08.08.2008	10	5.800	08.08.2018	1.60						155				
08.08.2008	12	6.000	07.08.2020	3.60						235				
08.08.2008	15	6.350	08.08.2023	6.61						305				
08.08.2008	20	6.500	08.08.2028	11.61						370				
10.10.2008	10	5.710	10.10.2018	1.78	140									
10.10.2008	12	5.900	09.10.2020	3.78	105									
10.10.2008	15	6.050	10.10.2023	6.78	140									
10.10.2008	20	6.250	10.10.2028	11.78	340									
10.10.2008	10	5.710	10.10.2018	1.78						40				
10.10.2008	12	5.900	09.10.2020	3.78						25				
10.10.2008	15	6.050	10.10.2023	6.78						30				
10.10.2008	20	6.250	10.10.2028	11.78						35				



# Statistical Information

## CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2016 (CONTINUED)

					Conventional					Islamic				
Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Medium Term Notes	Commercial Paper	Residential Mortgage-backed Securities	Secured Credit Linked Notes	Foreign Currency Bonds	Sukuk Murabahah	Sukuk Wakalah Bil Istithmar	Sukuk Al-Amanah Li Al-Istithmar	Residential Mortgage-backed Securities	Foreign Currency Sukuk
<b>RM MILLION</b>														
<b>2011</b>														
07.04.2011	7	4.250	06.04.2018	1.26						5				
07.04.2011	10	4.650	07.04.2021	4.27						5				
07.04.2011	12	4.760	07.04.2023	6.27						5				
07.04.2011	15	4.920	07.04.2026	9.27						10				
20.12.2011	7	3.950	20.12.2018	1.97	10									
20.12.2011	10	4.150	20.12.2021	4.97	5									
20.12.2011	12	4.250	20.12.2023	6.97	10									
20.12.2011	15	4.410	18.12.2026	9.97	10									
20.12.2011	7	3.950	20.12.2018	1.97						5				
20.12.2011	10	4.150	20.12.2021	4.97						5				
20.12.2011	12	4.250	20.12.2023	6.97						5				
20.12.2011	15	4.410	18.12.2026	9.97						10				
<b>2012</b>														
28.03.2012	5	3.700	28.03.2017	0.24							80			
13.07.2012	5	3.550	13.07.2017	0.53							420			
11.09.2012	5	3.600	11.09.2017	0.70							135			
24.10.2012	5	3.630	24.10.2017	0.81	50									
31.10.2012	10	3.910	31.10.2022	5.84	450									
31.10.2012	15	4.170	29.10.2027	10.83	20									
04.12.2012	5	3.500	04.12.2017	0.93	5									
04.12.2012	7	3.750	04.12.2019	2.93	5									
04.12.2012	10	3.900	02.12.2022	5.92	5									
04.12.2012	12	4.000	04.12.2024	7.93	5									
04.12.2012	15	4.140	03.12.2027	10.93	5									
04.12.2012	5	3.500	04.12.2017	0.93						15				
04.12.2012	7	3.750	04.12.2019	2.93						20				
04.12.2012	10	3.900	02.12.2022	5.92						20				
04.12.2012	12	4.000	04.12.2024	7.93						10				
04.12.2012	15	4.140	03.12.2027	10.93						15				
07.12.2012	5	3.660	07.12.2017	0.93							70			



# Statistical Information

## CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2016 (CONTINUED)

					Conventional					Islamic				
Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Medium Term Notes	Commercial Paper	Residential Mortgage-backed Securities	Secured Credit Linked Notes	Foreign Currency Bonds	Sukuk Murabahah	Sukuk Wakalah Bil Istithmar	Sukuk Al-Amanah Li Al-Istithmar	Residential Mortgage-backed Securities	Foreign Currency Sukuk
<b>RM MILLION</b>														
<b>2015</b>														
<b>(continued)</b>														
28.10.2015	3	3.900	16.11.2018	1.88	500									
09.11.2015	3	4.050	20.12.2018	1.97						500				
25.11.2015	5	4.450	25.11.2020	3.90						500				
25.11.2015	5	4.450	25.11.2020	3.90	45									
25.11.2015	7	4.650	25.11.2022	5.90	20									
25.11.2015	10	4.850	25.11.2025	8.91	225									
25.11.2015	12	4.900	25.11.2027	10.91	250									
25.11.2015	20	5.070	26.11.2035	18.92	160									
27.11.2015	2	2.370	27.11.2017	0.91					307					
21.12.2015	7	4.700	21.12.2022	5.98						435				
<b>2016</b>														
03.02.2016	3.15	5.270	29.03.2019	2.24						400				
03.02.2016	3	4.100	04.02.2019	2.10	1,120									
16.02.2016	2	4.000	19.02.2018	1.14	200									
16.02.2016	3	4.050	18.02.2019	2.13	300									
25.02.2016	1	3.460	27.02.2017	0.16	300									
03.03.2016	1	2.300	03.03.2017	0.17					260					
03.03.2016	1	2.300	03.03.2017	0.17					131					
10.03.2016	1	2.300	10.03.2017	0.19										446
08.04.2016	1	3.700	10.04.2017	0.27	200									
27.05.2016	3	5.280	17.07.2019	2.54						375				
08.06.2016	1	3.700	10.04.2017	0.27	100									
08.08.2016	1	3.300	09.08.2017	0.61	180									
08.08.2016	1	3.300	09.08.2017	0.61						230				
12.08.2016	3	3.650	09.08.2019	2.61	200									
13.09.2016	1	1.600	13.09.2017	0.70					407					
13.09.2016	1	1.600	13.09.2017	0.70					122					
14.09.2016	1	3.380	15.09.2017	0.71	470									
13.10.2016	2	3.420	15.10.2018	1.79	350									
20.10.2016	3	3.750	18.10.2019	2.80	580									
27.12.2016	0.25	3.620	27.03.2017	0.24						500				
<b>TOTAL</b>					14,940	0	2,135	0	4,807	9,907	705	0	2,065	446
<b>35,005</b>														

**HOLDERS OF DEBTS SECURITIES ISSUED BY CAGAMAS BERHAD GROUP**

	2012		2013		2014		2015		2016	
	RM million	%	RM million	%	RM million	%	RM million	%	RM million	%
Financial Institutions	6,690	32.32	8,845	35.83	8,613	32.87	9,333	32.32	10,384	33.71
Provident and Pension Funds	6,690	32.32	7,945	32.19	7,295	27.84	7,758	26.86	7,883	25.59
Non-Resident Investors	2	0.01	98	0.40	2,666	10.17	4,287	14.84	6,271	20.36
Insurance Companies	3,979	19.22	4,344	17.60	4,089	15.60	4,531	15.69	3,620	11.75
Asset Management and Trust Funds	486	2.35	2,971	12.04	2,755	10.51	2,236	7.74	2,080	6.75
Government Linked Companies	620	3.00	257	1.04	365	1.39	314	1.09	337	1.09
Corporations	2,233	10.79	225	0.91	421	1.61	420	1.45	230	0.75
<b>Total</b>	<b>20,700</b>	<b>100</b>	<b>24,685</b>	<b>100</b>	<b>26,204</b>	<b>100</b>	<b>28,879</b>	<b>100</b>	<b>30,805</b>	<b>100</b>

**HOLDERS OF DEBT SECURITIES ISSUED BY CAGAMAS MBS**

	2012		2013		2014		2015		2016	
	RM million	%	RM million	%	RM million	%	RM million	%	RM million	%
Insurance Companies	3,276	54.33	3,214	53.29	2,775	55.11	2,357	56.12	2,322	55.28
Financial Institutions	940	15.59	1,146	19.00	1,109	22.02	995	23.69	1,143	27.22
Provident and Pension Funds	1,260	20.90	1,270	21.06	723	14.36	539	12.83	470	11.19
Asset Management and Trust Funds	367	6.09	283	4.70	183	3.63	191	4.55	203	4.83
Corporations	90	1.49	45	0.75	155	3.08	80	1.90	25	0.59
Government Linked Companies	83	1.38	60	1.00	85	1.69	25	0.60	15	0.36
Individuals	3	0.05	3	0.05	0	0.00	5	0.12	15	0.36
Non-Resident Investor	11	0.18	9	0.15	5	0.11	8	0.19	7	0.17
<b>Total</b>	<b>6,030</b>	<b>100</b>	<b>6,030</b>	<b>100</b>	<b>5,035</b>	<b>100</b>	<b>4,200</b>	<b>100</b>	<b>4,200</b>	<b>100</b>

**TOTAL OUTSTANDING DEBT MARKET SECURITIES**

Instruments	% of Total Issuance Outstanding				
	2012	2013	2014	2015	2016
Malaysian Government Securities/Government Investment Issues	51.6	52.7	53.6	53.1	53.4
Corporate Bonds and Sukuk	35.3	33.6	32.4	33.1	31.8
Other Quasi-Government, e.g., Multilateral Development Financial Institution	7.9	8.4	9.2	9.4	10.6
Cagamas Group Debt Securities	3.1	3.3	2.8	2.6	2.6
Khazanah Bonds	2.1	2.0	2.0	1.8	1.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Supporting the Government's affordable home ownership programmes

# Respond







# SUBSIDIARY COMPANIES

## CAGAMAS BERHAD

Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia, was established in 1986 to promote the broader spread of house ownership and growth of the secondary mortgage market in Malaysia. It issues corporate bonds and sukuk to finance the purchase of housing loans and receivables from financial institutions, selected corporations and the public sector. The provision of liquidity at a reasonable cost to the primary lenders of housing loans encourages further expansion of financing for houses at an affordable cost.

The Cagamas model is well regarded by the World Bank as the most successful secondary mortgage liquidity facility. Cagamas is the largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporation in 1986, Cagamas has cumulatively issued RM287 billion (as at 31 December 2016) of bonds and sukuk, which includes issuances by its wholly-owned subsidiaries, Cagamas Global P.L.C. and Cagamas Global Sukuk Berhad that are guaranteed by Cagamas.

Cagamas' corporate bonds and sukuk continue to be assigned the highest ratings of AAA and P1 by RAM Rating Services Berhad and AAA/AAA<sub>ID</sub> and MARC-1/MARC-1<sub>ID</sub> by Malaysian Rating Corporation Berhad, denoting its strong credit quality. Cagamas is also well regarded internationally and has been assigned local and foreign currency long-term issuer ratings of A3 by Moody's Investors Service that are in line with Malaysian sovereign ratings.

Cagamas Global P.L.C. was incorporated on 4 April 2014 as a conventional fund raising vehicle incorporated in Labuan to undertake the issuance of bonds and notes in foreign currency, whereas Cagamas Global Sukuk Berhad was incorporated on 5 May 2014 as an Islamic fund raising vehicle to undertake the issuance of sukuk in foreign currency.



**Dato' Ooi Sang Kuang**  
Chairman/Non-Executive Director

**Dato' Ooi Sang Kuang**, Malaysian, aged 70, was appointed to the Board of Directors on 4 July 2002 as a Non-Executive Director. In October 2002, he was elected as Chairman of the Company. He is the Chairman of the Board Executive Committee and also chairs the Boards of Cagamas Holdings Berhad, the holding company of Cagamas Berhad, Cagamas MBS Berhad and Cagamas SRP Berhad.

Dato' Ooi is also Chairman of OCBC Bank (Malaysia) Berhad, OCBC Al-Amin Bank Berhad, Oversea-Chinese Banking Corporation Limited, Singapore and Xeraya Capital Sdn. Bhd. and Xeraya Capital Labuan Ltd. He also sits on the board of OCBC Wing Hang Bank Limited.

Dato' Ooi Sang Kuang was a Special Adviser in Bank Negara Malaysia (BNM) from July 2010 to December 2011. As Special Adviser, Dato' Ooi chaired the Executive Committee and all the Working Committees to craft Malaysia's Financial Sector Blue Print 2011-2020. Prior to that, he was Deputy Governor of BNM and a member of the Board of Directors of BNM from June 2002 to June 2010. As Deputy Governor, he was responsible for the sectors covering Economic and Monetary Assessment, Reserves Management and Monetary Operations, and Finance and Operational Support. He was a member of the Monetary Policy Committee, the Risk Management Committee, the Financial Stability Committee and the Reserve Management Committee of BNM. At the Asian regional level, Dato' Ooi represented BNM and Malaysia in a number of Asian Regional Taskforces and Regional Policy Committees. He co-chaired the high-level Monetary Policy and Financial Stability Committee of EMEAP (Executive Committee of East Asia and Pacific) Central Banks, the Asean+3 (China, Japan and Korea) Finance and Central Bank Deputies Meeting and the High Level Task Force on Asean Financial Integration.

Dato' Ooi joined the Economics Department of BNM in 1971 and held various senior positions in the Department before leaving in 1984 to join the private sector. He held a number of senior management responsibilities across the financial services sector. He was Chief Executive Officer of a finance company in Malaysia, after which he assumed the post of Chief Economist, Asia-Pacific, in the Asian Regional Office of Standard Chartered Bank, Singapore. In 1994, he was appointed Managing Director of Warburg Asset Management Pte. Ltd., Singapore where he led a team to manage a number of portfolios covering Asian equities. From January 1996, Dato' Ooi was with the RHB Group covering ASEAN regional equities as Managing Director and Regional Research Director of RHB Research Institute. At the RHB Group, he was a member of the Board of Directors of Rashid Hussain Berhad, RHB Investment Bank Berhad and Deputy Chairman of Rashid Hussain Asset Management Berhad. Dato' Ooi was a member of the Board of Directors of Great Eastern Life Assurance (Malaysia) Berhad and Overseas Assurance Corporation (Malaysia) Berhad from April 2012 to December 2013 and Chairman of the Board of Directors of the Malaysian Electronic Clearing Corporation Sdn. Bhd. (MyClear) from January 2009 to February 2014.

Dato' Ooi received a Bachelor of Economics (Hons) degree from University of Malaya and Master of Arts (Development Finance) from Boston University, USA. Dato' Ooi is a Fellow Member of the Asian Institute of Chartered Bankers (formerly known as Institute of Bankers Malaysia).

Dato' Ooi attended all six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad.

# Profile of the Board of Directors

**Dato' Halipah binti Esa**, Malaysian, aged 68, was appointed to the Board of Directors on 27 March 2013 as a Non-Executive Director. She is also the Chairman of the Board Staff Compensation and Organisation Committee.

Dato' Halipah binti Esa received her Bachelor of Arts (Hons) degree in Economics and a Master of Economics from the University of Malaya. She also holds Certificates in Economic Management from the IMF Institute, Washington and the Kiel Institute for World Economics, Germany as well as a Certificate in Advanced Management Programme from Adam Smith Institute, London.

She started her career with the Administrative and Diplomatic Services in 1973 in the Economic Planning Unit (EPU) of the Prime Minister's Department. During her tenure in EPU, she served in various capacities in the areas of infrastructure, water supply, energy, health, housing, telecommunications, urban services, human resource development, macro economy, international economy, environment, regional development and distribution. She held various senior positions in the EPU and retired as the Director General in 2006. She had also served in the

Ministry of Finance as Deputy Secretary General.

Currently, she serves on the Boards of MISC Berhad, KLCC Property Holdings Berhad, Malaysia Marine and Heavy Engineering Holdings Berhad, S P Setia Berhad and the Securities Industry Dispute Resolution Centre.

She was previously Chairman of Pengurusan Aset Air Berhad and Cagamas SME Berhad and also served on the Boards of Petroleum Nasional Berhad, Employees Provident Fund, Inland Revenue Board, FELDA, UDA Holdings Berhad, NCB Holdings Berhad and Malaysia Deposit Insurance Corporation. She was a consultant to the World Bank and United Nations Development Programme in advising the Royal Kingdom of Saudi Arabia on economic planning, and had also provided technical advice to planning agencies in Vietnam, Cambodia, Indonesia and several African countries.

Dato' Halipah attended all six Board meetings held during the financial year. She has no family relationship with any Director of Cagamas Berhad.



**Dato' Halipah binti Esa**  
Non-Executive Director



**Dr. Roslan bin A. Ghaffar**  
Non-Executive Director

**Dr. Roslan bin A. Ghaffar**, Malaysian, aged 65, was appointed to the Board of Directors on 14 April 2009 as a Non-Executive Director. He is also a member of the Board Risk Committee.

He holds a Bachelor of Science degree from Louisiana State University, Baton Rouge, USA, and obtained his Ph.D. at the University of Kentucky, Lexington, USA. He has over 28 years of experience in the areas of economics, finance and investment.

Dr. Roslan was attached to University Putra Malaysia as a lecturer in 1984 and Associate Professor in 1991. In the 1992-93 academic year, Dr. Roslan was with the University of Kentucky, Lexington as Visiting Professor. On various occasions while at the University Putra Malaysia, he had served as consultant to various international and national organisations which included the World Bank, Asian Development Bank, Winrock International and the Economic Planning Unit of the Prime Minister's Department.

In 1994, Dr. Roslan was appointed as Director of Investment and Economic Research of the Malaysian Employees Provident Fund. He was

promoted to the position of Senior Director in 1996 and later held the position of Deputy Chief Executive Officer of the Fund until his retirement in 2007.

He is currently the Chairman of Kuala Lumpur Sentral Sdn. Bhd. and sits on boards of Straits International Education Group Sdn. Bhd. and the board of its subsidiary companies, and Permodalan Felcra Sdn. Bhd. He also sits on the board of SYF Resources Berhad, Box-Pak (Malaysia) Berhad, MRCB Quill Management Sdn Bhd, FELCRA Properties Sdn. Bhd. and FELCRA Univille Sdn. Bhd. In January 2017, he was appointed a member of the Board of Trustees of Yayasan Guru Tun Hussein Onn. He is the Chairman of the Rating Committee of Malaysian Rating Corporation Berhad. He has also served as director of Bumiputra Commerce Holdings Berhad and CIMB Group Berhad and as commissioner of PT Bank Niaga, TBK, Indonesia.

Dr. Roslan attended all six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad.

**Dato' Md Agil bin Mohd Natt**, Malaysian, aged 66, was appointed to the Board of Directors on 12 August 2011 as a Non-Executive Director. He is a member of the Board Executive Committee and the Board Staff Compensation and Organisation Committee.

Dato' Agil holds a Bachelor of Science in Economics (Hons) degree from Brunel University, United Kingdom and a Master of Science (Finance) degree from the Cass Business School, London. He also attended the Advance Management Program, Harvard Business School in the United States of America.

He started his career as Corporate Finance Manager with Bumiputra Merchant Bankers Berhad in 1977 before serving as Senior General Manager with Island & Peninsular Berhad. He was also the Chief Representative of Kleinwort Benson Limited before joining the Maybank Group in 1995 where he served as Senior General Manager, Corporate Banking, Chief Executive Officer of Aseambankers Berhad (now known as Maybank Investment Bank

Berhad), and Deputy President/Executive Director of Maybank. From 2006 until 2011, he was the President and Chief Executive Officer of The International Centre for Education in Islamic Finance (INCEIF), The Global University of Islamic Finance established by Bank Negara Malaysia.

In addition to his current directorship in Cagamas, Dato' Agil is also an Independent Non-Executive Chairman of the Board of Sumitomo Mitsui Banking Corporation Malaysia Berhad, Manulife Insurance Berhad, Manulife Asset Management Services Berhad and Credit Guarantee Corporation Malaysia Berhad. He is also an independent Non-Executive Director of Export-Import Bank of Malaysia Berhad, Sogo (KL) Sdn. Bhd. and Sogo (KL) Department Store Sdn. Bhd. He also sits on the Board of Trustees of Yayasan Tun Abdul Razak.

Dato' Agil attended all six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad.



**Dato' Md Agil bin Mohd Natt**  
Non-Executive Director

**Mr. Philip Tan Puay Koon**, Malaysian, aged 60, was appointed to the Board of Directors on 12 August 2011 as a Non-Executive Director. He is a member of the Board Executive Committee and currently Chairman of the Board Risk Committee of the Company.

Mr. Tan holds an Honours degree in Business Studies majoring in Accounting and Finance from North-East London Polytechnic, United Kingdom.

Mr. Tan has close to three decades of experience in the field of banking and finance, principally in the areas of treasury and risk management. He was formerly a Managing Director and Chief Financial Officer of Emerging Market Sales and Trading, Asia-Pacific of Citigroup based in Singapore. He was also the Country Treasurer and Financial Markets Head of Citibank Berhad from 1999 to 2001. Prior to 1995, Mr. Tan spent 14 years with the MUI Group of Companies in various senior management positions in MUI Bank and MUI Finance.

Mr. Tan is a Director of Danajamin Nasional Berhad, Malaysian Electronic Clearing Corporation Sdn. Bhd., MIDF Amanah Investment Bank Berhad, S P Setia Berhad and Citibank Berhad. He also sits on the Board of Qinzhou Development (Malaysia) Consortium Sdn. Bhd. and China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd.

He is also a member of the Corporate Debt Restructuring Committee, established by Bank Negara Malaysia.

Mr. Tan attended all six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad.



**Mr. Philip Tan Puay Koon**  
Non-Executive Director

# Profile of the Board of Directors

**Dato' Wee Yiau Hin**, Malaysian, aged 58, was appointed to the Board of Directors on 1 July 2016 as a Non-Executive Director. He is also a member of the Board Staff Compensation and Organisation Committee.

Dato' graduated as a Civil Engineer and holds a Masters of Science Degree from Imperial College, U.K. He was attached to Shell for over 21 years in Malaysia and overseas including United Kingdom and South Africa, where his last position was Vice President, Malaysia for Upstream International Asia and Managing Director of Shell Malaysia Exploration and Production Companies.

After a short period as Vice President for Talisman Energy, Malaysia where he spent some time in Canada, Dato' joined PETRONAS as Executive Vice President and CEO of Upstream Business in May 2010. In PETRONAS, he was a member

of the Board of Directors at the Group level and Executive Committee and chaired/sat on the Boards of several companies.

Dato' is active in the Society of Petroleum Engineers where he served as the Regional Director for North Asia Pacific at the Group level. He actively promotes the development of technology, technical capabilities and young professional of the industry.

Dato' Wee attended three Board meetings held since his date of appointment. He has no family relationship with any Director of Cagamas Berhad.



**Dato' Wee Yiau Hin**  
Non-Executive Director

**Mr. Shaik Abdul Rasheed bin Abdul Ghaffour**, Malaysian, aged 53, was appointed to the Board of Directors on 1 January 2017 as a Non-Executive Director. He is a member of the Board Staff Compensation and Organisation Committee. He is also a Board Member of Cagamas Holdings Berhad and Cagamas SRP Berhad.

Mr. Abdul Rasheed is the Deputy Governor of Bank Negara Malaysia (BNM). He is a member of the Monetary Policy Committee, the Management Committee, the Reserve Management Committee and the Risk Management Committee of the Bank. Prior to that, Mr. Abdul Rasheed was Assistant Governor of BNM and was responsible for the

Bank's Monetary and Economics Sector, which also includes the international relations and statistical services functions of the Bank. Mr. Abdul Rasheed was the Alternate Executive Director for Malaysia on the Executive Board of the International Monetary Fund, in Washington DC, between November 2012 to October 2014.

Mr. Abdul Rasheed graduated from University of Malaya with a Bachelor's degree in Economics (Honours).

He has no family relationship with any Director of Cagamas Berhad.



**Mr. Shaik Abdul Rasheed bin Abdul Ghaffour**  
Non-Executive Director

**Mr. Nazrul Hisyam bin Mohd Noh**, Malaysian, aged 43, was appointed to the Board of Directors on 1 January 2017 as a Non-Executive Director. He is a member of the Board Risk Committee.

Mr. Nazrul Hisyam Mohd Noh is the Chief of Staff at Bank Negara Malaysia (BNM). Prior to this, he served the Bank for almost 20 years in several capacities, most recently as the Director of the International Department and Deputy Director of the Monetary Policy Implementation, Investment Operations & Financial Market Department. He has been deeply involved in overseeing the central bank's relationship with other regional and international central banks and financial institutions, developing

financial market infrastructure related to bond market as well as the Bank's reserve management, open market and foreign exchange operations. He was previously a member of the Taskforce on ASEAN Banking Integration Framework (ABIF) and a member of the Board of Directors and Investment Committee of the CIMB Agro Ventures between 2011 to 2015. Mr. Nazrul Hisyam holds a degree of Economics from the University of Cambridge.

Mr. Nazrul has no family relationship with any Director of Cagamas Berhad.



**Mr. Nazrul Hisyam bin Mohd Noh**  
Non-Executive Director

**Datuk Chung Chee Leong**, Malaysian, aged 57, was appointed to the Board of Directors on 27 March 2013 as an Executive Director of Cagamas Berhad. He is a member of the Board Executive Committee.

Datuk Chung joined Cagamas Berhad as the Chief Executive Officer on 1 April 2012. He is the Chairman of Cagamas Global P.L.C., Cagamas Global Sukuk Berhad and also sits on the Board of Directors of Cagamas MBS Berhad, Cagamas SRP Berhad and BNM Sukuk Berhad.

Prior to his appointment at Cagamas, Datuk Chung served as Director of Bank Negara Malaysia's (BNM) Banking Supervision Department as well as Risk Management Department. Datuk Chung has 29 years' experience in central banking, focusing mainly on the financial system stability and the financial sector. He was involved in the development of the Financial Sector Blue Print, establishment of the deposit insurance scheme and the Malaysian Cooperative Commission. During his service with BNM, he carried out assignments for the International Monetary Fund and the Islamic Financial Services Board. He was also a member of the Board of Directors of Credit Guarantee Corporation Berhad and its Board Audit Committee. Datuk Chung also sat on the Small Debt Resolution Committee from 2003 to 2014.

Datuk Chung spearheaded Cagamas' entrance into the international bond market. Starting with the A3 Sovereign Equivalent International Rating by Moody's Investors Service, Datuk Chung was instrumental in establishing the Company's USD5 billion Multicurrency EMTN Programme under which Cagamas' inaugural and South East Asia largest Offshore Renminbi bond was issued. Under his leadership, Cagamas also concluded the country's largest Sukuk issuance in 2013 and was accorded many awards including the 'Islamic Finance Advocacy award' at the Global Islamic Finance Awards.

He served as the first Chairman of the Asian Secondary Mortgage Market Association in 2015. He is currently a member of the Bond Market Sub-Committee, Financial Market Committee which was established by Bank Negara Malaysia to look into the development of the domestic bond market.

Datuk Chung holds a Bachelor of Economics (Honours) degree majoring in Business Administration from the University of Malaya.

Datuk Chung attended all six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad.



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

# Management Team



**1. DATUK CHUNG CHEE LEONG**  
Chief Executive Officer

**2. AZIZI ALI**  
Senior Vice President, Islamic Business

**3. S. SHANMUGANATHAN**  
Senior Vice President, Operations & Services

**4. AUDREY WONG**  
Chief Risk Officer/Senior Vice President,  
Risk Management & Compliance

**5. MAZLINA SAIDI**  
Senior Vice President, Human Capital & Administration





**6. BADRUL BAHAMAN**

Senior Vice President, Core Business

**7. NORAZILLA TAHIR**

Chief Financial Officer/Senior Vice President, Finance

**8. ABDUL HALIM MOHD SALLEH**

Senior Vice President, Treasury & Capital Markets

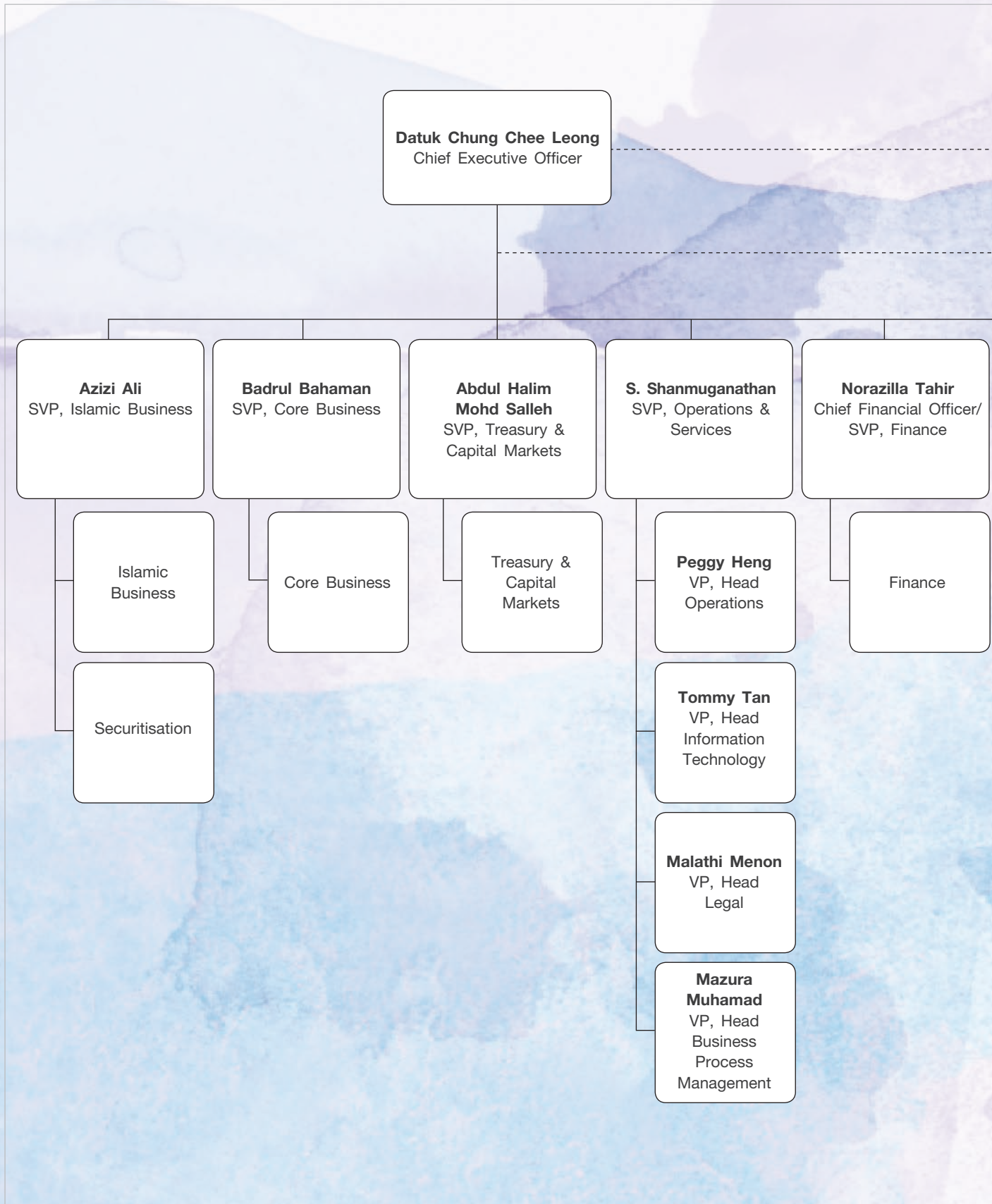
**9. DELVIN CHONG**

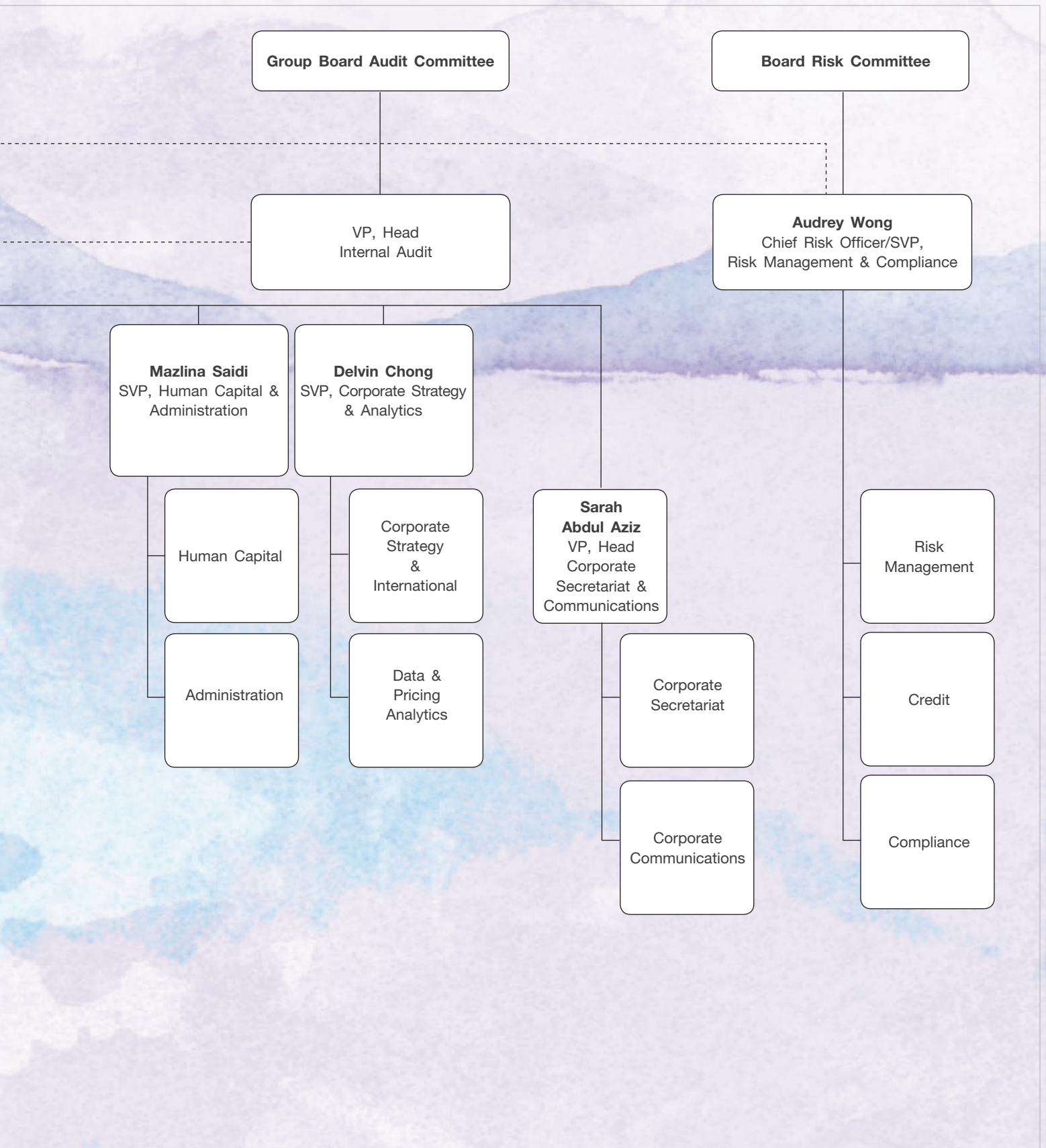
Senior Vice President, Corporate Strategy & Analytics

**10. SARAH ABDUL AZIZ**

Vice President, Head Corporate Secretariat & Communications

# Organisation Structure





### CAGAMAS MBS BERHAD

Cagamas MBS Berhad was incorporated on 8 June 2004 for the purpose of undertaking the purchases of mortgage assets and Islamic mortgage assets from the Government and the issuance of residential mortgage-backed securities and Islamic residential mortgage-backed securities to finance the purchases.

### BNM SUKUK BERHAD

BNM Sukuk Berhad was incorporated on 18 January 2006 for the purpose of undertaking the issuances of Islamic investment securities namely Sukuk BNM Ijarah (SBI) and Sukuk BNM Murabahah (SBM) based on Shariah principles. The issuance of SBI is to finance the purchase of assets from Bank Negara Malaysia (BNM) and thereafter, the assets are leased to BNM for a specified period. The issuance of SBM is to enable BNM to manage liquidity via commodity trading under the principle of Murabahah.

The Company has remained dormant since 1 September 2015.

### CAGAMAS SME BERHAD

Cagamas SME Berhad (Cagamas SME) was incorporated on 17 February 2006 to undertake the purchase of Small and Medium Enterprise (SME) loans and/or structured product transactions via cash or synthetic securitisations or combination of both and issuance of bonds to finance the purchase. In addition, Cagamas SME is a credit default swap counterparty and an issuer of fixed-rate credit linked notes in a synthetic securitisation transaction.

The Company has remained dormant since 10 October 2012.

### CAGAMAS MGP BERHAD

Cagamas MGP Berhad (Cagamas MGP) was incorporated on 14 April 2008 to develop mortgage guarantee business. Effective 20 December 2012, Cagamas MGP is a wholly-owned subsidiary of Cagamas Holdings Berhad complementing the Cagamas Group's other activities and developmental initiatives.

Cagamas MGP's Mortgage Guarantee Programme (MGP) provides financial institutions, particularly mortgage originators, a mortgage guarantee facility for their conventional and Islamic mortgage finance portfolio. The MGP offers a portfolio and risk management solution to these institutions to manage the credit risk exposure of their mortgage portfolio, whilst continuing to maintain asset growth and provide affordable mortgage loans to homebuyers. In addition, the MGP assists in strengthening the banking sector by removing systemic risk from the sector.

The Company has remained dormant since 1 January 2014.

### CAGAMAS SRP BERHAD

Cagamas SRP Berhad was incorporated on 7 January 2011 to undertake the guarantee of residential mortgages under the Skim Rumah Pertamaku – *My First Home Scheme* (the Scheme) announced by the Government in the 2011 Malaysia Budget. The provision of the guarantee under the Scheme is in accordance to the Mortgage Guarantee Programme (MGP) currently being offered by Cagamas MGP Berhad.