



HOUSING THE NATION:

REALISING DREAMS

Housing the Nation

REALISING DREAMS

The Cagamas Group of Companies is committed towards its mandate of promoting the broader spread of home ownership and growth of the secondary mortgage market in Malaysia. Over the years we have helped realised the dreams of home ownership through innovative funding solutions as well as supporting the Government's affordable home ownership programmes thus playing our role in Housing the Nation.

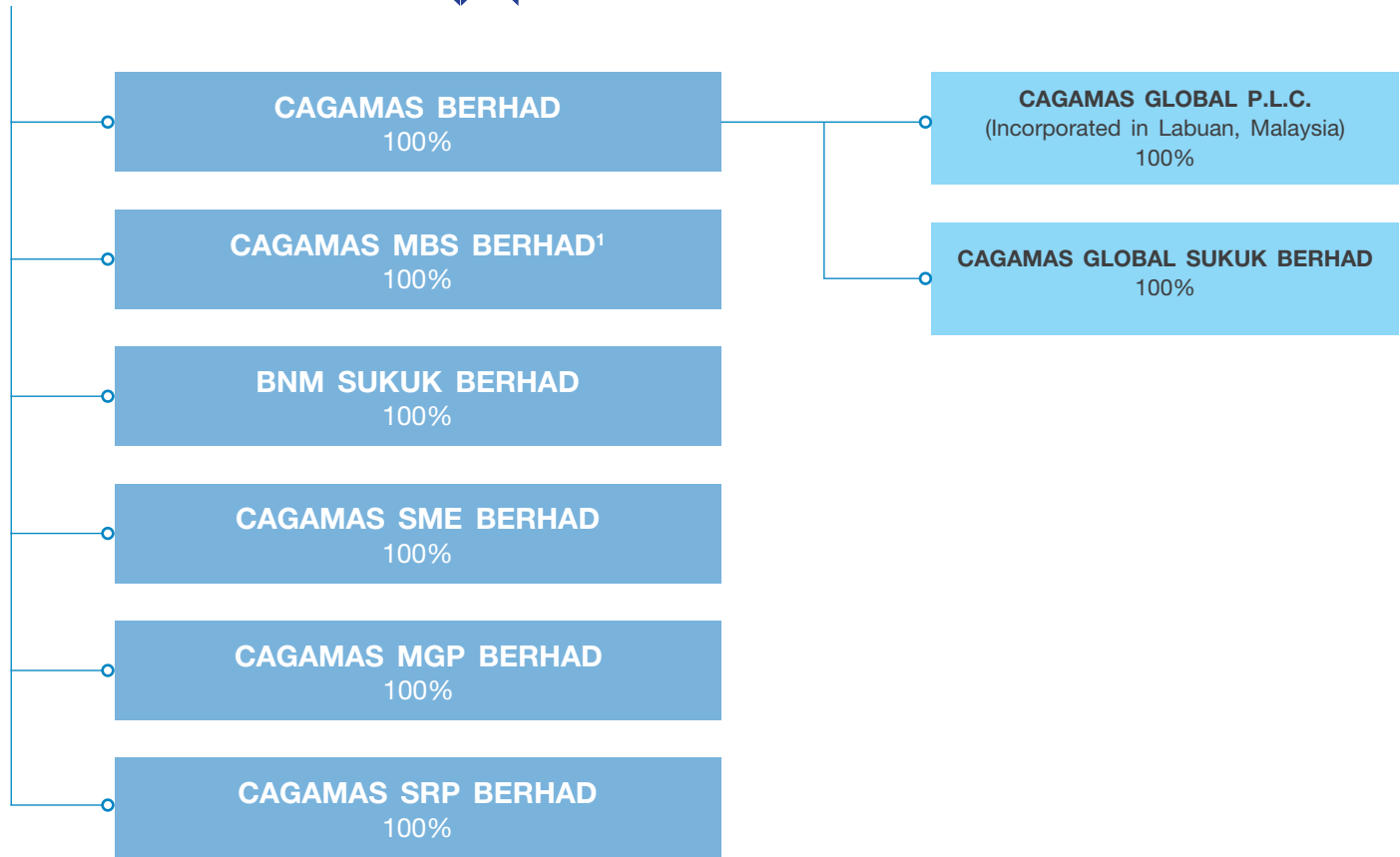


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Group Corporate Structure

Cagamas Holdings



¹ One Redeemable Preference Share (RPS) equivalent to 100% RPS shareholding in Cagamas MBS Berhad is held by Cagamas SRP Berhad in trust for Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA)

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)

Banker

Malayan Banking Berhad

Auditors

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



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting (AGM) 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 Thursday, 26 April 2018 at 11.45 a.m. for the transaction of the following business:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017, together with the Reports of the Directors and Auditors and the Statement and Statutory Declaration therein.

2. To approve the following payments to Directors:

2.1 Fees of RM442,500 for the financial year ended 31 December 2017.

(Ordinary Resolution 1)

2.2 Benefits comprising meeting allowances from the 11th AGM to the 12th AGM of the Company, as follows:

	Meeting Allowance (RM)
Chairman of Board/Board Committee	RM4,500 per meeting
Member of Board/Board Committee	RM3,500 per meeting

(Ordinary Resolution 2)

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:

- Datuk George Ratilal
- Datuk Azizan bin Haji Abd Rahman
- Dato' Lee Kok Kwan

(Ordinary Resolution 3)

(Ordinary Resolution 4)

(Ordinary Resolution 5)

4. To appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

(Ordinary Resolution 6)

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following Ordinary Resolution:

5. Retention of Independent Director
“THAT Datuk George Ratilal hereby be retained as an Independent Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Board Charter of the Company.”
6. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and the Articles of Association of the Company.

(Ordinary Resolution 7)

By Order of the Board

Sarah Abdul Aziz (LS 0008763)
Company Secretary
Kuala Lumpur
4 April 2018

NOTES

1. A member entitled to attend and vote at the Meeting may appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. A proxy may, but 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.

Explanatory Notes on Ordinary Business:

1. **Audited Financial Statements for the Financial Year Ended 31 December 2017**
The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion purposes only. The Audited Financial Statements do not require shareholders' approval and as such, will not be put forward for voting to be formally approved by the shareholders.

2. Ordinary Resolution 1 – Payment of Directors' Fees

The following fee structure has been adopted since 2011 and has remained unchanged:

	Annual Fee (RM)
Board	
– Chairman	RM60,000
– Member	RM50,000
Board Committee	
– Chairman	RM55,000
– Member	RM50,000

Explanatory Notes on Special Business

3. Retention of Independent Director

The proposed resolution is to seek shareholders' approval to retain Datuk George Ratilal as an Independent, Non-Executive Director. Datuk George has served the Company as an Independent, Non-Executive Director for a cumulative period of over nine (9) years. The Group Board Governance Committee has made the necessary assessment and recommended to the Board, and the Board agreed that Datuk George Ratilal be retained as an Independent Director based on his ability to maintain his independence of judgement and to express and maintain unbiased views without any influence.

SUPPORTING

**THE GOVERNMENT'S AFFORDABLE HOME
OWNERSHIP PROGRAMMES**



Profile of the Board of Directors



Mr. Nik Mohd Hasyudeen bin Yusoff

Independent Non-Executive Chairman

Mr. Nik Mohd Hasyudeen bin Yusoff, Malaysian, aged 53, was appointed to the Board of Directors on 1 January 2017 as an Independent Non-Executive Director. He was elected as Chairman of the Company on 1 July 2017. He is also a member of the Group Board Governance Committee.

Mr. Nik is the founder of Inovastra Capital Sdn. Bhd., a company providing advisory services in leadership, governance and strategy.

He is an Independent Non-Executive Director of Bank Islam Malaysia Berhad, Independent Non-Executive Chairman of BIMB Investment Management Berhad, a Public-Interest Director of the Federation of Investment Managers Malaysia, a board member of Universiti Utara Malaysia and a member of the Corporate Debt Restructuring Committee set up by Bank Negara 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. Mr. Nik was also member of Bursa Malaysia Listing Committee and served on the Operational Review Panel of the Malaysian Anti-Corruption Commission.

As a FCPA of CPA Australia, Mr. Nik was very involved with the accountancy profession in Malaysia and the region. He was a former President of the Malaysian Institute of Accountants, former Vice-President of the ASEAN Federation of Accountants and served on the Executive and Strategy committees of the Confederation of Asian and Pacific Accountants. He was also the chairman of the Committee to Strengthen the Accountancy Profession which recommended measures to reform the Malaysian accountancy profession.

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

Mr. Nik attended four out of five Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad.

Datuk Shaik Abdul Rasheed bin Abdul Ghaffour, Malaysian, aged 54, was appointed to the Board of Directors on 1 June 2016 as a Non-Independent Non-Executive Director. He is Chairman of the Group Board Governance Committee. He is also the Chairman of Cagamas Berhad and Cagamas SRP Berhad.

Datuk 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, Datuk Abdul Rasheed was the 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. Datuk 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.

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

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



Datuk Shaik Abdul Rasheed bin Abdul Ghaffour

Non-Independent Non-Executive Director

Tan Sri Dato' Sri Tay Ah Lek, Malaysian, aged 75, was appointed to the Board of Directors on 12 August 2011 as a Non-Independent 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 57 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 designations in Public Bank he was the Executive Vice-President of the former Public Finance, then the Executive Vice-President of Public Bank. His directorships in the Public Bank Group include Public Bank Berhad, Public Investment Bank Berhad, Public Mutual Berhad, Public Islamic Bank Berhad and Public Bank (Hong Kong) Ltd. His directorship in other public company is 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 four out of five 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-Independent Non-Executive Director

Profile of the Board of Directors (Continued)



Datuk George Ratilal

Independent Non-Executive Director

Datuk George Ratilal, Malaysian, aged 58, was appointed to the Board of Directors on 15 April 2008 as an Independent 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 Petroliaam 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 attended all four Group Board Audit Committee meetings and two out of five 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-Independent Non-Executive Director

Datuk Abdul Farid bin Alias, Malaysian, aged 50, was appointed to the Board of Directors on 6 June 2013 as a Non-Independent 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 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 the University of Denver, USA in 1991 with a Masters in Business Administration in Finance.

He later worked for several financial institutions successively namely, Schrodgers, Malaysian International Merchant Bankers and JP Morgan from 1993 before joining Khazanah Nasional Berhad in 2003. He rejoined Maybank on 1 January 2009 as Head of International and was subsequently appointed Deputy President and Head, Global Banking.

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

Datuk Azizan bin Haji Abd Rahman, Malaysian, aged 62, was appointed to the Board of Directors on 1 June 2015 as an Independent 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 and OCBC Bank Malaysia Berhad. He is also a member of a Panel Review Committee at 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 five Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad.



Datuk Azizan bin Haji Abd Rahman

Independent Non-Executive Director

Dato' Lee Kok Kwan, Malaysian, aged 52, was appointed to the Board of Directors on 1 June 2015 as a Non-Independent 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 markets 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 Chairperson of CIMB Bank Labuan Limited and BIX Malaysia (Bond & Sukuk Information Platform Sendirian Berhad).

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 and Adviser to the Securities Commission Malaysia.

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



Dato' Lee Kok Kwan

Non-Independent Non-Executive Director

Profile of the Board of Directors (Continued)



**Ms. Wan Hanisah binti
Wan Ibrahim**

Independent Non-Executive Director

Ms. Wan Hanisah binti Wan Ibrahim, Malaysian, aged 62, was appointed to the Board of Directors on 26 May 2016 as an Independent 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 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 five Board meetings held during the financial year. She has no family relationship with any Director of Cagamas Holdings Berhad.

Board & Board Committees

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

- Mr. Nik Mohd Hasyudeen bin Yusoff
(Appointed as Chairman w.e.f. 1 July 2017)
- Dato' Ooi Sang Kuang
(Resigned as Chairman w.e.f. 1 July 2017)

Directors

- Tan Sri Dato' Sri Tay Ah Lek
- Datuk George Ratilal
- Datuk Abdul Farid bin Alias
- Datuk Azizan bin Haji Abd Rahman
- Dato' Lee Kok Kwan
- Ms. Wan Hanisah binti Wan Ibrahim
- Datuk Shaik Abdul Rasheed bin Abdul Ghaffour

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

Members of the Group Board Governance Committee

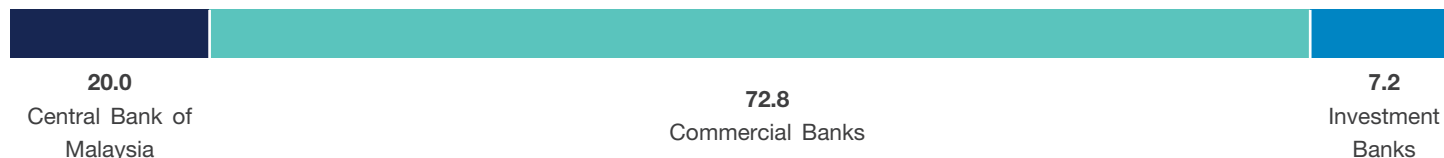
- Dato' Ooi Sang Kuang (Chairman)
(Resigned as Chairman w.e.f. 1 July 2017)
- Datuk Shaik Abdul Rasheed bin Abdul Ghaffour
(Appointed as Chairman w.e.f. 1 July 2017)
- Tan Sri Dato' Sri Tay Ah Lek
- Mr. Nik Mohd Hasyudeen bin Yusoff
(Appointed w.e.f. 1 July 2017)

Shareholders

CAGAMAS HOLDINGS BERHAD'S SHARE CAPITAL STRUCTURE AS AT 16 MARCH 2018

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

SHAREHOLDING STRUCTURE AS AT 16 MARCH 2018



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
Total	100.0	24	

ANALYSIS OF SHAREHOLDINGS AS AT 16 MARCH 2018

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 16 MARCH 2018

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

Corporate Highlights

JANUARY

1. KARNIVAL KEWANGAN 2017



Cagamas participated as a sponsor for the Pidato Competition (English section) in the Karnival Kewangan 2017 which was organised by Bank Negara Malaysia. The event was aimed at elevating the public's awareness on financial services, financial literacy and protection of consumers.

2. CAGAMAS GOLF FRIENDLY 2017



Cagamas held its Cagamas Golf Friendly 2017 event at the Sungai Long Golf & Country Club, which saw the participation of senior representatives from Bank Negara Malaysia, Securities Commission Malaysia and the Cagamas group of companies.

3. PUBLIC SECTOR INTERNAL AUDIT CONFERENCE 2017



Mr. Muhamed Noh Kaderan, Vice President/Head of Internal Audit, represented Cagamas at the Public Sector Internal Audit Conference 2017 organised by the Malaysian Institute of Accountants (MIA) held in Kuala Lumpur. He spoke at the panel session entitled *Unlocking the Power of Internal Audit in the Public Sector*.

4. BUSINESS MEETINGS IN SINGAPORE



President/Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for business meetings with a number of investors in Singapore.

FEBRUARY

5. ACADEMIC VISIT FROM POLITEKNIK NILAI



Cagamas welcomed diploma students from the Faculty of Islamic Business and Finance from Politeknik Nilai Negeri Sembilan. The third year students were briefed on sukuk in Islamic products.

6. RAM-PEFINDO ASEAN FIXED INCOME CONFERENCE



Cagamas participated as a Strategic Partner at the RAM-PEFINDO ASEAN Fixed Income Conference in Kuala Lumpur, which was jointly organised by RAM Holdings Berhad and PEFINDO Credit Rating Agency. President/Chief Executive Officer, Datuk Chung Chee Leong represented Cagamas as a panellist and spoke on the topic of *Benefits and Challenges of Cross-Border Issuance: From an Issuer's Perspective*.

FEBRUARY

7. CAGAMAS-SPONSORED ISLAMIC FINANCE IN MALAYSIA, GROWTH & DEVELOPMENT PUBLICATION LAUNCHED



Cagamas launched the Islamic Finance in Malaysia, Growth & Development publication at a ceremony which was officiated by Tan Sri Dr. Zeti Akhtar Aziz, Chancellor of INCEIF. Published and edited by INCEIF, the book which is solely sponsored by Cagamas, expected to play a crucial role in fulfilling the need for more literature on Islamic finance.

MARCH

8. EUROMONEY/ECBC ASIAN COVERED BOND FORUM



President/Chief Executive Officer, Datuk Chung Chee Leong represented Cagamas as a speaker at the Euromoney/ECBC Asian Covered Bond Forum organised by Euromoney and the European Covered Bond Council (ECBC), which was held in Singapore. Datuk Chung spoke at the panel session on *Asia's Funding Needs, Covered Bonds and Alternatives*. Datuk Chung and the Cagamas team also participated in the 4th ECBC Asian Covered Bond Roundtable. They also had separate meetings with investors.

10. BUSINESS MEETING WITH HONG KONG MORTGAGE CORPORATION (HKMC)



President/Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for a business meeting which was held with Mr. Raymond Li, JP, the Executive Director and Chief Executive Officer of the Hong Kong Mortgage Corporation.

9. VISIT FROM HAZANA MALDIVES LIMITED



Cagamas welcomed delegates from Hazana Maldives Limited, a Government agency that was established to develop the capital market of Maldives. The delegation which was led by the Managing Director, Ms. Aminath Sarahath, was briefed on Cagamas' Islamic products and services.

11. BUSINESS MEETING WITH INVESTORS IN HONG KONG



President/Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for a number of business meetings with investors in Hong Kong.

Corporate Highlights (Continued)

APRIL

12. IFN ASIA FORUM 2017



Senior Vice President of Islamic Business, Mr. Azizi Ali represented Cagamas as a panelist at the IFN Asia Forum 2017, Kuala Lumpur. He spoke at the panel discussion on the topic of *The Untapped Potential of Waqf Funds*. Cagamas also participated as a corporate sponsor at the event.

13. BPAM BOND MARKET AWARDS 2017



Cagamas was accorded the Top Traded Amount Overall, Top Traded Amount Conventional and Top Traded Amount Islamic awards at the Bond Pricing Agency Malaysia's Bond Market Awards 2017 which was held in Kuala Lumpur. President/Chief Executive Officer, Datuk Chung Chee Leong received the awards on behalf of Cagamas.

14. BLOOMBERG CONFERENCE ON TECHNOLOGY & SECONDARY MARKET TRADING IN FIXED INCOME MARKETS



President/Chief Executive Officer, Datuk Chung Chee Leong and Assistant Vice President of Treasury & Capital Markets, Mr. Mandeep Singh, represented Cagamas at Bloomberg's Conference on Technology & Secondary Market Trading in Fixed Income Markets which was held in Kuala Lumpur. Datuk Chung spoke on the topic of *Corporate Bond Market in Malaysia: Issuer Perspective* while Mandeep spoke at the panel discussion on *Spotlight on Malaysia: MYR/Secondary Market Liquidity*.

15. VISIT BY SAUDI REAL ESTATE DEVELOPMENT FUND (REDF)



Cagamas received a delegation from the Saudi Real Estate Development Fund (REDF) led by Mr. Mostafa A. Abdullatif, Chief Operating Officer & Transformation Project Manager of the REDF. The study visit covered secondary mortgage financing in Malaysia and in particular, Cagamas' operations and developments.

16. 8TH ANNUAL AFFORDABLE HOUSING PROJECTS



Senior Vice President of Core Business, Mr. Badrulnizam Bahaman represented Cagamas as a speaker at the 8th Annual Affordable Housing Projects in Singapore. Mr. Badrulnizam spoke at the panel session on *Country Spotlight: Malaysia-Housing the Nation using Islamic Finance and Sukuk Financing Instruments*.

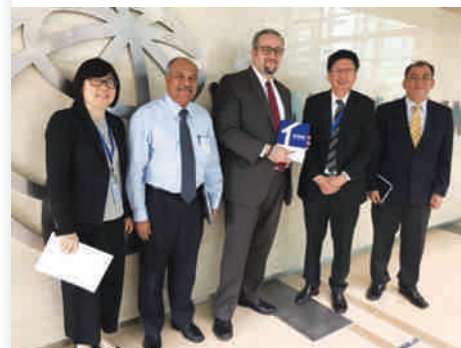
MAY

17. CAPITAL MARKETS
FAMILIARISATION SESSION

Cagamas organised a Capital Markets Familiarisation session for members of the media. President/Chief Executive Officer, Datuk Chung Chee Leong and Assistant Vice President of Treasury & Capital Markets, Mr. Mandeep Singh, gave a presentation to the attendees.

19. CAGAMAS INVITATIONAL
GOLF CHALLENGE 2017

Cagamas held its Invitational Golf Challenge 2017 at the Palm Garden Golf Club, IOI Resort City, Putrajaya which saw participation from 87 golfers comprising associates from regulatory bodies, financial institutions and corporations.

21. MEETING WITH THE WORLD
BANK

President/Chief Executive Officer, Datuk Chung Chee Leong held a business meeting with the Representative to Malaysia and Country Manager of The World Bank, Mr. Faris Hadad Zervos.

18. CAGAMAS HOLDINGS
BERHAD TENTH ANNUAL
GENERAL MEETING

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

20. CAGAMAS-DANAJAMIN
FRIENDLY GOLF 2017

Cagamas participated in a friendly golf game with Danajamin Nasional Berhad at the Sungai Long Golf & Country Club. The game, which saw the participation by representatives from both organisations, was led by President/Chief Executive Officers, Datuk Chung Chee Leong and Mr. Mohamed Nazri Omar.

22. BUSINESS MEETING WITH
INVESTORS IN HONG KONG,
SINGAPORE AND TAIPEI

President/Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for a series of business meetings in Hong Kong including a meeting with fund managers. The team also met investors in Singapore and Taipei as part of the SCB Asia Investor Forum 2017.

Corporate Highlights (Continued)

MAY

23. 6TH BORROWERS & INVESTORS FORUM, SOUTHEAST ASIA



President/Chief Executive Officer, Datuk Chung Chee Leong represented Cagamas as a speaker at the 6th Borrowers & Investors Forum, Southeast Asia organised by Finance Asia in Singapore. Datuk Chung spoke at the panel session on *Currencies and Credit*.

JUNE

24. BUSINESS MEETING WITH INVESTORS IN HONG KONG



President/Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for a series of business meetings in Hong Kong as part of the HSBC Asia Credit Conference.

JULY

25. DIALOGUE ON SUSTAINABLE DEVELOPMENT OF AFFORDABLE HOUSING



Cagamas Holdings organised a Dialogue on Sustainable Development of Affordable Housing which was held in Sasana Kijang, Bank Negara Malaysia. Datuk Shaik Abdul Rasheed bin Abdul Ghaffour, Deputy Governor of Bank Negara Malaysia presented the Keynote Address. The Dialogue was moderated by the Chairman of Cagamas Holdings Berhad, Mr. Nik Mohd Hasyudeen Yusoff and featured The World Bank representative, Mr. Abhas K. JHA, Practice Manager, Urban and Disaster Risk Management (DRM), East Asia and Pacific as well as local housing experts including the late Datuk Abdul Rahim bin Ishak, Director-General of the National Housing Department; Dato' Charon Mokhzani, Executive Director, Khazanah Nasional Berhad/Managing Director, Khazanah Research Institute and Mr. Chang Kim Loong, Honorary Secretary-General, National House Buyers Association of Malaysia.

The panellists presented various insights and valuable knowledge on subjects which included the global perspective in affordable housing provision, the Malaysian Government's perspective and initiatives, case studies as well as the challenges faced by first time home buyers.

JULY

26. THE ASSET TRIPLE A ISLAMIC FINANCE AWARDS 2017



Cagamas was awarded the Issuer of the Year–Quasi-sovereign award at The Asset Triple A Islamic Finance Awards 2017. Cagamas was also accorded the Best Local Currency Sukuk award for its 375 million ringgit commodity Murabahah sukuk. Datuk Chung Chee Leong, President/Chief Executive Officer accepted the awards on behalf of Cagamas at the ceremony which was held in Kuala Lumpur.

27. VISIT BY DELEGATION FROM PT SARANA MULTIGRIYA FINANSIAL (PERSERO)



Cagamas welcomed the visit of delegates from PT Sarana Multigriya Finansial (PERSERO), led by the President Director, Mr. Ananta Wiyogo, to discuss areas for mutual cooperation.

28. ACADEMIC VISIT FROM UNIVERSITI TENAGA NASIONAL (UNITEN)



Cagamas welcomed students from the Universiti Tenaga Nasional (UNITEN) Kampus Sultan Haji Ahmad Shah, Pahang's Finance & Investment Club. The students were briefed on Cagamas' business and operations.

AUGUST

29. BUSINESS MEETING WITH INVESTORS IN LONDON



President/Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for a series of business meetings in London.

Corporate Highlights (Continued)

AUGUST

30. MEETING WITH THE STAR



Cagamas made a courtesy call to The Star Media Group's office where the delegation, led by Mr. Azizi Ali, Senior Vice President of Islamic Business, met with Mr. Devid Rajah – Chief News Editor, Mr. M. Shanmugam – Specialist Editor and Mr. Jagdev Singh Sidhu – Features Editor.

31. ACADEMIC VISIT FROM POLITEKNIK METRO JOHOR BAHRU



Cagamas welcomed students from the Faculty of Finance and Islamic Banking, Politeknik METRO Johor Bahru. The students were briefed on Cagamas' sukuk and Islamic products.

32. DANAJAMIN MIGHTY RUN 2017



Cagamas participated in the Danajamin Mighty Run 2017 organised by Danajamin Nasional Berhad. Funds collected were in aid of the National Autism Society of Malaysia.

SEPTEMBER

33. ASIAN FIXED INCOME SUMMIT 2017



President/Chief Executive Officer, Datuk Chung Chee Leong represented Cagamas as a speaker at the 4th Asian Fixed Income Summit (AFIS). Hosted by PT Sarana Multigriya Finansial (PERSERO), the AFIS was held in Bali, Indonesia. Datuk Chung spoke at the panel session on *Investing in Housing Sector through Secondary Mortgage Corporation*.

SEPTEMBER

34. ASIAN SECONDARY MORTGAGE MARKET MEETING 2017



The Asian Secondary Mortgage Market Association (ASMMA) held its 4th annual meeting in Bali, Indonesia. The meeting saw leaders of secondary mortgage institutions from member countries including Malaysia, Philippines, Indonesia, Japan, Korea, Thailand, Mongolia and Hong Kong gather to share knowledge, expertise and product innovation. This year's meeting also saw participation from the World Bank and Asian Development Bank.

36. VISIT BY THE HOUSING & URBAN DEVELOPMENT INSTITUTE, INDONESIA



Cagamas received a delegation from The Housing & Urban Development Institute, Indonesia for a knowledge sharing session on Cagamas' business and operations. The delegation comprised among others, representatives from Kementerian Pekerjaan Umum dan Perumahan Rakyat Republik Indonesia, PT Sarana Multigriya Finansial (PERSERO), housing specialists and lecturers from both private and state universities.

38. CAGAMAS GROUP OF COMPANIES 30TH ANNIVERSARY DINNER



Cagamas marked its 30th anniversary celebrations at a ceremony which was graced by the Governor of Bank Negara Malaysia, Tan Sri Muhammad Ibrahim.

35. BURSA BULL CHARGE 2017



As part of the Company's Corporate Social Responsibility (CSR) efforts, Cagamas participated in the 4th Bursa Bull Charge organised by Bursa Malaysia Berhad. The beneficiaries of the funds collected were selected charity homes and associations.

37. CAGAMAS FAMILY OUTING IN SUNWAY LAGOON



More than 200 attendees comprising staff and their families participated in the Cagamas Family Outing which was held in Sunway Lagoon.

Corporate Highlights (Continued)

OCTOBER

39. 14TH KUALA LUMPUR ISLAMIC FINANCE FORUM 2017



President/Chief Executive Officer, Datuk Chung Chee Leong represented Cagamas as a speaker at the 14th Kuala Lumpur Islamic Finance Forum 2017. Datuk Chung spoke at the panel session on *Global Sukuk Outlook–Trends and Prospects*.

40. CAGAMAS-RAM GAMES 2017



In conjunction with Cagamas' 30th anniversary celebrations, a sports carnival was organised by Cagamas with Rating Agency Malaysia to foster closer ties between both corporations. Among games that were contested included badminton, futsal, netball and table tennis. Cagamas emerged as overall champions for the games.

41. ISLAMIC FINANCIAL SERVICES BOARD SUMMIT 2017



Cagamas participated as a Branding Sponsor at the Islamic Financial Services Board Summit 2017 in Abu Dhabi, hosted by the Central Bank of United Arab Emirates and its Governor, H.E. Mubarak Rashed Al Mansoori. The three-day conference covered topics based on the theme of *Reinvigorating the Momentum of Islamic Finance: Solidifying Resilience and Sustaining Growth*.

42. BUSINESS MEETING WITH INVESTORS IN ABU DHABI, SHARJAH AND DUBAI



President/Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for business meetings with a number of investors in Abu Dhabi, Sharjah and Dubai.

NOVEMBER

43. LEADERSHIP ENERGY SUMMIT ASIA 2017



Cagamas participated as an associate sponsor at the Leadership Energy Summit Asia 2017 which was organised by The ICLIF Leadership & Governance Centre in Sasana Kijang, Bank Negara Malaysia.

44. BUSINESS MEETING WITH INVESTORS IN SINGAPORE



President/Chief Executive Officer, Datuk Chung Chee Leong led a delegation from Cagamas for a series of business meetings in Singapore.

45. THE ASSET 12TH ASIAN BOND MARKETS SUMMIT



President/Chief Executive Officer, Datuk Chung Chee Leong represented Cagamas as a speaker at The Asset's 12th Asian Bond Markets Summit in Singapore. He spoke at the panel session on *Twenty Years after the Crisis*. Cagamas also participated as a silver sponsor at the event.

46. TUNKU ABDUL RAHMAN UNIVERSITY COLLEGE'S INVESTMENT TALK



Assistant Vice President of Treasury & Capital Markets, Mr. Mandeep Singh represented Cagamas as a speaker at Tunku Abdul Rahman University College's Investment Talk. He spoke on the topic of *Cagamas and its Role in The Capital Markets Development in Malaysia*.

47. ASEAN ROUNDTABLE SERIES-BROADENING INVESTOR BASE IN ASEAN BOND MARKETS



President/Chief Executive Officer, Datuk Chung Chee Leong represented Cagamas as a speaker at a roundtable titled *Broadening Investor Base in ASEAN Bond Markets* organised by CIMB Asean Research Institute, in collaboration with the ASEAN Business Club and the Asian Development Bank in Kuala Lumpur. Datuk Chung spoke on the topic of *Diversifying Funding Avenues and Investor Base-An Issuer's Perspective*.

Corporate Social Responsibility

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 ensuring transparency and integrity in governance, promoting equal opportunity, eliminating discrimination, reducing and managing our environmental impact and 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, Cagamas continues to provide assistance to the less fortunate through its ongoing CSR and Zakat initiatives. For this year, Cagamas participated as a Corporate Pledge Partner for Teach for Malaysia's #EmpoweredTo Unlock MY Potential Campaign which is in line with the Company's efforts to promote sustainable, positive social and environmental change through education.

The Cagamas Scholarship Programme (CSP) which was launched in 2016 continues to see the Company reaching out to deserving Malaysians who are in need of financial aid to pursue their education. A meritorious selection process that is race, gender and minority neutral is practiced which is in line with the Company's policy of diversity. Equal opportunity is presented to all applicants within Malaysia who meet the selection criteria. Currently into its second enrolment, the CSP has a total of eleven undergraduates.

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.

During the year, the Company continued to support various green measures to create a more environmentally friendly office and to raise employee's awareness of methods of waste reduction and energy conservation.

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'.



“Ceria Berbahasa Malaysia” Workshop

A total of 37 underprivileged and orphaned children from Rumah Amal Raudhatul Jannah, Pusat Jagaan Telaga Kasih Nur Muhammad and Pusat Jagaan Kanak-Kanak Yatim/Miskin Rukaiyah participated in the “Ceria Berbahasa Malaysia” workshop organised by Cagamas’ Zakat Committee and Human Capital & Administration Department. The workshop was organised for the children to increase their proficiency in the national language.



Teach For Malaysia’s #EmpoweredTo Unlock MY Potential Campaign Launch

Senior Vice President of Human Capital & Administration, Ms. Mazlina Saidi represented Cagamas at Teach for Malaysia’s (TFM) #EmpoweredTo Unlock MY Potential Campaign Launch and private screening of ‘Adiwiraku’, which was held in Kuala Lumpur. Cagamas participated as one of TFM’s corporate campaign pledge partners, which is in line with the Company’s corporate social responsibility efforts.



Cagamas Scholarship Programme

As part of the Company’s corporate social responsibility efforts to promote sustainable, positive social and environmental change, a total of six successful undergraduates were awarded with the bond-free scholarship for the second intake of Cagamas’ Scholarship Programme.



Collaboration with Amanah Ikhtiar Malaysia

Cagamas made a contribution towards the purchase of business equipment based on needs for single mothers (North Johore Region) as part of its corporate social responsibility efforts. The handover ceremony was led by President/Chief Executive Officer, Datuk Chung Chee Leong along with Dato' Dr. Zubir Harun, Executive Chairman of Amanah Ikhtiar Malaysia.



Donation to Independent Living & Training Centre Malaysia

Cagamas made a contribution towards the Independent Living & Training Centre Malaysia's training fund. The fund goes towards equipping members with skills to lead an independent life and promote employability.

Cagamas Sponsors the Construction of Homes under Its Zakat Programme

Cagamas' Zakat Committee sponsored the construction of homes for eligible recipients under the asnaf category. The initiative saw the completion of two homes located in Batang Kali, Selangor.



Awards and Accolades



Organisation/Publication	Award – Deal/Category
2017 BPAM Bond Market Awards	(a) Top Traded Amount Overall (b) Top Traded Amount Conventional (c) Top Traded Amount Islamic
The Asset Triple A Islamic Finance Awards 2017	(a) Issuer of the Year–Quasi-sovereign (b) Best Local Currency Sukuk – Cagamas 375 million Ringgit Commodity Murabahah Sukuk

Cagamas issues RM500 million Islamic papers

KUALA LUMPUR: Cagamas Bhd, the National Mortgage Corporation of Malaysia, announced the issuance of its three-month Islamic Commercial Papers (ICP) amounting to RM500 million. The ICP will be issued under the Islamic Commodity Murabahah structure and proceeds from the issuance will be used to fund the purchase of Islamic financing from the financial system.

"Despite increased market expectations of the US Federal Reserve raising its interest rate at the Federal Open Market Committee meeting on March 16, 2017, the ICP was competitively priced against the three-month KLIBOR (Kuala Lumpur Interbank Offered Rate). The issuance was concluded through a public offering and evidenced strong demand as the company was able to tighten the pricing by 3bps from the high-end of the initial price guidance and secure a commendable bid to cover ratio of 1.9 times," said Cagamas CEO Datuk Chung Chee Leong.

The ICP represents the company's fourth issuance in 2017 and brings the year-to-date issuance amount to RM3.0 billion, which is in line with the

By Stephanie Augustin
@stephanieaugustin

KUALA LUMPUR: Loan rejection rates for affordable housing units have dropped by 18% compared to the peak of housing prices in 2012. Bank Negara Malaysia (BNM) deputy governor Shaik Abdul Rashid Abdulkhalique Qari has revealed.

In his keynote address at the 30th anniversary celebration of the Sustainable Development of Affordable Housing hosted by Cagamas Holdings Bhd here yesterday, Shaik Abdul Rashid said approval rates for housing loans by the housing sector remain high at 74%, with more than 50% of the new housing loans extended for houses purchased before RM200,000.

"Loan rejection rates for affordable housing segments have actually been on a downward trend, falling by 18% since 2012,"

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Loan rejections for affordable homes down 18%



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"Loan rejection rates for affordable housing segments have actually been on a downward trend, falling by 18% since 2012,"

also encouraged private developers to shift their focus to the more affordable segments, which should help improve supply conditions," Shaik Abdul Rashid said.

Cagamas issues significant rates for all BNM's home financing and believes the housing price growth is recent years, the BNM deputy governor believes in driving innovative financing solutions such as equity financing to make home ownership more affordable.

"These include shared ownership schemes where buyers can acquire partial ownership in a house, instead of being burdened by an outright purchase. Another option is the shared lease-to-own scheme under Islamic finance arrangements, which allows buyers to acquire a house after sharing the period of use."

"BNM continues to work with the industry to address new opportunities, including financing alternatives, to support first-time home buyers within the means."

"Encouraging the private sector to invest in the affordable housing market is important to ensure the supply of affordable housing," he said.

Cagamas chairman Noh Mohd Haniffah Yusoff said that the company has been a pioneer in the affordable housing market since its inception in 1987.

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CAGAMAS' 30 YEARS OF HOUSING THE NATION



Datuk Chung Chee Leong, CEO of Cagamas.

On the 30th anniversary of its founding, Cagamas Holdings Bhd has reflected on its journey from a small mortgage corporation to a leading provider of Islamic home financing solutions in Malaysia.

The company has grown from a single entity to a diversified financial institution with a strong focus on affordable housing.

"Over the past three decades, we have been fortunate to serve the nation's housing needs through innovative financing solutions."

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By the end of 2017, the company's total assets have grown to RM100 billion, with a strong focus on affordable housing. The company has also been recognized as a leading provider of Islamic home financing solutions in Malaysia.

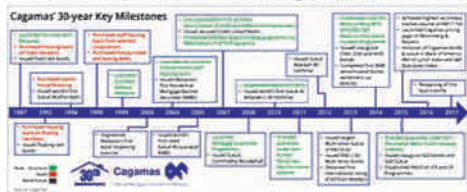
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Housing the nation

World Bank says subsidy is not the solution. What is important is land use and availability of jobs and transportation when selling affordable housing.

Affordable housing dialogue key takeaways:
- Government should continue to play a leading role in providing affordable housing.
- Private sector should be encouraged to participate in affordable housing development.
- Land use and transportation are key factors in making housing affordable.



The World Bank says that affordable housing is not just about building houses, but also about providing the necessary infrastructure and services to make housing affordable.

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FINANCING

Cagamas plans to issue RM11b bonds and sukuk this year

KUALA LUMPUR: Cagamas Bhd plans to issue a mixture of RM11 billion worth of bonds and sukuk this year compared with RM5.7 billion last year.

Chief executive officer Datuk Chung Chee Leong said the high proportion between bond and sukuk, the company planned to issue 50 per cent bond and 50 per cent sukuk.

"The actual ratio depends on the market conditions and the financial institutions," he said. "We will continue to diversify our financing mix to ensure we have the best financing solutions for our customers."

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Cagamas issues RM417m dual currency issuance

CAGAMAS Global plc, a wholly owned subsidiary of Cagamas Bhd, has raised RM417 million equivalent from a dual currency issuance.

In a release yesterday, the issuance comprises an aggregate RM100 million one-year and 1.5-year conventional medium-term notes (CMTNs) issued under Cagamas' existing RM40 billion medium-term notes programme and a one-year Singapore dollar medium-term notes issuance

amounting to S\$100 million (RM 315.95 million). The dual currency issuance brings the company's aggregate issuance for the year to RM3.4 billion.

Cagamas CEO Datuk Chung Chee Leong noted: "The secondary liquidity of Cagamas bonds and sukuk surpassed RM3 billion for the year 2017 in the domestic market, contributing to the company's ringgit issuance of RM70 million one-year and RM30 million 1.5-year CMTNs."

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Holistic approach to housing

Cagamas says joint efforts by state and federal governments can resolve issues

By THEAN LEE CHENG
KUALA LUMPUR: The calls from different stakeholders for concrete and coordinated solutions to tackle the affordable housing issue may have finally led to a breakthrough.

Cagamas Bhd, the national mortgage corporation, has proposed the setting up of a central repository to monitor and manage the demand and supply of affordable housing.

It also said that the use of innovative financing solutions such as shared ownership and shared lease-to-own schemes can help address the housing needs of the nation.

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Cagamas announces S\$41.5m multi-currency MTN

BY ADELA MEGAN WILLY

KUALA LUMPUR: National mortgage corporation Cagamas Bhd is tapping the Singapore debt market for the third time this year, to raise S\$41.5 million (RM130.42 million) via the issuance of conventional multi-currency medium term notes or MTN.

In a statement yesterday, it said the Singapore dollar denominated issuance will have a maturity of one year, and will be issued under the company's wholly-owned unit, Cagamas Global PLC, and the latter's US\$2.5 billion (RM10.72 billion) MTN programme.

The notes will be fully and unconditionally guaranteed by Cagamas, it said.

The conclusion of the one-year tenured Singapore dollar issuance was a result of proactive engagement with investors from Singapore, and

was competitively priced at 1 representing a spread of 55 points above the one-year Sing offer rate, said Cagamas chief executive officer Datuk Chung Chee I. "Continuous efforts in moving the foreign currency market and conducting comparative analysis on the after-swap costs also contributed to the finalisation of the deal," he added.

The issuance marks Cagamas' fourth foreign currency issue for 2017, and brings the value total foreign currency issuance to date (YTD) to RM2.15 billion. 30% of all issuances concluded Cagamas YTD, said Chung.

"The papers are unsecured obligations of the company, *raipari passu* among themselves with all other existing unsecured obligations of Cagamas," the statement further read.

Renewed foreign interest in Cagamas ringgit issuances

KUALA LUMPUR: Cagamas Bhd, the National Mortgage Corporation of Malaysia, has announced the aggregate issuance of its one-year RM410 million bonds/sukuk which comprises RM680 million conventional medium term notes and RM230 million Islamic medium term notes.

Proceeds from the issuances will be used to fund the purchase of mortgage loans and Islamic house financing from the financial system.

Cagamas CEO Datuk Chung Chee Leong said it is pleased with the foreign investors' continued participation in the issuances, which signify their confidence and acceptance of the local ringgit

denominated issuance, and of Cagamas' papers in particular.

"We are also pleased that the company's proactive engagements with foreign investors and continuous initiatives to promote secondary market trading of Cagamas papers have been successful," said Chung in a statement.

The renewed interest amongst foreign fixed income investors arises from the measures that were introduced by Bank Negara Malaysia to improve liquidity and trading activity in both the foreign exchange and bond markets as well as to

strengthen the financial market's infrastructure.

"Overwhelming response received from investors for the issuance has enabled the company to obtain a very competitive pricing with subscriptions received from various market segments including foreign investors," added Chung.

The papers, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of the company, ranking *pari passu* among themselves and with all other existing unsecured obligations of the company.



ISLAMIC MEDIUM TERM NOTES

Cagamas issues RM1b first dual tranche sukuk reopening

KUALA LUMPUR: Cagamas Bhd has initiated the company's and Malaysia's first dual tranche sukuk reopening, involving RM1 billion Cagamas Islamic medium term notes over a three-year period.

The new issuance will bring the national mortgage company's aggregate issuance for the year to RM5.5 billion.

Cagamas, in a statement yesterday, said this was the company's 14th issuance for the year.

Proceeds from the issuance would be used to fund the purchase of Islamic house financing from the financial system, it added.

"Despite being only a half-day offering, the order book received overwhelmed responses, which allowed the company to

successfully tighten its yield to 3.98 per cent and upsize the issuance from an initial size of RM800 million to RM1 billion.

This demonstrates the strength and resilience of the domestic market.

"The final yield was competitively priced at a spread of 50 basis points, over the three-year government investment issue," said Cagamas chief executive officer Datuk Chung Chee Leong.

He said the successful conclusion of this dual tranche reopening signifies the national mortgage corporation's continued innovation within the local fixed-income market and on-going strategic initiatives to promote secondary liquidity.

He said as at September 8, Cagamas' secondary trading volume stood at more than

Cagamas the unsung hero: 30 years of service to the nation

Whether it is the home you live in, or perhaps the property you children hope to buy as their first home, or the source of your income from bond investments, Cagamas has played a contributing role. In fact, it has spent many hours in serving the rakyat for the past 30 years.



NEW ISSUANCES

Cagamas issues RM2.3b debt notes

KUALA LUMPUR: Cagamas Bhd yesterday announced new issuances totalling RM2.3 billion and comprising RM700 million six-month commercial papers as well as RM1.6 billion conventional medium term notes of one, three and five-year tenures.

Chief executive officer Datuk Chung Chee Leong said proceeds from the issuances would be used to fund the purchase of mortgage loans from the financial system.

"The net rise of about RM5 billion has increased the total Cagamas papers outstanding in the market to more than RM30 billion," he added. Bernama

signifying its strong position in the market domestically and internationally.

It has also followed its additional role of opening the development of the separate bond and sukuk markets in the country through regular and large issuances of bonds and sukuk with multiple tenors, ranging from three months to six years, to form a benchmark yield curve, said Chung.

"Cagamas' debt instruments account for 7% of total outstanding bonds and sukuk in the country (as at Aug 31, 2017)," he says.

Being the largest sovereign issuer of debt in Malaysia, Cagamas has also pioneered the capital market funding for Islamic financing, which serves as a role model for other Islamic countries.

A strong role in assisting homebuyers there, now and in the future

According to Chung, the country's mortgage market has grown exponentially from RM20 billion in 1987 to over RM500 billion as at end July 2017. He estimates that Cagamas has consistently refinanced home loans on the secondary market equivalent to RM14 billion or about 3% in million loans from inception till July this year.

Cagamas also participates in the government's My First Home (Skim Rumah Pertamahan) and My Second Home (Skim Rumah Pertamahan 2) schemes, which provides a guarantee to the bank for financing above 90% of the cost of the house. This enables eligible applicants to buy houses costing RM100,000 to RM300,000 without having to pay the 10% down payment.

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Recognised internationally

Over the years, Cagamas has developed various Standard Securities conventional and Islamic to meet the demands of a broad spectrum of investors.

Particularly in the recent years, spearheaded by Chung, Cagamas has established a strong international network by offering multi-currency resources over a range of tenors.

"These are efforts to diversify our geographic and institutional pool of investors. We hope to enhance and strengthen our ability to raise funding from a broad group of fixed income investors while reducing dependence on the domestic market. It has enabled us to diversify our risk and strengthen our position as a global Malaysian corporate issuer," Chung says.

Since the establishment of the EMEN Programme, Cagamas has successfully introduced to foreign currency investors its offshore renminbi (RMB), Hong Kong dollar, US dollar and Singapore dollar, including its inaugural CNH 5 billion conventional and sukuk medium-term issuance in 2014 as well as the inaugural Singapore dollar sukuk in 2015.

Along with a strong belief in Cagamas as a strong position to continue to build and sustain the challenges ahead, the market and investors continue to demand a higher level of sophistication in products. Cagamas continues to proactively identify opportunities, provide innovative solutions and develop more diverse financial products.

"We hope to be an active partner with financial institutions to build breadth and depth to the financial market and system in Malaysia. We have identified key success factors, such as engagement of the industry to drive efficiency in operations supported by strong talent, prudent risk management and good corporate governance that will ensure the sustained growth and the success of Cagamas," he says.

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Meanwhile, the three-year RM1 billion

Higher yields seen leading to stronger currencies and potential rating upgrades, say experts

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Cagamas issues A\$100m medium-term notes

PETALING JAYA: Cagamas Bhd has issued its inaugural Australian dollar medium-term notes amounting to A\$100 million (RM331 million) through its wholly owned subsidiary Cagamas Global PLC.

The Australian dollar medium-term notes, which has a maturity of one year, also marks the company's first foreign currency floating rate note (FRN) issued under Cagamas' US\$2.5 billion conventional multi-currency medium-term note (EMTN) programme.

Meanwhile, the three-year RM1 billion

Cagamas conventional medium-term notes issue, part of the company's RM40 billion medium-term notes programme, represents the company's second dual tranche reopening concluded this year.

The dual currency issuance brings the total foreign currency denominated bonds/sukuk issued for the year to RM3.1 billion or 30%, with the remaining 70% or RM7.4 billion issued in the local currency market.

The Australian dollar FRN is rated "A3" by Moody's and will be fully and unconditionally guaranteed by Cagamas.

CMB ROUNDTABLE SERIES

MORE DEMAND FOR ASEA BONDS

Higher yields seen leading to stronger currencies and potential rating upgrades, say experts

JERUSALEM: ASEAN bond markets have better growth prospects than other emerging markets due to their higher yields, and this could lead to stronger currencies and potential rating upgrades, say market experts and analysts.

CMB Group Asset Management CEO Paul Chan said the information was largely due to various investors and policies implemented by governments in the region.

"The main issue for investors is reduction of withholding tax and improvement of market liquidity," Chan said.



From left: ASEAN Development Bank (ADB) senior economic officer Maria Cynthia Peralta, Securities Commission Malaysia executive director and regional supervisor Ramonito H. Huelan, ADB principal economist, economic research and regional cooperation, Dr Douglas Park, CMB Asset Research Institute director of operations Hong Labin, CMB Group Asset Management CEO Paul Chan, CMB Group Asset Management Institute director of operations Hong Labin, CMB Group Asset Management Institute director of operations Hong Labin, CMB Group Asset Management Institute director of operations Hong Labin, CMB Group Asset Management Institute director of operations Hong Labin.

in recent times. Since the devaluation of domestic assets, foreign fund managers will continue to invest in the region and attract larger bond markets and further regional integration.

Chan said ASEAN bond markets have better growth prospects than other emerging markets due to their higher yields, and this could lead to stronger currencies and potential rating upgrades, say market experts and analysts.



Group Financial Highlights

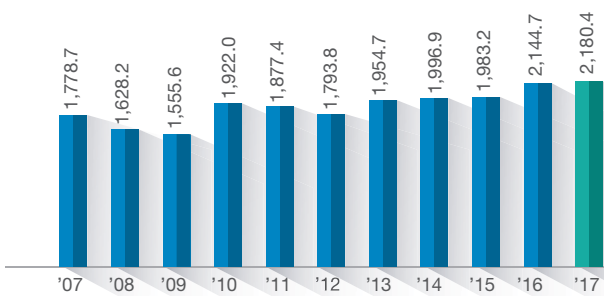
	Cagamas Berhad & CMBS*	Group									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUE (RM million)											
Gross Operating Revenue	1,778.7	1,628.2	1,555.6	1,922.0	1,877.4	1,793.8	1,954.7	1,996.9	1,983.2	2,144.7	2,180.4
Profit Before Tax and Zakat	541.7	564.3	559.2	610.5	591.5	551.9	703.2	546.5	558.3	574.2	548.2
Profit After Tax and Zakat	403.6	419.7	414.7	455.7	442.1	413.2	527.6	391.2	436.5	439.4	414.3
Dividend After Tax	66.6	16.7	22.5	22.5	22.5	45.0	22.5	30.0	30.0	30.0	30.0
STATEMENT OF FINANCIAL POSITION (RM million)											
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	14,296.2	19,870.4
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	5,307.7	5,544.4
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	8,494.0	7,678.1
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	9,058.7	8,465.4
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	42,972.4	46,812.2
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	20,946.6	25,764.9
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	11,214.9	11,597.9
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	2,143.8	1,270.3
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	2,075.8	1,261.4
Share Capital	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
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	5,799.6	5,914.7
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	5,949.6	6,064.7
PER SHARE											
Earnings (sen)**	269.1	279.8	276.5	303.8	294.7	275.4	351.7	260.8	291.0	292.9	276.2
Net Tangible Assets (RM)**	15.1	17.4	20.2	23.1	25.9	28.4	31.7	34.2	37.1	39.6	40.3
Dividend (sen)	60.1	11.1	15.0	15.0	15.0	30.0	15.0	20.0	20.0	20.0	20.0
FINANCIAL RATIOS											
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	10.0	9.1
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	7.6	6.9
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	1.4	1.2
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	1.1	0.9
Dividend Cover (times)	6.1	25.1	18.4	20.3	19.6	9.2	23.4	13.0	14.6	14.6	13.8
Risk-Weighted Capital Ratio (%)	19.2	21.6	21.6	26.8	35.7	39.4	39.1	39.9	37.1	38.0	35.1

* Cagamas MBS Berhad.

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

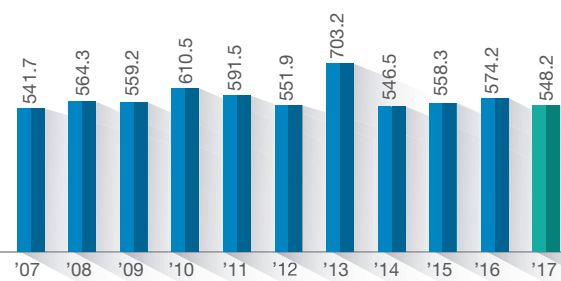
Gross Operating Revenue

(RM million)



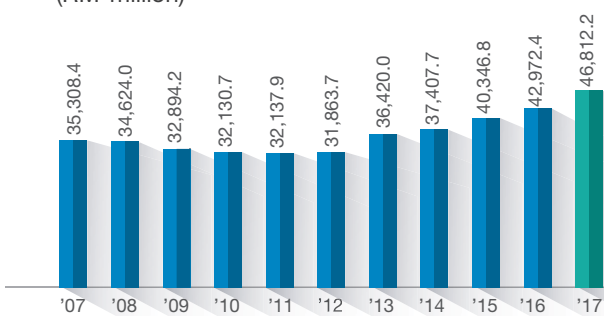
Profit Before Tax and Zakat

(RM million)



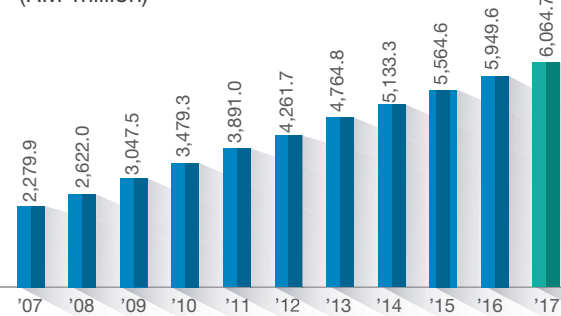
Total Assets

(RM million)



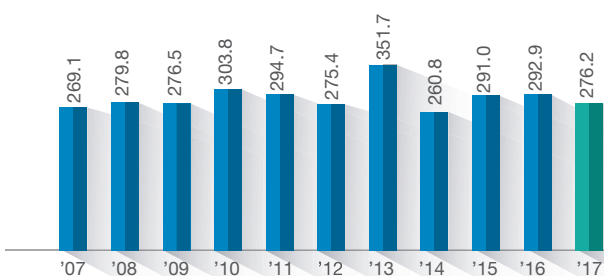
Shareholders' Funds

(RM million)



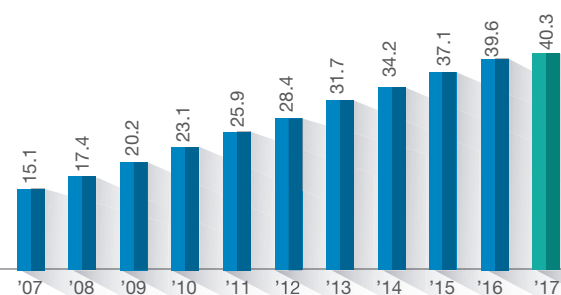
Earnings Per Share

(Sen)



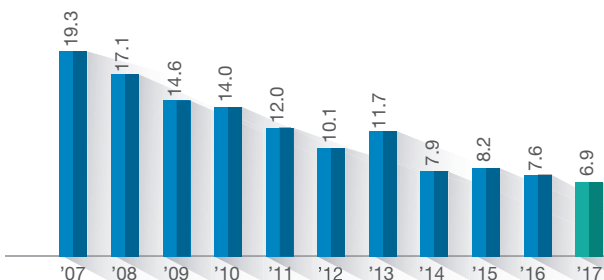
Net Tangible Assets Per Share

(RM)



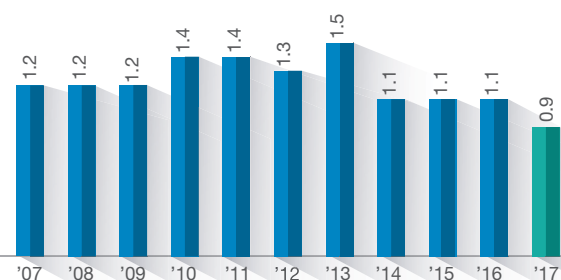
After-tax Return on Average Shareholders' Funds

(%)



After-tax Return on Average Total Assets

(%)



CAGAMAS HOLDINGS BERHAD

Incorporated in 2007, Cagamas Holdings Berhad (The Group) 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-backed securitisation transactions while Cagamas SRP Berhad provides mortgage guarantee to the primary lenders.

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 cashflows 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.

Cagamas inaugural issuance in
AUD100 million
marked the Company's **FIRST**
Foreign Currency Floating Rate Note



OPERATING REVIEW 2017

Global and Domestic Economic Environment

The global upswing in economic activity is strengthening, with global growth projected to rise to 3.0% in 2017, driven by improved economic conditions in advanced economies, as well as robust and resilient economic activity in the emerging market and developing economies. Most major ASEAN economies, namely Indonesia, Malaysia, the Philippines, Thailand and Vietnam are expected to register steady growth contributed by strong domestic and external demand.

The Malaysian economy registered a higher growth of 5.9% in 2017 (2016: 4.2%) supported by robust private sector spending and continued strength in exports. On the demand side, private sector spending continue to be the key driver of growth.

Interest Rate and Liquidity Environment

In 2017, banking system liquidity remained healthy with financial institutions continued to operate with strong capital and liquidity buffers. The Overnight Policy Rate (OPR) and Statutory Reserve Requirement (SRR) were held steady at 3.00% and 3.50% respectively. Meanwhile, the continued strengthening of ringgit against the US dollar was underpinned by resumption of non-resident inflows into Malaysia's financial markets following encouraging domestic macroeconomic conditions. Stronger ringgit was also supported by various measures taken by the Financial Markets Committee (FMC), particularly on enhancing liquidity in the bond market by allowing resident investors to conduct short selling activities and for greater hedging flexibility in the onshore market.

Property Market

Malaysian House Price Index (MHPI) increased by 5.1% in Q3 2017 (Q2 2017: 6.8%), reflecting a moderation in house prices in most of the states in Malaysia. Residential sub-sector continued to be the key market driver contributing 61.8% and 48.4% in terms of volume and value respectively to the overall property market. Demand for affordable housing continued to rise with 83% of the residential transactions below RM300,000. Unsold residential units recorded a new high of 130,690 units, with 83% of unsold units priced above RM250,000.

Bond Market

Given the strong positive signs in US GDP growth and employment figures, the US Federal Reserve conducted a total of 3 interest rate hikes in 2017. With the positive momentum of the US economy going into 2018, the market has continued to build up expectations of further rate hikes going forward.

Locally, Malaysian Government Securities (MGS) yields were lower towards the end of the year despite market expectations of OPR hike in 2018, as foreign investors increased their holdings of MGS encouraged by stronger economic growth and strengthening of the ringgit. Overall, foreign investors holding have increased marginally in December, with total holdings in MGS and Malaysian Government Investment Issue (MGII) increased by 2.6% to RM182.9 billion (November 2017: RM178.2 billion). Local bond market continues to be supported by both local and foreign investors going into 2018 on prospects of stronger economic growth and higher oil prices.

PURCHASE OF LOANS AND FINANCING

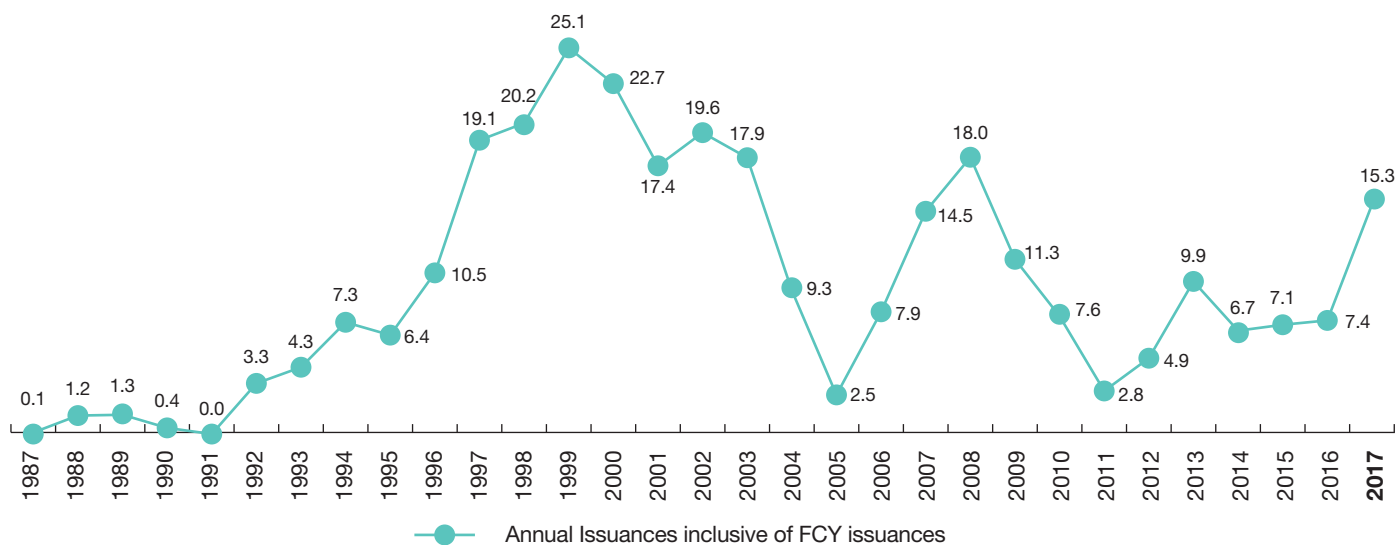
Cagamas recorded RM14.0 billion of purchases of loans and financing in 2017 under PWR scheme (2016: RM5.7 billion) and RM100.0 million purchase of loans and financing under PWOR scheme (2016: Nil). Cagamas' net outstanding loans and financing rose by 16% to RM37.6 billion in 2017 (2016: RM32.5 billion). For the year ended 31 December 2017, residential mortgage dominated Cagamas' portfolio at 98.8%, followed by hire purchase loans and financing at 0.8% and personal loans and financing at 0.4%. Cagamas's Islamic asset portfolio against conventional assets contracted to a ratio of 32 : 68, while PWR and PWOR loans and financing portfolios were at 65%¹ and 35%¹ respectively. The gross impaired loans and financing under the PWOR scheme remained low at 0.72%, while net impaired loans and financing was at 0.23%.

ISSUANCE OF CAGAMAS BOND AND SUKUK

Since 1987 until end 2017, Cagamas and its subsidiaries had cumulatively issued a total of RM302.0 billion of corporate bonds and sukuk, including RM51.8 billion of sukuk and RM8.9 billion² equivalent of foreign currency (FCY) issuances.

Table 1
Annual Issuances, 1987-2017

RM billion



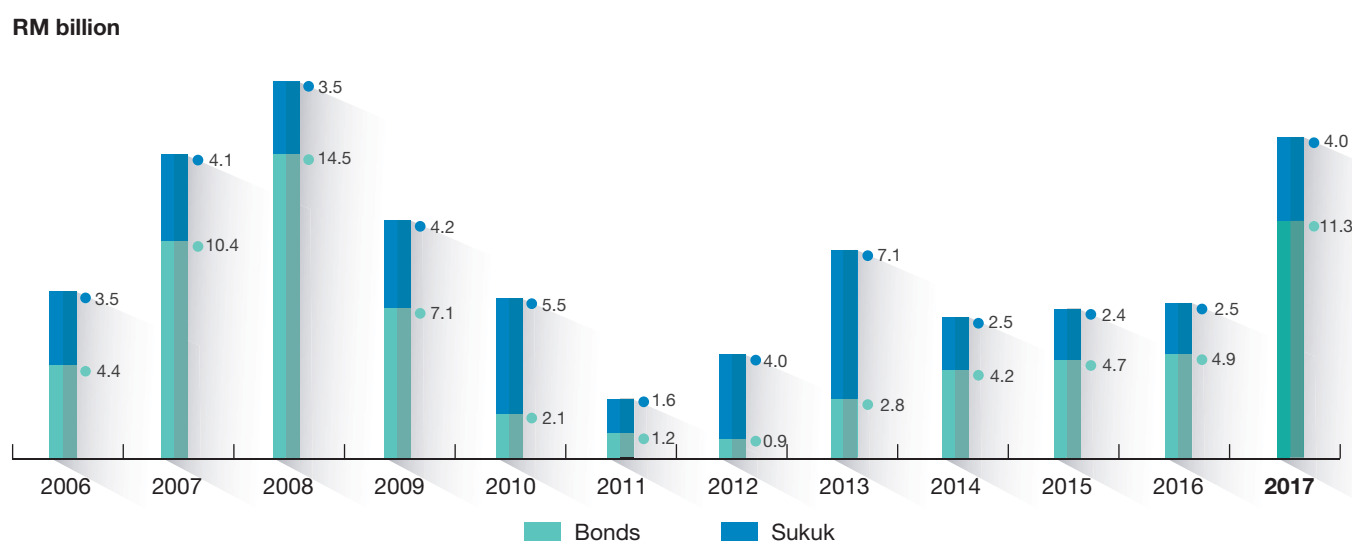
¹ Gross loans and financing before loan loss provision and accretion

² Foreign currency issuance of RM8.9 billion valued as at issue dates

Business Review (Continued)

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 2017, the Company issued a total of 24 new Cagamas bonds and sukuk totaling RM15.3 billion, comprising RM11.3 billion bonds and RM4.0 billion sukuk. The issuances comprised 18 ringgit denominated debt securities and 6 foreign currency debt securities. RM12.2 billion or 80% was raised from the ringgit bond market which represented 9% of total corporate bonds and sukuk issuances in domestic market for 2017. The remaining RM3.1 billion³ or 20% was issued under the Company's Multicurrency EMTN Programmes.

Table 2
Annual Bonds and Sukuk Issuances, 2006 – 2017



In 2017, the Company continued to raise funding at competitive price in FCY issuances through both public and private placement deals. During the year, 6 FCY issuances with a total value of RM3.1 billion were successfully priced. Among the issuances, 1 was in US dollar (USD), 4 were in Singapore dollar (SGD) while the remaining 1 issuance was in Australian dollar (AUD). The AUD issuance represented the Company's inaugural issuance in AUD which also marked the Company's first FCY floating rate note. Out of 6 new FCY issuances, one issuance was in SGD sukuk which marked Cagamas' sukuk issuance in SGD for the third consecutive year. The other 5 FCY issuances were conventional.

Table 3
Foreign Currency Issuances, 2017

Issuance Date	EMTN Programme	Tenure (Year)	Yield (%)	Amount (Mil)
13 March	Sukuk	1	1.85	SGD50
12 April	Conventional	1	1.64	SGD100
26 April	Conventional	3	2.53	USD350
24 July	Conventional	1	1.53	SGD41.5
20 September	Conventional	1	1.52	SGD200
19 October	Conventional	1	2.45	AUD100

³ Foreign currency issuance of RM3.1 billion valued as at issue dates

Chart 1
Issuances by Currency, 2016 & 2017

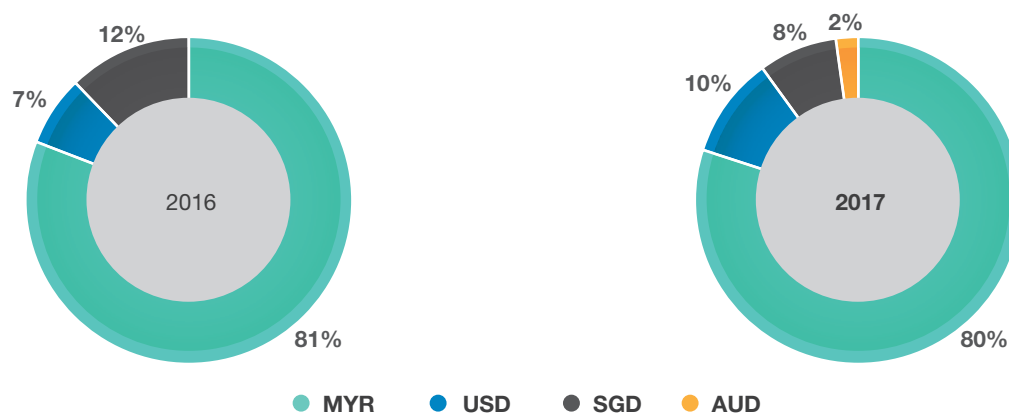
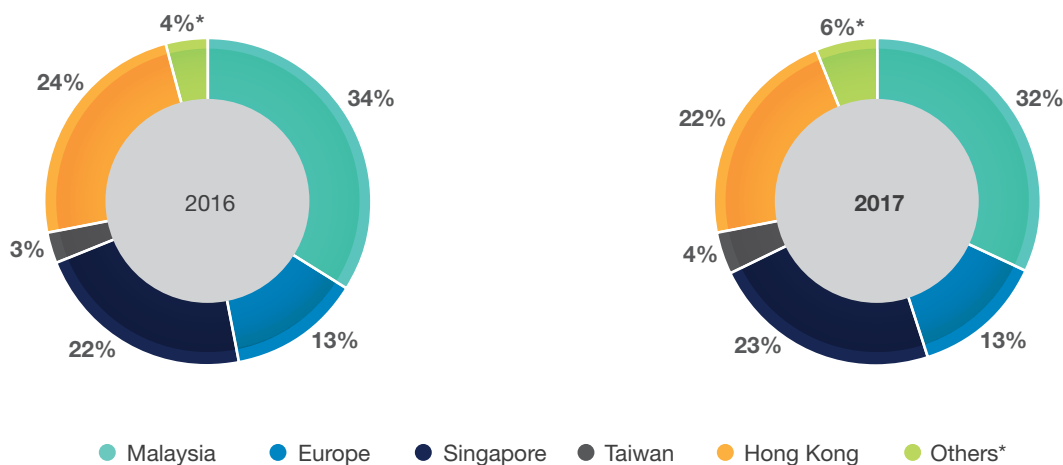


Chart 2
Number of Investors by Country, 2016 & 2017



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

* Others inclusive of Middle East, China, Korea, Brunei, Thailand and Offshore USA.

As part of the initiatives to promote secondary market liquidity for the Company's bonds and sukuk, Cagamas continued to conduct reopening exercise since October 2015 under its RM40 billion Medium Term Notes (MTN) programme. In 2017, Cagamas reopened a total of four tranches; two each in September and October for a combined size of RM2.0 billion. Cagamas has also set new benchmarks with both the reopenings in September and October which represented the Company and the Country's first ever dual tranche bonds and sukuk reopenings respectively.

Business Review (Continued)

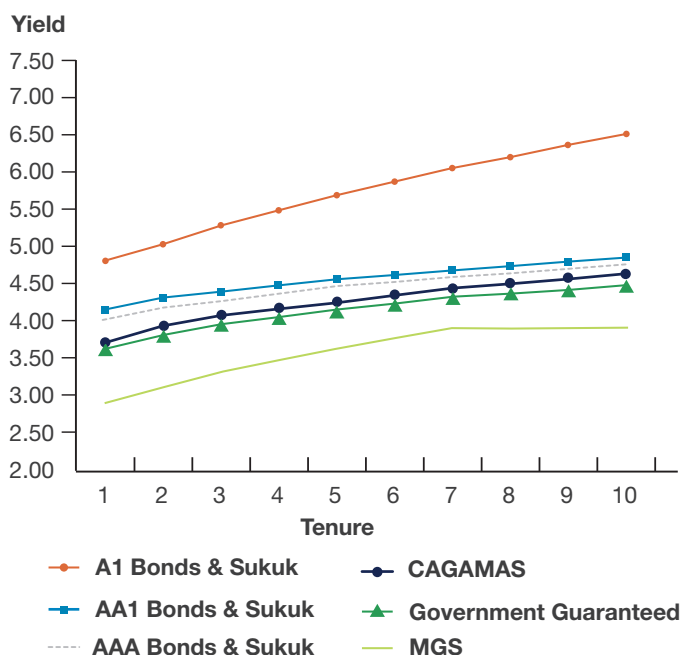
Table 4
Bonds and Sukuk Reopening, 2017

Month	Initial Issue Size (RM mil)	Reopened Amount (RM mil)	New Size (RM mil)	Type
September	25	475	500	Sukuk
September	390	525	915	Sukuk
October	15	500	515	Bonds
October	310	500	810	Bonds

Other proactive initiatives to further promote secondary market liquidity to local and international investors such as maintaining Cagamas pricing page in both Bloomberg and Reuters platforms. The platforms were utilised since 2016, offering value tracking assistance to investors coupled with the inclusion of Cagamas bonds and sukuk in widely followed global indices. This resulted in Cagamas bonds and sukuk ending the year 2017 as the most traded corporate bonds and sukuk for the second year running with total traded volume of RM7.3 billion, representing a market share of 6.0%.

As at 31 December 2017, the Company’s outstanding bonds and sukuk stood at RM36.7 billion of which RM30.8 billion or 84% was in ringgit and RM5.9 billion⁴ or 16% was denominated in FCY. Bonds formed 69% of the Company’s total bonds and sukuk outstanding while the balance of 31% were sukuk. Cagamas remained as the largest issuer of corporate bonds and sukuk in Malaysia, accounting for 5% of total outstanding corporate bonds and sukuk and 21% of outstanding AAA-rated bonds and sukuk.

Chart 3
Bond Yield Comparison as at 31 December 2017



The MGS yields depicted a slightly downward trend in 2017, declined by 10 to 30 bps across the curve from beginning of the year. Benchmark MGS yields dropped following Bank Negara Malaysia’s announcement on the relaxation of onshore foreign exchange hedging in April 2017. The decline in MGS yields was also due to rising geopolitical tensions between the US and North Korea, as well as growing uncertainty over US President Trump’s ability to implement his policies which caused inflows of foreign funds into emerging markets including Malaysia. The recent strengthening in the ringgit towards year end also fuelled a rally in MGS, with 10-year MGS closed the year at 3.91%, from its year high of 4.28% in January 2017. In the ringgit corporate bonds and sukuk space, the bond yields have been trending slightly downwards in 2017, following the trend in MGS curve. Despite some volatilities in the market, yields of Cagamas debt securities were stable in the first 9 months of 2017. Average spread against MGS within the corresponding period for 3-year and 5-year were at 55 bps and 44 bps respectively. Increased demand from domestic and foreign investors for government debt securities towards year end arising from ringgit strength has resulted in the average spread between 3- and 5-year Cagamas debt securities and MGS widened to 67 bps and 50 bps respectively.

⁴ Outstanding foreign currency of RM5.9 billion as at 31 December 2017

RATINGS

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 2017, RAM Rating Services Berhad (RAM) has assigned Cagamas' Global, ASEAN and national-scale corporate credit ratings at gA_2 /Stable/ $gP1$, $seaAAA$ /Stable/ $seaP1$ and AAA /Stable/ $P1$ respectively. In addition, Malaysian Rating Corporation Berhad (MARC) has also assigned Cagamas' bonds and sukuk issues ratings at AAA /MARC-1 and AAA_{IS} /MARC-1 IS respectively. Moody's Investors Service (Moody's) has also assigned Cagamas' local and foreign currency long-term issuer ratings at $A3$ which is in line with Malaysian sovereign ratings.

Table 5
Cagamas Ratings

	Rating Agency		
	RAM	MARC	Moody's
Cagamas Berhad	gA_2 /Stable/ $gP1$, $seaAAA$ /Stable/ $seaP1$ AAA /Stable/ $P1$	AAA /MARC-1 AAA_{IS} /MARC-1 IS	$A3$

MORTGAGE GUARANTEE

Cagamas SRP Berhad (CSRSP) offers mortgage guarantee as a "first loss" protection on residential mortgage portfolio of the Financial Institutions (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 2017, CSRSP has cumulatively provided guarantee amounting to RM201.4 million as compared to RM95.5 million in 2016. The value and number of new loans and financing approved with guarantee cover for SRP and SPB have increased, 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, CSRSP has provided guarantee for housing loans and financing totalling RM2.1 billion enabling 9,860 individuals/households to own their first house.

Table 6
Skim Rumah Pertamaku (SRP) and Skim Perumahan Belia (SPB)

	2011 – 2016	2011 – 2017	Growth
(RM'mil)			
Guaranteed Exposure	95.5	201.4	+111%
SRP	71.6	142.3	+99%
SPB	23.9	59.1	+147%
(RM'mil)			
Loans and Financing Value	981.0	2,058.3	+110%
SRP	732.0	1,447.2	+98%
SPB	249.0	611.1	+145%
Number of Loans and Financing Approved	4,655	9,860	+112%
SRP	3,610	7,172	+99%
SPB	1,045	2,688	+157%

SECURITISATION

As at end 2017, total outstanding Cagamas MBS Berhad (CMBS) bonds and sukuk stood at RM2.5 billion out of the total issuance of RM10.2 billion. The remaining CMBS bonds and sukuk are expected to mature in stages and fully redeemed by August 2027. There was no new securitisation deal during the year.

FUTURE DEVELOPMENTS IN THE COMPANY'S BUSINESS

The Company will continue to explore enhancement opportunities for current programmes and schemes and the feasibility of any new business initiatives with a view to attaining its core missions and social objectives. In addition, the Company will further explore opportunities to assist the Government in the area of affordable housing and continue to maintain its prudent funding strategy to stand ready to provide liquidity to the banking sector when needed.

The Company has been exploring new value propositions such as diversifying its funding sources abroad and targeting cross-border opportunities to support the regional expansion of domestic banks and the purchase of new asset classes for its PWR portfolio, e.g. Infrastructure loans and Small and Medium Enterprises (SMEs) loans. Cagamas will also seek new markets and currencies for its bonds and sukuk, specifically targeting the issuance of Panda bonds in China, Pro-Bond in Japan, Kangaroo bonds in Australia and Formosa bonds in Taiwan.

The Company recognises the remarkable increased activity in green and social bond markets and has also taken initiative to analyse the option to fund environmental friendly projects via potential issuance of green bonds or sukuk. It aims to advance the development of sustainable finance in support of the country's aspiration and its transition to a more environmentally-friendly economy.

DEVELOPING THE RIGHT
FRAMEWORK FOR
PROGRESS



Chairman's Statement



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 2017.

INTRODUCTION

Global economic growth expanded in 2017, driven by improved economic conditions in advanced economies, as well as robust and resilient economic activity in the emerging market and developing economies. East and South Asia remain the world's dynamic region, with its growth largely driven by sustained domestic activity, robust domestic demand and supportive macroeconomic policies.

Economic sentiment and confidence strengthened, particularly in developed economies, attributed by improved investment conditions, stable financial markets, strong credit growth and solid macroeconomic outlook. Global trade rebounded strongly in 2017, in particular the emerging market and developing economies grew remarkably.

Against a backdrop of robust economic growth and a strong labour market, the Federal Reserve delivered a total of three (3) rate hikes in 2017 as part of a program for a slow but steady normalisation of monetary policy. Despite the tightening cycle in the U.S., global financial conditions remained largely accommodative due to widespread low inflationary pressures. Growth in China also helped to translate into higher global demand, which reverberated positively through emerging-market economies.


Closer to home, the Malaysian economy performed exceptionally well in 2017, as it registered a higher growth of 5.9% (2016: 4.2%) driven by a resilient domestic demand and continued strength in exports. Buoyant consumer spending is attributable to a stable job market, continued wage growth, contained core inflation and several government measures to boost disposable income. During the year, banking system liquidity remained healthy with financial institutions continued to operate with strong capital and liquidity buffers. The Overnight Policy Rate (OPR) and Statutory Reserve Requirement (SRR) were held steady at 3.00% and 3.50% respectively. We also saw the strengthening of ringgit against the US dollar, attributed by strong GDP growth and exports.

Malaysian Government Securities (MGS) yields were lower towards the end of the year despite market expectations of OPR hike in 2018, as foreign investors increased their holdings of MGS encouraged by stronger economic growth and strengthening of the ringgit. Lower rates across the curve are also in response to the strong current account surplus, benign inflation outlook along with prudent fiscal position resulting from government fiscal consolidation initiatives going forward. The 10-year MGS yield ended the year lower at 3.91% as opposed to its year high of 4.28% in January 2017. Foreign investors holding increased marginally in December, with total holdings in MGS and Malaysian Government Investment Issue (MGII) increased by 2.6% to RM182.9 billion (November 2017: RM178.2 billion).

HIGHLIGHTS

In 2017, Cagamas has another successful year with 24 total issuances worth RM15.3 billion comprising 18 ringgit debt securities and 6 foreign currency debt securities, representing the Company's highest bonds and sukuk issuances in a single year since 2009. 80% or RM12.2 billion were raised from the domestic market and the remaining RM3.1 billion equivalent were raised under the multicurrency programmes that were established in 2014.

Cagamas recorded highest bonds and sukuk issuances of RM15.3 billion in a single year since 2009



Despite some volatilities in the market, yields of Cagamas debt securities were relatively stable in the first 9 months of 2017. Average spread against MGS within the corresponding period for 3-year and 5-year were at 55 bps and 44 bps respectively. Increased demand from domestic and foreign investors for government debt securities towards Q4 arising from the strengthening of ringgit has resulted in the average spread of 3-year and 5-year Cagamas debt securities against MGS to widen to 67 bps and 50 bps respectively.

Cagamas securities emerged as the highest secondary market traded volume among AAA rated papers as well as the whole domestic corporate bonds and sukuk for the second year running with total traded volume of RM7.3 billion, representing a 6% market share. This is attributed to the continued proactive initiatives taken by the Company since 2016 to promote secondary market liquidity to local and international investors. Some of these initiatives include setting a new benchmark by conducting dual tranche reopenings of its bonds and sukuk – the first of its kind in Malaysia. The Company's new ringgit issuances represented 9% of total corporate bonds and sukuk issuances for 2017.

Cagamas successfully concluded the issuance of its Foreign Currency Floating Rate Note (FRN) under its Multicurrency Medium Term Notes Programme with the inaugural issuance of AUD100 million. This issuance not only saw the Company enlarging the currencies offerings but it also reduced its cost of funding. The Company also successfully redeemed RM9.4 billion of Cagamas debt securities in 2017. This included its very first Renminbi Bonds worth CNH1.5 billion issued in 2014.

During the year, Cagamas was awarded Issuer of the Year – Quasi-Sovereign, as well as the Best Local Currency Sukuk for its RM375 million Commodity Murabahah Sukuk at The Asset Triple A Islamic Finance Awards 2017.

Value of PWR transactions in 2017 was

RM14.0 billion
the highest in Cagamas history



The Company has also been accorded 3 awards by Bond Pricing Agency Malaysia (BPAM) at its 4th Annual BPAM Bond Market Awards ceremony; Top Trade Amount Overall, Top Trade Amount Conventional and Top Trade Amount Islamic. This is an acknowledgement of the continued confidence by investors in the Company's credit strength, as well as its mandate to support the development of the Islamic capital market.

To further support the stability of financial system, Cagamas has entered into an agreement with Perbadanan Insurans Deposit Malaysia (PIDM), to participate in its Intervention and Failure Resolution Framework (IFR). The IFR Funding Arrangement has been formalised in Q3 2017.

Cagamas takes pride in carrying out its role to promote the spread of home ownership in Malaysia. Cagamas continued to support the various ongoing schemes initiated by the Government such as Skim Rumah Pertamaku (My First Home Scheme) (SRP) and Skim Perumahan Belia (Youth Housing Scheme) (SPB). As at 31 December 2017, via Cagamas SRP Berhad (CSRSP) which principal activity is in the guarantee protection business has underwritten guarantee for SRP and SPB totaling RM2.1 billion, enabling 9,860 individuals/households to own their first home.

FINANCIAL PERFORMANCE

For the financial year ended 2017, I am pleased to report that the financial position of the Group, which included Cagamas, Cagamas MBS Berhad (CMBS) and Cagamas SRP Berhad (CSRSP), remained strong. The Group achieved a pre-tax profit of RM548 million compared with RM574 million in 2016, both Cagamas and CMBS are the key contributors to the results of the Group.

As at end 2017, the Group's Core Capital Ratio (CCR) and Risk Weighted Capital Ratio (RWCR) stood at a high of 33.6% and 35.1% respectively. Excluding CMBS, for the same period, the Group's CCR and RWCR was 24.0% and 25.4% respectively. Total shareholders' funds for the Group increased to RM6.1 billion from RM5.9 billion, while net tangible asset per share was higher at RM40.3, compared with RM39.6 the year before.

Cagamas posted a pre-tax profit of RM320.8 million in 2017 compared with RM332.0 million in 2016. Earnings per share of Cagamas were 161.1 sen in 2017 compared with 170.0 sen in 2016. Total shareholders' funds grew by 6.4 % to RM3.4 billion and consistent with this, the net tangible asset per share stood at RM22.7. Cagamas' capital position remained strong, with its CCR and RWCR at 20.9% and 22.3% respectively.

During the financial year, the securitisation arm, CMBS contributed a pre-tax profit of RM214.4 million, compared with RM230.9 million in 2016. 2017 saw the highest redemption totaling RM1.7 billion, leaving a remaining of RM2.5 billion worth of RMBS/IRMBS out of the original total issuance of RM10.2 billion. The remaining RMBS/IRMBS are expected to mature in stages and fully redeemed by August 2027.

Guarantee activities under CSRSP, achieved a 62.9% rise in premiums received and a commendable combined increase of 109% in loans guaranteed under the SRP and SPB schemes. Pre-tax profit for guarantee activities almost doubled to RM4.3 million in 2017, compared with RM2.3 million in the previous year.

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. These were reflected by its ability to maintain 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.

Cagamas continued to play an active role in facilitating deeper intermediation in the Malaysian financial sector by providing liquidity, capital and risk management solutions. The Company also offered a wider source and tenor of funding for financial institutions. The value of PWR transactions in 2017 was RM14.0 billion, the highest in Cagamas history. Total outstanding loans and financing of Cagamas amounted to RM37.6 billion as at the end of December 2017.

Chairman's Statement (Continued)

DIVIDENDS

For the financial year ended 31 December 2017, the Group declared a total dividend of 20 sen per share to the ordinary shareholders.

INITIATIVES IN 2017

Cagamas prides on its commitment to the highest integrity and ethical standards, evident by the undertaking of several measures during the year to enhance our governance framework. The Board has adopted a charter based on Bank Negara Malaysia's Corporate Governance guidelines that defines the Director's duties, responsibilities and liabilities as well as the division of responsibilities between the Board, the Board Committees, the Chairman and the Chief Executive Officer. The charter is subject to review periodically to ensure consistency with the Board's strategic intent and relevant standards of corporate governance.

The Loan Administration System project which was officially launched in November 2016, is being rolled out in stages and the final phase is expected to be completed in 2018. This will enable Cagamas to enhance operational efficiency as the Company is able to process data and perform scenario planning and analysis more efficiently and effectively.

In 2017, Cagamas celebrated its 30th anniversary and undertook a series of initiatives to commemorate this milestone. This included hosting a Dialogue on Sustainable Development of Affordable Housing. The objective of the dialogue was to create a platform for an exchange of views amongst industry experts to deliberate on issues relating to affordable housing both locally and internationally, as well as aligning aspirations of realising affordable housing as part of the on-going efforts to fulfil its mandate to promote home ownership among Malaysians. The dialogue was well-received by the industry and has resulted in several ideas and recommendations. Cagamas also organised a Capital Markets Familiarisation session for members of the media which received overwhelming response.

As part of its Corporate Social Responsibility (CSR) efforts, Cagamas continued to provide assistance to the less fortunate by delivering sustainable economic, social and environmental benefits via its initiatives. During the year, we participated as a Corporate Pledge Partner for Teach for Malaysia's (TFM) #Empowered To Unlock MY Potential Campaign. Cagamas has also provided continued support towards single mothers and the physically handicapped in improving their ability to become self-sufficient through organisations such as Amanah Ikhtiar Malaysia (AIM) and Independent Living & Training Centre Malaysia. Cagamas continues to sponsor the construction of homes for eligible recipients under the asnaf category. The initiative saw the completion of two homes located in Batang Kali, Selangor with a total of 41 homes were completed to date.

In addition, Cagamas launched its sponsored Islamic Finance in Malaysia, Growth & Development publication which was a partnership with the International Centre for Education in Islamic Finance (INCEIF). It is our aspiration for the book to propel Malaysia's position as an international Islamic financial hub which will further develop the country's Islamic finance sector. We also organised "Ceria Berbahasa Malaysia" Workshop to assist underprivileged children and orphans from Rumah Amal Raudhatul Jannah to increase their proficiency in their mother tongue.

The Cagamas Scholarship Programme (CSP) which was launched in 2016 continues to see the Company reaching out to deserving Malaysians who are in need of financial aid to pursue their education through its second enrolment of undergraduates for the CSP. This is in line with our belief that education is a human capital investment, which in turn will impact the nation's growth and development.

The Company continued to provide employees with competitive remuneration packages and fringe benefits, a promising career path and development opportunities and a healthy and safe working environment. The Company maintained a lean and efficient workforce despite an increase in the scope of operations and the complexity of the products it offered. The Company recognised the importance of continuous development of staff and had devoted considerable resources to the enhancement of its employees' professional knowledge, skills and competencies.

OUTLOOK

It is expected that the healthy growth momentum in 2017 will be carried over into 2018. The tailwinds that propelled economic growth in 2017 should remain largely intact in 2018. Favourable labour market condition will continue to shore up private consumption, while healthy growth will boost trade across the globe. Despite the ongoing monetary policy tightening in the US, global financial conditions are expected to remain largely accommodative. The continuing economic recovery will likely broaden in most emerging markets on the back of firmer commodity prices.

Although near-term growth could surprise on the upside, the global outlook is still subject to substantial downside risks, including the possibility of financial stress, increased protectionism, and rising geopolitical tensions.

A sudden increase in borrowing costs, triggered by a reassessment of the pace of advanced-economy monetary policy normalisation, rising concerns about elevated asset valuations and inflation, could lead to financial stress and disrupt capital flows to emerging markets.

Asia will continue to be a major driver of growth, contributing for more than a third of global growth. Asia is also expected to experience modest and continuing recovery of commodity prices, improved external demand and supportive financing conditions.

The Malaysian economy is expected to remain strong with projected growth of more than 5% in 2018, driven by sustained domestic activity and strong external demand. The outlook for investment activity will continue to be positive, driven by new and on-going infrastructure projects and capital spending by both export and domestic-oriented firms.

Asia will continue to be a major driver of growth, contributing for more than $\frac{1}{3}$ of global growth



Moving further into 2018, fiscal consolidation through a fiscal deficit target of 2.8% of GDP as announced in Budget 2018, together with changes in capital inflows into emerging economies are the key factors in determining the yield movement in the Malaysia bond market.

Cagamas' strong capital and strengthened capacity to offer a broader range of financing solutions to the banking system have placed it in a sound position to enhance intermediation in the banking industry. In addition, Cagamas is exploring refinancing of new asset classes including the "green" assets and 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 strive to introduce more globally accepted sukuk structures to attract a larger pool of international and regional investors as well as contribute positively to the Value-Based Intermediation process.

Cagamas remains committed to its mandate of helping Malaysian gain access to affordable and competitive home financing. In this space, Cagamas will continue to play a proactive role in supporting the Government's affordable home ownership initiatives while simultaneously helping to enhance the depth and breath of the Malaysian bond market in 2018.

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, Labuan Financial Services Authority and Bursa Malaysia for their guidance and support.

I would like to thank Dato' Ooi Sang Kuang for his valuable contributions during his tenure as Chairman of the Board and of the various entities within the Cagamas group of companies.

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.

Nik Mohd Hasyudeen Yusoff
Chairman

FOSTERING STRONG
PARTNERSHIPS
TO REACH NEW HEIGHTS



Statement on Corporate Governance

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 Corporate Governance 2016 (BNMCG) for financial institutions 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 eight Non-Executive Directors, comprising senior officers/representatives and chief executives of Bank Negara Malaysia and the financial institutions as well as experienced professionals nominated by the Board.

Based on the BNMCG criteria, half of the Company's Directors are considered independent as they are independent in character and judgement, and free from association or circumstance that may impair the exercise of their independent judgement. 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 Board observes the BNMCG's guidelines on the tenure limits of an Independent Director of not exceeding nine (9) years, except under exceptional circumstances. The cumulative tenure limit of 9 years for independent directors may be extended under exceptional circumstances as may be determined by the Board upon the recommendation of the Group Board Governance Committee (GBGC). In the event the cumulative tenure limit for independent directors is extended beyond 9 years, shareholders' approval will be sought at the Annual General Meeting.

The 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 as set out in the BNMCG.

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 Board has adopted a charter to provide a reference for Directors in relation to the Board's role, duties and responsibilities, division of responsibilities between the Board, the Board Committees, the Chairman and the Chief Executive Officer (CEO). The Board Charter is subject to review periodically to ensure consistency with the Board's strategic intent and relevant standards of corporate governance.

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 and oversight on the operations of the Group and the conduct and performance of the 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 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 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 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 CEO 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 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 the GBGC to the Senior Management for action.

Board Meetings

During the financial year ended 31 December 2017, the Board met five 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.

The Directors' attendance at Board meetings during the financial year ended 31 December 2017 are set out below:

Current Director	Designation/Independence	Board Meetings Attendance
Mr. Nik Mohd Hasyudeen bin Yusoff	Chairman, Independent	4/5
Datuk Shaik Abdul Rasheed bin Abdul Ghaffour	Non-Independent	4/5
Tan Sri Dato' Sri Tay Ah Lek	Non-Independent	4/5
Datuk George Ratilal	Independent	2/5
Datuk Abdul Farid bin Alias	Non-Independent	4/5
Datuk Azizan bin Hj Abd Rahman	Independent	5/5
Dato' Lee Kok Kwan	Non-Independent	4/5
Ms. Wan Hanisah binti Wan Ibrahim	Independent	5/5

Statement on Corporate Governance (Continued)

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 three Non-Executive Directors, namely:
Datuk Shaik Abdul Rasheed bin Abdul Ghaffour (Chairman)
Tan Sri Dato' Sri Tay Ah Lek
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 and Directors' benefits are subject to the shareholders' approval at the AGM. The aggregate remuneration payable to all the Directors for the financial year ended 31 December 2017 is disclosed in Note 33 to the financial statements.

Directors' Training

Some of the Directors are also Directors of public-listed companies and have attended the Mandatory Accreditation Programme as required by Bursa Securities. All Directors of Cagamas Berhad have attended 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 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 for the financial year ended 31 December 2017, the Company's financial statements have been prepared in accordance 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.

Internal Control

The Company's Statement on Internal Control is set out on pages 58 to 59 of this Annual Report.

Relationship with the Auditors

The Report on the roles and responsibilities of the GBAC in relation to the internal and external auditors are described from pages 54 to 57 of this Annual Report. For the financial year ended 31 December 2017, the external auditors had attended two meetings with the GBAC. The first meeting was to report on the financial statements for the financial year ended 31 December 2016, and the second meeting was to present their audit plan and scope of audit for the financial year ended 31 December 2017. 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 141 of this Annual Report.

Report of the Group Board Audit Committee

1. MEMBERS

For the year of 2017, the members of the Group Board Audit Committee (“the Committee”) are as follows:-

- (a) Datuk George Ratilal (Chairman)
- (b) Datuk Azizan Haji Abd Rahman
- (c) Dato’ Lee Kok Kwan
- (d) Ms. Wan Hanisah Wan Ibrahim

The majority of the Committee members are Independent Non-Executive Directors. 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 provide independent views for the Committee’s deliberations.

2. ATTENDANCE AT MEETINGS

The Committee held four meetings during the financial year ended 31 December 2017 with the 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	3/4
Ms. Wan Hanisah Wan Ibrahim	4/4

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 2016 and to present their audit plan and scope of work for the Group for the year 2017.

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

- (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 judgement 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 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 the 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 address the auditors' concerns in future audits;

- Changes and adjustments in the presentation of financial statements;
- Major changes in accounting policies and principles;
- Compliance with the accounting standards and other legal requirements;
- Material fluctuations in the statement of balances;
- Significant variance in the audit scope; and
- Significant commitment or contingent liabilities.

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

Internal Audit

- (a) Review the scope and results of Internal Audit procedures including:-
- Compliance with the internal auditing standards, the Group's internal controls, policies and other legal requirements;
 - Adequacy of policies and procedures and internal controls established;
 - Co-ordination between the Internal and External Auditors;
 - Exercise independence and professionalism in carrying out internal auditing work;
 - Reporting results of the audit performed;
 - Recommending changes in accounting policies to the Board; and
 - Recommending and ensuring the implementation of appropriate remedial and corrective actions regularly.
- (b) Responsible for the 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 the Head of Internal Audit in concurrence with the Company's remuneration policy;

Report of the Group Board Audit Committee (Continued)

- Reviewing the adequacy of the scope, functions and resources of the Internal Audit Department or any restrictions encountered in the course of the audit 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 Berhad for information/endorsement.
- (d) Ensure that appropriate and prompt remedial actions are taken by Management on major control or procedures deficiencies identified.

External Audit

- (a) Assess the objectivity, performance and independency of the External Auditors.
- (b) Discuss and review the external audit plan, the findings on the system of internal controls (including Management's actions and the relevant audit reports).
- (c) 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 on 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) Approve the provision of non-audit services by the External Auditors and evaluate whether there are any potential conflicts arising from such non-audit services.
- (i) Ensure that proper checks and balances are in place so that the provision of non-audit services does not interfere with the independent judgement of the auditors.
- (j) Meet with the External Auditors at least once a year without the presence of Management to discuss any key concerns and to 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 in accordance with its 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 2018 to ensure adequate scope and coverage of the audit activities of the Group and the resources requirements of the 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 2017;
- (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 the 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 2017 focused on the independent review of the risk management, operating effectiveness of internal controls, and regulatory requirements across the Group. The audit reports were submitted to the Committee for its consideration which enables the Committee to conduct 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.

Statement on Internal Control

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 internal 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. The results 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, the 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.

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 reasonable 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 audit 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 met four times during the financial year ended 31 December 2017.

- (b) The audit plan and audit reports are also submitted to the Board and the respective Board of Directors of the 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.

Risk Management

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 Cagamas' mission	Operations Effective and efficient use of 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.

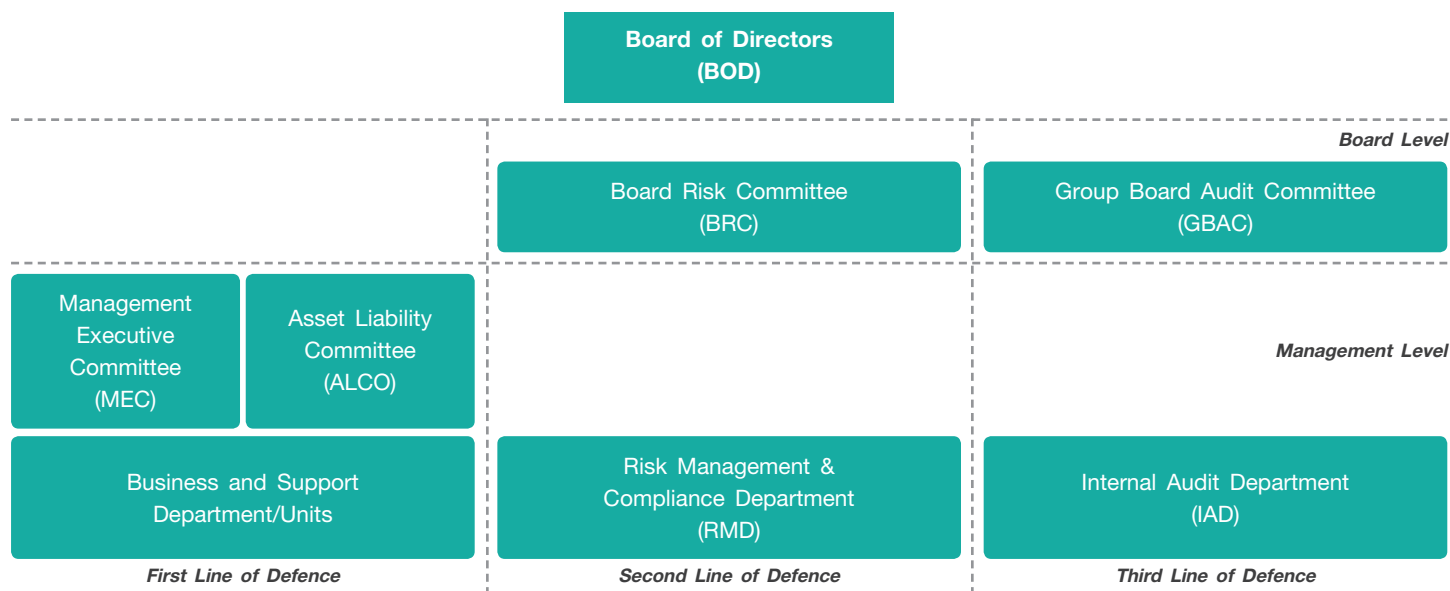
RISK GOVERNANCE STRUCTURE

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.

Risk Management (Continued)

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 (BCP) 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

Among the key initiatives undertaken during the year 2017 in the area of risk management include the following:

1. Embedding Risk and Compliance Culture

- Cagamas continues to strengthen its risk and compliance culture as an essential building block for effective risk governance. Increased compliance awareness through one-to-one engagement with staff and enhanced internal controls to ensure compliance to legal and regulatory requirements.

2. Ensuring the Group's portfolios are aligned to the risk appetite and strategy

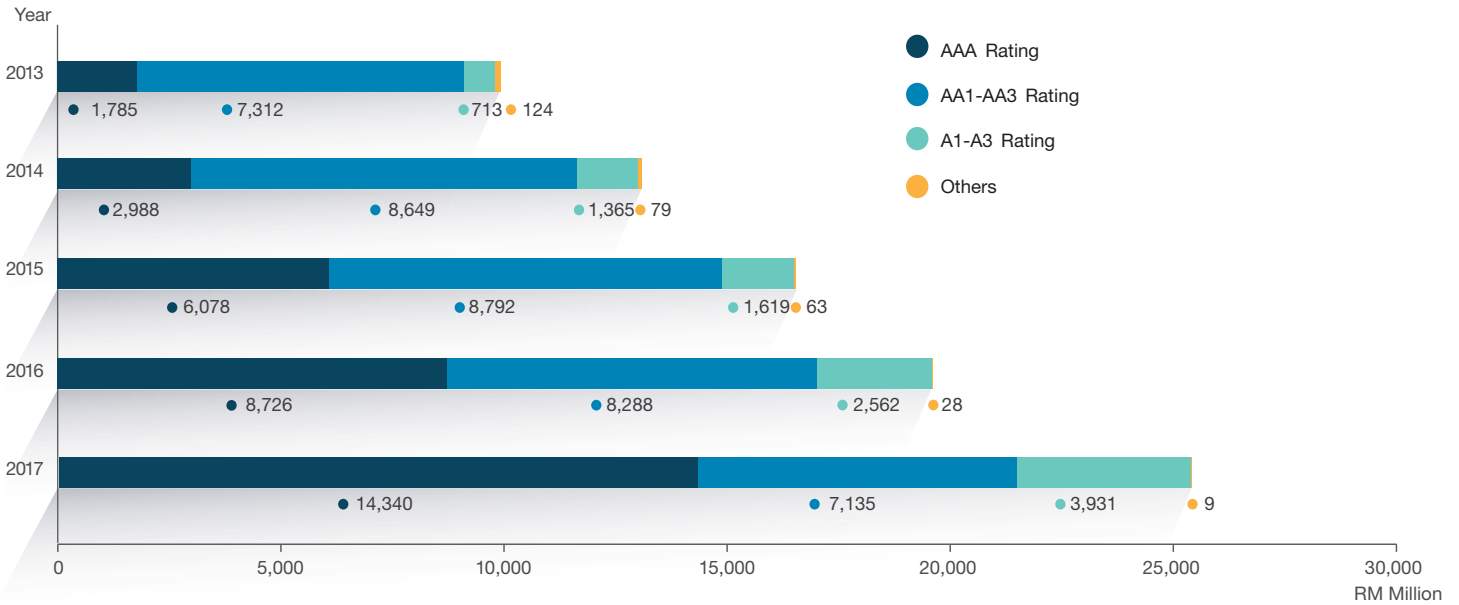
- Our risk appetite provides a consistent structure in understanding risk and is embedded in day-to-day business activities and decisions throughout the Group.

3. Enhancing Risk Management Processes and Controls

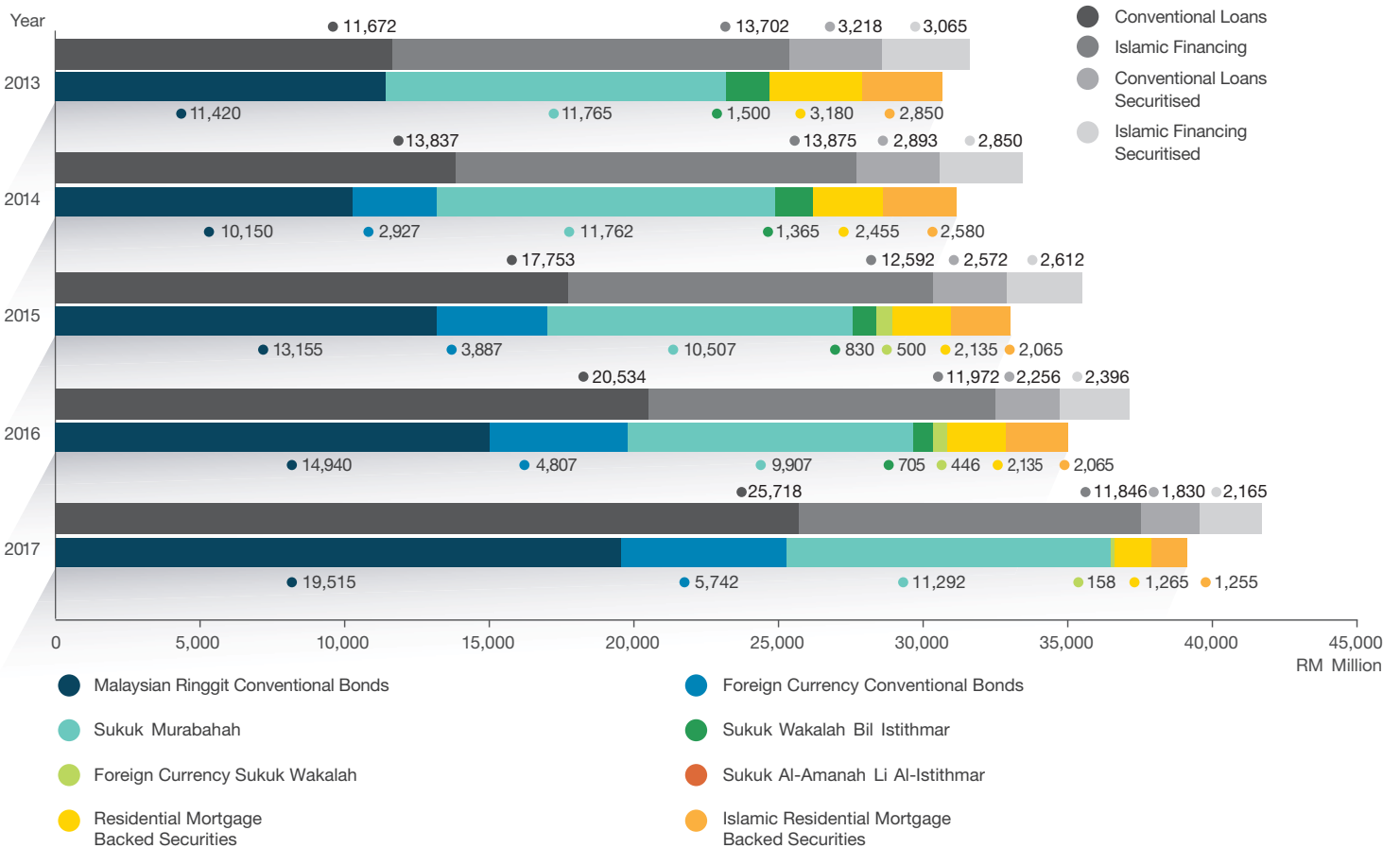
- The Internal Capital Adequacy Assessment Process (ICAAP) implementation continues to be enhanced, including greater involvement from the relevant departments in the stress test scenario setting and budget planning process.
- Additional stress test have been conducted on liquidity including reverse stress test to ensure that the Company maintains sufficient capital to support its risk profile and is able to meet all repayment obligations on a timely basis.
- In view of the importance to manage the emerging cyber risk, related policy, guidelines, monthly reporting of key risk indicators have been developed and enhanced to strengthen IT risk governance, management, monitoring and reporting of IT risk.
- Moving forward, the Company will be capitalising on the new Loan Administration System (LAS) currently under implementation. The immediate analysis of data will provide more timely notification of risks and problems to control issues from escalating. The need for staff who are skilled in interpreting analytics will increase and training will be conducted to develop these skills.

Statistical Information

COUNTERPARTIES EXPOSURE BY RATINGS



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



Statistical Information (Continued)

CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2017

Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Conventional					Islamic				
					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
RM MILLION														
2005														
08.08.2005	15	5.270	07.08.2020	2.60										400
12.12.2005	15	5.650	11.12.2020	2.95			385							
12.12.2005	20	5.920	12.12.2025	7.95			265							
2007														
29.05.2007	12	4.020	29.05.2019	1.41										245
29.05.2007	15	4.170	27.05.2022	4.41										320
29.05.2007	20	4.340	28.05.2027	9.41										290
22.08.2007	12	4.700	22.08.2019	1.64			260							
22.08.2007	15	4.900	22.08.2022	4.64			250							
22.08.2007	20	5.080	20.08.2027	9.64			105							
31.10.2007	12	4.800	31.10.2019	1.83	320									
2008														
08.08.2008	12	6.000	07.08.2020	2.60	65									
08.08.2008	20	6.500	08.08.2028	10.61	90									
08.08.2008	10	5.800	08.08.2018	0.60							155			
08.08.2008	12	6.000	07.08.2020	2.60							235			
08.08.2008	15	6.350	08.08.2023	5.61							305			
08.08.2008	20	6.500	08.08.2028	10.61							370			
10.10.2008	10	5.710	10.10.2018	0.78	140									
10.10.2008	12	5.900	09.10.2020	2.78	105									
10.10.2008	15	6.050	10.10.2023	5.78	140									
10.10.2008	20	6.250	10.10.2028	10.78	340									
10.10.2008	10	5.710	10.10.2018	0.78							40			
10.10.2008	12	5.900	09.10.2020	2.78							25			
10.10.2008	15	6.050	10.10.2023	5.78							30			
10.10.2008	20	6.250	10.10.2028	10.78							35			
2009														
30.03.2009	10	5.270	29.03.2019	1.24	190									
30.03.2009	12	5.370	30.03.2021	3.25	105									
30.03.2009	15	5.460	29.03.2024	6.25	150									
30.03.2009	20	5.690	30.03.2029	11.25	150									
30.03.2009	10	5.270	29.03.2019	1.24							170			
30.03.2009	12	5.370	30.03.2021	3.25							115			

CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2017 (CONTINUED)

Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Conventional					Islamic				
					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
RM MILLION														
2009														
(continued)														
30.03.2009	15	5.460	29.03.2024	6.25							155			
30.03.2009	20	5.690	30.03.2029	11.25							80			
17.07.2009	10	5.280	17.07.2019	1.54	120									
17.07.2009	12	5.380	19.07.2021	3.55	80									
17.07.2009	15	5.520	17.07.2024	6.55	100									
17.07.2009	20	5.750	17.07.2029	11.55	50									
17.07.2009	10	5.280	17.07.2019	1.54							90			
17.07.2009	12	5.380	19.07.2021	3.55							60			
17.07.2009	15	5.520	17.07.2024	6.55							70			
17.07.2009	20	5.750	17.07.2029	11.55							55			
03.09.2009	10	5.050	03.09.2019	1.67	115									
03.09.2009	12	5.120	03.09.2021	3.68	65									
03.09.2009	15	5.280	03.09.2024	6.68	90									
26.11.2009	10	5.030	26.11.2019	1.90	95									
26.11.2009	12	5.150	26.11.2021	3.91	60									
26.11.2009	15	5.270	26.11.2024	6.91	85									
26.11.2009	20	5.500	26.11.2029	11.91	45									
26.11.2009	10	5.030	26.11.2019	1.90							85			
26.11.2009	12	5.150	26.11.2021	3.91							60			
26.11.2009	15	5.270	26.11.2024	6.91							80			
26.11.2009	20	5.500	26.11.2029	11.91							45			
2010														
03.09.2010	10	4.360	03.09.2020	2.68							10			
03.09.2010	12	4.480	02.09.2022	4.67							5			
03.09.2010	15	4.650	03.09.2025	7.68							5			
03.09.2010	10	4.360	03.09.2020	2.68	15									
03.09.2010	12	4.480	02.09.2022	4.67	10									
03.09.2010	15	4.650	03.09.2025	7.68	5									
2011														
07.04.2011	7	4.250	06.04.2018	0.26							5			
07.04.2011	10	4.650	07.04.2021	3.27							5			
07.04.2011	12	4.760	07.04.2023	5.27							5			

CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2017 (CONTINUED)

Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Conventional				Islamic				
					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
RM MILLION													
2013													
(continued)													
18.11.2013	15	4.750	17.11.2028	10.89	460								
20.12.2013	5	4.050	20.12.2018	0.97						20			
20.12.2013	7	4.350	18.12.2020	2.97						20			
20.12.2013	10	4.600	20.12.2023	5.97						5			
2014													
01.10.2014	5	4.150	01.10.2019	1.75						15			
05.11.2014	4	1.880	08.05.2018	0.35					422				
18.11.2014	5	4.150	18.11.2019	1.88						32			
10.12.2014	5	2.745	10.12.2019	1.94					1,725				
2015													
05.03.2015	3	4.020	05.03.2018	0.18	45								
20.03.2015	3	3.950	20.03.2018	0.22	440								
24.06.2015	3	1.960	25.06.2018	0.48					375				
29.07.2015	3	3.880	30.07.2018	0.58	65								
30.07.2015	3	2.230	30.07.2018	0.58					278				
21.10.2015	3	4.200	22.10.2018	0.81	1,500								
28.10.2015	3	3.900	16.11.2018	0.88	500								
09.11.2015	3	4.050	20.12.2018	0.97						500			
25.11.2015	5	4.450	25.11.2020	2.90						500			
25.11.2015	5	4.450	25.11.2020	2.90	45								
25.11.2015	7	4.650	25.11.2022	4.90	20								
25.11.2015	10	4.850	25.11.2025	7.91	225								
25.11.2015	12	4.900	25.11.2027	9.91	250								
25.11.2015	20	5.070	26.11.2035	17.92	160								
21.12.2015	7	4.700	21.12.2022	4.98						435			
2016													
03.02.2016	3.15	5.270	29.03.2019	1.24						400			
03.02.2016	3	4.100	04.02.2019	1.10	1,120								
16.02.2016	2	4.000	19.02.2018	0.14	200								
16.02.2016	3	4.050	18.02.2019	1.13	300								
27.05.2016	3	5.280	17.07.2019	1.54						375			
12.08.2016	3	3.650	09.08.2019	1.61	200								
13.10.2016	2	3.420	15.10.2018	0.79	350								
20.10.2016	3	3.750	18.10.2019	1.80	580								

Statistical Information (Continued)

CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2017 (CONTINUED)

Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Conventional					Islamic				
					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
RM MILLION														
2017														
27.02.2017	1	3.480	28.02.2018	0.16	300									
09.03.2017	5	4.150	09.03.2022	4.19	2,000									
13.03.2017	1	1.850	13.03.2018	0.20										158
12.04.2017	1	3.800	13.04.2018	0.28	70									
12.04.2017	2	3.900	12.10.2018	0.78	30									
12.04.2017	1	1.640	12.04.2018	0.28					317					
26.04.2017	3	2.530	26.04.2020	2.32					1,544					
28.04.2017	5	4.250	28.04.2022	4.33						500				
28.04.2017	5	4.250	28.04.2022	4.33	225									
20.06.2017	5	4.110	20.06.2022	4.47						350				
06.07.2017	5	4.090	06.07.2022	4.52	1,000									
24.07.2017	1	1.530	24.07.2018	0.56					130					
07.08.2017	1	3.780	08.08.2018	0.60	180									
07.08.2017	1	3.780	08.08.2018	0.60						230				
18.09.2017	3	5.900	09.10.2020	2.78						475				
18.09.2017	3	4.150	28.10.2020	2.83						525				
20.09.2017	1	1.520	20.09.2018	0.72					623					
19.10.2017	1	2.450	19.10.2018	0.80					328					
20.10.2017	3	4.360	03.09.2020	2.68	500									
20.10.2017	3	4.100	18.11.2020	2.88	500									
03.11.2017	3	4.000	03.11.2020	2.84	1,000									
03.11.2017	1	3.700	05.11.2018	0.85						65				
03.11.2017	3	4.020	03.11.2020	2.84						50				
03.11.2017	5	4.230	03.11.2022	4.84						840				
22.11.2017	0.25	3.510	22.02.2018	0.15						305				
13.12.2017	0.5	3.560	13.06.2018	0.45		700								
13.12.2017	5	4.250	13.12.2022	4.95	1,500									
15.12.2017	1	3.680	17.12.2018	0.96	10									
15.12.2017	3	4.080	15.12.2020	2.96	90									
29.12.2017	5	4.250	29.12.2022	5.00	300									
TOTAL					18,815	700	1,265	0	5,742	11,292	0	0	1,255	158
39,227														

HOLDERS OF DEBTS SECURITIES ISSUED BY CAGAMAS BERHAD GROUP

	2013		2014		2015		2016		2017	
	RM million	%	RM million	%	RM million	%	RM million	%	RM million	%
Financial Institutions	8,845	35.83	8,613	32.87	9,333	32.32	10,384	33.71	16,794	45.75
Provident and Pension										
Funds	7,945	32.19	7,295	27.84	7,758	26.86	7,883	25.59	7,255	19.77
Non-Resident Investors	98	0.40	2,666	10.17	4,287	14.84	6,271	20.36	6,017	16.39
Insurance Companies	4,344	17.60	4,089	15.60	4,531	15.69	3,620	11.75	3,670	10.00
Asset Management and										
Trust Funds	2,971	12.04	2,755	10.51	2,236	7.74	2,080	6.75	2,166	5.90
Corporations	225	0.91	421	1.61	420	1.45	230	0.75	364	0.99
Government Linked										
Companies	257	1.04	365	1.39	314	1.09	337	1.09	441	1.20
Total	24,685	100	26,204	100	28,879	100	30,805	100	36,707	100

HOLDERS OF DEBTS SECURITIES ISSUED BY CAGAMAS MBS

	2013		2014		2015		2016		2017	
	RM million	%	RM million	%	RM million	%	RM million	%	RM million	%
Insurance Companies	3,214	53.29	2,775	55.11	2,357	56.12	2,322	55.28	1,535	60.92
Financial Institutions	1,146	19.00	1,109	22.02	995	23.69	1,143	27.22	532	21.11
Provident and Pension	1,270	21.06	723	14.36	539	12.83	470	11.19	305	12.10
Funds										
Asset Management	283	4.70	183	3.63	191	4.55	203	4.83	106	4.20
and Trust Funds										
Corporations	45	0.75	155	3.08	80	1.90	25	0.59	20	0.79
Government Linked	60	1.00	85	1.69	25	0.60	15	0.36	0	0.00
Companies										
Individuals	3	0.05	0	0.00	5	0.12	15	0.36	15	0.60
Non-Resident Investor	9	0.15	5	0.11	8	0.19	7	0.17	7	0.28
Total	6,030	100	5,035	100	4,200	100	4,200	100	2,520	100

TOTAL OUTSTANDING DEBT MARKET SECURITIES

Instruments	% of Total Issuance Outstanding				
	2013	2014	2015	2016	2017
Malaysian Government Securities/Government Investment Issues	52.7	53.6	53.1	53.4	51.6
Corporate Bonds and Sukuk	33.6	32.4	33.1	31.8	32.0
Other Quasi-Government, e.g.,					
Multilateral Development Financial Institution	8.4	9.2	9.4	10.6	12.4
Cagamas Group Debt Securities	3.3	2.8	2.6	2.6	2.6
Khazanah Bonds	2.0	2.0	1.8	1.6	1.4
Total	100.0	100.0	100.0	100.0	100.0

**PLANNING FOR LONG-TERM
GROWTH**



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 RM302 billion (as at 31 December 2017) 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/Stable/P1 by RAM Rating Services Berhad and AAA/MARC-1 and AAA_{Is}/MARC-1_{Is} 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.

Profile of the Board of Directors

Datuk Shaik Abdul Rasheed bin Abdul Ghaffour, Malaysian, aged 54, was appointed to the Board of Directors on 1 January 2017 as a Non-Independent Non-Executive Director and was elected as Chairman of the Board on 1 July 2017. He is a member of the Board Staff Compensation and Organisation Committee. He is also the Chairman of Cagamas SRP Berhad and a Board Member of Cagamas Holdings Berhad.

Datuk Abdul Rasheed is the Deputy Governor of Bank Negara Malaysia (BNM) and is responsible for the Bank's Monetary and Economics Sector, Reserve Management and Monetary Operations, and the Supervision Sector. 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, Datuk Abdul Rasheed was the 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. Datuk 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.

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

Datuk Abdul Rasheed attended five out of six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad.



Datuk Shaik Abdul Rasheed bin Abdul Ghaffour

Non-Independent Non-Executive Chairman

Profile of the Board of Directors (Continued)



Dato' Halipah binti Esa

Independent Non-Executive Director

Dato' Halipah binti Esa, Malaysian, aged 69, was appointed to the Board of Directors on 27 March 2013 as an Independent Non-Executive Director. She is also the Chairman of the Board Staff Compensation and Organisation Committee.

Dato' Halipah received her Bachelor of Arts (Honours) 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 KLCC Property Holdings Berhad, Malaysia Marine and Heavy Engineering Holdings Berhad, S P Setia Berhad, the Securities Industry Dispute Resolution Centre and Malaysia Maritime Academy Sdn. Bhd.

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, MISC 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 five out of six Board meetings held during the financial year. She has no family relationship with any Director of Cagamas Berhad.



Dr. Roslan bin A. Ghaffar

Independent Non-Executive Director

Dr. Roslan bin A. Ghaffar, Malaysian, aged 66, was appointed to the Board of Directors on 14 April 2009 as an Independent 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 30 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.

Dr. Roslan is currently the Chairman of Kuala Lumpur Sentral Sdn. Bhd., Box-Pak (Malaysia) Berhad, and Priceworth International Berhad. He also sits on boards of Straits International Education Group Sdn. Bhd. and subsidiary companies and Permodalan Felcra Sdn. Bhd. He also sits on the board of SYF Resources 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 67, was appointed to the Board of Directors on 12 August 2011 as an Independent 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, City, University of London. He also attended the Advance Management Program, Harvard Business School in the United States.

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. In June 2017, the Minister of Finance has appointed him as member of Investment Panel of Kumpulan Wang Simpanan Pekerja.

Dato' Agil attended five out of 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

Independent Non-Executive Director

Mr. Philip Tan Puay Koon, Malaysian, aged 61, was appointed to the Board of Directors on 12 August 2011 as an Independent 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 in various senior management positions with the MUI Group of Companies.

Mr. Tan is a Director of Danajamin Nasional Berhad, Payments Network Malaysia 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., China-Malaysia Qinzhou Industrial Park (Guangxi) Development Co. Ltd., Malaysian Electronic Payment Sdn. Bhd. (MEPS) and MEPS Currency Management Sdn. Bhd. (MCM).

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

Independent Non-Executive Director

Profile of the Board of Directors (Continued)



Dato' Wee Yiau Hin

Independent Non-Executive Director

Dato' Wee Yiau Hin, Malaysian, aged 59, was appointed to the Board of Directors on 1 July 2016 as an Independent Non-Executive Director. He is also a member of the Board Staff Compensation and Organisation Committee.

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



Mr. Nazrul Hisyam bin Mohd Noh

Non-Independent Non-Executive Director

Mr. Nazrul Hisyam bin Mohd Noh, Malaysian, aged 44, was appointed to the Board of Directors on 1 January 2017 as a Non-Independent Non-Executive Director. He is a member of the Board Risk Committee.

Mr. Nazrul Hisyam 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 attended five out of six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad.

Datuk Chung Chee Leong, Malaysian, aged 58, was appointed to the Board of Directors on 27 March 2013 as a Non-Independent Executive Director of Cagamas Berhad. He is a member of the Board Executive Committee.

Datuk Chung joined Cagamas Berhad as the President/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 (2011 – 2020), 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. He has also attended the Summer School Programme at the University of Cambridge.

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

President/Chief Executive Officer/
Non-Independent Executive Director

Management Team



Datuk Chung Chee Leong
President/Chief Executive Officer



Azizi Ali
Senior Vice President
Islamic Business



Badrul Bahaman
Senior Vice President
Core Business



Norazilla Tahir
Chief Financial Officer/
Senior Vice President
Finance



Delvin Chong
Senior Vice President
Treasury & Capital Markets



S. Shanmuganathan
Senior Vice President
Operations & Services



Audrey Wong
Chief Risk Officer/
Senior Vice President
Risk Management & Compliance



Mazlina Saidi
Senior Vice President
Human Capital & Administration

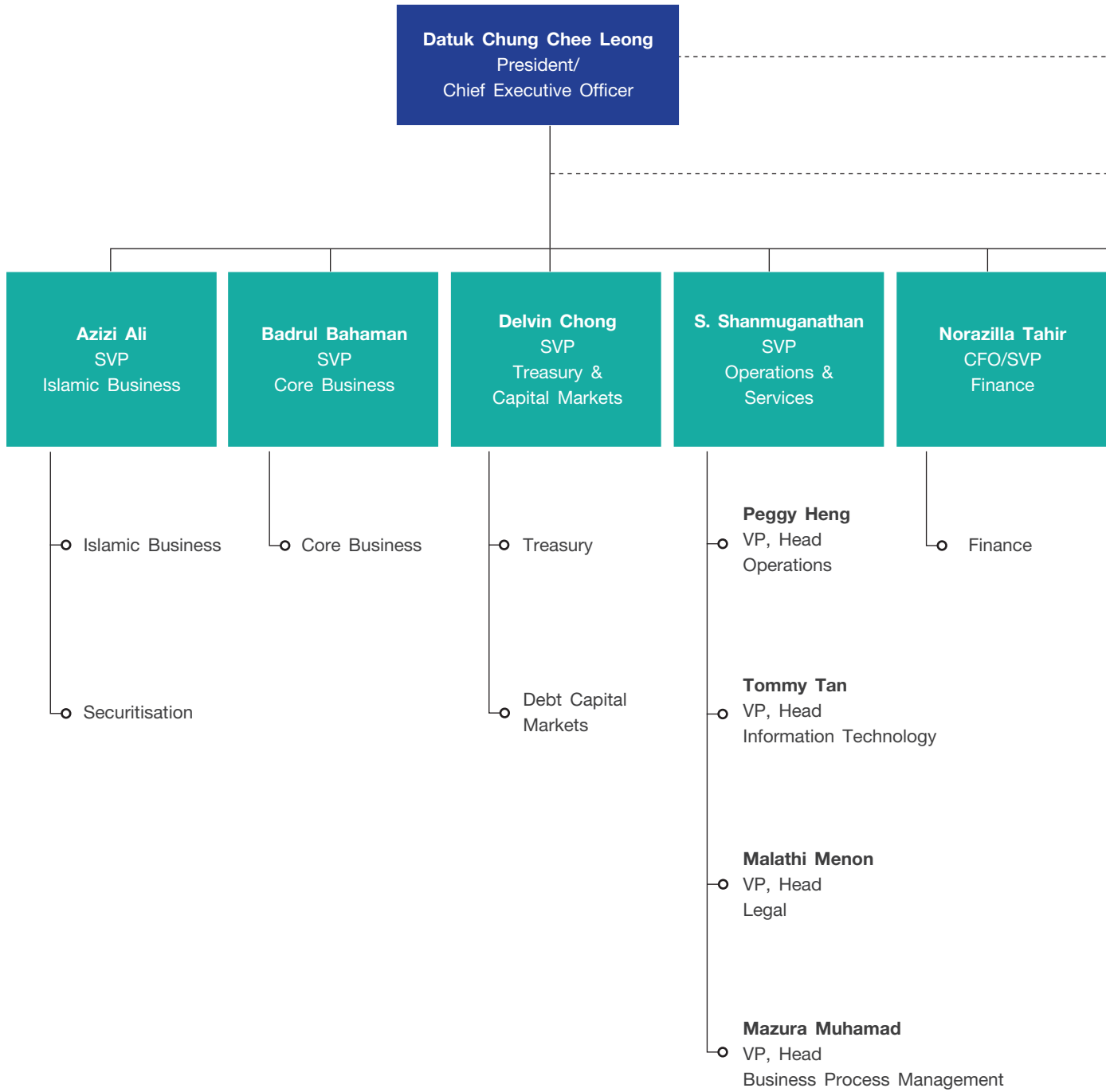


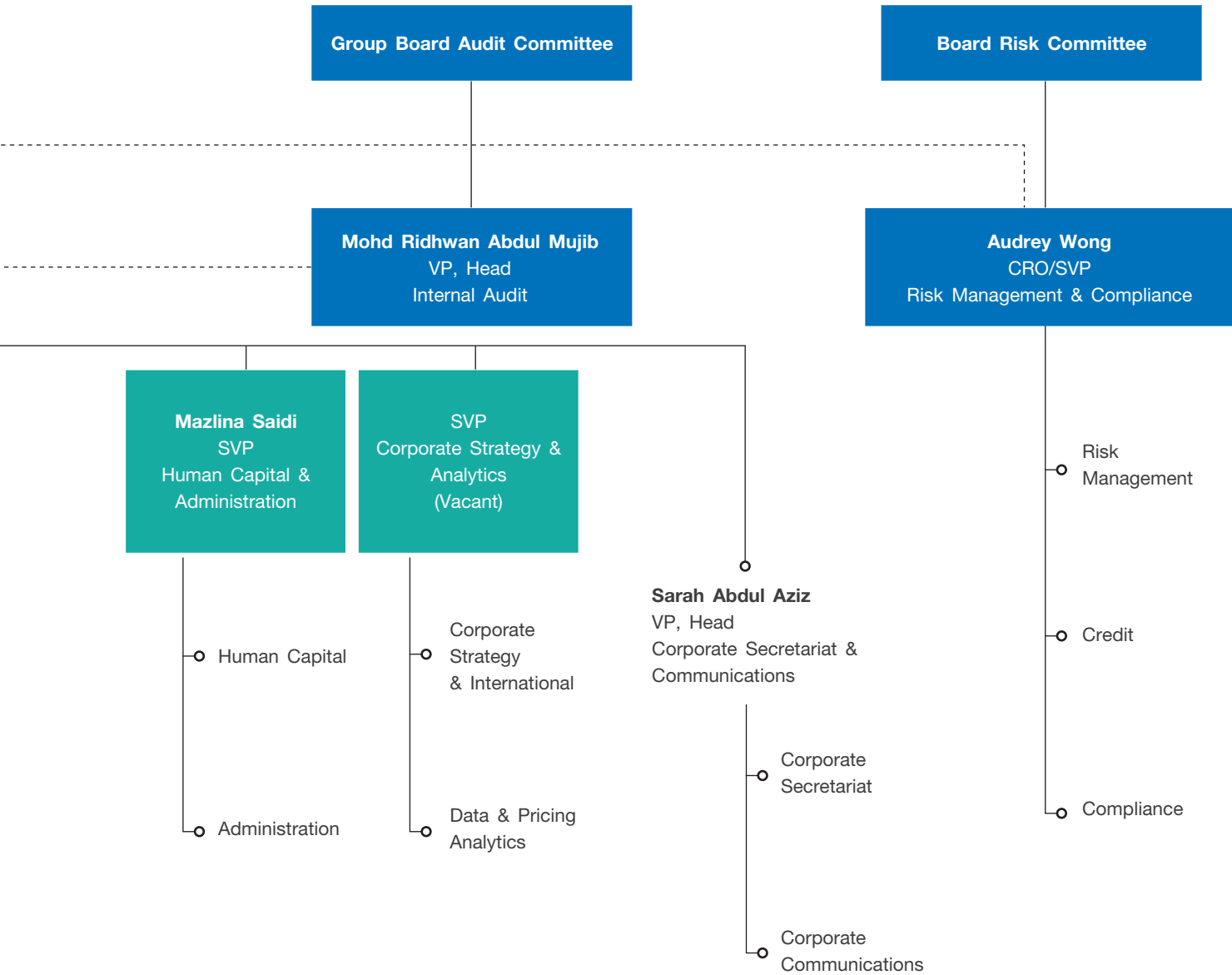
Sarah Abdul Aziz
Vice President, Head
Corporate Secretariat &
Communications



Mohd Ridhwan Abdul Mujib
Vice President, Head
Internal Audit

Organisation Structure





Other Subsidiary Companies

CAGAMAS MBS BERHAD

Cagamas MBS Berhad was incorporated on 8 June 2004 for the purpose of undertaking the purchase 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.

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 (SRP) announced by the Government in the 2011 Malaysia Budget and the *Skim Perumahan Belia* - Youth Housing Scheme (SPB) announced by the Government on 1 October 2015. The provision of guarantee under both schemes is in accordance to the Mortgage Guarantee Programme (MGP) offered to financial institutions.