

**Housing the Nation:**  
Staying Resilient

**Galakan Pemilikan Rumah Negara:**  
Cekal Sentiasa

Laporan Tahunan 2015

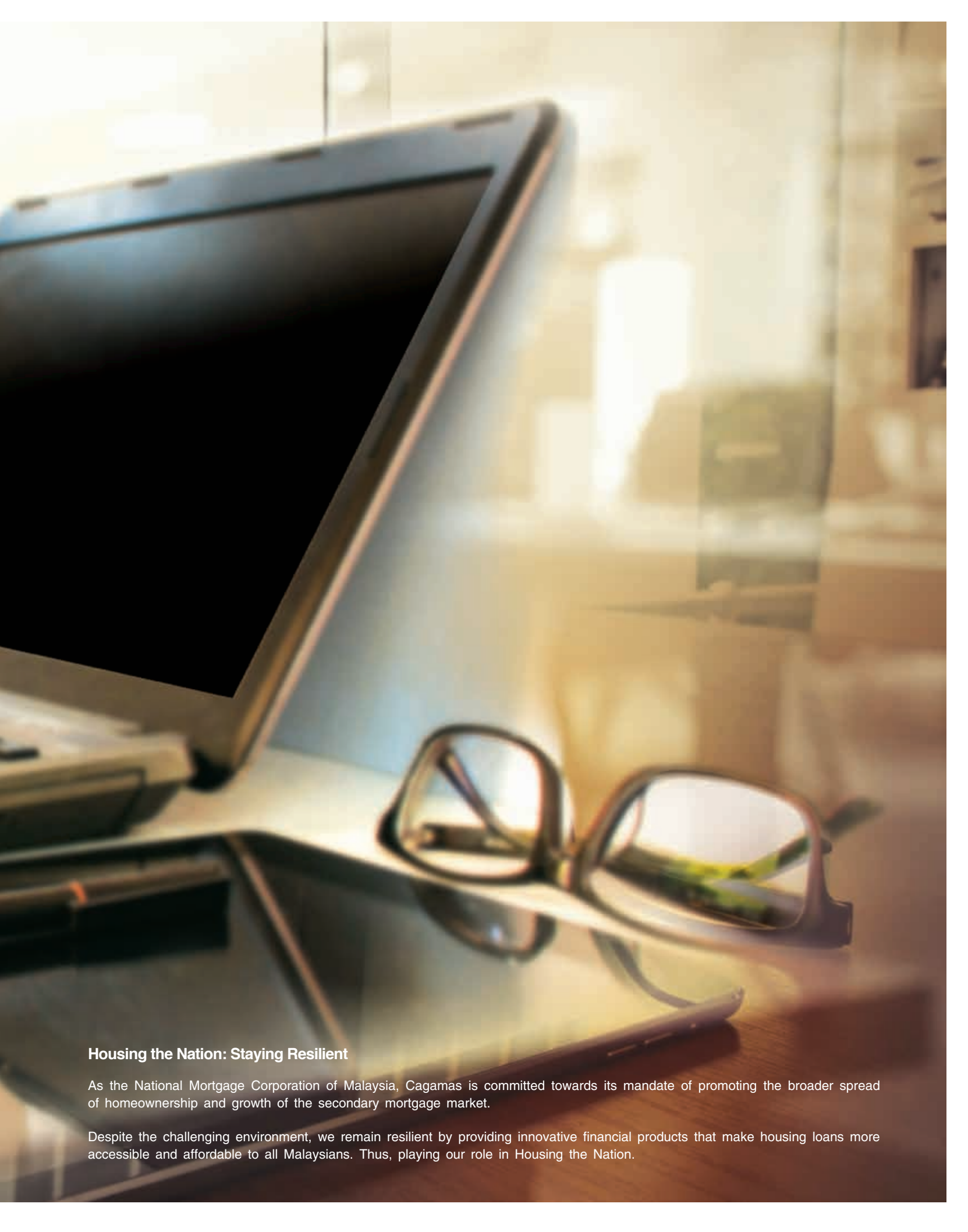
Annual Report 2015

Laporan Tahunan 2015

Annual Report 2015

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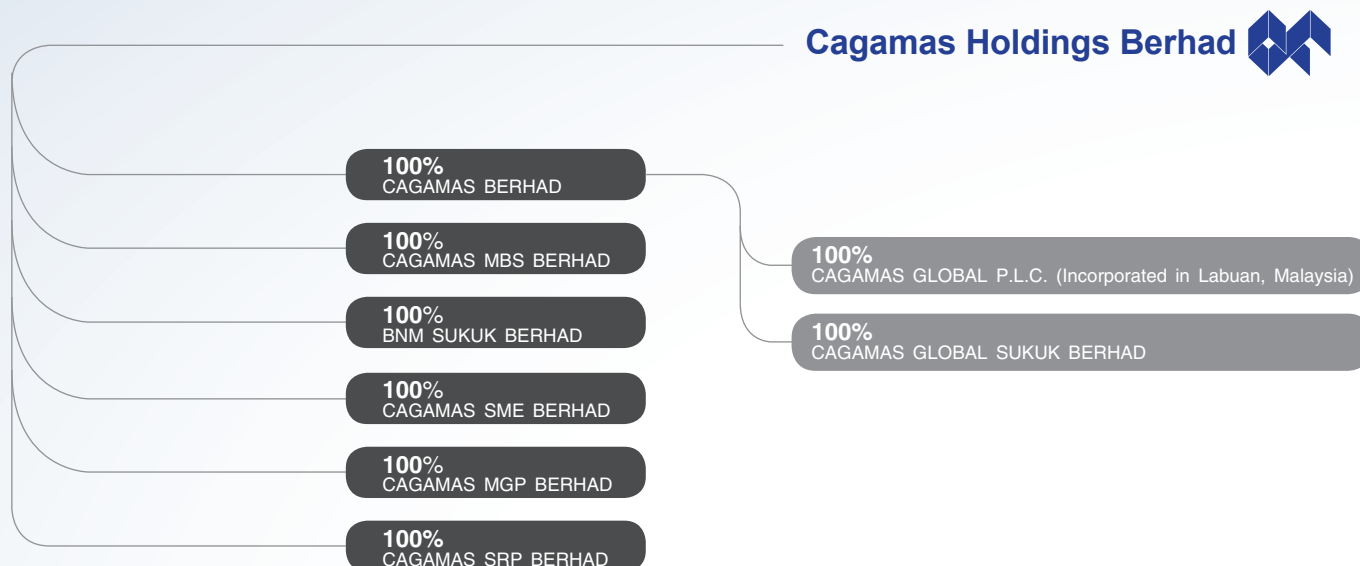


### **Housing the Nation: Staying Resilient**

As the National Mortgage Corporation of Malaysia, Cagamas is committed towards its mandate of promoting the broader spread of homeownership and growth of the secondary mortgage market.

Despite the challenging environment, we remain resilient by providing innovative financial products that make housing loans more accessible and affordable to all Malaysians. Thus, playing our role in Housing the Nation.

## GROUP CORPORATE STRUCTURE



## 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 8125/9125

### Auditors

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

### Banker

Malayan Banking Berhad

### Company Secretary

Sarah Abdul Aziz (LS 0008763)



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of Cagamas Holdings Berhad will be held at the Forum, Level 1, Sasana Kijang, Bank Negara Malaysia, No. 2 Jalan Dato' Onn, 50480 Kuala Lumpur on Friday, 29 April 2016 at 11.45 a.m. for the transaction of the following business:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2015, together with the Reports of the Directors and Auditors and the Statement and Statutory Declaration therein. **(Ordinary Resolution No. 1)**
2. To approve the payment of a maximum of RM350,342 as Directors' fees to be divided amongst the Directors in such manner as the Directors may determine. **(Ordinary Resolution No. 2)**
3. To re-elect Datuk George Ratilal who is retiring pursuant to Articles 19.13 and 19.14 of the Articles of Association of the Company and being eligible, offers himself for re-election. **(Ordinary Resolution No. 3)**
4. To re-elect the following Directors who are retiring pursuant to Article 19.10 of the Articles of Association of the Company and being eligible, offer themselves for re-election:
  - (a) Datuk Azizan bin Haji Abd Rahman; and
  - (b) Dato' Lee Kok Kwan**(Ordinary Resolution No. 4)**
5. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:

"THAT Tan Sri Dato' Sri Tay Ah Lek who retires pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

**(Ordinary Resolution No. 5)**
6. To appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution No. 6)**
7. To transact any other business of which due notice shall have been given.

By Order of the Board

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

Kuala Lumpur  
7 April 2016

## NOTES

1. A member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
2. In the case where a member is a corporation, the Form of Proxy must be executed under its common seal or under the hand of its attorney.
3. All Forms of Proxy 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.





# SUSTAINABLE

*Realising sustainable home ownership*





## PROFILE OF THE BOARD OF DIRECTORS

**Dato' Ooi Sang Kuang**, Malaysian, aged 69, was appointed to the Board of Directors on 15 April 2008 as a Non-Executive Director and Chairman of the Board. He is Chairman of the Group Board Governance Committee and chairs the Boards of Cagamas Berhad, Cagamas MBS Berhad and Cagamas SRP Berhad.

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

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

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

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

Dato' Ooi attended all four Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad. He has not been convicted of any offence within the past 10 years.



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



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

**Tan Sri Dato' Sri Tay Ah Lek**, Malaysian, aged 73, was appointed to the Board of Directors on 12 August 2011 as a Non-Executive Director. He is also a member of the Group Board Governance Committee.

Tan Sri Tay is the Managing Director of Public Bank. He has 55 years of experience in the banking and finance industry. He joined the Public Bank Group as a pioneer staff in 1966. Prior to his present designation, he was the Executive Vice-President of the former Public Finance, then the Executive Vice-President and Executive Director of Public Bank. His directorships in the Public Bank Group include Public Bank, Public Investment Bank, Public Mutual, Public Islamic Bank and Public Bank (Hong Kong) Ltd. His directorships in other public companies include the Malaysian Electronic Payment Sdn. Bhd., ASEAN Finance Corporation Ltd. and 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 Council Member of the National Payment 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, Boston, USA. He is a Emeritus Fellow of the Malaysian Institute of Management, and is a Fellow of CPA Australia, the Financial Services Institute of Australasia, the Asian Institute of Chartered Bankers.

Prior to his appointment to Cagamas Holdings Berhad, Tan Sri Tay was a Director of Cagamas Berhad since 28 February 1987. He was also a member of the Board Executive Committee.

Tan Sri Tay attended three out of four Board Meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad. He has not been convicted of any offence in the past 10 years.





**Mr. Cheah Tek Kuang**  
Non-Executive Director

**Mr. Cheah Tek Kuang**, Malaysian, aged 69, was appointed to the Board of Directors on 12 August 2011 as a Non-Executive Director. He is also a member of the Group Board Governance Committee. He was a member of the Group Board Audit Committee until 1 June 2015.

Mr. Cheah was a former Deputy Chairman of Ambank (M) Berhad and AmInvestment Bank Berhad. He started his working career with Malaysian Industrial Development Authority before joining AmInvestment Bank Berhad in 1978. He was appointed Group Managing Director/Chief Executive Officer of AMMB Holdings Berhad on 1 January 2005 and retired on 31 March 2012.

He is presently a member of the Investment Panel of Kumpulan Wang Persaraan (Diperbadankan). He is also

the Chairman of Berjaya Sports Toto Berhad. His directorships in other public companies include IOI Corporation Berhad, UMW Oil & Gas Corporation Berhad and Danajamin Nasional Berhad. Mr. Cheah is also a Director of the Malaysia Nuclear Power Corporation and Eco World International Berhad.

Mr. Cheah has a Bachelor of Economics (Honours) from the University of Malaya and is a Fellow, Chartered Banker of Asian Institute of Chartered Bankers (AICB). He was appointed the Justice of Peace by His Royal Majesty the Sultan of Selangor in 1999.

He attended all four Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad. He has not been convicted of any offence within the past 10 years.

**Datuk George Ratilal**, Malaysian, aged 56, was appointed to the Board of Directors on 15 April 2008 as a Non-Executive Director. He is also the Chairman of the Group Board Audit Committee.

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

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

Datuk George Ratilal attended all five Group Board Audit Committee meetings and one out of four Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad. He has not been convicted of any offence within the past 10 years.



**Datuk George Ratilal**  
Non-Executive Director

## PROFILE OF THE BOARD OF DIRECTORS

**Datuk Abdul Farid bin Alias**, Malaysian, aged 48, was appointed to the Board of Directors on 6 June 2013 as a Non-Executive Director.

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

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

He later broadened his career in investment banking and capital markets with a number of multi-national institutions like Schrodgers and JP Morgan, as well

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

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

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

Datuk Farid attended three out of four Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Holdings Berhad. He has not been convicted of any offence in the past 10 years.



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



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

**Datuk Azizan bin Haji Abd Rahman**, Malaysian, aged 60, was appointed to the Board of Directors on 1 June 2015 as a Non-Executive Director. He is a member of the Group Board Audit Committee and serves on the Board of Cagamas SRP Berhad.

Datuk Azizan is the Chairman of Malaysian Rating Corporation Berhad. 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 appointed as 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, MIDF Amanah Investment Bank Berhad, Malaysian Industrial Development Finance Berhad, Barakah Offshore Petroleum Berhad, Kensington Trust Labuan Ltd., Kensington Trust Malaysia Berhad, Gibraltar BSN Life Berhad, CTOS Holdings Sdn Bhd, CTOS Data Systems Sdn Bhd and City Credit Investment Bank Ltd, Labuan.

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 two out of three Board meetings since his date of appointment. He has no family relationship with any Director of Cagamas Holdings Berhad. He has not been convicted of any offence within the past 10 years.



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

**Dato' Lee Kok Kwan**, Malaysian, aged 50, was appointed to the Board of Directors on 1 June 2015 as a Non-Executive Director. He is a member of the Group Board Audit Committee.

Dato' Lee Kok Kwan was the Advisor to the Group Chief Executive Officer of CIMB Group and 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 across ASEAN.

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

Portfolio Manager responsible for interest rates and optionality risk and return for a leading Canadian bank and a member of its Senior Asset-liability Management Committee.

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

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

Dato' Lee attended two out of three Board meetings since his date of appointment. He has no family relationship with any Director of Cagamas Holdings Berhad. He has not been convicted of any offence within the past 10 years.



# BOARD COMMITTEES

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

## **BOARD OF DIRECTORS**

### **Chairman of the Board**

Dato' Ooi Sang Kuang

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### **Directors**

Tan Sri Dato' Sri Tay Ah Lek  
Mr. Cheah Tek Kuang  
Datuk George Ratilal  
Mr. Marzunisham bin Omar  
*(Resigned w.e.f. 1 May 2015)*  
Datuk Abdul Farid bin Alias  
Tengku Dato' Zafrul bin Tengku Abdul Aziz  
*(Resigned w.e.f. 17 March 2015)*  
Datuk Azizan bin Haji Abd Rahman  
*(Appointed w.e.f. 1 June 2015)*  
Dato' Lee Kok Kwan  
*(Appointed w.e.f. 1 June 2015)*

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### **Members of the Group Board Audit Committee**

Datuk George Ratilal (Chairman)  
Mr. Cheah Tek Kuang  
*(Resigned as Member w.e.f. 1 June 2015)*  
Tengku Dato' Zafrul bin Tengku Abdul Aziz  
*(Resigned w.e.f. 17 March 2015)*  
Datuk Azizan bin Haji Abd Rahman  
*(Appointed w.e.f. 1 June 2015)*  
Dato' Lee Kok Kwan  
*(Appointed w.e.f. 1 June 2015)*

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### **Members of the Group Board Governance Committee**

Dato' Ooi Sang Kuang (Chairman)  
Tan Sri Dato' Sri Tay Ah Lek  
Mr. Marzunisham bin Omar  
*(Resigned w.e.f. 1 May 2015)*  
Mr. Cheah Tek Kuang  
*(Appointed as Member w.e.f. 1 June 2015)*



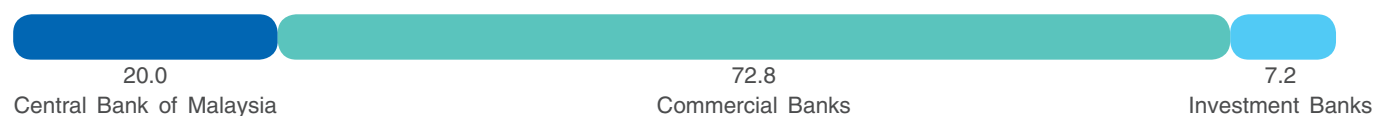
# SHAREHOLDERS

## CAGAMAS HOLDINGS BERHAD'S SHARE CAPITAL STRUCTURE AS AT 1 MARCH 2016

Authorised Share Capital : 500 million ordinary shares of RM1 each

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

## SHAREHOLDING STRUCTURE AS AT 1 MARCH 2016



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

## ANALYSIS OF SHAREHOLDINGS AS AT 1 MARCH 2016

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	75.0	43,461,000	29.0
7,500,000 (5%) and above	6	25.0	106,539,000	71.0



**SHAREHOLDERS OF CAGAMAS HOLDINGS BERHAD AS AT 1 MARCH 2016**

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	300,000	0.2
Deutsche Bank (Malaysia) Berhad	300,000	0.2
<b>Total</b>	<b>150,000,000</b>	<b>100.0</b>

# CORPORATE HIGHLIGHTS

## JANUARY



### Bank Negara Malaysia Confers 'Emas' Status to Cagamas' Tiger Emas Bond Issuance

Bank Negara Malaysia (BNM) conferred the 'Emas' status to Cagamas' inaugural issuance of the Offshore Renminbi Medium Term Notes issued in September 2014. BNM Governor, Tan Sri Dr. Zeti Akhtar Aziz presented the conferment plaque to the President/Chief Executive Officer of Cagamas, Mr. Chung Chee Leong.



### Maybank Fixed Income Forum

Senior Vice President, Treasury & Capital Markets, Mr. Abdul Halim Salleh was invited to speak at the Maybank Fixed Income Forum which was held in Singapore.

## FEBRUARY



### Cagamas Berhad Wins Award at the 8<sup>th</sup> Annual Alpha Southeast Asia Deal & Solution Awards 2014

Cagamas was accorded the Best Foreign Currency Bond Deal of the Year 2014 in Southeast Asia awards in recognition of its RMB1.5 billion (US\$244 million) Offshore RMB Bond. President/Chief Executive Officer, Mr. Chung Chee Leong represented Cagamas to receive the award at the 8<sup>th</sup> Annual Alpha Southeast Asia Deal & Solution Awards 2014 Luncheon which was held in Kuala Lumpur.



### Cagamas Berhad Wins Award at the Finance Asia 2014 Achievement Awards

Cagamas was accorded the Best Renminbi (Offshore) Offering awards in recognition of its RMB1.5 billion (US\$244 million) Offshore RMB Bond. President/Chief Executive Officer, Mr. Chung Chee Leong represented Cagamas to receive the award at the Finance Asia 2014 Achievement Awards dinner held in Hong Kong.



### 6<sup>th</sup> Annual Borrowers & Investors Forum

President/Chief Executive Officer, Mr. Chung Chee Leong was invited to speak at the '6<sup>th</sup> Annual Borrowers & Investors Forum' which was held in Hong Kong.

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## FEBRUARY

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### **Business Visit to Thailand**

President/Chief Executive Officer, Mr. Chung Chee Leong and Senior Vice President, Treasury & Capital Markets, Mr. Abdul Halim Salleh represented Cagamas at business meetings which were held with the Securities and Exchange Commission Thailand and the Secondary Mortgage Corporation Thailand.



### **Cagamas Provides Flood Relief Support through the Malaysian Red Crescent Society**

Cagamas provided flood relief support for the reconstruction and repair of homes through the Malaysian Red Crescent Society – Selangor (MRCS) branch, as part of its ongoing corporate social responsibility (CSR) efforts. The donation was presented by Mr. Chung Chee Leong, President/Chief Executive Officer of Cagamas to Madam Fatimah Sulaiman, President of the MRCS at a ceremony held in Kuala Lumpur.



### **The Euromoney London Islamic Finance and Investment Conference**

Senior Vice President, Treasury & Capital Markets, Mr. Abdul Halim Salleh represented Cagamas as a panellist at The Euromoney London Islamic Finance and Investment Conference which was held in London.



### **Visit by Delegation from Afghanistan**

Cagamas received a delegation from Afghanistan, led by the Senior Advisor to the Governor of the Central Bank of Afghanistan.

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## MARCH

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### **Global Financial Markets Forum 2015**

Cagamas participated as a Sponsor at the Global Financial Markets Forum 2015 held in Abu Dhabi. The Forum was well received with attendance by over 1,800 participants.

# CORPORATE HIGHLIGHTS

## MARCH



### Non-Deal Roadshow to the Middle East

President/Chief Executive Officer, Mr. Chung Chee Leong led a delegation for a Non-Deal Roadshow held in the Middle East, covering the cities of Abu Dhabi, Dubai, Doha, Jeddah and Riyadh.



### Cagamas Wins Market Pioneer Award

Cagamas was accorded the Market Pioneer Award in recognition of its RMB1.5 billion (US\$244 million) Offshore RMB Bond for being the World's First RMB-bond by a Mortgage Corporation. President/Chief Executive Officer, Mr. Chung Chee Leong represented Cagamas to receive the award at the 12<sup>th</sup> Annual RAM League Awards from Yang Berhormat Senator Dato' Sri Abdul Wahid bin Omar, Minister in the Prime Minister's Department.



### Business Visit to Singapore

President/Chief Executive Officer, Mr. Chung Chee Leong led a delegation from Cagamas for a business meeting held with the Assistant Managing Director for Capital Markets - Monetary Authority of Singapore, Mr. Lee Boon Ngiap.

Cagamas also participated in the annual Nomura Financial Institution Group Conference, which was also held in Singapore, where a number of meetings were held with investors.



### 3<sup>rd</sup> Asiamoney-CIMB ASEAN Round Table Series

President/Chief Executive Officer, Mr. Chung Chee Leong represented Cagamas at the ASEAN Domestic Bond Market Round Table Series, Kuala Lumpur organised by Asiamoney and the CIMB Group.



### 3<sup>rd</sup> Annual Township Development Conference

Senior Vice President of Operations & Services, Mr. S. Shanmuganathan represented Cagamas at the 3<sup>rd</sup> Annual Township Development Conference held in Kuala Lumpur.



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## APRIL

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### **Non-Deal Roadshow to the East Asia**

President/Chief Executive Officer, Mr. Chung Chee Leong led a delegation for a Non-Deal Roadshow held in East Asia covering the cities of Tokyo, Seoul and Taipei.



### **6<sup>th</sup> Annual Affordable Housing Projects Conference**

Senior Vice President, Core Business, Mr. Badrulnizam Bahaman represented Cagamas as a panellist at the 6<sup>th</sup> Annual Affordable Housing Projects conference which was held in Singapore.

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## MAY

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### **Cagamas Invitational Golf Challenge 2015**

Cagamas held its Invitational Golf Challenge 2015 at the Kota Permai Golf & Country Club which saw participation from 78 golfers comprising associates from regulatory bodies, financial institutions and corporations from Malaysia and Indonesia.



### **Business Visit to Shanghai**

President/Chief Executive Officer, Mr. Chung Chee Leong led a delegation from Cagamas for a business meeting held with the Director-General of the China Banking Regulatory Commission (Shanghai Office), Mr. Liao Min. The delegation also visited the OCBC Shanghai branch.



### **Business Visit to Thailand**

President/Chief Executive Officer, Mr. Chung Chee Leong led a delegation from Cagamas for a number of business meetings with Bank of Thailand, including with the Assistant Governor Financial Markets Operations Group, Madam Chantavarn Sucharitakul.

# CORPORATE HIGHLIGHTS

## MAY



### Business Visit to Brunei

President/Chief Executive Officer, Mr. Chung Chee Leong led a delegation from Cagamas for a number of business meetings held in Brunei Darussalam.



### IFN Forum Asia, Kuala Lumpur

Cagamas participated as a sponsor at the IFN Forum Asia, Kuala Lumpur, with President/Chief Executive Officer, Mr. Chung Chee Leong speaking at the panel session entitled 'A Look at New Structures in Award Winning Sukuk Deals'.

## JUNE



### Business Visit to United Kingdom and West Europe

President/Chief Executive Officer, Mr. Chung Chee Leong led a delegation for a Non-Deal Roadshow held in the United Kingdom and West Europe, covering the cities of London, Amsterdam, Frankfurt and Paris.



### London Sukuk Summit 2015

President/Chief Executive Officer, Mr. Chung Chee Leong represented Cagamas as a speaker and panelist at the London Sukuk Summit 2015 held in June. He presented a paper on 'Sukuk as a Tool for Unlocking Liquidity in Islamic Mortgages-The Case of Cagamas Berhad'.



### Cagamas Berhad Wins Awards at The Asset Triple A Islamic Finance Awards 2015

Cagamas was accorded the Corporate Issuer of the Year and the Best Corporate Sukuk transaction awards in recognition of the Company's successful milestone for multiple debut foreign currency issuances in 2014, together with the RM1 billion dual tranche Sukuk Commodity Murabahah. Mr. Azizi Ali, Senior Vice President of Islamic Business accepted the awards on behalf of Cagamas at The Asset Triple A Islamic Finance Awards 2015 ceremony held in Kuala Lumpur.



## JUNE



### Global Fixed Income Institute – Annual Strategy Roundtable

Senior Vice President, Treasury & Capital Markets, Mr. Abdul Halim Mohd Salleh represented Cagamas as a panelist at the Annual Strategy Roundtable organised by Global Fixed Income Institute, which was held in Madrid.



### Cagamas Sponsors the Construction of Home under Its CSR Programme

A CSR and Zakat Committee's initiative to sponsor the construction of homes for eligible recipients under the 'asnaf' category saw the second home being completed. The handover ceremony at the home located in Jeram, Kuala Selangor, was attended by representatives from Cagamas Berhad and its Zakat Committee.

## JULY



### State Bank of Pakistan Housing Conference

Mr. S. Shanmuganathan, Senior Vice President, Operations & Services represented Cagamas as a speaker at the State Bank of Pakistan Housing Conference which was held in Islamabad, Pakistan. He presented a paper on 'Mortgage Based Securitisation & Other Market Based Instrument and Finance – Cagamas Experience'.



### Hari Raya Shopping Corporate Social Responsibility Event

The joy of Hari Raya was extended to 85 orphans from 'Pertubuhan Kebajikan dan Pendidikan Telaga Kasih Selangor', 'Pusat Jagaan Cahaya Kasih Bestari' and 'Rumah Amal Raudhatul Jannah' when Cagamas organised an outing for the orphanages at Pasaraya Mydin, USJ Subang Jaya. The children were treated to new clothes, shoes, songkok and tudung, among other items for the Hari Raya celebration. This Corporate Social Responsibility (CSR) programme was initiated to inculcate the spirit of volunteerism and community service among Cagamas' personnel. This outing was an opportunity for the volunteers to strengthen the values of generosity and solidarity within the community and foster the Hari Raya spirit of giving and sharing.

## AUGUST



### Business Visit to Indonesia

President/Chief Executive Officer, Mr. Chung Chee Leong led a delegation from Cagamas for a business meeting with Bank Indonesia which was represented by Senior Officers from the Reserve Management Department. They also held meetings with potential investors in Jakarta.

# CORPORATE HIGHLIGHTS

## AUGUST



### **PT Sarana Multigriya Finansial (Persero) 10<sup>th</sup> Anniversary Dinner Celebration**

The Cagamas delegation led by President/Chief Executive Officer, Mr. Chung Chee Leong attended the 10<sup>th</sup> Anniversary Dinner of PT Sarana Multigriya Finansial (Persero) which was held at Gedung Dhanapala, Kementerian Keuangan Indonesia in Jakarta.



### **Business Meeting with Bank of Thailand**

President/Chief Executive Officer, Mr. Chung Chee Leong held a business meeting with Mr. Ronadol Numnonda, Assistant Governor of the Supervision Group, Bank of Thailand in Kuala Lumpur.



### **Visit by Nigerian Mortgage Refinance Company (NMRC) and Nigerian Regulators**

Cagamas hosted a delegation from Nigeria led by Dr. Charles Inyangete, Chief Executive Officer of the Nigerian Mortgage Refinance Company. The delegation also included representatives from the Central Bank of Nigeria and Financial Markets Dealers Quotation. The study visit covered secondary mortgage financing in Malaysia and in particular, Cagamas' operations and developments since inception.



### **Bursa Bull Charge 2015**

As part of the Company's Corporate Social Responsibility (CSR) efforts, Cagamas participated in the 2<sup>nd</sup> Bursa Bull Charge organised by Bursa Malaysia. Funds collected were in aid of selected charity homes and associations.



### **Cagamas-RAM Friendly Games 2015**

A sports carnival which was organised and hosted by RAM Holdings in conjunction with their 25<sup>th</sup> anniversary saw Cagamas' participation to foster closer ties between both corporations. Amongst games that were contested include badminton, basketball, table tennis and futsal.

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## AUGUST

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### **Cagamas Family Outing at Holiday Inn, Malacca**

More than 300 attendees comprising staff and their families participated in the Cagamas Family Day Outing at Holiday Inn, Malacca.

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## SEPTEMBER

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### **Asiamoney-CIMB Asean Domestic Bond Market Round Table Series, Bangkok**

President/Chief Executive Officer, Mr. Chung Chee Leong represented Cagamas at the ASEAN Domestic Bond Market Round Table Series, which was organised by Asiamoney and CIMB Group in Bangkok.



### **Asian Investor Forum**

Cagamas participated in the Asian Investor Forum organised by the Standard Chartered Bank in Singapore, Hong Kong and Taipei from 1-3 September 2015, and was represented by the President/Chief Executive Officer, Mr. Chung Chee Leong and Senior Vice President, Treasury & Capital Markets, Mr. Abdul Halim Salleh.



### **Cagamas Group of Companies Annual Dinner 2015**

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## OCTOBER

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### **Launch of the Skim Perumahan Belia (Youth Housing Scheme)**

The Skim Perumahan Belia which is a smart partnership between the Government, Bank Simpanan Nasional, Cagamas Berhad and the Employees Provident Fund was officially launched by the Minister of Finance II, Yang Berhormat Dato' Seri Ahmad Husni Mohamad Hanadzlah. Cagamas was represented by President/Chief Executive Officer, Mr. Chung Chee Leong.



# CORPORATE HIGHLIGHTS

## OCTOBER



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

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



### Asian Secondary Mortgage Market Association Meeting

The Asian Secondary Mortgage Market Association (ASMMA) held its second annual meeting in Manila on 29 September 2015. Inaugurated in Kuala Lumpur in 2014, ASMMA is an informal association of Asian secondary mortgage institutions formed to share knowledge, expertise and product innovations. The second meeting of the leaders of secondary mortgage institutions provided the opportunity for useful dialogue and exchange of ideas from amongst member countries including Malaysia, Philippines, Indonesia, Japan, Korea, Thailand and Mongolia. Cagamas was represented by President/Chief Executive Officer, Mr. Chung Chee Leong, who was appointed as the Chairperson of ASMMA for the year 2015.



### ASEAN Fixed Income Summit

The President/Chief Executive Officer, Mr. Chung Chee Leong, presented a paper entitled Cross-Border Bond Issuance - The Cagamas Experience at the 2<sup>nd</sup> ASEAN Fixed Income Summit (AFIS). Hosted by the National Home Mortgage Finance Corporation (NHMFC), the AFIS was held in Manila, The Philippines. The Summit was officiated by H.E. Jejomar C. Binay, the Vice President of The Philippines.



### Visit by Delegation from Jordan

Cagamas received a delegation from Jordan comprising representatives from the Jordanian Ministry of Finance, Central Bank of Jordan and Islamic Development Bank. The study visit, an initiative hosted by Bank Negara Malaysia included a briefing on Cagamas' Sukuk, SPV management and best practices.



### 4<sup>th</sup> Annual Borrowers & Investors Forum, Southeast Asia, Singapore

President/Chief Executive Officer, Mr. Chung Chee Leong was invited to participate in the 4<sup>th</sup> Annual Borrowers & Investors Forum, Southeast Asia held in Singapore. Mr. Chung, who was on the Islamic Finance Panel, spoke on 'Why Should Investors be Investing in Sukuk'.

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## OCTOBER

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### Islamic Finance 2016 Outlook

President/Chief Executive Officer, Mr. Chung Chee Leong represented Cagamas at Standard & Poor's Islamic Finance 2016 Outlook held in Kuala Lumpur, which discussed on major credit trends and outlook for global Islamic Finance and the sukuk market.



### Business Meetings in Singapore

President/Chief Executive Officer, Mr. Chung Chee Leong led a delegation from Cagamas for a business meeting held with the Assistant Managing Director (Markets & Investment) – Monetary Authority of Singapore, Mr. Chia Der Jiun. They also met with a number of other investors in Singapore.

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## NOVEMBER

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### Corporate Debt Conference, Singapore

Senior Vice President of Treasury & Capital Markets, Mr. Abdul Halim Salleh represented Cagamas at the Corporate Debt Conference in Singapore.



### Interview with BFM Radio – The Business Station on The Breakfast Grille

President/Chief Executive Officer, Mr. Chung Chee Leong was featured on BFM Radio – The Business Station, in an interview on 'Challenges in Housing the Nation' on the station's signature show, The Breakfast Grille.



### Global Islamic Finance Thought Leaders Roundtable

President/Chief Executive Officer, Mr. Chung Chee Leong participated in the Global Islamic Finance Thought Leaders Roundtable held in Kuala Lumpur. The Roundtable, which discussed on the evolution of the industry, was organised by the International Investor and Malaysia International Islamic Financial Centre (MIFC).

# CORPORATE HIGHLIGHTS

## DECEMBER



### Global Banking Conference 2015

Cagamas was one of the corporate sponsors of the Global Banking Conference 2015 organised by the Asian Institute of Chartered Bankers.



### 12<sup>th</sup> Kuala Lumpur Islamic Finance Forum 2015

Cagamas participated as a Silver Sponsor at the 12<sup>th</sup> Kuala Lumpur Islamic Finance Forum 2015 organised by CERT Events. Mr. Iqta Farish, Vice President Product Development & Management, Islamic Business, represented Cagamas at the panel session entitled 'Global Sukuk Market – Issuers and Investors Perspectives'.



### The Leadership Energy Summit Asia

Cagamas participated as a corporate partner at the 3<sup>rd</sup> Leadership Energy Summit Asia, organised by The ICLIF Leadership & Governance Centre (ICLIF).



### 10<sup>th</sup> Asian Bond Markets Summit – ASEAN Edition

Ms. Siti Sarah Ismail, Vice President of Treasury & Capital Markets represented Cagamas at the 10<sup>th</sup> Asian Bond Markets Summit – ASEAN Edition organised by The Asset, which was held in Singapore.



### Signing Ceremony between Cagamas and Perbadanan Insurans Deposit Malaysia

Cagamas signed an agreement with Perbadanan Insurans Deposit Malaysia (PIDM) to collaborate in strengthening PIDM's operational readiness in the resolution of troubled member institutions. This collaboration will enable PIDM to have an alternative funding arrangement, giving prompt access to funds sourced from Cagamas' debt securities issuance from the capital market.



## AWARDS AND ACCOLADES

2015



1

### Publication

- RAM League Awards

### Deal/Category

- RMB1.5 billion Offshore Bond

### Award

- Market Pioneer Award for the World's First RMB-Bond by a Mortgage Corporation

2

### Publication

- The Asset Triple A Islamic Finance Awards 2015

### Award

- Best Issuer of the Year for Corporate

3

### Publication

- The Asset Triple A Islamic Finance Awards 2015

### Deal/Category

- 70 million Ringgit one year and 930 million Ringgit three year Sukuk

### Award

- Best Corporate Sukuk





the company's new technology and the fact that it is a leader in the industry. The company's new technology is a major factor in its success. The company's new technology is a major factor in its success.

# GROUP FINANCIAL HIGHLIGHTS

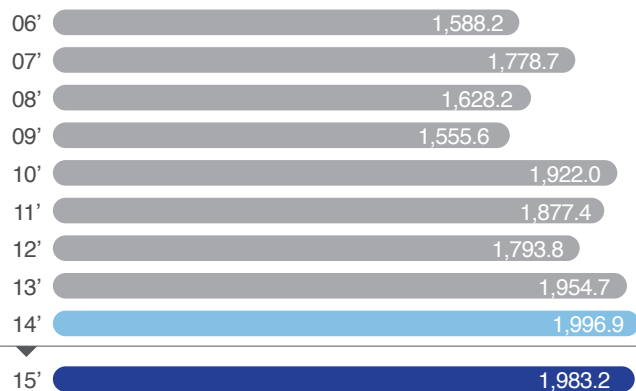
	Cagamas Berhad & CMBS**		Group							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenue (RM million)</b>										
Gross Operating Revenue	1,588.2	1,778.7	1,628.2	1,555.6	1,922.0	1,877.4	1,793.8	1,954.7	1,996.9	<b>1,983.2</b>
Profit Before Tax and Zakat	363.6	541.7	564.3	559.2	610.5	591.5	551.9	703.2	546.5	<b>558.3</b>
Profit After Tax and Zakat	270.9	403.6	419.7	414.7	455.7	442.1	413.2	527.6	391.2	<b>436.5</b>
Dividend After Tax	16.4	66.6	16.7	22.5	22.5	22.5	45.0	22.5	30.0	<b>30.0</b>
<b>Statement of Financial Position (RM million)</b>										
Amount Due From Counterparties	15,888.5	13,297.9	9,687.7	4,657.5	4,325.1	4,307.0	3,696.1	3,825.7	6,540.2	<b>10,971.0</b>
Islamic Financing Assets	5,255.6	6,962.8	5,643.0	4,578.5	6,854.3	6,879.6	8,076.9	6,107.9	6,541.2	<b>5,581.4</b>
Conventional Mortgage Assets	3,120.4	7,844.3	9,697.5	12,187.3	11,384.6	10,510.8	9,659.4	11,064.3	10,189.8	<b>9,354.3</b>
Islamic Mortgage Assets	2,050.4	4,082.5	6,178.4	7,973.3	7,696.2	7,434.9	7,124.3	10,648.2	10,176.2	<b>9,618.6</b>
Total Assets	29,326.6	35,308.4	34,624.0	32,894.2	32,130.7	32,137.9	31,863.7	36,420.0	37,407.7	<b>40,346.8</b>
Unsecured bearer bonds and notes	15,228.8	15,477.2	13,319.4	11,450.9	10,039.5	9,868.0	9,217.5	11,521.7	13,291.6	<b>17,994.7</b>
Sukuk	6,200.6	7,512.5	8,487.2	9,154.8	10,651.3	10,585.5	11,707.6	13,403.0	13,261.7	<b>11,944.0</b>
Residential mortgage-backed securities	3,615.0	5,445.0	5,220.0	4,902.7	4,135.4	3,842.8	3,195.3	3,195.3	2,464.5	<b>2,143.5</b>
Islamic residential mortgage- backed securities	2,050.0	4,160.0	3,910.0	3,929.6	3,382.8	3,382.8	2,865.3	2,865.3	2,594.2	<b>2,075.5</b>
Paid-up Capital	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	<b>150.0</b>
Reserves	1,750.4	2,129.9	2,472.0	2,897.5	3,329.3	3,741.0	4,111.7	4,614.8	4,983.3	<b>5,414.6</b>
Shareholders' Funds	1,900.4	2,279.9	2,622.0	3,047.5	3,479.3	3,891.0	4,261.7	4,764.8	5,133.3	<b>5,564.6</b>

	Cagamas Berhad & CMBS**		Group							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Per Share</b>										
Earnings (sen)*	180.6	269.1	279.8	276.5	303.8	294.7	275.4	351.7	260.8	<b>291.0</b>
Net Tangible Assets (RM)*	12.56	15.08	17.36	20.21	23.10	25.86	28.35	31.70	34.17	<b>37.05</b>
Dividend (sen)	15.0	60.1	11.1	15.0	15.0	15.0	30.0	15.0	20.0	<b>20.0</b>
<b>Financial Ratios</b>										
Pre-tax Return on Average Shareholders' Funds (%)	20.5	25.9	23.0	19.7	18.7	16.1	13.5	15.6	11.0	<b>10.4</b>
After-tax Return on Average Shareholders' Funds (%)	15.2	19.3	17.1	14.6	14.0	12.0	10.1	11.7	7.9	<b>8.2</b>
Pre-tax Return on Average Total Assets (%)	1.2	1.7	1.6	1.7	1.9	1.8	1.7	2.1	1.5	<b>1.4</b>
After-tax Return on Average Total Assets (%)	0.9	1.2	1.2	1.2	1.4	1.4	1.3	1.5	1.1	<b>1.1</b>
Dividend Cover (times)	16.5	6.1	25.1	18.4	20.3	19.6	9.2	23.4	13.0	<b>14.6</b>
Risk-Weighted Capital Ratio (%)	24.7	19.2	21.6	21.6	26.8	35.7	39.4	39.1	39.9	<b>37.1</b>

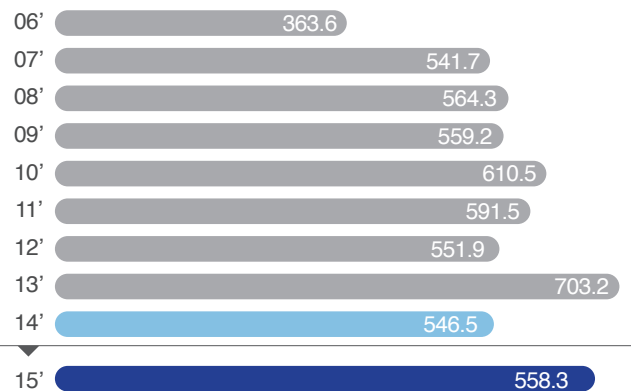
\* Based on 150 million ordinary shares of RM1.00 each.

\*\* Cagamas MBS Berhad.

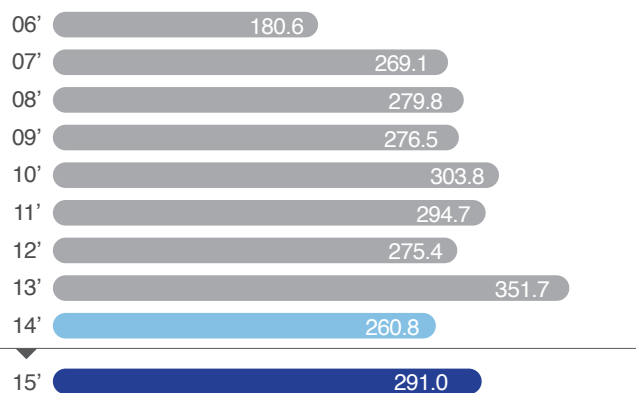
## GROUP FINANCIAL HIGHLIGHTS



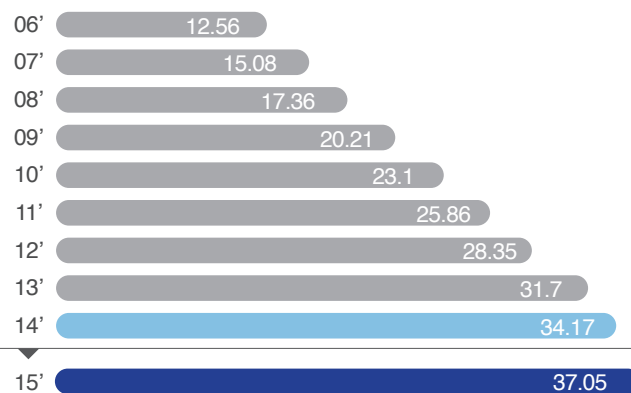
Gross Operating Revenue (RM million)



Profit Before Tax and Zakat (RM million)

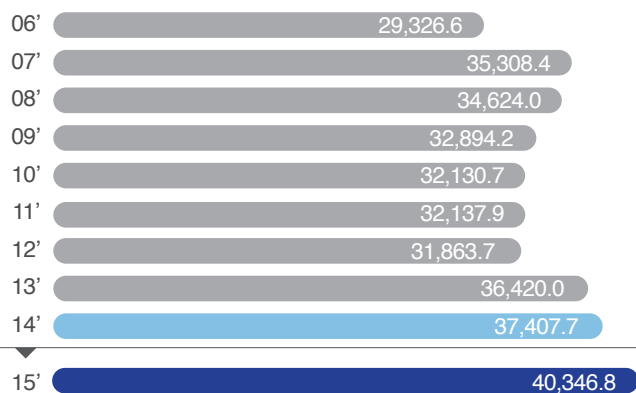


Earnings Per Share (sen)

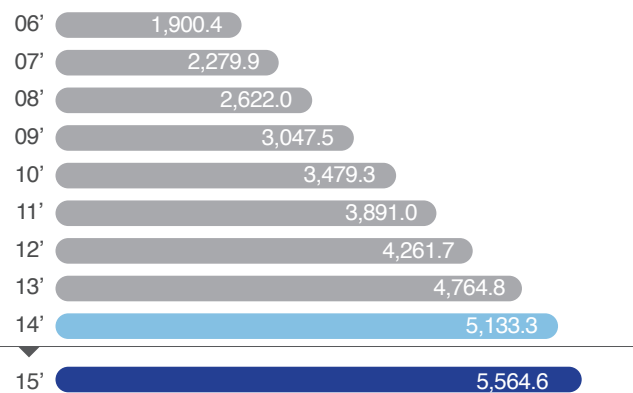


Net Tangible Assets Per Share (RM)

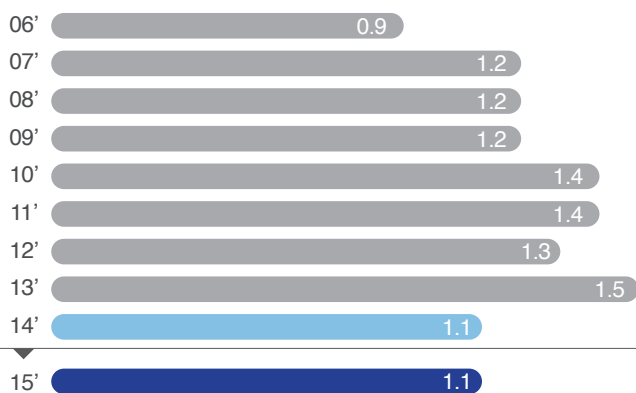




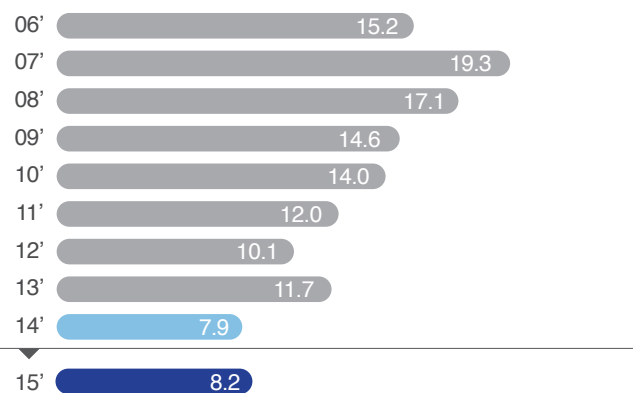
**Total Assets (RM million)**



**Shareholders' Funds (RM million)**



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



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



### CAGAMAS HOLDINGS BERHAD

Incorporated in 2007, Cagamas Holdings Berhad is the holding company of Cagamas Berhad, Cagamas MBS Berhad, Cagamas SME Berhad, BNM Sukuk Berhad, Cagamas SRP Berhad and Cagamas MGP Berhad. Its wholly-owned main operating subsidiary, Cagamas Berhad (Cagamas) 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 which is a special purpose vehicle set-up to facilitate asset-securitisation transactions while Cagamas SRP Berhad provides mortgage guarantee to the primary lenders. BNM Sukuk Berhad undertakes the issuance of sukuk on behalf of Bank Negara Malaysia (BNM).

Cagamas currently purchases loans and financing under 2 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 repurchase and 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 private debt securities (PDS) in the form of fixed and floating rate bonds, discounted notes and sukuk. To manage liquidity risk, Cagamas issues PDS that match as closely as possible to the corresponding cashflows and maturity profiles of the portfolio of purchased loans and financing. All PDS issued by Cagamas are unsecured, and rank pari passu among themselves.

## OPERATING REVIEW 2015

Slower global growth and the sharp fall in oil and commodity prices exerted a significant dampening impact on the Malaysian economy, weakened Malaysia's fiscal position and contributed to the sharp weakening of the Ringgit. Heightened domestic concerns further dampened investor sentiment. Despite the challenging environment and the outflow of funds, the Malaysian financial system remained resilient throughout the year and domestic financial intermediation continued to be well-supported by sound and well-capitalised financial institutions (FIs).

Interest rate was stable throughout 2015 with BNM maintaining the Overnight Policy Rate (OPR) at 3.25%. Monetary policy was accommodative and supportive of economic activity. Liquidity in the banking system was adequate with slight tightening conditions in the later part of the year. Responding to this, BNM reduced the Statutory Reserve Requirement (SRR) from 4.00% to 3.25% in January 2016 to support liquidity in the banking system.

During the year, the effects of the cooling measures on the property market were further amplified by more prudent loan underwriting standards applied by the FIs. Based on data from the National Property Information Centre (NAPIC), the Malaysian house price index in Q3 2015 increased by 5.4% only relative to Q3 2014 (Q3 2014 increased by 7.9% relative to Q3 2013). The volume and value of residential property transactions declined by 29% and 24% respectively compared with the previous year. High property prices and insufficient supply of affordable housing remain as major challenges.

The Ringgit hit its lowest level to the US Dollar (USD) of RM4.4565 in September 2015 as foreign funds reduced their exposure to emerging markets including Malaysia. Foreign holdings of Malaysian Government Securities (MGS) dropped from RM205 billion in January 2015 to RM185 billion in August of the same year. The reduced liquidity in the bond market following foreign fund outflows impacted domestic bond yields. The benchmark 10-year MGS traded at a high of 4.45% in August 2015, its highest level since 2009, while the 5-year and 7-year MGS yields touched a high of 4.09% and 4.42%, representing an increase of 50 basis points (bps) and 75 bps respectively. Notably, the maturity and resilience of the domestic bond market were demonstrated during this volatile period as the sell-off by foreign investors was well absorbed by local market participants.

In the PDS space, total issuances of PDS for the year was RM86.7 billion of which RM42.4 billion or 49% took place in Q4 2015 as issuers scrambled to raise funds ahead of the much anticipated monetary policy rate hike in the United States by the Federal Reserve in December 2015. The steepening of the government yield curve coupled with a surge of new PDS issuances towards year end resulted in a widening of spread for PDS against government securities. Spreads for 3-year, 5-year and 10-year AAA-rated PDS increased from 48 bps, 54 bps and 61 bps in early January 2015 to 108 bps, 103 bps and 67 bps respectively in December 2015.

## PURCHASES OF LOANS AND FINANCING

In response to stronger demand by FIs, Cagamas recorded larger new purchase of loans and financing amounting to RM6.1 billion (2014 : RM5.7 billion). All loans and financing purchased in 2015 were under the PWR scheme. Following the higher purchase of loans and financing under PWR in 2015, Cagamas' outstanding loans and financing rose by 7.8% to RM32.5 billion (2014 : RM30.1 billion)

As at end December 2015, residential mortgage dominated Cagamas' portfolio at 89.1%, followed by personal loans and financing at 6.3% and hire purchase loans and financing at 4.5%. Cagamas's portfolio remained fairly distributed between Islamic and conventional assets, with PWR and PWOR loans and financing portfolios at 51%<sup>1</sup> and 49%<sup>2</sup> respectively. The gross impaired loans and financing under the PWOR scheme remained low at 1.0% while net impaired loans and financing was at 0.5%.

## ISSUANCES OF CAGAMAS BOND AND SUKUK

Cagamas funds its asset purchases through the issuance of PDS, and to manage liquidity risk, Cagamas issues debt securities that closely match the duration and maturity profiles of loans and financing purchased. As one of the largest issuers of debt securities in Malaysia, Cagamas and its fully owned subsidiaries; Cagamas Global P.L.C and Cagamas Global Sukuk Berhad (Cagamas Berhad Group) have continued to diversify its funding sources and investor base to include foreign institutional investors. In 2015, twenty two new Cagamas debt securities were issued totalling RM7.1 billion, comprising RM2.4 billion sukuk and RM4.7 billion bonds.

Cagamas conducted the inaugural reopening exercises under its RM40 billion Medium Term Notes Programme (MTN) on 28 October 2015 to encourage trading activity and promote secondary market liquidity for the debt securities. The first reopened tranche was a 3-year Conventional MTN worth RM500 million. The second reopening exercise on 9 November 2015 was a 3-year Islamic MTN worth RM500 million.

Since 1987 to end 2015, the Cagamas Berhad Group had issued approximately RM279.2 billion PDS including RM41.8 billion of sukuk and RM4.4 billion<sup>3</sup> equivalent foreign currency (FCY) issuances. As at 31 December 2015, outstanding debt securities stood at RM29.9 billion of which RM24.7 billion or 83% was in local currency and RM5.2 billion<sup>4</sup> or 17% was denominated in foreign currencies. Conventional bond formed 60% of the total outstanding while the remaining 40% comprised sukuk. The Cagamas Berhad Group remained the largest issuer of PDS in Malaysia, accounting for 7% of total outstanding corporate debt securities and 23% of outstanding AAA debt securities.

1 Gross loans and financing before loan loss provision and accretion

2 Gross loans and financing before loan loss provision and accretion

3 Foreign currency issuance of RM4.4 billion valued as at issue date

4 Foreign currency issuance of RM5.2 billion valued as at 31 December 2015

# BUSINESS REVIEW

Table 1  
Total debt securities issued 1987-2015

RM BILLION

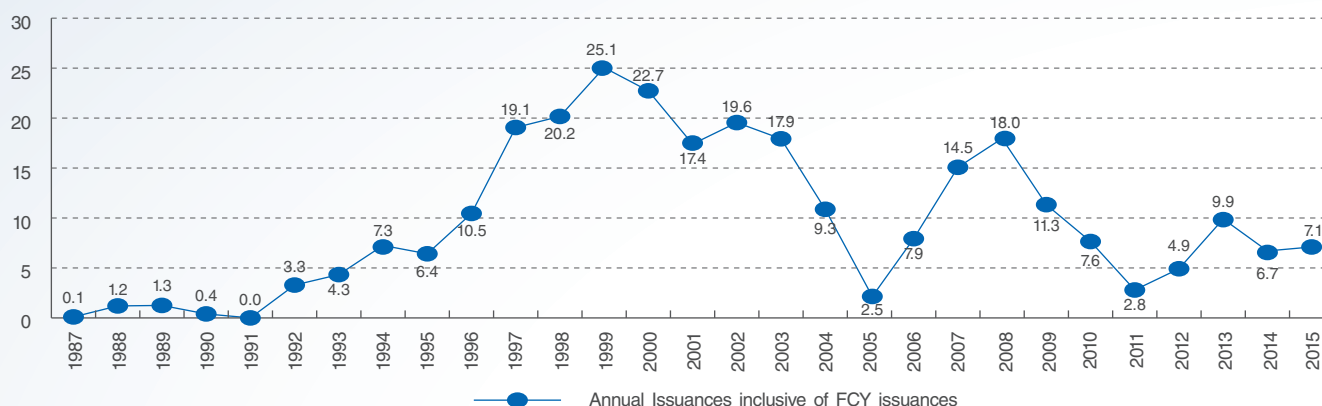
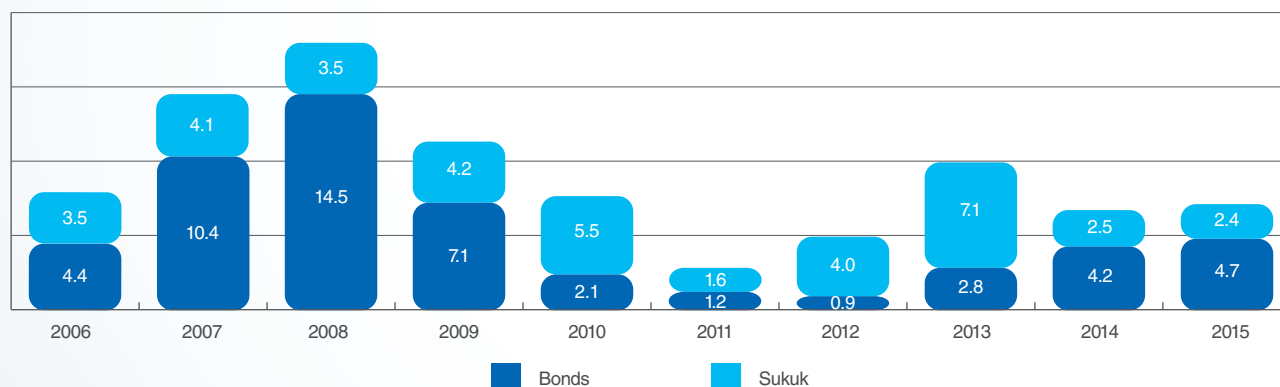


Table 2  
Total issuances 2006-2015

RM BILLION



Cagamas established the Multicurrency Medium Term Note Programme (EMTN) in 2014 via its fully owned subsidiaries; Cagamas Global P.L.C and Cagamas Global Sukuk Berhad to diversify its funding sources, widen investor base and aims to achieve competitive pricing from the international market. All outstanding EMTN debt securities were fully hedged against foreign currency risk by using cross-currency swaps. Our continuous engagement with foreign investors had resulted in an increase in foreign holdings of Cagamas' debt securities.

In 2015, 79% or RM5.6 billion from total issuances of RM7.1 billion were raised from the Ringgit bond market while the remaining 21% or RM1.5 billion<sup>5</sup> were issued under the foreign currency.

As at 31 December 2015, RM5.2 billion<sup>6</sup> or 17% of total outstanding Cagamas' debt securities were held by foreign investors. This was a marked increase from 1% in 2013 and 10% in 2014. Based on the total number of investors holding Cagamas Berhad Group debt securities, the composition of foreign investors had risen from 8% prior to the first EMTN issuance in September 2014 to 68% as at 31 December 2015.

The year 2015 also witnessed the inaugural issuances of the Cagamas Berhad Group's Singapore Dollar (SGD) bond (SGD100.0 million) and sukuk (SGD162.75 million) issued in July 2015 and September 2015 respectively.

<sup>5</sup> Foreign currency issuance of RM1.5 billion valued as at issue date

<sup>6</sup> Foreign currency issuance of RM5.2 billion valued as at 31 December 2015

Table 3  
Issuances by Currency 2014 & 2015

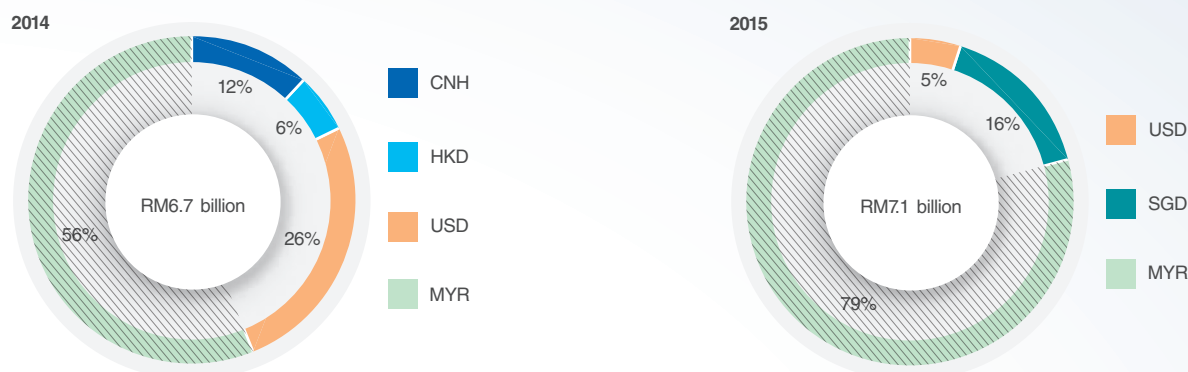
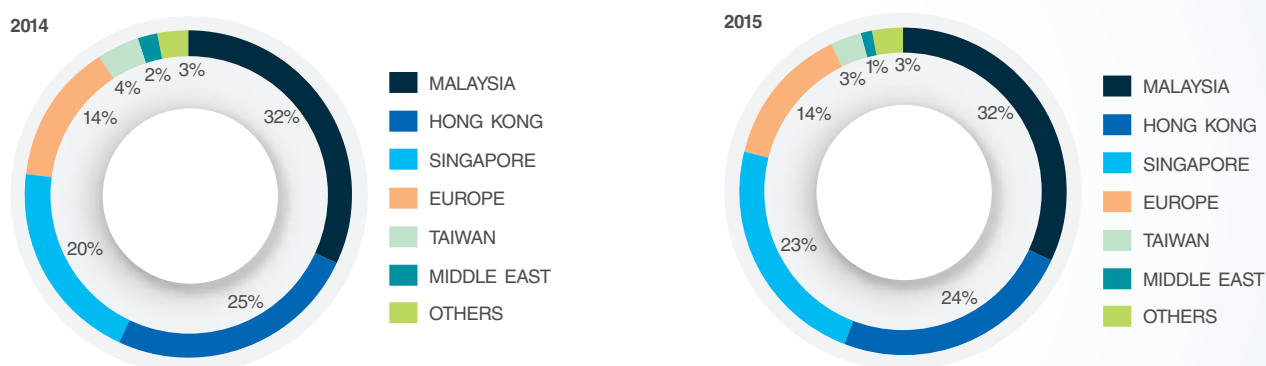


Table 4  
Investors by Country 2014 & 2015



Others inclusive of China, Korea and Offshore USA

Others inclusive of China, Korea and Offshore USA

Cagamas' ability to attract investment in its debt securities has been underpinned by its strong credit rating, track record of strong capitalisation, robust asset quality and stable profitability.

Table 5  
Cagamas Berhad Group Ratings

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

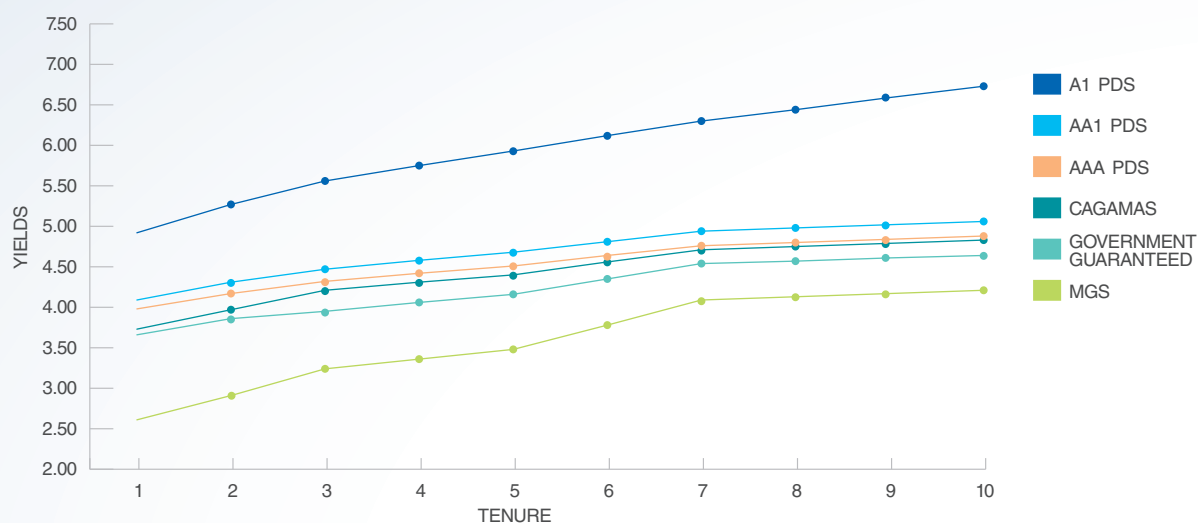
The sudden surge in new primary issuances of PDS in October and November 2015 together with market reaction to the release of the Government Auction Calendar for 2016 resulted in a widening of spread between Government bonds and PDS especially for the 1 year to 5 years tenure. Correspondingly, yearly average spreads of 1 to 10 years tenure between Cagamas debt securities and MGS widened by 8 bps, from 49 bps in 2014 to 57 bps in 2015.

Despite the challenges, Cagamas debt securities continued to outperform its peers albeit at a lower margin, tightening by 2 bps and registering a yearly average spread of 17 bps below other AAA issues in 2015.



# BUSINESS REVIEW

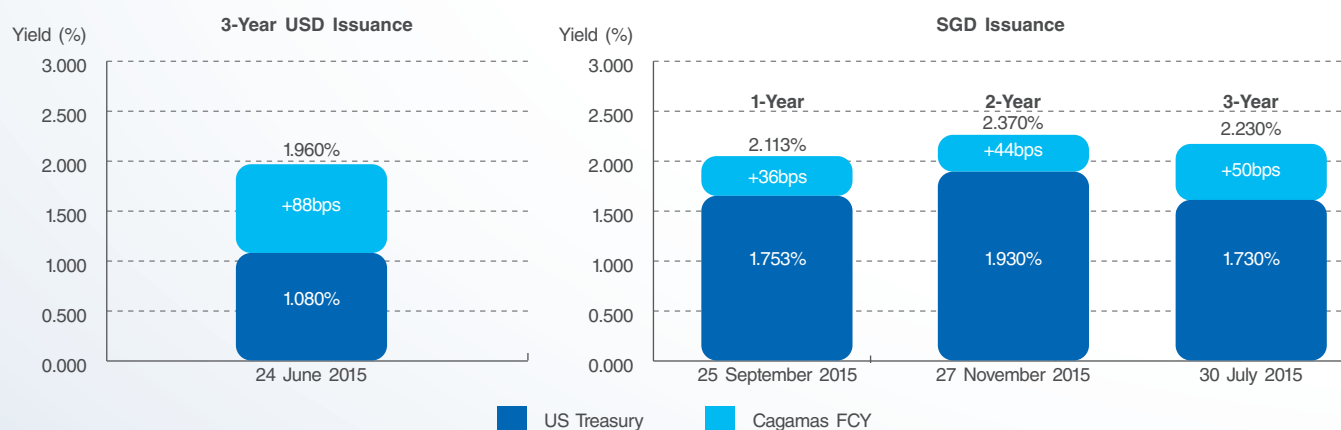
Table 6  
Bond Yield Comparison



Although the global financial environment had been challenging in 2015, the Cagamas Berhad Group was able to raise funding at competitive pricing in foreign currencies through private placement deals. During the year, four foreign issuances with a total value of RM1.5 billion<sup>7</sup> were successfully launched. Three of the FCY issuances were in Singapore Dollar (SGD) while one was in USD.

The Cagamas Berhad Group's 1-year (SGD162.75 million), 2-year (SGD100 million) and 3-year (SGD100 million) issuances were competitively priced at 36 bps, 44 bps and 50 bps over corresponding Singapore's Swap Offer Rates (SOR). For the USD issuance, the 3-year USD100 million was priced at 1.96% or 88 bps above 3-year US Treasury (UST).

Table 7  
Spread Comparison on Cagamas Foreign Currency Issuances



<sup>7</sup> Foreign currency issuance of RM1.5 billion valued as at issue date

## MORTGAGE GUARANTEE AND SECURITISATION

Cagamas SRP Berhad (CSRP) offers mortgage guarantee as a “first loss” protection on residential mortgage portfolio of the FIs. The guarantee reduces the credit risk of the FI’s housing loans and improves their 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 2015, CSRP’s guarantee exposure to the SRP and SPB schemes was RM46.0 million compared with RM20.7 million in 2014. The number of new loans and financing approved with guarantee cover from CSRP increased to 909 applications in 2015 (2014 : 470 applications), mainly due to the greater public awareness of the scheme and enhancements made to the qualifying criteria of SRP. For SPB, the scheme was launched on 1 October 2015 and a total of 282 loans and financing applications had been approved as at 31 December 2015.

Table 8  
Number of Loans and Financing Approved for SRP and SPB 2014 & 2015

	2014	2015	Growth	2014	2015	Growth
	No of Loans	No of Loans		Loan Amount (RM)	Loan Amount (RM)	
<b>SRP</b>	470	909	93%	97.6 mil	194.0 mil	99%
<b>SPB</b>	–	282	–	–	68.8 mil	–

As at end 2015, total outstanding CMBS bonds and sukuk stood at RM4.2 billion out of the total issuance of RM10.2 billion. The remaining CMBS bonds and sukuk are expected to mature by 2027. There was no new securitisation deal during the year.



# STRENGTH

*Strengthening the domestic capital market*



## CHAIRMAN'S STATEMENT



**Dato' Ooi Sang Kuang**  
Chairman



## 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 2015.

### INTRODUCTION

Global growth moderated in 2015 and was characterised by the faster slowdown of China's economy, the rapid and sharp fall of oil and commodity prices and the subdued performance of the Eurozone and Japan. Growth momentum in the US slowed and was accompanied by the specter of US Federal Reserve (Fed) normalising monetary policy.

Slower global growth and the sharp fall in oil and commodity prices exerted a significant dampening impact on the Malaysian economy, weakened Malaysia's fiscal position and contributed to the sharp depreciation of the Ringgit. Heightened domestic concerns further dampened investor sentiment.

Despite the challenging environment and the outflow of funds, liquidity in the banking system remained supportive for the major part of the year, with banks maintaining strong liquidity buffers. The Overnight Policy Rate (OPR) remained at 3.25% and the average overnight interbank rate was relatively stable. However, interbank rates beyond the 1-month tenure trended slightly higher during the later part of the year due to greater demand by banks for stable funding and some tightening of liquidity as the loan to deposit ratio of the banking system rose from 86.2% in 2014 to 88.7% in 2015. As a result of the increase in financing needs by banks, asset purchases by Cagamas rose by 7% to RM6.1 billion in 2015.

During the year, the Malaysian banking system remained well capitalised with the Common Equity Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio at 12.8%, 13.8% and 16.1% respectively.

Reflecting the heightened risk of slower economic growth, the domestic bond market in 2015 saw spreads of PDS, including Cagamas debt securities, widen over the corresponding Government securities. However against other corporate AAA issuers, Cagamas debt securities continued to outperform, tightening by 2 bps and registering a yearly average spread of 17 bps below other AAA issues in 2015.

### HIGHLIGHTS

In 2015, Cagamas continued to reinforce its presence and broaden its funding source in both the domestic and global capital markets. Cagamas' Multi-currency Medium Term Note (EMTN) gained acceptance as securities for Repurchase Agreement (REPO) transactions with two international financial institutions. In July and September 2015, Cagamas successfully issued its inaugural Singapore Dollar (SGD) denominated conventional and sukuk issuance under each of its USD2.5 billion Conventional and Islamic EMTN Programmes. During the year, the larger number of issuance size led to Cagamas securities being included in some of the widely-followed local currency bond indices, including the HSBC ALBI Bond Index, resulting in greater visibility for Cagamas debt securities among international investors. These encouraging developments contributed to Cagamas papers being the highest volume traded AAA PDS in the domestic capital market for 2015.

Cagamas also widened its developmental role by participating in the Skim Perumahan Belia (Youth Housing Scheme) (SPB) programme as the mortgage guarantee provider. The SPB aims to promote home ownership among the young. In addition, Cagamas further expanded its role as a provider of liquidity following an agreement signed with Perbadanan Insurans Deposit Malaysia (PIDM) in December 2015. The agreement serves to include Cagamas into PIDM's contingency plans to bolster and strengthen PIDM's operational readiness with funds sourced from Cagamas' debt securities issuance.

The new initiatives undertaken in 2015 reflected Cagamas' growing role as a refinancer for the banking system and increasing contribution towards the deepening of the Malaysian capital market.

# CHAIRMAN'S STATEMENT

## FINANCIAL PERFORMANCE

For the financial year ended 2015, I am pleased to report that the financial position of the Group, which included Cagamas Berhad (CB), Cagamas MBS Berhad (CMBS) and Cagamas SRP Berhad (CSR), remained very strong. The Group achieved a higher pre-tax profit of RM558.3 million compared with RM546.5 million in 2014, arising from higher profit contributions by both CB and CMBS.

The Group's Core Capital Ratio (CCR) and Risk Weighted Capital Ratio (RWCR) stood at a high of 35.3% and 37.2% respectively, as at end 2015. Excluding CMBS, the Group's CCR and RWCR were 25.1% and 27.1% respectively, as at end 2015. Total shareholders' funds for the Group increased to RM5.6 billion from RM5.1 billion while net tangible asset per share was higher at RM37.1, compared with RM34.2 in 2014.

At the main operating subsidiary, CB posted a pre-tax profit of RM343.4 million in 2015 compared with RM335.8 million in 2014. Earnings per share of CB was 170 sen in 2015, compared with 165 sen in 2014. Total shareholders' funds grew by 9.4% to RM3.0 billion while net tangible asset per share was higher at RM20.1. CB's CCR and RWCR were strong at 21.6% and 23.6%, respectively.

During the financial year, the special purpose vehicle CMBS contributed a pre-tax profit of RM205.2 million, compared with RM202.3 million in 2014. As at end 2015, total CMBS bonds and sukuk outstanding stood at RM4.2 billion, from a total issuance of RM10.2 billion. The remaining CMBS bonds and sukuk were expected to mature by 2027.

CSR, a wholly owned subsidiary of Cagamas Holdings involved in the provision of guarantee for residential mortgages made progress in 2015. Guarantee activities achieved a 14.2% rise in premiums received and a commendable increase of 100.1% in loans guaranteed under the Skim Rumah Pertamaku (My First Home Scheme). Pre-tax profit for guarantee activities was RM1.07 million in 2015, a 41% growth compared with the previous year.

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

The Group continued to play an active role in facilitating deeper intermediation in the Malaysian financial sector by providing liquidity, capital and risk management solutions. Cagamas also offered a wider source and tenor of funding for financial institutions. The value of Purchase with Recourse (PWR) transactions in 2015 was RM6.1 billion compared with RM5.6 billion in 2014. Total outstanding loans and financing of the Group amounted to RM35.5 billion as at the end of December 2015.

Cagamas recorded larger debt securities issuances of RM7.1 billion in 2015 as compared with RM6.7 billion in 2014. The issuances in 2015 comprise RM4.7 billion conventional bonds and RM2.4 billion sukuk. Of the total issuances 79% or RM5.6 billion, were issued locally while the balance of 21% or RM1.5 billion were sourced internationally. Cagamas' fixed income securities accounted for 7% of total outstanding corporate fixed income securities and 23% of all outstanding AAA fixed income securities in Malaysia. Our issuances also garnered awards during the year, including the Market Pioneer Award by RAM Rating Services Berhad (RAM) in recognition of the CNH1.5 bilion (USD244 million) Offshore RMB Bond as the World's 1st RMB-bond by a Mortgage Corporation. Cagamas was also recognised as the Corporate Issuer of the Year and Best Corporate Sukuk transaction in the Asset Triple A Islamic Finance Awards 2015.

## DIVIDENDS

For the financial year ended 31 December 2015, the Group declared a total dividend of 20 sen per share to the shareholders.

## INITIATIVES IN 2015

During the year, several measures were taken to enhance our capacity and strengthen governance. These included improved risk management processes, increased operational efficiency and enhanced corporate governance. We also enrolled our key leaders and executives in leadership programmes. Improvements to our risk culture and awareness were undertaken through broader engagement of staff and adoption of Bank Negara Malaysia's 13 risk governance principles. We continued to improve our ICAAP framework to enhance the effectiveness of our capital and budget planning process. We also strengthened our corporate governance framework with the adoption of the Terms of Reference and Board Charter in accordance with BNM's guidelines. Additionally, we also embarked on a key Loan Administration System project to address the processes, monitoring and reporting of the core products encompassing PWR, PWOR and MGP. The Loan Administration System, which also covers risk management requirements, will be the focal point for the Company's efforts to boost its operational efficiency.



As part of our social responsibility, we have continued to assist the less fortunate through our corporate social responsibility (CSR) and zakat initiatives. These included providing flood relief support for the reconstruction and repair of homes damaged by the floods as well as the provision of essential items to flood victims in early 2015. Under our CSR initiative, we provided sponsorship for two Islamic textbooks, namely, The Evolution and Development of Islamic Finance in Malaysia, to be published by The International Centre for Education in Islamic Finance (INCEIF) and the 2nd edition of the Islamic Financial System: Principles and Operations by the International Shari'ah Research Academy (ISRA). The knowledge contained in the two books will certainly advance the development of the Islamic finance sector.

## OUTLOOK

Global economic performance in 2016 is expected to remain very challenging due to the downside risk of China's economic transition, moderation of growth in the US economy and doubts around the revival of growth in the Eurozone and Japan. The negative effects of lower oil prices on emerging economies have also heightened the risks to global outlook. Financial turbulence and economic vulnerabilities are expected to persist with ongoing concerns of risks arising from rapid changes in global financial conditions, including volatile reversals of capital flows and large currency fluctuations. Malaysia, as a highly trade-oriented developing economy, is expected to grapple with headwinds on both the domestic and international fronts. Growth is expected to be slower at between 4.0% and 4.5% in 2016.

In facing the difficult environment, 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 new asset classes including the infrastructure and SME sectors. We will continue to step up our efforts to further diversify our funding sources and promote a broader range of debt securities in the capital market. On the Islamic finance front, we will strive to introduce more globally accepted sukuk structures to attract a larger pool of international and regional investors.

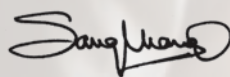
In our efforts to help Malaysians gain access to affordable housing at competitive financing, we will continue to play an active role in supporting the Government's affordable home ownership programmes such as the Skim Rumah Pertamaku, Skim Perumahan Belia and PR1MA. Cagamas remains strongly committed to fulfil its developmental agenda of 'Housing the Nation'.

## 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 and the Companies Commission of Malaysia, for their guidance and support.

It gives me great pleasure to welcome two new directors to the Group, namely, Datuk Azizan bin Haji Abd Rahman and Dato' Lee Kok Kwan who joined the Board on 1 June 2015. I would also like to thank Mr. Marzunisham bin Omar and Y.M. Tengku Dato' Zafrul bin Tengku Abdul Aziz for their valuable contributions to the Board during their tenure as directors in the Group.

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



**Dato' Ooi Sang Kuang**  
Chairman

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (Board) of Cagamas Holdings Berhad 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 fully supports the principles of the Malaysian Code on Corporate Governance 2012 (Code) and will endeavour to adopt the Code together with the Bank Negara Malaysia's Guidelines on Corporate Governance for Licensed Institutions as guiding principles to ensure that the highest standards of corporate governance are practised throughout the Company and the Group.

## BOARD OF DIRECTORS

### The Composition and Independence of Directors

The Board consists of seven (7) Non-Executive Directors, comprising representative of Bank Negara Malaysia, Chief Executives/Senior Officers of financial institutions and experienced professionals nominated by the Board.

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

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

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

### Clear Roles and Responsibilities

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

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

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

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

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

### **Company Secretary**

The Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretary and the Compliance Officer who are experienced and knowledgeable on new statutes and directives issued by regulatory authorities and the resultant implications to 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 Board Committees to the Senior Management for action.

### **Board Meetings**

During the financial year ended 31 December 2015, the Board met four (4) times to deliberate on a wide range of matters, including the Company's business performance, risk profile, business plans and strategic issues that affect the Group's business. Board papers providing updates on operations, financial, risk profile, regulatory issues and corporate developments are sent to the Directors in advance of each meeting.

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

### **Board Committees**

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

The GBGC comprises three (3) Non-Executive Directors, namely:

Dato' Ooi Sang Kuang (Chairman)  
Tan Sri Dato' Sri Tay Ah Lek  
Mr. Cheah Tek Kuang

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 of Directors 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 recommendations.

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



# STATEMENT ON CORPORATE GOVERNANCE

## 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 of Directors for approval.

Pursuant to Section 129 of the Companies Act, 1965, the Directors who are of or over the age of seventy (70) years shall retire at every Annual General Meeting (AGM) and may offer themselves for re-appointment to hold office until the next AGM.

In accordance with the Company's Articles of Association (Articles), at least one-third of the Directors are to retire from office at each 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 (3) years to ensure the Directors are appropriately remunerated for their contributions to the Group.

The proposed Directors' fees are approved by the shareholders at the AGM. The aggregate remuneration payable to all the Directors for the financial year ended 31 December 2015 is RM497,842 comprising Directors' fees of RM350,342 and meeting allowances of RM147,500.

## Directors' Training

Some of the Directors are also Directors of public-listed companies and have attended the Mandatory Accreditation Programme as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. 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 and Reuters. The principal forum for dialogue with shareholders continues to be the AGM. At the AGM, the Chairman highlights the performance of the Group and provides the shareholders every opportunity to raise questions and seek clarification on the business and performance of the Group.

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

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board aims to present a balanced assessment of the Company's financial position and prospects in its annual financial statements to shareholders and bondholders. Following discussions with the Chief Financial Officer, Vice President/Head of Internal Audit and external auditors, the Directors determine and declare that in preparing the financial statements, the Company is compliant with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia and has used appropriate accounting policies which are consistently applied and supported by reasonable judgements and estimates and that all accounting standards which they consider applicable have been followed.

### Internal Control

The Company's Statement on Internal Control is set out on pages 52 to 53 of this Annual Report.

### **Relationship with Auditors**

The Report on the role of the GBAC in relation to the internal and external auditors is described on pages 48 to 51 of this Annual Report. For the financial year ended 31 December 2015, the external auditors attended two (2) meetings with the GBAC. The first meeting was to report on the financial statements for the financial year ended 31 December 2014, and the second meeting was to present their audit plan and scope of audit for the financial year ended 31 December 2015. 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 Annual General Meeting of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report

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

# REPORT OF THE GROUP BOARD AUDIT COMMITTEE

## 1. MEMBERS

For the year of 2015, the members of the Group Board Audit Committee are as follows:

Datuk George Ratilal (Chairman)  
Y.M. Tengku Dato' Zafrul Tengku Abdul Aziz (resigned on 17 March 2015)  
Mr. Cheah Tek Kuang (resigned on 1 June 2015)  
Datuk Azizan Haji Abd Rahman (appointed on 1 June 2015)  
Dato' Lee Kok Kwan (appointed on 1 June 2015)

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

## 2. ATTENDANCE AT MEETINGS

The Committee held five meetings during the financial year ended 31 December 2015 with the President/Chief Executive Officer and the Head of Internal Audit in attendance. Other senior officers of Cagamas Berhad attended the meetings by invitation. The record of attendance of meetings by the members is as follows:

Name of Committee Member	No of Meetings Attended
Datuk George Ratilal	5/5
Y.M. Tengku Dato' Zafrul Tengku Abdul Aziz	1/2
Mr. Cheah Tek Kuang	2/2
Datuk Azizan Haji Abd Rahman	2/3
Dato' Lee Kok Kwan	3/3

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 2014 and to present their audit plan and scope of work for the Group for the year 2015.

## 3. COMPOSITION AND TERMS OF REFERENCE

### Authority

- 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.
- 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.
- 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

- 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.
- If for any reason the number of members is reduced to below three, the Board must fill the vacancies within three months.
- The members of the Committee shall elect a Chairman from amongst their members who shall be an independent Director.
- At least one member of the Committee:
  - must be a member of the Malaysian Institute of Accountants (MIA); or
  - 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 President/Chief Executive Officer to attend the meeting. The Committee may invite any person to be in attendance to assist in its deliberations.

### Quorum

- (a) A quorum shall consists of two members.

### Secretary

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

### Duties and Responsibilities

#### Financial Reporting

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

- Significant variants in audit scope; and
- Significant commitment or contingent liabilities.

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

### Internal Audit

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



# REPORT OF THE GROUP BOARD AUDIT COMMITTEE

- Alignment of goals and objectives of the Internal Audit functions with the Group's overall goals; and
  - Placing Internal Audit under the direct authority and supervision of the Committee.
- (c) Review the Internal Audit reports before submission to the Board of Directors of the respective Companies within the Cagamas Group and recommend to the Board of Cagamas Holdings for information/endorsement.
- (d) Evaluate the findings and ensure that appropriate and prompt remedial actions are taken by the Management of the respective Companies on major deficiencies in controls or procedures that are identified.

## External Audit

- (a) To assess the objectivity, performance and independence of External Auditors.
- (b) To discuss with and review the external audit plan, the findings on system of internal controls (including Management's actions and the relevant audit reports).
- (c) To review the External Auditors engagement letter and Management's response.
- (d) Recommend to the Board the appointment of External Auditors, the audit fee and any question of resignation or dismissal of the External Auditors.
- (e) Discuss matters arising from the previous year's audit, review with the External Auditors the scope of their current year's audit plan, their evaluation of the accounts and internal controls systems, including their findings and recommended actions.
- (f) Review changes in statutory requirements and any significant audit problems that can be foreseen as a result of previous year's experience or because of new developments.
- (g) Evaluate and review the role of External Auditors from time to time.
- (h) To approve the provision of non-audit services by the External Auditors, evaluation whether there are any potential conflicts arising from such non-audit services.
- (i) To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with exercise of independent judgement of the auditors.

- (j) The Audit Committee shall meet with the External Auditors at least once a year without the presence of the management to discuss any key concerns and obtain feedbacks.

## Related Party Transaction

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

## Other Responsibility

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

## 4. SUMMARY OF ACTIVITIES

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

### Internal Audit

- (a) Reviewed and approved the Internal Audit Plan for Financial Year 2016 to ensure adequate scope, coverage over the activities of the Group and the resources requirements of internal audit to carry out its functions;
- (b) Reviewed the internal audit reports, audit recommendations and Management's responses to the audit findings and recommendations;
- (c) Reviewed the status report on Management's efforts to rectify the outstanding audit issues to ensure that appropriate actions have been taken as per the audit recommendations;
- (d) Provided independent evaluation on the performance of the Head of Internal Audit;

### External Audit

- (a) Reviewed audit plan and scope of work of the External Auditors for the year 2015;
- (b) Recommended the re-appointment of External Auditors and their audit fees to the Board of Directors; and
- (c) Reviewed the results of the audit by the External Auditors and discussed the findings and other concerns of the External Auditors.

### Financial Reporting

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

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.

## 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 2015 focused on the independent review of the risk management, operating effectiveness of internal controls, and regulatory requirements across the Group. The audit reports are submitted to the Committee for its consideration. This enables the Committee to execute its overseeing function by forming an opinion on the adequacy of measures undertaken by Management.

# 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 control by identifying and evaluating the risks faced and designing, operating and monitoring a suitable system of internal controls to mitigate and control these risks.

## RISK MANAGEMENT

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

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

## KEY INTERNAL CONTROL PROCESSES

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

### 1. Authority and Responsibility

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

### 2. Planning, Monitoring and Reporting

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

### **3. Policies and Procedures**

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

### **4. Independent Review by Internal Audit Department**

- a) The Internal Audit Department provides assurance to the Board by conducting an independent review on the adequacy, effectiveness and integrity of the system of internal controls. It adopts a risk-based approach in accordance with the annual audit plan approved by the Committee. The results of audits are presented to the Group Board Audit Committee, which meets five times during the financial year ended 31 December 2015.
- b) The audit plan and audit reports are also submitted to the Board and the respective Board of Directors of companies within the Group to inform of any weaknesses in the internal controls system. During the financial year, several weaknesses were highlighted, but none has resulted in material loss, contingencies or uncertainties or impact on reputational risk that would require disclosure in the Annual Report.

### **5. Performance Measurement and Staff Competency**

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

### **6. Business Continuity Planning**

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

### **CONCLUSION**

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



# RISK MANAGEMENT

## RISK MANAGEMENT STATEMENT

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 (ERM) Framework

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

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

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

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

An independent RMD plays the role of second line of defence by providing specialised resources to proactively manage risks. This includes the assessing 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 BOD also reviews and approves all significant risk management policies and risk exposures.

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

The MEC and ALCO which comprises senior management of the Group 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 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 resulting 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 parameters approved by the Board based on a risk-return relationship. It also adheres to a strict match-funding policy where all asset purchases are funded by bonds of closely matched size, duration, and are self-sufficient in terms of cashflow. A forward looking liquidity mechanism is in place to promote efficient and effective cashflow 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, are also set aside to meet any unexpected shortfall in cash flow or adverse economic conditions in the financial market.

### Operational Risk Management

Operational risk is the potential loss resulting from inadequate or failed internal processes, people and systems, or from external events. Each business/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 that are subject to regular review by both internal and external auditors. Business Continuity Plans are in place to minimise unexpected disruption and reduce time to restore 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 for its Islamic products.

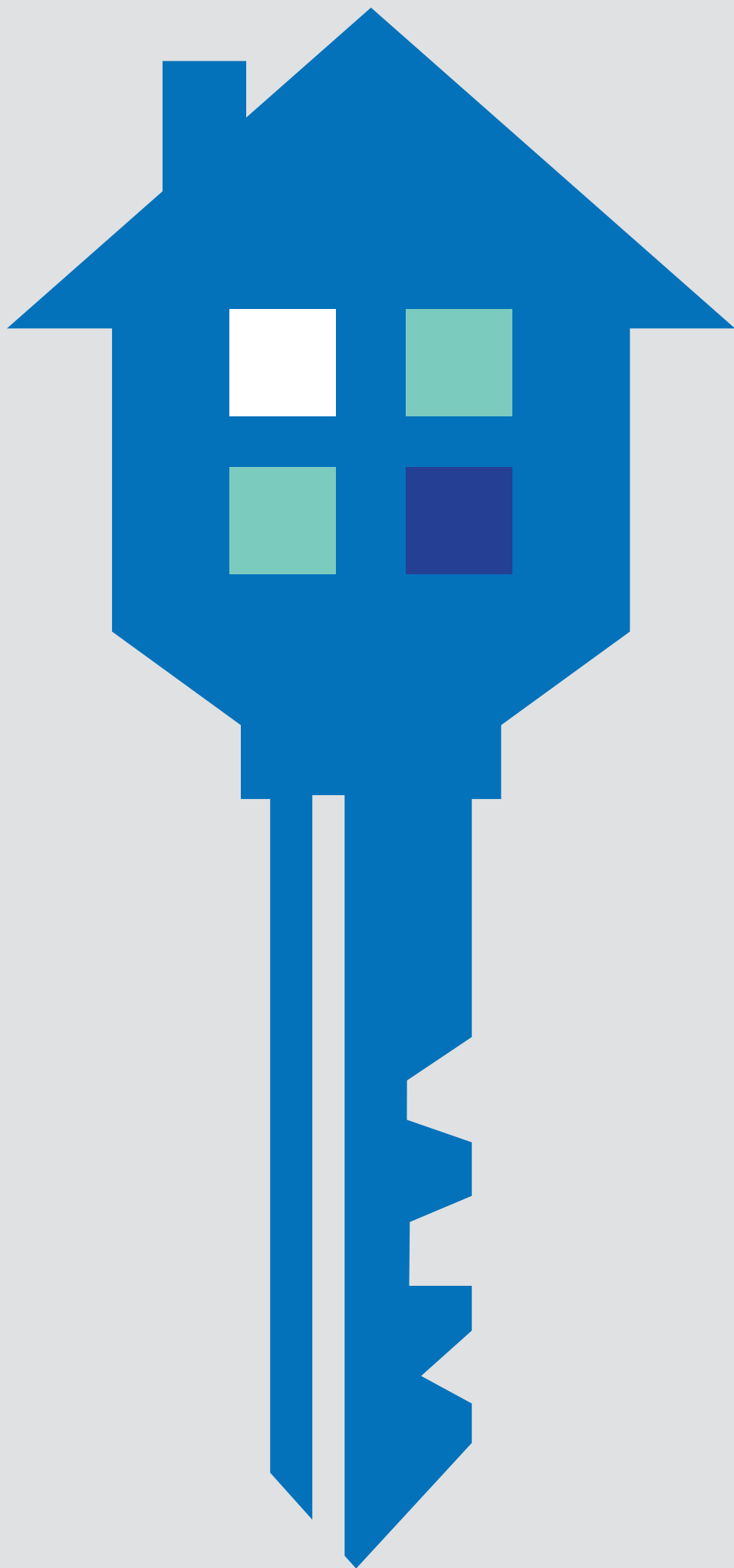
Periodic internal audits are performed to verify that Islamic operations conducted by the business units are in compliance with the decisions endorsed by the Shariah Advisor. Any incidences of Shariah non-compliance are reported to both the Shariah Advisor and the Group Board Audit Committee.

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

### Key Risk Management Initiatives

During the year, Cagamas has completed the following initiatives to strengthen its risk management processes and controls:

1. Enhancing Risk and Compliance Culture
  - A healthy risk and compliance culture is an essential building block for effective risk management and governance. It has become increasingly apparent that having a strong and robust organisation-wide risk culture is one of the key components of successful risk management.
2. Intergrating Risk Appetite Statements into Corporate Strategy
  - Making risk everyone's business, from the top ranks down to the front-line staff, represents a significant shift in mindset, policies, systems and processes and towards this end, the "Risk Culture Index" assessment process was broadened to include engagement from middle level management. This assessment process enables the Company to identify strengths and improvement opportunities.
  - To create greater risk awareness amongst staff of all levels, the risk management team has also published Cagamas' first "Risk Bulletin" which covers amongst others areas such as the latest credit risk management practices, compliance updates, liquidity risk management, stress testing methodology and technology risk issues.
  - A strong risk appetite that is embedded into business strategy and planning has been a key area of focus. Furthermore, effectively cascading the risk appetite through the operational levels of the organisation remains a challenge to implementing risk appetite.
  - The risk appetite statements have been reviewed wherein additional profitability parameter has been established to align risk reward whilst taking into consideration the Company's developmental role.
3. Strengthening Risk Governance
  - The Group's governance structure has been streamlined to improve risk oversight and control, as well as strengthening its three lines of defense model to further clarify the division of responsibility and accountability.
  - The change in reporting structure of the Compliance Unit wherein the unit now reports directly to the Chief Risk Officer makes the first line of defence clearly responsible for compliance risks related to their activities.
4. Enhancing Risk Management Processes and Controls
  - The ICAAP implementation continues to be enhanced including greater involvement from the various departments in the stress test scenario setting and budget planning process. This is to ensure that the Company maintains sufficient capital to support its risk profile.
  - Internal credit rating scorecards have been approved by the BOD for parallel implementation with effect from May 2015 with further fine tuning in 2016. Meanwhile, external ratings will still continue to be monitored and used for credit approval and capital requirement computation under the Standardised Approach. In addition, credit concentration limits have been revised in line with the Company's mandate.
  - For operational risk, key risk indicators for technology risk have been strengthened including monitoring procedures.

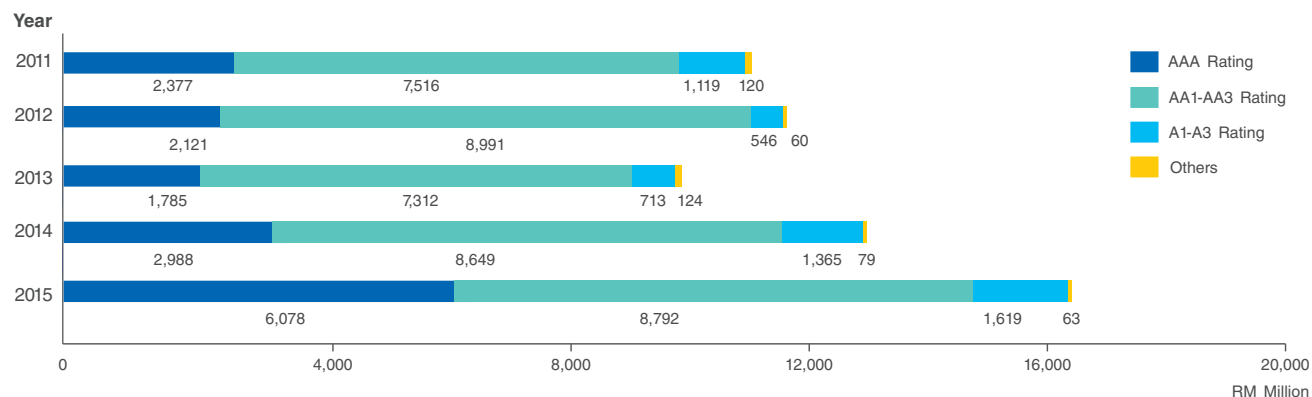


# SOLUTIONS

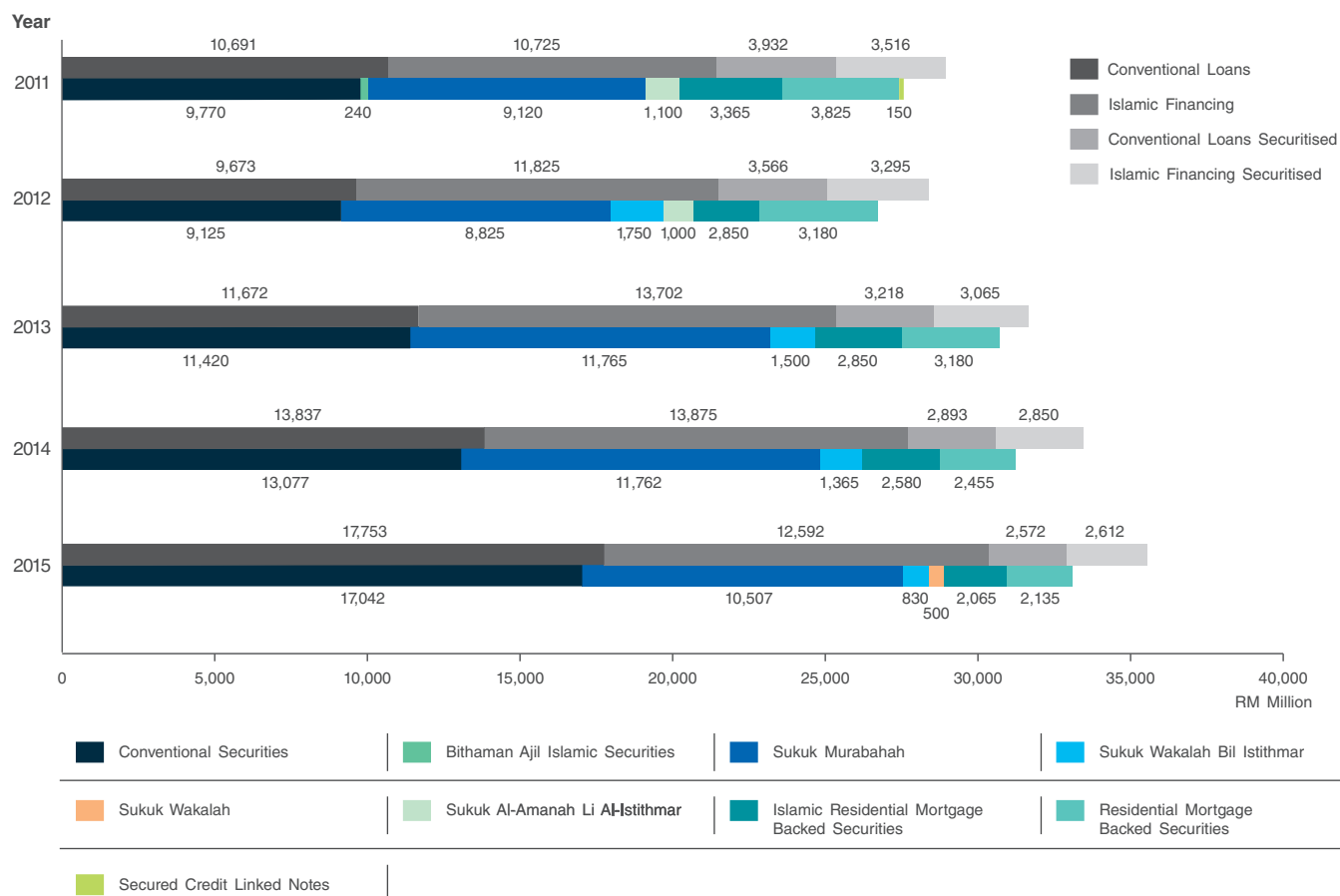
*Offering a broader range of financing solutions to sustain future growth*

# STATISTICAL INFORMATION

## COUNTERPARTIES EXPOSURE BY RATINGS



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



**CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2015**

					Conventional					Islamic				
Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Medium Term Notes	Commercial Paper	Residential Mortgage Backed Securities	Secured Credit Linked Notes	Foreign Currency Debts	Sukuk Murabahah	Sukuk Wakalah Bil Istithmar	Sukuk Al-Amanah Li Al-Istithmar	Residential Mortgage Backed Securities	Foreign Currency Debts
					RM MILLION									
<b>2005</b>														
08.08.2005	12	5.010	08.08.2017	1.61									410	
08.08.2005	15	5.270	07.08.2020	4.61									400	
12.12.2005	12	5.340	12.12.2017	1.95			345							
12.12.2005	15	5.650	11.12.2020	4.95			385							
12.12.2005	20	5.920	12.12.2025	9.96			265							
<b>2007</b>														
29.05.2007	10	3.900	29.05.2017	1.41									400	
29.05.2007	12	4.020	29.05.2019	3.41									245	
29.05.2007	15	4.170	27.05.2022	6.41									320	
29.05.2007	20	4.340	28.05.2027	11.41									290	
22.08.2007	10	4.520	22.08.2017	1.64			525							
22.08.2007	12	4.700	22.08.2019	3.64			260							
22.08.2007	15	4.900	22.08.2022	6.65			250							
22.08.2007	20	5.080	20.08.2027	11.64			105							
31.10.2007	10	4.640	31.10.2017	1.84	455									
31.10.2007	12	4.800	31.10.2019	3.84	320									
<b>2008</b>														
08.08.2008	12	6.000	07.08.2020	4.61	65									
08.08.2008	20	6.500	08.08.2028	12.61	90									
08.08.2008	10	5.800	08.08.2018	2.61						155				
08.08.2008	12	6.000	07.08.2020	4.61						235				
08.08.2008	15	6.350	08.08.2023	7.61						305				
08.08.2008	20	6.500	08.08.2028	12.61						370				
10.10.2008	10	5.710	10.10.2018	2.78	140									
10.10.2008	12	5.900	09.10.2020	4.78	105									
10.10.2008	15	6.050	10.10.2023	7.78	140									
10.10.2008	20	6.250	10.10.2028	12.79	340									
10.10.2008	10	5.710	10.10.2018	2.78						40				
10.10.2008	12	5.900	09.10.2020	4.78						25				
10.10.2008	15	6.050	10.10.2023	7.78						30				
10.10.2008	20	6.250	10.10.2028	12.79						35				



# STATISTICAL INFORMATION

## CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2015 (Continued)

					Conventional					Islamic				
Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Medium Term Notes	Commercial Paper	Residential Mortgage Backed Securities	Secured Credit Linked Notes	Foreign Currency Debts	Sukuk Murabahah	Sukuk Wakalah Bil Istithmar	Sukuk Al-Amanah Li Al-Istithmar	Residential Mortgage Backed Securities	Foreign Currency Debts
					RM MILLION									
<b>2009</b>														
30.03.2009	7	4.860	30.03.2016	0.25	140									
30.03.2009	10	5.270	29.03.2019	3.24	190									
30.03.2009	12	5.370	30.03.2021	5.25	105									
30.03.2009	15	5.460	29.03.2024	8.25	150									
30.03.2009	20	5.690	30.03.2029	13.25	150									
30.03.2009	7	4.860	30.03.2016	0.25						115				
30.03.2009	10	5.270	29.03.2019	3.24						170				
30.03.2009	12	5.370	30.03.2021	5.25						115				
30.03.2009	15	5.460	29.03.2024	8.25						155				
30.03.2009	20	5.690	30.03.2029	13.25						80				
17.07.2009	7	4.930	18.07.2016	0.55	85									
17.07.2009	10	5.280	17.07.2019	3.55	120									
17.07.2009	12	5.380	19.07.2021	5.55	80									
17.07.2009	15	5.520	17.07.2024	8.55	100									
17.07.2009	20	5.750	17.07.2029	13.55	50									
17.07.2009	7	4.930	18.07.2016	0.55						65				
17.07.2009	10	5.280	17.07.2019	3.55						90				
17.07.2009	12	5.380	19.07.2021	5.55						60				
17.07.2009	15	5.520	17.07.2024	8.55						70				
17.07.2009	20	5.750	17.07.2029	13.55						55				
03.09.2009	7	4.700	02.09.2016	0.67	85									
03.09.2009	10	5.050	03.09.2019	3.68	115									
03.09.2009	12	5.120	03.09.2021	5.68	65									
03.09.2009	15	5.280	03.09.2024	8.68	90									
26.11.2009	7	4.710	25.11.2016	0.90	70									
26.11.2009	10	5.030	26.11.2019	3.91	95									
26.11.2009	12	5.150	26.11.2021	5.91	60									
26.11.2009	15	5.270	26.11.2024	8.91	85									
26.11.2009	20	5.500	26.11.2029	13.92	45									
26.11.2009	7	4.710	25.11.2016	0.90						60				
26.11.2009	10	5.030	26.11.2019	3.91						85				
26.11.2009	12	5.150	26.11.2021	5.91						60				
26.11.2009	15	5.270	26.11.2024	8.91						80				
26.11.2009	20	5.500	26.11.2029	13.92						45				

**CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2015 (Continued)**

					Conventional					Islamic				
Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Medium Term Notes	Commercial Paper	Residential Mortgage Backed Securities	Secured Credit Linked Notes	Foreign Currency Debts	Sukuk Murabahah	Sukuk Wakalah Bil Istithmar	Sukuk Al-Amanah Li Al-Istithmar	Residential Mortgage Backed Securities	Foreign Currency Debts
RM MILLION														
<b>2010</b>														
03.09.2010	7	4.050	01.09.2017	1.67						5				
03.09.2010	10	4.360	03.09.2020	4.68						10				
03.09.2010	12	4.480	02.09.2022	6.68						5				
03.09.2010	15	4.650	03.09.2025	9.68						5				
03.09.2010	7	4.050	01.09.2017	1.67	10									
03.09.2010	10	4.360	03.09.2020	4.68	15									
03.09.2010	12	4.480	02.09.2022	6.68	10									
03.09.2010	15	4.650	03.09.2025	9.68	5									
20.10.2010	6	3.850	20.10.2016	0.81						500				
20.10.2010	7	3.980	20.10.2017	1.81	1,000									
<b>2011</b>														
07.04.2011	5	4.000	07.04.2016	0.27						10				
07.04.2011	7	4.250	06.04.2018	2.27						5				
07.04.2011	10	4.650	07.04.2021	5.27						5				
07.04.2011	12	4.760	07.04.2023	7.27						5				
07.04.2011	15	4.920	07.04.2026	10.27						10				
11.11.2011	5	3.730	11.11.2016	0.87	825									
20.12.2011	5	3.650	20.12.2016	0.97	10									
20.12.2011	7	3.950	20.12.2018	2.97	10									
20.12.2011	10	4.150	20.12.2021	5.98	5									
20.12.2011	12	4.250	20.12.2023	7.98	10									
20.12.2011	15	4.410	18.12.2026	10.97	10									
20.12.2011	5	3.650	20.12.2016	0.97						5				
20.12.2011	7	3.950	20.12.2018	2.97						5				
20.12.2011	10	4.150	20.12.2021	5.98						5				
20.12.2011	12	4.250	20.12.2023	7.98						5				
20.12.2011	15	4.410	18.12.2026	10.97						10				
<b>2012</b>														
28.03.2012	5	3.700	28.03.2017	1.24							80			
13.07.2012	5	3.550	13.07.2017	1.53							420			
29.08.2012	4	3.470	29.08.2016	0.66	15									
11.09.2012	4	3.500	09.09.2016	0.69							85			
11.09.2012	5	3.600	11.09.2017	1.70							135			

# STATISTICAL INFORMATION

## CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2015 (Continued)

					Conventional					Islamic				
Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Medium Term Notes	Commercial Paper	Residential Mortgage Backed Securities	Secured Credit Linked Notes	Foreign Currency Debts	Sukuk Murabahah	Sukuk Wakalah Bil Istithmar	Sukuk Al-Amanah Li Al-Istithmar	Residential Mortgage Backed Securities	Foreign Currency Debts
					RM MILLION									
<b>2012 (continued)</b>														
24.10.2012	5	3.630	24.10.2017	1.82	50									
31.10.2012	10	3.910	31.10.2022	6.84	450									
31.10.2012	15	4.170	29.10.2027	11.84	20									
04.12.2012	5	3.500	04.12.2017	1.93	5									
04.12.2012	7	3.750	04.12.2019	3.93	5									
04.12.2012	10	3.900	02.12.2022	6.93	5									
04.12.2012	12	4.000	04.12.2024	8.93	5									
04.12.2012	15	4.140	03.12.2027	11.93	5									
04.12.2012	5	3.500	04.12.2017	1.93						15				
04.12.2012	7	3.750	04.12.2019	3.93						20				
04.12.2012	10	3.900	02.12.2022	6.93						20				
04.12.2012	12	4.000	04.12.2024	8.93						10				
04.12.2012	15	4.140	03.12.2027	11.93						15				
07.12.2012	4	3.580	07.12.2016	0.94							40			
07.12.2012	5	3.660	07.12.2017	1.94							70			
<b>2013</b>														
10.01.2013	3	3.450	08.01.2016	0.02						20				
10.01.2013	5	3.600	10.01.2018	2.03						90				
28.05.2013	3	3.400	27.05.2016	0.41						450				
12.08.2013	3	3.500	08.08.2016	0.61						180				
12.08.2013	3	3.500	08.08.2016	0.61						50				
12.08.2013	3	3.500	08.08.2016	0.61	180									
17.09.2013	3	3.750	15.09.2016	0.71	15									
28.10.2013	3	3.650	28.10.2016	0.83						275				
28.10.2013	5	3.950	26.10.2018	2.82						330				
28.10.2013	7	4.150	28.10.2020	4.83						390				
28.10.2013	10	4.300	27.10.2023	7.83						645				
28.10.2013	12	4.550	28.10.2025	9.83						450				
28.10.2013	15	4.750	27.10.2028	12.83						675				
28.10.2013	20	5.000	28.10.2033	17.84						675				
29.10.2013	3	3.650	28.10.2016	0.83						290				
18.11.2013	3	3.550	18.11.2016	0.88	225									
18.11.2013	5	3.900	16.11.2018	2.88	300									
18.11.2013	7	4.100	18.11.2020	4.89	310									

**CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2015 (Continued)**

					Conventional					Islamic				
Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Medium Term Notes	Commercial Paper	Residential Mortgage Backed Securities	Secured Credit Linked Notes	Foreign Currency Debts	Sukuk Murabahah	Sukuk Wakalah Bil Istithmar	Sukuk Al-Amanah Li Al-Istithmar	Residential Mortgage Backed Securities	Foreign Currency Debts
					RM MILLION									
<b>2013 (continued)</b>														
18.11.2013	10	4.300	17.11.2023	7.88	375									
18.11.2013	12	4.550	18.11.2025	9.89	410									
18.11.2013	15	4.750	17.11.2028	12.89	460									
20.12.2013	3	3.750	20.12.2016	0.97						20				
20.12.2013	5	4.050	20.12.2018	2.97						20				
20.12.2013	7	4.350	18.12.2020	4.97						20				
20.12.2013	10	4.600	20.12.2023	7.98						5				
<b>2014</b>														
27.01.2014	2	3.600	27.01.2016	0.07	55									
06.06.2014	2	3.800	06.06.2016	0.43	40									
08.07.2014	2	3.880	11.07.2016	0.53						15				
08.07.2014	2	3.880	11.07.2016	0.53						50				
08.07.2014	3	4.010	07.07.2017	1.52						150				
08.07.2014	3	4.010	07.07.2017	1.52						100				
22.09.2014	3	3.700	25.09.2017	1.74					780					
01.10.2014	2	3.820	04.10.2016	0.76	25									
01.10.2014	3	3.950	02.10.2017	1.76						10				
01.10.2014	5	4.150	01.10.2019	3.75						15				
03.11.2014	3	3.950	03.11.2017	1.84	60									
03.11.2014	3	3.950	03.11.2017	1.84						930				
05.11.2014	4	1.880	08.05.2018	2.35					422					
05.11.2014	3	3.950	03.11.2017	1.84	1,000									
18.11.2014	3	3.980	20.11.2017	1.89						15				
18.11.2014	5	4.150	18.11.2019	3.88						32				
10.12.2014	5	2.745	10.12.2019	3.95					1,725					
<b>2015</b>														
05.03.2015	1	3.800	07.03.2016	0.18	35									
05.03.2015	3	4.020	05.03.2018	2.18	45									
20.03.2015	1	3.750	21.03.2016	0.22	60									
20.03.2015	3	3.950	20.03.2018	2.22	440									
24.06.2015	3	1.960	25.06.2018	2.48					375					
29.07.2015	1	3.650	29.07.2016	0.58	50									
29.07.2015	3	3.880	30.07.2018	2.58	65									

# STATISTICAL INFORMATION

## CAGAMAS GROUP DEBT SECURITIES OUTSTANDING AS AT 31 DECEMBER 2015 (Continued)

					Conventional					Islamic				
Date Issued	Tenure (Years)	Coupon Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	Medium Term Notes	Commercial Paper	Residential Mortgage Backed Securities	Secured Credit Linked Notes	Foreign Currency Debts	Sukuk Murabahah	Sukuk Wakalah Bil Istithmar	Sukuk Al-Amanah Li Al-Istithmar	Residential Mortgage Backed Securities	Foreign Currency Debts
					RM MILLION									
<b>2015 (continued)</b>														
30.07.2015	3	2.230	30.07.2018	2.58					278					
25.09.2015	1	2.113	26.09.2016	0.74										500
21.10.2015	3	4.200	22.10.2018	2.81	1,500									
28.10.2015	3	3.900	16.11.2018	2.88	500									
09.11.2015	3	4.050	20.12.2018	2.97						500				
25.11.2015	0.25	3.760	25.02.2016	0.15		300								
25.11.2015	5	4.450	25.11.2020	4.91						500				
25.11.2015	5	4.450	25.11.2020	4.91	45									
25.11.2015	7	4.650	25.11.2022	6.91	20									
25.11.2015	10	4.850	25.11.2025	9.91	225									
25.11.2015	12	4.900	25.11.2027	11.91	250									
25.11.2015	20	5.070	26.11.2035	19.92	160									
27.11.2015	2	2.370	27.11.2017	1.91					307					
21.12.2015	7	4.700	21.12.2022	6.98						435				
<b>TOTAL</b>					12,855	300	2,135	0	3,887	10,507	830	0	2,065	500
					33,079									

## HOLDERS OF DEBTS SECURITIES ISSUED BY CAGAMAS BERHAD GROUP

	2011		2012		2013		2014		2015	
	RM million	%	RM million	%	RM million	%	RM million	%	RM million	%
Financial Institutions	6,758	33.41	6,690	32.32	8,845	35.83	8,613	32.87	9,333	32.32
Provident and Pension Funds	5,620	27.78	6,690	32.32	7,945	32.19	7,295	27.84	7,758	26.86
Insurance Companies	4,345	21.48	3,979	19.22	4,344	17.60	4,089	15.60	4,531	15.69
Asset and Trust Funds	396	1.96	486	2.35	2,971	12.04	2,755	10.51	2,236	7.74
Non-Resident Investors	211	1.04	2	0.01	98	0.40	2,666	10.17	4,287	14.84
Corporations	500	2.47	2,233	10.79	225	0.91	421	1.61	420	1.45
Government Linked Companies	2,400	11.86	620	3.00	257	1.04	365	1.39	314	1.10
<b>Total</b>	<b>20,230</b>	<b>100</b>	<b>20,700</b>	<b>100</b>	<b>24,685</b>	<b>100</b>	<b>26,204</b>	<b>100</b>	<b>28,879</b>	<b>100</b>



## HOLDERS OF DEBT SECURITIES ISSUED BY CAGAMAS MBS

	2011		2012		2013		2014		2015	
Instruments	RM million	%	RM million	%	RM million	%	RM million	%	RM million	%
Insurance Companies	3,379	47.00	3,276	54.33	3,214	53.29	2,775	55.11	2,357	56.12
Financial Institutions	1,564	21.75	940	15.59	1,146	19.00	1,109	22.02	995	23.69
Provident and Pension Funds	1,492	20.75	1,260	20.90	1,270	21.06	723	14.36	539	12.83
Asset and Trust Funds	301	4.19	367	6.09	283	4.70	183	3.63	191	4.55
Corporations	222	3.09	90	1.49	45	0.75	155	3.08	80	1.90
Government Linked Companies	183	2.55	83	1.38	60	1.00	85	1.69	25	0.60
Non-Resident Investor	46	0.64	11	0.18	9	0.15	5	0.11	8	0.19
Individuals	3	0.04	3	0.05	3	0.05	0	0.00	5	0.12
<b>Total</b>	<b>7,190</b>	<b>100</b>	<b>6,030</b>	<b>100</b>	<b>6,030</b>	<b>100</b>	<b>5,035</b>	<b>100</b>	<b>4,200</b>	<b>100</b>

## TOTAL OUTSTANDING DEBT MARKET SECURITIES

	% of Total Issuance Outstanding				
Instruments	2011	2012	2013	2014	2015
Malaysian Government Securities/Government Investment Issues	52.8	51.6	52.7	53.6	53.1
Khazanah Bonds	1.8	2.1	2.0	2.0	1.8
Other Quasi-Government, e.g., Multilateral Development Financial Institution	5.8	7.9	8.4	9.2	9.4
Cagamas Group Debt Securities	3.8	3.1	3.3	2.8	2.6
Private Debt Securities	35.8	35.3	33.6	32.4	33.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



# COMMUNITY

*Serving the needs of the community*



# 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 debt securities 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 financing of 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 private debt securities in the Malaysian capital market. Since incorporation in 1986, Cagamas has cumulatively issued RM279 billion (as at 31 December 2015) of bonds and sukuk, which includes issuances by its wholly owned subsidiaries, Cagamas Global P.L.C. and Cagamas Global Sukuk Berhad which are also guaranteed by Cagamas.

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

**Dato' Ooi Sang Kuang**, Malaysian, aged 69, was appointed to the Board of Directors on 4 July 2002 as a Non-Executive Director. In October 2002, he was elected as Chairman of the Company. He is the Chairman of the Board Executive Committee and also chairs the Boards of Cagamas Holdings Berhad, the holding company of Cagamas Berhad, Cagamas MBS Berhad and Cagamas SRP Berhad.

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

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

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

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

Dato' Ooi attended all six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad. He has not been convicted of any offence within the past 10 years.

**Dato' Albert Yeoh Beow Tit**, Malaysian, aged 67, was appointed to the Board of Directors on 16 September 2003 as a Non-Executive Director. He is also the Chairman of the Board Risk Committee.

Dato' Yeoh graduated with a Bachelor of Economics (Double Major in Economics and Operations Research) from Monash University, Australia in 1972 before obtaining his Master of Science in Management from University of Salford, Manchester, England in 1975. He was conferred Fellow to the Asian Institute of Chartered Bankers (formerly known as Institute of Bankers Malaysia) by the Governor of Bank Negara Malaysia in April 2002. He was the Director –



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



**Dato' Albert Yeoh Beow Tit**  
Non-Executive Director

Corporate Banking Group for Citibank Berhad before joining OCBC Bank (Malaysia) Berhad in March 1996 as the Chief Executive Officer and has held various senior positions within the company. His other directorships in public companies include Great Eastern Life Assurance (Malaysia) Berhad, Overseas Assurance Corporation (Malaysia) Berhad and Danajamin Nasional Berhad.

Dato' Yeoh attended five out of six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad. He has not been convicted of any offence within the past 10 years.



**Mr. Tang Wing Chew**  
Non-Executive Director

**Mr. Tang Wing Chew**, Malaysian, aged 72, was appointed to the Board of Directors on 3 January 2006 as a Non-Executive Director. He is the Chairman of the Board Staff Compensation and Organisation Committee and also a member of the Board Risk Committee.

Mr. Tang graduated with a Bachelor of Arts (Hons) degree from the University of Malaya. He has more than 49 years' experience in the financial services industry. He joined Bank Negara Malaysia (BNM) in 1966 as an Assistant Economist, Economic Research Department. During his 18 years of service with BNM, he also served as Manager (Penang Branch), Principal (BNM Staff Training Centre) and Manager (Operational Planning Division).

Mr. Tang had working experience in two finance companies, where he was the Chief Executive Officer and General Manager (Operations). Mr. Tang had also served as an Executive Adviser and the Chief Executive Officer with an insurance company.

At Board level, Mr. Tang also served as an Independent Non-Executive Director in two general insurance companies and a leasing and credit company.

Mr. Tang was a Director of Cagamas Holdings Berhad and a member of the Group Board Audit Committee from year 2008 until August 2011. His other directorships in public companies include Public Bank Berhad, Public Investment Bank Berhad, Public Islamic Bank Berhad, Public Financial Holdings Limited, Public Bank (Hong Kong) Limited, Public Finance Limited and Public Bank (L) Limited.

Mr. Tang attended all six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad. He has not been convicted of any offence within the past 10 years.

**Dato' Halipah binti Esa**, Malaysian, aged 67, was appointed to the Board of Directors on 27 March 2013 as a Non-Executive Director. She is also a member of the Board Staff Compensation and Organisation Committee.

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

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

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

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

Dato' Halipah attended all six Board meetings held during the financial year. She has no family relationship with any Director of Cagamas Berhad. She has not been convicted of any offence within the past 10 years.



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



## PROFILE OF THE BOARD OF DIRECTORS

**Dr. Roslan bin A. Ghaffar**, Malaysian, aged 64, was appointed to the Board of Directors on 14 April 2009 as a Non-Executive Director. He is also a member of the Board Risk Committee.

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

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

In 1994, Dr. Roslan was appointed as Director of Investment and Economic

Research of the Malaysian Employees Provident Fund. He was promoted to the position of Senior Director in 1996 and later held the position of Deputy Chief Executive Officer of the Fund until his retirement in 2007.

He is currently the Chairman of Kuala Lumpur Sentral Sdn. Bhd. and sits on boards of Straits International Education Group Sdn. Bhd. and the board of its subsidiary companies, and Permodalan Felcra Sdn. Bhd. He also sits on the board of SYF Resources Berhad, YFG Berhad, Box-Pak (Malaysia) Berhad and MRCB Quill Management Sdn Bhd. 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 five out of six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad. He has not been convicted of any offence within the past 10 years.



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



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

**Dato' Md Agil bin Mohd Natt**, Malaysian, aged 65, was appointed to the Board of Directors on 12 August 2011 as a Non-Executive Director. He is a member of the Board Executive Committee and the Board Staff Compensation and Organisation Committee.

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

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

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

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

Dato' Agil attended all six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad. He has not been convicted of any offence within the past 10 years.



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

**Mr. Philip Tan Puay Koon**, Malaysian, aged 59, was appointed to the Board of Directors on 12 August 2011 as a Non-Executive Director. He is also a member of the Board Executive Committee.

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

Mr. Tan has more than 25 years 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. He was also the Country Treasurer and Financial Markets Head of Citibank Berhad from 1999 to 2001.

Mr. Tan is a Director of Danajamin Nasional Berhad, Malaysian Electronic Clearing Corporation Sdn. Bhd., MIDF Amanah Investment Bank Berhad, S P Setia Berhad and Citibank Berhad.

Mr. Tan attended all six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad. He has not been convicted of any offence within the past 10 years.

**Mr. Chung Chee Leong**, Malaysian, aged 56, was appointed to the Board of Directors on 27 March 2013 as an Executive Director of Cagamas Berhad. He is a member of the Board Executive Committee.

Mr. 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.

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

Mr. Chung spearheaded Cagamas' entrance into the international bond market. Starting with the A3 Sovereign Equivalent International Rating by Moody's Investors Service, Mr. 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.

He is Vice-Chairman of the Advisory Board of the Asia-Pacific Union for Housing Finance (APUHF). He served as the first Chairman of the Asian Secondary Mortgage Market Association in 2015.

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

Mr. Chung attended all six Board meetings held during the financial year. He has no family relationship with any Director of Cagamas Berhad. He has not been convicted of any offence within the past 10 years.



**Mr. Chung Chee Leong**  
President/Chief Executive Officer/  
Executive Director



# MANAGEMENT TEAM

*Standing, left to right*

**CHUNG CHEE LEONG**

President/Chief  
Executive Officer

**AZIZI ALI**

Senior Vice President,  
Islamic Business

**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





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**BADRUL BAHAMAN**  
Senior Vice President,  
Core Business

**NORAZILLA TAHIR**  
Chief Financial Officer/  
Senior Vice President,  
Finance

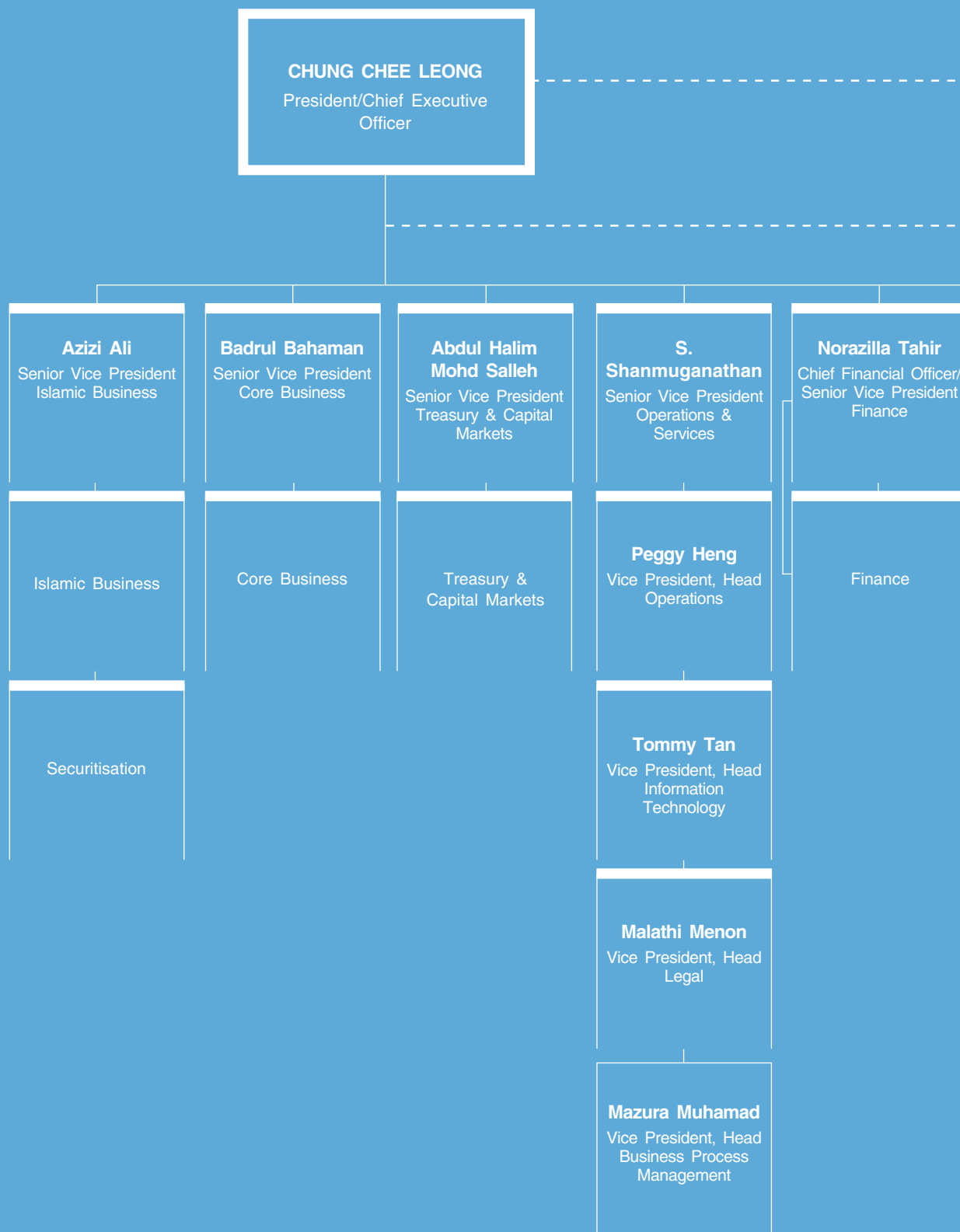
**ABDUL HALIM MOHD  
SALLEH**  
Senior Vice President,  
Treasury & Capital  
Markets

**SARAH ABDUL AZIZ**  
Vice President, Head,  
Corporate Secretariat &  
Communications

**MUHAMED NOH  
KADERAN**  
Vice President, Head,  
Internal Audit



# ORGANISATION CHART



**Group Board Audit Committee**

**Board Risk Committee**

**Muhamed Noh Kaderan**  
Vice President, Head  
Internal Audit

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

**Mazlina Saidi**

Senior Vice President  
Human Capital &  
Administration

Human Capital

Administration

**Sarah Abdul Aziz**  
Vice President, Head  
Corporate Secretariat &  
Communications

Corporate  
Secretariat

Corporate  
Communications

**Delvin Chong**  
Vice President, Head  
Data & Pricing  
Analytics

**Azlan Rudy**  
Vice President, Head  
Corporate Strategy &  
International

Risk Management

Credit

Compliance

## OTHER SUBSIDIARY COMPANIES

### CAGAMAS MBS BERHAD

Cagamas MBS Berhad was incorporated on 8 June 2004 for the purpose of undertaking the purchases of mortgage assets from the Government of Malaysia 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 and Sukuk BNM Murabahah based on Shariah principles. The issuance of Sukuk BNM Ijarah is to finance the purchase of the beneficial interest of land and building from Bank Negara Malaysia and, thereafter to lease back the same to Bank Negara Malaysia for the contractual period which is similar to the tenure of the Sukuk BNM Ijarah. The issuance of Sukuk BNM Murabahah is to enable Bank Negara Malaysia to carry out commodity trading under the principle of Murabahah.

### 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 a combination of both and issuance of bonds to finance the purchase. The Company has remained dormant since 10 October 2012.

### CAGAMAS MGP BERHAD

Cagamas MGP Berhad (Cagamas MGP) was incorporated on 14 April 2008 to develop the mortgage guarantee business. Effective 20 December 2012, Cagamas MGP became a wholly owned subsidiary of Cagamas Holdings Berhad.

From 1 January 2014, Cagamas MGP's business activities was assumed by Cagamas SRP Berhad. The Company has remained dormant since 1 January 2014.

### CAGAMAS SRP BERHAD

Cagamas SRP Berhad (Cagamas SRP) was incorporated on 7 January 2011 to undertake the guarantee of residential mortgages under the Skim Rumah Pertamaku (My First Home Scheme) (the Scheme), as announced by the Government of Malaysia in the 2011 Malaysia Budget. In addition, Cagamas SRP also undertakes the mortgage guarantee facility for the Skim Perumahan Belia (Youth Housing Scheme), in partnership with Bank Simpanan Nasional (National Savings Bank) and Kumpulan Wang Simpanan Pekerja (Employee Provident Fund), which was launched in October 2015. Cagamas SRP assumed the business activities of Cagamas MGP effective 1 January 2014. The 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. The provision of the guarantee for both the Skim Rumah Pertamaku and Skim Perumahan Belia is in accordance to the Mortgage Guarantee Programme previously being offered by Cagamas MGP.