

## **CAGAMAS FOCUSING ON ACHIEVING SUSTAINABLE GROWTH AND DEVELOPMENTAL ROLE IN CAPITAL MARKET**

**Kuala Lumpur, 30 April 2015** – Cagamas Holdings Berhad (the Group) today released its Annual Report 2014 highlighting the successful completion of its key initiatives. The Group via its wholly owned subsidiary Cagamas Berhad (Cagamas) has been accredited with an international rating of A3 by Moody's, similar to the country's sovereign rating. This signifies Cagamas' expansion into international capital market through the establishment of USD2.5 billion Conventional Multicurrency Medium Term Notes (EMTN) and USD2.5 billion Multicurrency Sukuk Issuance Programmes.

Under the USD2.5 billion Conventional EMTN programme, Cagamas made its debut in the international bond market and successfully issued the largest offshore Chinese Renminbi (CNH) bond by a Malaysian issuer with face value of CNH 1.5 billion in September 2014. The issuance achieved a significant milestone as being the first RMB-denominated securities issuance which leverages on Malaysia's Real Time Gross Settlement System and Central Securities Depository (RENTAS) as a platform for the depository and settlement of the securities. The year also saw our subsequent benchmark size issuance of USD500 million and HKD1 billion.

In a statement released after the Company's Eighth Annual General Meeting, Chairman Dato' Ooi Sang Kuang said, "Our foreign currency issuances in the international market received strong interest from diverse market segments, which include top global money managers and sovereign wealth funds across regions". Dato Ooi further added, "Cagamas has repositioned itself over the past few years and added capacity to offer a broader range of financial solutions to sustain future growth. Cagamas will continue to enhance its conventional and Islamic product portfolios including the introduction of globally accepted Sukuk structures to attract a larger pool of international and regional investors".

# Cagamas Holdings

For the financial year ended 2014, the Group recorded a pre-tax profit of RM546.5 million compared with RM703.2 million in 2013, due to lower profit contributions by Cagamas and Cagamas MBS Berhad (CMBS). The Group remained strongly capitalised with overall Core Capital Ratio (CCR) and Risk Weighted Capital Ratio (RWCR) standing at a high of 39.2% and 39.9% respectively. The Group's CCR and RWCR excluding CMBS stood at 25.1% and 25.7% respectively. Total shareholders' funds for the Group increased to RM5.1 billion from RM4.8 billion while net tangible assets per share was higher at RM34.2, compared with RM31.7 in 2013.

The Group via Cagamas Berhad continued to play an active role in facilitating intermediation in the Malaysian financial sector by providing liquidity, capital and risk management solutions to financial institutions. Total fixed income securities issued was RM6.7 billion, comprising RM2.5 billion sukuk and RM4.2 billion conventional bonds. As at end of 2014, total outstanding debt securities excluding Residential Mortgage Backed Securities (RMBS) issued by Cagamas account for 8% of total outstanding corporate debt securities and 22% of all outstanding AAA debt securities in Malaysia. This reaffirms Cagamas' position as the second largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA debt securities in the market.

During the year, Cagamas continued to spearhead the development in domestic bond market with the adoption of the 'Spread Based' pricing convention. Under 'Spread Based' pricing, the order book of Cagamas' issuances is quoted based on spread over the corresponding Malaysian Government Securities (MGS). Given that foreign investors' participation in the domestic bond market is predominantly in MGS (48 per cent) compared to only around 3.0 per cent for Private Debt Securities (PDS), the Spread Based pricing reflects stronger links to global fund flows and economic environment. The Spread Based pricing is aimed to transfer the benefits from the more robust secondary market valuation in MGS to PDS and enhance foreign investors' participation as well as improve PDS' price responsiveness to market dynamics.



Dato Ooi further commented, “The new initiatives are expected to support the growth of Cagamas moving forward. Our accomplishment in maintaining the international ratings of A3 by Moody’s Investors Service and domestic ratings of AAA by Malaysian Rating Corporation Berhad and RAM Rating Services Berhad is a testament to our track record of strong capital, high asset quality, stable profitability and robust risk management”.



## **About 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 (formerly known as Cagamas HKMC Berhad).

Its wholly owned subsidiary, 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 from financial institutions and non-financial institutions. The provision of liquidity at a reasonable cost to the primary lenders of housing loans encourages further financing of houses at an affordable cost. Cagamas ventures into the international capital market via its wholly-owned Special Purpose Vehicles, Cagamas Global Plc and Cagamas Global Sukuk Berhad. In addition, the Group via its other subsidiaries also securitizes mortgage loans/receivables through Cagamas MBS Berhad and provides mortgage guarantee to mortgage lenders through Cagamas SRP Berhad.

The Cagamas model is well regarded by the World Bank as a successful secondary mortgage liquidity facility. Cagamas is the leading issuer of AAA debt securities in Malaysia as well as one of the top Sukuk issuers in the world. Since incorporation in 1986 till end 2014, the Group has cumulatively issued RM282.8 billion of conventional bonds and sukuk including RM2.9 billion Ringgit equivalent foreign currency issuances and RM10.2 billion Residential Mortgage Backed Securities.

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 Holdings

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