FINANCIAL STATEMENTS

PILLAR 3
DISCLOSURE

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The Group's subsidiary companies are Cagamas Berhad ("Cagamas"), Cagamas Global P.L.C. ("CGP"), Cagamas Global Sukuk Berhad ("CGS"), Cagamas MBS Berhad ("CMBS"), Cagamas SRP Berhad ("CSRP"), Cagamas MGP Berhad ("CMGP") and Cagamas SME Berhad ("CSME").

The principal activities of Cagamas consist of the purchases of mortgage loans, personal loans and hire purchase and leasing debts from primary lenders approved by Cagamas and the issuance of bonds and notes to finance these purchases. Cagamas also purchases Islamic financing facilities such as home financing, personal financing and hire purchase financing and funded by issuance of Sukuk. Cagamas subsidiary companies are CGP and CGS:

- CGP is a conventional fund-raising vehicle incorporated in Labuan. Its main principal activitiy is to undertake the issuance of bonds and notes in foreign currency.
- CGS is an Islamic fund-raising vehicle. Its main principal activitiy is to undertake the issuance of Sukuk in foreign currency.

The principal activities of CMBS consist of the purchases of mortgage assets and Islamic mortgage assets from Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA") and issuance of residential mortgage-backed securities ("RMBS") and Islamic residential mortgage-backed securities ("IRMBS") to finance the purchases.

The principal activities of CSRP are the provision of mortgage guarantee and mortgage indemnity business and other form of credit protection in relation to Skim Rumah Pertamaku (My First Home Scheme) ("SRP") and Skim Perumahan Belia (Youth Housing Scheme) ("SPB"), both of which were initiated by the Government of Malaysia ("GOM").

The principal activities of CMGP were the provision of mortgage guarantee and mortgage indemnity business and other form of credit protection. CMGP has remained dormant since 1 January 2014.

The principal activities of CSME were the purchase of Small and Medium Enterprise ("SME") loans and the undertaking of structured product transactions via cash or synthetic securitisations or combination of both and issuance of bonds to finance the purchase. CSME has remained dormant since 10 October 2012.

There were no other significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	364,225	30,015

DIRECTORS' REPORT *(CONTINUED)*

DIVIDENDS

The dividends paid by the Group and Company since 31 December 2023 were as follows:

	Group RM'000	Company RM'000
In respect of the financial year ended 31 December 2024,		
On ordinary shares:		
– First dividend of 15 sen per share on 150,000,000 shares, paid on 8 May 2024	22,500	22,500
– Second dividend of 5 sen per share on 150,000,000 shares, paid on 13 September 2024	7,500	7,500
	30,000	30,000

The Directors recommend the payment of a first dividend of 15 sen per share on 150,000,000 ordinary shares amounting to RM22,500,000 in the financial year ending 31 December 2025, which is subject to approval of the Board of Directors at the forthcoming Board of Directors Meeting of the Company.

The financial statements for the current financial year do not reflect this dividend and will be accounted for in equity as an appropriation of retained profits in the next financial year ending 31 December 2025.

SHARE CAPITAL

There were no other changes in the issued ordinary share of the Company during the financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

RATING PROFILE OF THE BONDS AND SUKUK

RAM Rating Services Berhad ("RAM") has assigned the corporate credit ratings of AAA/Stable/P1 to a subsidiary of the Group, Cagamas. Additionally, RAM has also assigned a rating of AAA/Stable to the RMBS and IRMBS issued by CMBS.

Meanwhile, Malaysian Rating Corporation Berhad ("MARC") has assigned Cagamas' bonds and Sukuk issues ratings at AAA/AAA*IS* and MARC-1/MARC-1*IS*. MARC has also assigned a rating of AAA to RMBS and AAA*IS* to IRMBS issued by CMBS.

Moody's Investors Service ("Moody's") has assigned long-term local and foreign currency issuer ratings of A3 that are in line with Malaysian sovereign ratings.

Moody's has maintained the ratings of A3 to the USD2.5 billion Multicurrency Medium Term Note ("EMTN") Programme and USD2.5 billion Multicurrency Sukuk Issuance Programme ("Islamic EMTN") issued by Cagamas Global P.L.C. and Cagamas Global Sukuk Berhad, respectively.

RELATED PARTY TRANSACTIONS

The Company's related party transactions are disclosed in Note 41 to the financial statements.

DIRECTORS' REPORT *(CONTINUED)*

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to date of the report are:

Dato' Bakarudin Ishak (Chairman)	
Tan Sri Dato' Sri Dr. Tay Ah Lek	
Dato' Lee Kok Kwan	
Wan Hanisah Wan Ibrahim	
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani	
Datuk Siti Zauyah Md Desa	
Chong Kin Leong	
Dato' Khairussaleh Ramli	(Resigned w.e.f. 01.05.2024)
Dato' Muzaffar Hisham	(Appointed w.e.f. 01.05.2024)
Datin Fazlina Pawan Teh	(Appointed w.e.f. 01.01.2025)

In accordance with Articles 23.5 and 23.6 of the Company's Constitution, Dato' Bakarudin Ishak and Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 23.2 of the Company's Constitution, Dato' Muzaffar Hisham and Datin Fazlina Pawan Teh retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Directors of the Group's subsidiaries in office during the financial year and during the period from the end of the financial year to date of the report are:

Dato' Wee Yiaw Hin	
Ho Chai Huey	
Tan Sri Tajuddin Atan	
Dato' Albert Yeoh Beow Tit	
Abdul Hakim Amir Zainol	
Abdul Rahman Hussein	
Sophia Ch'ng Sok Heang	
Choo Yee Kwan	(Appointed w.e.f. 01.01.2025)
Kameel Abdul Halim	

DIRECTORS' BENEFITS AND REMUNERATION

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit and remuneration (other than Directors' remuneration as disclosed in Note 36 to the financial statements) by reason of a contract made by the Group or the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year were the Group and the Company are a party to any arrangements whose object or objects were to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Group and the Company or any other body corporate.

DIRECTORS' BENEFITS AND REMUNERATION (CONTINUED)

The aggregate emoluments received by the Directors of the Group and the Company during the financial year is as follows:

	Group RM'000	Company RM'000
Directors of the Company		
Directors' fees	590	590
Directors' other emoluments	218	218
Directors of the subsidiaries		
Directors' fees	625	–
Directors' other emoluments	1,795	–
Insurance effected to indemnify Directors	–*	–*
	3,228	808

* The Directors and Officers of the Group and Company are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Group and Company subject to the terms of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM30.0 million.

The amount paid to or receivable by any third party for services provided by the Director of the Company and its subsidiaries for the year is RM84,000.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the Directors in office at the end of the financial year did not hold any interest in shares or options over shares in the Company or its subsidiaries during the financial year.

DIRECTORS' INDEMNITY

The Company, Cagamas Holdings Berhad maintained a Directors' and Officers' Liability Insurance for the purpose of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Company and its subsidiaries. The amount of insurance premium effected for any director and officer of the Company and its subsidiaries during the financial year was RM189,010 (2023: RM185,510). The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' REPORT *(CONTINUED)*

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts to be written-off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and the Company which has arisen since the end of the financial year other than disclosed in Note 42.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and the Company to meet its obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading or inappropriate.

In the opinion of the Directors:

(a) the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

DIRECTORS' REPORT *(CONTINUED)*

SUBSIDIARIES

Details of subsidiaries are set out in Note 17 to the financial statements.

SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

Details of the significant event after the financial year are set out in Note 54 to the financial stetements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company are RM497,000 and RM42,000 respectively. Details of auditors' remuneration are as follows:

	Group RM'000	Company RM'000
Audit fee	441	33
Non-audit fee	56	9

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 25 March 2025.

Signed on behalf of the Board of Directors:

DATO' BAKARUDIN ISHAK
CHAIRMAN
25 March 2025

DATO' LEE KOK KWAN
DIRECTOR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Bakarudin Ishak and Dato' Lee Kok Kwan, the two Directors of Cagamas Holdings Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 100 to 234 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2024 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution.

DATO' BAKARUDIN ISHAK
CHAIRMAN
25 March 2025

DATO' LEE KOK KWAN
DIRECTOR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Kameel Abdul Halim, the Officer primarily responsible for the financial management of Cagamas Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 100 to 234 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

KAMEEL ABDUL HALIM

Subscribed and solemnly declared by the abovenamed Kameel Abdul Halim at Kuala Lumpur in Malaysia on 25 March 2025.

Before me,
COMMISSIONER FOR OATH

PESURUHJAYA SUMPAH
NO: W 681
RAJEEV SAIGAL A/L
RAMLABAYA SAIGAL
BC/R/548
1 JAN 2025 - 31 DIS 2027
MALAYSIA

No. 42-1, Jalan Bangsar
Bangsar 59200, Kuala Lumpur

INDEPENDENT SHARIAH ADVISOR'S REPORT

In the name of Allah, The Most Compassionate, The Most Merciful.

All praise is due to Allah, Lord of the worlds, and peace and blessings be upon the Prophet of Allah (Muhammad SAW), on his family and all his companions.

Assalamualaikum Warahmatullahi Wabarakatuh

To the shareholders of the Cagamas Holdings Berhad:

Amanie Advisors Sdn Bhd ("Amanie") have acted as the Independent Shariah Advisor to Cagamas Berhad ("Cagamas") in relation to all Shariah matters within the scope of general Shariah advisory and Shariah advisory in the development of new Islamic products, which are related to Islamic business offerings of Cagamas Holdings Berhad and its subsidiaries ("the Group").

We, the Independent Shariah Advisor of Cagamas, hereby confirm that we have vetted, deliberated and endorsed on Shariah matters related to the Group's Islamic business and Islamic products offerings from 1 January 2024 until 31 December 2024 (the "Islamic Business Offerings").

We have provided appropriate Shariah advisories and consultations to Cagamas in various aspects of the Islamic Business Offerings in order to ensure compliance with Shariah principles as well as the relevant resolutions and rulings made by the Shariah Advisory Councils of Bank Negara Malaysia and Securities Commission of Malaysia. Essentially, it is our responsibility to deliberate and form an independent opinion and to highlight the Shariah advice to Cagamas.

In performing our roles and responsibilities, we have obtained all the information and explanations from Cagamas, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Islamic Business Offerings comply with Shariah rules and principles.

Cagamas' management is responsible to ensure the operations of the Islamic Business Offerings to be in accordance with Shariah rules and principles.

For the Group's financial year ended 31 December 2024, we have been consulted and have advised and endorsed on the following aspects of the Islamic Business Offerings:

1. The Group's Islamic products including enhancement of the existing products, preliminary new product assessment, legal documents, structure, marketing of Islamic financial products, activities and services;

2. The contracts, transactions and dealings entered into by the Group in relation to the Islamic Business Offerings during the year; and

3. The funding sources and investments in relation to the Islamic Business Offerings.

INDEPENDENT SHARIAH ADVISOR'S REPORT *(CONTINUED)*

Cagamas have carried out its Shariah audit on the Group's Islamic business and operations and the report were presented and deliberated in the Shariah meeting. We note that based on the Shariah audit report, there has been no Shariah Non-Compliance event for the financial year ended 31 December 2024.

We hereby confirmed that to the best of our knowledge, we have obtained sufficient and appropriate evidence to form our Shariah compliant opinion that all the Shariah advices issued by us have been complied with during the financial year ended 31 December 2024.

We beg Allah the Almighty to grant us all the Success and Guidance and Allah Knows Best.

For **Amanie Advisors Sdn Bhd,**

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TAN SRI DR MOHD DAUD BAKAR
Executive Chairman
25 March 2025

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAGAMAS HOLDING BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NO. 200701004048 (762047-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cagamas Holding Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 100 to 234.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors's report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

INDEPENDENT AUDITORS' REPORT *(CONTINUED)*
TO THE MEMBERS OF CAGAMAS HOLDING BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NO. 200701004048 (762047-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT *(CONTINUED)*
TO THE MEMBERS OF CAGAMAS HOLDING BERHAD
(INCORPORATED IN MALAYSIA) (REGISTRATION NO. 200701004048 (762047-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd.)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

This report is made solely to the members of the Company, as a body in accordance with section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Muhammad Syarizal Bin Abdul Rahim
No. 03157/01/2027 J
Chartered Accountant

Kuala Lumpur, Malaysia
25 March 2025

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Cash and cash equivalents	5	**720,461**	263,763	**2,459**	1,020
Deposits and placements with financial institutions	6	**1,105,401**	782,233	**–**	1,414
Financial assets at fair value through other comprehensive income ("FVOCI")	7	**5,473,285**	4,783,844	**–**	–
Financial assets at amortised cost	8	**2,287,035**	2,286,680	**–**	–
Derivative financial assets	9	**15,403**	207,659	**–**	–
Amount due from counterparties	10	**16,833,422**	19,987,790	**–**	–
Islamic financing assets	11	**20,666,788**	21,426,861	**–**	–
Mortgage assets					
– Conventional	12	**3,004,575**	3,585,481	**–**	–
– Islamic	13	**3,908,969**	4,387,006	**–**	–
Hire purchase assets					
– Islamic	14	**40**	55	**–**	–
Reverse mortgage assets		**4,172**	2,147	**–**	–
Other assets	15	**12,757**	19,901	**–**	–
Tax recoverable		**1**	6	**1**	6
Deferred taxation	16	**85,923**	82,786	**–**	–
Investment in subsidiaries	17	**–**	–	**4,281,628**	4,281,628
Investment in structured entity	18	**–***	–*	**–***	–*
Property and equipment	19	**8,307**	1,947	**–**	–
Intangible assets	20	**13,594**	16,804	**–**	–
Right-of-use asset	21	**9,163**	7,176	**–**	–
TOTAL ASSETS		**54,149,296**	57,842,139	**4,284,088**	4,284,068
LIABILITIES					
Short-term borrowings		**506,132**	648,790	**–**	–
Derivative financial liabilities	9	**80,617**	15,161	**–**	–
Other liabilities	22	**173,419**	207,358	**14**	10
Lease liability	23	**11,311**	9,308	**–**	–
Provision for taxation		**10,815**	18,656	**–**	–
Deferred taxation	16	**685,301**	666,760	**3**	2
Unsecured bearer bonds and notes	24	**21,186,219**	24,954,908	**–**	–
Sukuk	25	**23,102,061**	23,278,139	**–**	–
RMBS	26	**371,444**	371,444	**–**	–
IRMBS	27	**291,138**	291,138	**–**	–
Deferred guarantee fee income		**36,009**	35,785	**–**	–
Deferred Wakalah fee income		**208,900**	196,003	**–**	–
TOTAL LIABILITIES		**46,663,366**	50,693,450	**17**	12

* Denotes RM2

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION *(CONTINUED)*
AS AT 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Share capital	28	**150,000**	150,000	**150,000**	150,000
Reserves**	29	**7,335,930**	6,998,689	**4,134,071**	4,134,056
SHAREHOLDERS' FUNDS		**7,485,930**	7,148,689	**4,284,071**	4,284,056
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		**54,149,296**	57,842,139	**4,284,088**	4,284,068
NET TANGIBLE ASSETS PER SHARE (RM)	30	**49.82**	47.55	**28.56**	28.56

** Included in the reserves of the Group is RM2,259,096,000 (2023: RM2,169,271,000) which relates to retained profits that may be subject to a discretionary bonus fee to LPPSA upon full settlement of each RMBS/IRMBS pool via payment of dividend on Redeemable Preferences Shares ("RPS") to be held in trust by CSRP.

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income	31	**1,206,609**	1,191,578	**91**	86
Interest expense	32	**(946,086)**	(966,876)	**–**	–
Income from Islamic operations	53	**270,359**	256,194	**–**	–
Non-interest income	33	**14,361**	42,353	**30,000**	30,000
		545,243	523,249	**30,091**	30,086
Administration and general expenses		**(34,244)**	(28,077)	**(44)**	(41)
Personnel costs	34	**(33,711)**	(30,760)	**–**	–
OPERATING PROFIT		**477,288**	464,412	**30,047**	30,045
Reversal of/(allowance for) impairment losses	35	**458**	(16,598)	**–**	–
PROFIT BEFORE TAXATION AND ZAKAT		**477,746**	447,814	**30,047**	30,045
Taxation	38	**(111,313)**	(114,600)	**(32)**	(13)
Zakat		**(2,208)**	(3,104)	**–**	–
PROFIT FOR THE FINANCIAL YEAR*		**364,225**	330,110	**30,015**	30,032
EARNINGS PER SHARE (SEN)	30	**242.82**	220.07	**20.01**	20.02
DIVIDEND PER SHARE (SEN)	39	**20.00**	20.00	**20.00**	20.00

* Profit for the financial year of the Group includes profit from CMBS of RM89,825,000 (2023: RM84,647,000) that may be subject to a discretionary bonus fee to LPPSA upon full settlement of each RMBS/IRMBS pool via payment of dividend on RPS to be held in trust by CSRP.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the financial year		**364,225**	330,110	**30,015**	30,032
Other comprehensive income:					
Items that may be subsequently reclassified to income statement					
Financial assets at FVOCI					
– Net gain from change in fair value		**4,706**	63,401	**–**	–
– (Reversal of)/allowance for impairment losses		**(97)**	39	**–**	–
– Deferred taxation		**(1,129)**	(15,217)	**–**	–
Cash flow hedge					
– Net (loss)/gain on cash flow hedge		**(610)**	17,406	**–**	–
– Deferred taxation		**146**	(4,177)	**–**	–
Other comprehensive income for the financial year, net of taxation		**3,016**	61,452	**–**	–
Total comprehensive income for the financial year		**367,241**	391,562	**30,015**	30,032

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Group	Note	Issued ordinary shares of RM1 each	Non-distributable			Distributable		
		Share capital RM'000	Financial assets at FVOCI reserves RM'000	Cash flow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Other reserves* RM'000	Total equity RM'000
Balance as at 1 January 2024		**150,000**	**(188)**	**10,847**	**47,919**	**4,770,840**	**2,169,271**	**7,148,689**
Profit for the financial year		–	–	–	–	364,225	-	364,225
Other comprehensive income		–	3,480	(464)	–	–	–	3,016
Total comprehensive income for the financial year		–	3,480	(464)	–	364,225	–	367,241
Transfer to other reserves		–	–	–	–	(89,825)	89,825	–
Transfer from retained profits		–	–	–	4,879	(4,879)	–	–
Dividends paid	39	–	–	–	–	(30,000)	–	(30,000)
Balance as at 31 December 2024	28 & 29	**150,000**	**3,292**	**10,383**	**52,798**	**5,010,361**	**2,259,096**	**7,485,930**
Balance as at 1 January 2023		150,000	(48,411)	(2,382)	79,440	4,523,856	2,085,003	6,787,506
Profit for the financial year		–	–	–	–	330,110	–	330,110
Other comprehensive loss		–	48,223	13,229	–	–	–	61,452
Total comprehensive income for the financial year		–	48,223	13,229	–	330,110	–	391,562
Transfer to other reserves		–	–	–	–	(84,647)	84,647	–
Transfer to retained profits		–	–	–	(31,521)	31,521	–	–
Dividends paid	39	–	–	–	–	(30,000)	–	(30,000)
Discretionary dividend on RPS paid during the year	39	–	–	–	–	–	(379)	(379)
Balance as at 31 December 2023	28 & 29	150,000	(188)	10,847	47,919	4,770,840	2,169,271	7,148,689

* Other reserves relate to retained profits of CMBS that may be subject to a discretionary bonus fee to LPPSA upon full settlement of each RMBS/IRMBS pool via payment of dividend on RPS to be held in trust by CSRP.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY *(CONTINUED)*
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Issued ordinary shares of RM1 each	Non-distributable	Distributable	
Company	**Note**	**Share capital RM'000**	**Share premium relief reserves RM'000**	**Retained profits RM'000**	**Total equity RM'000**
Balance as at 1 January 2024		**150,000**	**3,831,628**	**302,428**	**4,284,056**
Profit for the financial year		**–**	**–**	**30,015**	**30,015**
Total comprehensive income for the financial year		**–**	**–**	**30,015**	**30,015**
Dividends paid	39	**–**	**–**	**(30,000)**	**(30,000)**
Balance as at 31 December 2024	28 & 29	**150,000**	**3,831,628**	**302,443**	**4,284,071**
Balance as at 1 January 2023		150,000	3,831,628	302,396	4,284,024
Profit for the financial year		–	–	30,032	30,032
Total comprehensive income for the financial year		–	–	30,032	30,032
Dividends paid	39	–	–	(30,000)	(30,000)
Balance as at 31 December 2023	28 & 29	150,000	3,831,628	302,428	4,284,056

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
OPERATING ACTIVITIES					
Profit before taxation and zakat		**477,746**	447,814	**30,047**	30,045
Adjustments for non-cash items	40(a)	**(541,597)**	(462,669)	**(91)**	(86)
Operating loss before working capital changes		**(63,851)**	(14,855)	**29,956**	29,959
Net changes in operating assets and liabilities	40(b)	**6,857,805**	(5,996,310)	**1,508**	(1,330)
Zakat paid		**(4,666)**	(5,809)	**–**	–
Tax paid		**(104,729)**	(91,244)	**(25)**	(11)
Net cash flows from/(used in) operating activities		**6,684,559**	(6,108,218)	**31,439**	28,618
INVESTING ACTIVITIES					
Net (Purchase)/Redemption of:					
– Financial assets at FVOCI		**(686,484)**	740,222	**–**	–
– Financial assets at amortised cost		**–**	(464,959)	**–**	–
Purchase of:					
– Property and equipment		**(7,637)**	(1,215)	**–**	–
– Intangible assets		**(1,902)**	(2,371)	**–**	–
Income received from:					
– Financial assets at FVOCI		**145,567**	137,368	**–**	–
– Financial assets at FVTPL		**–**	–	**–**	–
Proceeds from disposal of Property and equipment		**–**	151	**–**	–
Net cash flows (used in)/from investing activities		**(550,456)**	409,196	**–**	–

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS *(CONTINUED)*
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
FINANCING ACTIVITIES					
Proceeds from issuance of:					
– Unsecured bearer bonds and notes		**7,333,635**	15,223,801	**–**	–
– Sukuk		**11,019,458**	12,505,000	**–**	–
Redemption of:					
– Unsecured bearer bonds and notes		**(10,913,583)**	(11,013,121)	**–**	–
– Sukuk		**(11,180,000)**	(9,395,000)	**–**	–
Interest paid on:					
– Unsecured bearer bonds and notes		**(945,548)**	(865,711)	**–**	–
– RMBS		**(21,080)**	(21,022)	**–**	–
Profit paid on:					
– Sukuk		**(925,389)**	(800,490)	**–**	–
– IRMBS		**(12,620)**	(12,586)	**–**	–
Dividends paid to:					
– Shareholders		**(30,000)**	(30,000)	**(30,000)**	(30,000)
– RPS holder		**–**	(379)	**–**	–
Lease rental paid		**(2,278)**	(2,392)	**–**	–
Redemption of RPS*		**–**	–	**–**	–
Net cash flows (used in)/from financing activities		**(5,677,405)**	5,588,100	**(30,000)**	(30,000)
Net change in cash and cash equivalents		**456,698**	(110,922)	**1,439**	(1,382)
Cash and cash equivalents as at 1 January		**263,763**	374,685	**1,020**	2,402
Cash and cash equivalents as at 31 December	5	**720,461**	263,763	**2,459**	1,020

* Denotes RM1

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activity of the Company is investment holding.

The Group's subsidiary companies are Cagamas Berhad ("Cagamas"), Cagamas Global P.L.C. ("CGP"), Cagamas Global Sukuk Berhad ("CGS"), Cagamas MBS Berhad ("CMBS"), Cagamas SRP Berhad ("CSRP"), Cagamas MGP Berhad ("CMGP") and Cagamas SME Berhad ("CSME").

The principal activities of Cagamas consist of the purchases of mortgage loans, personal loans and hire purchase and leasing debts from primary lenders approved by Cagamas and the issuance of bonds and notes to finance these purchases. Cagamas also purchases Islamic financing facilities such as home financing, personal financing and hire purchase financing and funded by issuance of Sukuk. Cagamas subsidiary companies are CGP and CGS:

- CGP is a conventional fund-raising vehicle incorporated in Labuan. Its main principal activity is to undertake the issuance of bonds and notes in foreign currency.
- CGS is an Islamic fund-raising vehicle. Its main principal activity is to undertake the issuance of Sukuk in foreign currency.

The principal activities of CMBS consist of the purchases of mortgage assets and Islamic mortgage assets from Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA") and issuance of residential mortgage-backed securities ("RMBS") and Islamic residential mortgage-backed securities ("IRMBS") to finance the purchases.

The principal activities of CSRP are the provision of mortgage guarantee and mortgage indemnity business and other form of credit protection in relation to Skim Rumah Pertamaku (My First Home Scheme) ("SRP") and Skim Perumahan Belia (Youth Housing Scheme) ("SPB") both of which were initiated by the Government of Malaysia ("GOM").

The principal activities of CMGP were the provision of mortgage guarantee and mortgage indemnity business and other form of credit protection. CMGP has remained dormant since 1 January 2014.

The principal activities of CSME were the purchase of Small and Medium Enterprise ("SME") loans and the undertaking of structured product transactions via cash or synthetic securitisations or combination of both and issuance of bonds to finance the purchase. CSME has remained dormant since 10 October 2012.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The address of the registered office and principal place of business is Level 32, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200, Kuala Lumpur.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The financial statements incorporate those activities relating to the Islamic operations of the Group.

The Islamic operations of the Group refer to:

(a) the purchases of Islamic house financing assets, Islamic personal financing, Islamic mortgage assets and Islamic hire purchase assets, from approved originators;
(b) Islamic financial guarantee contracts from SRP and SPB;
(c) issuance of Sukuk under Shariah principles;
(d) acquisition, investment in and trading of Islamic financial instruments; and
(e) origination of reverse mortgage financing.

The preparation of financial statements in conformity with MFRS Accounting Standards and IFRS Accounting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 to the financial statements.

Certain comparative information has been restated or reclassified to conform with current year presentation.

(a) Standards, amendments to published standards and interpretations that are effective

The Group and the Company has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2024:

- Amendment to MFRS 16 'Leases - Lease Liability in a Sale and Leaseback';
- Amendments to MFRS 7 'Financial Instruments: Disclosures - Supplier Finance Arrangements';
- Amendments to MFRS 107 'Statement of Cash Flows: Supplier Finance Arrangements'; and
- Amendments to MFRS 101 'Presentation of Financial Statements - Non-current Liabilities with Covenants'

The adoption of other amendments listed above did not have any material financial impact on the amounts recognised in prior periods and are not expected to materially affect the current or future periods.

Amendments to MFRS 16 'Leases - Lease Liability in a Sale and Leaseback'

The amendments require that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of MFRS 16. The seller-lessee will need to develop and apply an accounting policy in accordance with IAS 8 that results in information that is relevant and reliable.

The amendments did not have a material impact on the preparation of the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

Amendments to MFRS 7 'Financial Instruments: Disclosures - Supplier Finance Arrangements'

The disclosure requirements in the amendments enhance the current requirements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers. As a result, supplier finance arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the original payment due dates.

Different terms are used to describe these arrangements, such as supply chain finance, payables finance and reverse factoring arrangements. Arrangements that are solely credit enhancements for the entity, for example, financial guarantees including letters of credit used as guarantees, are not supplier finance arrangements. Similarly, instruments used to settle the amounts owed directly with a supplier, for example, credit cards, are not supplier finance arrangements.

The amendments did not to have a material impact on the preparation of the Group and the Company's financial statements.

Amendments to MFRS 107 'Statement of Cash Flows: Supplier Finance Arrangements'

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including:

- Terms and conditions;
- As at the beginning and end of the reporting period:

  (a) The carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented;
  (b) The carrying amounts of financial liabilities and the line items, for which the finance providers have already settled the corresponding trade payables; and
  (c) The range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements payables.

- The type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable.

The amendments did not to have a material impact on the preparation of the Group and the Company's financial statements.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Standards, amendments to published standards and interpretations that are effective (continued)

Amendments to MFRS 101 'Presentation of Financial Statements – Non-current Liabilities with Covenants'

The amendments clarify the following:

- Right to defer settlement;
- Expected deferrals;
- Settlement by way of own equity instruments; and
- Disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and will need to be applied retrospectively in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors. Early adoption is permitted but will need to be disclosed.

The amendments are did not to have a material impact on the preparation of the Group's and the Company's financial statements.

(b) Standards and amendments that have been issued but not yet effective

- The amendments to MFRS 121 'The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability' (effective 1 January 2025);
- Amendments to MFRS 9 'Financial Instruments – Classification and Measurement of Financial Instruments' (effective 1 January 2026);
- Amendments to MFRS 7 'Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments' (effective 1 January 2026);
- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027);
- MFRS 19 'Subsidiaries without Public Accountability: Disclosures' (effective 1 January 2027); and
- Amendments to MFRS 10 'Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (to be determined by MASB).

The Group is in the midst of evaluating the potential impact of adopting MFRS 18 on the required effective date. All other amendments are not expected to have a material impact on the preparation of the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Economic entities in the Group

Subsidiaries

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries are consolidated using the purchase method of accounting except for certain business combination which were accounted for using the merger method as follows:

- subsidiaries that were consolidated prior to 1 April 2002 in accordance with Malaysian Financial Reporting Standards Accounting Standards 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time;
- business combinations consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 that meet the conditions of a merger as set out in FRS 122_{2004} "Business Combinations";
- internal group reorganisations, as defined in FRS 122, consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 where:
  - the ultimate shareholders remain the same, and the rights of each such shareholder, relative to the others, are unchanged; and
  - the minorities' share of net assets of the Group is not altered by the transfer.
- business combinations involving entities or businesses under common control with arrangement dates on/after 1 January 2006.

The Group has taken advantage of the exemption provided by MFRS 1, MFRS 3 and FRS 122_{2004} to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective dates have not been restated to comply with these Standards.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 either in income statements or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Economic entities in the Group (continued)

Subsidiaries (continued)

Intragroup transactions, balances and unrealised gains in transactions between group of companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary companies, and is recognised in the consolidated income statements.

2.3 Structured entity

A structured entity is an entity where the voting rights are not the dominant factor in deciding who controls the entity, such as when any voting rights are related to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity normally has restricted activities, a narrow or well-defined objective, very little equity and is financed by multiple contractually linked instruments, such as securitisation vehicles, asset-backed financings and some investment funds.

The Group has set up BNM Sukuk Berhad ("BNM Sukuk") as a structured entity for the purpose of facilitation of Bank Negara Malaysia's ("BNM") management of the Islamic banking sector's liquidity respectively.

The Group consolidates any entity that it controls, and control is evidenced by all three of the following:

(a) The Group has power over the entity, which is described as having existing rights that give the current ability to direct the relevant activities, i.e. the activities that most significantly affect the entity's returns;
(b) The Group has exposure, or rights, to variable returns from its involvement with the entity; and
(c) The Group has the ability to use its power over the entity to affect the amount of its returns.

BNM Sukuk is currently dormant and is not consolidated by the Group as it does not have control over the entity. The Group merely acts as a facilitator for the issuance of Sukuk BNM Ijarah to finance the purchase of beneficial interest of land and building from BNM and thereafter, to lease back the same land and building to BNM or for the issuance of Sukuk BNM Murabahah via issuance of Trust Certificates to evidence investors beneficial interest over commodity assets and its profits, arising from the sale of commodity assets to BNM.

2.4 Amount due from counterparties and Islamic financing assets

Note 1 to the financial statements describes the principal activities of the Group, which are inter alia, the purchases of mortgage loans, personal loans and hire purchase and leasing debts. These activities are also set out in the object clauses of the Memorandum of Association of the subsidiaries.

As at the statement of financial position date, amount due from counterparties/Islamic financing assets in respect of mortgage loans, personal loans and hire purchase and leasing debts are stated at their unpaid principal balances due to the Group. Interest/profit income on amount due from counterparties/Islamic financing assets is recognised on an accrual basis and computed at the respective interest/profit rates based on monthly rest.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets

Mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets are acquired by the Group from the originators at fair values. The originator acts as servicer and remits the principal and interest/profit income from the assets to the Group at specified intervals as agreed by both parties.

As at the statement of financial position date, mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets acquired are stated at their unpaid principal balances due to the Group and adjusted for unaccreted discount. Interest/profit income on the assets is recognised on an accrual basis and computed at the respective interest/profit rates based on monthly rest. The discount arising from the difference between the purchase price and book value of the mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets acquired is accreted to the income statements over the expected remaining life of the assets using the internal rate of return method.

2.6 Reverse mortgage assets

Reverse mortgage assets introduced by the Group and the Company are a type of loan and financing which are targeted for the elderly people or retirees that own a home and allow them to convert their residential property into a fixed monthly income stream throughout their lifetime. The Group and the Company classify and measure the reverse mortgage assets as financial assets at its fair value through profit or loss ("FVTPL") as the reverse mortgage assets did not meet the criteria for amortised cost or FVOCI. The details of the measurement for financial assets at FVTPL are stated in Note 2.9 (c) (iii).

2.7 Investment in subsidiaries and structured entities

Investment in subsidiaries and structured entities are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Note 2.10 describes the Group's accounting policy on impairment of assets and Note 3 details out the critical accounting estimates and assumptions.

2.8 Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items

Depreciation is calculated on a straight-line basis to write-off the cost of the assets over their estimated useful lives, with the exception of work-in-progress which is not depreciated. Depreciation rates for each category of property and equipment are summarised as follows:

Office equipment – mobile devices	100%
Office equipment – others	20-25%
Furniture and fittings	10%
Motor vehicles	20%

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statements during the financial year in which they are incurred.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Property and equipment and depreciation (continued)

At each statement of financial position date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. See accounting policy on impairment of non-financial assets is reflected in Note 2.10.2.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the income statements.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories;

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- Those to be measured at amortised cost

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Company measure financial assets at its fair value plus transaction costs, unless it is carried at fair value through profit or loss ("FVTPL"). Transaction costs of financial assets carried at FVTPL are expensed in income statements.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI")/principal and profit ("SPPP").

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

(c) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Cash and cash equivalents, deposits and placements with the financial institutions, financial assets at amortised cost, amount due from counterparties, Islamic financing debt, mortgage assets/Islamic mortgage assets and Islamic hire purchase assets, other assets, amount due from related companies and amount due from subsidiaries that are held for collection of contractual cash flows where those cash flows represent SPPI/SPPP are measured at amortised cost. Interest/Profit income from these financial assets is included in the income statements using the effective interest rate method ("EIR") and effective profit rate ("EPR") Method. Any gain or loss arising on derecognition is recognised directly in income statements and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI/SPPP, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in income statements. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to income statements and recognised in non-interest income/(expense).

Interest/profit income from these financial assets is included in interest income using the EIR/EPR method. Foreign exchange gains and losses are presented in non-interest (expense)/income and (allowances for)/reversal of impairment losses are presented as separate line item in the income statements.

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in income statements and presented net within non-interest (expense)/income in the period which it arises.

Equity instruments

The Group subsequently measure all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to income statements following the derecognition of the investment. Dividends from such investments continue to be recognised in income statements as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of assets

2.10.1 Financial assets

The Group assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk ("SICR"). Any loss arising from the significant increase in credit risk will result to the carrying amount of the asset being reduced and the amount of the loss is recognised in the income statements.

The Group has five of its financial assets that are subject to the ECL model:

- Amount due from counterparties and Islamic financing assets;
- Mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets;
- Financial assets at FVOCI;
- Financial assets at amortised cost; and
- Money market instruments.

ECL represents a probability-weighted estimate of the difference between the present value of cash flows according to contract and the present value of cash flows the Group expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Under MFRS 9, impairment model requires the recognition of ECL for all financial assets, except for financial assets classified or designated as FVTPL and equity securities classified under FVOCI, which are not subject to impairment assessment.

General approach

ECL will be assessed using an approach which classifies financial assets into three stages which reflects the change in credit quality of the financial assets since initial recognition:

- Stage 1: 12-month ECL – not credit impaired
  For credit exposures where there has not been an SICR since initial recognition or which have low credit risk at the reporting date and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12-month will be recognised.

- Stage 2: Lifetime ECL – not credit impaired
  For credit exposures where there has been an SICR initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised. Unless identified at an earlier stage, all financial assets are deemed to have suffered an SICR when 30 days past due.

- Stage 3: Lifetime ECL – credit impaired
  Financial assets are assessed as credit impaired when one or more objectives evidence of defaults that have a detrimental impact on the estimated future cash flows of that asset have occurred. A lifetime ECL will be recognised for financial assets that have become credit impaired. Generally, all financial assets that are 90 days past due or more are classified under Stage 3.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of assets (continued)

2.10.1 Financial assets (continued)

Simplified approach

For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Significant increase in credit risk ("SICR") (continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been an SICR on an ongoing basis throughout each reporting period. To assess whether there is an SICR, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparties' ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparties;
- significant increases in credit risk on other financial instruments of the same counterparty; and
- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparty in the group and changes in the operating results of the counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, an SICR is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:
The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- the debtor is insolvent.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of assets (continued)

2.10.1 Financial assets (continued)

Definition of default and credit impaired financial assets (continued)

For the purpose of ECL measurement, mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets have been grouped based on shared credit risk characteristics and the days past due. Mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets have substantially the same risk characteristics and the Group has therefore concluded that these assets to be assessed on a collective basis.

Financial assets at FVOCI, financial assets at amortised cost, amount due from counterparties, Islamic financing assets, financial guarantee contract and debt instruments which are in default or credit impaired are assessed individually.

2.10.2 Non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The impairment loss is charged to the income statements, unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statements.

2.11 Write-off

The Group writes off financial assets, in whole or in part, when it has exhausted all practicable recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. Impairment losses are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written-off will result in impairment gains which are credited against the same line item.

2.12 Financial liabilities

Financial liabilities are measured at amortised cost unless it is a financial liability held for trading or designated at FVTPL. Financial liabilities are recognised at fair value plus transaction costs and are derecognised when extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities as held-for-trading, and financial liabilities designated at fair value through profit or loss upon initial recognition. A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are categorised as held-for-trading unless they are designated as hedges. Refer to accounting policy Note 2.20 on hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Financial liabilities (continued)

(b) Borrowings measured at amortised cost

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between initial recognised amount and the redemption value is recognised in income statements over the period of the borrowings using the EIR/EPR method. All other borrowing costs are recognised in income statements in the period in which they are incurred.

Borrowings measured at amortised cost are short-term borrowings, unsecured bearer bonds and notes and Sukuk.

Included in short-term borrowings is obligations on securities sold under repurchase agreements which the Group has sold from its portfolio, with a commitment to repurchase at future dates.

(c) Other financial liabilities measured at amortised cost

Other financial liabilities are initially recognised at fair value plus transaction costs. Subsequently, other financial liabilities are re-measured at amortised cost using the EIR. Other financial liabilities measured at amortised cost are deferred guarantee fee income, deferred Wakalah fee income and other liabilities.

2.13 Income recognition on mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets

Interest income for conventional assets and profit income for Islamic assets are recognised using the EIR/EPR method. Accretion of discount is recognised using the effective yield method.

2.14 Income recognition on Guarantee and Wakalah fees

Guarantee fee and Wakalah fee income on SRP are recognised as income based on reducing balance method when the fees are received in full.

Guarantee fee and Wakalah fee income on SPB are recognised as income based on straight line method when the fees are received in full annually.

2.15 Premium and discount on unsecured bearer bonds and notes/Sukuk

Premium on unsecured bearer bonds and notes/Sukuk represents the excess of the issue price over the redemption value of the bonds and notes/Sukuk are accreted to the income statements over the life of the bonds and notes/Sukuk on an effective yield basis. Where the redemption value exceeds the issue price of the bonds and notes/Sukuk, the difference, being the discount is amortised to the income statements over the life of the bonds and notes/Sukuk on an effective yield basis.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Current and deferred tax

Current tax expense represents taxation at the current rate based on taxable profit earned during the financial year.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2.17 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash and bank balances and deposits that are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value.

2.18 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The chief operating decision maker is the person or group that allocated resources and assesses the performance of the operating segments of the Group. The Group has determined that the Chief Executive Officer of a subsidiary company, Cagamas Berhad to be the chief operating decision maker.

2.20 Derivative financial instruments and hedge accounting

Derivatives financial instruments consist of interest rate swaps ("IRS"), Islamic profit rate swaps ("IPRS"), and cross currency swaps ("CCS"). Derivatives financial instruments are used by the Group and the Company to hedge the issuance of its Bond/Sukuk from potential movements in interest rates, profit rates or foreign currency exchange rates. Further details of the derivatives financial instruments are disclosed in Note 9 to the financial statements.

Fair value of derivatives financial instruments is recognised at inception on the statements of financial position, and subsequent changes in fair value as a result of fluctuation in market interest rates, profit rates or foreign currency exchange rates are recorded as derivative assets (favourable) or derivative liabilities (unfavourable).

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Derivative financial instruments and hedge accounting (continued)

For derivatives that are not designated as hedging instruments, losses and gains from the changes in fair value are taken to the income statements.

For derivatives that are designated as hedging instruments, the method of recognising fair value gain or loss depends on the type of hedge.

The Group documents at the inception of the hedge relationship, the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group also documents their risk management objective and strategy for its hedge transactions and its assessment, both at hedge inception and on an ongoing basis, on whether the derivative is highly effective in offsetting changes in the fair value or cash flows of the hedged items.

Cash flow hedge

The effective portion of changes in the fair value of a derivative designated and qualifying as a hedge of future cash flows is recognised directly in the cash flow hedge reserve and taken to the income statements in the periods when the hedged item affects gain or loss. The ineffective portion of the gain or loss is recognised immediately in the income statements under "Non-interest income/(expense)".

Amounts accumulated in equity are reclassified to income statements in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in income statements within the line item "Non-interest income/(expense)" at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the accounting of any cumulative deferred gain or loss depends on the nature of the underlying hedged transaction. For cash flow hedge which resulted in the recognition of a non-financial asset, the cumulative amount in equity shall be included in the initial cost of the asset. For other cash flow hedges, the cumulative amount in equity is reclassified to income statements in the same period that the hedged cash flows affect income statements. When hedged future cash flows or forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to income statements under "non-interest (expense)/income".

2.21 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group and the Company expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured as the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflect current market assessment of the time value of money and the risk specific to obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised when the Group has a current zakat obligation as a result of a zakat assessment. The amount of zakat expenses shall be assessed when the Group has been in operations for at least 12-months, i.e. for the period known as haul.

Zakat rates enacted or substantively enacted by the statements of financial position date are used to determine the zakat expense. The rate of zakat on business for the financial year is (2023: 2.5%) of the zakat base.

The zakat base of the Group is determined based on adjusted growth method. This method calculates zakat base as owners' equity and long-term liabilities, deducted for property, plant and equipment and non-current assets, and adjusted for items that do not meet the conditions for zakat assets and liabilities as determined by the relevant zakat authorities.

The amount of zakat assessed is recognised as an expense in the financial year in which it is incurred.

2.23 Employee benefits

(a) Short-term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by the employees of the Group.

(b) Defined contributions plans

The Group contributes to the Employees' Provident Fund ("EPF"), the national defined contribution plan. The contributions to EPF are charged to the income statements in the financial year to which they relate to. Once the contributions have been paid, the Group has no further payment obligations in the future. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.24 Intangible assets

(a) Computer software

Acquired computer software and computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programmes are recognised when the costs are incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group, which will generate probable economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

The computer software and computer software licenses are amortised over their estimated useful lives of three to ten years.

(b) Service rights to transaction administrator and administrator fees

Service rights to transaction administrator and administrator fees ("Service Rights") represents secured rights to receive expected future economic benefits by way of transaction administrator and administrator fees for Residential Mortgage-Backed Securities ("RMBS") and Islamic Residential Mortgage-Backed Securities ("IRMBS") issuances.

Service rights are recognised as intangible assets at cost and amortised using the straight-line method over the tenure of RMBS and IRMBS.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Intangible assets (continued)

Computer software and service rights are tested annually for any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. Computer software and service rights are carried at cost less accumulated amortisation and accumulated impairment losses. See accounting policy on impairment of non-financial assets in Note 2.10.2 to the financial statements.

2.25 RMBS and IRMBS

RMBS and IRMBS were issued by the Group to fund the purchases of mortgage assets and Islamic mortgage assets from LPPSA. As at the statement of financial position date, RMBS and IRMBS are stated at amortised costs.

Interest expense on RMBS and profit attributable to IRMBS are recognised using the effective yield method.

2.26 Share capital

(a) Classification

Ordinary shares and Redeemable Preference Shares ("RPS") are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(b) Dividends to the shareholders of the Group and the Company

Dividends on ordinary shares and RPS are recognised as liabilities when declared before the statements of financial position date. A dividend proposed or declared after the statements of financial position date, but before the financial statements are authorised for issue, is not recognised as a liability at the statements of financial position date. Upon the dividend becoming payable, it will be accounted for as a liability.

2.27 Currency translations

(a) Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.28 Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group.

2.29 Deferred financing fees

Deferred financing fees consist of expenses incurred in relation to the unsecured bearer bonds and notes/Sukuk issuance. Upon unsecured bearer bonds and notes/Sukuk issuance, deferred financing fees will be deducted from the carrying amount of the unsecured bearer bonds and notes/Sukuk and amortised using the EIR/EPR method.

2.30 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 'Financial instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

2.31 Leases

Leases are recognised as right-of-use ('ROU') asset and a lease liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group are a lessee, it has elected the practical expedient provided in MFRS 16: Leases not to separate lease and non-lease components. Both components are accounted for as a single lease component and lease payments for both components are included in the measurement of lease liability.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.31 Leases (continued)

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ROU asset

ROU asset is initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU asset that is not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU asset is generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU asset is adjusted for certain remeasurement of the lease liabilities. ROU asset is presented as a separate line item in the statement of financial position.

Lease liability

Lease liability is are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.31 Leases (continued)

Lease liabilities (continued)

Variable lease payments that depend on sales are recognised in the income statements in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the non-interest expense in the income statements.

Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU asset.

Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12-month or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in income statements.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRS Accounting Standards and IFRS Accounting Standards requires the use of certain critical accounting estimates and exercise of judgements by management in the process of applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of the asset and liability within the next financial year are outlined below.

(a) Impairment of mortgage assets and hire purchase assets (Note 12, 13, 14 and 45)

The Group makes allowances for losses on mortgage assets and hire purchase assets based on assessment of recoverability. Whilst management is guided by the requirement of the MFRS 9, management make judgement on the future and other key factors in respect of the recovery of the assets. Among factors considered are the net realisable value of the underlying collateral value and the capacity to generate sufficient cash flows to service the assets.

Two economic scenarios using different probability weighted are applied to the ECL:

- Base case – based upon current economic outlook or forecast
- Negative case – based upon a projected pessimistic or negative outlook or forecast

(b) Accretion of discount on mortgage assets and hire purchase assets (Note 12, 13 and 14)

Assumptions are used to estimate cash flow projections of the principal balance outstanding of the mortgage assets and hire purchase assets acquired by the Group for the purpose of determining accretion of discount. The estimate is determined based on the historical repayment and redemption trend of the borrowers of the mortgage assets and hire purchase assets. Changes in these assumptions could impact the amount recognised as accretion of discount.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(c) Impairment of guarantee exposures and Wakalah exposures (Note 22)

In determining ECL, management's judgement is applied, using objective, reasonable and supportable information about current and forecast economic conditions. Macroeconomic variables that are used in multiple scenarios (i.e. base, downside and upside), include (but are not limited to) real GDP growth rates, unemployment rates, consumer price index and housing price index.

The probability weighted ECL is a blended outcome after taking into consideration the multiple scenarios applied to the Group's guarantee and Wakalah exposures.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is an integral part of the Group's business and operations. It encompasses identification, measurement, analysing, controlling, monitoring and reporting of risks on an enterprise-wide basis.

In recent years, the Group has enhanced key controls to ensure effectiveness of risk management and its independence from risk taking activities.

The Group will continue to develop its human resources, review existing processes and introduce new approaches in line with best practices in risk management. It is the Group's strategic objective to create strong risk awareness amongst both its front-line and back office staff, where risks are systematically managed and the levels of risk taking are closely aligned to the risk appetite and risk-reward requirements set by the Board of Directors.

4.1 Risk management structure

The Board of Directors has ultimate responsibility for management of risks associated with the Group's operations and activities. The Board of Directors sets the risk appetite and tolerance level that are consistent with the Group's overall business objectives and desired risk profile. The Board of Directors also reviews and approves all significant risk management policies and risk exposures.

The Board Risk Committee assists the Board of Directors by ensuring that there is effective oversight and development of strategies, policies and infrastructure to manage the Group's risks including compliance with applicable laws and regulations.

Management Executive Committee is responsible for the implementation of the policies laid down by the Board of Directors by ensuring that there are adequate and effective operational procedures, internal controls and systems for identifying, measuring, analysing, controlling, monitoring and reporting of risks including compliance with applicable laws and regulations.

The Risk Management and Compliance Division is independent of other departments involved in risk-taking activities. It is responsible for monitoring and reporting risk exposures independently to the Board Risk Committee and coordinating the management of risks on an enterprise-wide basis.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.2 Credit risk management

Credit risk is the possibility that a borrower or counterparty fails to fulfil its financial obligations when they fall due. Credit risk arises in the form of on-statement of financial position items such as lending and investments, as well as in the form of off-statement of financial position items such as guarantees and treasury hedging activities.

The Group manages the credit risk by screening borrowers and counterparties, stipulate prudent eligibility criteria and conduct due diligence on loans and financing to be purchased. The credit limits are reviewed periodically and are determined based on a combination of external ratings, internal credit assessment and business requirements. All credit exposures are monitored on a regular basis and non-compliance is independently reported to the management, Board Risk Committee and the Board of Directors for immediate remediation.

Credit risk is also mitigated via underlying assets which comprised mainly of mortgage assets, Islamic mortgage assets, hire purchase assets and Islamic hire purchase assets.

4.3 Market risk management

Market risk is the potential loss arising from adverse movements of market prices and rates. The market risk exposure is limited to interest/profit rate risk and foreign exchange rates only as the Group does not engaged in any equity or commodity trading activities.

The Group controls the market risk exposure by imposing threshold limits and entering into derivatives hedging contracts. The limits are set based on the Group's risk appetite and the risk-return relationship. These limits are regularly reviewed and monitored. The Group has an Asset Liability Management System which provides tools such as duration gap analysis, interest/profit sensitivity analysis and income simulations under different scenarios to monitor the interest/profit rate risk.

The Group also uses derivative instruments such as IRS, IPRS and CCS to manage and hedge market risk exposures against fluctuations in the interest rates, profit rates and foreign currency exchange rates.

4.4 Liquidity risk management

Liquidity risk arises when the Group does not have sufficient funds to meet its financial obligations when they fall due.

The Group mitigates the liquidity risk by matching the timing of purchases of loans and financing with issuance of bonds or Sukuk. The Group plans its cash flow positions and monitor closely every business transaction to ensure that available funds are sufficient to meet business requirements at all times. In addition, the Group sets aside considerable reserve liquidity to meet any unexpected shortfall in cash flow or adverse economic conditions in the financial market.

The Group's liquidity management process, as carried out within the subsidiary and monitored by related departments, includes:

(a) Managing cash flow mismatch and liquidity gap limits which involves assessing all of the Group's cash inflows against its cash outflows to identify the potential for any net cash shortfalls and the ability of the Group to meet the cash obligations when they fall due;

(b) Matching funding of loan purchases against its expected cash flows, duration and tenure of the funding;

(c) Monitoring the liquidity ratios of the Group against internal requirements; and

(d) Managing the concentration and profile of funding by diversification of funding sources.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.5 Operational Risk Management

Operational risk is defined as the potential loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes reputational risk associated with the Group's business practices or market conduct. It also includes the risk of failing to comply with applicable laws and regulations.

The management of operational risk is an important priority for the Group. To mitigate such operational risks, the Group has developed an operational risk program and essential methodologies that enable identification, measurement, monitoring and reporting of inherent and emerging operational risks.

The day-to-day management of operational risk exposures is through the development and maintenance of comprehensive internal controls and procedures based on segregation of duties, independent checks, segmented system access control and multi-tiered authorisation processes. An incident reporting process is also established to capture and analyse frauds and control lapses.

A periodic self-risk and control assessment is established for business and support units to pre-emptively identify risks and evaluate control effectiveness. Action plans are developed for the control issues identified.

The Group minimises the impact and likelihood of any unexpected disruptions to its business operation through implementation of its business continuity management ("BCM") framework and policy, business continuity plans and regular BCM exercises. The Group have also identified enterprise-wide recovery strategies to expedite the business and technology recovery and resumption during catastrophic events.

5 CASH AND CASH EQUIVALENTS

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Cash and balance with banks and other financial institutions	**1,188**	625	**10**	17
Money at call and deposits and placements maturing with original maturity less than three months	**668,787**	185,775	**2,449**	1,003
Mudharabah money at call and deposits and placements maturing with original maturity less than three months	**50,487**	77,363	**–**	–
	720,462	263,763	**2,459**	1,020
Less: Allowance for impairment losses	**(1)**	–	**–**	–
	720,461	263,763	**2,459**	1,020

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

5 CASH AND CASH EQUIVALENTS (CONTINUED)

The gross carrying value of cash and cash equivalents and the impairment allowances are within Stage 1 (12-month ECL). Movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Stage 1				
As at 1 January	**–**	1	**–**	–
Allowance for/(reversal) during the year	**1**	(1)	**–**	–
As at 31 December	**1**	–	**–**	–

6 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Licensed banks	**1,105,404**	782,233	**–**	1,414
Less: Allowance for Impairment losses	**(3)**	–	**–**	–
	1,105,401	782,233	**–**	–

The gross carrying value of deposits and placements with financial institutions are within Stage 1 (12-month ECL). Movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group and Company	
	2024 RM'000	**2023 RM'000**
Stage 1		
As at 1 January	**–**	–
Allowance during the year	**3**	–
As at 31 December	**3**	–

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Group	
	2024 RM'000	**2023 RM'000**
Debt instruments:		
Malaysian government securities	**870,577**	568,002
Corporate bonds	**623,632**	621,355
Government investment issues	**1,477,906**	1,006,971
Corporate Sukuk	**1,965,759**	1,979,107
Quasi government Sukuk	**535,411**	608,409
	5,473,285	4,783,844

The maturity structure of financial assets at FVOCI are as follows:

	2024 RM'000	**2023 RM'000**
Maturing within one year	**1,177,704**	464,448
One to three years	**1,312,131**	1,746,021
Three to five years	**689,485**	998,417
More than five years	**2,293,965**	1,574,958
	5,473,285	4,783,844

The carrying amount of debt instruments at FVOCI is equivalent to their fair value. The ECL is recognised in other comprehensive income and does not reduce the carrying amount in the statement of financial position.

The gross carrying value of financial assets at FVOCI by stage are as follows:

	Gross carrying value RM'000	**Impairment allowance RM'000**
2024		
Stage 1 (12-month ECL; non-credit impaired)	**5,473,285**	**357**
2023		
Stage 1 (12-month ECL; non-credit impaired)	4,783,844	454

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONTINUED)

Movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group and Company	
	2024 RM'000	**2023 RM'000**
Stage 1		
As at 1 January	**454**	415
Allowance during the year on new assets purchased	**63**	300
Financial assets derecognised during the year due to maturity of assets	**(81)**	(157)
Reversal during the year due to changes in credit risk	**(79)**	(104)
As at 31 December	**357**	454

The financial assets at FVOCI which are pledged as collateral for obligations on securities sold under repurchase agreements for the Group and Company amounting to RM498.1 million (2023: RM432.9 million).

8 FINANCIAL ASSETS AT AMORTISED COST

	Group	
	2024 RM'000	**2023 RM'000**
Corporate bonds	**1,605,037**	1,604,687
Corporate Sukuk	**681,998**	681,993
	2,287,035	2,286,680

The maturity structure of financial assets at amortised cost are as follows:

More than five years	**2,290,640**	2,290,448
Less: Allowance for impairment losses	**(3,605)**	(3,768)
	2,287,035	2,286,680

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

8 FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

The gross carrying value by stage are as follows:

	Gross carrying value RM'000	Impairment allowance RM'000
2024		
Stage 1 (12-month ECL; non-credit impaired)	**2,290,640**	**3,605**
2023		
Stage 1 (12-month ECL; non-credit impaired)	2,290,448	3,768

Movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group and Company	
	2024 RM'000	2023 RM'000
Stage 1		
As at 1 January	**3,768**	3,135
Allowance during the year on new assets purchased	**–**	1,154
Reversal during the year due to changes in credit risk	**(163)**	(521)
As at 31 December	**3,605**	3,768

9 DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The derivative financial assets/liabilities used by the Group to hedge against its interest/profit rate exposure and foreign currency exposure are IRS, IPRS and CCS.

IRS/IPRS are used by the Group to hedge against its interest/profit rate exposure arising from the following transactions:

(i) Issuance of fixed rate bonds/Sukuk to fund floating rate asset purchases

The Group pays the floating rate receipts from its floating rate asset purchases to the swap counterparties and receives fixed rate interest/profit in return. This fixed rate interest/profit will then be utilised to pay coupon on the fixed rate bonds/Sukuk issued. Hence, the Group is protected from adverse movements in interest/profit rate.

(ii) Issuance of short duration bonds/Sukuk to fund long-term fixed asset

The Group issues short duration bonds/Sukuk and enters into swap transaction to receive floating rate interest/profit from, and pay fixed rate interest/profit to the swap counterparty. Upon receiving instalment from assets, the Group pays fixed rate interest/profit to the swap counterparty and receives floating rate interest/profit to pay to the bondholders/Sukuk holders.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

9 DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

CCS are also used by the Group to hedge against foreign currency exposure arising from the issuance of foreign currency bonds/Sukuk to fund assets in functional currency. Illustration of the transaction as follows:

(i) At inception, the Group swaps the proceeds from the foreign currency bonds/Sukuk to the functional currency at the pre-agreed exchange rate with CCS counterparty.

(ii) In the interim, the Group receives interest/profit payment in foreign currency from the CCS counterparty and remit the same to the foreign currency bonds/Sukuk holders for coupon payment. Simultaneously, the Group pays interest/profit to the CCS counterparty in functional currency using instalment received from assets purchased.

(iii) On maturity, the Group pays principal in functional currency at the same pre-agreed exchange rate to the CCS counterparty and receive amount of principal in foreign currency equal to the principal of the foreign currency bonds/Sukuk which will then be used to redeem the bonds/Sukuk. The Group's foreign currency exposures are from Hong Kong Dollar ("HKD") and Singapore Dollar ("SGD").

The effectiveness is assessed by comparing the changes in fair value of the interest/profit rate swaps and cross currency swaps with changes in fair value of the hedged item attributable to the hedged risk using the hypothetical derivative method.

The Group has established the hedging ratio by matching the notional of the derivative with the principal of the hedged item. Possible sources of ineffectiveness are as follow:

- Differences in timing of cash flows between hedged item, interest/profit rate swaps and cross currency swaps;
- Hedging derivatives with non-zero fair value at the inception as a hedging instrument; and
- Counterparty credit risk which impacts the fair value of interest/profit rate swaps and cross currency swaps but not the hedged items.

The table below summarises the derivative financial assets/liabilities entered by the Group which are all used as hedging instruments in cash flow hedges.

	Group			
	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	Average fixed interest rate %
2024				
Derivative designated as cash flow hedges:				
IRS/IPRS				
Maturing within one year	**1,180,000**	**391**	**(357)**	**3.59**
One to three years	**350,000**	**–**	**(1,716)**	**3.78**
Three to five years	**90,000**	**–**	**(176)**	**3.59**
More than five years	**260,000**	**15,012**	**–**	**4.34**
	1,880,000	**15,403**	**(2,249)**	
CCS				
Maturing within one year	**2,581,812**	**–**	**(68,044)**	**3.75**
One to three years	**1,124,520**	**–**	**(10,324)**	**3.77**
	3,706,332	**–**	**(78,368)**	
	5,586,332	**15,403**	**(80,617)**	

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

9 DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

The table below summarises the derivatives financial assets/liabilities entered by the Group which are all used as hedging instruments in cash flow hedges. (continued)

	Group			
	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	Average fixed interest rate %
2023				
Derivative designated as cash flow hedges:				
IRS/IPRS				
Maturing within one year	1,000,000	720	(3,924)	2.66
One to three years	1,335,000	446	(4,937)	3.64
Three to five years	90,000	–	(142)	3.59
More than five years	160,000	12,922	–	4.66
	2,585,000	14,088	(9,003)	
CCS				
Maturing within one year	4,139,796	151,553	(6,158)	3.62
One to three years	1,112,470	42,018	–	3.90
	5,252,266	193,571	(6,158)	
	7,837,266	207,659	(15,161)	

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows:

	Group						
		Fair value*					
	Notional amount RM'000	Assets RM'000	Liabilities RM'000	Changes in fair value used for calculating hedging effectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in income statement** RM'000	Amount reclassified from hedge reserve to income statement** RM'000
2024							
Interest rate risk							
IRS	**895,000**	**15,177**	**(1,893)**	**13,124**	**13,124**	**–**	**–**
IPRS	**985,000**	**226**	**(356)**	**(105)**	**(105)**	**–**	**–**
Foreign exchange risk							
CCS	**3,706,332**	**–**	**(78,368)**	**643**	**155,622**	**–**	**(169,251)**

* All hedging instruments are included in the derivative assets and derivative liabilities line item in the statements of financial position.

** All hedge ineffectiveness and reclassification from the 'Hedging reserve – cash flows hedge' to profit or loss are recognised in the 'Non-interest income/(expense)' in the income statements.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

9 DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows (continued):

	Group						
	Notional amount RM'000	Fair value* Assets RM'000	Fair value* Liabilities RM'000	Changes in fair value used for calculating hedging effectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in income statement** RM'000	Amount reclassified from hedge reserve to income statement** RM'000
2023							
Interest rate risk							
IRS	1,645,000	13,368	(6,474)	12,391	12,391	–	–
IPRS	940,000	720	(2,529)	(1,935)	(1,935)	–	–
Foreign exchange risk							
CCS	5,252,266	193,571	(6,158)	3,816	277,268	–	(270,319)

* All hedging instruments are included in the derivative assets and derivative liabilities line item in the statements of financial position.

** All hedge ineffectiveness and reclassification from the 'Hedging reserve – cash flows hedge' to profit or loss are recognised in the 'Non-interest income/(expense)' in the income statements.

The amounts relating to items designated as hedged items are as follows:

	Group			
	Line item in the statement of financial position in which the hedged item is included	Change in fair value used for calculating hedge effectiveness RM'000	Cash flow hedge reserve RM'000	Balance remaining in the cash flow hedge reserve from hedging relationship for which hedge accounting is no longer applied RM'000
2024				
Interest/profit rate/foreign exchange risk				
Floating rate financial assets	Amount due from counterparties	**14,762**	**11,219**	–
Floating rate financial liabilities	Unsecured bearer bonds and notes	**(1,639)**	**(1,246)**	–
Floating rate financial liabilities	Sukuk	**(105)**	**(79)**	–
Fixed rate financial liabilities	Unsecured bearer bonds and notes	**643**	**489**	–
2023				
Interest/profit rate/foreign exchange risk				
Floating rate financial assets	Amount due from counterparties	12,775	9,709	–
Floating rate financial liabilities	Unsecured bearer bonds and notes	(384)	(292)	–
Floating rate financial liabilities	Sukuk	(1,935)	(1,470)	–
Fixed rate financial liabilities	Unsecured bearer bonds and notes	3,816	2,900	–

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

9 DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(i) Reconciliation of components of equity

The following table provides reconciliation by risk category of components of equity and analysis of OCI items (net of tax) resulting from hedge accounting:

	Group	
	2024 **RM'000**	**2023** **RM'000**
Cash flow hedge		
As at 1 January	**10,847**	(2,381)
Effective portion of changes in fair value, net of amount reclassified to profit or loss on:		
– Interest rate risk	**168,641**	287,724
– Foreign exchange fluctuations (Note 33)	**(169,251)**	(270,319)
Income tax effects	**146**	(4,177)
As at 31 December	**10,383**	10,847

10 AMOUNT DUE FROM COUNTERPARTIES

	Group	
	2024 **RM'000**	**2023** **RM'000**
Relating to:		
Mortgage loans	**16,466,653**	19,641,205
Hire purchase and leasing debts	**366,769**	346,585
	16,833,422	19,987,790
The maturity structure of amount due from counterparties are as follows:		
Maturing within one year	**4,505,015**	6,475,796
One to three years	**11,191,790**	8,861,989
Three to five years	**–**	4,288,658
More than five years	**1,136,633**	361,372
	16,833,438	19,987,815
Less: Allowance for impairment losses	**(16)**	(25)
	16,833,422	19,987,790

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

10 AMOUNT DUE FROM COUNTERPARTIES (CONTINUED)

The gross carrying value of amount due from counterparties and the impairment allowances are within Stage 1 (12-month ECL). Movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group	
	2024 RM'000	**2023 RM'000**
Stage 1		
As at 1 January	**25**	16
Allowance during the year on new assets purchased	**5**	21
Financial assets derecognised during the year due to maturity of assets	**(8)**	(9)
Reversal during the year due to changes in credit risk	**(6)**	(3)
As at 31 December	**16**	25

11 ISLAMIC FINANCING ASSETS

	Group	
	2024 RM'000	**2023 RM'000**
Relating to:		
Islamic house financing	**19,205,889**	18,696,839
Islamic personal financing	**956,288**	2,225,410
Islamic hire purchase	**504,611**	504,612
	20,666,788	21,426,861
The maturity structure of Islamic financing assets are as follows:		
Maturing within one year	**8,386,753**	7,301,922
One to three years	**6,928,456**	9,385,918
Three to five years	**4,551,354**	4,739,117
More than five years	**800,276**	–
	20,666,839	21,426,957
Less: Allowance for impairment losses	**(51)**	(96)
	20,666,788	21,426,861

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

11 ISLAMIC FINANCING ASSETS (CONTINUED)

The gross carrying value of Islamic financing assets and the impairment allowances are within Stage 1 (12-month ECL). Movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group	
	2024 RM'000	**2023 RM'000**
Stage 1		
As at 1 January	**96**	93
Allowance during the year on new assets purchased	**13**	24
Financial assets derecognised during the year due to maturity of assets	**(29)**	(11)
Reversal during the year due to changes in credit risk	**(29)**	(10)
As at 31 December	**51**	96

12 MORTGAGE ASSETS – CONVENTIONAL

	Group	
	2024 RM'000	**2023 RM'000**
Purchase without recourse ("PWOR")	**3,004,575**	3,585,481
The maturity structure of mortgage assets – conventional are as follows:		
Maturing within one year	**605,764**	823,380
One to three years	**921,954**	1,002,630
Three to five years	**643,256**	742,978
More than five years	**842,915**	1,030,466
	3,013,889	3,599,454
Less:		
Allowance for impairment losses	**(9,314)**	(13,973)
	3,004,575	3,585,481

12 MORTGAGE ASSETS – CONVENTIONAL (CONTINUED)

The gross carrying value of mortgage assets by stage are as follows:

	Gross carrying value RM'000	Impairment allowance RM'000
2024		
Stage 1 (12-month ECL; non-credit impaired)	**3,000,683**	**6,155**
Stage 2 (Lifetime ECL; non-credit impaired)	**3,038**	**461**
Stage 3 (Lifetime ECL; credit impaired)	**10,168**	**2,698**
As at 31 December	**3,013,889**	**9,314**
Impairment allowances over gross carrying value (%)		**0.31**
2023		
Stage 1 (12-month ECL; non-credit impaired)	3,584,385	10,268
Stage 2 (Lifetime ECL; non-credit impaired)	1,708	231
Stage 3 (Lifetime ECL; credit impaired)	13,361	3,474
As at 31 December	3,599,454	13,973
Impairment allowances over gross carrying value (%)		0.39

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

12 MORTGAGE ASSETS – CONVENTIONAL (CONTINUED)

The impairment allowances by stage and movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
2024				
As at 1 January	**10,268**	**231**	**3,474**	**13,973**
Transfer between stages:				
– Transfer to 12-month ECL (Stage 1)	**68**	**(280)**	**(2,154)**	**(2,366)**
– Transfer to ECL non-credit impaired (Stage 2)	**(185)**	**566**	**(68)**	**313**
– Transfer to ECL credit impaired (Stage 3)	**(1,537)**	**(42)**	**2,385**	**806**
Total transfer between stages	**(1,654)**	**244**	**163**	**(1,247)**
Financial assets derecognised during the year (other than write-offs)	**(648)**	**(17)**	**(2,026)**	**(2,691)**
Reversal during the year due to changes in credit risk	**(1,811)**	**3**	**(40)**	**(1,848)**
Amount written-back	**–**	**–**	**1,127**	**1,127**
As at 31 December	**6,155**	**461**	**2,698**	**9,314**
2023				
As at 1 January	10,176	414	7,564	18,154
Transfer between stages:				
– Transfer to 12-month ECL (Stage 1)	32	(234)	(2,392)	(2,594)
– Transfer to ECL non-credit impaired (Stage 2)	(6)	231	(39)	186
– Transfer to ECL credit impaired (Stage 3)	(25)	(52)	1,723	1,646
Total transfer between stages	1	(55)	(708)	(762)
New loans added during the period	2,500	–	–	2,500
Financial assets derecognised during the year (other than write-offs)	568	(128)	(4,339)	(3,899)
Reversal during the year due to changes in credit risk	(2,977)	–	(456)	(3,433)
Amount written-back	–	–	1,413	1,413
As at 31 December	10,268	231	3,474	13,973

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

13 MORTGAGE ASSETS – ISLAMIC

	Group	
	2024 RM'000	**2023 RM'000**
PWOR	**3,908,969**	4,387,006

The maturity structure of mortgage assets – Islamic are as follows:

	2024 RM'000	**2023 RM'000**
Maturing within one year	**541,063**	709,577
One to three years	**937,602**	971,643
Three to five years	**768,650**	843,882
More than five years	**1,672,574**	1,876,197
	3,919,889	4,401,299
Less:		
Allowance for impairment losses	**(10,920)**	(14,293)
	3,908,969	4,387,006

The gross carrying value of Islamic mortgage assets by stage are as follows:

	Gross carrying value RM'000	**Impairment allowance RM'000**
2024		
Stage 1 (12-month ECL; non-credit impaired)	**3,907,034**	**7,770**
Stage 2 (Lifetime ECL; non-credit impaired)	**1,653**	**237**
Stage 3 (Lifetime ECL; credit impaired)	**11,202**	**2,913**
As at 31 December	**3,919,889**	**10,920**
Impairment allowances over gross carrying value (%)		**0.28**
2023		
Stage 1 (12-month ECL; non-credit impaired)	4,382,464	9,808
Stage 2 (Lifetime ECL; non-credit impaired)	2,625	270
Stage 3 (Lifetime ECL; credit impaired)	16,210	4,215
As at 31 December	4,401,299	14,293
Impairment allowances over gross carrying value (%)		0.32

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

13 MORTGAGE ASSETS – ISLAMIC (CONTINUED)

The impairment allowances by stage and movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
2024				
As at 1 January	**9,808**	**270**	**4,215**	**14,293**
Transfer between stages:				
– Transfer to 12-month ECL (Stage 1)	**28**	**(194)**	**(1,398)**	**(1,564)**
– Transfer to ECL non-credit impaired (Stage 2)	**(3)**	**230**	**(52)**	**175**
– Transfer to ECL credit impaired (Stage 3)	**(14)**	**(24)**	**944**	**906**
Total transfer between stages	**11**	**12**	**(506)**	**(483)**
Financial assets derecognised during the year (other than write-offs)	**(593)**	**(45)**	**(1,982)**	**(2,620)**
Reversal during the year due to changes in credit risk	**(1,456)**	**–**	**(24)**	**(1,480)**
Amount written-back	**–**	**–**	**1,210**	**1,210**
As at 31 December	**7,770**	**237**	**2,913**	**10,920**
2023				
As at 1 January	12,383	229	7,086	19,698
Transfer between stages:				
– Transfer to 12-month ECL (Stage 1)	23	(129)	(1,808)	(1,914)
– Transfer to ECL non-credit impaired (Stage 2)	(7)	259	(113)	139
– Transfer to ECL credit impaired (Stage 3)	(27)	(64)	2,040	1,949
Total transfer between stages	(11)	66	119	174
Financial assets derecognised during the year (other than write-offs)	657	(20)	(3,624)	(2,987)
Reversal during the year due to changes in credit risk	(3,221)	(5)	(560)	(3,786)
Amount written-back	–	–	1,194	1,194
As at 31 December	9,808	270	4,215	14,293

14 HIRE PURCHASE ASSETS – ISLAMIC

	Group	
	2024 RM'000	2023 RM'000
PWOR	**40**	55

<u>The maturity structure of hire purchase assets – Islamic are as follows:</u>

	2024 RM'000	2023 RM'000
Maturing within one year	**40**	61
Less:		
Allowance for impairment losses	**–**	(6)
	40	55

The gross carrying value of hire purchase assets – Islamic by stage are as follows:

	Gross carrying value RM'000	Impairment allowance RM'000
2024		
Stage 1 (12-month ECL; non-credit impaired)	**40**	**–**
Stage 3 (Lifetime ECL; credit impaired)	**–**	**–**
As at 31 December	**40**	**–**
Impairment allowances over gross carrying value (%)		**–**
2023		
Stage 1 (12-month ECL; non-credit impaired)	36	–
Stage 3 (Lifetime ECL; credit impaired)	25	6
As at 31 December	61	6
Impairment allowances over gross carrying value (%)		9.84

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

14 HIRE PURCHASE ASSETS – ISLAMIC (CONTINUED)

The impairment allowances by stage and movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group	
	2024 RM'000	**2023 RM'000**
Stage 3		
As at 1 January	**6**	12
Reversal made during the year	**19**	(3)
Written-off to principal balance outstanding	**(25)**	(3)
As at 31 December	**–**	6

15 OTHER ASSETS

	Group	
	2024 RM'000	**2023 RM'000**
Compensation receivable from originator on mortgage assets	**22**	33
Deposits	**969**	923
Collateral receivable	**6,365**	13,716
Staff loans and financings	**2,094**	2,311
Prepayments	**3,263**	2,884
Other receivables	**44**	34
	12,757	19,901

16 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes that relates to the same tax authority. The following amounts, determined after appropriate offsetting, are shown on the statement of financial position.

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Deferred tax assets (before offsetting)	**85,923**	82,786	**–**	–
Deferred tax liabilities (before offsetting)	**(685,301)**	(666,760)	**(3)**	(2)
Deferred tax liabilities	**(599,378)**	(583,974)	**(3)**	(2)
The movements of deferred tax are as follows:				
As at 1 January	**(583,974)**	(598,725)	**(2)**	–
Recognised to income statement (Note 38)	**(14,421)**	34,145	**(1)**	(2)
Recognised to OCI	**(983)**	(19,394)	**–**	–
As at 31 December	**(599,378)**	(583,974)	**(3)**	(2)

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

16 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities of the Group and the Company during the financial year comprise the following:

	Group			
	As at 1 January RM'000	Recognised to income statement RM'000	Recognised to OCI RM'000	As at 31 December RM'000
2024				
Deferred tax assets				
Revaluation of derivative financial instruments under cash flow hedge accounting	601	–	(245)	356
Provisions	1,349	498	–	1,847
Revaluation reserves of financial assets at FVOCI	795	–	(841)	(46)
Temporary difference relating to:				
– ECL	22,178	1,049	–	23,227
– lease liability	2,234	(472)	–	1,762
– guarantee/Wakalah fees	55,629	3,148	–	58,777
	82,786	4,223	(1,086)	85,923
Deferred tax liabilities				
Revaluation of derivative financial instruments under cash flow hedge accounting	(4,026)	(4)	391	(3,639)
Revaluation reserves of financial assets at FVOCI	(594)	–	(288)	(882)
Accelerated tax depreciation	(3,173)	163	–	(3,010)
Unaccreted discount on mortgage assets	(656,284)	(20,181)	–	(676,465)
Temporary difference relating to:				
– interest/profit receivables on deposit and placements	(961)	874	–	(87)
– lease liability	(1,722)	504	–	(1,218)
	(666,760)	(18,644)	103	(685,301)
	(583,974)	(14,421)	(983)	(599,378)

16 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities of the Group and the Company during the financial year comprise the following (continued):

	Group			
	As at 1 January RM'000	Recognised to income statement RM'000	Recognised to OCI RM'000	As at 31 December RM'000
2023				
Deferred tax assets				
Revaluation of derivative financial instruments under cash flow hedge accounting	6,782	–	(6,181)	601
Provisions	1,692	(343)	–	1,349
Revaluation reserves of financial assets at FVOCI	15,414	4	(14,623)	795
Temporary difference relating to:				
– ECL	18,130	4,048	–	22,178
– lease liability	2,732	(498)	–	2,234
– guarantee/Wakalah fees	45,537	10,092	–	55,629
– interest/profit receivables on deposit and placements	13	(13)	–	–
	90,300	13,290	(20,804)	82,786
Deferred tax liabilities				
Revaluation of derivative financial instruments under cash flow hedge accounting	(6,032)	(4)	2,004	(4,032)
Revaluation reserves of financial assets at FVOCI	–	–	(594)	(594)
Temporary difference relating to plant and equipment	(3,030)	(138)	–	(3,168)
Unaccreted discount on mortgage assets	(677,384)	21,101	–	(656,283)
Temporary difference relating to:				
– interest/profit receivables on deposit and placements	(327)	(634)	–	(961)
– right-of-use asset	(2,252)	530	–	(1,722)
	(689,025)	20,855	1,410	(666,760)
	(598,725)	34,145	(19,394)	(583,974)

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

16 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets and liabilities of the Group and the Company during the financial year comprise the following (continued):

	Company			
	As at 1 January RM'000	**Recognised to income statement RM'000**	**Recognised to OCI RM'000**	**As at 31 December RM'000**
2024				
Deferred tax liabilities				
Temporary difference relating to interest receivables on deposits and placements	**(2)**	**(1)**	**–**	**(3)**
2023				
Deferred tax liabilities				
Temporary difference relating to interest receivables on deposits and placements	–	(2)	–	(2)

17 INVESTMENT IN SUBSIDIARIES

	Company	
	2024 RM'000	**2023 RM'000**
Unquoted shares at cost	**4,281,628**	4,281,628

17 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries of the Company are as follows:

Name	Principal activities	Country of incorporation	Direct and indirect interest in equity held by the Company	
			2024 %	2023 %
Cagamas	Purchases of mortgage loans, personal loans and hire purchases and leasing debts from primary lenders approved by Cagamas and the issuance of bonds and notes to finance these purchases. Cagamas also purchases Islamic financing facilities such as home financing, personal financing and hire purchase financing and funded by issuance of Sukuk.	Malaysia	**100**	100
CGP*	Undertake the issuance of bonds and notes in foreign currency. CGP is a wholly owned subsidiary of Cagamas.	Labuan	**100**	100
CGS*	Undertake the issuance of Sukuk in foreign currency. CGS is a wholly owned subsidiary of Cagamas.	Malaysia	**100**	100
CMBS	Purchases of mortgage assets and Islamic mortgage assets from LPPSA and issuance of RMBS and IRMBS to finance the purchases.	Malaysia	**100**	100
CSRP	Provision of mortgage guarantee and mortgage indemnity business and other form of credit protection in relation to SRP and SPB.	Malaysia	**100**	100
CMGP	Provision of mortgage guarantee and mortgage indemnity business and other form of credit protection. The Company has remained dormant since 1 January 2014.	Malaysia	**100**	100
CSME	Purchase of Small and Medium Enterprise ("SME") loans and/or structured product transactions via cash and synthetic securitisation or combination of both and issuance of bonds to finance the purchase. The Company has remained dormant since 10 October 2012.	Malaysia	**100**	100

* Indirect interest via investment in Cagamas

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

18 INVESTMENT IN STRUCTURED ENTITY

	Company	
	2024 RM'000	**2023 RM'000**
Unquoted shares at cost	**–***	–*

* Denotes RM2

The structured entity of the Company is as follows:

Name	Principal activities	Direct and indirect interest in equity held by the Company 2024 %	2023 %
BNM Sukuk	Undertake the issuance of Islamic securities investment namely BNM Sukuk Ijarah based on Shariah principles to finance the purchase of the beneficial interest of land and building from BNM and, thereafter to lease back the same land and building to BNM for the contractual period which is similar to the tenure of the BNM Sukuk Ijarah, and BNM Sukuk Murabahah based on Shariah principles via the issuance of Trust Certificates to evidence investors' beneficial interest over commodity assets and its profit, arising from the sale of commodity assets to BNM. The Company has remained dormant since 1 September 2015.	**100**	100

The results and net assets of BNM Sukuk are not consolidated as the Group does not have control over the entity. The Group merely acts as a facilitator for the issuance of Sukuk BNM Ijarah to finance the purchase of beneficial interest of land and building from BNM and thereafter, to lease back the same land and building to BNM, and BNM Sukuk Murabahah based on Shariah principles via the issuance of Trust Certificates. The Group has no power to direct the activities of the entity and has no exposure or rights to the returns for its involvement with the entity. The Group also has no power to affect the amounts of these returns.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

19 PROPERTY AND EQUIPMENT

Group	Office equipments RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2024				
Cost				
As at 1 January	**10,643**	**4,727**	**779**	**16,149**
Additions	**2,193**	**5,444**	**–**	**7,637**
Disposals	**(249)**	**(4,232)**	**(7)**	**(4,488)**
As at 31 December	**12,587**	**5,939**	**772**	**19,298**
Accumulated depreciation				
As at 1 January	**(9,255)**	**(4,570)**	**(377)**	**(14,202)**
Charge for the financial year	**(1,098)**	**(32)**	**(94)**	**(1,224)**
Disposals	**248**	**4,180**	**7**	**4,435**
As at 31 December	**(10,105)**	**(422)**	**(464)**	**(10,991)**
Net book value				
As at 31 December	**2,482**	**5,517**	**308**	**8,307**
2023				
Cost				
As at 1 January	10,827	4,729	703	16,259
Additions	800	13	402	1,215
Disposals	(984)	(15)	(326)	(1,325)
As at 31 December	10,643	4,727	779	16,149
Accumulated depreciation				
As at 1 January	(9,652)	(4,553)	(595)	(14,800)
Charge for the financial year	(586)	(29)	(97)	(712)
Disposals	983	12	315	1,310
As at 31 December	(9,255)	(4,570)	(377)	(14,202)
Net book value				
As at 31 December	1,388	157	402	1,947

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

20 INTANGIBLE ASSETS

Group	Service rights RM'000	Computer softwares RM'000	Computer software licenses RM'000	Work in progress RM'000	Total RM'000
2024					
Cost					
As at 1 January	**7,690**	**18,792**	**27,980**	**3,967**	**58,429**
Additions	**–**	**1,902**	**–**	**–**	**1,902**
Transfer	**–**	**3,967**	**–**	**(3,967)**	**–**
As at 31 December	**7,690**	**24,661**	**27,980**	**–**	**60,331**
Accumulated amortisation					
As at 1 January	**(6,546)**	**(14,572)**	**(20,507)**	**–**	**(41,625)**
Charge for the financial year	**(377)**	**(2,242)**	**(2,493)**	**–**	**(5,112)**
As at 31 December	**(6,923)**	**(16,814)**	**(23,000)**	**–**	**(46,737)**
Net book value					
As at 31 December	**767**	**7,847**	**4,980**	**–**	**13,594**
2023					
Cost					
As at 1 January	7,690	16,507	27,980	3,881	56,058
Additions	–	2,285	–	86	2,371
As at 31 December	7,690	18,792	27,980	3,967	58,429
Accumulated amortisation					
As at 1 January	(6,165)	(13,511)	(17,796)	–	(37,472)
Charge for the financial year	(381)	(1,061)	(2,711)	–	(4,153)
As at 31 December	(6,546)	(14,572)	(20,507)	–	(41,625)
Net book value					
As at 31 December	1,144	4,220	7,473	3,967	16,804

Service rights are amortised on a straight-line basis over the tenure of RMBS/IRMBS pools. The remaining amortisation period of the intangible assets ranges from 1 to 5 years (2023: 2 to 5 years).

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

21 RIGHT-OF-USE ASSET

Right-of-use asset comprises of rental of office building and is being amortised over the tenure of rental period.

	Group	
	2024 RM'000	**2023 RM'000**
Cost		
As at 1 January	**15,461**	15,461
Modification arising from extension of lease term	**3,833**	–
As at 31 December	**19,294**	15,461
Accumulated amortisation		
As at 1 January	**(8,285)**	(6,077)
Charge for the year (Note 37)	**(1,846)**	(2,208)
As at 31 December	**(10,131)**	(8,285)
Net book value		
As at 31 December	**9,163**	7,176

22 OTHER LIABILITIES

	Group	
	2024 RM'000	**2023 RM'000**
Amount due to GOM*	**78,277**	127,023
Provision for zakat	**2,208**	3,104
Expected credit loss on guarantee exposures	**19,657**	17,753
Expected credit loss on Wakalah exposures	**47,394**	38,505
Other payables and accruals	**25,862**	20,973
Provision for Kafalah expenses	**21**	–
	173,419	207,358

* Amount due to GOM refers to fund provided by the Government for Mortgage Guarantee Programme ("MGP") under Cagamas SRP Berhad.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

22 OTHER LIABILITIES (CONTINUED)

22.1 Expected credit loss on guarantee exposures

The gross unexpired financial guarantee exposures by stage are as follows:

	Unexpired financial guarantee exposures RM'000	Impairment allowance RM'000
2024		
Stage 1 (12-month ECL; non-credit impaired)	**212,142**	**2,186**
Stage 2 (Lifetime ECL; non-credit impaired)	**14,531**	**7,496**
Stage 3 (Lifetime ECL; credit impaired)	**9,975**	**9,975**
At 31 December	**236,648**	**19,657**
Impairment allowances over unexpired financial guarantee exposures (%)		**8.31**
2023		
Stage 1 (12-month ECL; non-credit impaired)	214,918	1,453
Stage 2 (Lifetime ECL; non-credit impaired)	13,754	8,539
Stage 3 (Lifetime ECL; credit impaired)	7,761	7,761
At 31 December	236,433	17,753
Impairment allowances over unexpired financial guarantee exposures (%)		7.51

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

22 OTHER LIABILITIES (CONTINUED)

22.1 Expected credit loss on guarantee exposures (continued)

The impairment allowances by stage and movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 1 January	**1,453**	**8,539**	**7,761**	**17,753**
Transfer between stages:				
– Transfer to 12-month ECL (Stage 1)	**231**	**(3,335)**	**(1,127)**	**(4,231)**
– Transfer to ECL not credit impaired (Stage 2)	**(225)**	**4,235**	**(779)**	**3,231**
– Transfer to ECL credit impaired (Stage 3)	**(112)**	**(1,582)**	**5,639**	**3,945**
Total transfer between stages	**(106)**	**(682)**	**3,733**	**2,945**
Allowance during the year on new guarantee exposures	**277**	**609**	**926**	**1,812**
Guarantee amount derecognised during the year	**(31)**	**(398)**	**(2,479)**	**(2,908)**
Allowance/(reversal) during the year due to changes in credit risk	**593**	**(572)**	**34**	**55**
As at 31 December	**2,186**	**7,496**	**9,975**	**19,657**
2023				
As at 1 January	888	4,602	3,070	8,560
Transfer between stages:				
– Transfer to 12-month ECL (Stage 1)	81	(1,578)	(495)	(1,992)
– Transfer to ECL not credit impaired (Stage 2)	(123)	4,309	(314)	3,872
– Transfer to ECL credit impaired (Stage 3)	(57)	(1,022)	4,173	3,094
Total transfer between stages	(99)	1,709	3,364	4,974
Allowance during the year on new guarantee exposures	505	2,147	2,214	4,866
Guarantee amount derecognised during the year	(23)	(110)	(889)	(1,022)
Allowance during the year due to changes in credit risk	182	191	2	375
As at 31 December	1,453	8,539	7,761	17,753

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

22 OTHER LIABILITIES (CONTINUED)

22.2 Expected credit loss on Wakalah exposures

The unexpired financial Wakalah exposures by stage are as follows:

	Unexpired financial Wakalah exposure RM'000	Impairment allowance RM'000
2024		
Stage 1 (12-month ECL; non-credit impaired)	**1,254,182**	**9,946**
Stage 2 (Lifetime ECL; non-credit impaired)	**41,498**	**20,956**
Stage 3 (Lifetime ECL; credit impaired)	**16,492**	**16,492**
As at 31 December	**1,312,172**	**47,394**
Impairment allowances over unexpired financial Wakalah exposures (%)		**3.61**
2023		
Stage 1 (12-month ECL; non-credit impaired)	1,176,318	6,046
Stage 2 (Lifetime ECL; non-credit impaired)	34,767	20,618
Stage 3 (Lifetime ECL; credit impaired)	11,841	11,841
As at 31 December	1,222,926	38,505
Impairment allowances over unexpired financial Wakalah exposures (%)		3.15

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

22 OTHER LIABILITIES (CONTINUED)

22.2 Expected credit loss on Wakalah exposures (continued)

The impairment allowances by stage and movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
2024				
As at 1 January	**6,046**	**20,618**	**11,841**	**38,505**
Transfer between stages:				
– Transfer to 12-month ECL (Stage 1)	**619**	**(9,189)**	**(3,051)**	**(11,621)**
– Transfer to ECL not credit impaired (Stage 2)	**(620)**	**11,525**	**(1,441)**	**9,464**
– Transfer to ECL credit impaired (Stage 3)	**(138)**	**(2,750)**	**9,644**	**6,756**
Total transfer between stages	**(139)**	**(414)**	**5,152**	**4,599**
Allowance during the year on new Wakalah exposures	**1,763**	**2,601**	**2,497**	**6,861**
Wakalah amount derecognised during the year	**(109)**	**(556)**	**(3,023)**	**(3,688)**
Allowance/(reversal) during the year due to changes in credit risk	**2,385**	**(1,293)**	**25**	**1,117**
As at 31 December	**9,946**	**20,956**	**16,492**	**47,394**
2023				
As at 1 January	3,822	9,928	4,901	18,651
Transfer between stages:				
– Transfer to 12-month ECL (Stage 1)	243	(4,347)	(1,127)	(5,231)
– Transfer to ECL not credit impaired (Stage 2)	(520)	13,569	(781)	12,268
– Transfer to ECL credit impaired (Stage 3)	(109)	(1,731)	7,711	5,871
Total transfer between stages	(386)	7,491	5,803	12,908
Allowance during the year on new Wakalah exposures	1,655	3,591	2,135	7,381
Wakalah amount derecognised during the year	(53)	(401)	(1,012)	(1,466)
Allowance during the year due to changes in credit risk	1,008	9	14	1,031
As at 31 December	6,046	20,618	11,841	38,505

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

23 LEASE LIABILITY

	Group	
	2024 **RM'000**	**2023** **RM'000**
As at 1 January	**9,308**	11,384
Modification arising from extension of lease term	**3,833**	–
Lease obligation interest expense (Note 32)	**448**	316
Lease obligation repayment	**(2,278)**	(2,392)
As at 31 December	**11,311**	9,308

<u>The maturity structure of lease liability are as follows:</u>

Due within one year	**2,097**	2,436
Due in two to five years	**9,214**	6,872
Total present value of minimum lease payments	**11,311**	9,308

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

24 UNSECURED BEARER BONDS AND NOTES

	Group					
	Year of maturity	Amount outstanding RM'000	2024 Effective interest rate %	Year of maturity	Amount outstanding RM'000	2023 Effective interest rate %
(a) Commercial papers						
	2024	**–**		2024	1,005,000	3.660-3.830
	2025	**725,000**	**3.550-3.730**	2025	–	–
Add:						
Interest payable		**4,793**			2,783	
		729,793			1,007,783	
(b) Conventional medium-term notes						
	2024	**–**	**–**	2024	9,005,013	1.990-5.520
	2025	**7,352,066**	**3.250-4.850**	2025	4,374,387	3.620-4.850
	2026	**4,541,474**	**3.000-3.940**	2026	3,137,895	3.570-3.940
	2027	**6,315,000**	**3.750-4.900**	2027	5,725,000	3.780-4.900
	2028	**890,000**	**3.970-4.280**	2028	890,000	3.970-4.280
	2029	**60,000**	**3.860**	2029	245,000	5.500-5.750
	2031	**670,000**	**4.030**	2031	–	–
	2033	**200,000**	**4.200**	2033	200,000	4.200
	2034	**100,000**	**4.040**	2034	–	–
	2035	**160,000**	**5.070**	2035	160,000	5.070
		20,288,540			23,737,295	
Add:						
Unaccreted premium		**2,723**			–	
Interest payable		**166,003**			211,286	
Less:						
Deferred financing fees		**(840)**			(1,456)	
		20,456,426			23,947,125	
Total		**21,186,219**			24,954,908	

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

24 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

The maturity structure of unsecured bearer bonds and notes are as follows:

	Group	
	2024 RM'000	**2023 RM'000**
Maturing within one year	**8,250,174**	10,223,248
One to three years	**10,856,045**	7,512,067
Three to five years	**950,000**	6,614,593
More than five years	**1,130,000**	605,000
	21,186,219	24,954,908

Cagamas issues debt securities, inclusive of sustainability, green and social bonds, to finance the purchase of mortgages and other consumer receivables for conventional loans.

(a) Floating rate notes ("FRNs")

FRNs are Ringgit denominated conventional medium-term notes ("CMTNs") with tenures of more than one year with floating rate pegged to a reference rate, e.g. Kuala Lumpur Interbank Offered Rate ("KLIBOR") and Malaysia Overnight Rate ("MYOR"). Interest distributions of the FRNs are normally made on quarterly or half-yearly basis. The redemption of the relevant FRNs are at face value together with the interest due upon maturity.

(b) Commercial Papers ("CPs")

CPs are Ringgit denominated short-term instruments with maturities ranging from one to twelve months, issued with or without coupon, either at a discount from the face value where the relevant CPs are redeemable at their nominal value upon maturity or at par with interest paid on a semi-annual basis or on such other periodic basis as determined by Cagamas.

(c) Fixed Rate Conventional Medium-term notes ("CMTNs")

CMTNs are Ringgit denominated bonds with fixed coupon rate with tenures of more than one year and are issued either at a premium, par or at a discount, with or without a coupon rate. Interest distributions of the CMTNs are normally made on half-yearly basis. The redemption of the CMTNs are at nominal value together with the interest due upon maturity.

Apart from Ringgit FRNs and CMTNs, Cagamas also issued FRNs and CMTNs in foreign currency, EMTN. Under the USD2.5 billion EMTN Programme, CGP may from time to time issue EMTNs in any currency (other than Ringgit Malaysia) which are unconditionally and irrevocably guaranteed by Cagamas.

The unsecured bearer bonds and notes outstanding at the end of financial year which are not in the functional currency of the Group are as follows:

	Group	
	2024 RM'000	**2023 RM'000**
HKD	**–**	489,906
USD	**3,653,854**	4,983,658
	3,653,854	5,473,564

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

25 SUKUK

	Group					
	Year of maturity	Amount outstanding RM'000	2024 Effective profit rate %	Year of maturity	Amount outstanding RM'000	2023 Effective profit rate %
(a) Islamic commercial papers						
	2024	**–**	**–**	2024	640,000	3.610-3.750
	2025	**2,360,000**	**3.540-3.730**	2025	–	–
Add:						
Profit payable		**14,632**			1,797	
		2,374,632			641,797	
(b) Islamic medium-term notes						
	2024	**–**	**–**	2024	6,745,000	2.670-5.520
	2025	**6,895,000**	**3.100-4.650**	2025	5,290,000	3.100-4.650
	2026	**3,670,000**	**3.150-4.920**	2026	3,670,000	3.150-4.920
	2027	**2,705,000**	**3.710-4.620**	2027	1,955,000	4.140-4.620
	2028	**3,665,000**	**3.970-4.260**	2028	3,665,000	3.970-4.260
	2029	**1,885,000**	**3.790-3.920**	2029	180,000	5.500-5.750
	2030	**465,000**	**4.230**	2030	465,000	4.230
	2033	**500,000**	**4.310**	2033	500,000	4.310
	2034	**800,000**	**4.000**	2034	–	–
		20,585,000			22,470,000	
Add:						
Unaccreted premium		**1,005**			–	
Profit payable		**141,424**			166,342	
		20,727,429			22,636,342	
Total		**23,102,061**			23,278,139	

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

25 SUKUK (CONTINUED)

The maturity structure of Sukuk are as follows:

	Group	
	2024 RM'000	**2023 RM'000**
Within one year	**9,412,073**	7,553,139
One to three years	**6,374,988**	8,960,000
Three to five years	**5,550,000**	5,620,000
More than five years	**1,765,000**	1,145,000
	23,102,061	23,278,139

Cagamas issues debt securities, inclusive of sustainability, green and social Sukuk, to finance the purchase of mortgages and other consumer receivables for Islamic financing.

(a) Islamic Commercial Papers ("ICPs")

ICPs are Ringgit denominated short-term Islamic instruments with maturities ranging from one to twelve months, issued with or without profit paid, at either a discount from the face value where the relevant ICPs are redeemable at their nominal value upon maturity or at par with profit paid on a semi-annual basis or on such other periodic basis as determined by Cagamas.

(b) Fixed Profit Rate Islamic Medium-Term Notes ("IMTNs")

IMTNs are Ringgit denominated Sukuk with fixed profit rate with tenures of more than one year and are issued either at a premium, par or at a discount, with or without a profit rate. Profit distribution of the IMTNs are normally made on half-yearly basis. The redemption of the relevant IMTNs are at nominal value together with the profit due upon maturity.

(c) Variable Profit Rate Notes ("VRNs")

VRNs are Ringgit denominated IMTNs with tenures of more than one year with variable profit rate pegged to a reference rate, e.g. KLIBOR and Malaysian Islamic Overnight Rate ("MYOR-I"). Profit distributions of the VRNs are normally made on quarterly or half-yearly basis. At maturity, the face value of the relevant VRNs are redeemed with any outstanding profit amounts due on maturity.

(d) Multicurrency Sukuk

Under the Multicurrency Sukuk Issuance, foreign currency Sukuk ("Islamic EMTN") is currently issued based on Shariah principle of Wakalah. The Islamic EMTN issuance is on a fully-paid basis and at a par issue price and the method of calculating the profit rate may vary between the issue date and the maturity date of the relevant series of Islamic EMTNs issued. There is no Islamic EMTN outstanding at the end of financial year which are not in the functional currency of the Group.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

26 RMBS

	Group					
			2024			2023
	Year of maturity	Amount outstanding RM'000	Effective interest rate %	Year of maturity	Amount outstanding RM'000	Effective interest rate %
RMBS	2025	**265,000**	**5.92**	2025	265,000	5.92
	2027	**105,000**	**5.08**	2027	105,000	5.08
		370,000			370,000	
Add:						
Interest payable		**1,444**			1,444	
		371,444			371,444	

The maturity structure of the RMBS are as follows:

	Group	
	2024 RM'000	2023 RM'000
Maturing within one year	**266,444**	1,444
One to three years	**105,000**	265,000
Three to five years	**–**	105,000
	371,444	371,444

The RMBS have the following features:

(a) The subsidiary, CMBS has an option to redeem the RMBS partially subject to the terms and conditions of each transaction.

(b) The RMBS's interest is payable quarterly in arrears.

(c) The RMBS are constituted by a Trust Deed made between CMBS and the Trustee, to act for the benefit of the RMBS holders.

(d) The RMBS constitute direct, unconditional, unsubordinated and secured obligations of CMBS and rank pari passu without discrimination, preference or priority among themselves, but are subject to payments preferred under law and the Issue Documents.

(e) The RMBS are issued on a limited recourse basis. Holders of the RMBS will be limited in their recourse to the underlying mortgage assets, the related collections and the proceeds from the enforcement of other securities related to the mortgage assets.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

27 IRMBS

	Group					
	Year of maturity	Amount outstanding RM'000	2024 Effective profit rate %	Year of maturity	Amount outstanding RM'000	2023 Effective profit rate %
IRMBS	2027	**290,000**	**4.34**	2027	290,000	4.34
		290,000			290,000	
Add:						
Profit attributable		**1,138**			1,138	
		291,138			291,138	

The maturity structure of the IRMBS are as follows:

	Group	
	2024 RM'000	2023 RM'000
Maturing within one year	**1,138**	1,138
One to three years	**290,000**	–
Three to five years	**–**	290,000
	291,138	291,138

The IRMBS have the following features:

(a) The subsidiary, CMBS has an option to redeem the IRMBS partially subject to the terms and conditions of each transaction.

(b) The IRMBS's profit is distributable quarterly in arrears.

(c) The IRMBS are constituted by a Trust Deed made between CMBS and the Trustee, to act for the benefit of the IRMBS holders.

(d) The IRMBS constitute direct, unconditional, unsubordinated and secured obligations of CMBS and rank pari passu without discrimination, preference or priority among themselves, but are subject to payments preferred under law and the Issue Documents.

(e) The IRMBS are issued on a limited recourse basis. Holders of the IRMBS will be limited in their recourse to the underlying Islamic mortgage assets, the related collections and the proceeds from the enforcement of other securities related to the Islamic mortgage assets.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

28 SHARE CAPITAL

	Group and Company			
	2024		2023	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares issued:				
As at 1 January/31 December	**150,000**	**150,000**	150,000	150,000

	Group	
	2024 RM'000	2023 RM'000
Redeemable preference shares:		
As at 1 January	**–**	–*
Redeemed during the year	**(–)**	(–)**
As at 31 December	**–**	–

* Denotes RPS of RM1

** Denotes the RPS of RM1 which was fully redeemed and cancelled on 21 March 2023

29 RESERVES

(a) Financial assets at FVOCI reserves

This amount represents the unrealised fair value gains or losses on financial assets at FVOCI, net of taxation.

(b) Cash flow hedge reserves

This amount represents the effective portion of changes in fair value on derivatives designated and qualifying as hedge of future cash flows, net of taxation.

(c) Regulatory reserves

The Group has adopted the BNM Guidelines on Financial Reporting issued on 2 February 2018 on voluntary basis. The Group maintains, in aggregate, collective impairment provisions and regulatory reserves of 1.0% of total credit exposures, net of allowances for credit impaired exposures on loans/financing.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

30 NET TANGIBLE ASSETS AND EARNINGS PER SHARE

The net tangible assets per share are calculated by dividing the net tangible assets of RM7,472,336,000 of the Group and RM4,284,071,000 of the Company respectively (2023: RM7,131,885,000 of the Group and RM4,284,056,000 of the Company respectively) by 150,000,000 ordinary shares of the Group and the Company in issue.

Basic and diluted earnings per share are calculated by dividing the profit for the financial year of RM364,225,000 of the Group and RM30,015,000 of the Company respectively (2023: RM330,110,000 of the Group and RM30,032,000 of the Company respectively) by 150,000,000 ordinary shares of the Group and the Company in issue. For the diluted earnings per share calculation, no adjustment has been made to weighted number of ordinary shares in issue as there are no dilutive potential ordinary shares.

31 INTEREST INCOME

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Amount due from counterparties	**747,367**	716,851	**–**	–
Mortgage assets	**132,984**	156,706	**–**	–
Compensation from mortgage assets	**1**	(296)	**–**	–
Financial assets at amortised cost	**68,135**	66,095	**–**	–
Reverse mortgage assets	**187**	76	**–**	–
Financial assets at FVOCI	**152,102**	142,447	**–**	–
Deposits and placements with financial institutions	**42,216**	28,994	**91**	86
	1,142,992	1,110,873	**91**	86
Accretion of discount less amortisation of premium (net)	**63,617**	80,705	**–**	–
	1,206,609	1,191,578	**91**	86

32 INTEREST EXPENSE

	Group	
	2024 RM'000	**2023 RM'000**
Floating rate notes	**–**	14,342
Medium-term notes	**880,110**	888,466
Commercial papers	**17,478**	24,458
RMBS	**21,080**	21,022
Short-term borrowings	**25,668**	16,818
Lease liability (Note 23)	**448**	316
Deferred financing fees	**1,302**	1,454
	946,086	966,876

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

33 NON-INTEREST INCOME

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Net gain arising from derivatives	**11,225**	28,133	**–**	–
Gain/(loss) on disposal of:				
– Financial assets at FVOCI	**2,256**	8,820	**–**	–
– Property and equipment	**(52)**	136	**–**	–
Guarantee fee income	**6,863**	6,136	**–**	–
Net amount reclassified into profit or loss – cash flow hedge (Note 9)	**(169,251)**	(270,319)	**–**	–
Net gain on foreign exchange	**170,210**	268,428	**–**	–
Dividend income	**–**	–	**30,000**	30,000
Guarantee expense	**(222)**	(109)	**–**	–
Income from repo collateral	**194**	165	**–**	–
Other non-operating/(expense) income	**(6,862)**	963	**–**	–
	14,361	42,353	**30,000**	30,000

34 PERSONNEL COSTS

	Group	
	2024 RM'000	**2023 RM'000**
Salary and allowances	**18,813**	17,254
Bonus	**6,353**	6,435
Overtime	**77**	77
EPF and SOCSO	**4,413**	4,005
Insurance	**976**	930
Others	**3,079**	2,059
	33,711	30,760

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

35 REVERSAL OF/(ALLOWANCE FOR) IMPAIRMENT LOSSES

	Group	
	2024 RM'000	**2023 RM'000**
Reversal of/(allowance for) impairment losses:		
– Cash and cash equivalents	**(4)**	1
– Financial assets at FVOCI	**97**	(39)
– Financial assets at amortised cost	**163**	(633)
– Amount due from counterparties	**9**	(9)
– Islamic financing assets	**45**	(3)
– Mortgage assets – Conventional	**4,659**	4,181
– Mortgage assets – Islamic	**3,373**	5,405
– Hire purchase assets – Islamic	**6**	6
– Guarantee exposures	**(1,904)**	(9,193)
– Wakalah exposures	**(8,889)**	(19,854)
Credit impaired:		
– Mortgage assets written-back	**1,465**	2,060
– Islamic mortgage assets written-back	**1,463**	1,480
– Islamic hire purchase written-off	**(25)**	–
	458	(16,598)

36 DIRECTORS' REMUNERATION

The Directors of the Company who have held office during the financial year are as follows:

Non-Executive Directors

Dato' Bakarudin Ishak (Chairman)
Tan Sri Dato' Sri Dr. Tay Ah Lek
Dato' Lee Kok Kwan
Wan Hanisah Wan Ibrahim
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani
Datuk Siti Zauyah Md Desa
Chong Kin Leong
Dato' Muzaffar Hisham (Appointed w.e.f. 01.05.2024)
Dato' Khairussaleh Ramli (Resigned w.e.f. 01.05.2024)

36 DIRECTORS' REMUNERATION (CONTINUED)

The Directors of the Group's subsidiaries who have held office during the financial year are as follows:

Dato' Wee Yiaw Hin
Ho Chai Huey
Tan Sri Tajuddin Atan
Dato' Albert Yeoh Beow Tit
Abdul Hakim Amir Zainol
Abdul Rahman Hussein
Sophia Ch'ng Sok Heang
Kameel Abdul Halim

The aggregate emoluments received by the Directors of the Group and the Company during the financial year is as follows:

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Directors' fees	**1,215**	1,215	**590**	590
Directors' other emoluments	**2,013**	2,456	**218**	192
	3,228	3,671	**808**	782

The amount paid to or receivable by any third party for services provided by the Director of the Company and its subsidiaries for the year is RM84,000.

During the financial year, the Directors and Officers of the Group and Company are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Group and Company subject to the terms of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM30.0 million. The total amount of premium paid for the Directors' and Officers' Liability Insurance of RM189,010 (2023: RM185,510) was borne by Cagamas.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

37 PROFIT BEFORE TAXATION AND ZAKAT

The following items have been charged/(credited) in arriving at profit before taxation and zakat:

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Directors' remuneration (Note 36)	**3,228**	3,671	**–***	–*
Amortisation of right-of-use asset (Note 21)	**1,846**	2,208	**–**	–
Short-term and low value assets expensed off	**977**	923	**–**	–
Auditors' remuneration:				
– Audit fees	**441**	491	**–***	–*
– Non-audit fees	**56**	56	**–***	–*
Depreciation of property and equipment	**1,224**	712	**–**	–
Amortisation of intangible assets	**5,112**	4,153	**–**	–
Servicers fees	**2,216**	1,810	**–**	–
Repairs and maintenance	**8,166**	5,626	**–**	–
Donations and sponsorship	**247**	144	**–**	–
Corporate expenses	**850**	904	**–**	–
Travelling expenses	**346**	430	**–**	–

* Directors' remuneration of RM808,000 (2023: RM782,000) and auditors' remuneration of RM42,000 (2023: RM42,000) which include audit fee of RM33,000 and non-audit fee of RM9,000 respectively (2023: audit fees RM33,000 and non-audit fees of RM9,000 respectively) for the Company in the financial year were borne by Cagamas.

38 TAXATION

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
(a) Tax charge for the financial year				
Malaysian income tax:				
– Current tax	**96,892**	148,745	**31**	11
– Deferred taxation (Note 16)	**14,421**	(34,145)	**1**	2
	111,313	114,600	**32**	13
Current tax:				
– Current year	**88,429**	85,103	**21**	11
– Under provision in prior years	**8,463**	63,642	**10**	–
	96,892	148,745	**31**	11
Deferred taxation (Note 16)	**14,421**	(34,145)	**1**	2
	111,313	114,600	**32**	13

38 TAXATION (CONTINUED)

(b) Reconciliation of income tax expense

The tax on the Group's and the Company's profit before taxation and zakat differs from the theoretical amount that would arise using the statutory income tax rate of Malaysia as follows:

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Profit before taxation and zakat	**477,746**	447,814	**30,047**	30,045
Tax calculated at Malaysian tax rate of 24% (2023: 24%)	**114,659**	107,475	**7,211**	7,211
Expenses not deductible for tax purposes	**231**	250	**10**	–
Income not subject to tax	**–**	(2)	**(7,200)**	(7,200)
Under provision in prior year	**8,463**	63,642	**10**	–
Deduction arising from zakat contribution	**(745)**	(1,186)	**–**	–
(Reversal)/recognition of temporary differences recognised in prior years	**(898)**	4,373	**1**	2
Loss not subject to tax	**29**	672	**–**	–
Underprovision of deferred tax in prior year	**(10,426)**	(60,624)	**–**	–
	111,313	114,600	**32**	13

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

39 DIVIDENDS

Dividends of the Group and the Company are as follows:

	Group and Company			
	2024		2023	
	Per share Sen	Total amount RM'000	Per share Sen	Total amount RM'000
On ordinary shares:				
First dividend	**15.00**	**22,500**	15.00	22,500
Second dividend	**5.00**	**7,500**	5.00	7,500
	20.00	**30,000**	20.00	30,000

	Group	
	2024 Total Amount RM'000	2023 Total Amount RM'000
On RPS:		
Final dividend	–	379

The Directors recommend the payment of a first dividend of 15 sen per share on 150,000,000 ordinary shares amounting to RM22,500,000 in the financial year ending 31 December 2025, which is subject to approval of the Board of Directors at the forthcoming Board of Directors Meeting of the Company.

The financial statements for the current financial year do not reflect this dividend and will be accounted for in equity as an appropriation of retained profits in the next financial year ending 31 December 2025.

No dividend on the Redeemable Preference Shares ("RPS") has been paid, declared or proposed by the Board of Directors of its subsidiary, CMBS, during the financial year.

The dividend on RPS is determined by CMBS based on guidelines, criteria and performance indicators approved by the Board. This is based on the residual asset value of each specific pool of mortgage assets/Islamic mortgage assets underlying the RMBS/IRMBS, upon full settlement of all obligations and liabilities of CMBS in respect of the respective RMBS/IRMBS pools. The dividend distribution can be in the form of cash and/or in specie.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

40 STATEMENTS OF CASH FLOWS

(a) Adjustments for non-cash items:

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Amortisation of premium less accretion of discount on:				
– Financial assets at FVOCI	**9,022**	1,282	**–**	–
Accretion of discount on:				
– Mortgage assets – Conventional	**(71,316)**	(80,576)	**–**	–
– Mortgage assets – Islamic	**(62,063)**	(68,362)	**–**	–
Allowance for/(reversal of) impairment losses on:				
– Cash and cash equivalents	**4**	(1)	**–**	–
– Financial assets at FVOCI	**(97)**	39	**–**	–
– Financial assets at amortised cost	**(163)**	633	**–**	–
– Amount due from counterparties/Islamic financing assets	**(54)**	12	**–**	–
– Mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets	**(8,038)**	(9,592)	**–**	–
– Guarantee/Wakalah exposures	**10,793**	29,047	**–**	–
(Written-back)/written-off mortgage assets and Islamic mortgage assets	**(591)**	(936)	**–**	–
Interest income	**(1,152,655)**	(1,100,720)	**(91)**	(86)
Interest income – derivative	**(187,981)**	(233,669)	**–**	–
Income from Islamic operations	**(1,091,037)**	(981,186)	**–**	–
Interest expense – bonds	**925,006**	945,854	**–**	–
Interest expense – derivative	**175,788**	208,405	**–**	–
Interest expense – RMBS	**21,080**	21,022	**–**	–
Profit attributable to Sukuk holders	**909,853**	833,569	**–**	–
Profit attributable to derivative	**396**	(4,345)	**–**	–
Profit attributable to IRMBS holders	**12,620**	12,586	**–**	–
Guarantee/Wakalah fee income	**(38,935)**	(34,267)	**–**	–
Guarantee/Kafalah expense	**1,056**	419	**–**	–
Depreciation of property and equipment	**1,224**	712	**–**	–
Amortisation of intangible assets	**5,112**	4,153	**–**	–
Amortisation of right-of-use asset	**(1,987)**	2,208	**–**	–
Lease modification	**3,833**	–	**–**	–
Loss/(gain) on disposal of:				
– Property and equipment	**52**	(136)	**–**	–
– Financial assets at FVOCI	**(2,519)**	(8,820)	**–**	–
	(541,597)	(462,669)	**(91)**	(86)

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

40 STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Changes in operating assets and liabilities:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Change in cash and cash equivalents and deposits and placements with financial institutions	**(314,794)**	(416,189)	**1,414**	(1,414)
Change in amount due from counterparties	**3,139,196**	(2,850,236)	**–**	–
Change in Islamic financing assets	**751,439**	(5,878,421)	**–**	–
Change in mortgage assets:				
– Conventional	**645,688**	654,235	**–**	–
– Islamic	**532,953**	562,785	**–**	–
Change in Islamic hire purchase assets	**21**	1	**–**	–
Change in other assets	**5,849**	12,210	**–**	–
Change in derivative	**101,934**	205,552	**–**	–
Change in reverse mortgage assets	**(1,809)**	(1,519)	**–**	–
Change in deferred financing fees	**(1,197)**	(1,422)	**–**	–
Change in amount due to related company	**–**	(1)	**–**	–
Change in short-term borrowings	**(139,805)**	(162,334)	**–**	–
Change in other liabilities	**(40,998)**	(47,618)	**3**	(2)
Interest received	**1,052,962**	997,314	**91**	86
Interest received on derivative	**220,304**	195,179	**–**	–
Guarantee/Wakalah fee income received	**52,055**	76,317	**–**	–
Profit received from Islamic assets	**1,077,788**	858,571	**–**	–
Profit received on derivative	**33,564**	25,199	**–**	–
Interest paid	**(28,521)**	(18,033)	**–**	–
Interest paid on derivative	**(33,809)**	(20,160)	**–**	–
Profit paid on derivative	**(193,980)**	(187,321)	**–**	–
Guarantee/Kafalah paid	**(1,035)**	(419)	**–**	–
	6,857,805	(5,996,310)	**1,508**	(1,330)

40 STATEMENT OF CASH FLOWS (CONTINUED)

(c) Analysis of changes in liabilities arising from financing activities:

	Lease liability RM'000	Unsecured bearer bonds and notes RM'000	Sukuk RM'000	RMBS RM'000	IRMBS RM'000	Total RM'000
2024						
As at 1 January	**9,308**	**24,954,908**	**23,278,139**	**371,444**	**291,138**	**48,904,937**
Proceeds from issuance	**–**	**7,333,635**	**11,019,458**	**–**	**–**	**18,353,093**
Repayment and redemption	**(2,278)**	**(10,913,583)**	**(11,180,000)**	**–**	**–**	**(22,095,861)**
Interest/profit paid	**–**	**(945,548)**	**(925,389)**	**(21,080)**	**(12,620)**	**(1,904,637)**
Exchange fluctuation	**–**	**(141,007)**	**–**	**–**	**–**	**(141,007)**
Other non-cash movement	**4,281**	**897,814**	**909,853**	**21,080**	**12,620**	**1,845,648**
As at 31 December	**11,311**	**21,186,219**	**23,102,061**	**371,444**	**291,138**	**44,962,173**
2023						
As at 1 January	11,384	20,414,672	20,135,060	371,444	291,138	41,223,698
Proceeds from issuance	–	15,223,801	12,505,000	–	–	27,728,801
Repayment and redemption	(2,392)	(11,013,121)	(9,395,000)	–	–	(20,410,513)
Interest/profit paid	–	(865,711)	(800,490)	(21,022)	(12,586)	(1,699,809)
Exchange fluctuation	–	267,771	–	–	–	267,771
Other non-cash movement	316	927,496	833,569	21,022	12,586	1,794,989
As at 31 December	9,308	24,954,908	23,278,139	371,444	291,138	48,904,937

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

41 RELATED PARTIES AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties and relationships

The related parties and their relationships with the Group and the Company are as follows:

Related parties	**Relationships**
Cagamas	Subsidiary
CGP	Subsidiary of Cagamas
CGS	Subsidiary of Cagamas
CMBS	Subsidiary
CSRP	Subsidiary and trustee to LPPSA
CMGP	Subsidiary
CSME	Subsidiary
Bank Negara Malaysia ("BNM")	Other related party
BNM Sukuk	Structured entity
Government of Malaysia ("GOM")	Other related party
LPPSA	Originator/servicer and entity related to GOM
Key management personnel	Other related party
Entities in which key management personnel have control	Other related party

BNM is regarded as a related party on the basis of having significant influence over the Group and the Company.

As BNM has significant influence over the Group and the Company, the GOM and an entity controlled, jointly controlled or has significant influence by the GOM are related parties of the Group and the Company.

The Group enters into transactions with many of these entities to purchase mortgage loans, personal loans and hire purchase and leasing debts and to issue bonds and notes to finance the purchase as part of its normal operations. The Group also purchases Islamic financing facilities such as home financing, personal financing and hire purchase financing funded by issuance of Sukuk.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel of the Company include all the Directors of the Group, certain members of senior management and their close family members.

Entities in which key management personnel have control are defined as entities that are controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

41 RELATED PARTIES AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Significant related party transactions and balances

Most of the transactions involving mortgage loans, personal loans, hire purchase and leasing debts and Islamic financing facilities as well as issuance of unsecured bearer bonds and Sukuk are transacted with the shareholders of the Group. These transactions have been disclosed on the statement of financial position and income statement of the Group.

Set out below are significant related party transactions and balances of the Group and Company.

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Other related party				
Expenses:				
Servicer fees	**2,216**	1,810	**–**	–
Amount due to:				
Servicer fees	**(354)**	(421)	**–**	–
Subsidiary				
Expenses:				
Management fee	**–**	–	**44**	40
Amount due to:				
Management fee	**–**	–	**(14)**	(10)

The Group's key management personnel received remuneration for services rendered during the financial year. The total salaries and other employees' benefits paid to the Group's key management personnel was RM8,083,477 (2023: RM8,503,799).

The total salaries and other employees' benefits include contributions to the Employees Provident Fund ("EPF") for key management personnel. Contributions to the EPF amount to RM1,112,289 (2023: RM1,150,371).

The total remuneration paid to the Directors is disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

42 CAPITAL COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

	Group	
	2024 RM'000	**2023 RM'000**
Capital expenditure:		
Authorised and contracted for	**13,385**	3,943
Authorised but not contracted for	**1,308**	3,651
	14,693	7,594
Analysed as follows:		
Equipment and others	**9,484**	659
Computer hardware and software	**5,209**	6,935
	14,693	7,594

(b) Contingencies

As at the end of the financial year, the Group's financial guarantee and Wakalah exposures amounted to RM1,548,819,668 (2023: RM1,459,358,521).

Contingent liabilities may arise from possible claims against the Group from defaults in the repayment of principal and interest of some of the loans covered under the guarantee and Wakalah contracts. The contingent liabilities estimated arising from the guarantee and Wakalah are RM9,975,405 (2023: RM7,761,473) and RM16,492,265 (2023: RM11,841,525) respectively.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

43 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

	Group		
2024	Within one year RM'000	More than one year RM'000	Total RM'000
ASSETS			
Cash and cash equivalents	720,461	–	720,461
Deposits and placements with financial institutions	901,385	204,016	1,105,401
Financials asset at FVOCI	1,177,704	4,295,581	5,473,285
Financials asset at amortised cost	–	2,287,035	2,287,035
Derivatives financial assets	391	15,012	15,403
Amount due from counterparties	4,504,999	12,328,428	16,833,422
Islamic financing assets	8,386,702	12,280,086	20,666,788
Reverse mortgage assets			
– Conventional	596,450	2,408,125	3,004,575
– Islamic	530,143	3,378,826	3,908,969
Islamic hire purchase asset	40	–	40
Reverse mortgage assets	–	4,172	4,172
Deferred taxation	–	85,923	85,923
Tax recoverable	1	–	1
Other assets	3	12,754	12,757
Investment in structured entity	–	–*	–*
Property and equipment	–	8,307	8,307
Intangible assets	–	13,594	13,594
Right-of-use asset	–	9,163	9,163
TOTAL ASSETS	16,818,279	37,331,017	54,149,296
LIABILITIES			
Short-term borrowings	506,132	–	506,132
Derivative financial liabilities	68,401	12,216	80,617
Other liabilities	69,148	104,271	173,419
Lease liability	2,097	9,214	11,311
Provision for taxation	10,815	–	10,815
Deferred taxation	–	685,301	685,301
Unsecured bearer bonds and notes	8,250,174	12,936,045	21,186,219
Sukuk	9,412,073	13,689,988	23,102,061
RMBS	266,444	105,000	371,444
IRMBS	1,138	290,000	291,138
Deferred guarantee fee income	36,009	–	36,009
Deferred Wakalah fee income	208,900	–	208,900
TOTAL LIABILITIES	18,831,331	27,832,035	46,663,366

* Denotes RM2

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

43 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

	Group		
2023	**Within one year RM'000**	**More than one year RM'000**	**Total RM'000**
ASSETS			
Cash and cash equivalents	263,763	–	263,763
Deposits and placements with financial institutions	782,233	–	782,233
Financial assets at FVOCI	464,448	4,319,396	4,783,844
Financial assets at amortised cost	–	2,286,680	2,286,680
Derivatives financial assets	152,273	55,386	207,659
Amount due from counterparties	6,475,771	13,512,019	19,987,790
Islamic financing assets	7,301,826	14,125,035	21,426,861
Mortgage assets			
– Conventional	809,407	2,776,074	3,585,481
– Islamic	695,284	3,691,722	4,387,006
Hire purchase asset-Islamic	55	–	55
Reverse mortgage assets	–	2,147	2,147
Tax recoverable	6	–	6
Deferred taxation	–	82,786	82,786
Other assets	–	19,901	19,901
Investment in structured entity	–	–*	–*
Property and equipment	–	1,947	1,947
Intangible assets	–	16,804	16,804
Right-of-use asset	–	7,176	7,176
TOTAL ASSETS	16,945,066	40,897,073	57,842,139
LIABILITIES			
Short-term borrowings	648,790	–	648,790
Derivative financial liabilities	10,082	5,079	15,161
Other liabilities	58,144	149,214	207,358
Lease liability	2,436	6,872	9,308
Provision for taxation	18,656	–	18,656
Deferred taxation	–	666,760	666,760
Unsecured bearer bonds and notes	10,223,248	14,731,660	24,954,908
Sukuk	7,553,139	15,725,000	23,278,139
RMBS	1,444	370,000	371,444
IRMBS	1,138	290,000	291,138
Deferred guarantee fee income	35,785	–	35,785
Deferred Wakalah fee income	196,003	–	196,003
TOTAL LIABILITIES	18,748,865	31,944,585	50,693,450

* Denotes RM2

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

43 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

	Company		
2024	**Within one year RM'000**	**More than one year RM'000**	**Total RM'000**
ASSETS			
Cash and cash equivalents	**2,459**	**–**	**2,459**
Tax recoverable	**1**	**–**	**1**
Investment in subsidiaries	**–**	**4,281,628**	**4,281,628**
TOTAL ASSETS	**2,460**	**4,281,628**	**4,284,088**
LIABILITIES			
Other liabilities	**14**	**–**	**14**
Deferred taxation	**–**	**3**	**3**
TOTAL LIABILITIES	**14**	**3**	**17**
2023			
ASSETS			
Cash and cash equivalents	1,020	–	1,020
Deposits and placements with financial institutions	1,414	–	1,414
Tax recoverable	6	–	6
Investment in subsidiaries	–	4,281,628	4,281,628
TOTAL ASSETS	2,440	4,281,628	4,284,068
LIABILITIES			
Other liabilities	10	–	10
Deferred taxation	–	2	2
TOTAL LIABILITIES	10	2	12

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

44 FINANCIAL INSTRUMENTS BY CATEGORY

	Group	
	2024 RM'000	**2023 RM'000**
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalents	**720,461**	263,763
Deposits and placements with financial institutions	**1,105,401**	782,233
Corporate bonds and Sukuk	**2,287,035**	2,286,680
Amount due from counterparties	**16,833,422**	19,987,790
Islamic financing assets	**20,666,788**	21,426,861
Mortgage assets		
– Conventional	**3,004,575**	3,585,481
– Islamic	**3,908,969**	4,387,006
Hire purchase assets		
– Islamic	**40**	55
Other financial assets	**10,462**	17,627
	48,537,153	52,737,496
Financial assets at FVOCI:		
Debt instruments	**5,473,285**	4,783,844
Financial assets at FVTPL:		
Derivative financial instruments	**15,403**	207,659
Reverse mortgage assets	**4,172**	2,147
	19,575	209,806
Financial liabilities		
Financial liabilities at amortised cost:		
Short-term borrowings	**506,132**	648,790
Unsecured bearer bonds and notes	**21,186,219**	24,954,908
Sukuk	**23,102,061**	23,278,139
RMBS	**371,444**	371,444
IRMBS	**291,138**	291,138
	45,456,994	49,544,419
Financial liabilities at FVTPL:		
Derivative financial instruments	**80,617**	15,161

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

45 INTEREST/PROFIT RATE RISK

Cash flow interest/profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest/profit rates. Fair value interest/profit rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest/profit rates. The Group takes on the exposure of the effects of fluctuations in the prevailing levels of market interest/profit rates on both its fair value and cash flow risks. Interest/profit margin may increase as a result of such changes but may reduce or create losses in the event that an unexpected movement in the market interest/profit rates arise.

For decision-making purposes, the Group manages their exposure to interest/profit rate risk. The Group sets limits on the sensitivity of the Group's forecasted net interest income/profit income at risk to projected changes in interest/profit rates. The Group also undertakes duration analysis before deciding on the size and tenure of the bonds/Sukuk to be issued to ensure that the Group's assets and liabilities are closely matched within the tolerance limit set by the Board of Directors.

The table below summarises the sensitivity of the Group's financial instruments to interest/profit rates movements. The analysis is based on the assumptions that interest/profit will fluctuate by 100 basis points, with all other variables held constant.

	Group			
	+100 basis		-100 basis	
	2024 RM'000	2023* RM'000	2024 RM'000	2023* RM'000
Impact to equity:				
Financial assets at FVOCI	**(322,193)**	(176,553)	**344,507**	190,996
Taxation effects on the above at tax rate of 24%	**77,326**	42,373	**(82,682)**	(45,839)
Effect on shareholders' funds	**(244,867)**	(134,180)	**261,825**	145,157
As percentage of shareholders' funds	**(3.3%)**	(1.9%)	**3.5%**	2.0%
Impact to income statement:				
Net interest/profit income	**(5,817)**	(2,618)	**5,804**	2,610
Taxation effects at the rate of 24%	**1,396**	(628)	**(1,393)**	(626)
Effect on net interest income	**(4,421)**	(1,990)	**4,411**	1984
As percentage of profit after tax	**(1.9%)**	(0.9%)	**1.9%**	0.9%

*The 31 December 2023 financial instruments' sensitivity to interest/profit rates movements have been restated to align with current year computation.

46 CREDIT RISK

46.1 Credit risk concentration

The Group's counterparties are mainly, the GOM, financial institutions and individuals in Malaysia. The financial institutions are governed by the Financial Services Act 2013 and the Islamic Financial Services Act 2013 ("IFSA") and Development Financial Institution Act 2002 are subject to periodic review by the BNM. The following tables summarise the Group's maximum exposure to credit risk by counterparty or customer or the industry in which they are engaged as at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

46 CREDIT RISK (CONTINUED)

46.1 Credit risk concentration (continued)

Industrial analysis based on its industrial distribution

	On-statement of financial position												Off-statement of financial position	
	Cash and cash equivalents RM'000	Deposits and placements with financial institutions RM'000	Reverse mortgage assets RM'000	Financial assets at FVOCI RM'000	Financial assets at amortised cost RM'000	Derivative financial instruments RM'000	Amount due from counter-parties RM'000	Islamic financing assets RM'000	Mortgage assets-Conventional RM'000	Mortgage assets-Islamic RM'000	Hire purchase assets-Islamic RM'000	Other assets RM'000	Financial guarantee RM'000	Total RM'000
Group														
2024														
Government bodies	-	-	-	2,710,549	-	-	-	-	-	-	-	22	-	2,710,571
Financial institutions:														
– Commercial banks	688,484	1,105,401	-	559,672	2,136,995	15,403	16,466,653	17,358,593	-	-	-	-	-	38,331,201
– Development	31,977	-	-	758,988	150,040	-	-	3,240,022	-	-	-	-	-	4,181,027
Communication, electricity, gas and water	-	-	-	511,983	-	-	-	-	-	-	-	-	-	511,983
Transportation	-	-	-	425,464	-	-	-	-	-	-	-	-	-	425,464
Leasing	-	-	-	76,347	-	-	366,769	68,713	-	-	-	-	-	511,289
Consumers	-	-	4,172	-	-	-	-	-	3,004,575	3,908,969	40	-	1,548,820	8,466,576
Corporate	-	-	-	202,978	-	-	-	-	-	-	-	-	-	202,978
Construction	-	-	-	70,775	-	-	-	-	-	-	-	-	-	70,775
Related company	-	-	-	65,326	-	-	-	-	-	-	-	-	-	65,326
Others	-	-	-	91,203	-	-	-	-	-	-	-	9,505	-	100,708
Total	720,461	1,105,401	4,172	5,473,285	2,287,035	15,403	16,833,422	20,666,788	3,004,575	3,908,969	40	9,527	1,548,820	55,577,898

46 CREDIT RISK (CONTINUED)

46.1 Credit risk concentration (continued)

Industrial analysis based on its industrial distribution (continued)

	On-statement of financial position												Off-statement of financial position	
	Cash and cash equivalents RM'000	Deposits and placements with financial institutions RM'000	Reverse mortgage assets RM'000	Financial assets at FVOCI RM'000	Financial assets at amortised cost RM'000	Derivative financial instruments RM'000	Amount due from counter-parties RM'000	Islamic financing assets RM'000	Mortgage assets-Conventional RM'000	Mortgage assets-Islamic RM'000	Hire purchase assets-Islamic RM'000	Other assets RM'000	Financial guarantee RM'000	Total RM'000
Group														
2023														
Government bodies	–	–	–	1,910,880	–	–	–	–	–	–	–	33	–	1,910,913
Financial institutions:														
– Commercial banks	263,763	782,233	–	481,105	2,286,680	207,659	19,641,205	19,395,481	–	–	–	–	–	43,058,126
– Development	–	–	–	778,009	–	–	–	2,011,411	–	–	–	–	–	2,789,420
Communication, electricity, gas and water	–	–	–	524,985	–	–	–	–	–	–	–	–	–	524,985
Transportation	–	–	–	468,582	–	–	–	–	–	–	–	–	–	468,582
Leasing	–	–	–	60,941	–	–	346,585	19,969	–	–	–	–	–	427,495
Consumers	–	–	2,147	–	–	–	–	–	3,585,481	4,387,006	55	–	1,459,359	9,434,048
Corporate	–	–	–	260,148	–	–	–	–	–	–	–	–	–	260,148
Construction	–	–	–	116,842	–	–	–	–	–	–	–	–	–	116,842
Related company	–	–	–	106,097	–	–	–	–	–	–	–	–	–	106,097
Others	–	–	–	76,255	–	–	–	–	–	–	–	17,019	–	93,274
Total	263,763	782,233	2,147	4,783,844	2,286,680	207,659	19,987,790	21,426,861	3,585,481	4,387,006	55	17,052	1,459,359	59,189,930

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

46 CREDIT RISK (CONTINUED)

46.2 Amount due from counterparties, Islamic financing assets, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase assets

All mortgage assets and Islamic mortgage assets are categorised as either:

- neither more than 90 days past due nor individually impaired; or
- more than 90 days past due but not individually impaired.

Neither more than 90 days past due nor individually impaired comprise of mortgage assets and Islamic mortgage assets which are classified under Stage 1 and Stage 2 financial assets.

More than 90 days past due but not individually impaired comprise of mortgage assets and Islamic mortgage assets categorised under Stage 3 financial assets. The impairment allowance is assessed on a pool of financial assets which are not individually impaired.

Credit risk loans comprised of amount due from counterparties, Islamic financing assets, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase assets which are due more than 90 days. The coverage ratio is calculated in reference to total impairment allowance and the carrying value (before impairment) of credit risk loans.

Group 2024	Neither more than 90 days past due nor individually impaired RM'000	More than 90 days past due but not individually impaired* RM'000	Total RM'000	Impairment allowance RM'000	Total carrying value RM'000	Credit risk loans RM'000	Coverage ratio %
Amount due from counterparties	16,833,438	–	16,833,438	16	16,833,422	–	–
Islamic financing assets	20,666,839	–	20,666,839	51	20,666,788	–	–
Mortgage assets:							
– Conventional	3,003,721	10,168	3,013,889	9,314	3,004,575	10,168	92
– Islamic	3,908,687	11,202	3,919,889	10,920	3,908,969	11,202	97
Hire purchase assets:							
– Islamic	40	–	40	–	40	–	–
	44,412,725	21,370	44,434,095	20,301	44,413,794	21,370	

* These assets have been provided for under collective assessment

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

46 CREDIT RISK (CONTINUED)

46.2 Amount due from counterparties, Islamic financing assets, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase assets (continued)

Group 2023	Neither more than 90 days past due nor individually impaired RM'000	More than 90 days past due but not individually impaired* RM'000	Total RM'000	Impairment allowance RM'000	Total carrying value RM'000	Credit risk loans RM'000	Coverage ratio %
Amount due from counterparties	19,987,815	–	19,987,815	25	19,987,790	–	–
Islamic financing assets	21,426,957	–	21,426,957	96	21,426,861	–	–
Mortgage assets:							
– Conventional	3,586,093	13,361	3,599,454	13,973	3,585,481	13,361	105
– Islamic	4,385,089	16,210	4,401,299	14,293	4,387,006	16,210	88
Hire purchase assets:							
– Islamic	36	25	61	6	55	25	24
	49,385,990	29,596	49,415,586	28,393	49,387,193	29,596	

* These assets have been provided for under collective assessment.

46.2 Amount due from counterparties, Islamic financing assets, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase assets neither more than 90 days past due nor individually impaired are as below:

	Group	
	2024 Strong/ Total RM'000	**2023 Strong/ Total RM'000**
Amount due from counterparties	**16,833,438**	19,987,815
Islamic financing assets	**20,666,839**	21,426,957
Mortgage assets:		
– Conventional	**3,003,721**	3,586,093
– Islamic	**3,908,687**	4,385,089
Hire purchase assets:		
– Islamic	**40**	36
	44,412,725	49,385,990

The amount due from counterparties, Islamic financing assets, mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets of the Group have been identified with strong credit risk quality which has a very high likelihood for full recovery.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

46 CREDIT RISK (CONTINUED)

46.2 Amount due from counterparties, Islamic financing assets, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase assets (continued)

An aging analysis of mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets that are more than 90 days past due but not individually impaired is set out below:

	Group				
	91 to 120 days RM'000	**121 to 150 days RM'000**	**151 to 180 days RM'000**	**Over 180 days RM'000**	**Total RM'000**
2024					
Mortgage assets:					
– Conventional	**1,103**	**188**	**511**	**8,366**	**10,168**
– Islamic	**401**	**528**	**840**	**9,433**	**11,202**
Hire purchase assets:					
– Islamic	**–**	**–**	**–**	**–**	**–**
	1,504	**716**	**1,351**	**17,799**	**21,370**
2023					
Mortgage assets:					
– Conventional	1,372	595	780	10,614	13,361
– Islamic	1,989	1,356	1,049	11,816	16,210
Hire purchase assets:					
– Islamic	–	–	–	–	–
	3,361	1,951	1,829	22,455	29,596

For the purpose of this analysis, an asset is considered past due and included above when payment due under strict contractual terms is received late or missed. The amount included is either the entire financial assets, not just the payment, of both principal and interest, overdue on mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets. This may result from administrative delays on the side of the borrower leading to assets being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary.

The impairment allowances on such loans are calculated on a collective basis, not individual basis as this reflects homogeneous nature of the assets, which allows statistical techniques to be used, rather than individual assessments.

46 CREDIT RISK (CONTINUED)

46.2 Amount due from counterparties, Islamic financing assets, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase assets (continued)

The movement in impairment allowances are as follows:

	Group			
	As at 1 January RM'000	(Reversal)/ allowance made RM'000	Written-back/ (Writen-off) to principal balance outstanding RM'000	As at 31 December RM'000
2024				
Amount due from counterparties	**25**	**(9)**	**–**	**16**
Islamic financing assets	**96**	**(45)**	**–**	**51**
Mortgage assets:				
– Conventional	**13,973**	**(5,786)**	**1,127**	**9,314**
– Islamic	**14,293**	**(4,583)**	**1,210**	**10,920**
Hire purchase assets:				
– Islamic	**6**	**19**	**(25)**	**–**
	28,393	**(10,404)**	**2,312**	**20,301**
2023				
Amount due from counterparties	16	9	–	25
Islamic financing assets	93	3	–	96
Mortgage assets:				
– Conventional	18,154	(5,594)	1,413	13,973
– Islamic	19,698	(6,599)	1,194	14,293
Hire purchase assets:				
– Islamic	12	(3)	(3)	6
	37,973	(12,184)	2,604	28,393

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

46 CREDIT RISK (CONTINUED)

46.3 Credit quality

The following table contains an analysis of credit exposure by stages, together with the impairment allowances:

	Group					
	GOM RM'000	AAA RM'000	AA1 to AA3/ A+ to AA- RM'000	No rating RM'000	Total RM'000	Impairment allowance RM'000
2024						
Financial assets at FVOCI						
– Stage 1	2,765,431	1,731,658	976,196	–	5,473,285	357
Financial assets at amortised cost						
– Stage 1	–	–	2,287,035	–	2,287,035	3,605
Amount due from counterparties						
– Stage 1	–	7,162,901	9,670,521	–	16,833,422	16
Islamic financing assets						
– Stage 1	–	7,306,342	13,292,274	68,172	20,666,788	51
Mortgage assets						
– Stage 1	–	–	–	3,000,683	3,000,683	6,155
– Stage 2	–	–	–	3,038	3,038	461
– Stage 3	–	–	–	10,168	10,168	2,698
	–	–	–	3,013,889	3,013,889	9,314
Islamic mortgage assets						
– Stage 1	–	–	–	3,907,034	3,907,034	7,770
– Stage 2	–	–	–	1,653	1,653	237
– Stage 3	–	–	–	11,202	11,202	2,913
	–	–	–	3,919,889	3,919,889	10,920

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

46 CREDIT RISK (CONTINUED)

46.3 Credit quality (continued)

The following table contains an analysis of credit exposure by stages, together with the impairment allowances (continued):

	Group					
	GOM RM'000	AAA RM'000	AA1 to AA3/ A+ to AA- RM'000	No rating RM'000	Total RM'000	Impairment allowance RM'000
2024						
Islamic hire purchase assets						
– Stage 1	–	–	–	40	40	–
– Stage 3	–	–	–	–	–	–
	–	–	–	40	40	–
Guarantee exposures						
– Stage 1	–	–	–	212,142	212,142	2,186
– Stage 2	–	–	–	14,531	14,531	7,496
– Stage 3	–	–	–	9,975	9,975	9,975
	–	–	–	236,648	236,648	19,657
Wakalah exposures						
– Stage 1	–	–	–	1,254,182	1,254,182	9,946
– Stage 2	–	–	–	41,498	41,498	20,956
– Stage 3	–	–	–	16,492	16,492	16,492
	–	–	–	1,312,172	1,312,172	47,394

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

46 CREDIT RISK (CONTINUED)

46.3 Credit quality (continued)

The following table contains an analysis of credit exposure by stages, together with the impairment allowances:

	Group					
	GOM RM'000	**AAA RM'000**	**AA1 to AA3/ A+ to AA- RM'000**	**No rating RM'000**	**Total RM'000**	**Impairment allowance RM'000**
2023						
Financial assets at FVOCI						
– Stage 1	2,100,819	1,720,716	962,309	–	4,783,844	454
Financial assets at amortised cost						
– Stage 1	–	–	2,286,680		2,286,680	3,768
Amount due from counterparties						
– Stage 1	–	6,914,909	13,072,881	–	19,987,790	25
Islamic financing assets						
– Stage 1	–	6,463,673	14,943,219	19,969	21,426,861	96
Mortgage assets						
– Stage 1	–	–	–	3,584,385	3,584,385	10,268
– Stage 2	–	–	–	1,708	1,708	231
– Stage 3	–	–	–	13,361	13,361	3,474
	–	–	–	3,599,454	3,599,454	13,973
Islamic mortgage assets						
– Stage 1	–	–	–	4,382,464	4,382,464	9,808
– Stage 2	–	–	–	2,625	2,625	270
– Stage 3	–	–	–	16,210	16,210	4,215
	–	–	–	4,401,299	4,401,299	14,293

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

46 CREDIT RISK (CONTINUED)

46.3 Credit quality (continued)

The following table contains an analysis of credit exposure by stages, together with the impairment allowances (continued):

	Group					
	GOM RM'000	AAA RM'000	AA1 to AA3/ A+ to AA- RM'000	No rating RM'000	Total RM'000	Impairment allowance RM'000
2023						
Islamic hire purchase assets						
– Stage 1	–	–	–	36	36	–
– Stage 3	–	–	–	25	25	6
	–	–	–	61	61	6
Guarantee exposures						
– Stage 1	–	–	–	214,918	214,918	1,453
– Stage 2	–	–	–	13,754	13,754	8,539
– Stage 3	–	–	–	7,761	7,761	7,761
	–	–	–	236,433	236,433	17,753
Wakalah exposures						
– Stage 1	–	–	–	1,176,318	1,176,318	6,046
– Stage 2	–	–	–	34,767	34,767	20,618
– Stage 3	–	–	–	11,841	11,841	11,841
	–	–	–	1,222,926	1,222,926	38,505

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

46 CREDIT RISK (CONTINUED)

46.4 Credit risk mitigation

The Group holds the properties financed by the mortgage assets as collateral. The collateral are closely monitored for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses.

Financial assets and related collateral held to mitigate potential losses are shown below:

	Gross carrying value RM'000	Impairment allowance RM'000	Net carrying value RM'000	Fair value of collateral held RM'000
2024				
Mortgage assets				
– Conventional	**3,013,889**	**(9,314)**	**3,004,575**	**22,627,524**
– Islamic	**3,919,889**	**(10,920)**	**3,908,969**	**18,242,561**
	6,933,778	**(20,234)**	**6,913,544**	**40,870,085**
2023				
Mortgage assets				
– Conventional	3,599,454	(13,973)	3,585,481	23,886,855
– Islamic	4,401,299	(14,293)	4,387,006	19,055,213
	8,000,753	(28,266)	7,972,487	42,942,068

46.5 Offsetting financial instruments

The following financial assets/liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Group		
	Gross amounts RM'000	Related amount not set-off RM'000	Net amount RM'000
2024			
Derivative financial assets	**15,403**	**(1,892)**	**13,511**
Derivative financial liabilities	**80,617**	**(1,892)**	**78,724**
2023			
Derivative financial assets	207,659	(4,807)	202,852
Derivative financial liabilities	15,161	(4,807)	10,354

47 LIQUIDITY RISK

47.1 Funding approach

Sources of liquidity are regularly reviewed to maintain a wide diversification of debt portfolios. This involves managing market access in order to widen sources of funding to avoid over dependence on a single funding source as well as to minimise cost of funding.

47.2 Liquidity pool

The Group's liquidity pool comprised the following cash and unencumbered assets:

Group	Cash and cash equivalents RM'000	Deposits and placements with financial institutions RM'000	Financial assets at FVOCI RM'000	Financial assets at amortised cost RM'000	Derivative financial assets RM'000	Mortgage assets RM'000	Islamic mortgage assets RM'000	Amount due from counter-parties RM'000	Islamic financing assets RM'000	Other available liquidity RM'000	Reverse mortgage assets RM'000	Total RM'000
2024	**720,461**	**1,105,401**	**5,473,285**	**2,287,035**	**15,403**	**3,004,575**	**3,908,969**	**16,833,422**	**20,666,788**	**9,570**	**4,172**	**54,029,081**
2023	263,763	782,233	4,783,844	2,286,680	207,659	3,585,481	4,387,006	19,987,790	21,426,861	17,107	2,147	57,730,571

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

47 LIQUIDITY RISK (CONTINUED)

47.3 Contractual maturity of financial liabilities

The table below presents the cash flows payable by the Group under financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are contractual undiscounted cash flows, whereas the Group manages the liquidity risk based on a different basis.

	Group					
	On demand up to one month RM'000	One to three months RM'000	Three to twelve months RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2024						
Financial liabilities						
Short-term borrowings	**101,320**	**407,391**	**–**	**–**	**–**	**508,711**
Unsecured bearer bonds and notes	**51,372**	**1,620,080**	**7,175,162**	**12,761,300**	**1,266,460**	**22,874,374**
Sukuk	**1,694,504**	**2,247,295**	**6,106,079**	**13,282,824**	**2,014,639**	**25,345,341**
RMBS	**–**	**5,242**	**280,809**	**114,265**	**–**	**400,316**
IRMBS	**–**	**3,138**	**9,414**	**308,827**	**–**	**321,379**
Unexpired financial guarantee contracts	**1,548,820**	**–**	**–**	**–**	**–**	**1,548,820**
Other liabilities	**173,150**	**1,561**	**–**	**–**	**–**	**174,711**
	3,569,166	**4,284,707**	**13,571,464**	**26,467,216**	**3,281,099**	**51,173,652**
Assets held for managing liquidity risk	**1,469,146**	**4,201,748**	**17,003,607**	**33,675,322**	**7,824,549**	**64,174,372**
2023						
Financial liabilities						
Short-term borrowings	–	194,236	–	433,618	–	627,854
Unsecured bearer bonds and notes	100,605	3,600,221	6,878,311	15,504,741	1,027,660	27,111,538
Sukuk	49,261	432,377	6,940,787	16,909,352	1,299,941	25,631,718
RMBS	–	5,256	15,824	400,316	–	421,396
IRMBS	–	3,172	9,448	321,379	–	333,999
Unexpired financial guarantee contracts	1,459,359	–	–	–	–	1,459,359
Other liabilities	205,978	2,534	–	–	–	208,512
	1,815,203	4,237,796	13,844,370	33,569,406	2,327,601	55,794,376
Assets held for managing liquidity risk	455,614	1,636,336	14,386,261	33,053,692	6,144,988	55,676,891

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

47 LIQUIDITY RISK (CONTINUED)

47.4 Derivative assets/liabilities

The Group's derivatives comprise IRS, IPRS and CCS entered by a subsidiary, Cagamas, for which cash flows are exchanged for hedging purposes.

The following table analyses the Group's derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. Contractual maturities are assessed to be essential for an understanding of all derivatives. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Group					
	On demand up to one month RM'000	One to three months RM'000	Three to twelve months RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2024						
Net settled derivatives						
Derivatives held for hedging:						
IRS/IPRS	**60**	**(1,545)**	**3,287**	**8,271**	**11,924**	**21,997**
Gross settled derivatives						
Derivatives held for hedging:						
CCS						
– Outflow	**–**	**(19,645)**	**(2,690,866)**	**(1,161,108)**	**–**	**(3,871,619)**
– Inflow	**–**	**19,630**	**2,609,736**	**1,146,363**	**–**	**3,775,729**
2023						
Net settled derivatives						
Derivatives held for hedging:						
IRS/IPRS	(28)	(4,258)	3,636	5,732	9,865	14,947
Gross settled derivatives						
Derivatives held for hedging:						
CCS						
– Outflow	–	(1,546,315)	(2,741,675)	(1,155,848)	–	(5,443,838)
– Inflow	–	1,673,404	2,773,377	1,191,808	–	5,638,589

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

48 FOREIGN EXCHANGE RISK

The Group is exposed to translation foreign exchange rate on its unsecured bearer bonds and notes and Sukuk denominated in currencies other than the functional currencies of the Group.

The Group hedges 100% of its foreign currency denominated unsecured bearer bonds and notes and Sukuk. The Group takes minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group manages its exposure by entering into derivative contracts.

48.1 Exposure to foreign currency risk

	Group	
	HKD RM'000	**USD RM'000**
2024		
Derivative financial instruments	**–**	**3,654,498**
Unsecured bearer bonds and notes	**–**	**3,653,854**
2023		
Derivative financial instruments	489,854	4,987,578
Unsecured bearer bonds and notes	489,906	4,983,658

48.2 Currency risk sensitivity analysis

A 1% strengthening/weakening (+/-) of the Ringgit Malaysia against the following currencies as at the date of statement of financial position would have increased/decreased equity and profit for the financial year as summarised in table below:

	Group			
	2024		2023	
	Equity RM'000	**Profit RM'000**	**Equity RM'000**	**Profit RM'000**
SGD	**+/- 5**	**–**	+/- 29	+/- 1

The sensitivity analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The sensitivity analysis assumes that all other variable, in particular interest/profit rates, remained constant and ignores any impact of CCS.

The movement of the spot rate of foreign currency denominated for unsecured bearer bonds and notes, Sukuk and CCS are not shown as it offsets each other.

49 FAIR VALUE OF FINANCIAL INSTRUMENTS

49.1 Fair value of financial instruments carried at fair value

Financial instruments comprise financial assets, financial liabilities and off-statement of financial position financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the estimates of fair values as at the date of the statement of financial position.

The face value of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year is assumed to approximate their fair values.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a number of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

The derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest/profit rates relative to their terms. The extent to which instruments are favourable or unfavourable and the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The fair value of financial assets at FVTPL and FVOCI is derived from market indicative quotes or observable market prices at the date of the statement of financial position.

The estimated fair value of the IRS, IPRS and CCS are based on the estimated cash flows discounted using the market interest/profit rate, taking into account the effect of the entity's net exposure to the credit risk of that counterparty at the statement of financial position date.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

49.1 Fair value of financial instruments carried at fair value (continued)

	Group			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
2024				
Assets				
Financial assets at FVOCI	**–**	**5,473,285**	**–**	**5,473,285**
Derivative financial assets	**–**	**15,403**	**–**	**15,403**
Liabilities				
Derivative financial liabilities	**–**	**80,617**	**–**	**80,617**
2023				
Assets				
Financial assets at FVOCI	–	4,783,844	–	4,783,844
Derivative financial assets	–	207,659	–	207,659
Liabilities				
Derivative financial liabilities	–	15,161	–	15,161

49.2 Fair value of financial instruments carried other than fair value

The following methods and assumptions were used to estimate the fair value of financial instruments as at the statement of financial position date:

(a) Cash and cash equivalent and deposits and placements with financial institutions

The carrying amount of cash and cash equivalents and deposits and placements with financial institutions are used as reasonable estimate of fair values as the maturity is less than or equal to a month.

(b) Other financial assets

Other financial assets include other debtors and deposits. The fair value of other financial assets is estimated at their carrying amount due to short tenure of less than one year.

(c) Other financial liabilities

Other financial liabilities include creditors and accruals. The fair value of other financial liabilities is estimated at their carrying amount due to short tenure of less than one year.

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

49.2 Fair value of financial instruments carried other than fair value (continued)

The estimated fair values of the Group's financial instruments approximated their carrying values in the statement of financial position except for the following:

	Group			
	2024		2023	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial assets				
Financial assets at amortised cost	**2,287,035**	**2,314,926**	2,286,680	2,312,107
Amount due from counterparties	**16,833,422**	**17,089,698**	19,987,790	20,210,096
Islamic financing assets	**20,666,788**	**20,852,317**	21,426,861	21,635,189
Mortgage assets:				
– Conventional	**3,004,575**	**3,216,461**	3,585,481	3,946,159
– Islamic	**3,908,969**	**4,231,713**	4,387,006	4,852,980
– Islamic hire purchase assets	**40**	**40**	55	62
	46,700,829	**47,705,155**	51,673,873	52,956,593
Financial liabilities				
Short-term borrowings	**506,132**	**508,992**	648,790	648,790
Unsecured bearer bonds and notes	**21,186,219**	**21,604,571**	24,954,908	25,134,180
Sukuk	**23,102,061**	**23,495,347**	23,278,139	23,431,049
RMBS	**371,444**	**376,799**	371,444	385,495
IRMBS	**291,138**	**291,699**	291,138	289,611
	45,456,994	**46,277,408**	49,544,419	49,889,125

The fair value of financial assets at amortised cost is based on observable market prices and is therefore within Level 2 of the fair value hierarchy.

The fair value of the fixed rate assets portfolio of amount due from counterparties is based on the present value of estimated future cash flows discounted at the prevailing market rates of loans with similar credit risk and maturities at the statement of financial position date and is therefore within Level 3 of the fair value hierarchy. The fair value of the floating rate assets portfolio of amount due from counterparties is based on their carrying amount as the repricing date of the floating rate assets portfolio is not greater than 6 months.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

49 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

49.2 Fair value of financial instruments carried other than fair value (continued)

The fair value of the Islamic financing assets is based on the present value of estimated future cash flows discounted at the prevailing market rates of financing with similar credit risk and maturities at the statement of financial position date and is therefore within Level 3 of the fair value hierarchy.

The fair value of the mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets are derived at using the present value of future cash flows discounted based on the mortgage assets and hire purchase assets/ Islamic mortgage assets and Islamic hire purchase assets yield to maturity at the statement of financial position date and is therefore within Level 3 of the fair value hierarchy.

The fair value of the short-term borrowing is estimated at their carrying amount due to short tenure of less than one year.

The fair value of the unsecured bearer bonds and notes and Sukuk are derived based on observable market prices and is therefore within Level 2 of the fair value hierarchy.

50 SEGMENT REPORTING

The Chief Executive Officer ("the chief operating decision maker") of Cagamas makes strategic decisions and allocation of resources centrally on behalf of the Group and the Company. The financial information by geographical segment is not presented as the Group's and the Company's activities are principally conducted in Malaysia. There is no single customer which contributed revenue amount greater than 10% of the Group's and the Company's revenues for the current financial year (2023: Nil). The Group and the Company have determined the following operating segments based on reports reviewed by the chief operating decision maker in making its strategic decisions:

(a) PWR

Under the PWR scheme, the Group purchases the mortgage loans, personal loans, hire purchase and leasing debts and Islamic financing facilities such as home financing, hire purchase financing and personal financing from the primary lenders approved by the Group. The loans and financing are acquired with recourse to the primary lenders should the loans and financing fail to comply with agreed prudential eligibility criteria.

(b) PWOR

Under the PWOR scheme, the Group purchases the mortgage assets and hire purchase assets from counterparty on an outright basis for the remaining tenure of the respective assets purchased. The purchases are made without recourse to counterparty, other than certain warranties to be provided by the seller pertaining to the quality of the assets.

(c) Treasury

Under Treasury, the Group and the Company manage and invest surplus cashflow in approved treasury-related activities. The income consists of interest/profit and gains on the appreciation in the value of investment.

(d) Mortgage guarantee

Under the mortgage guarantee scheme, the Group derives its income by providing financial guarantee protection for a fee. Upfront guarantee and Wakalah fees received from the financial guarantee contracts are deferred and amortised to the income statements over the term of the guarantee contracts.

In each reporting segments, income is derived by seeking investments to maximise returns. These returns consist of interest/profit and gains on the appreciation in the value of investments.

There were no changes in the reportable segments during the financial year.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

50 SEGMENT REPORTING (CONTINUED)

	Group					
	PWR RM'000	PWOR RM'000	Treasury RM'000	Mortgage guarantee RM'000	Others RM'000	Total RM'000
2024						
External revenue	1,595,315	434,697	256,618	38,935	102,064	2,427,629
External interest/profit expense	(1,531,447)	(241,965)	(7,092)	(1,056)	(100,826)	(1,882,386)
Segment result (Net Operating Income)	63,868	192,732	249,526	37,879	1,238	545,243
Personnel costs						(33,711)
Administration and general expenses						(34,244)
Operating Expenses						(67,955)
Reversal of impairment losses, net	54	10,941	93	(10,793)	163	458
Profit before taxation and zakat						477,746
Taxation						(111,313)
Zakat						(2,208)
Profit after taxation and zakat						364,225
Segment assets	37,509,697	6,914,086	7,299,147	74,631	2,351,735	54,149,296
Segment liabilities	37,672,769	4,993,409	996,132	315,648	2,685,408	46,663,366
Other information						
Capital expenditure	7,177	1,167	770	–	450	9,564
Depreciation and amortisation	6,139	998	659	–	386	8,182

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

50 SEGMENT REPORTING (CONTINUED)

	Group					
	PWR RM'000	PWOR RM'000	Treasury RM'000	Mortgage guarantee RM'000	Others RM'000	Total RM'000
2023						
External revenue	1,461,903	521,608	233,305	28,131	91,032	2,335,979
External interest/profit expense	(1,402,319)	(335,240)	(255)	6,144	(81,060)	(1,812,730)
Segment result (Net Operating Income)	59,584	186,368	233,050	34,275	9,972	523,249
Profit before taxation and zakat						447,814
Taxation						(114,600)
Zakat						(3,104)
Profit after taxation and zakat						330,110
Segment assets	41,424,507	8,719,821	4,439,466	714,868	2,543,477	57,842,139
Segment liabilities	41,425,961	5,870,569	648,790	292,733	2,455,397	50,693,450
Other information						
Capital expenditure	2,764	461	197	–	170	3,592
Depreciation and amortisation	5,443	907	389	–	334	7,073

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

51 ANALYSIS OF GROUP'S FINANCIAL POSITION AND PERFORMANCE

ASSETS AND LIABILITIES

	The Company, Cagamas, CMGP and CSME* RM'000	CMBS RM'000	CSRP RM'000	Consolidation adjustments RM'000	Total RM'000
2024					
ASSETS					
Cash and cash equivalents	63,580	617,774	39,107	–	720,461
Deposits and placements with financial institutions	433,225	648,743	23,433	–	1,105,401
Financial assets at FVOCI	3,527,629	1,308,162	637,484	–	5,473,285
Financial assets at amortised cost	2,287,035	–	–	–	2,287,035
Derivative financial assets	15,403	–	–	–	15,403
Amount due from counterparties	16,833,422	–	–	–	16,833,422
Islamic financing assets	20,666,788	–	–	–	20,666,788
Mortgage assets:					
– Conventional	2,600,891	403,684	–	–	3,004,575
– Islamic	3,498,719	410,250	–	–	3,908,969
Hire purchase assets:					
– Islamic	40	–	–	–	40
Reverse mortgage assets	4,172	–	–	–	4,172
Other assets	13,689	–	3	(935)	12,757
Tax recoverable	1	–	–	–	1
Deferred taxation	–	–	74,628	11,295	85,923
Investment in subsidiaries	4,281,628	–	–	(4,281,628)	–
Property and equipment	8,307	–	–	–	8,307
Intangible assets	13,594	–	–	–	13,594
Right-of-use asset	9,163	–	–	–	9,163
Amount due from a related company	370	–	–	(370)	–
TOTAL ASSETS	54,527,666	3,388,613	774,655	(4,271,638)	54,149,296
LIABILITIES					
Short-term borrowings	506,132	–	–	–	506,132
Derivative financial liabilities	80,617	–	–	–	80,617
Other liabilities	105,626	405	68,729	(1,341)	173,419
Lease liability	11,311	–	–	–	11,311
Provision for taxation	3,888	4,917	2,010	–	10,815
Deferred taxation	213,967	460,039	–	11,295	685,301
Unsecured bearer bonds and notes	21,186,219	–	–	–	21,186,219
Sukuk	23,102,061	–	–	–	23,102,061
RMBS	–	371,444	–	–	371,444
IRMBS	–	291,138	–	–	291,138
Deferred guarantee fee income	–	–	36,009	–	36,009
Deferred Wakalah fee income	–	–	208,900	–	208,900
TOTAL LIABILITIES	45,209,821	1,127,943	315,648	9,954	46,663,366

* Total assets and liabilities of CMGP and CSME were nil.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

51 ANALYSIS OF GROUP'S FINANCIAL POSITION AND PERFORMANCE (CONTINUED)

ASSETS AND LIABILITIES (CONTINUED)

	The Company, Cagamas, CMGP and CSME* RM'000	CMBS RM'000	CSRP RM'000	Consolidation adjustments RM'000	Total RM'000
2023					
ASSETS					
Cash and cash equivalents	181,379	54,502	27,882	–	263,763
Deposits and placements with financial institutions	88,361	687,854	6,018	–	782,233
Financial assets at FVOCI	2,690,061	1,482,100	611,683	–	4,783,844
Financial assets at amortised cost	2,286,680	–	–	–	2,286,680
Derivative financial assets	207,659	–	–	–	207,659
Amount due from counterparties	19,987,790	–	–	–	19,987,790
Islamic financing assets	21,426,861	–	–	–	21,426,861
Mortgage assets:					
– Conventional	3,021,850	563,631	–	–	3,585,481
– Islamic	3,881,528	505,478	–	–	4,387,006
Hire purchase assets:					
– Islamic	55	–	–	–	55
Reverse mortgage assets	2,147	–	–	–	2,147
Other assets	20,476	–	–	(575)	19,901
Tax recoverable	6	–	–	–	6
Deferred taxation	–	–	69,285	13,501	82,786
Investment in subsidiaries	4,281,628	–	–	(4,281,628)	–
Property and equipment	1,947	–	–	–	1,947
Intangible assets	16,804	–	–	–	16,804
Right-of-use asset	7,176	–	–	–	7,176
Amount due from a related company	586	–	–	(586)	–
TOTAL ASSETS	58,102,994	3,293,565	714,868	(4,269,288)	57,842,139
LIABILITIES					
Short-term borrowings	648,790	–	–	–	648,790
Derivative financial liabilities	15,161	–	–	–	15,161
Other liabilities	150,420	644	57,490	(1,196)	207,358
Lease liability	9,308	–	–	–	9,308
Provision for taxation	10,205	5,238	3,213	–	18,656
Deferred taxation	198,373	454,644	242	13,501	666,760
Unsecured bearer bonds and notes	24,954,908	–	–	–	24,954,908
Sukuk	23,278,139	–	–	–	23,278,139
RMBS	–	371,444	–	–	371,444
IRMBS	–	291,138	–	–	291,138
Deferred guarantee fee income	–	–	35,785	–	35,785
Deferred Wakalah fee income	–	–	196,003	–	196,003
TOTAL LIABILITIES	49,265,304	1,123,108	292,733	12,305	50,693,450

* Total assets and liabilities of CMGP and CSME were nil.

51 ANALYSIS OF GROUP'S FINANCIAL POSITION AND PERFORMANCE (CONTINUED)

INCOME STATEMENTS

	The Company, Cagamas, CMGP and CSME* RM'000	CMBS RM'000	CSRP RM'000	Consolidation adjustments RM'000	Total RM'000
2024					
Interest income	**1,088,487**	**103,897**	**14,225**	**–**	**1,206,609**
Interest expense	**(925,006)**	**(21,080)**	**–**	**–**	**(946,086)**
Income from Islamic operations	**195,398**	**33,842**	**41,703**	**(584)**	**270,359**
Non-interest income	**41,066**	**–**	**6,641**	**(33,346)**	**14,361**
	399,945	**116,659**	**62,569**	**(33,930)**	**545,243**
Administration and general expenses	**(33,957)**	**(987)**	**(3,230)**	**3,930**	**(34,244)**
Personnel costs	**(33,711)**	**–**	**–**	**–**	**(33,711)**
OPERATING PROFIT	**332,277**	**115,672**	**59,339**	**(30,000)**	**477,288**
Reversal of/(allowances for) impairment losses	**8,709**	**2,519**	**(10,770)**	**–**	**458**
PROFIT BEFORE TAXATION AND ZAKAT	**340,986**	**118,191**	**48,569**	**(30,000)**	**477,746**
Taxation	**(71,417)**	**(28,366)**	**(11,530)**	**–**	**(111,313)**
Zakat	**(1,561)**	**–**	**(647)**	**–**	**(2,208)**
PROFIT FOR THE FINANCIAL YEAR	**268,008**	**89,825**	**36,392**	**(30,000)**	**364,225**
2023					
Interest income	1,071,843	106,102	13,633	–	1,191,578
Interest expense	(945,854)	(21,022)	–	–	(966,876)
Income from Islamic operations	138,613	34,349	36,442	(889)	208,515
Non-interest income	116,619	–	6,454	(33,041)	90,032
	381,221	119,429	56,529	(33,930)	523,249
Administration and general expenses	(27,741)	(1,762)	(2,504)	3,930	(28,077)
Personnel costs	(30,760)	–	–	–	(30,760)
OPERATING PROFIT	322,720	117,667	54,025	(30,000)	464,412
Reversal of/(allowances for) impairment losses	10,920	1,552	(29,070)	–	(16,598)
PROFIT BEFORE TAXATION AND ZAKAT	333,640	119,219	24,955	(30,000)	447,814
Taxation	(74,726)	(34,572)	(5,302)	–	(114,600)
Zakat	(2,534)	–	(570)	–	(3,104)
PROFIT FOR THE FINANCIAL YEAR	256,380	84,647	19,083	(30,000)	330,110

* CMGP and CSME's loss for the financial year were nil.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

52 CAPITAL ADEQUACY

The Group's objectives when managing capital, which is a broader concept than the "equity" on the face of the statements of financial position, are:

(a) To align with industry best practices and benchmark set by the regulators;

(b) To safeguard the Group's and the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefit to other stakeholders; and

(c) To maintain a strong capital base to support the development of its business.

The Group and the Company are not subject to the BNM Guidelines on the Capital Adequacy Guidelines. However, disclosure of the capital adequacy ratios is made on a voluntary basis for information purposes.

Capital adequacy and the use of regulatory capital are monitored by the Group's and the Company's management, employing techniques based on the guidelines developed by the Basel Committee and as implemented by BNM, for supervisory purposes.

The regulatory capital comprises of two tiers:

(a) Tier 1 capital: share capital (net of any book values of treasury shares) and other reserves which comprise retained profits and reserves created by appropriations of retained profits; and

(b) Tier 2 capital: comprise collective impairment allowances on mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets.

Common Equity Tier 1 ("CET1") and Tier 1 capital ratios refer to the ratio of total Tier 1 capital to risk-weighted assets. Total capital ratio ("TCR") is the ratio of total capital to risk-weighted assets.

52.1 Regulatory capital

	Group	
	2024	**2023****
	%	**%**
Before deducting dividend*		
CET1 capital ratio	**50.0**	42.6
Tier 1 capital ratio	**50.0**	42.6
Total capital ratio	**50.5**	43.1
After deducting dividend*		
CET1 capital ratio	**49.8**	42.5
Tier 1 capital ratio	**49.8**	42.5
Total capital ratio	**50.4**	42.9

* Refers to proposed first dividend which are to be declared after the financial year.

** The 31 December 2023 capital adequacy ratios have been restated to align with current year computation.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

52 CAPITAL ADEQUACY (CONTINUED)

52.1 Regulatory capital (continued)

Components of CET1, Tier 1 and Tier 2 capital:

	Group	
	2024 RM'000	**2023** RM'000**
CET1/Tier 1 capital		
Issued share capital	**150,000**	150,000
Retained profits, regulatory and other reserves	**7,322,255**	6,988,030
	7,472,255	7,138,030
Financial assets at FVOCI reserves	**1,482**	(1,269)
Deferred tax assets	**(85,923)**	(82,786)
Less: Regulatory reserves*	**(52,798)**	(47,919)
Total CET1/Tier 1 capital	**7,335,016**	7,006,056
Tier 2 capital		
Allowance for impairment losses	**29,787**	32,758
Add: Regulatory reserves*	**52,798**	47,919
Total Tier 2 capital	**82,585**	80,677
Total capital	**7,417,601**	7,086,733

The breakdown of risk-weighted assets by each major risk category is as follows:

	2024 RM'000	2023** RM'000
Credit risk	**13,624,602**	15,387,426
Operational risk	**1,058,542**	1,062,113
Total risk-weighted assets	**14,683,144**	16,449,539

* Comprise qualifying regulatory reserves for non-impaired financing of Cagamas.
** The 31 December 2023 capital adequacy ratios have been restated to align with current year computation.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

52 CAPITAL ADEQUACY (CONTINUED)

52.2 Proforma regulatory capital excluding CMBS

	Group	
	2024** **%**	**2023****** **%**
Before deducting dividend*		
CET1 capital ratio	**36.8**	31.1
Tier 1 capital ratio	**36.8**	31.1
Total capital ratio	**37.4**	31.6
After deducting dividend*		
CET1 capital ratio	**36.7**	31.0
Tier 1 capital ratio	**36.7**	31.0
Total capital ratio	**37.2**	31.5

	Group	
	2024** **RM'000**	**2023****** **RM'000**
Components of CET1, Tier 1 and Tier 2 capital:		
CET1/Tier 1 capital		
Issued share capital	**150,000**	150,000
Retained profits, regulatory and other reserves	**5,063,159**	4,818,759
	5,213,159	4,968,759
FVOCI reserves	**774**	(1,803)
Deferred tax assets	**(85,923)**	(82,786)
Less: Regulatory reserves ***	**(52,798)**	(47,919)
Total CET1/Tier 1 capital	**5,075,212**	4,836,251
Tier 2 capital		
Allowance for impairment losses	**28,548**	30,968
Add: Regulatory reserves ***	**52,798**	47,919
Total Tier 2 capital	**81,346**	78,887
Total capital	**5,156,558**	4,915,138
The breakdown of risk-weighted assets by each major risk category is as follows:		
Credit risk	**12,945,821**	14,711,281
Operational risk	**837,977**	839,192
Total risk-weighted assets	**13,783,798**	15,550,473

* Refers to proposed first dividend which are to be declared after the financial year.
** Excludes CMBS's risk-weighted assets and total capital.
*** Comprise qualifying regulatory reserves for non-impaired financing of Cagamas.
**** The 31 December 2023 capital adequacy ratios have been restated to align with current year computation.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		Group	
	Note	2024 RM'000	2023 RM'000
ASSETS			
Cash and cash equivalents	(a)	**179,458**	78,983
Deposits and placements with financial institutions	(b)	**250,222**	128,880
Financial assets at FVOCI	(c)	**1,435,272**	1,185,681
Financial assets at amortised cost		**681,998**	681,993
Derivative financial assets		**226**	720
Financing assets	(d)	**20,666,788**	21,426,861
Mortgage assets	(e)	**3,907,901**	4,385,703
Hire purchase assets	(f)	**35**	49
Reverse mortgage assets		**507**	225
Tax recoverable		**–**	–
Deferred taxation		**61,364**	56,290
Other assets and prepayments		**288,950**	288,833
TOTAL ASSETS		**27,472,721**	28,234,218
LIABILITIES			
Short-term borrowings*		**998,892**	1,823,287
Derivative financial liabilities		**356**	2,529
Other liabilities	(g)	**51,574**	44,492
Deferred taxation		**218,806**	208,164
Sukuk	(h)	**23,102,061**	23,278,139
IRMBS	(i)	**291,138**	291,138
Deferred Wakalah fees		**208,900**	196,003
Provision for taxation		**67,351**	44,418
TOTAL LIABILITIES		**24,939,078**	25,888,170
ISLAMIC OPERATIONS' FUNDS		**2,533,643**	2,346,048
TOTAL LIABILITIES AND ISLAMIC OPERATIONS' FUNDS		**27,472,721**	28,234,218

* Included in short-term borrowings is Wakalah placement from the conventional operations amounting to RM1.0 billion (2023: RM1.8 billion). This inter-operations charge is eliminated at the Group level.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group	
		2024 RM'000	**2023 RM'000**
Total income		**1,195,913**	1,100,556
Profit expense attributable to the Sukuk holders	(j)	**(922,473)**	(845,749)
Non-profit expense*		**(37,444)**	(46,292)
Total net income attributable	(k)	**235,996**	208,515
Administration and general expenses		**(2,151)**	(2,254)
Allowance for impairment losses		**(3,972)**	(14,139)
PROFIT BEFORE TAXATION AND ZAKAT		**229,873**	192,122
Taxation		**(42,659)**	(41,403)
Zakat		**(2,208)**	(3,104)
PROFIT FOR THE FINANCIAL YEAR		**185,006**	147,615

* Included in non-profit expenses during the year is Wakalah placement profit expenses paid to the conventional operations amounting to RM34.4 million (2023: RM47.7 million). This inter-operations charge is eliminated at the Group level.

53 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Group	
	2024 RM'000	**2023 RM'000**
Profit for the financial year	**185,006**	147,615
Other comprehensive income:		
Items that may be subsequently reclassified to income statement		
Financial assets at FVOCI		
– Net gain on fair value changes before taxation	**1,145**	18,393
– FVOCI ECL	**(10)**	106
– Deferred taxation	**(275)**	(4,414)
Cash flow hedge		
– Net (loss)/gain on cash flow hedge before taxation	**1,830**	(7,641)
– Deferred taxation	**(439)**	1,834
Other comprehensive income for the financial year, net of taxation	**2,251**	8,278
Total comprehensive income for the financial year	**187,257**	155,893

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CHANGES IN ISLAMIC OPERATIONS' FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Non-distributable			Distributable		
Group	Allocated capital funds RM'000	Financial asset at FVOCI reserves RM'000	Cashflow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Other reserves RM'000	Total RM'000
Balance as at 1 January 2024	**294,409**	**4,203**	**(1,469)**	**28,331**	**1,463,758**	**556,816**	**2,346,048**
Profit for the financial year	**–**	**–**	**–**	**–**	**185,006**	**–**	**185,006**
Other comprehensive income	**–**	**860**	**1,391**	**–**	**–**	**–**	**2,251**
Total comprehensive income for the financial year	**–**	**860**	**1,391**	**-**	**185,006**	**–**	**187,257**
Transfer to other reserves	**–**	**–**	**–**	**–**	**(26,071)**	**26,071**	**–**
Transfer from retained profits	**–**	**–**	**–**	**2,186**	**(2,186)**	**–**	**–**
Transfer to Islamic operations	**338**	**–**	**–**	**–**	**–**	**–**	**338**
Balance as at 31 December 2024	**294,747**	**5,063**	**(78)**	**30,517**	**1,620,507**	**582,887**	**2,533,643**

		Non-distributable			Distributable		
Group	Allocated capital funds RM'000	Financial assets at FVOCI reserves RM'000	Cashflow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Other reserves RM'000	Total RM'000
Balance as at 1 January 2023	294,159	(9,882)	4,338	44,250	1,323,979	533,440	2,190,284
Profit for the financial year	–	–	–	–	147,615	–	147,615
Other comprehensive income	–	14,085	(5,807)	–	–	–	8,278
Total comprehensive income for the financial year	–	14,085	(5,807)	–	147,615	–	155,893
Transfer to other reserves	–	–	–	–	(23,755)	23,755	–
Dividend paid during the year	–	–	–	–	–	(379)	(379)
Transfer to retained profits	–	–	–	(15,919)	15,919	–	–
Transfer to Islamic operations	250	–	–	–	–	–	250
Balance as at 31 December 2023	294,409	4,203	(1,469)	28,331	1,463,758	556,816	2,346,048

53 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000
OPERATING ACTIVITIES			
Profit before taxation and zakat		**229,873**	192,122
Adjustment for non-cash items	(l)(i)	**(265,710)**	(206,898)
Operating loss before working capital changes		**(35,837)**	(14,776)
Net changes in operating assets and liabilities	(l)(ii)	**1,462,477**	(2,643,283)
Zakat paid		**(4,666)**	(5,809)
Tax paid		**(14,873)**	(15,623)
Net cash flows from/(used in) operating activities		**1,407,101**	(2,679,491)
INVESTING ACTIVITIES			
Net (purchase)/redemption of:			
– Financial assets at FVOCI		**(246,634)**	597,204
– Financial assets at amortised cost		**–**	(323,935)
Income received from:			
– Financial assets at FVOCI		**38,559**	40,286
– Financial assets at FVTPL		**–**	–
Net cash flows (used in)/flow from investing activities		**(208,075)**	313,555
FINANCING ACTIVITIES			
Proceeds from issuance of Sukuk		**11,019,458**	12,505,000
Redemption of:			
– Sukuk		**(11,180,000)**	(9,395,000)
– IRMBS		**–**	–
Profit paid on:			
– Sukuk		**(925,389)**	(800,490)
– IRMBS		**(12,620)**	(12,586)
Dividend paid to RPS holder		**–**	(379)
Net cash flows (used in)/from financing activities		**(1,098,551)**	2,296,545
Net change in cash and cash equivalents		**100,475**	(69,391)
Cash and cash equivalents as at 1 January		**78,983**	148,374
Cash and cash equivalents as at 31 December	53(a)	**179,458**	78,983

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS

(a) *Cash and cash equivalents*

	Group	
	2024 RM'000	**2023 RM'000**
Cash and bank balances with bank and other financial institutions	**287**	179
Mudharabah money at call and deposit placements maturing with original maturity less than three months	**179,172**	78,804
	179,459	78,983
Less:		
Allowance for impairment losses	**(1)**	–
	179,458	78,983

The gross carrying value of cash and cash equivalents and the impairment allowance are within Stage 1 (12-month ECL). Movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group	
	2024 RM'000	**2023 RM'000**
Stage 1		
As at 1 January	**–**	1
Allowance during the year	**1**	(1)
As at 31 December	**1**	–

(b) *Deposits and placements with financial institutions*

	Group	
	2024 RM'000	**2023 RM'000**
Licensed banks	**250,225**	128,880
Less: Allowance for impairment losses	**(3)**	–
	250,222	128,880

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(b) Deposits and placements with financial institutions (continued)

The gross carrying value of deposits and placements with financial institutions are within Stage 1 allocation (12-month ECL). Movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group	
	2024 RM'000	**2023 RM'000**
Stage 1		
As at 1 January	**–**	–
Allowance during the year	**(3)**	–
As at 31 December	**(3)**	–

(c) Financial assets at FVOCI

At fair value:		
Government investment issues	**454,527**	279,525
Quasi government Sukuk	**113,184**	113,221
Sukuk	**867,561**	792,935
	1,435,272	1,185,681

The maturity structure of financial assets at FVOCI are as follows:

Maturing within one year	**88,257**	51,006
One to three years	**620,872**	375,655
Three to five years	**157,492**	306,285
More than five years	**568,651**	452,735
	1,435,272	1,185,681

The gross carrying value of financial assets at FVOCI by stage of allocation are as follows:

	Gross carrying value RM'000	**Impairment allowance RM'000**
2024		
Stage 1 (12-month ECL; non-credit impaired)	**1,435,272**	**219**
2023		
Stage 1 (12-month ECL; non-credit impaired)	1,185,681	229

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(c) *Financial assets at FVOCI (continued)*

Movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group	
	2024 RM'000	**2023 RM'000**
Stage 1		
As at 1 January	**229**	123
Allowance during the year on new assets purchased	**47**	196
Financial assets derecognised during the year due to maturity of assets	**(29)**	(98)
Reversal/(allowance) during the year due to changes in credit risk	**(28)**	8
As at 31 December	**219**	229

(d) *Financing assets*

	2024 RM'000	**2023 RM'000**
House financing	**19,205,889**	18,696,839
Personal financing	**956,288**	2,225,410
Hire purchase	**504,611**	504,612
	20,666,788	21,426,861

The maturity structure of financing assets are as follows:

	2024 RM'000	**2023 RM'000**
Maturing within one year	**8,386,753**	7,301,922
One to three years	**6,928,456**	9,385,918
Three to five years	**4,551,354**	4,739,117
More than five years	**800,276**	–
	20,666,839	21,426,957
Less:		
Allowance for impairment losses	**(51)**	(96)
	20,666,788	21,426,861

The gross carrying value of financing assets and the impairment allowances are within Stage 1 allocation (12-month ECL). Movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group	
	2024 RM'000	**2023 RM'000**
Stage 1		
As at 1 January	**96**	93
Allowance during the year on new assets purchased	**13**	24
Financial assets derecognised during the year due to maturity of assets	**(29)**	(11)
Reversal during the year due to changes in credit risk	**(29)**	(10)
As at 31 December	**51**	96

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(e) Mortgage assets

	Group	
	2024 RM'000	**2023 RM'000**
PWOR	**3,907,901**	4,385,703
The maturity structure of mortgage assets are as follows:		
Maturing within one year	**540,676**	709,062
One to three years	**937,165**	971,184
Three to five years	**768,553**	843,722
More than five years	**1,672,426**	1,876,025
	3,918,820	4,399,993
Less:		
Allowance for impairment losses	**(10,919)**	(14,290)
	3,907,901	4,385,703

The gross carrying value of mortgage assets by stage of allocation are as follows:

	Gross carrying value RM'000	**Impairment allowance RM'000**
2024		
Stage 1 (12-month ECL; non-credit impaired)	**3,905,965**	**7,769**
Stage 2 (Lifetime ECL; non-credit impaired)	**1,653**	**237**
Stage 3 (Lifetime ECL; credit impaired)	**11,202**	**2,913**
As at 31 December	**3,918,820**	**10,919**
Impairment allowances over gross carrying value (%)		**0.28**
2023		
Stage 1 (12-month ECL; non-credit impaired)	4,381,158	9,805
Stage 2 (Lifetime ECL; non-credit impaired)	2,625	270
Stage 3 (Lifetime ECL; credit impaired)	16,210	4,215
As at 31 December	4,399,993	14,290
Impairment allowances over gross carrying value (%)		0.32

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(e) Mortgage assets (continued)

The impairment allowance by stage and movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 1 January	**9,805**	**270**	**4,215**	**14,290**
Transfer between stages:				
– Transfer to 12-month ECL (Stage1)	**710**	**(193)**	**(1,399)**	**(882)**
– Transfer to ECL non-credit impaired (Stage 2)	**(3)**	**230**	**(52)**	**175**
– Transfer to ECL credit impaired (Stage 3)	**(14)**	**(24)**	**944**	**906**
Total transfer between stages	**693**	**13**	**(507)**	**199**
Financial assets derecognised during the year (other than write-offs)	**(1,274)**	**(46)**	**(1,981)**	**(3,301)**
Reversal during the year due to changes in credit risk	**(1,455)**	**–**	**(24)**	**(1,479)**
Amount written-back	**–**	**–**	**1,210**	**1,210**
As at 31 December	**7,769**	**237**	**2,913**	**10,919**
2023				
As at 1 January	12,379	229	7,086	19,694
Transfer between stages:				
– Transfer to 12-month ECL (Stage1)	1,053	(129)	(1,808)	(884)
– Transfer to ECL non-credit impaired (Stage 2)	(7)	259	(113)	139
– Transfer to ECL credit impaired (Stage 3)	(27)	(64)	2,040	1,949
Total transfer between stages	1,019	66	119	1,204
Financial assets derecognised during the year (other than write-offs)	(373)	(20)	(3,624)	(4,017)
Reversal during the year due to changes in credit risk	(3,220)	(5)	(560)	(3,785)
Amount written-back	–	–	1,194	1,194
As at 31 December	9,805	270	4,215	14,290

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(f) Hire purchase assets

	Group	
	2024 RM'000	**2023 RM'000**
PWOR	**35**	49
The maturity structure of hire purchase assets are as follows:		
Maturing within one year	**35**	55
Less: Allowance for impairment losses	**–**	(6)
	35	49

The gross carrying value of hire purchase assets by stage of allocation are as follows:

	Gross carrying value RM'000	Impairment allowance RM'000
2024		
Stage 1 (12-month ECL; non-credit impaired)	**35**	**–**
Stage 3 (Lifetime ECL; credit impaired)	**–**	**–**
As at 31 December	**35**	**–**
Impairment allowances over gross carrying value (%)		**–**
2023		
Stage 1 (12-month ECL; non-credit impaired)	30	–
Stage 3 (Lifetime ECL; credit impaired)	25	6
As at 31 December	55	6
Impairment allowances over gross carrying value (%)		10.91

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(f) *Hire purchase assets (continued)*

The impairment allowances by stage and movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 31 December	**–**	**–**	**–**	**–**
2023				
As at 31 December	–	–	6	6

The impairment allowances by stage and movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group	
	2024 RM'000	2023 RM'000
Stage 3:		
As at 1 January	**6**	12
Reversal made during the year	**19**	(3)
Written-off to principal balance outstanding	**(25)**	(3)
As at 31 December	**–**	6

(g) *Other liabilities*

	Group	
	2024 RM'000	2023 RM'000
Zakat	**2,208**	3,104
Other payables	**1,957**	2,860
Expected credit loss on Wakalah exposures	**47,394**	38,505
Other liabilities	**15**	23
	51,574	44,492

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(g) Other liabilities (continued)

Expected credit loss on Wakalah exposures

The unexpired financial Wakalah exposures by stage of allocation are as follows (continued):

	Unexpired financial Wakalah exposures RM'000	Impairment allowance RM'000
2024		
Stage 1 (12-month ECL; non-credit impaired)	**1,254,182**	**9,946**
Stage 2 (Lifetime ECL; non-credit impaired)	**41,498**	**20,956**
Stage 3 (Lifetime ECL; credit impaired)	**16,492**	**16,492**
As at 31 December	**1,312,172**	**47,394**
Impairment allowances over unexpired financial Wakalah exposures (%)		**3.61**
2023		
Stage 1 (12-month ECL; non-credit impaired)	1,176,318	6,046
Stage 2 (Lifetime ECL; non-credit impaired)	34,767	20,618
Stage 3 (Lifetime ECL; credit impaired)	11,841	11,841
As at 31 December	1,222,926	38,505
Impairment allowances over unexpired financial Wakalah exposures (%)		3.15

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(g) Other liabilities (continued)

Expected credit loss on Wakalah exposures (continued)

The impairment allowances by stage allocation and movement in impairment allowances that reflect the ECL model on impairment are as follows:

	Group			
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
2024				
As at 1 January	**6,046**	**20,618**	**11,841**	**38,505**
Transfer between stages:				
– Transfer to 12-month ECL (Stage 1)	**619**	**(9,189)**	**(3,051)**	**(11,621)**
– Transfer to ECL non-credit impaired (Stage 2)	**(620)**	**11,525**	**(1,441)**	**9,464**
– Transfer to ECL credit impaired (Stage 3)	**(138)**	**(2,750)**	**9,644**	**6,756**
Total transfer between stages	**(139)**	**(414)**	**5,152**	**4,599**
Allowance during the year on new Wakalah exposure	**1,763**	**2,601**	**2,497**	**6,861**
Wakalah amount derecognised during the year	**(109)**	**(556)**	**(3,023)**	**(3,688)**
Allowance/(reversal) during the year due to changes in credit risk	**2,385**	**(1,293)**	**25**	**1,117**
As at 31 December	**9,946**	**20,956**	**16,492**	**47,394**
2023				
As at 1 January	3,822	9,928	4,901	18,651
Transfer between stages:				
– Transfer to 12-month ECL (Stage 1)	243	(4,347)	(1,127)	(5,231)
– Transfer to ECL non-credit impaired (Stage 2)	(520)	13,569	(781)	12,268
– Transfer to ECL credit impaired (Stage 3)	(109)	(1,731)	7,711	5,871
Total transfer between stages	(386)	7,491	5,803	12,908
Allowance during the year on new Wakalah exposure	1,655	3,591	2,135	7,381
Wakalah amount derecognised during the year	(53)	(401)	(1,012)	(1,466)
Allowance during the year due to changes in credit risk	1,008	9	14	1,031
As at 31 December	6,046	20,618	11,841	38,505

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

	Group	
	2024 RM'000	**2023 RM'000**
(h) Sukuk		
Commercial papers	**2,374,632**	641,797
Medium-term notes	**20,727,429**	22,636,342
	23,102,061	23,278,139
The maturity structure of Sukuk are as follows:		
Maturing within one year	**9,412,073**	7,553,139
One to three years	**6,374,988**	8,960,000
Three to five years	**5,550,000**	5,620,000
More than five years	**1,765,000**	1,145,000
	23,102,061	23,278,139
(i) IRMBS		
IRMBS	**291,138**	291,138
The maturity structure of the IRMBS are as follows:		
Maturing within one year	**1,138**	1,138
One year to three years	**290,000**	–
Three years to five years	**–**	290,000
	291,138	291,138
(j) Profit expense attributable to the Sukuk holders		
Mortgage assets	**122,419**	185,687
Financing assets	**799,992**	659,990
Hire purchase assets	**62**	72
	922,473	845,749
Profit expense attributable to the Sukuk holders analysed by concept are as follows:		
Bai Al-Dayn	**909,853**	833,163
Musyarakah	**12,620**	12,586
	922,473	845,749

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

	Group	
	2024 RM'000	**2023 RM'000**
(k) Total net income attributable		
Income from:		
Mortgage assets	**107,978**	77,589
Hire purchase assets	**(62)**	(72)
Financing assets	**65,681**	74,480
Financial assets at FVOCI	**54,579**	58,048
Deposits and placements with financial institutions	**13,164**	16,631
Wakalah fee	**32,072**	28,131
Kafalah expenses	**(834)**	(310)
Reverse mortgage assets	**28**	–
Non-profit expense	**(36,610)**	(45,982)
	235,996	208,515

Total net income attributable analysed by concept are as follows:

	2024 RM'000	**2023 RM'000**
Bai Al-Dayn	**137,015**	106,015
Mudharabah	**13,005**	18,673
Murabahah	**39,082**	26,575
Musyarakah	**3,603**	7,068
Wakalah	**37,778**	36,613
Ijarah	**–**	1,967
Qard Al-Hassan	**1,429**	1,099
Tawarruq	**4,084**	10,505
	235,996	208,515

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(l) Statements of Cash Flow

(i) Adjustment of non-cash items

	Group	
	2024 RM'000	**2023 RM'000**
Amortisation of premium less accretion of discount on:		
– Financial assets at FVOCI	**576**	(6,077)
– Mortgage assets	**(62,063)**	(68,362)
Allowance for/(reversal of) impairment losses on:		
– Cash and cash equivalents	**4**	–
– Financial assets at FVOCI	**(10)**	106
– Financial assets at amortised cost	**(50)**	1
– Financing assets	**(45)**	(3)
– Mortgage and hire purchase assets	**(3,377)**	5,559
– Wakalah exposures	**8,889**	19,854
Write-back on mortgage assets	**(253)**	(286)
Kafalah	**834**	310
Income from financial assets at FVOCI	**(40,823)**	(39,533)
Income from Islamic operations	**(1,060,448)**	(938,167)
Income from derivative	**(34,024)**	(25,252)
Wakalah fee income	**(32,072)**	(28,131)
Profit attributable to:		
– Sukuk holders	**909,853**	833,569
– IRMBS holders	**12,620**	12,586
– Derivative	**34,416**	25,199
Loss on disposal of financial assets at FVOCI	**263**	1,729
	(265,710)	(206,898)

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(l) Statements of Cash Flow

(ii) Changes in operating assets and liabilities

	Group 2024 RM'000	Group 2023 RM'000
Change in cash and cash equivalents and deposits and placements with financial institutions	**(119,604)**	(81,375)
Change in reverse mortgage assets	**(253)**	(225)
Change in financing assets	**751,439**	(5,878,415)
Change in mortgage assets	**532,717**	551,597
Change in hire purchase assets	**20**	(8)
Change in other assets and prepayments	**225**	306
Change in derivatives	**–**	802
Change in other liabilities	**(182)**	430
Change in short-term borrowings	**(824,395)**	1,823,287
Profit received from assets	**1,077,788**	875,943
Profit received from derivatives	**33,564**	25,199
Wakalah fee received	**44,966**	64,428
Profit paid on derivatives	**(33,808)**	(25,252)
	1,462,477	(2,643,283)

(iii) Analysis of changes in liabilities arising from financing activities:

Group	Sukuk RM'000	IRMBS RM'000	Total RM'000
2024			
January	**23,278,139**	**291,138**	**23,569,277**
Proceeds from issuance	**11,019,458**	**–**	**11,019,458**
Repayment and redemption	**(11,180,000)**	**–**	**(11,180,000)**
Profit paid	**(925,389)**	**(12,620)**	**(938,009)**
Other non-cash movement	**909,853**	**12,620**	**922,473**
As at 31 December	**23,102,061**	**291,138**	**23,393,199**
2023			
As at 1 January	20,135,060	291,138	20,426,198
Proceeds from issuance	12,505,000	–	12,505,000
Repayment and redemption	(9,395,000)	–	(9,395,000)
Profit paid	(800,490)	(12,586)	(813,076)
Other non-cash movement	833,569	12,586	846,155
As at 31 December	23,278,139	291,138	23,569,277

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(m) Capital adequacy

	Group 2024 %	Group 2023*** %
Regulatory capital		
Before deducting dividend*		
CET1 capital ratio	**29.0**	24.8
Tier 1 capital ratio	**29.0**	24.8
Total capital ratio	**29.6**	25.4
After deducting dividend*		
CET1 capital ratio	**29.0**	24.8
Tier 1 capital ratio	**29.0**	24.8
Total capital ratio	**29.6**	25.4

	Group 2024 RM'000	Group 2023*** RM'000
Components of CET1, Tier 1 and Tier 2 capital:		
CET1/Tier 1 capital:		
Allocated capital funds	**294,747**	294,409
Other reserves	**2,233,911**	2,048,905
	2,528,658	2,343,314
FVOCI reserves	**2,278**	2,181
Deferred tax assets	**(61,364)**	(56,290)
Less: Regulatory reserves**	**(30,517)**	(28,331)
Total CET1/Tier 1 capital	**2,439,055**	2,260,874
Tier 2 capital:		
Allowance for impairment losses	**21,005**	21,982
Add: Regulatory reserves**	**30,517**	28,331
Total Tier 2 capital	**51,522**	50,313
Total capital	**2,490,577**	2,311,187

* Refers to proposed first dividend which are to be declared after the financial year.
** Comprise qualifying regulatory reserves for non-impaired financing of Cagamas.
*** The 31 December 2023 capital adequacy ratios have been restated to align with current year computation.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(m) Capital adequacy (continued)

Regulatory capital (continued)

The breakdown of risk-weighted assets by each major risk category is as follows:

	Group	
	2024 RM'000	**2023*** RM'000**
Credit risk	**7,971,945**	8,737,364
Operational risk	**447,973**	372,729
Total risk-weighted assets	**8,419,918**	9,110,093

Proforma regulatory capital excluding CMBS

	Group	
	2024 %**	**2023*** %**
Before deducting dividend*		
CET1 capital ratio	**22.8**	19.3
Tier 1 capital ratio	**22.8**	19.3
Total capital ratio	**23.4**	19.9
After deducting dividend*		
CET1 capital ratio	**22.8**	19.3
Tier 1 capital ratio	**22.8**	19.3
Total capital ratio	**23.4**	19.9

* Refers to proposed first dividend which are to be declared after the financial year.
** Excludes CMBS's risk-weighted assets and total capital.
*** The 31 December 2023 capital adequacy ratios have been restated to align with current year computation.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(m) Capital adequacy (continued)

Proforma regulatory capital excluding CMBS (continued)

	Group	
	2024** RM'000	2023*** RM'000
Components of CET1, Tier 1 and Tier 2 capital:		
CET1/Tier 1 capital:		
Allocated capital funds	**294,747**	294,409
Other reserves	**1,651,024**	1,492,089
	1,945,771	1,786,498
FVOCI reserves	**1,779**	1,362
Deferred tax assets	**(61,364)**	(56,290)
Less: Regulatory reserves***	**(30,517)**	(28,331)
Total CET1/Tier 1 capital	**1,855,669**	1,703,239
Tier 2 capital:		
Allowance for impairment losses	**20,379**	21,141
Add: Regulatory reserves***	**30,517**	28,331
Total Tier 2 capital	**50,896**	49,472
Total capital	**1,906,565**	1,752,711
The breakdown of risk-weighted assets by each major risk category is as follows:		
Credit risk	**7,758,775**	8,516,583
Operational risk	**384,582**	310,507
Total risk-weighted assets	**8,143,357**	8,827,090

** Excludes CMBS's risk-weighted assets and total capital.
*** Comprise qualifying regulatory reserves for non-impaired financing of Cagamas.
*** The 31 December 2023 capital adequacy ratios have been restated to align with current year computation.

The Group is not subject to the BNM Guidelines on the Capital Adequacy Guidelines. However, disclosure of the capital adequacy ratios is made on a voluntary basis for information purposes.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

53 ISLAMIC OPERATIONS (CONTINUED)

NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(n) Shariah advisor

The Group consults and obtains endorsements/clearance from an independent Shariah Advisor for all the Islamic products, transactions and operations to ensure compliance with Shariah requirements. From regulatory standpoint, the Group does not have direct access to the Shariah Advisory Council ("SAC") of BNM and/or the Securities Commission of Malaysia ("SC") (collectively referred as SACs) for Shariah ruling/advice. Where applicable, the Group will obtain the approval of the SACs through counterparty or intermediary that falls under the purview of BNM, and/or through the principal advisor of Sukuk programme for submission of the Islamic financial products.

54 SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

Subsequent to the financial year end, CMBS early redeemed two tranches of its RMBS amounting to RM105.0 million and RM265.0 million on 24 February 2025 and 12 March 2025, respectively.

The early redemption satisfies the "Optional Redemption in Full" criteria set out in the Trust Deed of the respective RMBS.

55 APPROVAL OF FINANCIAL STATEMENTS

The financial statement have been approved for issue in accordance with a resolution of the Board of Directors on 25 March 2025.