

BUSINESS REVIEW

LIQUIDITY PROVISION AND SECURITISATION

Cagamas supports home ownership of all Malaysians by providing competitive funding to financial institutions (“FIs”) through its Purchase with Recourse (“PWR”) and Purchase without Recourse (“PWOR”) schemes and widening their capacity for housing loan portfolio growth while enabling borrowers more affordable and accessible mortgages. Cagamas raises funds in the capital market by issuing bonds and sukuk to support the purchases of loans and financing.

KEY HIGHLIGHTS IN 2024



Facilitated FIs’ liquidity through the purchase of RM13.0 billion under the PWR scheme



Residential mortgages continued to dominate Cagamas’ portfolio at 95.8% of the net outstanding loans and financing



Provided further capital support to FIs with RM2.3 billion of Capital Management Solutions as of 31 December 2024

PURCHASE OF LOANS AND FINANCING

Under the PWR scheme, Cagamas purchases on a recourse basis eligible portfolios of housing loans and financing, commercial and industrial property loans and financing, hire purchase and leasing debts as well as personal loans and financing from FIs and selected corporations. In 2024, Cagamas remained resilient amid a challenging environment with a purchase of loans and financing worth RM13.0 billion, further strengthening the liquidity provision model.

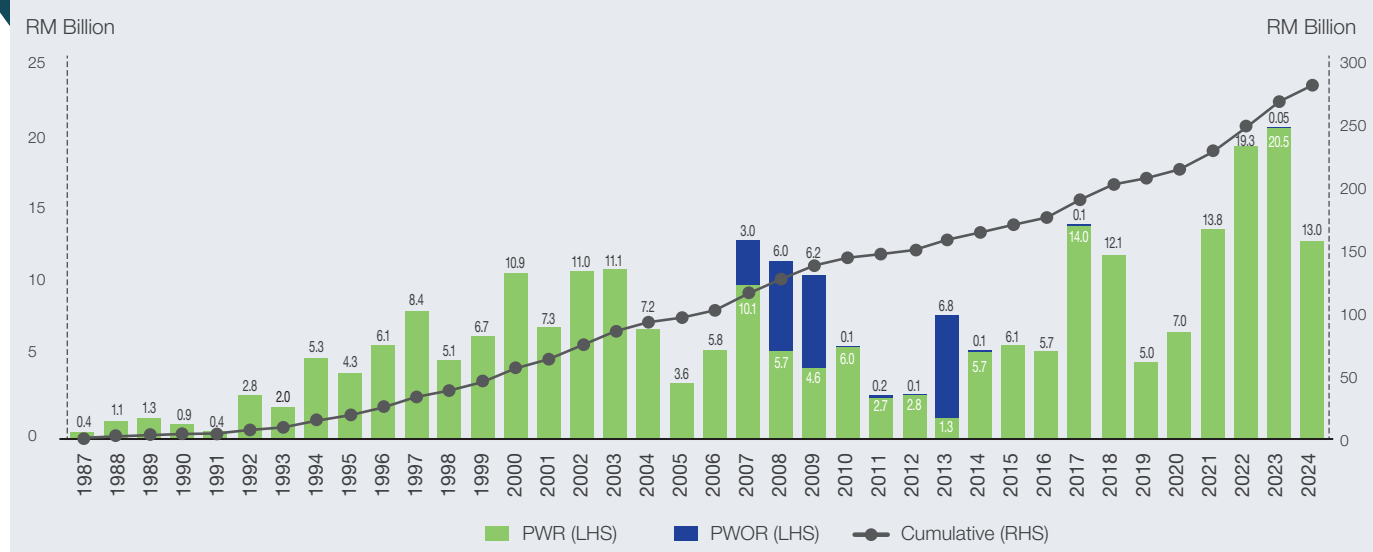
Cagamas also purchases eligible portfolios of loans and financing on a without recourse basis under the PWOR scheme, whereby there will be no recourse to the seller institution and Cagamas assumes the full credit risks. No new purchase under the PWOR scheme was made in 2024, following the prior PWOR arrangement with a financial institution in 2023.

As a result, Cagamas’ net outstanding loans and financing decreased by 9.7% to RM43.6 billion (2023: RM48.3 billion). Residential mortgages dominated Cagamas’ portfolio at 95.8% (2023: 93.6%), followed by personal loan financing at 2.2% (2023: 4.6%) and hire purchase financing at 2.0% (2023: 1.8%). Cagamas’ Islamic asset portfolio against conventional asset portfolio increased to a ratio of 55:45 (2023: 52:48), while PWR and PWOR loans and financing portfolio were at 85.1% and 14.9% respectively (2023: 84.7% and 15.3% respectively). Gross and net impaired loans and financing under the PWOR scheme stood at 0.28% (2023: 0.33%) and 0.02% (2023: 0.02%) respectively.

Looking ahead, Cagamas is committed to continue innovating and elevating our liquidity products and solutions not only to meet but exceed the evolving needs of our partners to strengthen our role as the preferred liquidity provider to financial institutions.

BUSINESS REVIEW (continued)

Figure 1: Cagamas Annual Purchase, 1987-2024



Source: Cagamas

CAPITAL MANAGEMENT SOLUTIONS

In 2020, Cagamas introduced Capital Management Solutions (“CMS”) to provide capital support to FIs and development financial institutions (DFIs) through the purchase of subordinated debt issuances by FIs. As at end 2024, the outstanding subordinated debt issuances subscribed under CMS remained at RM2.3 billion. Although CMS is considered riskier due to its unsecured and subordinated features, Cagamas has put in place controls to limit the associated risks including subscription amount, credit rating, and concentration limits to ensure that risk levels remain contained with Cagamas’ risk parameters.

SECURITISATION

Cagamas undertakes the purchase of mortgage assets and Islamic mortgage assets through the issuance of conventional and Islamic residential mortgage-backed securities to finance the purchases. The securitisation of mortgages and other asset classes enables counterparties to free-up their capital and perform portfolio risk rebalancing.

As of end 2024, total outstanding Cagamas MBS Berhad’s (“CMBS”) mortgage-backed securities stood at RM0.7 billion out of the total issuances of RM10.2 billion, comprising RM0.4 billion of conventional bonds and RM0.3 billion of sukuk. The outstanding CMBS bonds and Sukuk are expected to mature in stages and be fully redeemed by August 2027. During the year, there were no new securitisation transactions.

BUSINESS REVIEW *(continued)*

MORTGAGE GUARANTEE PROGRAMME

Cagamas, through Cagamas SRP Berhad (“CSRP”), offers Mortgage Guarantee Programme (“MGP”) as a “first loss” protection on the residential mortgage home portfolio of the FIs, hence reducing the credit risk of their housing loans and financing portfolio and helping the banks to free up capital.

Aligned with the Government’s aspiration to increase home ownership in Malaysia, CSRP provides mortgage guarantees to FIs to enable first time homebuyers to obtain up to 110% financing from participating FIs to own their first homes through the First Home Mortgage Guarantee Programme (“FHMGP”) which was newly launched in 2024, *Skim Rumah Pertamaku* (My First Home Scheme, “SRP”) and *Skim Perumahan Belia* (Youth Housing Scheme, “SPB”) which were discontinued on 1 April 2023 and 1 October 2020 respectively, all of which were expanded from the MGP.

KEY HIGHLIGHTS IN 2024



Rolled out a new scheme, First Home Mortgage Guarantee Programme (FHMGP), under the Mortgage Guarantee Programme



Successfully onboarded eight (8) participating banks since the FHMGP launch in June 2024



28 applications approved under FHMGP scheme, with a **total financing value of RM11.2 million**

FIRST HOME MORTGAGE GUARANTEE PROGRAMME (FHMGP)

FHMGP was launched in June 2024, replacing the discontinued SRP. Its objective is to assist eligible first-time home buyers secure full home financing from FIs, allowing them to own their first home sooner.

FHMGP offers mortgage guarantees for both conventional and Islamic home financing products, allowing FIs to provide home financing up to 110% for eligible first-time home buyers in the B40 and M40 income segments. This programme is also an avenue for the participating FIs to enhance their capital management while effectively managing their portfolio and credit risk.

As of December 2024, CSRP had onboarded eight (8) participating FIs, with a total of 28 financing applications approved with guarantee protection under FHMGP, amounting to a total financing value of RM11.2 million.

SKIM RUMAH PERTAMAKU (SRP) AND SKIM PERUMAHAN BELIA (SPB)

Since the inception of SRP and SPB in 2011 and 2015 respectively, the schemes have contributed significantly to Malaysia’s homeownership agenda. Collectively, the schemes have facilitated the approval of RM25.4 billion worth of housing loans and financing, benefitting over 100,000 individuals or households to own their first home, of which 91.0% is from the B40 segment.

As of the end of December 2024, total outstanding guarantee exposures from SRP and SPB stood at RM1.5 billion, covering RM22.8 billion approved housing loans and financing still under guarantee protection. During the year, no new guarantee was approved for housing loans and financing under SRP and SPB as both were discontinued on 1 April 2023 and 1 October 2020 respectively.

BUSINESS REVIEW *(continued)***REVERSE MORTGAGE PROGRAMME**

Cagamas' reverse mortgage programmes known as *Skim Saraan Bercagar* ("SSB") and *Skim Saraan Bercagar Islamik* ("SSB-i") of which the SSB-i is the world's first Islamic reverse mortgage, enables senior home owners to convert their home equity in exchange for a steady stream of monthly income and provides a form of social security to the elderly home owners for retirement. Cagamas has allocated RM100 million from its internal funds to support this initiative, and currently, the coverage of the product is in Klang Valley, Johor Bahru, Penang Island, Ipoh, Malacca City and Seremban and the online application is available through Cagamas SSB's website.

KEY HIGHLIGHTS IN 2024

Expanded market reach for SSB and SSB-i programmes through engagements and strategic partnerships



55 loans cumulatively approved for senior home owners for SSB and SSB-i



Approval rate remained higher than 50% for SSB and SSB-i applications

SKIM SARAAN BERECAGAR (SSB) AND SKIM SARAAN BERECAGAR ISLAMIK (SSB-i)

Cagamas' primary focus for its reverse mortgage programme in 2024 was to expand its market reach, making this programme more accessible to customers. As of December 2024, the SSB and SSB-i programme had cumulatively approved 55 loans and financing applications totalling RM54.3 million in value.

STRATEGIC PARTNERSHIPS WITH FINANCIAL INSTITUTIONS

Cagamas is also set to launch a unique financing scheme which will be offered to senior home owners as an alternative financial support for a specific period of time. The customers will be given the flexibility to choose the right tenor for their financial needs.

In line with the initiatives to launch this scheme, Cagamas has entered into a strategic partnership with financial institutions to leverage their networks to enhance awareness among senior home owners and broaden their access to this scheme.



BUSINESS REVIEW *(continued)*

ISSUANCE AND FUND RAISING

Cagamas issues bonds and sukuk, inclusive of sustainability, green and social bonds and sukuk, to finance the purchase of housing mortgages and other consumer receivables for both conventional loans and Islamic financing.

KEY HIGHLIGHTS IN 2024



Top 3 corporate bond issuer in the conventional bond market for 5 years in a row since 2020



Entered into RM50 million 3-month Social Repurchase Agreement (“Social Repo”) with a local financial institution



Issued RM145 million each for Cagamas’ first 3-month and 6-month Islamic Commercial Papers (“ICPs”) with ASEAN Social SRI Sukuk status

ISSUANCE AND FUND RAISING

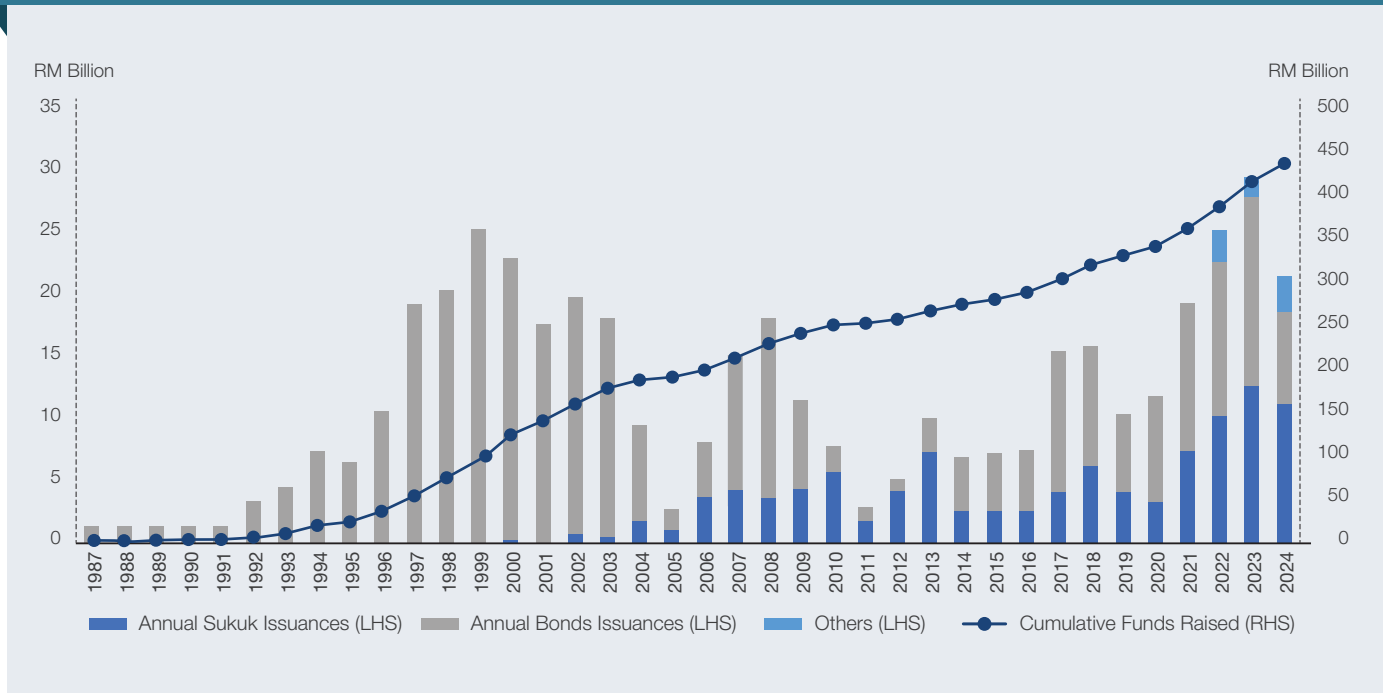
Since 1987 until the end of 2024, Cagamas and its subsidiaries, namely Cagamas Global P.L.C. and Cagamas Global Sukuk Berhad, had cumulatively issued and raised funds for a total of RM434.3 billion equivalent of corporate bonds and sukuk and other funding avenues, of which RM324.4 billion or 74.7% comprised of bonds and RM109.9 billion or 25.3% comprised of sukuk and other funding avenues. Foreign currency issuances form 5.1% or RM22.5 billion equivalent from the total funds raised. Cagamas has been the top corporate bond issuer in conventional space for five (5) years in a row since 2020.

In 2024, Cagamas raised total funds of RM21.3 billion (2023: RM29.3 billion) of which RM18.3 billion or 86.1% was from bonds and sukuk and RM3.0 billion or 13.9% was from other funding sources. Cagamas’ borrowings are primarily dominated by domestic issues which consist of 85.9% of its total borrowings with the balance being foreign currency from six (6) Singapore Dollar (“SGD”) issuances. Despite the volatility in the international market in 2024, Cagamas had issued a total of SGD775 million¹ which are fully hedged, signalling continued investors’ interest in the Company’s foreign currency papers. Although issuances have been dominated by local currencies to-date, Cagamas remains focused on selecting the most competitive and optimal funding options from both local and foreign currencies.

¹ RM2.5 billion equivalent. Exchange rate as of 31 December 2024: SGD1 = RM3.2878

BUSINESS REVIEW *(continued)*

Figure 2: Cagamas' Annual Funds Raised, 1987-2024



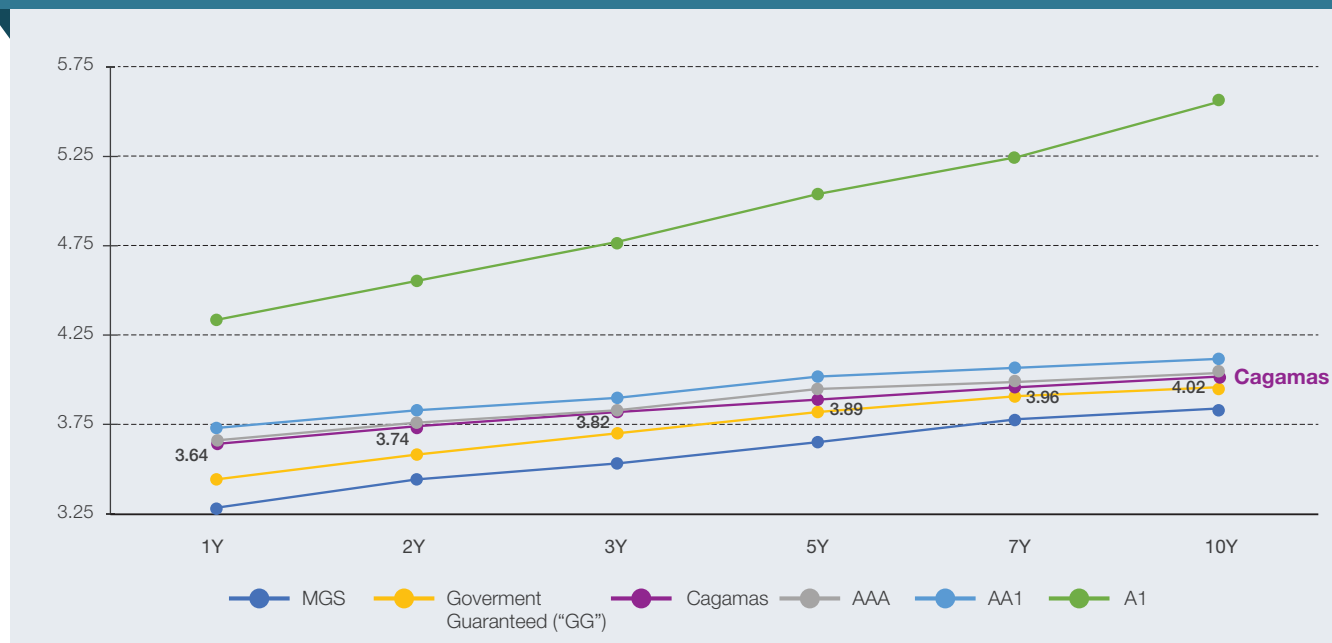
Source: Cagamas

ISSUANCE YIELD TREND

Global bond markets continued to be volatile throughout 2024 which saw US Treasury yields going up during the first half of the year, before moving lower in the third quarter and surging again to close the year at 4.45%, the highest since end of 2006. Malaysian Government Securities ("MGS") market echoed the same sentiment and ended the year higher with 3-year, 5-year and 10-year MGS closing up to 1 basis points ("bps"), 5 bps and 8 bps respectively, as compared to 2023. As at 31 December 2024, Cagamas' 3-year and 5-year yields continued to track the MGS yield curves, each inching up by 5 bps and 2 bps respectively, whilst 10-year yield remain unchanged as compared to the levels at the beginning of the year.

BUSINESS REVIEW *(continued)*

Figure 3: Bond Yield Comparison of Government and Corporate Papers as of 31 December 2024

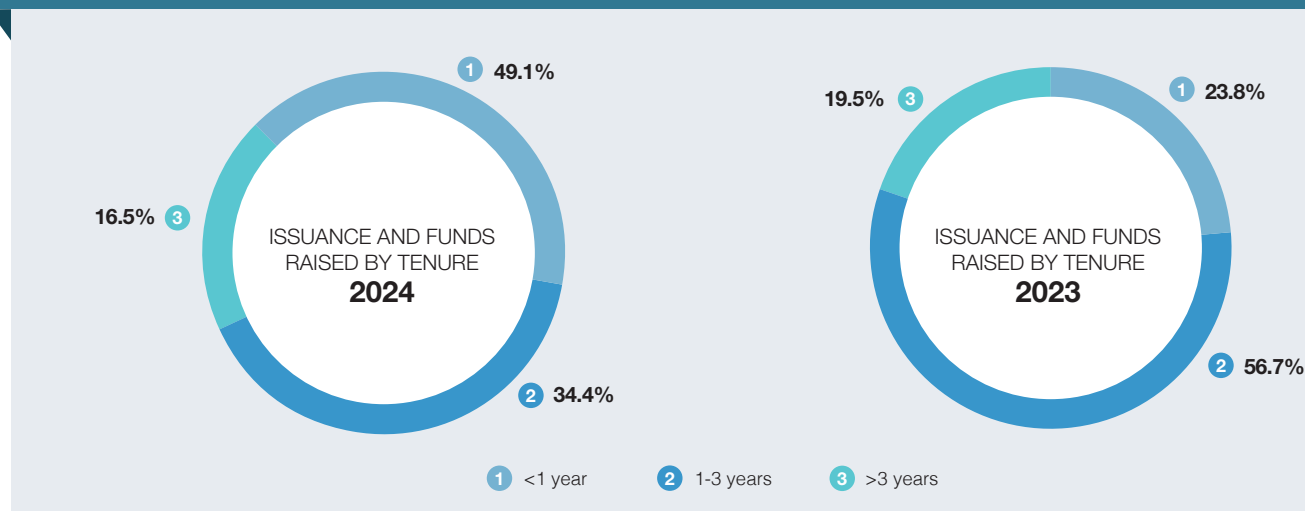


Source: Cagamas

ISSUANCE AND FUNDS RAISED BY TENURE AND CURRENCY

In terms of tenure of issuances and funds raised, 49.1% of the total in 2024 amounting to RM10.5 billion were for tenures of one year and below (2023: 23.8% or RM7.0 billion) while 34.4% or RM7.3 billion were for tenures of between one to three years (2023: 56.7% or RM16.6 billion). The balance of 16.5% or RM3.5 billion was for tenures above three years in 2024 (2023: 19.5% or RM5.7 billion).

Figure 4: Issuance and Funds Raised by Tenure, 2023 & 2024

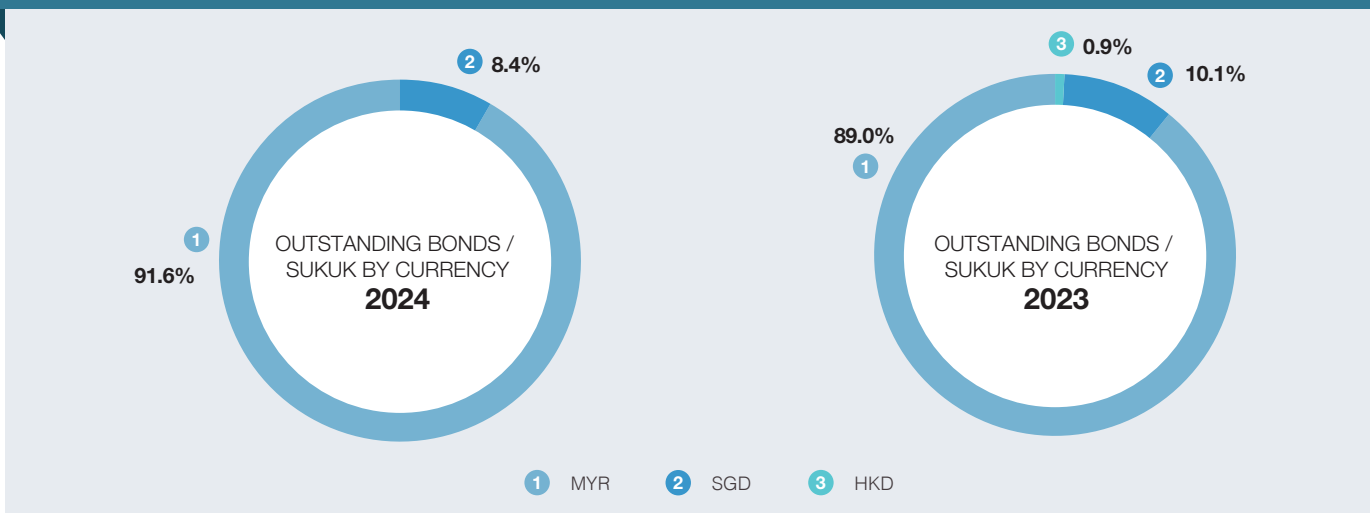


Source: Cagamas

BUSINESS REVIEW *(continued)*

As of the end of December 2024, outstanding Cagamas bonds and sukuk stood at RM44.0 billion where RM40.3 billion or 91.6% was in local currency and RM3.7 billion equivalent or 8.4% was denominated in foreign currencies. In addition, conventional bonds comprised RM21.1 billion or 47.9% of the total outstanding while the remaining RM22.9 billion or 52.1% were sukuk.

Figure 5: Outstanding Bonds/Sukuk by Currency, 2023 & 2024

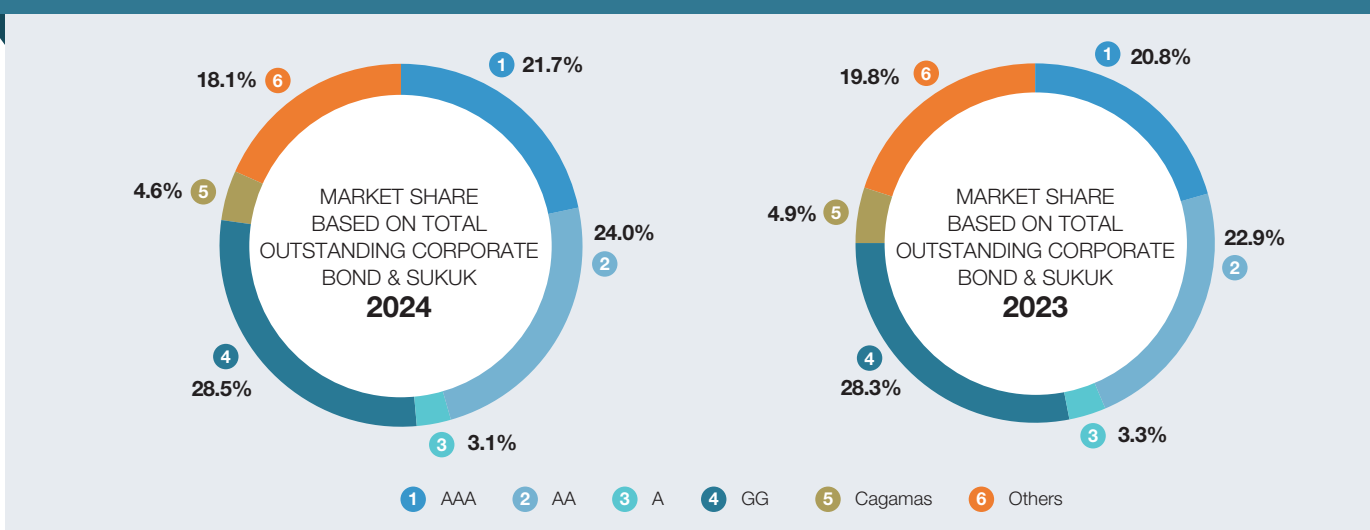


Source: Cagamas

MARKET SHARE

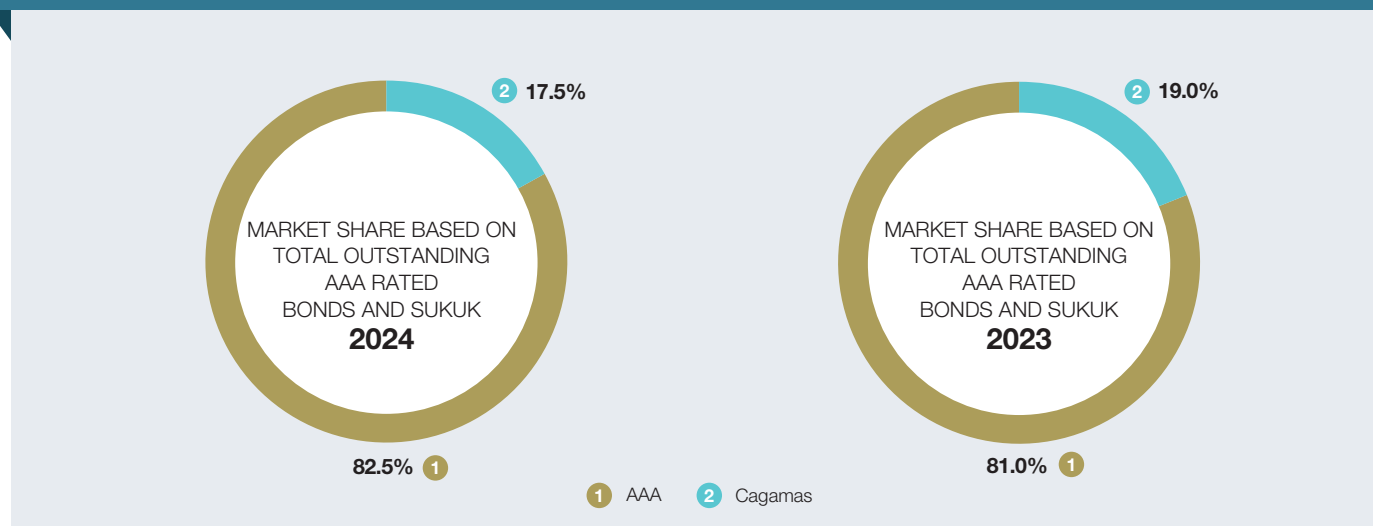
Cagamas remained one of the largest issuers of corporate bonds and sukuk in the Malaysian market, accounting for 4.6% of the total outstanding corporate bonds and sukuk and 17.5% of outstanding AAA-rated bonds and sukuk. In terms of the most traded local corporate bonds and sukuk in 2024, Cagamas ranked second with a total traded volume of RM11.7 billion, commanding a market share of 6.5% (2023: ranked third, RM9.0 billion or 6.1%). Cagamas ranked first with a total traded volume of RM3.4 billion for local conventional corporate bonds, comprising a market share of 18.9% (2023: ranked first, RM2.9 billion or 23.2%) whereas for local corporate sukuk, Cagamas ranked fourth with a total traded volume of RM8.4 billion, recorded a market share of 5.2% (2023: ranked fourth, RM6.1 billion or 4.5%).

Figure 6: Cagamas Market Share, 2023 & 2024



BUSINESS REVIEW *(continued)*

Figure 6: Cagamas Market Share, 2023 & 2024 (Continued)



Source: Cagamas

GREEN, SOCIAL AND SUSTAINABILITY FUND RAISING

During the year, Cagamas successfully completed its inaugural RM50 million 3-month Social Repo with a local financial institution and RM290 million of its 3-month and 6-month ICPs with ASEAN Social Sustainable and Responsible Investment (“SRI”) Sukuk status. These issuances highlighted Cagamas’ dedication to sustainable financing and its support for industry-led sustainability initiatives.

The Social Repo is a bespoke arrangement for the Company whereby proceeds raised from the transaction will be used to purchase Small Medium Enterprises (“SMEs”) loans which qualify as eligible assets under the Cagamas Sustainability Bond/Sukuk Framework. A Social Repo offers the financial markets a practical funding option as an alternative that aligns with their sustainability objectives and expands the Company’s sources of sustainability liquidity within the financial sector.

Meanwhile, the issuance of RM145 million each for the 3-month and 6-month ASEAN Social SRI Sukuk represented the Company’s first offering of short-term Islamic debt securities that carry the “social” label, reflecting its strong commitment to providing socially responsible investment options.

In addition, the company also issued RM250 million, RM100 million and RM500 million Social SRI Sukuk, Sustainability Medium Term Notes and Social Bonds respectively during the year.

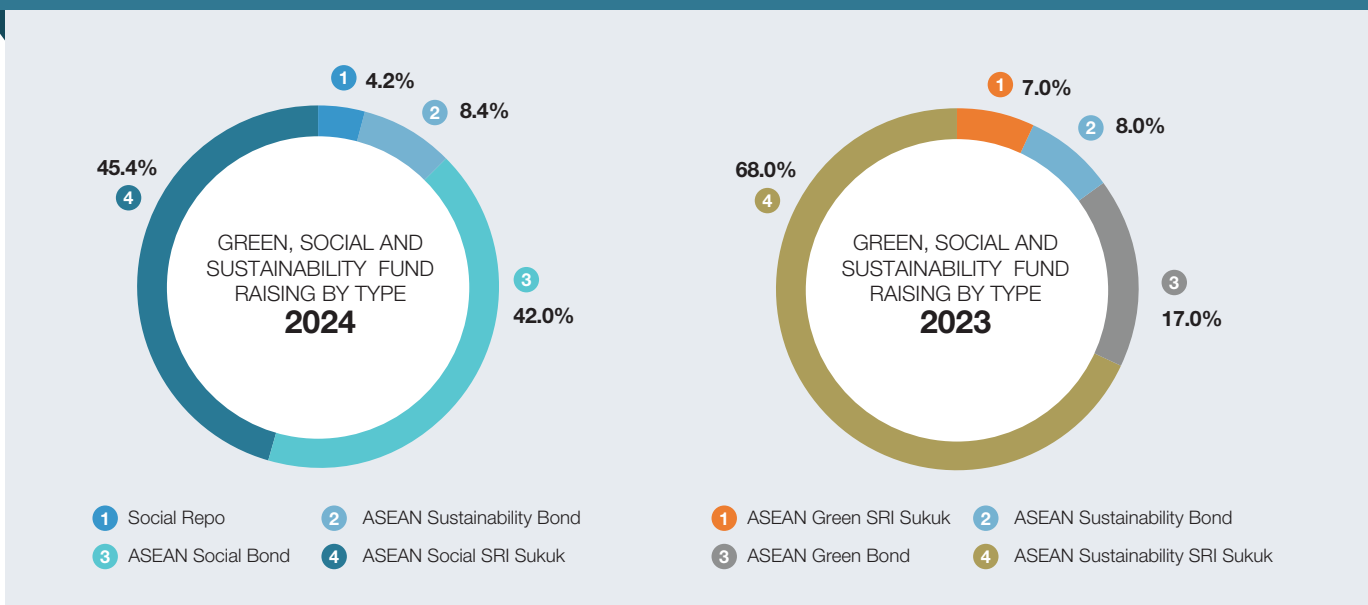
Overall in 2024, a total of RM1.2 billion (2023: RM1.2 billion) of green, social and sustainability funds have been issued and raised to purchase loans and financing extended for affordable housing, non-carbon emission industrial hire purchases for SMEs and renewable energy.

BUSINESS REVIEW *(continued)*

Since 2020, a total of RM4.9 billion of green, social, sustainability bonds and sukuk have been issued by Cagamas to purchase loans/financing extended for affordable housing, eligible green assets, and non-carbon emission industrial hire purchase loans for SMEs.

Table 1: Green, social and sustainability fund raising since 2020**RM million**

ASEAN Green Bonds	210
ASEAN Green SRI Sukuk	90
ASEAN Social Bonds	955
ASEAN Social SRI Sukuk	2,300
ASEAN Sustainability Bonds	900
ASEAN Sustainability SRI Sukuk	400
Social Repo	50

Figure 7: Green, Social & Sustainability Fund Raising by Type, 2023 & 2024

Source: Cagamas

CAGAMAS' PRIORITIES IN 2025

In 2025, Cagamas reaffirms our commitment to our 5-year strategic plan, Cagamas House of the Future, and will continue efforts to build a strong foundation that will support our growth and expansion initiatives. Cagamas' initiatives for the coming year will be anchored on the core pillars of our House of the Future including driving new business growth and expansion, enhancing our solutions to better meet the evolving needs of the industry, strengthening our talent pipeline, and reinforcing our commitment and thought leadership in sustainability and transition to Net Zero. These priorities will enhance our competitiveness and positioning as Cagamas continues to navigate the challenging operating environment with agility and strategic focus.