

# 2024

ANNUAL  
REPORT



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<https://ar.cagamas.com.my>

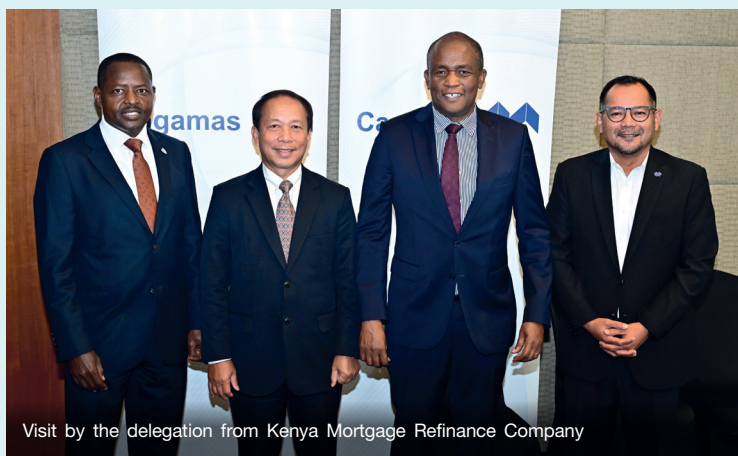




Groundbreaking Ceremony for Bandar Mini PR1MA, Teluk Intan



Visit by the delegation from the PT Sarana Multigriya Finansial (Persero), Indonesia



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# Overview of CAGAMAS



## OUR VISION

To promote **home ownership** and contribute towards **nation development**



## OUR MISSION

- Support the Government's initiatives on home ownership
- Provide liquidity to the financial sector as a secondary mortgage corporation
- Contribute towards the growth of the capital markets, Islamic finance and other priority sectors through issuance of innovative instruments
- Offer bespoke risk and capital management solutions in line with the company's objectives
- Embrace a culture of deploying sustainable initiatives
- Promote professionalism, integrity and good corporate governance



## OUR VALUES

**C.A.R.E: The Heart of Who We Are**



WE continue to strengthen **COLLABORATION** with internal and external stakeholders to achieve common objectives/goals



WE uphold **ACCOUNTABILITY** with full commitment and dedication in all our actions



WE build **RESILIENCE** to adapt and thrive on challenges, changes, complexity, and adversity



WE practice high standards of integrity, ethics and professionalism that exceed our own expectations towards achieving the organisational **EXCELLENCE**

At Cagamas, we value the spirit of **C**ollaboration and **A**ccountability to build **R**esilience in achieving **E**xcellence.



## WHO WE ARE

### About Cagamas Holdings Berhad

Incorporated in 2007, Cagamas Holdings Berhad is the holding company of Cagamas Berhad, Cagamas MBS Berhad, Cagamas SME Berhad, BNM Sukuk Berhad, Cagamas SRP Berhad and Cagamas MGP Berhad.

Its wholly owned subsidiary, Cagamas Berhad (“Cagamas”), the National Mortgage Corporation of Malaysia, was established in 1986 to promote homeownership and contribute towards nation development. It contributes towards the growth of the capital markets, Islamic finance and other priority sectors through the issuance of innovative instruments. The provision of liquidity to financial institutions at a reasonable cost to the primary lenders of housing loans encourages further expansion of financing for houses at an affordable cost. Cagamas MBS Berhad is a special purpose vehicle set up to facilitate asset-backed securitisation transactions while Cagamas SRP Berhad provides mortgage guarantees to primary lenders.



Revenue

**RM2.4**  
billion

Shareholders' Funds

**RM7.5**  
billion

Total Assets

**RM54.1**  
billion

The Cagamas model is well regarded by the World Bank as the most successful secondary mortgage liquidity facility. Cagamas is the second largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporation in 1986 till end 2024, the Group has cumulatively raised RM445.1 billion funds comprising conventional bonds, sukuk and money market instruments, including RM22.5 billion Ringgit equivalent foreign currency issuances and RM10.2 billion Residential Mortgage Backed Securities.

Cagamas corporate bonds and sukuk continue to be assigned the highest ratings of AAA/Stable/P1 by RAM Rating Services Berhad (“RAM”), and AAA/MARC-1 and AAA<sub>IS</sub>/MARC-1<sub>IS</sub> by Malaysian Rating Corporation Berhad (“MARC”), denoting its strong credit quality. Cagamas is also well regarded internationally and has been assigned local and foreign currency long-term issuer ratings of A3 by Moody’s Investors Service that are in line with Malaysian sovereign ratings. Similarly, issuances by CMBS continue to be rated AAA/Stable by RAM and MARC respectively, reflecting the superior quality of the underlying assets.

# CAGAMAS BERHAD AND OTHER SUBSIDIARY COMPANIES

## CAGAMAS BERHAD

Cagamas Berhad ("Cagamas"), the National Mortgage Corporation of Malaysia, was established in 1986 to promote home ownership and contribute towards nation development. It supports the growth of the capital markets, Islamic finance and other priority sectors through the issuance of innovative instruments. The provision of liquidity at a reasonable cost to the primary lenders of housing loans encourages further expansion of financing for houses at an affordable cost.

The Cagamas model is well regarded by the World Bank as the most successful secondary mortgage liquidity facility. Cagamas is the second largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporation in 1986, Cagamas has cumulatively raised funds of circa RM434 billion (as at 31 December 2024) worth of corporate bonds and sukuk and other funding avenues, inclusive of issuances by its wholly owned subsidiaries, Cagamas Global P.L.C. ("CGP") and Cagamas Global Sukuk Berhad ("CGS"), that are guaranteed by Cagamas. CGP was incorporated on 4 April 2014 in Labuan as a conventional fund raising vehicle to undertake the issuance of notes in foreign currency, whereas CGS was incorporated on 5 May 2014 as an Islamic fund raising vehicle to undertake the issuance of sukuk in foreign currency.

Cagamas' corporate bonds and sukuk continue to be assigned the highest ratings of AAA/Stable/P1 by RAM Rating Services Berhad and AAA/MARC-1 and AAA<sub>IS</sub>/MARC-1<sub>IS</sub> by Malaysian Rating Corporation Berhad, denoting its strong credit quality. Cagamas is also well regarded internationally and has been assigned local and foreign currency long-term issuer ratings of A3 by Moody's Investors Service that is in line with Malaysian sovereign ratings.

## CAGAMAS MBS BERHAD

Cagamas MBS Berhad was incorporated on 8 June 2004 for the purpose of undertaking the purchase of mortgage assets and Islamic mortgage assets from the Government and the issuance of residential mortgage-backed securities and Islamic residential mortgage-backed securities to finance the purchases.

## CAGAMAS SRP BERHAD

Cagamas SRP Berhad ("Cagamas SRP") was incorporated on 7 January 2011 to undertake the guarantee of residential mortgages under the *Skim Rumah Pertamaku* – (My First Home Scheme) announced by the Government in the 2011 Malaysia Budget and the *Skim Perumahan Belia* – (Youth Housing Scheme) announced by the Government on 1 October 2015. Effective 1 January 2014, the mortgage guarantee business was transferred from Cagamas MGP Berhad, and continues to be developed by Cagamas SRP.



## CAGAMAS BERHAD *(continued)*

### BNM SUKUK BERHAD

BNM Sukuk Berhad (“BNM Sukuk”) was incorporated on 18 January 2006 for the purpose of undertaking the issuances of Islamic investment securities namely Sukuk BNM Ijarah (“SBI”) and Sukuk BNM Murabahah (“SBM”) based on Shariah principles. The issuance of SBI is to finance the purchase of assets from Bank Negara Malaysia (“BNM”) and thereafter, the assets are leased to BNM for a specified period. The issuance of SBM is to enable BNM to manage liquidity via commodity trading under the principle of Murabahah.

BNM Sukuk has remained dormant since 1 September 2015.

### CAGAMAS SME BERHAD

Cagamas SME Berhad (“CSME”) was incorporated on 17 February 2006 to undertake the purchase of Small and Medium Enterprise (SME) loans and structured product transactions via cash or synthetic securitisations or a combination of both, through the issuance of bonds to finance the purchase.

CSME has remained dormant since 10 October 2012.

### CAGAMAS MGP BERHAD

Cagamas MGP Berhad (“CMGP”) was incorporated on 14 April 2008 to develop a mortgage guarantee business. Effective 20 December 2012, CMGP became a wholly owned subsidiary of Cagamas Holdings Berhad (“the Company”) and is intended to complement the Company’s other activities and developmental initiatives.

CMGP has remained dormant since 1 January 2014.

# 2024 KEY HIGHLIGHTS

## Financial Highlights



TOTAL REVENUE

**RM2.4 billion**  
(2023: RM2.3 billion)



PROFIT BEFORE TAXATION

**RM477.7 million**  
(2023: RM447.8 million)



NET PROFIT FOR THE YEAR

**RM364.2 million**  
(2023: RM330.1 million)

## Business Highlights

Recorded RM13.0 billion Purchase with Recourse ("PWR"), indicating **continuous demand from the financial institutions for Cagamas' liquidity provision services**



New scheme, **First Home Mortgage Guarantee Programme ("FHMGP")**, launched in 2024 has onboarded **eight (8) participating banks**, bringing in **28 approved applications with a financing value of RM11.2 million**



## Sustainability Highlights

### Facilitated home ownership for more Malaysians

through the purchase of home financing in the secondary market totalling RM226.3 billion cumulatively, equivalent to 2.2 million homes, since 1986


**More than 100,000 individuals/ households were able to own their first house** through FHMGP, *Skim Rumah Pertamaku* (My First Home) and *Skim Perumahan Belia* (Youth Housing Scheme) since 2011; of which **91.0% are from the B40 segment**

**Impacted the lives of almost 30,000 recipients in 2024** through our Corporate Zakat Wakalah Programme and Corporate Social Responsibility initiatives






2024 KEY HIGHLIGHTS *(continued)*

BASIC EARNINGS PER SHARE (SEN)  
 **RM242.8** sen  
 (2023: RM220.1 sen)

TOTAL ASSETS  
 **RM54.1** billion  
 (2023: RM57.8 billion)

TOTAL EQUITY  
 **RM7.5** billion  
 (2023: RM7.1 billion)

55 *Skim Saraan Bercagar* (SSB) & *Skim Saraan Bercagar Islamik* (SSB-i) loans cumulatively approved for senior home owners with more than a 50% approval rate, further **facilitating liquidity provision across the housing finance spectrum to include home owner and retirees**



**Cagamas remained among the top corporate bond issuer over the last five years**, raising a total funds of RM21.3 billion in 2024

**Ranked second (2023: third) in most traded local corporate bonds and sukuk** in 2024, with a total traded volume of RM11.7 billion, commanding a market share of 6.5%

Purchased RM150 million of non-carbon emitting industrial hire purchase receivables via PWR, **benefiting 511 Small Medium Enterprises (“SMEs”)**

RM1.2 billion of green, social and sustainability funds have been issued and raised to **purchase loans and financing extended for affordable housing, employment generation and renewable energy**

Entered first RM50 million 3-month Social Repurchase Agreement (Social Repo) with a local financial institution to purchase SMEs loans, **highlighting Cagamas’ dedication to sustainable financing**



Issued RM145 million each for Cagamas’ first 3-month and 6-month Islamic Commercial Papers with ASEAN Social SRI Sukuk status, **reflecting a strong commitment to providing socially responsible investment options**

2024 KEY HIGHLIGHTS *(continued)*

## Awards and Accolades

BPAM BOND MARKET  
AWARDS 2024

- Top Traded Amount – Conventional

- Top Issuance – Conventional

- Top Issuance – Overall

- Best Issuer for Sustainable Finance (Malaysia)

- 25 Years of Asia's Financial Markets - Best Issuer (Malaysia)

THE ASSET TRIPLE A SUSTAINABLE  
FINANCE AWARDS 2024



2024 KEY HIGHLIGHTS *(continued)*

## Our Strategic Partnerships and Credit Ratings

### SECONDARY MORTGAGE MARKET ASSOCIATIONS

Cagamas is one of the founding members of the International Secondary Mortgage Market Association ("ISMMA") and the Asian Secondary Mortgage Market Association ("ASMMA"), which aim to deepen regional and international collaborations to foster discussion between secondary mortgage market corporations.



Cagamas has signed a Memorandum of Understanding ("MoU") with the following national mortgage market corporations:



### CREDIT RATINGS



# WHAT WE DO

## Core Business Segments

### Liquidity Provision and Securitisation

#### Purchase with Recourse (PWR)

Cagamas purchases eligible portfolios of loans and financing from the financial institutions ("FIs") and selected corporations on a recourse basis, which gives quick access to liquidity for banks' regulatory compliance needs.

**11.7%**  
of net operating  
income

**69.3%**  
of total assets

#### Purchase without Recourse (PWOR)

Cagamas purchases eligible portfolios of loans and financing on a without recourse basis to the seller institution, and Cagamas assumes all credit risks to free up capital and rebalance portfolio risk.

**35.3%**  
of net operating  
income

**12.8%**  
of total assets

#### Capital Management Solutions (CMS)

CMS provides Tier-2 capital support to FIs and development FIs by providing long-term unsecured funding through the purchase of subordinated debt issuances by FIs.

**1.8%**  
of net operating  
income

**4.2%**  
of total assets

### Mortgage Guarantee Programme

### Reverse Mortgage Programme



## WHAT WE DO *(continued)*

### CORE BUSINESS SEGMENTS

#### Mortgage Guarantee Programme (MGP)

MGP offers “first loss” protection on a mortgage portfolio while the mortgage assets remain on the bank’s balance sheet, which helps banks free up capital and rebalance risk.

**6.9%**

of net operating income

**0.7%**

of total liabilities

#### Treasury and Fund Raising

##### Investment

Cagamas manages and invests surplus cash flow in approved treasury-related activities for the interest/profit and gains on the appreciation in the value of investment.

**45.8%**

of net operating income

**13.5%**

of total assets

#### Reverse Mortgage (RM) Programme

RM 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.

**0.04%**

of net operating income

**0.01%**

of total assets

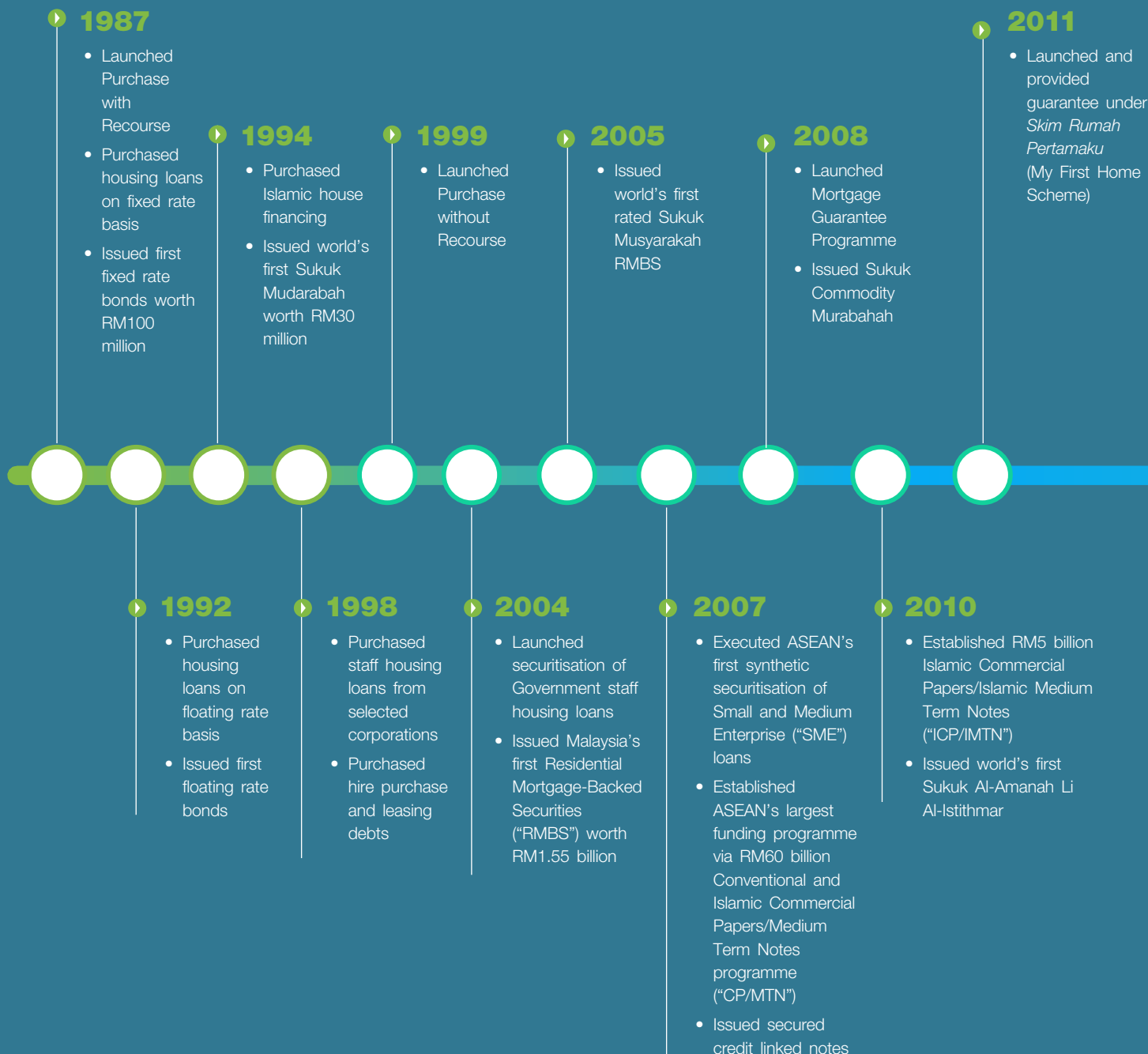
##### Issuance & Fund Raising

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

**96.3%**

of total liabilities

# MILESTONES AND KEY ACHIEVEMENTS: 1987-2024



## MILESTONES AND KEY ACHIEVEMENTS: 1987-2024 (continued)

### 2014

- Established USD2.5 billion Conventional and USD2.5 billion Sukuk Issuance Multi-Currency MTN Programme
- Issued inaugural CNH, HKD and USD bonds
- Completed first RMB denominated bonds settlement via RENTAS

### 2017

- Issued first AUD100 million Floating Rate MTN
- Reopening of first dual tranche Cagamas IMTN sukuk worth RM1.0 billion

### 2020

- Issued Malaysia's first ASEAN Sustainability SRI Sukuk for affordable housing
- Issued first Sustainability bonds for SMEs
- Launched Digital *Skim Rumah Pertamaku* (My First Home Scheme)

### 2022

- Issued Malaysia's first Floating Rate Bond based on Malaysia Overnight Rate (MYOR)
- Launched Islamic *Skim Saraan Bercagar* (SSB-i), the world's first Islamic Reverse Mortgage financing

### 2024

- Launched First Home Mortgage Guarantee Programme (FHMGP) and Islamic First Home Mortgage Guarantee Programme (FHMGP-i)
- Entered into first 3-month Social Repurchase Agreement (Social Repo) for SMEs
- Issued first 3-month and 6-month ICP with ASEAN Social SRI Sukuk

### 2012

- Issued Sukuk Wakalah Bil Istithmar

### 2015

- Issued USD2.5 billion multicurrency sukuk issuance programme - Emas Status
- Provided guarantee under the *Skim Perumahan Belia* (Youth Housing Scheme)
- Issued inaugural SGD bonds and sukuk
- Established RM20 billion ICP and Commercial Papers Programmes

### 2018

- Issued first USD28 million Floating Rate Medium Term Note

### 2021

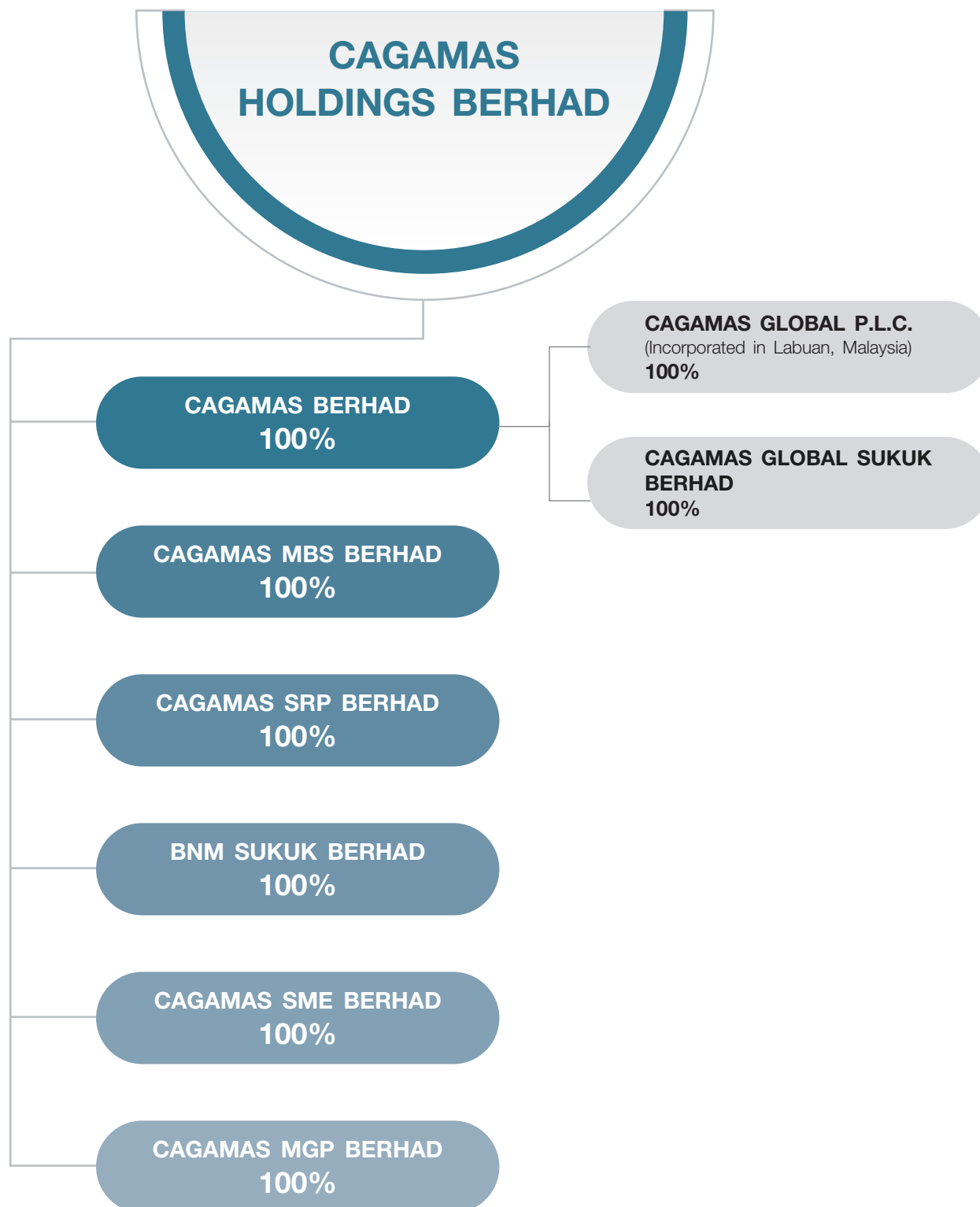
- Launched Malaysia's first Reverse Mortgage Product – *Skim Saraan Bercagar* (SSB)

### 2023

- Issued first ASEAN Green Bond and ASEAN Green SRI Sukuk worth RM300 million



# GROUP CORPORATE STRUCTURE



# MESSAGE FROM THE CHAIRMAN

## Dear Shareholders,

In 2024, the Cagamas Group of Companies (“the Group”) successfully navigated a dynamic economic landscape shaped by global monetary policy adjustments, inflationary pressures, and geopolitical uncertainties. The Group remained focused on ensuring stability in its financial performance, supporting market liquidity, and advancing our role as a key enabler of sustainable home financing.

The Group’s performance in 2024 reflects the early fruition of the House of the Future (“HOF”) 5-year strategic plan, demonstrating our discipline in liquidity management, strategic pricing, and proactive market condition management. Pre-tax profits grew to RM477.7 million, continuing our positive financial trajectory since 2021 and posting improvements across most major financial indicators. This success was supported by contributions from Cagamas Berhad, Cagamas MBS Berhad, and Cagamas SRP Berhad. Total Capital Ratio (TCR) remained robust, increasing to 50.5% from 43.1% in 2023, demonstrating enhanced capital adequacy and solid credit strength.

The Group continued to provide liquidity support to financial institutions (“FIs”) through RM13.0 billion in total acquisitions under the Purchase with Recourse (“PWR”) business, ensuring FIs have access to stable funding channels while maintaining strong relationships with market participants. Additionally, we acquired RM3.5 billion in sustainable PWR assets to date, which aligns with our aim to ensure that 10% of our total assets are sustainable and green by 2030, advancing our commitment to Environmental, Social, and Governance (“ESG”) integration. This supports the growth of our long-term business strategy, underpinned by a robust Internal Capital Adequacy Assessment Process (ICAAP) framework that ensures a sustainable approach to balancing asset growth while maintaining adequate reserves and risk parameters.

Cagamas’ funding strategy remained aligned with investor demand and capital market trends. We successfully raised RM21.3 billion through the issuance of bonds, sukuk, and money market instruments, reinforcing our

market position as a leading corporate issuer in 2024. Key initiatives included the RM50 million Social Repo Agreement, which provided critical financing to Small and Medium Enterprises (“SMEs”), and RM290 million in short-term Islamic debt securities carrying a social label. Internally, we began observing issuances on specific calendar dates, allowing us to analyse market dynamics and assess the impact on our cash flow before transitioning to a pre-announced issuance calendar by 2026. These efforts illustrate our ability to navigate the capital markets effectively while reinforcing our role as a key funding intermediary for the housing sector.

The positive momentum from HOF lays the foundation for sustained growth, driven by a clear focus on strengthening profitability, expanding product offerings, and enhancing market reach. The Group remains committed to solidify its financial strength and continues to institutionalise risk management capabilities to optimise portfolio performance and drive value creation for stakeholders.

### Advancing ESG in Housing Finance: Expanding Impact

ESG is now a core part of the Group’s business strategy, ensuring financial sustainability while aligning to Malaysia’s climate goals and broader global commitments. Through its sustainability framework, Cagamas actively integrates key Sustainable Development Goals (SDGs) into its operations which supports national sustainability objectives and strengthens the Group’s ability to deliver ESG-aligned financing.

In 2024, Cagamas advanced its leadership in sustainable finance by issuing RM1.2 billion in green and sustainability-linked bonds and

sukuk, demonstrating strong investor demand. The Group aims for 10% of its total assets to be sustainable and green or ESG-linked by 2030, embedding ESG into its financial products, risk management, and capital market activities while broadening access to green and affordable housing solutions.

The Group is expanding its commitments by enhancing its liquidity products and guarantee services to support sustainable lending and affordable green home financing. Planned innovations include reverse mortgage offerings, SME funding options, guarantee programmes for energy-efficient retrofitting and fixed-rate financing programmes. The Group also aims to develop green housing standards in collaboration with industry stakeholders, which will help accelerate ESG adoption, improve risk management, and attract ESG investors.

The Group will also focus towards strengthening its global and regional partnerships in sustainable finance through partnerships with regulators, financial institutions, developers, supranational organisations and secondary mortgage market associations. These collaborations provide a platform for Cagamas to collaborate with housing finance peers as well as advocate for the growth of the housing finance industry in Malaysia and beyond.

As the Group moves forward, it remains focused on maintaining its financial strength, expanding ESG adoption, and ensuring its continued leadership in Malaysia’s housing finance ecosystem.

I extend my appreciation to our stakeholders, investors, and business partners for their continued confidence in the Group. As we move into this new phase, we remain committed to leading with clarity, action, and purpose, ensuring that sustainable home financing becomes the industry standard.



**Dato' Bakarudin Ishak**  
Chairman

# OUR BUSINESS IMPERATIVES

## OUR CAPITALS



### FINANCIAL CAPITAL

To encourage home ownership through liquidity provision to financial institutions, our business and operations are supported by:

- Shareholders' fund of RM7.5 billion and robust capital with Group Total Capital Ratio of 50.5%.
- Credit strength with global rating of A3 by Moody's and local ratings of AAA by RAM Ratings and MARC Ratings, enabling access to competitively priced funding sources.



### HUMAN CAPITAL

Our 112 employees are the heartbeat of our organisation. We prioritise their growth by investing in learning, development and providing a positive environment to drive them towards a culture of excellence, encapsulated by our Core Values, C.A.R.E. (Collaboration, Accountability, Resilience and Excellence).



### SOCIAL & RELATIONSHIP CAPITAL

Continuously strengthen relationships with stakeholders to fulfil our mandates and empower communities to build long-term positive societal impact through the following:

- Contributing RM1.7 million towards community engagement initiatives.
- Broadening access to housing finance solutions through our inclusive mortgage guarantee, liquidity provision and reverse mortgage programmes.
- Strategic engagements with policymakers, regulators and global secondary mortgage market association members.



### NATURAL CAPITAL

Cagamas Sustainability Strategy as a guidance for our transition to net-zero:

- Green and Affordable Home Financing initiatives including issuance of green bonds and sukuk to finance purchase of green homes loans and financing.
- Energy efficient initiatives to reduce environmental footprint and greenhouse gas (GHG) emissions net zero transition plan.



### INTELLECTUAL CAPITAL

Our intellectual capital are our values, principles and standards that drives our behaviour and linked to our branding and credibility. These are built on:

- Developed risk management practices to attain optimum returns whilst operating within a sound business environment.
- Digital strategy to modernise infrastructure, digitalise product journey, enhance cybersecurity and achieve cost-efficiency to ensure long-term business sustainability.

## OUR BUSINESS ACTIVITIES

### WHAT WE DO



**Liquidity Provision and Securitisation**



**Treasury and Fund Raising**



**Mortgage Guarantee Programme**



**Reverse Mortgage Programme**

### OUR SUSTAINABILITY PILLARS



Promote Sustainable Home Ownership



Employer of Choice



Positive Societal Impact



Positive Environmental Impact



OUR BUSINESS IMPERATIVES *(continued)*FINANCIAL  
OUTPUTS

**TOTAL  
FINANCING  
ASSETS:**  
**RM46.7 billion**  
(-9.6% YoY\*)

**TOTAL  
FUNDING:**  
**RM45.0 billion**  
(-8.0% YoY\*)

**TOTAL  
ASSETS:**  
**RM54.1 billion**  
(-6.4% YoY\*)

**TOTAL  
LIABILITIES:**  
**RM46.7 billion**  
(-7.9% YoY\*)

**NET  
OPERATING  
INCOME:**  
**RM545.2 million**  
(+4.2% YoY\*)

**NET  
PROFIT:**  
**RM364.2 million**  
(+10.3% YoY\*)

VALUE FOR OUR  
STAKEHOLDERS**CUSTOMERS**

- Purchased home financing in the secondary market totalling RM12.0 billion in 2024, equivalent to a total of 37,212 homes.
- Continued to encourage first-time home ownership via First Home Mortgage Guarantee Programme ("FHMGP") that was launched in June 2024, replacing the discontinued *Skim Rumah Pertamaku* (My First Home Scheme, "SRP").
- More than 100,000 individuals/households benefited through FHMGP, SRP, *Skim Perumahan Belia* (Youth Housing Scheme) since 2011; of which 91.0% are from the B40 segment.
- Signed Memorandum of Understanding with financial institutions to increase customer's access to the reverse mortgage and guarantee programmes.

**INVESTORS**

Continued to promote Cagamas as the preferred investment choice through non-deal Asian regional roadshows in Singapore and Hong Kong.

**EMPLOYEES**

- Equipped employees with 4,375 hours spent on learning and development, an average of 37 hours per employee, with training cost of RM1.1 million.
- Knowledge exchange for employees to learn financial institutions' best practices and benchmarking study domestically and regionally in Indonesia and Japan.
- Refurbishment of Cagamas' office to revitalise the spaces that will become the collaboration and innovation hub for Cagamas' staff.

**COMMUNITIES**

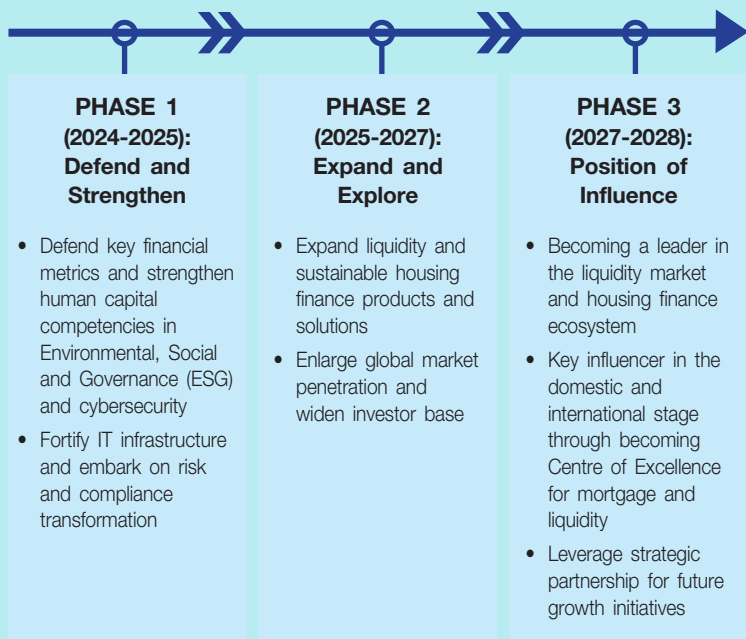
- Mobilised over RM1.7 billion of Sustainable Finance including RM1.5 billion for affordable housing and RM150 million for non-carbon emitting industrial hire purchase receivables related to Small Medium Enterprises.
- Impacted the lives of more than 30,000 recipients through Corporate Social Responsibility initiatives and zakat distribution.
- 46 scholars benefitted from the Cagamas Scholarship Programme since 2016.

**REGULATORS AND  
GOVERNMENT**

- Adhered to best-in-class practices to safeguard our assets.
- Complied with regulations to mitigate systemic risk.

CONTINUE TO BE GUIDED BY:  
5-YEAR STRATEGIC PLAN (2024-2028)**CAGAMAS HOUSE OF THE FUTURE****OUR ASPIRATION**

The preferred market liquidity provider and centre of excellence in the housing finance ecosystem

**OUR STRATEGY**

\* YoY refers to Year-on-Year

# ECONOMIC REVIEW AND OUTLOOK

## 2024 REVIEW

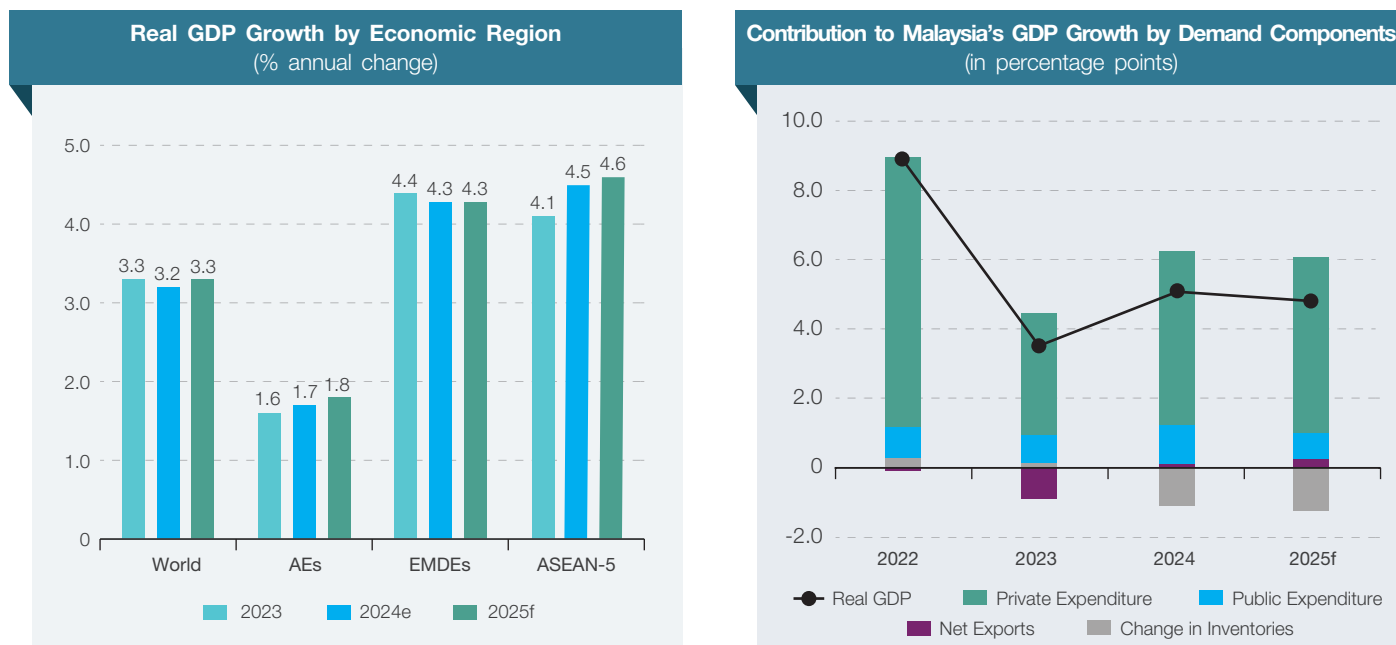
### Global and Domestic Economic Environment

The global economy demonstrated resilience in 2024, despite significant macroeconomic challenges. While growth exceeded initial expectations, it remained uneven across regions. The surprising strength of the US economy and solid growth in Association of Southeast Asian Nations (“ASEAN”) markets helped offset weaknesses in other regions. Inflation eased across most regions, enabling two-thirds of global central banks, including the US Federal Reserve (“Fed”), the European Central Bank (ECB) and the Bank of England (BoE), to relax monetary policies in the second half of the year. In contrast, the Bank of Japan (BoJ) ended 17 years of negative rates with a rate hike in March 2024 to counter inflation and a depreciating yen. However, shifting expectations about the pace of US Fed rate cuts and escalating geopolitical tensions, particularly Middle East conflicts, contributed to volatility in global financial markets. Political uncertainty, heightened by elections in half of the world’s nations, further added to the challenging global environment. Despite these headwinds, global growth remained stable, with the International Monetary Fund (“IMF”) estimating global gross domestic product (“GDP”) growth at 3.2% in 2024, a slight moderation from 3.3% in 2023.

Domestically, Malaysia’s GDP growth strengthened to 5.1% in 2024, up from 3.6% in the preceding year, primarily driven by robust private domestic demand. Household spending remained strong, supported by positive labour market conditions and continued policy support. Investment activity was buoyant, underpinned by the realisation of record-high approved investments in recent years to support Information and Communications Technology (ICT) advancements especially in data centres. On the external front, exports continued to recover, benefiting from a rebound in the global tech cycle, while faster import growth reflected rising demand for capital and intermediate goods to support investment activities. On the supply side, growth was driven by services and export-oriented manufacturing sectors, while the construction sector surged on strong investment.

**Figure 1: Real GDP Growth by Economic Region, Contribution to Malaysia’s GDP Growth by Demand Components**

**Global growth continued to be driven by ASEAN, while Malaysia’s growth largely underpinned by robust private domestic demand**



Note: AEs = Advanced economies; EMDEs = Emerging market and developing economies

Source: IMF World Economic Outlook Database, Department of Statistics Malaysia (DOSM), Ministry of Finance, CEIC

ECONOMIC REVIEW AND OUTLOOK *(continued)*

## Interest Rate and Banking System Environment

The Overnight Policy Rate (“OPR”) remained steady at 3.0% in 2024, supported by a stable inflation environment. Both headline and core inflation moderated to 1.8% in 2024 (2023: 2.5% and 3.0%, respectively), indicating limited spillover effects from the services tax and diesel price adjustments. At this level, Bank Negara Malaysia’s (“BNM”) Monetary Policy Committee (MPC) deemed the monetary policy stance to be supportive of economic growth and aligned with the current inflation and growth outlook. As a result, interbank rates remained broadly stable throughout the year, with overall financial conditions continuing to adequately support financial intermediation.

Malaysia’s banking system remained robust, underpinned by strong capital buffers and ample liquidity. By end-2024, the aggregate total capital ratio stood at 17.9% (2023: 19.0%), while the Liquidity Coverage Ratio was a solid 147.9% (2023: 161%), both significantly exceeding regulatory minimums. These indicators underscore the resilience of domestic banks in weathering potential shocks and maintaining financial intermediation. Asset quality also improved, with gross impaired loans ratio declining to 1.5% as of December 2024 (end-2023: 1.7%).

## Residential Property Market

Malaysia’s residential property market experienced a measured price adjustment in 2024, in tandem with moderate property sales growth. According to the National Property Information Centre (“NAPIC”), the Malaysia Home Price Index (“MHPI”) grew by 3.3% in 2024 (2023: 4.1%), while residential property sales rose by 4.0% in volume (2023: 3.0%) and 5.9% in value terms (2023: 7.1%), respectively. The volume of overhang units improved, with 23,149 unsold completed units worth RM13.9 billion recorded in 2024, a decline of 10.3% in volume and 21.2% in value compared to 2023 (25,816 units worth RM17.7 billion). These trends indicate a gradual clearing of inventory, with slower home price growth and a reduction in overhang units pointing to potential improvements in housing affordability.

**Figure 2: OPR versus Headline and Core-Inflation, Property Sales Value and MHPI**

**OPR was stable amid manageable inflation. Meanwhile, Malaysia’s home prices experienced a measured price adjustment amid slower residential property sales**



Source: BNM, DOSM, NAPIC



## ECONOMIC REVIEW AND OUTLOOK *(continued)*

### Bond Market

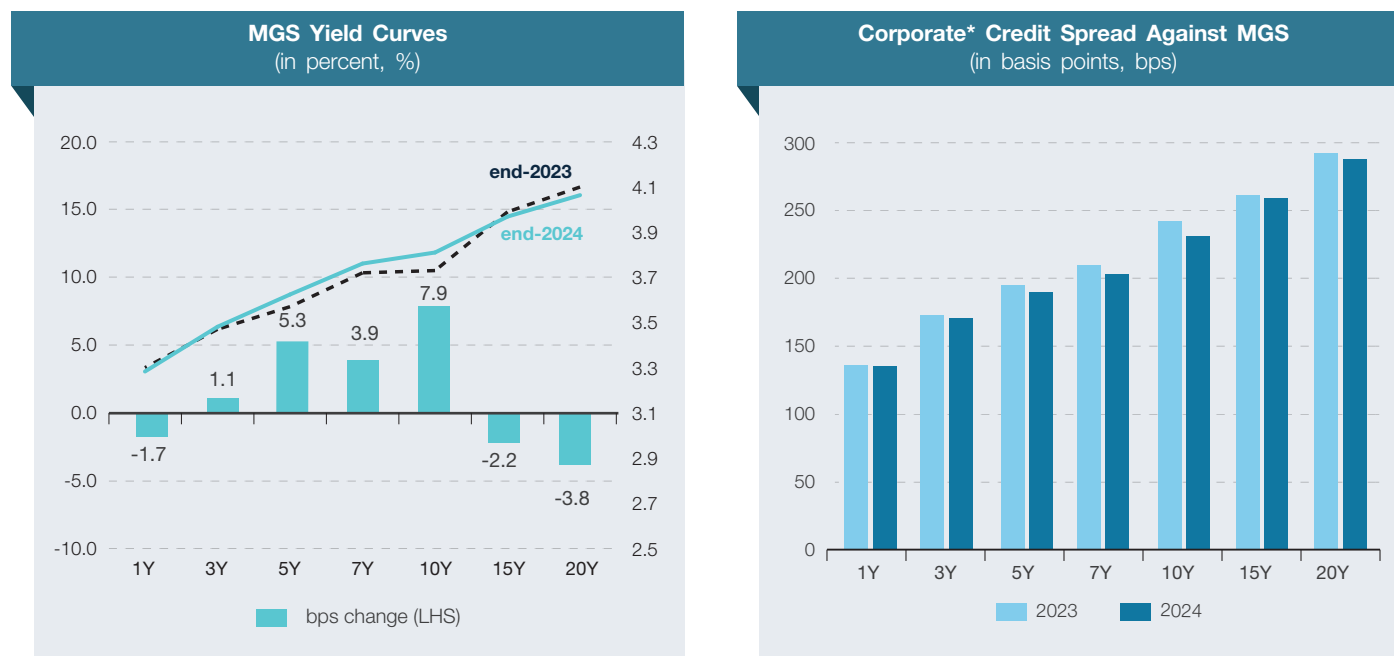
The domestic bond market remained resilient in 2024, navigating a challenging global financial environment shaped by evolving expectations around the trajectory and pace of US interest rate cuts and prolonged geopolitical tensions, against the backdrop of stable domestic interest rates. Malaysian Government Securities (“MGS”) yields ended the year on a mixed note, with declines at the shorter- and longer-end of the yield curve, while yields on 3-year to 10-year notes saw increases. Specifically, the benchmark MGS 3-year to 10-year yields rose between 1.1 and 7.9 bps, whereas yields on 15-year and 20-year notes declined by 2.2 bps and 3.8 bps respectively.

While the shorter- and medium-term duration papers continued to be influenced by dynamics in global bond markets, demand for domestic longer-dated bonds remained sturdy, underpinned by the dominance of local institutional investors. Additionally, local bonds demand was supported by favourable supply dynamics amid fiscal consolidation efforts, solid macroeconomic fundamentals and the prospect of narrower interest rate differentials with advanced economies. Consequently, foreign investors continued to accumulate domestic bonds, albeit at a lesser pace, with net inflows totalling RM4.8 billion in 2024 compared to RM23.6 billion in 2023.

Similarly, the corporate bond market mirrored the government’s bond market, ending the year on a mixed note with an overall flattening of the yield curve, driven by robust demand for long-term papers. Corporate credit spread over MGS also narrowed across most major tenors, reaching the lowest level since at least 2014. This tightening reflects strong investor confidence in the credit strength of Malaysian corporates amid favourable macroeconomic conditions.

**Figure 3: MGS Yield Curves, Corporate Credit Spread Against MGS**

#### Domestic bond market remained resilient against external headwinds



Note: \*Corporate bonds rated between AAA and BBB, including Cagamas

Source: BNM, BPAM

## ECONOMIC REVIEW AND OUTLOOK *(continued)*

### 2025 OUTLOOK

The IMF foresees global growth to remain stable at 3.3% in 2025, primarily driven by resilient consumer spending, increase investment in artificial intelligence and less restrictive monetary policies. However, the projected growth remains below historical average of 3.7% (2000-2019), and is expected to vary by region, with strong performance in the US and Emerging Asia, particularly within ASEAN, offsetting weaknesses elsewhere. Global inflation is anticipated to gradually decline, with major economies likely to reach their central banks' inflation targets sooner than emerging markets. Nevertheless, risks to the outlook remained tilted to the downside, largely due to elevated trade and policy uncertainties.

Domestically, the Ministry of Finance anticipates Malaysia's economy to grow by 4-5% in 2025, underpinned by sustained expansion in private demand. Household consumption, which accounts for more than 60% of GDP, is expected to benefit from strong labour market and sustained income growth, underpinned by supportive policy measures. Investment activity is also projected to remain robust, driven by the ongoing realisation of record-high approved investments in recent years and the implementation of catalytic initiatives under national master plans. However, downside risks include slower economic growth in major trading partners due to heightened trade and investment restrictions and potentially lower-than-expected commodity production.

Headline inflation is anticipated to remain manageable in 2025, with consumer prices expected to rise slightly by 2-3%, reflecting cost-push factor from policy measures such as the rationalisation of RON95 subsidies, higher local government taxes as well as increased labour costs from minimum wage hike and multi-tiered foreign workers levies. However, this outlook largely subject on the timing of these policy implementation as well as developments in global commodity prices and financial markets.

Against this backdrop, the OPR is expected to remain unchanged at 3.0%, contributing to a stable domestic bond market outlook. However, volatility will likely persist, driven by uncertainties surrounding the US interest rate directions, geopolitical developments and potential shifts in US trade and economic policies. In addition, the overall domestic financial system is expected to remain robust, backed by resilient banking sector, and favourable macroeconomic fundamentals, including sturdy growth profile and an improving labour market.

Malaysia's residential property market is projected to remain stable, with demand continuing to be supported by steady income growth and ongoing government initiatives to encourage homeownership. These include personal income tax relief of up to RM7,000 for first-time homebuyers between 2025 to 2027, as announced in Budget 2025. Slower home price growth and declining property overhang are expected to further improve housing affordability. Meanwhile, increasing awareness of energy efficient homes is influencing supply and demand, as developers incorporate sustainable features such as green living and renewable energy in into their projects to gain a competitive edge.

# 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.

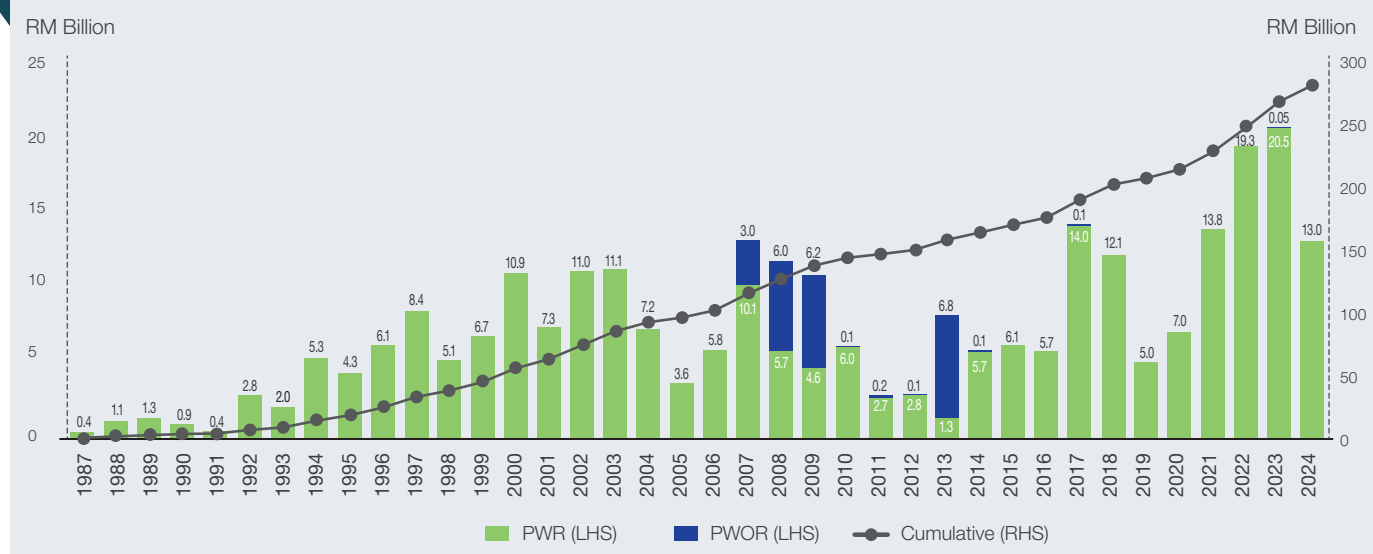
As a result, Cagamas’ net outstanding loans and financing decreased by 9.7% to RM43.6 billion (2023: RM48.3 billion). Residential mortgages dominated Cagamas’ portfolio at 95.8% (2023: 93.6%), followed by personal loan financing at 2.2% (2023: 4.6%) and hire purchase financing at 2.0% (2023: 1.8%). Cagamas’ 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 BERCAGAR (SSB) AND SKIM SARAAN BERCAGAR 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.

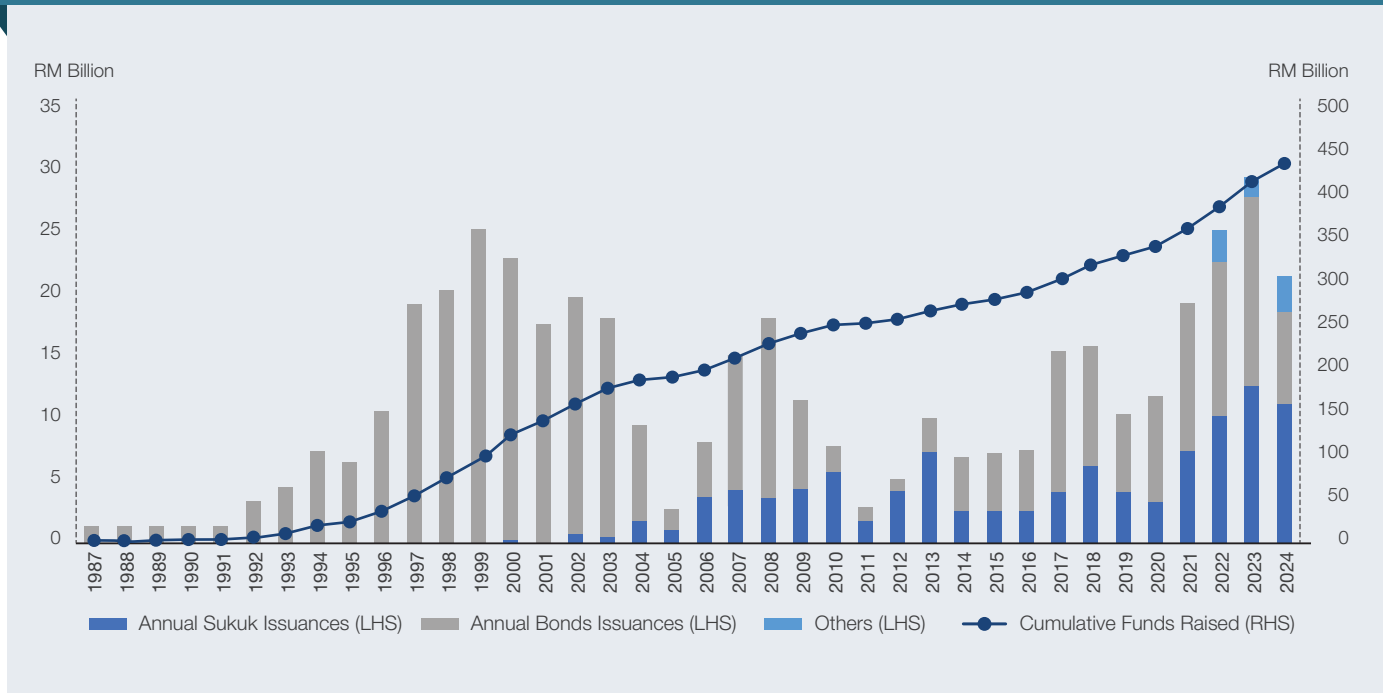
In 2024, Cagamas raised total funds of RM21.3 billion (2023: RM29.3 billion) of which RM18.3 billion or 86.1% was from bonds and sukuk and RM3.0 billion or 13.9% was from other funding sources. Cagamas’ borrowings are primarily dominated by domestic issues which consist of 85.9% of its total borrowings 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 million<sup>1</sup> 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.

<sup>1</sup> 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



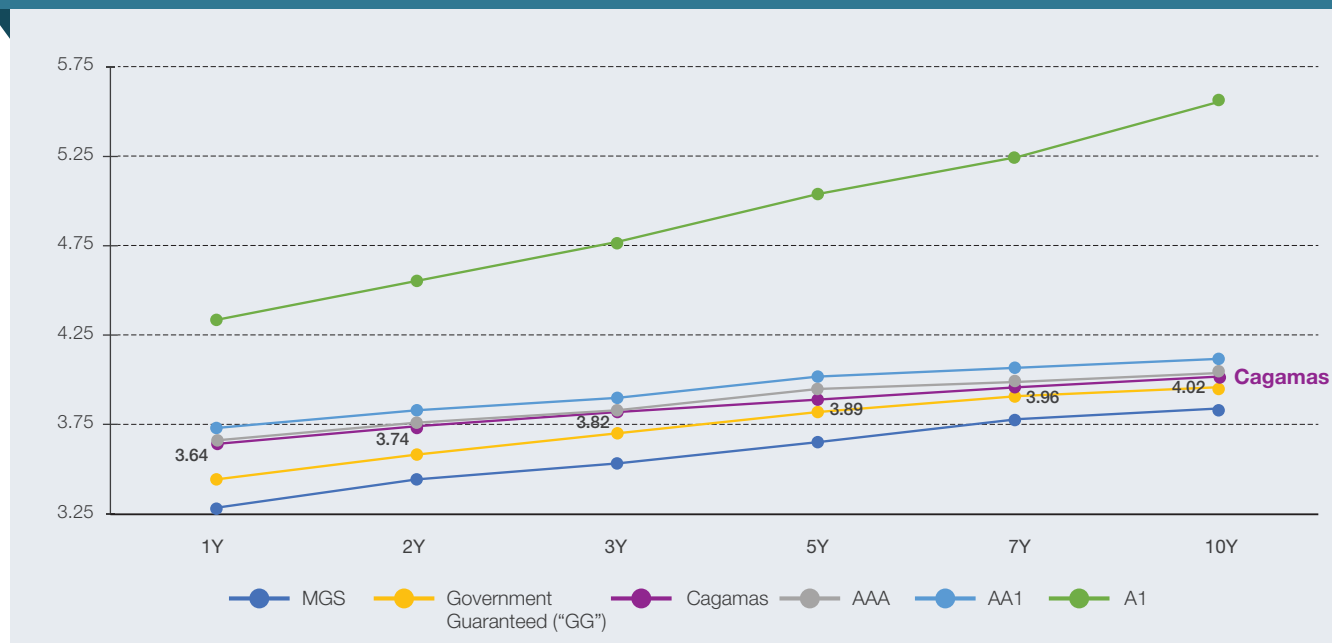
Source: Cagamas

## 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**

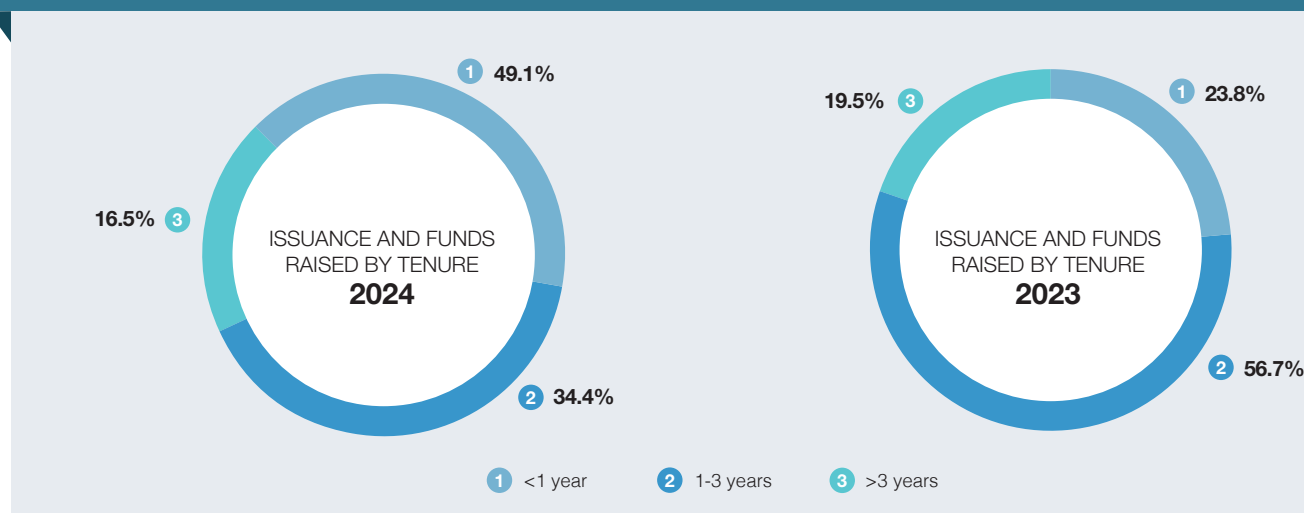


Source: Cagamas

## 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**

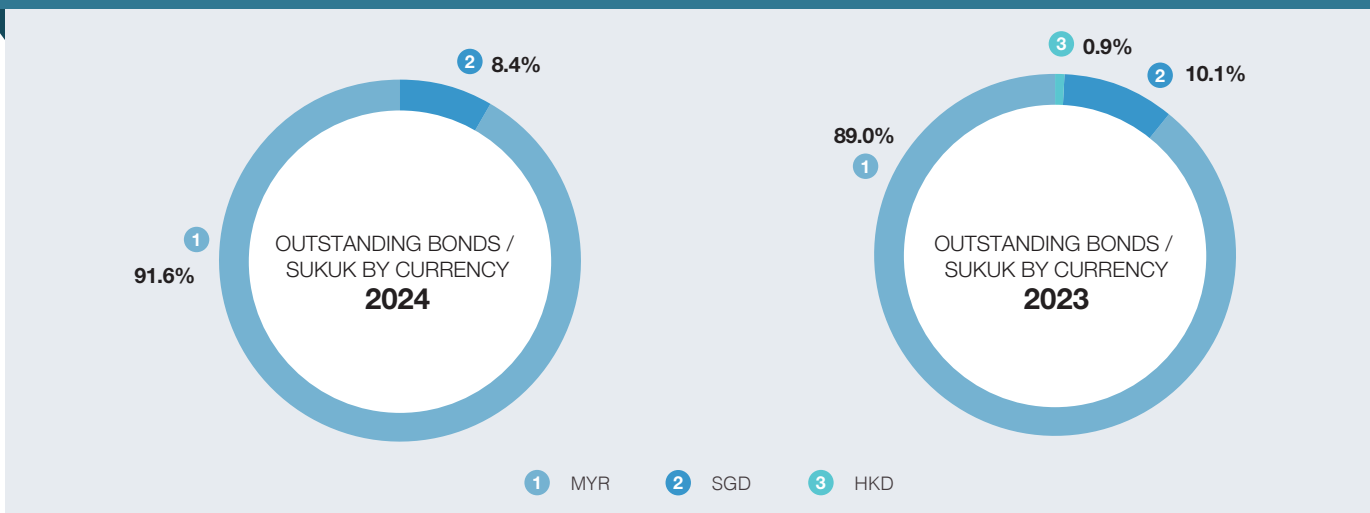


Source: Cagamas

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**

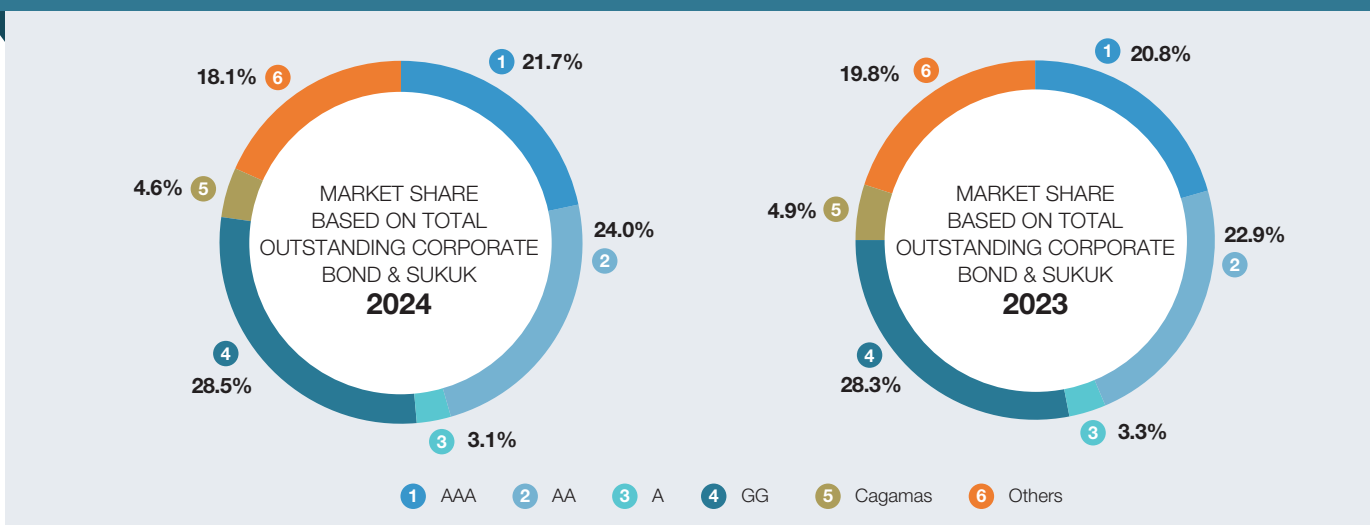


Source: Cagamas

## MARKET SHARE

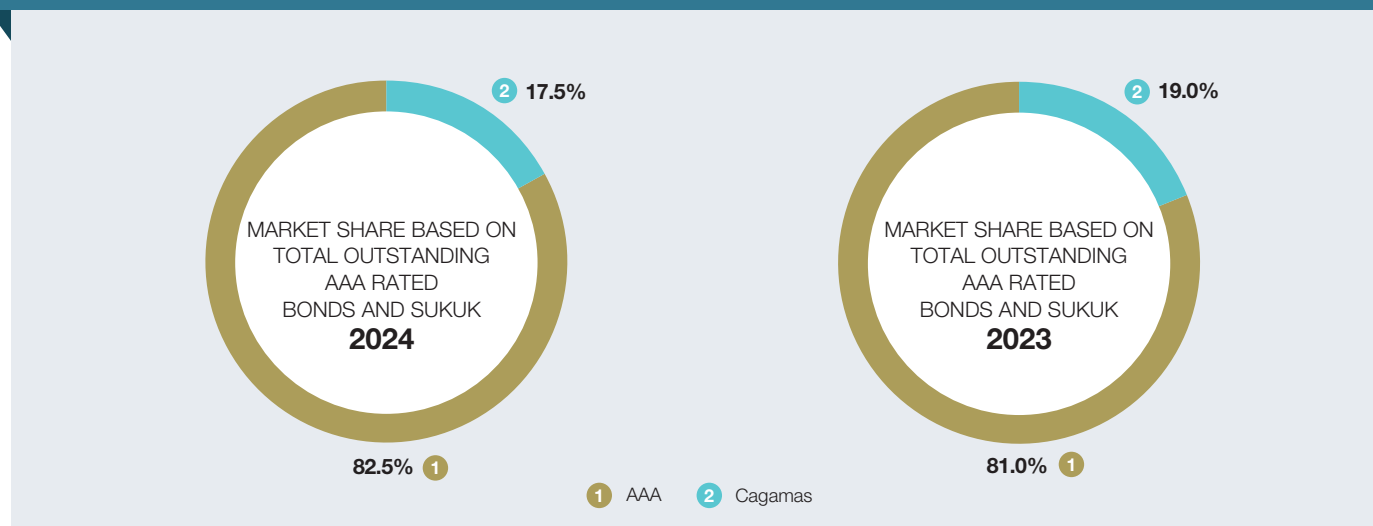
Cagamas remained one of the largest issuers of corporate bonds and sukuk in the Malaysian market, accounting for 4.6% of the total outstanding corporate bonds and sukuk and 17.5% of outstanding AAA-rated bonds and sukuk. In terms of the most traded local corporate bonds and sukuk in 2024, Cagamas ranked 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.

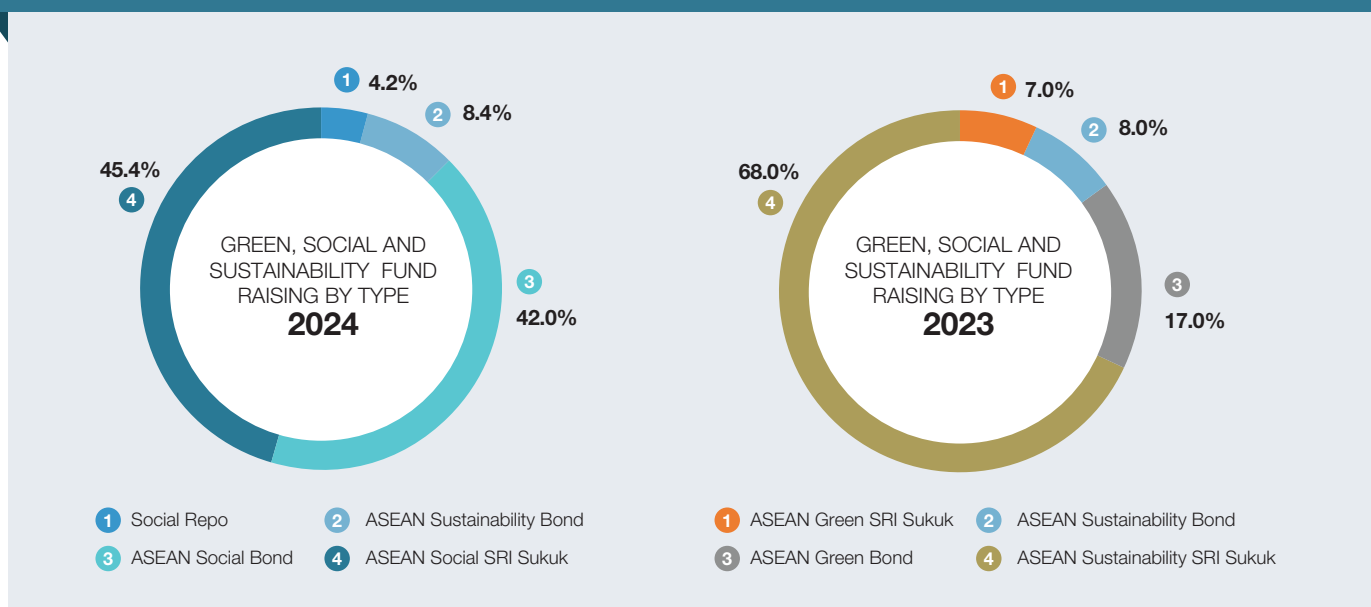


BUSINESS REVIEW *(continued)*

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.

# KEY RISKS AND MITIGATION

The Group embraces risk management as an integral part of the Group's business, operations, and decision-making process. In ensuring that the Group achieves optimum returns whilst operating within a safe and sound business environment, the risk management and compliance function is involved at the early stage of the risk-taking process by providing independent inputs, including credit evaluations, new product assessments, quantification of capital requirements, and relevant operational as well as Shariah, legal and regulatory requirements. These inputs enable the business units to assess the risk-vs-reward propositions, thus mitigating the risks whilst enabling residual risk to be considered, mitigated and priced appropriately in relation to the expected return.

Management recognises and manages the following key risk that could prevent the Group from achieving its objectives as part of its enterprise risk management. In line with the Group Sustainability Framework, climate-related risks considerations are integrated into the existing risk management process:

## CREDIT RISK

### Description

- Arises from Purchase with Recourse (PWR) and Purchase without Recourse (PWOR) business, mortgage guarantee programmes, *Skim Saraan Bercagar* (SSB), investment activities including Capital Management Solution (CMS), and treasury hedging activities.
- Potential financial loss arising from the failure of a borrower or counterparty to fulfil its financial or contractual obligations.

### Risk Response and Mitigation

- Proactively manage credit risk with appropriate limits and thresholds are in place to ensure that all exposures to credit risks are kept within parameters approved by the Board.
- Investment activities and credit approvals are guided by internal credit policies and guidelines, including eligibility criteria that are approved by the Board.
- In general, all credit approval and monitoring processes have been carried out in line with the internal credit risk management policy.

## MARKET RISK

### Description

- Within the Group, market risk exposure is limited to interest/profit rate risk and foreign exchange risk, as the Group does not engage in any equity or commodity trading activities.
- Potential loss arising from adverse movements of market prices and rates.

### Risk Response and Mitigation

- Imposing threshold limits and entering into derivative hedging contracts based on the Group's risk appetite and risk-return considerations. These limits are regularly reviewed and monitored.
- Asset Liability Management System which provides tools such as duration gap analysis, interest/profit sensitivity analysis, and income simulations under different scenarios to assist in managing and monitoring the interest/profit rate risk.
- Utilisation of derivative instruments to manage and hedge its market risk exposure against fluctuations in interest/profit rates and foreign currency exchange rates.

## KEY RISKS AND MITIGATION *(continued)*

### LIQUIDITY & FUNDING RISK

#### Description

- Funding liquidity risk may arise when the Group is unable to meet financial obligations as they fall due arising from the inability to liquidate assets or obtain adequate funding.
- Market liquidity may arise when the Group is unable to easily unwind or offset specific exposures without significantly lowering market prices because of inadequate market depth or market disruptions.

#### Risk Response and Mitigation

- Management of liquidity risk by adhering to a match-funding principle whereby all asset purchases are funded by bonds/sukuk of closely matched size, duration, and are self-sufficient in terms of cash flow.
- A forward-looking liquidity mechanism is in place to ensure effective cash flow management while avoiding any potential funding concentrations. Cash flow planning and monitoring is a crucial part of liquidity management, and every business transaction will be monitored closely to ensure adequate funds are available to meet business requirements.
- Establishment of reserve liquidity comprising marketable debt securities that serve to meet any unexpected shortfall in cash flow or adverse economic conditions in the financial markets.

### OPERATIONAL RISK

#### Description

- Operational Risk may arise from the disruption in business operations by failed or flawed internal processes, people, systems, or external events.
- The impact of operational risks may result in direct or indirect financial losses, which eventually affect the reputation of the company.

#### Risk Response and Mitigation

- Each business or support unit undertakes periodic self-assessment of its own risks and controls to identify, assess and manage its operational risks.
- Each business or support unit maintains a robust internal controls, systems, and procedures, and regularly reviewed by internal and external auditors for comprehensive oversight.
- A robust Business Continuity Management (“BCM”) programme is in place as part of its operational resiliency and to minimise the potential impact and likelihood of any unexpected disruptions to its business operations.
- Planned activities of the Group’s BCM framework and policy implementation, business continuity plans and BCM exercises.
- Institution of diverse enterprise-wide scenarios and recovery strategies to expedite business and technology recovery and resumption during catastrophic events.

### TECHNOLOGY RISK

#### Description

- May arise from various sources, including legacy systems, cyber-attacks, software malfunctions, hardware failures and data integrity issues.
- Potential for operational disruptions, financial losses and damage to an organisation’s reputation due to failures or security breaches within its technology eco-systems.

#### Risk Response and Mitigation

- The Group has embedded sound governance and effective management of technology risk, which encompass strong information technology (“IT”) security, reliability, resiliency, and recoverability to ensure the availability, accuracy, accessibility and agility of systems and data.
- Data Loss Prevention (“DLP”) is a critical component of Cagamas’ technology risk management strategy to ensure data governance through identification, monitoring, and protecting data across various platforms, including on-premises systems, cloud environments and endpoint devices.

## KEY RISKS AND MITIGATION *(continued)*

### REGULATORY COMPLIANCE RISK

#### Description

- Failure to observe relevant laws and regulations, potentially resulting in fines, penalties, and reputational damage to the Group's business.
- Importance of a robust compliance framework to safeguard the Group's operations and reputation.

#### Risk Response and Mitigation

- Group-wide policies in place that outline overarching principles and guidelines to manage regulatory compliance risks within the Group to address key areas such as anti-bribery, anti-money laundering ("AML"), data protection, and cybersecurity.
- Periodic regulatory compliance reviews are independently carried out by Risk Management and Compliance Division ("RMD") to evaluate the adequacy of controls and adherence to laws and regulatory requirements. These reviews enable proactive identification of gaps, ensuring timely resolution. Findings from these reviews are shared with relevant stakeholders to inform adjustments to policies, procedures and business practices.
- Incidents of non-compliance, identified deficiencies, corrective measures, and tracking progress are reported to the Board through the Board Risk Committee ("BRC"). This process provides the Board with a comprehensive view of compliance matters, ensures accountability, and facilitates informed decision-making on compliance risks across the Group.
- The Group remains committed to integrating insights from compliance reviews into its overall risk management framework, enabling a culture of continuous improvement. Timelines, accountability, and tracking mechanisms are in place to ensure that any non-compliance issues are resolved effectively and efficiently.

### REPUTATIONAL RISK

#### Description

- Perceived or real adverse effects on shareholders, investors, counterparties, customers, market analysts, regulators, employees, and other pertinent stakeholders.
- Potentially hinder the Group's capacity to uphold current or establish new business relationships, maintain credibility, and sustain stakeholders' trust and confidence.

#### Risk Response and Mitigation

- Establishment of a Reputational Risk Framework, delineating a structured process, tools, and controls to proficiently navigate and mitigate reputational risks across its operations. This framework operates through a three-stage approach, comprising risk assessment, early detection and escalation, and continuous risk monitoring and control of continuous improvement. Timelines, accountability, and tracking mechanisms are in place to ensure that any non-compliance issues are resolved effectively and efficiently.

### SHARIAH NON-COMPLIANCE RISK

#### Description

- Arising from the failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia (BNM) and/or Securities Commission of Malaysia ("SC") (collectively referred to as "SACs"), standards on Shariah matters issued by BNM or SC, including advice of the Shariah Advisors that are consistent with the rulings of the SACs.
- Potential legal or regulatory sanctions, financial loss or non-financial implications, including reputational damage, which the Group may suffer.

#### Risk Response and Mitigation

- Consultation and obtains endorsements from an independent Shariah Advisor for all its Islamic products, transactions, and operations to ensure compliance with relevant Shariah requirements.
- Where applicable, the Group will obtain approval of the SACs through the counterparty or intermediary that falls under the purview of BNM and/or through the principal adviser of the sukuk programme for submission of its Islamic financial products to SC.
- Periodic Shariah compliance review is conducted by RMD with endorsements by the Shariah Advisor and an annual audit by the Internal Audit Division is performed to verify that Islamic operations conducted by the business units are in compliance with the decisions endorsed by the Shariah Advisor. Any incidences of Shariah non-compliance will be reported to the Shariah Advisor, the relevant Board Committee and the Board.



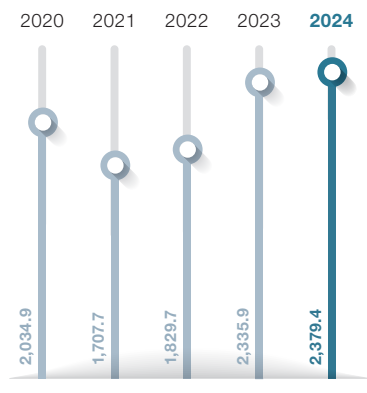
## 5-YEAR FINANCIAL SUMMARY

	Group				
	2020	2021	2022	2023	2024
<b>Revenue (RM million)</b>					
Gross Operating Revenue	2,034.9	1,707.7	1,829.7	2,335.9	<b>2,379.4</b>
Profit Before Tax and Zakat	512.2	427.9	446.3	447.8	<b>477.7</b>
Profit After Tax and Zakat	383.8	317.6	335.4	330.1	<b>364.2</b>
Dividend After Tax	30.0	30.0	30.0	30.0	<b>30.0</b>
<b>Statement of Financial Position (RM million)</b>					
Amount Due From Counterparties	14,069.2	17,141.2	17,097.7	19,987.8	<b>16,833.4</b>
Islamic Financing Assets	9,662.7	10,273.7	15,482.3	21,426.9	<b>20,666.8</b>
Conventional Mortgage Assets	5,509.2	4,819.1	4,167.7	3,585.5	<b>3,004.6</b>
Islamic Mortgage Assets	5,947.2	5,411.9	4,884.4	4,387.0	<b>3,909.0</b>
Total Assets	40,244.3	44,124.6	49,950.8	57,842.1	<b>54,149.3</b>
Unsecured bearer bonds and notes	17,483.0	19,957.0	20,414.7	24,954.9	<b>21,186.2</b>
Sukuk	14,063.4	15,082.0	20,135.1	23,278.1	<b>23,102.1</b>
Residential mortgage-backed securities	622.7	622.7	371.4	371.4	<b>371.4</b>
Islamic residential mortgage-backed securities	612.3	612.3	291.1	291.1	<b>291.1</b>
Paid-up Capital	150.0	150.0	150.0	150.0	<b>150.0</b>
Reserves	6,218.9	6,394.9	6,637.5	6,998.7	<b>7,335.9</b>
Shareholders' Funds	6,368.9	6,544.9	6,787.5	7,148.7	<b>7,485.9</b>
<b>Per Share</b>					
Earnings (sen)*	255.9	211.7	223.6	220.1	<b>242.8</b>
Net Tangible Assets (RM)*	42.3	43.5	45.1	47.5	<b>49.8</b>
Dividend (sen)	20.0	20.0	20.0	20.0	<b>20.0</b>
<b>Financial Ratios</b>					
Pre-tax Return on Average Shareholders' Funds (%)	7.8	6.6	6.7	6.4	<b>6.5</b>
After-tax Return on Average Shareholders' Funds (%)	5.8	4.9	5.0	4.7	<b>5.0</b>
Pre-tax Return on Average Total Assets (%)	1.2	1.0	0.9	0.8	<b>0.9</b>
After-tax Return on Average Total Assets (%)	0.9	0.8	0.7	0.6	<b>0.7</b>
Dividend Cover (times)	12.8	10.6	11.2	11.0	<b>12.1</b>
Total Capital Ratio (%)	59.1	56.1	51.0	43.1	<b>50.5</b>

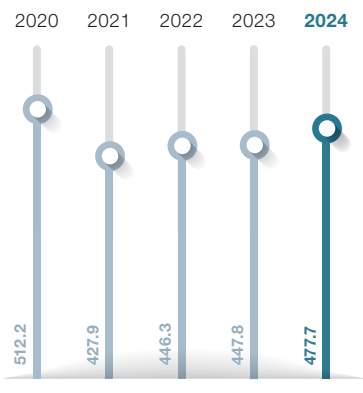
\* Based on 150 million ordinary shares of RM1.00 each

# 5-YEAR FINANCIAL HIGHLIGHTS

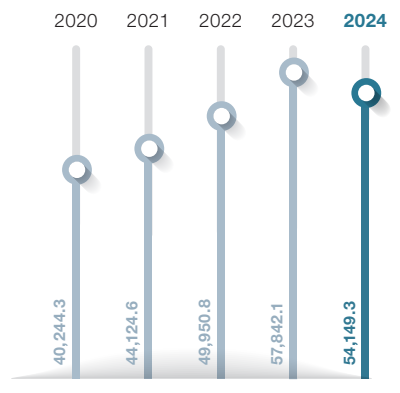
**Gross Operating Revenue**  
(RM million)



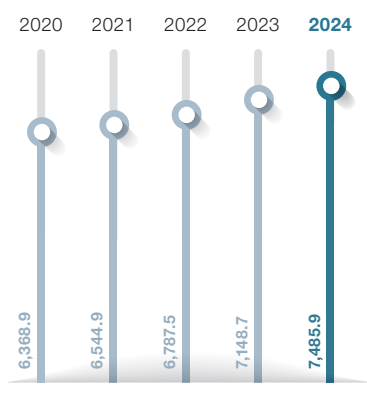
**Profit Before Tax and Zakat**  
(RM million)



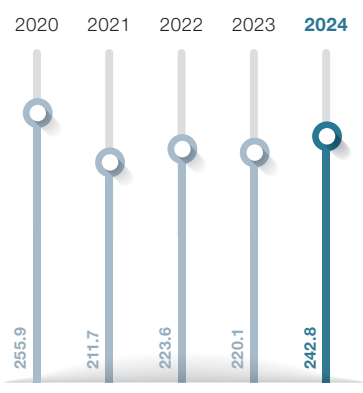
**Total Assets**  
(RM million)



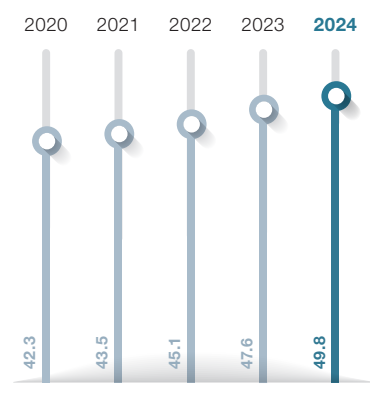
**Shareholders' Funds**  
(RM million)



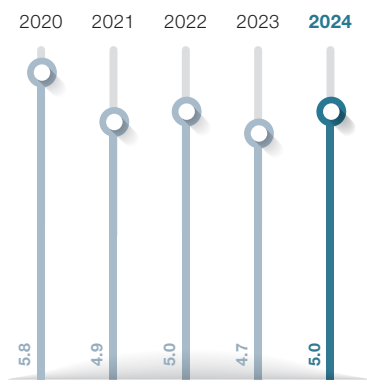
**Earnings\***  
(Sen)



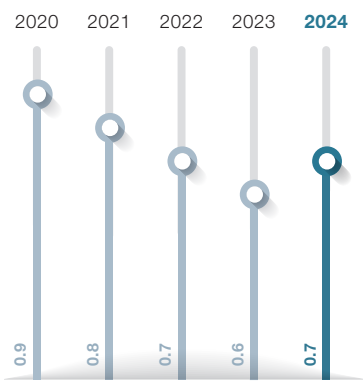
**Net Tangible Assets**  
(RM)



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



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



# SUSTAINABILITY REPORT

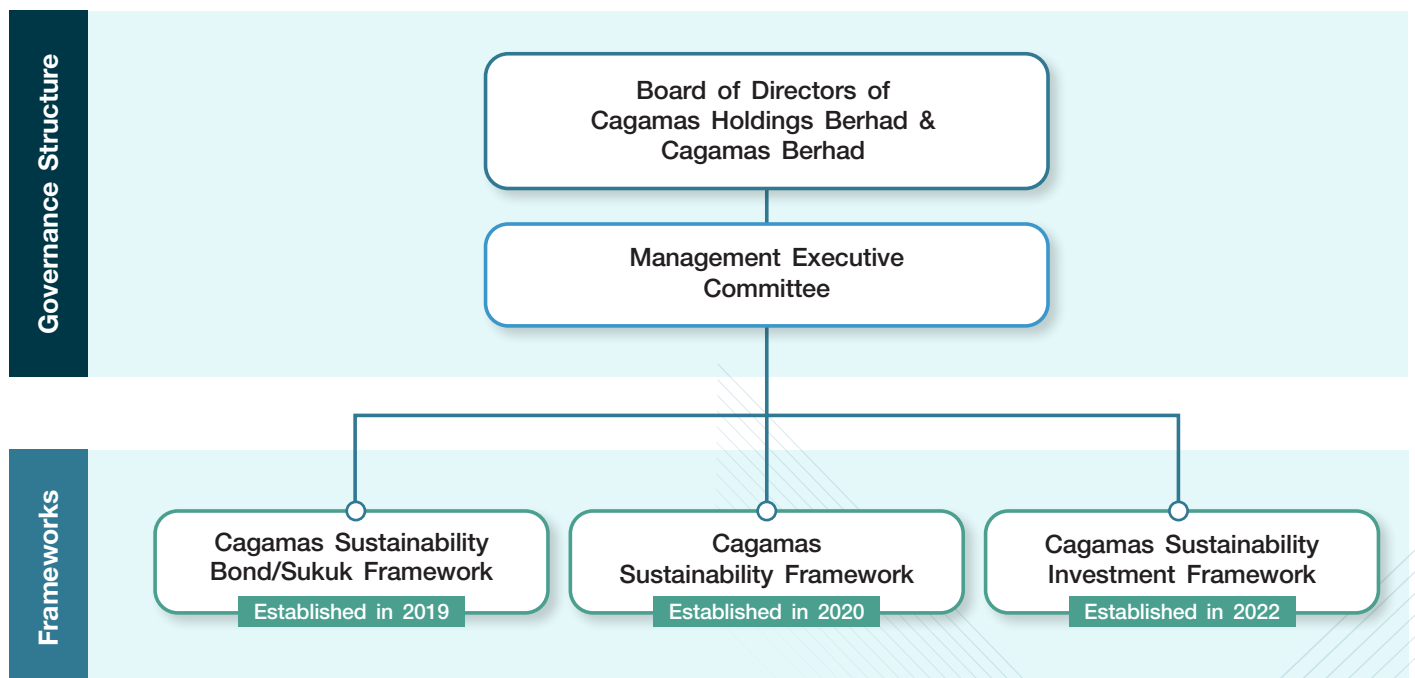
## SECTION 01

### CORPORATE SUSTAINABILITY REPORTING

This Sustainability Report is the seventh report for Cagamas Holdings Berhad and its subsidiaries (collectively referred to as “the Group”), highlighting the Group’s ongoing commitment in advancing our sustainability agenda and covering the financial period from 1 January 2024 to 31 December 2024.

### SUSTAINABILITY GOVERNANCE

Cagamas is dedicated to maintaining the highest standards of sustainability governance and regularly reviews its sustainability governance practices and disclosures.

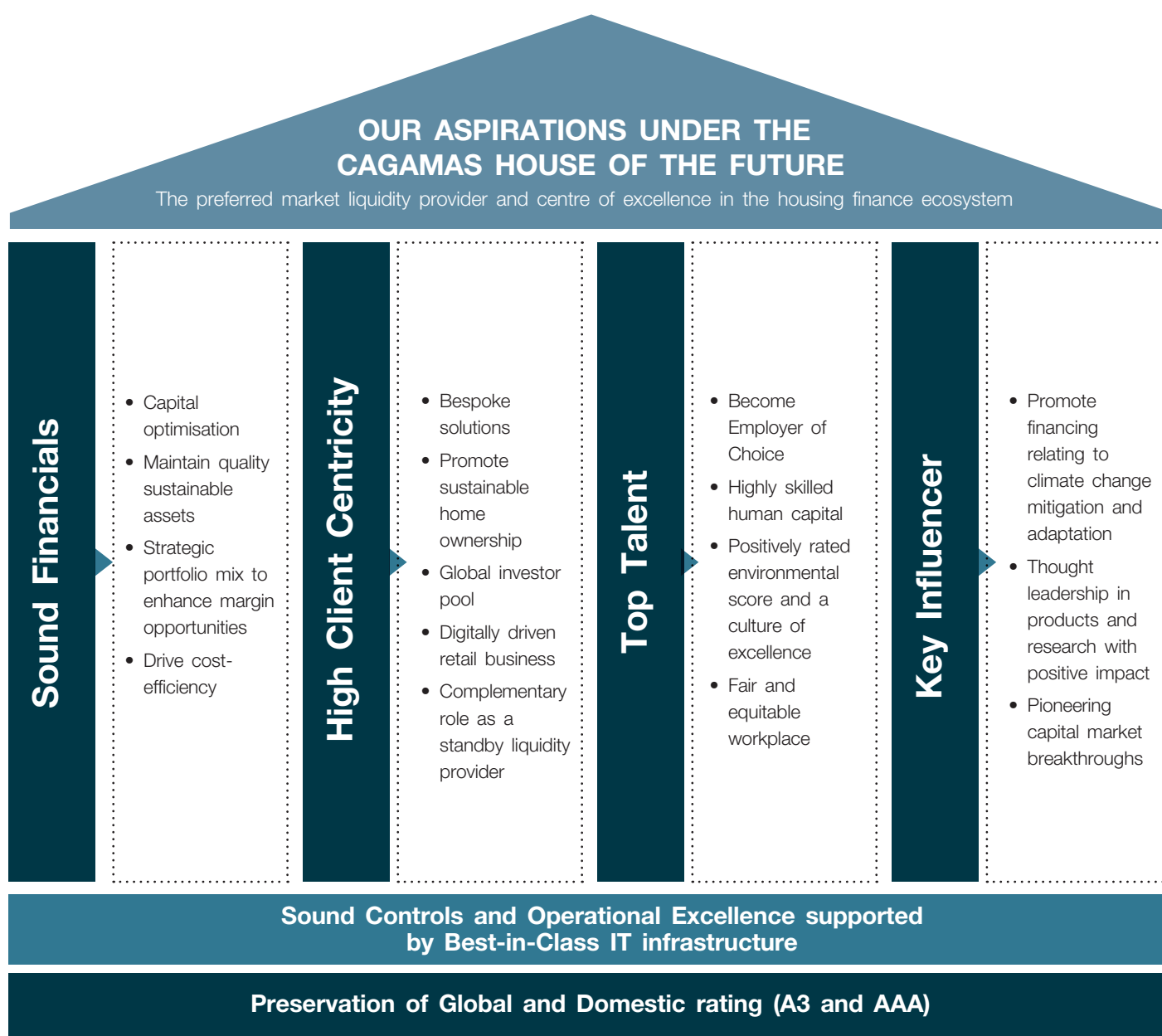


The Board of Directors of both Cagamas Holdings Berhad and Cagamas Berhad provide oversight on the Group’s sustainability journey, execution and development. The Management is responsible for formulating and implementing sustainability strategies as well as practical sustainability governance practices while meeting corporate objectives. In 2020, Cagamas introduced the Cagamas Sustainability Framework to outline its approach to embedding sustainability across its business activities and operations. Cagamas Sustainability Bond/Sukuk Framework was established to guide the use of proceeds from its sustainability issuances to eligible assets. In congruence with the frameworks, Cagamas has established its Sustainability Investment Framework in 2022, which aims to integrate Environmental, Social and Governance (ESG) factors as part of the evaluation and consideration of investing in sustainable assets.

## SUSTAINABILITY REPORT *(continued)*

### SUSTAINABILITY STRATEGY

Cagamas' sustainability strategy focuses on making green and affordable housing finance more mainstream to facilitate home owners and counterparties to mitigate the challenges arising from climate change, support the transition to net zero, as well as reduce the environmental impact of our operations in line with our 5-year strategic plan, "Cagamas House of the Future". Our initiatives are anchored on the expansion of our product lines across the housing value chain to include green and affordable housing finance products and solutions. This provides investors with additional avenues for investment with societal and environmental values, while integrating sustainability elements across internal operations to ensure meaningful contributions to employees and communities. These strategies will help to drive Cagamas in reaffirming its commitment to achieve 10% of total assets to be sustainable and green by 2030.















SUSTAINABILITY REPORT *(continued)*

## CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

The Group contributes to sustainable development through impactful actions under the Cagamas Sustainability Framework ("Sustainability Framework") centred around four (4) thematic pillars namely promoting sustainable home ownership, becoming the employer of choice, and promoting positive societal and environmental impact. Each pillar and its respective focus areas positively contribute to the various sustainability development goals under the United Nations Sustainable Development Goals ("UN SDGs").

Pillar under Sustainability Framework	Objectives	FY2024 Achievements and Progress	Contribution to the UN SDGs
 <b>Pillar 1:</b> Promote Sustainable Home Ownership	Promote sustainable home ownership to all Malaysians by supporting financial institutions' liquidity requirements to grow their mortgage portfolios as well as through mortgage guarantee programs.	<ul style="list-style-type: none"> <li>Cumulatively purchased home financing in the secondary market totalling RM226.3 billion, equivalent to 2.2 million homes, since inception in 1986.</li> <li>Provided mortgage guarantees to more than 100,000 individuals/households to own their first house through First Home Mortgage Guarantee Programme ("FHMGP"), <i>Skim Rumah Pertamaku</i> (My First Home Scheme, "SRP") and <i>Skim Perumahan Belia</i> (Youth Housing Scheme, "SPB") since 2011; of which 91.0% are from the B40 segment.</li> </ul>	
 <b>Pillar 2:</b> Employer of Choice	Our employees are our greatest assets and play an important role in ensuring that we embed sustainable initiatives across the Group. We are committed to creating a conducive work environment and culture, meaningful work, career advancement and personal development opportunities.	<ul style="list-style-type: none"> <li>4,375 hours spent on learning and development, an average of 37 hours per employee.</li> <li>Identified potential successors who are "ready" currently stand at 62%, with RM1.1 million invested in learning and development under various disciplines and programmes.</li> <li>Expanded knowledge exchange by sending the employees to learn best practices from financial institutions and conducted a benchmark study with Cagamas' counterparts in Indonesia and Japan.</li> <li>Five (5) final-year students from universities all over Malaysia were selected for the Cagamas Internship Programme.</li> <li>Refurbishment of Cagamas' office to revitalise the spaces that will become the collaboration and innovation hub for Cagamas' future.</li> </ul>	
 <b>Pillar 3:</b> Positive Societal Impact	We are committed to creating long-term positive societal impact in the communities that we are in through our community engagement initiatives, scholarship programme, zakat distribution and inclusive products and solutions.	<ul style="list-style-type: none"> <li>Impacted the lives of almost 30,000 recipients in 2024 through our Corporate Zakat Wakalah Programme ("ZWP") and Corporate Social Responsibility ("CSR") initiatives.</li> <li>Contributed approximately RM1.5 million for Cagamas Scholarship Programme which benefitted 46 scholars since 2016.</li> <li>Purchased RM150 million of non-carbon emitting industrial hire purchase receivables via Purchase with Recourse ("PWR"), benefitting 511 Small Medium Enterprises ("SMEs").</li> <li>Entered its inaugural Social Repurchase Agreement for SMEs &amp; issued first Islamic Commercial Paper with ASEAN Social Sustainable and Responsible Investment (SRI) Sukuk label.</li> </ul>	
 <b>Pillar 4:</b> Positive Environmental Impact	We aim to promote positive environmental impact by facilitating home owners and counterparties to manage the challenge of climate change through our products and solutions as well as reduce the impact of our operations.	<ul style="list-style-type: none"> <li>As part of Cagamas' Net Zero Initiatives, Cagamas, in partnership with the Asian Development Bank ("ADB") and Ernst &amp; Young (EY) hosted a stakeholder consultation workshop to drive the development and promotion of Green Affordable Housing and Green Mortgages in Malaysia, especially among the B40, M40 and female-headed household.</li> </ul>	  

## SUSTAINABILITY REPORT *(continued)*



### PILLAR 1: PROMOTE SUSTAINABLE HOME OWNERSHIP

#### HOW CAGAMAS CREATES VALUE



As the National Mortgage Corporation of Malaysia, Cagamas continues to promote sustainable home ownership to all Malaysians by providing competitive funding to financial institutions (FIs) through its PWR and Purchase Without Recourse (PWOR) schemes to expand their capacity for housing loan portfolio growth while enabling borrowers with more affordable and accessible mortgages. Cagamas also facilitates first-time homebuyers, particularly those in the M40 and B40 income groups, to own homes through its mortgage guarantee schemes which provide a financial guarantee of up to the first 10% to 20% of the total loans and financing amount.

Cagamas remains committed to contributing and creating a positive impact through identified opportunities in sustainable home development including the continuous enhancements of its products and solutions including the promotion of green and affordable housing activities.

## 2024 KEY HIGHLIGHTS

### FACILITATING ALL MALAYSIANS TO ACHIEVE SUCCESSFUL HOME OWNERSHIP

Since its inception in 1986, Cagamas has cumulatively purchased financing in the secondary market totalling RM279.9 billion, primarily attributed to home financing, which amounts to RM226.3 billion, equivalent to a total of 2.2 million homes. In 2024, the Group purchased home financing in the secondary market totalling RM12.0 billion, equivalent to a total of 37,212 homes.

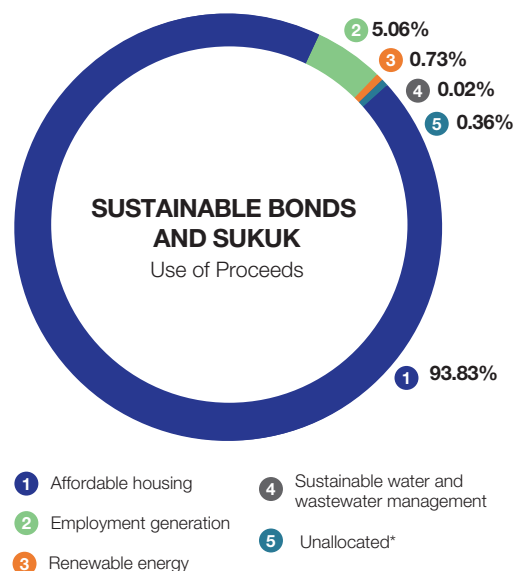
### ENABLING ACCESS TO HOME FINANCING FOR LOW-TO-MIDDLE INCOME GROUPS

The Group also provided mortgage guarantees for housing loans and financing to first-time home buyers through FHMGP, SRP and SPB totalling RM25.4 billion since the inception of the schemes. This has enabled over 100,000 individuals/households to own their first house, of which 91.0% are from the B40 segment.

### SUPPORTING THE GROWTH OF AFFORDABLE HOMES THROUGH SUSTAINABILITY ISSUANCES

Cagamas was among the first main players in the market to drive the sustainability agenda through the issuance of sustainability bonds and sukuk as part of its ongoing efforts to establish an emerging sustainable asset class.

To date, Cagamas has cumulatively issued a total of RM4.9 billion of sustainability bonds and sukuk since 2020 with RM2.9 billion outstanding as of 31 December 2024. The proceeds from the issuances have been primarily allocated to eligible assets in line with the Cagamas' Sustainability Bond and Sukuk Framework, of which, 93.8% of the proceeds were channelled to affordable housing.



\* Loans which do not fulfil eligible criteria and will be replaced with eligible sustainability loans in 2025

SUSTAINABILITY REPORT *(continued)*

## PILLAR 2: EMPLOYER OF CHOICE

### HOW CAGAMAS CREATES VALUE



Opening of a newly redesigned office

At Cagamas, we recognise that our workforce is the heartbeat of our success. Our commitment extends far beyond the ordinary – we strive to create a positive and nurturing environment for our employees. We aspire to provide a workplace that is fair and equitable, where every day presents not just challenges, but opportunities for personal and professional growth.

Our Core Values, encapsulated in C.A.R.E. (Collaboration, Accountability, Resilience and Excellence), represent our guiding principle to steering our ship towards a future where Cagamas is at the forefront of promoting home ownership across the nation.

## 2024 KEY HIGHLIGHTS

### CAGAMAS AS A FAIR AND EQUITABLE WORKPLACE

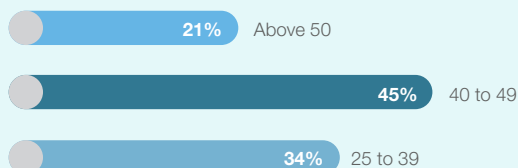
We foster an inclusive environment that values diversity and empowers individuals to contribute their unique perspectives. Our commitment to diversity is about recognising and utilising the collective strength of a diverse workforce to ensure everyone can reach their full potential, creating a truly rich and talented workplace.

### THE TALENTS BEHIND CAGAMAS

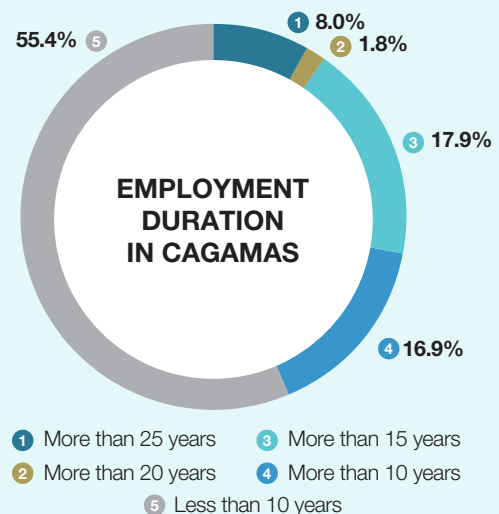
Comprise of the following gender composition, age group and employment duration in Cagamas:



Comprise of the following age group:



Of the total workforce



## SUSTAINABILITY REPORT *(continued)*

### PROFESSIONAL DEVELOPMENT ROUTE FOR HIGHLY SKILLED HUMAN CAPITAL

Our dedication to professional development not only elevates individual career trajectories but also contributes to the overall success and innovation of our company. We remain steadfast in our commitment to providing ongoing opportunities for learning and growth, ensuring that our employees are well-equipped to navigate the ever-evolving landscape of their respective fields.



#### Corporate Learning

We are committed to fostering a culture of continuous learning and development. Our programmes not only enhance employees' technical expertise but also equip them with essential soft skills, enabling personal and professional growth.

The focus area of 2024 was on Sustainability, Cybersecurity and Market & Liquidity Risk.



Training hours = **4,375**



Average training hours per employees = **37**



#### Succession Planning

Continuous effort for succession realisation on the mission-critical position that currently stands at 62% in 2024 (2023: 56%), with RM1.1 million invested for individual career development and advancement.



#### Knowledge Exchange

Our employees were given opportunities for learning assignments from the best practices in the financial industry and the peers in the national mortgage corporation from other countries:

- Four (4) staff members were sent to financial institutions from July to September 2024 to gain knowledge about the best practices in the risk management process, middle office operations, and impairment modelling processes.
- In July 2024, five (5) employees visited PT. Sarana Multigriya Finansial (Persero) ("SMF"), a counterpart of Cagamas in Indonesia, to study Indonesia's mortgage market, SMF's initiatives, and their distinguished Research division.
- Four (4) employees visited the Japan Housing Finance Agency ("JHF") in November 2024 to gain insights into Japan's mortgage market and JHF's initiatives.



#### Cagamas Internship Programme

Five (5) final-year students are chosen from various universities across Malaysia to explore careers in the financial industry. Through this programme, these talented individuals will gain valuable experience, working on real projects and learning from industry experts, enabling them to enhance their skills and knowledge and empowering them to build their careers.

**4**

Females



**1**

Male

From the following field of study:

- **Accounting & Finance**
- **Law**
- **Business Administration**
- **Financial Mathematics**

### Refurbishment of Cagamas' Office

Cagamas completed its newly redesigned and renovated office space in December 2024. Cagamas employees navigated a significant transition, adapting to remote work during renovation and utilising temporary office location for discussions or important meetings. With the completion of the revitalised office, Cagamas and its employees now embrace a space that serves as a hub for innovation and collaboration.



SUSTAINABILITY REPORT *(continued)*

### PILLAR 3: POSITIVE SOCIETAL IMPACT

#### HOW CAGAMAS CREATES VALUE



Cagamas is committed to creating long-term positive societal impact through various community engagement initiatives that reflect the Group's commitment to giving back to society and ensuring sustainable communities' growth. Cagamas' social contribution and development initiatives include supporting access to quality education for underprivileged students through scholarship programmes, distribution of funds through zakat and social investments, as well as developing innovative products in our effort to promote a more inclusive and caring society.

## 2024 KEY HIGHLIGHTS

### PROVIDING ACCESS TO QUALITY EDUCATION FOR UNDERPRIVILEGED STUDENTS THROUGH THE SCHOLARSHIP PROGRAMME

Since its establishment in 2016, the Cagamas Scholarship Programme has played a pivotal role in supporting students from low-income households in their pursuit of higher education. As part of its commitment to developing future talent in the financial services industry, Cagamas has invested approximately RM1.5 million in scholarships, benefiting 46 scholars across diverse fields of study.



### EXPANDING CHANNELS IN PROMOTING SKIM SARAAN BERECAGAR TO THE RETIRED HOME OWNERS

In 2024, Cagamas continued to increase awareness of the reverse mortgage products comprising of *Skim Saraan Bercagar* and *Skim Saraan Bercagar Islamik* which offer comprehensive solutions for senior home owners who may be affected by the current economic conditions resulting in insufficient savings, to help them maintain their standard of living.

Cagamas is set to introduce a new scheme under reverse mortgage, enabling home owners to unlock the value of their properties over a specified term while retaining ownership throughout the financing period. To support the launch of this initiative, Cagamas formed a strategic partnership with financial institutions in 2024, aiming to leverage their extensive networks to enhance product visibility and expand market reach.



## SUSTAINABILITY REPORT *(continued)*

### SUPPORTING COMMUNITIES THROUGH CSR PROGRAMMES AND ZAKAT

In 2024, Cagamas' CSR approach is centred on grant-giving for community infrastructure and educational programmes. The outcome benefitted the lives of almost 20,000 recipients with a total allocation of approximately RM198,000.

Total contribution for CSR in 2024:

**RM198,000**

(2023: RM150,000)

providing assistance towards



#### Infrastructure Upgrades for 19,100 Residents:

Community improvements, including repairs and facility upgrades, positively impacted **over 19,100 residents**, particularly vulnerable groups like single mothers and orphans.



#### Social Security for 400 Housewives:

A targeted initiative ensured financial stability and access to essential benefits for **400 low-income housewives** from the B40 group.



#### Food Security for 200 Households:

A community farming project empowered **200 households** by enhancing food security and promoting self-sustainability.

In addition to the CSR programmes, Cagamas supports the communities through its ZWP which plays a pivotal role in enhancing the Company's commitment to CSR by empowering Asnaf and improving their livelihoods across Malaysia. In 2024, Cagamas disbursed RM1,581,590 in zakat funds, positively impacting 9,575 individuals and 106 organisations. This collaborative approach amplifies the program's reach and impact, ensuring that aid reaches those in need through diverse channels.

The programme addressed critical needs, prioritising support for basic living expenses, medical costs, and outstanding utility bills, directly benefiting 2,913 vulnerable families. Recognising the transformative power of education, ZWP supported 2,869 students through sponsorships and "Back to School" expenses, alleviating financial hardship for their families.

During Ramadan and Eid, ZWP provided substantial support by channelling financial aid, essential food packages, and sponsorships to 2,501 beneficiaries. These efforts were conducted in collaboration with local suraus, non-profits, and Tahfiz schools to ensure that zakat distribution addresses immediate needs as well as promoting efficient and meaningful outreach.

In response to unforeseen challenges, ZWP assisted 780 individuals affected by natural disasters through flood relief efforts. To promote long-term economic resilience, ZWP invested in renovations and new business equipment, benefiting 512 individuals, empowering them to expand their businesses, increase their income, and achieve self-sufficiency.

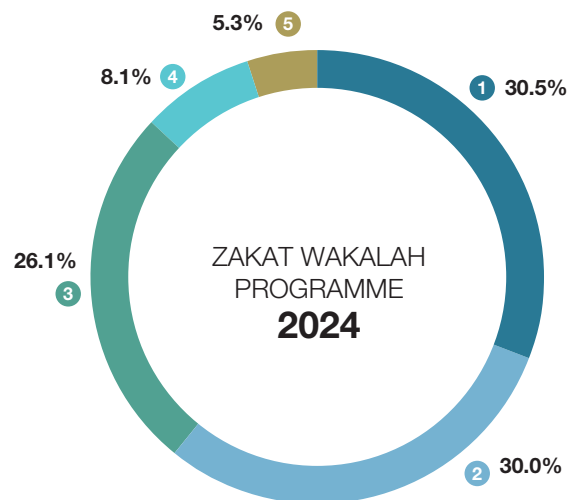
Looking ahead, the programme aspires to expand these efforts further, introducing innovative collaborations and impactful initiatives that foster sustainable business development, ensuring long-term benefits for the Asnaf and broader communities.

Total distribution under ZWP in 2024:

**RM1,581,590**

(2023: RM1,586,188)

benefiting



- 1 Basic living expenses & outstanding debts
- 2 Education
- 3 Ramadhan & Raya relief
- 4 Flood relief
- 5 Project & renovation

SUSTAINABILITY REPORT *(continued)*

## PILLAR 4: POSITIVE ENVIRONMENTAL IMPACT

### HOW CAGAMAS CREATES VALUE



As the National Mortgage Corporation, we aim to promote positive environmental impact by helping home owners and counterparties manage climate challenges through our products and solutions as well as reducing the impact of our operations.

## 2024 KEY HIGHLIGHTS

### CAGAMAS NET ZERO INITIATIVE

As part of our roadmap to reaffirm and deepen Cagamas' core mission in providing affordable housing vis-à-vis sustainable development and our responsibilities towards the environment, Cagamas kickstarted a study that aims to expand the green mortgage market to include B40, M40 and female-headed households in 2023, under the Technical Assistance ("TA") agreement signed in 2022 in collaboration with the ADB and EY.

In 2024, efforts under the TA culminated in a study that identified key challenges and issues, as well as stakeholders and enablers across the green and affordable housing value chain. The work also saw a stakeholder consultation workshop that was held in Kuala Lumpur in December 2024, that was

attended by over 60 participants from a diverse group of stakeholders within the housing ecosystem, including representatives from key financial institutions, regulatory bodies, government agencies, developers, and green building organisations, to develop approaches for advancing green and affordable housing (GAH) strategies. This study is expected to be completed in 2025.



Green Affordable Housing and Green Mortgage Study - Stakeholder Engagement Workshop

## CONCLUSION

In 2024, Cagamas continues to make significant strides in promoting sustainability, empowering individuals, enhancing its internal environment, and contributing to local communities through the development of green and affordable housing. Cagamas is dedicated to advancing its mission by exploring bold initiatives across key areas of its business that benefit Malaysians and positively impact the environment. Moving forward, the Group aims to achieve impactful results that deliver value to all its stakeholders. Sustainability has become an integral part of our strategic vision, enabling Cagamas to create a lasting positive impact on both the communities and the environment.

SUSTAINABILITY REPORT *(continued)*SECTION  
02

## ANNUAL SUSTAINABILITY PROGRESS REPORT

This report provides information on the outstanding Cagamas Sustainability Bond/Sukuk issuances, the use of proceeds and the impact analysis as at 31 December 2024.

## 1. DETAILS OF SUSTAINABILITY BOND/SUKUK ISSUANCES

Facility Code	Facility Description	Stock Code	Issue date	Maturity Date	Original Tenure	Issue Size (RM mil)	Purchase Contract
201900073	Sustainability Cagamas MTN	UG220305	31/10/2022	31/10/2025	3.0	300	228028
201900073	Sustainability Cagamas MTN	UF230192	28/06/2023	30/06/2025	2.0	30	238025
201900073	Sustainability Cagamas MTN	UG230191	28/06/2023	29/06/2026	3.0	40	238025
201900073	Sustainability Cagamas MTN	UF240245	25/07/2024	27/07/2026	2.0	100	248020
201900073	Sustainability Cagamas MTN	UG240399	06/12/2024	06/12/2027	3.0	500	248043
201900074	Sustainability Sukuk Cagamas	VG220130	24/03/2022	24/03/2025	3.0	200	228005
201900074	Sustainability Sukuk Cagamas	VG220235	29/06/2022	30/06/2025	3.0	150	228012
201900074	Sustainability Sukuk Cagamas	VG220401	27/10/2022	27/10/2025	3.0	200	228029
201900074	Sustainability Sukuk Cagamas	VG220400	31/10/2022	31/10/2025	3.0	300	228030
201900074	Sustainability Sukuk Cagamas	VF230164	20/11/2023	20/11/2025	2.0	100	238051
201900074	Sustainability Sukuk Cagamas	VG230460	30/11/2023	30/11/2026	3.0	250	238054
201900074	Sustainability Sukuk Cagamas	VG230493	28/12/2023	28/12/2026	3.0	325	238060
201900074	Sustainability Sukuk Cagamas	VG240386	29/11/2024	29/11/2027	3.0	250	248041
202300013	ICP Sustainability Sukuk Cagamas	SE240124	30/07/2024	31/01/2025	0.5	145	248022
						<b>TOTAL</b>	<b>2,890</b>

SUSTAINABILITY REPORT *(continued)*

## 2. USE OF PROCEEDS

No.	Purpose	RM mil	%
1	Renewable Energy	21.03	0.73%
2	Energy Efficiency	0.00	0.00%
3	Green Buildings	0.00	0.00%
4	Low Carbon and Low Emission Transportation	0.00	0.00%
5	Sustainable Water and Wastewater Management	0.56	0.02%
6	Affordable Housing	2,711.57	93.83%
7	Employment Generation	146.24	5.06%
8	Unallocated*	10.60	0.36%
	<b>TOTAL</b>	<b>2,890.00</b>	<b>100.00%</b>

\* Loans which do not fulfil eligible criteria and will be replaced with eligible sustainability loans in 2025

## 3. DETAILS OF SUSTAINABILITY LOAN/FINANCING

No.	Use of Proceeds	Size (RM mil)	Descriptions	Impact	Impact Indicators
1	Renewable Energy	21.03	Solar PV system for rooftop installation	9,268	Total installed capacity (kwh)
2	Sustainable Water and Wastewater Management	0.56	Effluent water treatment	128	Amount of waste water treated (m <sup>3</sup> /day)
3	Affordable Housing	2,711.57	Affordable housing	18,299	Total affordable homes
4	Employment Generation	146.24	Non-carbon emitting industrial hire purchase receivables for SMEs	721	Number of SMEs
	<b>TOTAL</b>	<b>2,879.40</b>			

RAM Sustainability Sdn Bhd has provided an independent post-issuance annual review report on Cagamas' Sustainability Bond/Sukuk issuances to confirm that the allocation of proceeds was carried out in accordance with Cagamas Sustainability Bond/Sukuk Framework and that the impact information was accurately disclosed.

# CORPORATE INFORMATION

## REGISTERED OFFICE

Level 32, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : +603-2262 1800  
Fax : +603-2282 9125


## COMPANY SECRETARY


Chong Wai Ling  
(MAICSA 7007284)

SSM Practising Certificate No.  
202408000828

## BANKER

 **Maybank**  
Malayan Banking Berhad

 /Cagamas.Official

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 /Cagamas Berhad

 /company/cagamas-berhad



## AUDITORS

Messrs. Ernst & Young PLT  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

# BOARD COMPOSITION



## GENDER

MALE  6 FEMALE  3

## AGE GROUP - IN 3 GROUPS

**50-59** ▶ 3  directors  
**60-69** ▶ 5  directors  
**70 and above** ▶ 1  director




## INDEPENDENCE

Non-Independent  
Non-Executive  
Directors 3   
  
Independent  
Non-Executive  
Directors 6 

## RACE/ETHNICITY

BUMIPUTERA  6 NON-BUMIPUTERA  3

## TENURE - IN 3 GROUPS

**1-3 years** ▶ 2  directors  
**4-7 years** ▶ 4  directors  
**7 years and above** ▶ 3  directors

## BOARD COMMITTEES

### Cagamas Holdings Berhad

- Group Board Audit Committee
- Group Board Governance Committee

### Cagamas Berhad

- Board Staff Compensation and Organisation Committee
- Board Risk Committee



# PROFILE OF THE BOARD OF DIRECTORS

## (CAGAMAS HOLDINGS BERHAD)



**DATO' BAKARUDIN ISHAK**  
INDEPENDENT NON-EXECUTIVE CHAIRMAN

### QUALIFICATION

- Bachelor of Economics (Hons), University of Malaya

### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

#### Present:

- Chairman, Cagamas Berhad
- Chairman, Cagamas SRP Berhad
- Director, Hong Leong MSIG Takaful Berhad

### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	<b>64 years</b>
Nationality	<b>Malaysian</b>
Date Appointed to the Board	<b>1 January 2019</b>
Board Meetings Attended	<b>5/5</b>
Membership of Board Committee	<b>Member, Group Board Governance Committee</b>

## PROFILE OF THE BOARD OF DIRECTORS *(continued)*

### (CAGAMAS HOLDINGS BERHAD)



**TAN SRI DATO' SRI DR. TAY AH LEK**  
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

#### QUALIFICATION

- Emeritus Fellow, Malaysian Institute of Management
- Fellow, Chartered Banker of the Asian Institute of Chartered Bankers
- Fellow, CPA Australia
- Fellow, Financial Services Institute of Australasia
- Alumni of Harvard Business School
- Master's degree, Business Administration from Henley, United Kingdom

#### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

##### Present:

- Managing Director and CEO, Public Bank Berhad
- Director of several companies in Public Bank Group
- Deputy Chairman, Ombudsman for Financial Services
- Chairman, Association of Hire Purchase Companies of Malaysia
- Council Member, Association of Banks in Malaysia
- Council Member, Asian Institute of Chartered Bankers

##### Past:

- Director, Cagamas Berhad
- Executive Vice President, Public Finance
- Executive Vice President, Public Bank
- Member, Economic Action Council
- Member, Steering Committee and the Service Provider Consultative Group of the National Payments Advisory Council

#### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	82 years
Nationality	Malaysian
Date Appointed to the Board	12 August 2011
Board Meetings Attended	3/5
Membership of Board Committee	Member, Group Board Governance Committee

## PROFILE OF THE BOARD OF DIRECTORS *(continued)* (CAGAMAS HOLDINGS BERHAD)



### DATO' LEE KOK KWAN

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

#### QUALIFICATION

- Master of Business Administration, Simon Fraser University of Canada
- BBA Joint Honours (1st Class) degree, Simon Fraser University of Canada

#### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

##### Present:

- Director, CIMB Group Holdings
- Director, CIMB Bank
- Director, CIMB Investment Bank Berhad
- Director, RAM Rating Services Berhad
- Director, IGB Berhad
- Chairman, BIX Malaysia (Bond & Sukuk Information Platform Sdn. Bhd.)

##### Past:

- Deputy Group CEO, CIMB
- President, Financial Markets Association of Malaysia
- Treasury Portfolio Manager with a leading Canadian bank and member of its Senior Asset-Liability Management Committee
- Adviser, Securities Commission Malaysia
- Board of Trustees, Capital Market Development Fund

#### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	<b>59 years</b>
Nationality	<b>Malaysian</b>
Date Appointed to the Board	<b>1 June 2015</b>
Board Meetings Attended	<b>5/5</b>
Membership of Board Committee	<b>Member, Group Board Audit Committee</b>

## PROFILE OF THE BOARD OF DIRECTORS *(continued)*

### (CAGAMAS HOLDINGS BERHAD)



**WAN HANISAH WAN IBRAHIM**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

#### QUALIFICATION

- Masters in Economics, University of Malaya
- Bachelor's degree in Economics (Honours), University of Malaya

#### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

##### Present:

- Director, Cagamas MBS Berhad
- Director, Franklin Templeton GSC Asset Management Sdn. Bhd.
- Director, Boost Bank Berhad

##### Past:

- Director, LINK & Regional Offices Department, Bank Negara Malaysia (BNM)
- Director, Foreign Exchange Administration Department, BNM
- Director, Treasury Department, BNM
- Director, International Department, BNM
- Chief Representative, BNM London Representative Office

#### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	68 years
Nationality	Malaysian
Date Appointed to the Board	26 May 2016
Board Meetings Attended	5/5
Membership of Board Committee	Member, Group Board Audit Committee



## PROFILE OF THE BOARD OF DIRECTORS *(continued)* (CAGAMAS HOLDINGS BERHAD)



**TAN SRI DR. NIK NORZRUL THANI  
N. HASSAN THANI**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

- Chairman, Malaysia–Singapore Business Council
- Practising Member, Chartered Institute of Islamic Finance Professionals (CIIF)
- Member, Chartered Institute of Marketing (United Kingdom)
- Fellow member, Financial Services Institute of Australasia (FINSIA)
- Registered Notary Public
- Chairman, SD Guthrie Berhad
- Member of the Board of Trustees, Yayasan Guru Tun Hussein Onn
- Chairman, IHH Healthcare Berhad

### Past:

- Chairman, Pengurusan Aset Air Berhad
- Visiting Fulbright Scholar, Harvard Law School (1996-1997)
- Chevening Visiting Fellow, the Oxford Centre of Islamic Studies, Oxford University (2004-2005)
- Deputy Dean of the Faculty of Laws, International Islamic University Malaysia
- Legal Consultant, State General Reserve Fund (SGRF), the sovereign wealth fund of Sultanate of Oman
- Director, Tabung Haji
- Member of the Islamic Religious Council, Federal Territories of Malaysia (MAIWP) (Appointed by His Majesty Yang Di Pertuan Agong of Malaysia)
- Chairman and Director, Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
- Chairman and Director, Perodua Sales Sdn. Bhd. and Perodua Otomobil Kedua Sdn. Bhd.
- Director, Manulife Holdings Berhad
- Director, Manulife Insurance Berhad
- Director, UMW Holdings Berhad
- Director, Fraser & Neave Holdings Berhad
- Director, MSIG Insurance (Malaysia) Berhad
- Director, Ranhill Holdings Berhad
- Chairman, Chin Hin Group Berhad
- Chairman, IIUM Holdings Sdn. Bhd.
- Visiting Senior Fellow, Melbourne Law School, University of Melbourne, Australia
- Director, MUFG Bank Malaysia Berhad
- Chairman, Capital Market Compensation Fund Corporation (set up by the Securities Commission of Malaysia)
- Director, Pertama Digital Berhad
- Trustee of SP Setia Foundation

Age	64 years
Nationality	Malaysian
Date Appointed to the Board	1 January 2019
Board Meetings Attended	5/5
Membership of Board Committee	Chairman, Group Board Governance Committee

### QUALIFICATION

- Ph.D in Law, the School of Oriental and African Studies (SOAS), University of London
- Post-Graduate Diploma in Syariah Law and Practice (with distinction), the International Islamic University Malaysia
- LL.M, Queen Mary College, University of London
- Barrister at Law, Lincoln's Inn
- LL.B (Hons), University of Buckingham

### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

#### Present:

- Chairman and Senior Partner, Zaid Ibrahim & Co.
- Chairman, Islamic Science University of Malaysia
- Chairman, Malaysian Rating Corporation Berhad
- Chairman, T7 Global Berhad
- Director, Amanah Saham Nasional Berhad

### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.



## PROFILE OF THE BOARD OF DIRECTORS *(continued)*

### (CAGAMAS HOLDINGS BERHAD)



**DATUK SITI ZAUYAH MD DESA**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

#### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

##### Present:

- Director, Telekom Malaysia Berhad
  - Chairman of GITN Sdn. Berhad, subsidiary of Telekom Malaysia
- Director, Cagamas SRP Berhad
- Board of Trustee, Capital Market Development Fund
- Director, Westports Holdings Berhad
  - Chairman, Sustainability Committee

##### Past:

- Director, Westports Malaysia Sdn. Bhd.
- Director for Trade Finance Corporation, Islamic Development Bank
- Director, Social Security Fund of Malaysia
- Director, Export-Import Bank of Malaysia
- Director, Bank Pembangunan Malaysia Berhad
- Director, UDA Holdings Berhad
- Director, Syarikat Prasarana Malaysia Berhad
- Director, Bank Simpanan Nasional
- Director, DanaInfra Nasional Berhad
- Director, Malaysia Digital Economy Corporation Sdn. Bhd.
- Director, Bank Kerjasama Rakyat Malaysia
- Director, Kumpulan Wang Persaraan (Diperbadankan)
- Chairman of ASEAN Infrastructure Fund
- Director/Deputy Chairman, Employees Provident Fund
- Co-chairman for National Investment Committee II
- Ministry of Finance, Malaysia
  - Deputy Secretary General (Policy)
  - Director of National Budget, National Budget Office
  - Under Secretary, Government Investment Companies Division
  - Under Secretary, Loan Management, Financial Market & Actuary Division
  - Deputy Secretary (Infrastructure), Investment, MOF (Inc) & Privatisation Division
  - Director's Advisor for Asian Development Bank to the constituency belonging to Malaysia, Myanmar, Nepal, Singapore and Thailand
- Council Member, Majlis Amanah Rakyat (MARA)

Age	65 years
Nationality	Malaysian
Date Appointed to the Board	1 December 2019
Board Meetings Attended	4/5
Membership of Board Committee	–

#### QUALIFICATION

- The Oxford High Performance Leadership Programme, Said Business School, University of Oxford, United Kingdom (UK)
- MBA (International Banking) (Board of Directors' list), University of Manchester, UK
- Diploma in Public Administration (Excellent), National Institute of Public Admin (INTAN), Malaysia
- BSc (Hons) in Quantity Surveying (Second Class Upper), University of Reading, UK

#### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

## PROFILE OF THE BOARD OF DIRECTORS *(continued)* (CAGAMAS HOLDINGS BERHAD)



### CHONG KIN LEONG

INDEPENDENT NON-EXECUTIVE DIRECTOR

#### QUALIFICATION

- Honours Degree in Bachelor of Accounting, University of Malaya
- Member, Malaysian Institute of Certified Public Accountants
- Member, Malaysian Institute of Accountants

#### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

##### Present:

- Director, AIA General Berhad
- Honorary Trustee, The Community Chest
- Director, AIA Public Takaful Bhd.
- Director, Press Metal Aluminium Holdings Berhad
- Director, Deutsche Bank (Malaysia) Berhad

##### Past:

- Chief Financial Officer, Genting Berhad
- Finance Director, Rashid Hussain Berhad Group
- Financial Controller, Sime Darby Group subsidiaries
- Audit Supervisor, Peat Marwick Mitchell (now known as KPMG)

#### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	66 years
Nationality	Malaysian
Date Appointed to the Board	1 May 2020
Board Meetings Attended	5/5
Membership of Board Committee	Chairman, Group Board Audit Committee

## PROFILE OF THE BOARD OF DIRECTORS *(continued)*

### (CAGAMAS HOLDINGS BERHAD)



#### DATO' MUZAFFAR HISHAM

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

#### QUALIFICATION

- Bachelor of Science (Hons) in Economics and Accounting, University of Bristol, UK
- Leadership Excellence through Awareness and Practice (LEAP) Programme, INSEAD
- Chartered Banker, Asian Institute of Chartered Bankers

#### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

##### Present:

- Group Chief Executive Officer, Islamic Banking, Maybank
- Chief Executive Officer, Maybank Islamic Berhad
- Executive Director, Etiqa General Takaful Berhad
- Non-Independent Non-Executive Director, Maybank Islamic Asset Management Sdn. Bhd.

##### Past:

- Head, Group Islamic Banking, Maybank
- Group Chief Executive Group Global Banking, Maybank
- Maybank Asset Management Group Berhad
- Maybank Investment Bank Berhad
- Maybank IBG Holdings Limited

#### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	52 years
Nationality	Malaysian
Date Appointed to the Board	1 May 2024
Board Meetings Attended	2/3
Membership of Board Committee	–



## PROFILE OF THE BOARD OF DIRECTORS *(continued)* (CAGAMAS HOLDINGS BERHAD)



**DATIN FAZLINA PAWAN TEH**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

### QUALIFICATION

- University of Hull, United Kingdom (ext.) Master of Business Administration
- University of Bristol, United Kingdom Bachelors of Laws (LLB)
- Member, Malaysian Institute of Chartered Secretaries & Administrators (MAICSA)
- Advocate and Solicitor, High Court of Malaya

### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

#### Present:

- Cagamas MBS Berhad

#### Past:

- Bank Negara Malaysia
  - Secretary to the Board of Directors
  - Deputy General Counsel, Legal Department
- Messrs. Chooi and Company Senior Associate

### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	<b>51 years</b>
Nationality	<b>Malaysian</b>
Date Appointed to the Board	<b>1 January 2025</b>
Board Meetings Attended	<b>Nil</b>
Membership of Board Committee	<b>-</b>

# PROFILE OF THE BOARD OF DIRECTORS

## (CAGAMAS BERHAD)



**DATO' BAKARUDIN ISHAK**  
INDEPENDENT NON-EXECUTIVE CHAIRMAN

### QUALIFICATION

- Bachelor of Economics (Hons), University of Malaya

### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

#### Present:

- Chairman, Cagamas Holdings Berhad
- Chairman, Cagamas SRP Berhad
- Director, Hong Leong MSIG Takaful Berhad

### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	64 years
Nationality	Malaysian
Date Appointed to the Board	26 March 2019
Board Meetings Attended	7/7
Membership of Board Committee	Member, Board Staff Compensation and Organisation Committee



## PROFILE OF THE BOARD OF DIRECTORS *(continued)* (CAGAMAS BERHAD)



**DATO' WEE YIAW HIN**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

### QUALIFICATION

- Bachelor of Engineering, Civil Engineer, University of Wales
- Masters of Science Degree, Imperial College, United Kingdom

### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

#### Present:

- Independent Non-Executive Director, ENRA Group Berhad
- Independent Non-Executive Director, Anton Oilfield Services Group Ltd. HK
- Independent Non-Executive Director, Hextar Kimia Australia Pty Ltd
- Fellow, Society of Petroleum Engineers

#### Past:

- Director, PETRONAS
  - Executive Vice President and CEO, Upstream Business
  - Member, Executive Committee
  - Chairman and Director of several companies
- Managing Director, Shell Malaysia Exploration and Production Companies
- Vice President, Talisman Energy, Malaysia

### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	66 years
Nationality	Malaysian
Date Appointed to the Board	1 July 2016
Board Meetings Attended	7/7
Membership of Board Committee	Chairman, Board Staff Compensation and Organisation Committee

## PROFILE OF THE BOARD OF DIRECTORS *(continued)*

### (CAGAMAS BERHAD)



#### HO CHAI HUEY

INDEPENDENT NON-EXECUTIVE DIRECTOR

#### QUALIFICATION

- Bachelor of Economics, Honours Class 1 Statistics, University of Malaya

#### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

##### Present:

- Director, AEON Bank (M) Berhad
- Director, Private Pension Administrator Malaysia
- Senior IT Consultant for STF Resources Sdn Bhd (STFR) supporting its group entities namely the Asian Institute of Chartered Bankers (AICB) and Asian Banking School (ABS) in the financial education sector
  - IT and digital consultancy service on strategic plans and digital transformation including project management
  - Establishment of enterprise risk management and its operationalisation

##### Past:

- Director, Information Technology (IT) Services Department, Bank Negara Malaysia, responsible for providing technology solution and IT direction as well as managing technology risk and IT governance
- Director, HSBC Amanah Malaysia Berhad

#### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	64 years
Nationality	Malaysian
Date Appointed to the Board	1 February 2019
Board Meetings Attended	7/7
Membership of Board Committee	Member, Board Risk Committee Member, Board Staff Compensation and Organisation Committee

## PROFILE OF THE BOARD OF DIRECTORS *(continued)* (CAGAMAS BERHAD)



**TAN SRI TAJUDDIN ATAN**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

- Chairman, Honda Malaysia Sdn. Bhd.
- Chairman, Asian Institute of Chartered Bankers (AICB) Disciplinary Panel

### Past:

- Chief Executive Officer/Executive Director, Bursa Malaysia Berhad
- RHB Banking Group
  - Group Managing Director, RHB Capital Berhad
  - Managing Director, RHB Bank Berhad
- President/Group Managing Director, Bank Pembangunan Malaysia Berhad
- Chief Executive Officer, Bank Simpanan Nasional
- Managing Director, Chase Perdana Berhad
- Senior General Manager, Corporate Finance, Penang Shipbuilding Group
- Head of Treasury Division, Bank Bumiputra Commerce Berhad
- Non-Independent Executive Director in all subsidiary companies within Bursa Malaysia Group
- Director, Capital Market Development Fund
- Director, Securities Industry Development Corporation
- Member of Executive Committee, Financial Reporting Foundation
- Member of Executive Committee, Malaysia International Islamic Financial Centre
- Member of Malaysian Communications and Multimedia Commission (MCMC)

### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	65 years
Nationality	Malaysian
Date Appointed to the Board	1 May 2020
Board Meetings Attended	7/7
Membership of Board Committee	Chairman, Board Risk Committee

### QUALIFICATION

- Bachelor of Science (Agribusiness), University Putra Malaysia
- Master in Business Administration, Ohio University
- Fellow Chartered Banker, Asian Institute of Chartered Bankers (AICB)
- Honorary Degree of Doctorate in Finance, University Putra Malaysia
- Malaysian Futures & Options Registered Representative (MFORR)

### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

#### Present:

- Chairman, MMC Corporation Berhad
- Chairman, Bank Muamalat Malaysia Berhad



## PROFILE OF THE BOARD OF DIRECTORS *(continued)*

### (CAGAMAS BERHAD)



#### ABDUL RAHMAN HUSSEIN

##### INDEPENDENT NON-EXECUTIVE DIRECTOR

- Director of Sukuk Kijang Berhad
- Board member of Kumpulan Wang Amanah Persaraan (KWAP), representing BNM from January to September 2018
- Portfolio Manager, London Representative Office
- Deputy Director of Treasury Risk Management, Investment Operations and Financial Market Department
- Director of Risk Management Department and Secretary to the Board Risk Committee
- Director of Investment Operations and Financial Market
- Member of the Financial Market Committee
- International Islamic Liquidity Management Corporation (IILM) (2011-2020)
  - Member of Board Risk Management Committee, representing BNM
- Executive Meeting of Asia-Pacific Central Banks (EMEAP) (2003-2020)
  - Member of the Working Group on Financial Markets, representing BNM
  - Task Force member for the Asian Bond Funds 1 and Asian Bond Funds 2

Age	60 years
Nationality	Malaysian
Date Appointed to the Board	1 April 2022
Board Meetings Attended	7/7
Membership of Board Committee	Member, Board Risk Committee

#### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

#### QUALIFICATION

- Bachelor of Land Economy (Hons), University of Aberdeen, Scotland

#### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

##### Present:

- Nil

##### Past:

- Bank Negara Malaysia (BNM)
  - Chairman of BNM Sukuk Berhad

## PROFILE OF THE BOARD OF DIRECTORS *(continued)* (CAGAMAS BERHAD)



**SOPHIA CH'NG SOK HEANG**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

### QUALIFICATION

- Fellow, Actuarial Society of Malaysia
- Chartered Accountant, Malaysian Institute of Accountants
- Chartered Audit Committee Director, Institute of Internal Auditors
- Fellow, Institute and Faculty of Actuaries, UK
- Fellow, Chartered Institute of Management Accountants, UK
- Qualified Risk Director, Institute of Enterprise Risk Practitioners
- Climate and Sustainability Risk, Global Association of Risk Professionals
- Bachelor of Economics, Macquarie University, Australia
- Certificate in ESG Investing, CFA Institute

### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

#### Present:

- Director, Nicholas Actuarial Solutions
- Consulting Actuary Sunway University
- Director, Syarikat Takaful Malaysia Keluarga Berhad
- Director, Private Pension Administrator Malaysia

#### Past:

- Actuarial Society of Malaysia – President
- AmMetlife Insurance Berhad – Chief Financial Officer (CFO)
- Zurich Insurance Malaysia Berhad – Chief Financial Officer (CFO)
- Great Eastern Life Insurance (Malaysia) Berhad – Senior Vice President and Head, Finance, Strategic Planning, Actuarial, Products and Pricing

### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	52 years
Nationality	Malaysian
Date Appointed to the Board	1 April 2022
Board Meetings Attended	7/7
Membership of Board Committee	Member, Board Risk Committee



## PROFILE OF THE BOARD OF DIRECTORS *(continued)*

### (CAGAMAS BERHAD)



#### KAMEEL ABDUL HALIM

PRESIDENT/CHIEF EXECUTIVE OFFICER

NON-INDEPENDENT EXECUTIVE DIRECTOR

#### QUALIFICATION

- Masters in Risk Management (MA) with Merit, University of Nottingham, United Kingdom (2007)
- BA (Hons) Business Administration, Coventry University, United Kingdom (1997)

#### WORKING EXPERIENCE/OTHER DIRECTORSHIPS

##### Present:

- President/Chief Executive Officer, Cagamas Berhad
- Chairman, Cagamas Global P.L.C.
- Chairman, Cagamas Global Sukuk Berhad
- Director, Cagamas MBS Berhad
- Director, Cagamas SRP Berhad
- Director, BNM Sukuk Berhad
- Chairman, Cagamas SME Berhad
- Chairman, Cagamas MGP Berhad

#### DECLARATION

The Director has no:

- Family relationship with any director of the Company.
- Conflict of interest with the Company and has never been charged for any offence.

Age	51 years
Nationality	Malaysian
Date Appointed to the Board	11 September 2023
Board Meetings Attended	7/7
Membership of Board Committee	Nil

# MANAGEMENT TEAM



**KAMEEL ABDUL HALIM**  
President/Chief Executive Officer



**DR. AINI SHAHAR**  
Chief Financial Officer



**ABDUL HAKIM AMIR ZAINOL**  
Chief Business Officer



**DELVIN CHONG**  
Chief Treasury & Investment Officer



**YUSNIZA WAN YAHYA**  
Chief Strategy Officer



**TAN YONG NIEN**  
Chief Technology Officer



**RIDZUAN ALLADIN**  
Chief Human Capital Officer



**RAJA SHAHRIMAN RAJA HARUN  
AL RASHID**  
Chief Risk & Compliance Officer

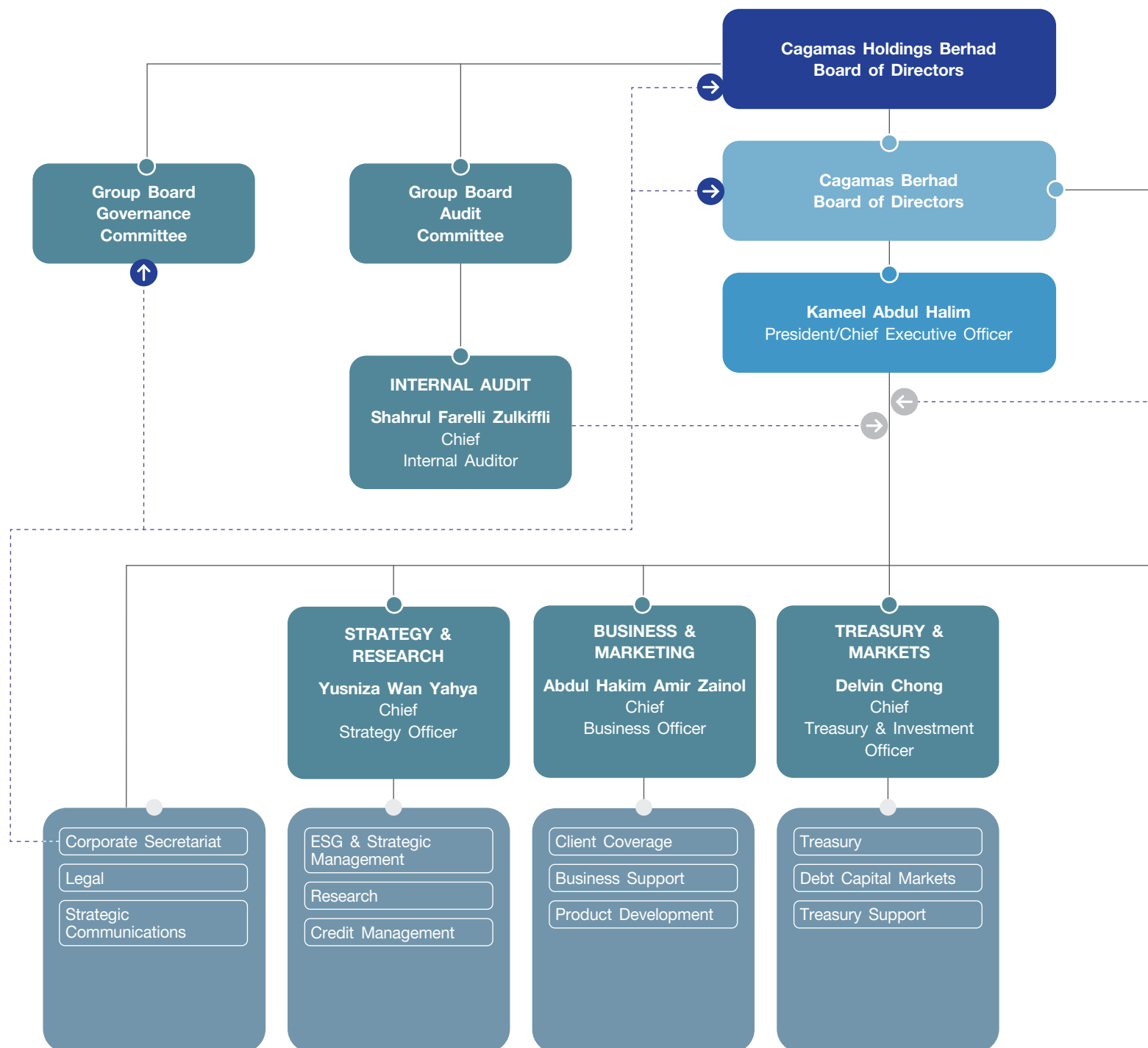


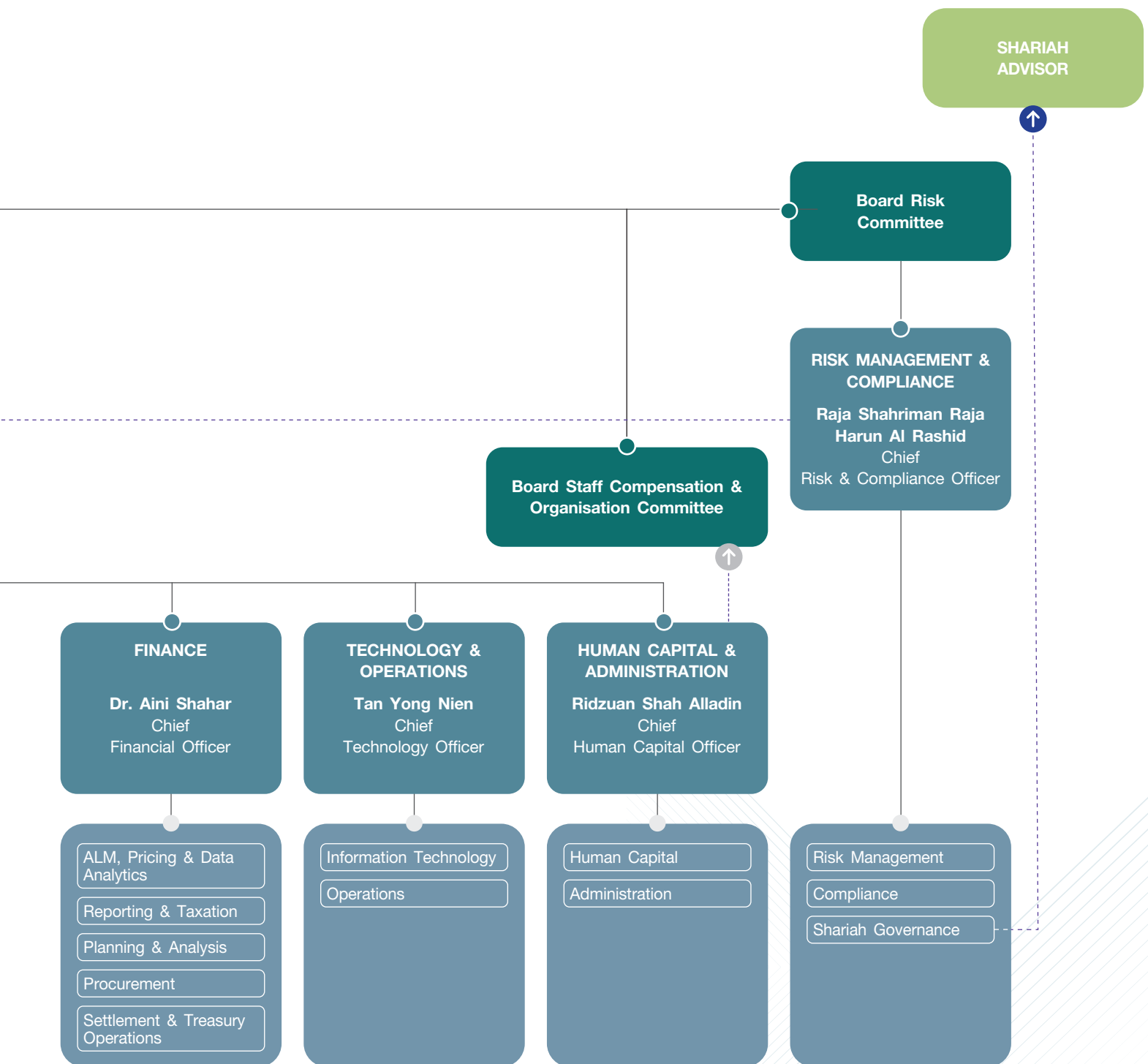
**SHAHRUL FARELLI ZULKIFFLI**  
Chief Internal Auditor



**CYNTHIA CHONG**  
Head, Corporate Secretariat/  
Company Secretary

# ORGANISATIONAL STRUCTURE





# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Cagamas Holdings Berhad (“Cagamas Holdings” or “the Company”) is committed to ensuring that the Company and its subsidiaries (“the Group”), practise the highest standards of corporate governance so that the Group’s affairs are conducted with integrity and professionalism to safeguard the financial performance of the Group and enhance long term shareholder value.

This Statement on Corporate Governance provides an overview of the Company’s corporate governance practices during the financial year 2024 under the three (3) key principles, which are:



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Governance Framework

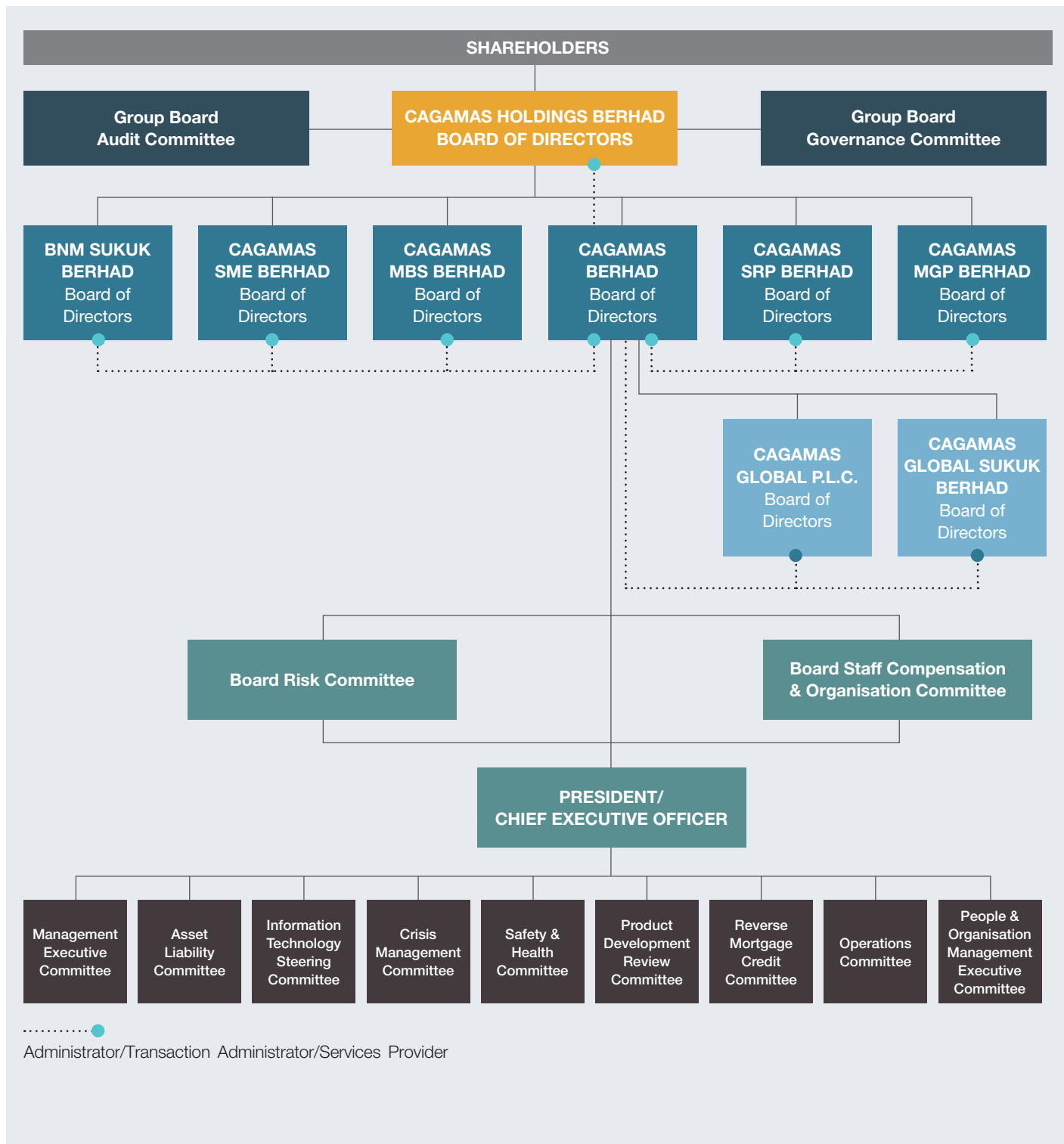
In 2024, the Board continued its efforts to enhance the Group’s corporate governance standards and has adopted a revised and refined questionnaires for evaluation of the effectiveness of the board, board committees’ and directors’ effectiveness which were benchmarked against the Financial Institutions Directors’ Education (FIDE) Forum Board Effectiveness Evaluation (BEE) Framework.

The Board Governance Framework is established to ensure orderly and effective discharge of the functions and responsibilities of the Board. To discharge its oversight roles and responsibilities more effectively, the Board delegates specific roles and responsibilities to its Board Committees (“BOCs”) with respective terms of reference for each BOC. Although the Board delegates some of its authority to the BOCs, the ultimate responsibility and final decision still rest with the Board.



STATEMENT ON CORPORATE GOVERNANCE *(continued)*

## GOVERNANCE FRAMEWORK



## STATEMENT ON CORPORATE GOVERNANCE *(continued)*

### II. Board Roles and Responsibilities

#### **Cagamas Holdings Berhad/Cagamas Berhad/Cagamas SRP Berhad**

The boards of the above companies have each adopted a Board Charter which sets out the authorities, roles, functions, composition and responsibilities of each board to assist the directors in carrying out their roles and responsibilities and to effectively discharge their fiduciary duties as directors of the respective companies. The Board Charters are reviewed periodically to ensure consistency with each board's strategic intent and relevant standards of corporate governance.

#### **a) Cagamas Holdings Berhad (Cagamas Holdings or the Company)**

The Board oversees the conduct and performance of the Group's business by reviewing the Group's strategic business plan and annual budget. Updates on the key operations of the Group are provided to the Board for review at every Board meeting. In addition, significant matters presented to the boards of the subsidiaries are forwarded to the Board for information or endorsement.

The Board's responsibilities are as follows:

- Provide oversight on the Group's strategic business plan and approval on new direction or significant policies
- Oversee the conduct of the Group's business, promoting sound corporate culture and ensuring proper management of the Group
- Oversee decisions pertaining to risk reviews and other relevant risk-related matters
- Provide oversight on the adequacy and integrity of the Group's internal control systems and management information systems, including the system for compliance with applicable laws, regulations, rules, directives and guidelines
- Review and endorse the recommendation of the Group Board Governance Committee (GBGC) on the overall Board's effectiveness, as well as appointment, assessment, succession, review of remuneration and removal of the CEO of Cagamas Berhad
- Approving the Group's consolidated audited financial statements, disclosures and capital management policy
- Provide oversight on sustainability matters through appropriate environmental, social and governance (ESG) considerations in the Group's business strategies

The Chairman leads the Board and ensures it performs and functions effectively in meeting its obligations and responsibilities. Being an investment holding company, Cagamas Holdings does not have a President/Chief Executive Officer ("CEO") or any employees.

The day-to-day operations of the Group are being undertaken by the main operating entity, Cagamas Berhad.

#### **b) Cagamas Berhad (Cagamas)**

In Cagamas' Board Charter, there is a clear segregation of roles and responsibilities between the Chairman and the CEO. The Chairman provides leadership, leading discussions on overall strategies, policies, risk appetite and oversight of the conduct of the business and ensuring that the board functions effectively. All the Directors are Independent Non-Executive Directors except for the CEO who is an Executive Director.

The CEO of Cagamas leads the management team and is responsible for the implementation of strategies and policies as well as the day-to-day running of the Group's business. Annual Key Performance Indicators for the CEO and management of Cagamas are reviewed and set by the board.

#### **c) Cagamas SRP Berhad (Cagamas SRP)**

Cagamas SRP a subsidiary of Cagamas Holdings was incorporated to undertake the guarantee of residential mortgages under the *Skim Rumah Pertamaku* ("My First Home Scheme, SRP") and later the *Skim Perumahan Belia* ("Youth Housing Scheme, SPB") as announced by the Government in 2011 and 2015 respectively.

The Chairman of Cagamas SRP provides leadership to the board and ensures that the board functions effectively whereas the Head of Cagamas SRP leads the management team and is responsible for the implementation of strategies and policies as well as the day-to-day running of the business of Cagamas SRP. The execution of the business activities are guided and supported by Cagamas Berhad's Management Executive Committee.

STATEMENT ON CORPORATE GOVERNANCE *(continued)***III. Board Composition**

The Board consists of nine (9) Non-Executive Directors, comprising chief executives and representatives of selected substantial shareholders as well as experienced professionals. Collectively, the Directors bring to the Board a broad and diverse range of knowledge in banking and finance, capital markets, accounting, law, economics and risk management.

In line with the Bank Negara Malaysia Corporate Governance 2016 policy document (BNMCG) criteria, a majority of the Company's Directors are independent as they are independent in character and judgment, and free from associations or circumstances that may impair the exercise of their independent judgment. The Directors provide objective and independent views for the Board's deliberations and do not participate in the day-to-day running of the Company's business.

All new independent directors of the Company, will be appointed for a three (3) year term, which is renewable upon the approval of the Board, subject to a cumulative tenure of nine (9) years, a limit which is strictly observed by the Board.

**IV. Group Board Committees**

The Board is assisted by the Group Board Audit Committee ("GBAC") and Group Board Governance Committee ("GBGC") which operate within their specified terms of reference as approved by the Board. Other committees, namely the Board Staff Compensation and Organisation Committee and the Board Risk Committee (BRC) remain at Cagamas Berhad.

- **Group Board Audit Committee**

Details of the GBAC are set out in the Report of the Group Board Audit Committee in the Annual Report.

- **Group Board Governance Committee**

The GBGC comprises three Non-Executive Directors, namely:

Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani (Chairman)  
Tan Sri Dato' Sri Dr. Tay Ah Lek  
Dato' Bakarudin Ishak

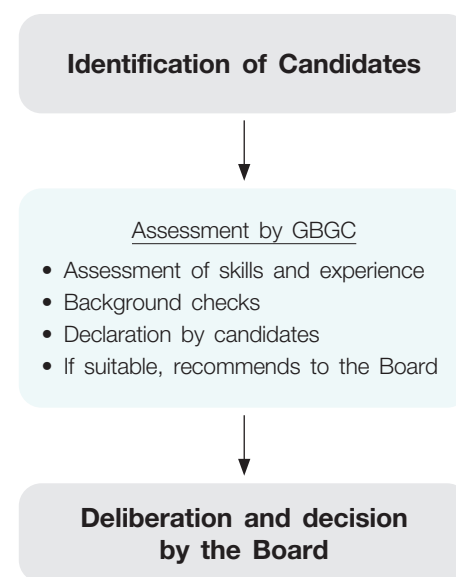
The GBGC is responsible for the review and alignment of the Group's corporate governance practices with best practices. The GBGC is also responsible to annually assess the effectiveness of the boards as a whole, the board committees and the contributions of individual directors of both Cagamas Holdings Berhad and Cagamas Berhad, and to propose appointments to the respective boards and board committees.

The Company has in place a standard of practice as a guide for the following:

- (a) Appointment of new directors and board committee members; and
- (b) Re-election of directors.

- (a) **Appointment of Directors**

The nomination, assessment and approval process for the new appointment is as follows:



Candidates who are nominated to be appointed as Directors are reviewed by the GBGC, which then presents its recommendations to the Board for approval. In assessing the candidates for appointments, the GBGC takes into account the candidates qualification, skills and experience to achieve a desired composition for board diversity and mix of experience. Background check on personal integrity, financial integrity and reputation will be conducted in addition to the Fit & Proper declaration by the candidates.

## STATEMENT ON CORPORATE GOVERNANCE *(continued)*

### (b) Re-election of Director

The assessment and approval process for re-election of director is as follows:



In accordance with the Company's Constitution, at least one-third of the Directors retire from office at each Annual General Meeting (AGM) and if eligible, may offer themselves for re-election. In the AGM notice, the Board provides an explanatory note on the reasons why it supports the re-election of such retiring Directors. The Constitution also states that any Director appointed by the Board during a particular year shall hold office only until the next following AGM and shall then be eligible to offer for re-election.

A formal evaluation process has been put in place for GBGC to assess the effectiveness of the board and board committees, Directors' Self and Peer evaluation and skill set assessment on an annual basis.

The GBGC meets at least once in each financial year and additional meetings may be called as and when required. Recommendations and decisions may also be taken by way of circular resolutions.

The GBGC met twice during the financial year 2024 where all the members attended.

At the annual assessment conducted for financial year 2024, the GBGC has evaluated and satisfied with the performance of the board, board committees and each Director.

## V. Directors' Remuneration

The Company's policy on directors' remuneration endeavours to attract directors of the calibre and experience required to provide sound and effective oversight of the Group's activities. The GBGC reviews the remuneration of the non-executive directors every three (3) years to ensure that directors' remuneration commensurate with their time commitment and expertise, as well as the risk and complexity of the business of the Group and the responsibilities undertaken.

The remuneration paid to the Company's Directors as disclosed in the financial statements is as follows:

Non-Executive Directors	Directors' Fees (RM)	Meeting Allowance (RM)	Total (RM)
Dato' Bakarudin Ishak (Chairman of the Board)	100,000	32,000	132,000
Tan Sri Dato' Sri Dr. Tay Ah Lek	70,000	17,500	87,500
Dato' Lee Kok Kwan	70,000	35,000	105,000
Wan Hanisah Wan Ibrahim	70,000	35,000	105,000
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani	70,000	27,500	97,500
Datuk Siti Zauyah Md Desa	70,000	14,000	84,000
Chong Kin Leong	70,000	42,500	112,500
Dato' Khairussaleh Ramli	23,142	7,000	30,142
Dato' Muzaffar Hisham	46,858	7,000	53,858

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

## VI. Board Meetings

During the financial year ended 31 December 2024, the Board met five (5) times to deliberate on a wide range of matters, including the Group's business performance, risk profile, business plans and strategic issues that affect the Group's business. Board meetings are scheduled a year ahead as a guide to ensure maximum attendance at Board meetings.

Directors are supplied with adequate and timely board papers prior to the Board meetings. The Company has moved towards an electronic dissemination of information to encourage a paperless environment whereby board papers providing updates on operations, financials, risk profile, regulatory issues and corporate developments are circulated electronically prior to the Board meetings.

All Directors have direct access to the management of Cagamas. The Directors also have access to the advice and services of the internal and external auditors. In furtherance of their duties, the Board is entitled to seek independent professional advice at the Company's expense, as and when deemed necessary.

The Directors also have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded in the statutory books maintained at the registered office of the Company. Any Director who has an interest in the subject matter to be deliberated is required to declare such interest and abstain from deliberation and voting on the same during meetings.

The Directors' attendance at Board and Board Committees meetings during the financial year ended 31 December 2024 is set out below:

Director	Independence	Board Meetings Attendance	Board Committees Meetings Attendance	
			GBGC	GBAC
Dato' Bakarudin Ishak (Chairman of the Board)	Independent	5/5	2/2	–
Tan Sri Dato' Sri Dr. Tay Ah Lek	Non-Independent	3/5	2/2	–
Dato' Lee Kok Kwan	Non-Independent	5/5	–	5/5
Wan Hanisah Wan Ibrahim	Independent	5/5	–	5/5
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani (Chairman of Group Board Governance Committee)	Independent	5/5	2/2	–
Datuk Siti Zauyah Md Desa	Independent	4/5	–	–
Chong Kin Leong (Chairman of Group Board Audit Committee)	Independent	5/5	–	5/5
Dato' Khairussaleh Ramli (Resigned w.e.f. 1 May 2024)	Non-Independent	2/2	–	–
Dato' Muzaffar Hisham (Appointed w.e.f. 1 May 2024)	Non-Independent	2/3	–	–



## STATEMENT ON CORPORATE GOVERNANCE *(continued)*

### VII. Induction and Directors' Training

Newly appointed Directors attend an induction programme which is tailored to meet their individual needs. This includes meeting with Key Senior Management to enable them to build up a detailed understanding of the Group's operation and business. The induction programme is supplemented by ongoing training and development programmes. During the induction programme, the newly appointed Directors will be briefed by the relevant Chiefs of Divisions on the functions and areas of responsibility of their respective divisions. This serves to familiarise the Directors with the operations and organisational structure of the Group as well as to provide them with a platform in establishing effective channels of communication and interaction with Management.

In addition, the ongoing Directors' training programme focuses on the continued enhancement of the Directors' skill sets and updates on recent developments in the financial services sector, including relevant laws and regulations and on areas related to governance and risk management. Some of the Directors are also directors of public listed companies and have attended the Mandatory Accreditation Programme required by the Bursa Malaysia Listing Requirements while some Directors of the Group have attended the FIDE Core Programme.

For 2024, the training programmes attended by the Directors are detailed below:

Training Programmes	Duration in Day(s)
<b>Financial Institutions Directors' Education (FIDE) FORUM:</b>	
Fireside Chat with Former Central Bank Governors on "Central Banking in an Evolving International Financial System	1
BNM – FIDE FORUM Engagement Session with Board of Directors of Islamic Financial Institutions: Hajah and Darurah Policy Document	1
BNM-FIDE FORUM: Responsibility Mapping Engagement with Directors of Financial Institutions	1
FIDE Forum – CGM Directors Masterclass Series: What Directors Must Know: Recent Developments in Climate Science	1
FIDE FORUM-CGM: Masterclass: Latest Developments in Climate-Aligned Executive Compensation	1
Directors Masterclass Series: Boardroom Dynamics in Climate Talks by Mr Nick Chia	1
Engagement Session with FIDE FORUM Members on BNM Annual Report 2023, Economic and Monetary Review 2023 and Financial Stability Review 2H 2023	1
Info Sharing & Engagement Session on Board Culture	1
Data Innovation to Drive Financial Inclusion – Pushing New Frontiers	1
Breakfast Talk: Leveraging AI in the Fight Against Financial Crime	1
Preventing Fraud: The Board's Roles and Responsibilities	1
Distinguished Board Leadership Series 2024: Digital Transformation in the World's Best Bank	1
Leading the Way: Developing Credible Transition Plans for Financial Institutions	1
Economic Outlook & Post-Budget 2025 Forum, organised by the British Malaysian Chamber of Commerce (BMCC)	1
<b>Asian School of Business (ASB)</b>	
ASB: Managing Culture to Prevent Misconduct	1
ASB: FIDE elective: Understanding the Roles and Responsibilities of Asset-Liability Committees (ALCO) and Asset-Liability Management	1
ASB: FIDE elective: Market Risk Programme	1
<b>AICB (The Asian Institute of Chartered Bankers)</b>	
14th International Conference on Financial Crime & Terrorism Financing (IFCTF) 2024: Special Masterclass Series for Board Members	1

STATEMENT ON CORPORATE GOVERNANCE *(continued)***VIII. Management Committees**

At Cagamas, management committees have been established to support the CEO in overseeing various activities and operations throughout the Group. The management committees established are as follows:

Management Executive Committee  
 Asset Liability Committee  
 Information Technology Steering Committee  
 Crisis Management Committee  
 Safety & Health Committee  
 Product Development Review Committee  
 Reverse Mortgage Credit Committee  
 Operations Committee  
 People & Organisation Management Executive Committee

**IX. Strengthening Corporate Governance Culture**

- **Whistleblowing Policy**

A policy on whistleblowing has been established by Cagamas to provide an avenue for stakeholders who has knowledge or is aware of any improper conduct committed or about to commit within the Group to disclose such improper conduct openly and honestly.

A whistleblowing may be made either orally or in writing to any of the authorised officers and the policy is published on Cagamas' website.

- **Anti-Bribery and Corruption Policy**

An Anti-Bribery and Corruption ("ABC") Policy has been established by Cagamas to provide guidance to Directors and Employees of the Group and business associates on how to recognise and deal with bribery and corruption activities and issues that may arise in the course of business.

The ABC Policy which applies to all employees, Directors and business associates, is published on Cagamas' website.

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

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

**I. Group Board Audit Committee**

The financial reporting and internal control system of the Group is overseen by the GBAC.

The Group has established an Internal Audit Division ("IAD"), which reports directly to the GBAC and assists the Board in discharging its responsibilities to ensure that the Group maintains a sound and effective system of internal controls. IAD is independent from the activities or operations of other units. This enables IAD to provide the GBAC with independent and reasonable assurance on the state of internal controls, risk management and comments on the governance process within the Group.

IAD undertakes the internal audit functions of the Group in accordance with the approved Audit Charter and the annual audit plan ("AAP") approved by the GBAC. The AAP is derived from the results of the systematic risk assessment process, whereby the risks arising from key processes and strategic initiatives of Cagamas were identified, prioritised and linked to the auditable areas. The risk assessment process also enables IAD to prioritise its resources and areas to be audited. In addition, the AAP also includes areas that must be audited annually due to regulatory requirements.

**II. Relationship with the Auditors**

The roles and responsibilities of the GBAC in relation to the internal and external auditors are described from pages 78 to 81 of this Annual Report.

Internal Auditors

The IAD reports functionally to the GBAC and has unrestricted access to the GBAC. Its function is independent of the activities or operations of other operating units as set out in the Company's Statement on Risk Management and Internal Control on pages 82 to 85 of this Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE *(continued)*

### External Auditors

The external auditor, namely Messrs. Ernst & Young PLT had attended the Board and GBAC meetings in 2024 to report on matters related to the external audit and financials of the Group. They were also present during the AGM of the Company to attend to shareholders' queries on the conduct of the statutory audit as well as the content of their audit report.

Auditors' remuneration as well as non-audit fees paid are shown on page 172 of this Annual Report.

### III. Board Risk Committee (Cagamas Berhad)

The Board sets the overall risk appetite for the Group's business. The oversight of management of risks within the Group is undertaken by the Board Risk Committee of Cagamas ("BRC").

The BRC oversees the management of risks associated with the Group's business and operations. The BRC oversees the development of risk management strategies, policies, key internal processes and systems to identify, assess, measure, manage, monitor and report risk exposures within the Group. The BRC reports directly to the board of Cagamas which in turn keeps the Board informed of the decisions pertaining to risk reviews and related risk issues. The BRC is supported by the Risk Management and Compliance Division ("RMD"), which provides risk management functions and performs risk management reviews on the business and operations of Cagamas, the main operating entity, as well as for other entities within the Group. The results of the risk management, compliance reviews and other findings are reported to the Board and the boards of the respective subsidiaries. The Group's risk management principles are generally based on Bank Negara Malaysia guidelines and industry best practices.

The Board is regularly updated and apprised by the Chief Risk and Compliance Officer of the RMD on relevant new laws and directives issued by regulatory authorities and the resultant implications for the Group and the Directors in relation to their duties and responsibilities.



### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### I. Investor Relations and Shareholders' Communication

The Board recognises the importance of effective and timely communication with all its shareholders and bondholders. The Group's strategic plans, financial information and new products are communicated to the shareholders and investors through letters, the Annual Report, press statements, investors' presentations, announcements and other financial information providers e.g. Bloomberg, Refinitiv, Bursa Malaysia Berhad, Labuan International Financial Exchange and Singapore Exchange Limited.

#### II. Annual General Meeting

The Annual General Meeting ("AGM") is one of the platforms for the Company's shareholders to meet and exchange views with the Board. The principal forum for dialogue with shareholders continues to be the AGM. At the AGM, the Chairman highlights the performance of the Group and provides the shareholders every opportunity to raise questions and seek clarification on the business and performance of the Group. External auditors and senior management are also present at the AGM to attend queries from the shareholders.

#### III. Dialogue with Investors

Cagamas continues to conduct non-deal roadshows to share and promote the distinct value proposition of the company's debt securities as well as build a brand recognition as the "issuer of choice" in emerging markets through proactive engagement with global investors. Cagamas also participates in investor forums and conferences organised by financial institutions.

Cagamas maintains several websites, [www.cagamas.com.my](http://www.cagamas.com.my) and [www.ssb.cagamas.com.my](http://www.ssb.cagamas.com.my) which provide comprehensive up-to-date information on the Group's products, rates and financial information.

# BOARD AND BOARD COMMITTEES

The Board of Directors of Cagamas Holdings Berhad (“the Board”), comprising senior officers/representatives and chief executives of selected substantial shareholders as well as experienced professionals appointed by the Board, is responsible for the formulation of the Company’s general policies.

The Group Board Audit Committee reviews the plan and scope of audit of the Cagamas group of companies (“Group”) by the external auditors as well as the effectiveness of financial and internal control procedures.

The Group Board Governance Committee reviews the corporate governance practices of the Group in line with best practices, annually assesses the effectiveness of the Board as a whole, the Board Committees and the contributions of individual Directors and proposes appointments to the boards and board committees of the Group.

## BOARD OF DIRECTORS

### CHAIRMAN OF THE BOARD

**Dato’ Bakarudin Ishak**

### DIRECTORS

**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. 1 May 2024)*

**Datin Fazlina Pawan Teh** *(Appointed w.e.f. 1 January 2025)*

**Dato’ Khairussaleh Ramli** *(Resigned w.e.f. 1 May 2024)*

### MEMBERS OF THE GROUP BOARD AUDIT COMMITTEE

**Chong Kin Leong** (Chairman)

**Dato’ Lee Kok Kwan**

**Wan Hanisah Wan Ibrahim**

### MEMBERS OF THE GROUP BOARD GOVERNANCE COMMITTEE

**Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani** (Chairman)

**Tan Sri Dato’ Sri Dr. Tay Ah Lek**

**Dato’ Bakarudin Ishak**

# REPORT OF THE GROUP BOARD AUDIT COMMITTEE

## MEMBERS

The members of the Group Board Audit Committee ("GBAC") for the year of 2024 were as follows:

- (a) Chong Kin Leong (Chairman)
- (b) Dato' Lee Kok Kwan
- (c) Wan Hanisah Wan Ibrahim

The GBAC members comprised a majority of two (2) Independent Non-Executive Directors as per Cagamas Holdings Berhad's Board Charter. Collectively, the GBAC has a wide range of skills and experience which includes the areas of accounting as well as related credit and treasury knowledge in discharging their roles, duties and responsibilities. The Directors do not participate in the day-to-day running of Cagamas Group of Companies ("the Group") business but provide independent oversight of Management and deliberates on financial reporting and internal control systems.

## ATTENDANCE AT MEETINGS

The GBAC held four (4) meetings during the financial year ended 31 December 2024 with the President/Chief Executive Officer and the Chief Internal Auditor in attendance. Other senior officers attended the meetings upon invitation, when required. The record of attendance of meetings by the members is as follows:

Name of Committee Member	Status	No. of Meetings Attended
Chong Kin Leong	Chairman/Independent Non-Executive Director	4/4
Dato' Lee Kok Kwan	Non-Independent Non-Executive Director	4/4
Wan Hanisah Wan Ibrahim	Independent Non-Executive Director	4/4

The Group's External Auditors, Messrs. Ernst & Young had attended two (2) meetings during the year to report on the audit for financial year ended 31 December 2023, and on the limited review for financial period ended 30 June 2024 and audit plan for the Group for the year 2024.

## COMPOSITION AND TERMS OF REFERENCE

### Authority

- (a) The GBAC shall have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to Management of the companies within the Group.
- (b) The GBAC is authorised by the Board of Directors of Cagamas Holdings Berhad ("the Board") to obtain external legal or other independent professional advice and to secure the attendance of external parties with relevant experience and expertise to attend meetings whenever it deems necessary.
- (c) The GBAC is authorised by the Board to investigate any activity within its purview and members of the GBAC shall direct all employees to co-operate as they may deem necessary.



## REPORT OF THE GROUP BOARD AUDIT COMMITTEE *(continued)*

### Size and Composition

- (a) The GBAC shall be appointed by the Board from amongst the Non-Executive Directors and shall comprise a minimum of three (3) members, a majority of whom shall be Independent Directors.
- (b) If for any reason the number of members is reduced to below three (3), the Board must fill the vacancies within three (3) months.
- (c) The members of the GBAC shall elect a Chairman from amongst their members who shall be an Independent Director.
- (d) At least one (1) member of the GBAC:
  - (i) must be a member of the Malaysian Institute of Accountants (MIA); or
  - (ii) has a minimum of three (3) years' working experience and
    - passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    - a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
  - (iii) holds a degree or masters or doctorate in accounting or finance with at least three (3) years of post-qualification experience in accounting or finance; or
  - (iv) has a minimum of seven (7) years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- (e) No member of the GBAC shall have a relationship, which in the opinion of the Board will interfere with the exercise of independent judgment in carrying out the functions of the GBAC.

### Meetings

- (a) Meetings will be held once a quarter or at a frequency to be decided by the Chairman. Invitation shall be extended to the President/Chief Executive Officer to attend the meetings. The GBAC may invite any person to be in attendance to assist in its deliberation.

### Quorum

- (a) A quorum shall consist of two (2) members.

### Secretary

- (a) The Secretary to the GBAC shall be the Chief Internal Auditor of Internal Audit Division.

### Duties and Responsibilities

#### Financial Reporting

- (a) Review the consolidated annual financial statements of the Group for submission to the Board for approval, to ensure compliance with the disclosure requirements and the adjustments suggested by the external auditors. These include:
  - Review of the auditors' report and qualifications (if any) which must be properly discussed and acted upon to address the auditors' concerns in future audits;
  - Changes and adjustments in the presentation of financial statements;
  - Major changes in accounting policies and principles;
  - Compliance with accounting standards and other legal requirements;
  - Material fluctuations in statement of balances;
  - Significant variants in audit scope; and
  - Significant commitment or contingent liabilities.
- (b) Review the half yearly Condensed Interim Financial Statement for Cagamas Berhad and its subsidiaries for submission to the Board for approval, to ensure compliance with disclosure requirements.

#### Internal Audit

- (a) Review the scope and results of internal audit procedures including:
  - Compliance with internal auditing standards, the Group's internal controls, policies and other legal requirements;
  - Adequacy of policies and procedures including the existing internal controls;
  - Co-ordination between the internal and external auditors;
  - Exercise independence and professionalism in carrying out internal audit activities;
  - Reporting results of the audits performed;
  - Recommending changes in accounting policies to the Board; and
  - Recommending, monitoring and ensuring the implementation of appropriate remedial and corrective actions regularly.

## REPORT OF THE GROUP BOARD AUDIT COMMITTEE *(continued)*

(b) Responsible for the establishment of the internal audit functions which include:

- Approval of the Internal Audit Charter;
- Approval of the Internal Audit Plan;
- Evaluate the performance and decide on the remuneration package for the Chief Internal Auditor of Internal Audit Division in line with the Company's remuneration policy;
- Reviewing the adequacy of the scope, functions and resources of the Internal Audit Division or any restrictions encountered in the course of the audit work;
- Approval of the appointment or termination of the Chief Internal Auditor of Internal Audit Division;
- Notification of resignation of internal audit staff and to provide opportunity for such staff to submit reasons for resigning;
- Ensuring that the internal audit function have appropriate standing within the Group;
- Alignment of goals and objectives of the internal audit function with the Group's overall goals; and
- Place Internal Audit Division under the direct authority and supervision of the GBAC.

(c) Review the internal audit reports before submission to the Boards of the other companies within the Group and recommend to the Board for information or endorsement.

(d) Ensure that appropriate and prompt remedial actions are taken by Management on major control or procedures deficiencies identified.

### External Audit

- (a) Assess the objectivity, performance and independence of the external auditors.
- (b) Discuss and review the external audit plan, the findings on the system of internal controls (including Management's actions and the relevant audit reports).
- (c) Review the external auditor's engagement letter and Management's responses.
- (d) Recommend to the Board on the appointment of external auditors, the audit fee and any question of resignation or dismissal of the external auditors.

(e) Discuss matters arising from the previous year's audit, review with the external auditors on the scope of their current year's audit plan, their evaluation of the accounts and internal controls systems, including their findings and recommended actions.

(f) Review changes in statutory requirements and any significant audit problems that can be foreseen as a result of previous years' experience or new developments.

(g) Evaluate and review the role of external auditors from time to time.

(h) Approve the provision of non-audit services by the external auditors and evaluate whether there are any potential conflicts arising from such non-audit services.

(i) Ensure that proper checks and balances are in place so that the provision of non-audit services does not interfere with the independent judgment of the external auditors.

(j) Meet with the external auditors at least once a year without the presence of Management to discuss any key concerns and to obtain feedback.

### Related Party Transaction

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

### Other Responsibility

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

## REPORT OF THE GROUP BOARD AUDIT COMMITTEE *(continued)*

### SUMMARY OF ACTIVITIES

During the financial year, the GBAC carried out its duties in accordance with its terms of reference. A summary of the main activities undertaken by the GBAC are as follows:

#### Internal Audit

- (a) Reviewed and approved the Internal Audit Plan for Financial Year 2025 to ensure adequate scope and coverage of the audit activities of the Group and the resources requirements of the Internal Audit Division to carry out its functions;
- (b) Reviewed the internal audit reports, audit recommendations and Management's responses to the audit findings and recommendations;
- (c) Reviewed the status report on Management's efforts to rectify the outstanding audit issues to ensure that appropriate actions have been taken as per the audit recommendations; and
- (d) Provided independent evaluation on the performance of the Chief Internal Auditor of Internal Audit Division.

#### External Audit

- (a) Reviewed audit plan and scope of work of the external auditors for the year 2024;
- (b) Recommended the appointment or reappointment of the external auditors and their audit fees to the Board; and
- (c) Reviewed the results of the audit by the external auditors and discussed the findings and other concerns of the external auditors.

#### Financial Reporting

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

### INTERNAL AUDIT FUNCTION

The Group has an established Internal Audit Division, which reports directly to the GBAC and assists the Board in discharging its responsibilities to ensure that the Group maintains a sound and effective system of internal controls. The Internal Audit Division is independent from the activities or operations of other units. This enables the Internal Audit Division to provide the GBAC with independent and reasonable assurance on the state of internal controls, risk management and comments on the governance process within the Group.

The Internal Audit Division undertakes the internal audit function of the Group in accordance with the approved Audit Charter and the Annual Audit Plan approved by the GBAC. The Audit Plan is derived from the results of the systematic risk assessment process, whereby the risks arising from key processes and strategic initiatives of Cagamas were identified, prioritised and linked to the auditable areas. The risk assessment process also enables the Internal Audit Division to prioritise its resources and the areas to be audited. In addition, the Annual Audit Plan also includes areas that must be audited annually due to regulatory requirements.

The audits conducted during the financial year 2024 focused on the independent review of risk management, operating effectiveness of internal controls, and compliance to regulatory requirements across the Group. The audit reports were submitted to the GBAC for its deliberation. This enabled the GBAC to execute its overseeing function by forming an opinion on the adequacy of measures undertaken by Management.

The Global Internal Audit Standards recently issued by the Institute of Internal Auditors are used where relevant as authoritative guides for internal auditing procedures.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROLS

## RESPONSIBILITY OF THE BOARD

The Board of Directors of Cagamas Holdings Berhad (“the Board”) together with the Boards of other companies within the Cagamas Group of Companies (“the Group”) affirms its overall responsibility for maintaining a sound and effective system of internal controls that supports the achievement of the Group’s objectives. The system of internal controls covers risk management, financial, strategy, organisational, operational and compliance controls. The Board recognises that such a system is designed to manage and control the risks at acceptable levels in line with the risk appetite set by the Board in achieving business objectives. Therefore, the system provides reasonable, but not absolute assurance, against the occurrence of any material misstatement of financial information.

The role of Management is to implement the Board’s policies on risk and internal control by identifying and evaluating the risks faced by the Group as well as designing, operating and monitoring a suitable system of internal controls to mitigate and control identified risks.





## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROLS *(continued)*

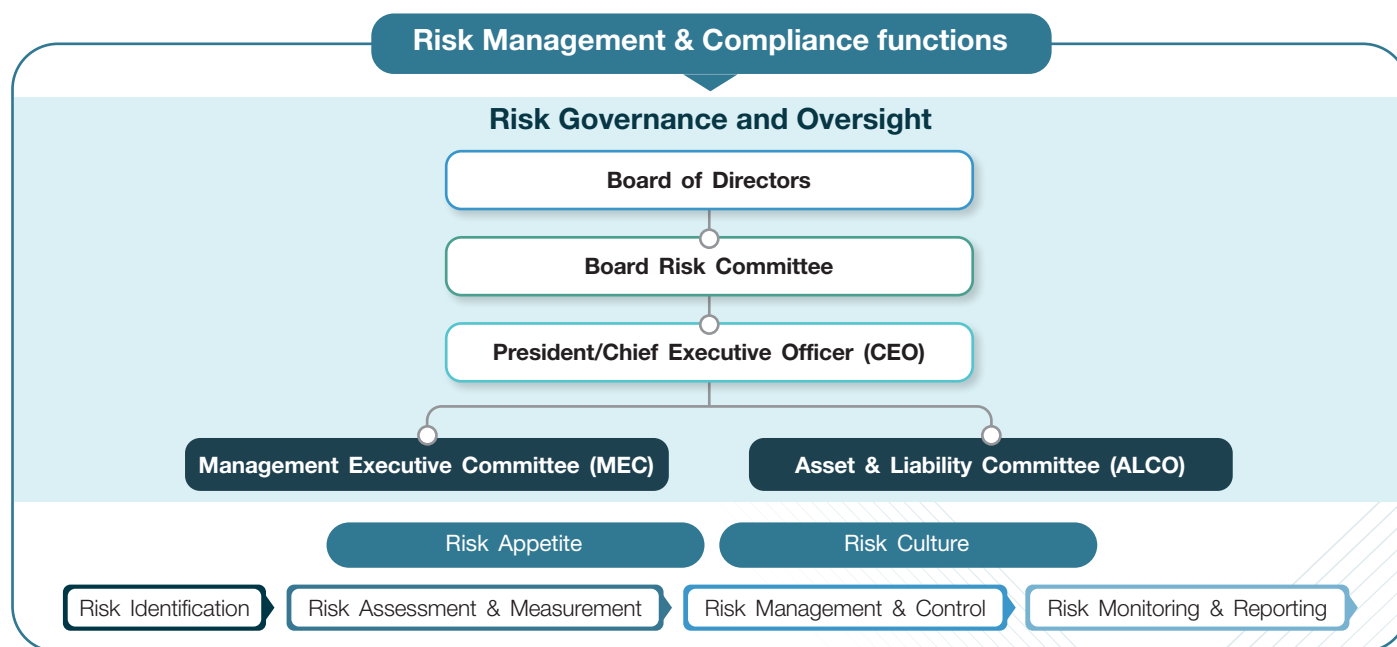
### RISK MANAGEMENT

The Board Risk Committee (“BRC”) of Cagamas Berhad (“Cagamas”) oversees the management of risks associated with the Group’s business and operations. The BRC oversees the development of risk management strategies, policies, key internal processes and systems to identify, assess, measure, manage, monitor and report risk exposures within the Group. The BRC being the subcommittee of the Board of Cagamas keeps the Board informed of the decisions pertaining to risk reviews and related issues.

The BRC is supported by the Risk Management & Compliance Division (“RMD”) of Cagamas, which provides risk management functions and performs risk management and compliance reviews on the business and operations of the Group. The results of the risk management and compliance reviews and other findings are reported to the Board and the Boards of the respective subsidiaries. The Group’s risk management principles are generally based on Bank Negara Malaysia (“BNM”) and Securities Commission Malaysia (“SC”) guidelines and industry best practices.

#### 1. Risk Management Overview

The Group’s risk management approach is supported by a sound and robust Enterprise Risk Management Framework (Framework), which is continuously enhanced to remain relevant and resilient against a versatile risk landscape and evolving industry practices. Key components of the Enterprise Risk Management Framework are represented in the diagram below:



\* Key Committees

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROLS *(continued)*

### 2. Risk Governance

In line with the Framework, three lines of defence in managing risks are adopted within the Group. The following table summarises the responsibility and accountability of the various parties involved in the Group's risk management.

FIRST LINE OF DEFENCE Business and Support Units	SECOND LINE OF DEFENCE Risk Management & Compliance Division (RMD)	THIRD LINE OF DEFENCE Internal Audit Division (IAD)
<ul style="list-style-type: none"> <li>Primary responsibility to identify, mitigate and manage risks within their respective lines of business.</li> <li>Ensure day-to-day activities are carried out within the established risk and compliance policies, procedures, and limits.</li> </ul>	<ul style="list-style-type: none"> <li>Independently assess risk exposures and coordinate risk management on an enterprise-wide basis.</li> <li>Ensure that risk management and compliance policies are implemented accordingly.</li> <li>Ensure compliance with the applicable laws and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Independently review the adequacy and effectiveness of risk management processes, system of internal controls and conformity with risk and compliance policies.</li> </ul>

## KEY INTERNAL CONTROLS PROCESSES

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

### 1. Authority and Responsibility

- An organisational structure, job descriptions and Key Results Areas clearly define lines of responsibility and accountability aligned to business and operational requirements.
- Clearly defined lines of responsibility and delegation of authority to the Committees of the Board, management and staff.
- Management has established the Management Executive Committee, Asset Liability Committee, Product Development Review Committee, Reverse Mortgage Credit Committee, Operations Committee, IT Steering Committee, Safety & Health Committee and Crisis Management Committee to ensure effective management and supervision of the areas under the respective Committees' purview.

### 2. Planning, Monitoring and Reporting

- The Annual Business Plan and Budget ("ABPB") is developed, presented and approved by the Board before implementation. Actual performances are reviewed against targeted results quarterly, allowing timely responses and corrective actions to be taken to mitigate risks. The results of these performance reviews are reported to the Board semi-annually. Where necessary, the ABPB is revised, considering changes in business conditions.
- Regular reporting to the Board, the Boards of other companies within the Group and Board committees. Reports on the financial position, status of loans and financings purchased, bonds and notes issued, and interest rate swap transactions are provided to the Board at least once each quarter. Where necessary, other issues such as legal, accounting, and other relevant matters are also reported to the Board.
- Regular and comprehensive information covering financial and operational reports is provided to management at least on a monthly basis.

### 3. Policies and Procedures

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

### 4. Independent Review by Internal Audit Division

- (a) The Internal Audit Division provides reasonable assurance to the Board by conducting independent reviews on the adequacy, effectiveness, and integrity of the system of internal controls. It adopts a risk-based audit approach in accordance with the annual audit plan approved by the Group Board Audit Committee ("GBAC") of Cagamas Holdings Berhad. The results of the audits were presented to the GBAC, which met four times during the financial year ended 31 December 2024.
- (b) The audit plan and audit reports are submitted to the Board and the respective Boards of the other companies within the Group, to inform of any gaps in the internal controls system. During the financial year, several observations were highlighted, but none resulted in any material loss, contingencies, or uncertainties nor any impact on reputational risk that would require disclosure in the Annual Report ("AR").

### 5. Performance Measurement and Staff Competency

- (a) Key Performance Indicators, which are based on the Performance Scorecard approach, are used to track and measure staff performance.
- (b) Proper guidelines for hiring and terminating staff, formal training programs and upskilling certification by industry experts, annual performance appraisals, and other relevant procedures are in place to ensure that staff are competent and adequately trained in carrying out their responsibilities.

### 6. Business Continuity Planning

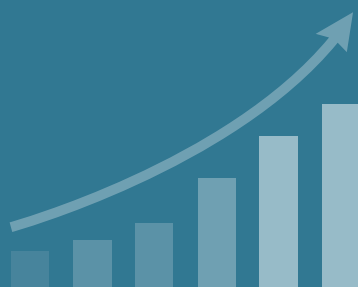
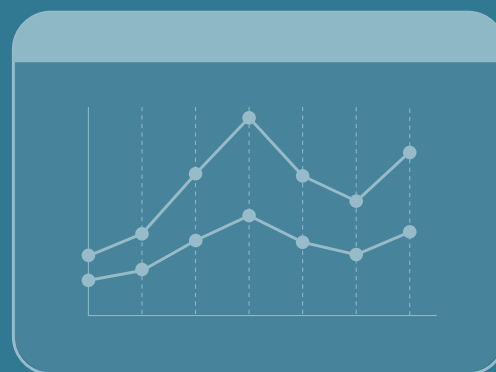
- (a) A Business Continuity Plan, including a Disaster Recovery Plan, is in place to ensure the continuity of business operations.
- (b) Governance, controls and processes to manage the business continuity are in place to prepare the Group in the event of disaster or pandemic situations.

## CONCLUSION

The system of internal controls in place for the year under review and up to the date of the issuance of the AR and financial statements are sound and sufficient to safeguard the shareholders' investment as well as the interests of key stakeholders namely regulators, counterparties, employees and the Group's assets.

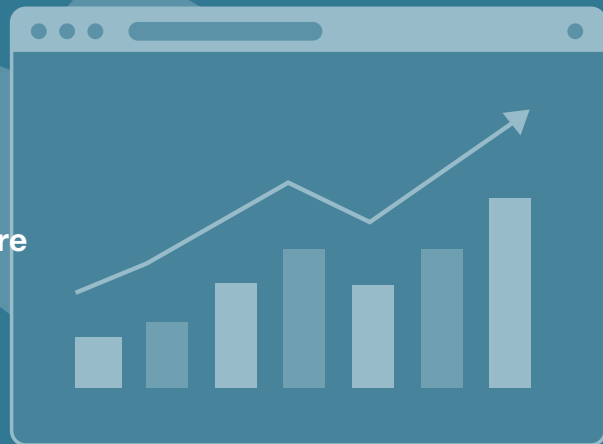
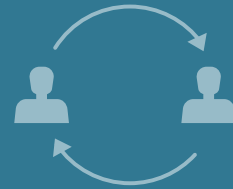
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# DIRECTORS' REPORT

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 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.

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
	<u>30,000</u>	<u>30,000</u>

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<sub>s</sub> and MARC-1/MARC-1<sub>s</sub>. MARC has also assigned a rating of AAA to RMBS and AAA<sub>s</sub> 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 Yiau 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 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' REPORT (CONTINUED)

### 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
<u>Directors of the Company</u>		
Directors' fees	590	590
Directors' other emoluments	218	218
<u>Directors of the subsidiaries</u>		
Directors' fees	625	—
Directors' other emoluments	1,795	—
Insurance effected to indemnify Directors	—*	—*
	<u>3,228</u>	<u>808</u>

\* 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 statements.

### 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.

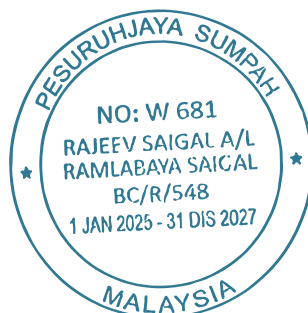


**KAMEEL ABDUL HALIM**

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



Before me,  
COMMISSIONER FOR OATH



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.

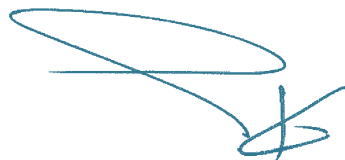
## INDEPENDENT SHARIAH ADVISOR'S REPORT *(CONTINUED)*

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,**



.....  
**TAN SRI DR MOHD DAUD BAKAR**

Executive Chairman

25 March 2025

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CAGAMAS HOLDINGS 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 Holdings 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' 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 HOLDINGS 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 HOLDINGS 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**

202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
25 March 2025



**Muhammad Syarizal Bin Abdul Rahim**

No. 03157/01/2027 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		Group		Company	
	Note	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	<b>150,000</b>	150,000	<b>150,000</b>	150,000
Reserves**	29	<b>7,335,930</b>	6,998,689	<b>4,134,071</b>	4,134,056
<b>SHAREHOLDERS' FUNDS</b>		<b>7,485,930</b>	7,148,689	<b>4,284,071</b>	4,284,056
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>		<b>54,149,296</b>	57,842,139	<b>4,284,088</b>	4,284,068
<b>NET TANGIBLE ASSETS PER SHARE (RM)</b>	30	<b>49.82</b>	47.55	<b>28.56</b>	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/IRMB 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
		<b>545,243</b>	523,249	<b>30,091</b>	30,086
Administration and general expenses		(34,244)	(28,077)	(44)	(41)
Personnel costs	34	(33,711)	(30,760)	–	–
<b>OPERATING PROFIT</b>		<b>477,288</b>	464,412	<b>30,047</b>	30,045
Reversal of/(allowance for) impairment losses	35	458	(16,598)	–	–
<b>PROFIT BEFORE TAXATION AND ZAKAT</b>		<b>477,746</b>	447,814	<b>30,047</b>	30,045
Taxation	38	(111,313)	(114,600)	(32)	(13)
Zakat		(2,208)	(3,104)	–	–
<b>PROFIT FOR THE FINANCIAL YEAR*</b>		<b>364,225</b>	330,110	<b>30,015</b>	30,032
<b>EARNINGS PER SHARE (SEN)</b>	30	<b>242.82</b>	220.07	<b>20.01</b>	20.02
<b>DIVIDEND PER SHARE (SEN)</b>	39	<b>20.00</b>	20.00	<b>20.00</b>	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

Note	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit for the financial year	<b>364,225</b>	330,110	<b>30,015</b>	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	<b>4,706</b>	63,401	–	–
– (Reversal of)/allowance for impairment losses	<b>(97)</b>	39	–	–
– Deferred taxation	<b>(1,129)</b>	(15,217)	–	–
Cash flow hedge				
– Net (loss)/gain on cash flow hedge	<b>(610)</b>	17,406	–	–
– Deferred taxation	<b>146</b>	(4,177)	–	–
Other comprehensive income for the financial year, net of taxation	<b>3,016</b>	61,452	–	–
Total comprehensive income for the financial year	<b>367,241</b>	391,562	<b>30,015</b>	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			Total equity RM'000
			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	
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)	(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/IRMS 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

Company	Note	Issued ordinary shares of RM1 each	Non- distributable	Distributable	Total equity RM'000
		Share capital RM'000	Share premium relief reserves RM'000	Retained profits 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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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 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 have a material impact on the preparation of the Group 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 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 did not 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<sup>2004</sup> “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<sup>2004</sup> 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.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**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 ("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 objective 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 unlikelihood 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.

## 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)

###### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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
<u>Stage 1</u>				
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	-	1,414

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
<u>Stage 1</u>		
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
	<b>5,473,285</b>	<b>4,783,844</b>

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

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
	<b>5,473,285</b>	<b>4,783,844</b>

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
<b>2024</b>		
Stage 1 (12-month ECL; non-credit impaired)	<b>5,473,285</b>	<b>357</b>
<b>2023</b>		
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
<b>2024</b>		
Stage 1 (12-month ECL; non-credit impaired)	<b>2,290,640</b>	<b>3,605</b>
<b>2023</b>		
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
<u>Stage 1</u>		
As at 1 January	<b>3,768</b>	3,135
Allowance during the year on new assets purchased	–	1,154
Reversal during the year due to changes in credit risk	<b>(163)</b>	(521)
As at 31 December	<b>3,605</b>	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 %
<b>2024</b>			
Derivative designated as cash flow hedges:			
<u>IRS/IPRS</u>			
Maturing within one year	1,180,000	391	(357)
One to three years	350,000	–	(1,716)
Three to five years	90,000	–	(176)
More than five years	260,000	15,012	–
	1,880,000	15,403	(2,249)
<u>CCS</u>			
Maturing within one year	2,581,812	–	(68,044)
One to three years	1,124,520	–	(10,324)
	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 %
<b>2023</b>				
Derivative designated as cash flow hedges:				
<u>IRS/IPRS</u>				
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)	
<u>CCS</u>				
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						
	Notional amount RM'000	Fair value*		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
		Assets RM'000	Liabilities 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*		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
		Assets	Liabilities				
		RM'000	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:

	Line item in the statement of financial position in which the hedged item is included	Group		Balance remaining in the cash flow hedge reserve from hedging relationship for which hedge accounting is no longer applied RM'000
		Change in fair value used for calculating hedge effectiveness RM'000	Cash flow hedge reserve RM'000	
<b>2024</b>				
<i>Interest/profit rate/foreign exchange risk</i>				
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	–
<b>2023</b>				
<i>Interest/profit rate/foreign exchange risk</i>				
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
<u>Stage 1</u>		
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
<u>The maturity structure of mortgage assets – conventional are as follows:</u>		
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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**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
<b>2024</b>		
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
<b>2023</b>		
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
<b>2024</b>				
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
<b>2023</b>				
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	<b>3,908,969</b>	4,387,006

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

Maturing within one year	<b>541,063</b>	709,577
One to three years	<b>937,602</b>	971,643
Three to five years	<b>768,650</b>	843,882
More than five years	<b>1,672,574</b>	1,876,197
	<b>3,919,889</b>	4,401,299
Less:		
Allowance for impairment losses	<b>(10,920)</b>	(14,293)
	<b>3,908,969</b>	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
<b>2024</b>		
Stage 1 (12-month ECL; non-credit impaired)	<b>3,907,034</b>	<b>7,770</b>
Stage 2 (Lifetime ECL; non-credit impaired)	<b>1,653</b>	<b>237</b>
Stage 3 (Lifetime ECL; credit impaired)	<b>11,202</b>	<b>2,913</b>
As at 31 December	<b>3,919,889</b>	<b>10,920</b>
Impairment allowances over gross carrying value (%)		<b>0.28</b>
<b>2023</b>		
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
<b>2024</b>				
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
<b>2023</b>				
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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 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>		
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
<b>2024</b>		
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 (%)		–
<b>2023</b>		
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
<u>Stage 3</u>		
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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**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)	<b>85,923</b>	82,786	–	–
Deferred tax liabilities (before offsetting)	<b>(685,301)</b>	(666,760)	<b>(3)</b>	(2)
Deferred tax liabilities	<b>(599,378)</b>	(583,974)	<b>(3)</b>	(2)
The movements of deferred tax are as follows:				
As at 1 January	<b>(583,974)</b>	(598,725)	<b>(2)</b>	–
Recognised to income statement (Note 38)	<b>(14,421)</b>	34,145	<b>(1)</b>	(2)
Recognised to OCI	<b>(983)</b>	(19,394)	–	–
As at 31 December	<b>(599,378)</b>	(583,974)	<b>(3)</b>	(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
<b>2024</b>				
<u>Deferred tax assets</u>				
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
	<b>82,786</b>	<b>4,223</b>	<b>(1,086)</b>	<b>85,923</b>
<u>Deferred tax liabilities</u>				
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)
	<b>(666,760)</b>	<b>(18,644)</b>	<b>103</b>	<b>(685,301)</b>
	<b>(583,974)</b>	<b>(14,421)</b>	<b>(983)</b>	<b>(599,378)</b>

## 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):

	Group			
	As at 1 January RM'000	Recognised to income statement RM'000	Recognised to OCI RM'000	As at 31 December RM'000
<b>2023</b>				
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)	–	–
	<u>90,300</u>	<u>13,290</u>	<u>(20,804)</u>	<u>82,786</u>
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)
	<u>(689,025)</u>	<u>20,855</u>	<u>1,410</u>	<u>(666,760)</u>
	<u>(598,725)</u>	<u>34,145</u>	<u>(19,394)</u>	<u>(583,974)</u>

## 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
<b>2024</b>				
<u>Deferred tax liabilities</u>				
Temporary difference relating to interest receivables on deposits and placements	(2)	(1)	–	(3)
<b>2023</b>				
<u>Deferred tax liabilities</u>				
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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 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.	100	100

The Company has remained dormant since 1 September 2015.

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
<b>2024</b>				
<u>Cost</u>				
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
<u>Accumulated depreciation</u>				
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)
<u>Net book value</u>				
As at 31 December	2,482	5,517	308	8,307
<b>2023</b>				
<u>Cost</u>				
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
<u>Accumulated depreciation</u>				
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)
<u>Net book value</u>				
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
<b>2024</b>					
<u>Cost</u>					
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
<u>Accumulated amortisation</u>					
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)
<u>Net book value</u>					
As at 31 December	767	7,847	4,980	-	13,594
<b>2023</b>					
<u>Cost</u>					
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
<u>Accumulated amortisation</u>					
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)
<u>Net book value</u>					
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
<u>Cost</u>		
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
<u>Accumulated amortisation</u>		
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)
<u>Net book value</u>		
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
<b>2024</b>		
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	<b>236,648</b>	<b>19,657</b>
Impairment allowances over unexpired financial guarantee exposures (%)		<b>8.31</b>
<b>2023</b>		
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	<b>236,433</b>	<b>17,753</b>
Impairment allowances over unexpired financial guarantee exposures (%)		<b>7.51</b>

## 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
<b>2024</b>				
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
<b>2023</b>				
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
<b>2024</b>		
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
<b>2023</b>		
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
<b>2024</b>				
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
<b>2023</b>				
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
	<b>21,186,219</b>	<b>24,954,908</b>

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
	<b>3,653,854</b>	<b>5,473,564</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 25 SUKUK

Group						
	Year of maturity	Amount outstanding RM'000	2024 Effective profit rate %	Year of maturity	2023 Amount outstanding RM'000	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
	<b>23,102,061</b>	<b>23,278,139</b>

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					
	Year of maturity	Amount outstanding RM'000	2024 Effective interest rate %	Year of maturity	Amount outstanding RM'000	2023 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	<b>266,444</b>	1,444
One to three years	<b>105,000</b>	265,000
Three to five years	<b>–</b>	105,000
	<b>371,444</b>	<b>371,444</b>

The RMBS have the following features:

- The subsidiary, CMBS has an option to redeem the RMBS partially subject to the terms and conditions of each transaction.
- The RMBS's interest is payable quarterly in arrears.
- The RMBS are constituted by a Trust Deed made between CMBS and the Trustee, to act for the benefit of the RMBS holders.
- 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.
- 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	2023 Amount outstanding RM'000 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:

- The subsidiary, CMBS has an option to redeem the IRMBS partially subject to the terms and conditions of each transaction.
- The IRMBS's profit is distributable quarterly in arrears.
- The IRMBS are constituted by a Trust Deed made between CMBS and the Trustee, to act for the benefit of the IRMBS holders.
- 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.
- 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			
	Amount RM'000	2024 Number of shares '000	Amount RM'000	2023 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)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**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	<b>1,215</b>	1,215	<b>590</b>	590
Directors' other emoluments	<b>2,013</b>	2,456	<b>218</b>	192
	<b>3,228</b>	3,671	<b>808</b>	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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 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	<b>477,746</b>	447,814	<b>30,047</b>	30,045
Tax calculated at Malaysian tax rate of 24% (2023: 24%)	<b>114,659</b>	107,475	<b>7,211</b>	7,211
Expenses not deductible for tax purposes	<b>231</b>	250	<b>10</b>	–
Income not subject to tax	<b>–</b>	(2)	<b>(7,200)</b>	(7,200)
Under provision in prior year	<b>8,463</b>	63,642	<b>10</b>	–
Deduction arising from zakat contribution	<b>(745)</b>	(1,186)	<b>–</b>	–
(Reversal)/recognition of temporary differences recognised in prior years	<b>(898)</b>	4,373	<b>1</b>	2
Loss not subject to tax	<b>29</b>	672	<b>–</b>	–
Under provision of deferred tax in prior year	<b>(10,426)</b>	(60,624)	<b>–</b>	–
	<b>111,313</b>	114,600	<b>32</b>	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	2023		
	Total Amount RM'000	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)	–	–
	<b>6,857,805</b>	<b>(5,996,310)</b>	<b>1,508</b>	<b>(1,330)</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 40 STATEMENTS 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
<b>2024</b>						
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
<b>2023</b>						
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:

<u>Related parties</u>	<u>Relationships</u>
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
<u>Capital expenditure:</u>		
Authorised and contracted for	13,385	3,943
Authorised but not contracted for	1,308	3,651
	<b>14,693</b>	7,594
 <u>Analysed as follows:</u>		
Equipment and others	9,484	659
Computer hardware and software	5,209	6,935
	<b>14,693</b>	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

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	Group		
	Within one year RM'000	More than one year RM'000	Total RM'000
<b>2024</b>			
<b>ASSETS</b>			
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
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
<b>TOTAL ASSETS</b>	<b>16,818,279</b>	<b>37,331,017</b>	<b>54,149,296</b>
<b>LIABILITIES</b>			
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
<b>TOTAL LIABILITIES</b>	<b>18,831,331</b>	<b>27,832,035</b>	<b>46,663,366</b>

\* Denotes RM2

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 43 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

2023	Group		
	Within one year RM'000	More than one year RM'000	Total RM'000
<b>ASSETS</b>			
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
<b>TOTAL ASSETS</b>	<b>16,945,066</b>	<b>40,897,073</b>	<b>57,842,139</b>
<b>LIABILITIES</b>			
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
<b>TOTAL LIABILITIES</b>	<b>18,748,865</b>	<b>31,944,585</b>	<b>50,693,450</b>

\* Denotes RM2

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 43 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

	Company		
	Within one year RM'000	More than one year RM'000	Total RM'000
<b>2024</b>			
<b>ASSETS</b>			
Cash and cash equivalents	2,459	–	2,459
Tax recoverable	1	–	1
Investment in subsidiaries	–	4,281,628	4,281,628
<b>TOTAL ASSETS</b>	<b>2,460</b>	<b>4,281,628</b>	<b>4,284,088</b>
<b>LIABILITIES</b>			
Other liabilities	14	–	14
Deferred taxation	–	3	3
<b>TOTAL LIABILITIES</b>	<b>14</b>	<b>3</b>	<b>17</b>
<b>2023</b>			
<b>ASSETS</b>			
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
<b>TOTAL ASSETS</b>	<b>2,440</b>	<b>4,281,628</b>	<b>4,284,068</b>
<b>LIABILITIES</b>			
Other liabilities	10	–	10
Deferred taxation	–	2	2
<b>TOTAL LIABILITIES</b>	<b>10</b>	<b>2</b>	<b>12</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 44 FINANCIAL INSTRUMENTS BY CATEGORY

	Group	
	2024 RM'000	2023 RM'000
<u>Financial assets</u>		
<i>Financial assets at amortised cost:</i>		
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
	<b>48,537,153</b>	<b>52,737,496</b>
<i>Financial assets at FVOCI:</i>		
Debt instruments	5,473,285	4,783,844
<i>Financial assets at FVTPL:</i>		
Derivative financial instruments	15,403	207,659
Reverse mortgage assets	4,172	2,147
	<b>19,575</b>	<b>209,806</b>
<u>Financial liabilities</u>		
<i>Financial liabilities at amortised cost:</i>		
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
IRMS	291,138	291,138
	<b>45,456,994</b>	<b>49,544,419</b>
<i>Financial liabilities at FVTPL:</i>		
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
<i>Impact to equity:</i>				
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%
<i>Impact to income statement:</i>				
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	1,984
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 statement of financial position		
	Cash and 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
Group 2024	-	-	-	2,710,549	-	-	-	-	-	-	-	22	-	2,710,571
Government bodies														
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



## 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	-	-
	<b>44,412,725</b>	<b>21,370</b>	<b>44,434,095</b>	<b>20,301</b>	<b>44,413,794</b>	<b>21,370</b>	

\* 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
<b>2024</b>					
Mortgage assets:					
– Conventional	1,103	188	511	8,366	10,168
– Islamic	401	528	840	9,433	11,202
Hire purchase assets:					
– Islamic	–	–	–	–	–
	<b>1,504</b>	<b>716</b>	<b>1,351</b>	<b>17,799</b>	<b>21,370</b>
<b>2023</b>					
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	–	–	–	–	–
	<b>3,361</b>	<b>1,951</b>	<b>1,829</b>	<b>22,455</b>	<b>29,596</b>

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.

## 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)

The movement in impairment allowances are as follows:

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

## 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
<b>2024</b>				
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
	<b>6,933,778</b>	<b>(20,234)</b>	<b>6,913,544</b>	<b>40,870,085</b>
<b>2023</b>				
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
	<b>8,000,753</b>	<b>(28,266)</b>	<b>7,972,487</b>	<b>42,942,068</b>

## 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
<b>2024</b>			
Derivative financial assets	15,403	(1,892)	13,511
Derivative financial liabilities	80,617	(1,892)	78,724
<b>2023</b>			
Derivative financial assets	207,659	(4,807)	202,852
Derivative financial liabilities	15,161	(4,807)	10,354

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 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:

	Cash and cash equivalents	Deposits and placements with financial institutions		Financial assets at FVOCI		Financial assets at amortised cost		Derivative financial assets		Mortgage assets		Islamic mortgage assets		Amount due from counter-parties		Islamic financing assets		Other available liquidity		Reverse mortgage assets		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group																							
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
<b>2024</b>						
<u>Net settled derivatives</u>						
Derivatives held for hedging:						
IRS/IPRS	60	(1,545)	3,287	8,271	11,924	21,997
<u>Gross settled derivatives</u>						
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
<b>2023</b>						
<u>Net settled derivatives</u>						
Derivatives held for hedging:						
IRS/IPRS	(28)	(4,258)	3,636	5,732	9,865	14,947
<u>Gross settled derivatives</u>						
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
<b>2024</b>		
Derivative financial instruments	–	3,654,498
Unsecured bearer bonds and notes	–	3,653,854
<b>2023</b>		
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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**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
<b>2024</b>				
<u>Assets</u>				
Financial assets at FVOCI	–	5,473,285	–	5,473,285
Derivative financial assets	–	15,403	–	15,403
<u>Liabilities</u>				
Derivative financial liabilities	–	80,617	–	80,617
<b>2023</b>				
<u>Assets</u>				
Financial assets at FVOCI	–	4,783,844	–	4,783,844
Derivative financial assets	–	207,659	–	207,659
<u>Liabilities</u>				
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.

## 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 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
<u>Financial assets</u>				
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
	<b>46,700,829</b>	<b>47,705,155</b>	<b>51,673,873</b>	<b>52,956,593</b>
<u>Financial liabilities</u>				
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
	<b>45,456,994</b>	<b>46,277,408</b>	<b>49,544,419</b>	<b>49,889,125</b>

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
<b>2024</b>					
<b>ASSETS</b>					
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)	–
<b>TOTAL ASSETS</b>	<b>54,527,666</b>	<b>3,388,613</b>	<b>774,655</b>	<b>(4,271,638)</b>	<b>54,149,296</b>
<b>LIABILITIES</b>					
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
<b>TOTAL LIABILITIES</b>	<b>45,209,821</b>	<b>1,127,943</b>	<b>315,648</b>	<b>9,954</b>	<b>46,663,366</b>

\* 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
<b>2023</b>					
<b>ASSETS</b>					
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)	–
<b>TOTAL ASSETS</b>	<b>58,102,994</b>	<b>3,293,565</b>	<b>714,868</b>	<b>(4,269,288)</b>	<b>57,842,139</b>
<b>LIABILITIES</b>					
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
<b>TOTAL LIABILITIES</b>	<b>49,265,304</b>	<b>1,123,108</b>	<b>292,733</b>	<b>12,305</b>	<b>50,693,450</b>

\* 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)

## INCOME STATEMENTS

	The Company, Cagamas, CMGP and CSME* RM'000	CMBS RM'000	CSRP RM'000	Consolidation adjustments RM'000	Total RM'000
<b>2024</b>					
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
	<b>399,945</b>	<b>116,659</b>	<b>62,569</b>	<b>(33,930)</b>	<b>545,243</b>
Administration and general expenses	(33,957)	(987)	(3,230)	3,930	(34,244)
Personnel costs	(33,711)	–	–	–	(33,711)
	<b>332,277</b>	<b>115,672</b>	<b>59,339</b>	<b>(30,000)</b>	<b>477,288</b>
<b>OPERATING PROFIT</b>	<b>332,277</b>	<b>115,672</b>	<b>59,339</b>	<b>(30,000)</b>	<b>477,288</b>
Reversal of/(allowances for) impairment losses	8,709	2,519	(10,770)	–	458
	<b>340,986</b>	<b>118,191</b>	<b>48,569</b>	<b>(30,000)</b>	<b>477,746</b>
<b>PROFIT BEFORE TAXATION AND ZAKAT</b>	<b>340,986</b>	<b>118,191</b>	<b>48,569</b>	<b>(30,000)</b>	<b>477,746</b>
Taxation	(71,417)	(28,366)	(11,530)	–	(111,313)
Zakat	(1,561)	–	(647)	–	(2,208)
	<b>268,008</b>	<b>89,825</b>	<b>36,392</b>	<b>(30,000)</b>	<b>364,225</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>268,008</b>	<b>89,825</b>	<b>36,392</b>	<b>(30,000)</b>	<b>364,225</b>
<b>2023</b>					
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
	<b>381,221</b>	<b>119,429</b>	<b>56,529</b>	<b>(33,930)</b>	<b>523,249</b>
Administration and general expenses	(27,741)	(1,762)	(2,504)	3,930	(28,077)
Personnel costs	(30,760)	–	–	–	(30,760)
	<b>322,720</b>	<b>117,667</b>	<b>54,025</b>	<b>(30,000)</b>	<b>464,412</b>
<b>OPERATING PROFIT</b>	<b>322,720</b>	<b>117,667</b>	<b>54,025</b>	<b>(30,000)</b>	<b>464,412</b>
Reversal of/(allowances for) impairment losses	10,920	1,552	(29,070)	–	(16,598)
	<b>333,640</b>	<b>119,219</b>	<b>24,955</b>	<b>(30,000)</b>	<b>447,814</b>
<b>PROFIT BEFORE TAXATION AND ZAKAT</b>	<b>333,640</b>	<b>119,219</b>	<b>24,955</b>	<b>(30,000)</b>	<b>447,814</b>
Taxation	(74,726)	(34,572)	(5,302)	–	(114,600)
Zakat	(2,534)	–	(570)	–	(3,104)
	<b>256,380</b>	<b>84,647</b>	<b>19,083</b>	<b>(30,000)</b>	<b>330,110</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>256,380</b>	<b>84,647</b>	<b>19,083</b>	<b>(30,000)</b>	<b>330,110</b>

\* 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**
	%	%
<u>Before deducting dividend*</u>		
CET1 capital ratio	50.0	42.6
Tier 1 capital ratio	50.0	42.6
Total capital ratio	50.5	43.1
<u>After deducting dividend*</u>		
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:		
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
<b>ASSETS</b>			
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
<b>TOTAL ASSETS</b>		<b>27,472,721</b>	28,234,218
<b>LIABILITIES</b>			
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
<b>TOTAL LIABILITIES</b>		<b>24,939,078</b>	25,888,170
<b>ISLAMIC OPERATIONS' FUNDS</b>		<b>2,533,643</b>	2,346,048
<b>TOTAL LIABILITIES AND ISLAMIC OPERATIONS' FUNDS</b>		<b>27,472,721</b>	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		<b>1,195,913</b>	1,100,556
Profit expense attributable to the Sukuk holders	(j)	<b>(922,473)</b>	(845,749)
Non-profit expense*		<b>(37,444)</b>	(46,292)
Total net income attributable	(k)	<b>235,996</b>	208,515
Administration and general expenses		<b>(2,151)</b>	(2,254)
Allowance for impairment losses		<b>(3,972)</b>	(14,139)
<b>PROFIT BEFORE TAXATION AND ZAKAT</b>		<b>229,873</b>	192,122
Taxation		<b>(42,659)</b>	(41,403)
Zakat		<b>(2,208)</b>	(3,104)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>185,006</b>	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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 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

Group	Non-distributable				Distributable		Total RM'000
	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	
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

Group	Non-distributable				Distributable		Total RM'000
	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	
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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 53 ISLAMIC OPERATIONS (CONTINUED)

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Note	Group	
	2024 RM'000	2023 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation and zakat	229,873	192,122
Adjustment for non-cash items	(265,710)	(206,898)
Operating loss before working capital changes	(35,837)	(14,776)
Net changes in operating assets and liabilities	1,462,477	(2,643,283)
Zakat paid	(4,666)	(5,809)
Tax paid	(14,873)	(15,623)
<b>Net cash flows from/(used in) operating activities</b>	<b>1,407,101</b>	<b>(2,679,491)</b>
<b>INVESTING ACTIVITIES</b>		
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	–	–
<b>Net cash flows (used in)/from investing activities</b>	<b>(208,075)</b>	<b>313,555</b>
<b>FINANCING ACTIVITIES</b>		
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)
<b>Net cash flows (used in)/from financing activities</b>	<b>(1,098,551)</b>	<b>2,296,545</b>
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	179,458	78,983

53(a)

## 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
<u>Stage 1</u>		
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 (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
	<b>1,435,272</b>	<b>1,185,681</b>

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
	<b>1,435,272</b>	<b>1,185,681</b>

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

	Gross carrying value RM'000	Impairment allowance RM'000
<b>2024</b>		
Stage 1 (12-month ECL; non-credit impaired)	<b>1,435,272</b>	<b>219</b>
<b>2023</b>		
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
<u>Stage 1</u>		
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

House financing	19,205,889	18,696,839
Personal financing	956,288	2,225,410
Hire purchase	504,611	504,612
	<b>20,666,788</b>	<b>21,426,861</b>

The maturity structure of 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	–
	<b>20,666,839</b>	<b>21,426,957</b>
Less:		
Allowance for impairment losses	(51)	(96)
	<b>20,666,788</b>	<b>21,426,861</b>

The gross carrying value of 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
<u>Stage 1</u>		
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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 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 are as follows:

	Gross carrying value RM'000	Impairment allowance RM'000
<b>2024</b>		
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
<b>2023</b>		
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
<b>2024</b>				
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
<b>2023</b>				
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 are as follows:

	Gross carrying value RM'000	Impairment allowance RM'000
<b>2024</b>		
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 (%)		–
<b>2023</b>		
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
<b>2024</b>				
As at 31 December	-	-	-	-
<b>2023</b>				
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
	<b>51,574</b>	<b>44,492</b>

## 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

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

	Unexpired financial Wakalah exposures RM'000	Impairment allowance RM'000
<b>2024</b>		
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	<b>1,312,172</b>	<b>47,394</b>
Impairment allowances over unexpired financial Wakalah exposures (%)		<b>3.61</b>
<b>2023</b>		
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	<b>1,222,926</b>	<b>38,505</b>
Impairment allowances over unexpired financial Wakalah exposures (%)		<b>3.15</b>

## 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 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
<b>2024</b>				
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
<b>2023</b>				
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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 53 ISLAMIC OPERATIONS (CONTINUED)

## NOTES TO ISLAMIC OPERATIONS (CONTINUED)

		Group	
		2024 RM'000	2023 RM'000
(h)	<i>Sukuk</i>		
	Commercial papers	2,374,632	641,797
	Medium-term notes	20,727,429	22,636,342
		<b>23,102,061</b>	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
		<b>23,102,061</b>	23,278,139
(i)	<i>IRMBS</i>		
	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
		<b>291,138</b>	291,138
(j)	<i>Profit expense attributable to the Sukuk holders</i>		
	Mortgage assets	122,419	185,687
	Financing assets	799,992	659,990
	Hire purchase assets	62	72
		<b>922,473</b>	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
		<b>922,473</b>	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) <i>Total net income attributable</i>		
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)
	<b>235,996</b>	<b>208,515</b>
Total net income attributable analysed by concept are as follows:		
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
	<b>235,996</b>	<b>208,515</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 53 ISLAMIC OPERATIONS (CONTINUED)

## NOTES TO ISLAMIC OPERATIONS (CONTINUED)

(i) Statements of Cash Flows

(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)

(i) Statements of Cash Flows

(ii) Changes in operating assets and liabilities

	Group	
	2024 RM'000	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)
	<b>1,462,477</b>	<b>(2,643,283)</b>

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

Group	Sukuk RM'000	IRMBS RM'000	Total RM'000
<b>2024</b>			
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	<b>23,102,061</b>	<b>291,138</b>	<b>23,393,199</b>
<b>2023</b>			
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	<b>23,278,139</b>	<b>291,138</b>	<b>23,569,277</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 53 ISLAMIC OPERATIONS (CONTINUED)

## NOTES TO ISLAMIC OPERATIONS (CONTINUED)

	Group	
	2024 %	2023*** %
(m) <i>Capital adequacy</i>		
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	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*** %
<u>Before deducting dividend*</u>		
CET1 capital ratio	22.8	19.3
Tier 1 capital ratio	22.8	19.3
Total capital ratio	23.4	19.9
<u>After deducting dividend*</u>		
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.



# PILLAR 3 DISCLOSURE

## 1.0 OVERVIEW

This Pillar 3 disclosure is governed by the approved Disclosure Policy on Risk-Weighted Capital Adequacy Framework (Basel II Pillar 3) which documents the content, materiality, frequency of disclosure and internal controls over the disclosure process\*.

In determining the capital requirement for credit risk, Cagamas has adopted the Advanced Internal Rating Based ("AIRB") Approach for the Purchase Without Recourse ("PWOR") portfolio and Standardised Approach for Purchase With Recourse ("PWR") portfolio, Capital Management Solution ("CMS") and investment.

For market risk, the Standardised Approach is adopted whilst the risk-weighted capital requirement for operational risk is based on the Basic Indicator Approach ("BIA") which is the average of a percentage fixed by BNM of positive annual gross income over the previous three years.

Under BNM's RWCAF Basel II Pillar 3 requirements, the information disclosed herein is not required to be audited by external auditors. However, the disclosure has been reviewed and verified by internal auditors and approved by the Board of Directors. The Pillar 3 disclosure will be published annually together with the annual report which is available on Cagamas' website, [www.cagamas.com.my](http://www.cagamas.com.my).

## 2.0 SCOPE OF APPLICATION

The basis for consolidation is described in Note 2 to the financial statements. There are no significant restrictions or impediments to the transfer of funds or regulatory capital within the Cagamas Holdings Group ("The Group"). There are no capital deficiencies in any of the subsidiary companies of the Group during the year.

For the purpose of this Pillar 3 disclosure, the scope shall be restricted to the subsidiary which is material in relation to the Group's assets i.e. Cagamas. The disclosure published is for the year ended 31 December 2024 and is based on the consolidated financial statement of Cagamas Berhad. Information on other subsidiaries of the Group is available in the notes to the financial statements.

\* This disclosure is a voluntary exercise by Cagamas Berhad and its subsidiaries.

## PILLAR 3 DISCLOSURE *(continued)*

### 3.0 CAPITAL MANAGEMENT

Cagamas' capital management is guided by its Capital Management Framework which sets out the minimum policies and procedures required to be put in place to ensure adequate capital is maintained to support the development of its businesses.

The framework aims to ensure that capital requirements are reviewed over a minimum 3-year period, consistent with the organisation's risk profile and business plan as well as to maintain an adequate capital level at all times. This involves the following key initiatives:

- Focus on measuring return on capital employed in evaluating business proposals that require incorporating Cagamas' unique developmental role in the debt capital market and as a liquidity provider;
- Continuous monitoring on the robustness of its capital position and the efficient use of capital through the 3-year capital plan;
- Implementation of the Internal Capital Adequacy Assessment Process ("ICAAP") as well as ensuring that capital requirements under stressed scenarios are taken into account in capital planning.

The capital management strategy is dynamic and forward-looking, incorporates the capital needs of existing and new businesses as well as takes into account the business environment that impacts the needs and value of the organisation.

The strategy requires the proactive management of Cagamas' capital structure to be effective whilst maintaining a strong and robust capital position aligned with the risk profile and supporting business growth. This involves ongoing review and monitoring of the level and quality of capital by the Board of Directors which is assessed based on the following key objectives:



The capital adequacy requirements are computed in accordance with BNM's Capital Adequacy Framework (Capital Component) and Capital Adequacy Framework (Basel II – Risk-Weighted Assets) which sets out the general requirements concerning regulatory capital adequacy, components of eligible regulatory capital and requirements for computing risk-weighted assets ("RWA").

## PILLAR 3 DISCLOSURE (continued)

## 3.0 CAPITAL MANAGEMENT (CONTINUED)

## 3.1 Capital Adequacy Ratios

The following table details the capital adequacy ratios for Cagamas:

	2024	2023*
<i>Before deducting the proposed final dividend</i>		
CET1 Capital Ratio	37.9%	31.6%
Tier 1 Capital Ratio	37.9%	31.6%
TCR	38.4%	32.0%
<i>After deducting the proposed final dividend</i>		
CET1 Capital Ratio	37.7%	31.4%
Tier 1 Capital Ratio	37.7%	31.4%
TCR	38.2%	31.9%

Common Equity Tier 1 ("CET1") and Tier 1 Capital Ratios refer to the Total Tier 1 capital to RWA.

Total Capital Ratio ("TCR") is the Total Capital to RWA

## 3.2 Capital Structure

The following table details the capital structure of Cagamas:

	2024 RM'000	2023* RM'000
<b>CET1/Tier 1 Capital</b>		
Issued capital	150,000	150,000
Retained profits and regulatory reserves	4,602,931	4,394,938
	4,752,931	4,544,938
Financial assets at FVOCI** reserves	209	(2,152)
Less: Deferred tax assets	(10,819)	(13,501)
Less: Regulatory reserves***	(52,798)	(47,919)
Total CET1/Tier 1 Capital	4,689,523	4,481,366
<b>Tier 2 Capital</b>		
Allowance for impairment losses	14,028	17,287
Add: Regulatory reserves***	52,798	47,919
Total Tier 2 Capital	66,826	65,206
Total Capital	4,756,349	4,546,572

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

\*\* Fair Value through Other Comprehensive Income ("FVOCI")

\*\*\* Comprise qualifying regulatory reserves for non-impaired loans and financing of Cagamas

## PILLAR 3 DISCLOSURE *(continued)*

### 3.0 CAPITAL MANAGEMENT (CONTINUED)

#### 3.3 Minimum Regulatory Capital Requirement

The following table presents the minimum capital requirements to support Cagamas' RWA:

Exposure Class	2024 RM'000	2023* RM'000
<b>Risk-weighted assets</b>		
i) Credit Risk	11,703,181	13,543,083
ii) Operational Risk	678,580	645,292
Total RWA	12,381,761	14,188,375
<b>Minimum capital requirement at 10.5%</b>		
i) Credit Risk	1,228,833	1,422,024
ii) Operational Risk	71,251	67,756
Total	1,300,084	1,489,780

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

### 4.0 RISK MANAGEMENT

The Group takes a holistic and enterprise-wide view in managing risk across the subsidiaries with regular evaluation of risks.

#### 4.1 Enterprise Risk Management ("ERM") Framework

ERM forms part of the Group's culture and is embedded into business, operations and decision-making processes and practices. The ERM Framework is geared towards achieving the Group's objectives in the four categories below:

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

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

An independent Risk Management and Compliance Division ("RMD") plays the role of second line of defence by providing specialised resources to proactively manage risks & compliance. This includes the assessment of risk exposures and the coordination of risk management on an enterprise-wide basis. RMD is also responsible for ensuring that risk policies are implemented accordingly.

The Internal Audit Division ("IAD") being the third line of defence is responsible for independently reviewing the adequacy and effectiveness of risk management processes, the system of internal controls and compliance with internal risk policies.

PILLAR 3 DISCLOSURE *(continued)*

## 4.0 RISK MANAGEMENT (CONTINUED)

## 4.2 Risk Governance Structure

<div>Board of Directors ("BOD" or "the Board")</div> <div><ul style="list-style-type: none"><li>• Sets the overall strategic direction for the Group;</li><li>• Provides oversight to ensure that Management has appropriate risk management systems and practices to manage risks associated with the Group's operations and activities;</li><li>• Sets the risk appetite and tolerance levels that are consistent with the Group's overall business objectives and desired risk profile;</li><li>• Reviews and approves all significant risk management policies and risk exposures.</li></ul></div>		
<div>Board Risk Committee ("BRC")</div> <div>Assists the Board by ensuring that there is effective oversight and development of strategies, policies and infrastructure to manage the Group's risks. The BRC is supported by management committees which address key risks identified.</div>		
<div>Management Executive Committee ("MEC")</div> <div>Undertake the oversight function for overall risk limits, aligning them to the risk appetite set by the Board.</div>	<div>Asset Liability Committee ("ALCO")</div> <div>Undertake the oversight function for liquidity management and capital allocation, aligning them to the risk appetite set by the Board.</div>	
<div>Management</div> <div>Responsible for the implementation of policies laid down by the Board and ensuring there are adequate and effective operational procedures, internal controls and systems to support these policies.</div>		
<div>First Line of Defence Business and Support Function</div> <div>Primary responsibility of identifying, mitigating and managing risks within their lines of business. They also ensure that their day-to-day activities are carried out within established risk policies, procedures and limits.</div>	<div>Second Line of Defence Risk Management &amp; Compliance Division ("RMD")</div> <div>Monitoring and reporting of risk exposures independently and coordinating the management of risks on an enterprise-wide basis. It is independent of other departments involved in risk taking activities and reports directly to the BRC.</div>	<div>Third Line of Defence Internal Audit Division ("IAD")</div> <div>Responsible for independently reviewing the adequacy and effectiveness of risk management processes, system of internal controls and compliance with internal policies.</div>

## PILLAR 3 DISCLOSURE *(continued)*

### 4.0 RISK MANAGEMENT (CONTINUED)

#### 4.3 Internal Capital Adequacy Assessment Process (“ICAAP”)

ICAAP primarily involves a comprehensive assessment of all material risks that Cagamas is exposed to, including assessing the adequacy of the capital in relation to its risks and setting capital targets that commensurate with its risk profile and operating environment, taking into consideration Cagamas’ business strategy and risk appetite. The following are the main components in the organisation’s ICAAP:

##### **Risk Appetite**

Risk appetite is the acceptable risk tolerance for each material risk category and other related parameters in achieving business objectives. It does not seek to prevent risk taking. Instead, it ensures that the risks undertaken are aligned to chosen business strategies.

##### **Material Risk Assessment & Quantification**

This component requires analysis of all risks that occur in business activities and recognition of the risks that Cagamas can be exposed to in the future. These include quantifiable and non-quantifiable risks. Risks are aggregated in order to determine the overall risk under the ICAAP, including impact assessment of stress on the internal Total Capital Ratio target.

##### **Stress Testing**

A rigorous and forward-looking stress testing is an integral part of ICAAP, enabling assessment of the impact to capital adequacy arising from adverse events or changes in market conditions. Further stress testing would enable Cagamas to assess the vulnerability of its statement of financial position and resilience of financial plans to extreme but plausible stress events.

To ensure effectiveness of stress test results, a range of scenarios is considered which includes at least an adverse economic scenario that is severe but plausible, such as a severe economic downturn and/or a system-wide shock to liquidity. The stress test would be conducted company-wide covering all relevant risk areas and material entities. Results of the stress test are deliberated by the MEC and reported to the BRC and the Board.

##### **Capital Management**

Measurement of the available capital and capital instruments is detailed out in the Capital Management Framework. The components considered as available capital are reviewed or enhanced as and when required to ensure its relevance.

##### **Independent Review**

An independent review of ICAAP is performed to review the processes or systems for assessing the various risks that Cagamas is exposed to and for relating the risks to capital levels. The scope includes review of the appropriateness of the ICAAP, the identification of material risks, the reasonableness of stress testing scenarios, the integrity, verifiability and completeness of data inputs and the assumptions used.

## PILLAR 3 DISCLOSURE *(continued)*

### 5.0 CREDIT RISK

Credit risk is defined as the potential for financial loss resulting from the failure of a borrower or counterparty to fulfil its financial or contractual obligations. Credit risk arises from PWR and PWOR business, Capital Management Solution, investments and treasury hedging activities. Cagamas seeks to take credit risk that meets the underwriting standards while ensuring that the risk taken is commensurate with the return.

#### **Credit Risk Management Oversight and Organisation**

The MEC is the senior management committee responsible for the organisation's overall credit risk exposure, taking a proactive view of risks and positioning the credit portfolio. MEC, which is chaired by the President/Chief Executive Officer ("CEO"), also reviews the credit risk management framework, the credit profile of material portfolios, and aligns credit risk management with business strategy.

Business Units undertake thorough credit assessment prior to submission to the Credit Department of the RMD. The Credit Department will independently assess the counterparty taking into consideration the credit strength of the counterparty and business requirement prior to recommendation to the MEC. The Credit Department is also responsible for formulating and developing credit risk policies and procedures for identifying, measuring, monitoring and reporting credit risk. Credit limits are approved by the MEC within the risk parameters set by the Board.

Regular risk reporting which includes quality of portfolio, changes in counterparties' rating and concentration risk exposures is made to the BRC and the Board for their oversight.

#### **Credit Risk Management Approach**

Credit risk management includes the establishment of credit risk policies and procedure manuals wherein the credit processes, controls, approval authority, risk rating/scoring and credit review are documented. These standards cover credit origination, measurement and documentation as well as problem recognition, classification and remedial actions.

Credit risk is managed via a thorough assessment of the counterparties, stipulates prudent eligibility criteria and conducts due diligence on loans and financings to be purchased. Credit limits are reviewed periodically and are determined based on the combination of external ratings, internal credit assessment and business requirements. Cagamas has in place an internal credit rating methodology and Management Credit Approving Limit, which sets out the maximum credit approving limit by the MEC.

All credit exposures are monitored on a regular basis and non-compliance is independently reported to the Management and BRC/BOD for remedy. Financing activities are also guided by internal credit policies, procedure manuals and the Risk Appetite Framework approved by the Board.



## PILLAR 3 DISCLOSURE *(continued)*

### 5.0 CREDIT RISK (CONTINUED)

#### Key areas of credit exposures:

##### (a) Purchase With Recourse (“PWR”)

Under the PWR scheme, Cagamas takes on counterparty risk i.e. credit risk of the selling institutions given the latter’s undertaking to repurchase or replace ineligible loans and financing. Counterparty is assigned with credit limit based on rating and comprehensive internal credit assessment. Reviews on counterparties are conducted at least once a year with updated information on the counterparty’s financial position, market position, industry and economic conditions, as well as business requirements. There are strict limits on counterparty exposures based on rating and internal credit assessment. In addition, the portfolio also managed and monitored via credit concentration limits established based on the type of counterparty, type of assets and counterparty rating band.

##### (b) Purchase Without Recourse (“PWOR”)

As for the PWOR scheme, Cagamas absorbs all the credit risk of the loans and financing acquired wherein purchases are restricted to the approved sellers and type of assets. Purchase of these loans is managed via adherence to stringent eligibility criteria and due diligence on a sample of the portfolio prior to the purchase. To further mitigate credit risks, PWOR purchases may include loans with an automated salary deduction feature. These portfolios are monitored via concentration limits based on property types and location.

##### (c) Skim Saraan Bercagar (“SSB”)

Generally, SSB loans are exposed to collateral risk and longevity risk in the event where the appreciation of underlying property price is slower and/or the lifespan of the borrower is longer than expected. The risks of SSB portfolio are mitigated via robust and comprehensive approval process whereby the portfolio is subjected to stringent underwriting standards and eligibility criteria. Additionally, the portfolio is managed via dynamic performance monitoring of individual credit exposures.

##### (d) Capital Management Solutions (“CMS”), Investment and Derivatives Activities

The management of credit risk arising from the investment of surplus funds is primarily via the setting of counterparty credit limits. These credit limits are established following an assessment of the counterparty’s creditworthiness and is subject to the credit policy on investment which stipulates amongst others the minimum investment grade for debt securities, maximum tenure, and credit concentration limits. The policy is subject to regular review. Credit exposures are managed through independent monitoring where any limit breaches will be escalated to Management and BRC/BOD for remedial actions.

Cagamas’ exposures to Interest Rate Swaps (“IRS”), Islamic Profit Rate Swaps (“IPRS”), Cross Currency Swaps (“CCS”) and Islamic Cross Currency Swaps (“ICCS”) are for hedging purposes only.

#### 5.1 Credit Risk Mitigation

Credit limits are assigned on the basis of the counterparty’s credit standing, source of repayment, debt servicing ability and business requirements.

Under the PWR scheme, Cagamas accepts guarantee from the parent company of corporate and institutional counterparties to mitigate credit risk subject to internal guidelines and policy. Credit exposure which is secured by a guarantee from an eligible guarantor, the portion of the exposure is weighted according to the risk weight appropriate to the guarantor. In accordance with BNM’s RWCAF guidelines, this guarantee shall not be considered again for credit risk mitigation purposes as the rating has already taken into account the guarantee provided by the parent of the counterparty.

## PILLAR 3 DISCLOSURE (continued)

## 5.0 CREDIT RISK (CONTINUED)

## 5.1 Credit Risk Mitigation (continued)

The following table presents the minimum regulatory capital requirement for credit risk:

	Total Exposures before Credit Risk Mitigation RM'000	Total Exposures after Credit Risk Mitigation RM'000	RWA RM'000	Minimum Capital Requirement at 10.5% RM'000
<b>2024</b>				
<b>Exposure Class Credit Risk</b>				
<b>On-balance sheet exposure:</b>				
Sovereign & central bank	2,369,698	2,369,698	20,153	2,116
Banks, Development Financial Institutions & Multilateral Development Banks	40,578,474	40,578,474	9,696,194	1,018,100
Corporates & Leasing Companies	876,497	876,497	229,836	24,133
Mortgage Assets	6,081,488	6,081,488	1,619,754	170,074
Hire Purchase Assets	40	40	–	–
Reverse Mortgage Assets	4,172	4,172	1,460	153
Other Assets	45,089	45,089	45,089	4,734
Defaulted Exposures	18,120	18,120	52,817	5,546
<b>Total</b>	<b>49,973,578</b>	<b>49,973,578</b>	<b>11,665,303</b>	<b>1,224,856</b>
<b>Off-balance sheet exposure:</b>				
Derivative Financial Instruments	191,292	191,292	37,878	3,977
<b>Total Credit Exposures</b>	<b>50,164,870</b>	<b>50,164,870</b>	<b>11,703,181</b>	<b>1,228,833</b>
<b>2023*</b>				
<b>Exposure Class Credit Risk</b>				
<b>On-balance sheet exposure:</b>				
Sovereign & central bank	1,587,347	1,587,347	15,075	1,583
Banks, Development Financial Institutions & Multilateral Development Banks	44,407,466	44,407,466	11,057,561	1,161,044
Corporates & Leasing Companies	871,584	871,584	209,704	22,019
Mortgage Assets	6,878,986	6,878,986	2,092,302	219,692
Hire purchase	30	30	10	1
Reverse Mortgage Assets	2,147	2,147	751	79
Other Assets	46,949	46,949	46,949	4,930
Defaulted Exposures	24,417	24,417	79,355	8,332
<b>Total</b>	<b>53,818,926</b>	<b>53,818,926</b>	<b>13,501,707</b>	<b>1,417,680</b>
<b>Off-balance sheet exposure:</b>				
Derivative financial instruments	414,540	414,540	41,376	4,344
<b>Total Credit Exposures</b>	<b>54,233,466</b>	<b>54,233,466</b>	<b>13,543,083</b>	<b>1,422,024</b>

\* The 31 December 2023 RWA have been restated to align with current year computation.

## PILLAR 3 DISCLOSURE (continued)

## 5.0 CREDIT RISK (CONTINUED)

## 5.2 Distribution of Credit Exposures

Cagamas' counterparties are mainly the Government of Malaysia ("GOM"), financial institutions, development financial institutions and corporate companies in Malaysia. The following tables present the analysis of credit exposure of financial assets before the effect of credit risk mitigation by:

## (a) Industrial analysis based on its industrial distribution:

	Cash and short-term funds	Deposits and placements with financial institutions	Derivative financial instruments	Financial assets at FVOCI*	Financial asset at amortised cost	Amount due from counter parties	Islamic financing assets	Mortgage assets- Conventional	Mortgage assets- Islamic	Hire purchase assets- Islamic	Reverse mortgage assets	Other assets	Total
2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Government bodies	-	-	-	2,219,137	-	-	-	-	-	-	-	22	2,219,159
Financial institutions:													
- Commercial banks	29,144	433,225	15,403	453,930	2,135,995	16,466,653	17,358,593	-	-	-	-	-	36,893,943
- Development banks	31,977	-	-	299,397	150,040	-	3,240,022	-	-	-	-	-	3,721,436
Communications													
electricity,													
gas and water	-	-	-	192,203	-	-	-	-	-	-	-	-	192,203
Transportation	-	-	-	149,708	-	-	-	-	-	-	-	-	149,708
Leasing	-	-	-	76,347	-	366,769	68,173	-	-	-	-	-	511,289
Consumers	-	-	-	-	-	-	-	2,600,891	3,488,719	40	4,172	-	6,103,822
Corporate	-	-	-	76,124	-	-	-	-	-	-	-	-	76,124
Construction	-	-	-	10,124	-	-	-	-	-	-	-	-	10,124
Others	-	-	-	50,669	-	-	-	-	-	-	-	10,810	61,479
<b>Total</b>	<b>61,121</b>	<b>433,225</b>	<b>15,403</b>	<b>3,527,639</b>	<b>2,287,035</b>	<b>16,833,422</b>	<b>20,666,788</b>	<b>2,600,891</b>	<b>3,488,719</b>	<b>40</b>	<b>4,172</b>	<b>10,832</b>	<b>49,939,287</b>

\* Fair Value through Other Comprehensive Income ("FVOCI")

## PILLAR 3 DISCLOSURE (continued)

## 5.0 CREDIT RISK (CONTINUED)

## 5.2 Distribution of Credit Exposures (continued)

## (a) Industrial analysis based on its industrial distribution (continued):

	Deposits and										Total
	Cash and short-term funds	placements with financial institutions	Derivative financial instruments	Financial assets at FVOCI*	Financial asset at amortised cost	Amount due from counter parties	Islamic financing assets	Mortgage assets- Conventional	Mortgage assets- Islamic	Hire purchase assets- Islamic	
2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Government bodies	-	-	-	1,420,577	-	-	-	-	-	-	1,420,610
Financial institutions:											
- Commercial banks	180,359	86,947	207,659	345,859	2,286,680	19,641,205	19,395,481	-	-	-	42,144,190
- Development banks	-	-	-	288,971	-	-	2,011,411	-	-	-	2,300,382
Communications, electricity, gas and water	-	-	-	213,271	-	-	-	-	-	-	213,271
Transportation	-	-	-	160,538	-	-	-	-	-	-	160,538
Leasing	-	-	-	60,941	-	346,585	19,969	-	-	-	427,495
Consumers	-	-	-	-	-	-	-	3,021,850	3,881,528	55	6,905,580
Corporate	-	-	-	128,513	-	-	-	-	-	-	128,513
Construction	-	-	-	20,420	-	-	-	-	-	-	20,420
Others	-	-	-	50,971	-	-	-	-	-	-	69,151
<b>Total</b>	<b>180,359</b>	<b>86,947</b>	<b>207,659</b>	<b>2,680,061</b>	<b>2,286,680</b>	<b>19,987,790</b>	<b>21,426,861</b>	<b>3,021,850</b>	<b>3,881,528</b>	<b>55</b>	<b>53,790,150</b>

\* Fair Value through Other Comprehensive Income ("FVOCI")

## (b) Geographical location analysis is not applicable because all credit exposures comprise domestic exposures.

PILLAR 3 DISCLOSURE *(continued)*

## 5.0 CREDIT RISK (CONTINUED)

5.2 Distribution of Credit Exposures *(continued)*

## (c) Maturity analysis based on the residual contractual maturity

	Within one year RM'000	One to three years RM'000	Three to five years RM'000	More than five years RM'000	Non-interest/ non-profit bearing RM'000	Total RM'000
<b>2024</b>						
<b><i>On-balance sheet exposure:</i></b>						
Cash and short-term funds	60,010	-	-	-	1,111	61,121
Deposits and placements with financial institutions	433,225	-	-	-	-	433,225
Financial assets at FVOCI	327,929	537,090	521,634	2,140,986	-	3,527,639
Financial asset at amortised cost	-	-	-	2,290,640	(3,605)	2,287,035
Amount due from counterparties	4,505,015	11,191,790	-	1,136,633	(16)	16,833,422
Islamic financing assets	8,386,753	6,928,456	4,551,354	800,276	(51)	20,666,788
Mortgage assets:						
– Conventional	449,989	723,466	596,689	838,579	(7,832)	2,600,891
– Islamic	438,693	757,423	655,939	1,655,836	(9,172)	3,498,719
Hire purchase assets:						
– Islamic	40	-	-	-	-	40
Reverse mortgage	-	-	-	-	4,172	4,172
Other assets	391	-	-	15,012	45,123	60,526
<b><i>Total on-balance sheet exposure</i></b>	<b>14,602,045</b>	<b>20,138,225</b>	<b>6,325,616</b>	<b>8,877,962</b>	<b>29,730</b>	<b>49,973,578</b>
<b><i>Off-balance sheet exposure:</i></b>						
IRS/IPRS	2,673	3,500	2,700	40,012	-	48,885
CCS	74,935	67,471	-	-	-	142,406
<b>Total</b>	<b>14,679,653</b>	<b>20,209,196</b>	<b>6,328,316</b>	<b>8,917,974</b>	<b>29,730</b>	<b>50,164,869</b>

## PILLAR 3 DISCLOSURE (continued)

## 5.0 CREDIT RISK (CONTINUED)

## 5.2 Distribution of Credit Exposures (continued)

## (c) Maturity analysis based on the residual contractual maturity (continued)

2023	Within one year RM'000	One to three years RM'000	Three to five years RM'000	More than five years RM'000	Non-interest/ non-profit bearing RM'000	Total RM'000
<b>On-balance sheet exposure:</b>						
Cash and short-term funds	179,800	–	–	–	559	180,359
Deposits and placements with financial institutions	86,947	–	–	–	–	86,947
Financial assets at FVOCI	148,606	498,549	611,018	1,431,888	–	2,690,061
Financial asset at amortised cost	–	–	–	2,290,448	(3,768)	2,286,680
Amount due from counterparties	6,475,796	8,861,989	4,288,658	361,372	(25)	19,987,790
Islamic financing assets	7,301,922	9,385,918	4,739,117	–	(96)	21,426,861
Mortgage assets:						
– Conventional	642,965	741,844	634,252	1,014,207	(11,418)	3,021,850
– Islamic	601,511	782,955	689,809	1,818,964	(11,711)	3,881,528
Hire purchase assets:						
– Islamic	61	–	–	–	(6)	55
Reverse mortgage	–	–	–	–	2,147	2,147
Other assets	152,273	42,464	–	12,922	46,989	254,648
<b>Total on-balance sheet exposure</b>	<b>15,589,881</b>	<b>20,313,719</b>	<b>10,962,854</b>	<b>6,929,801</b>	<b>22,671</b>	<b>53,818,926</b>
<b>Off-balance sheet exposure:</b>						
IRS/IPRS	1,720	17,296	3,600	30,522	–	53,138
CCS	243,677	117,725	–	–	–	361,402
<b>Total</b>	<b>15,835,278</b>	<b>20,448,740</b>	<b>10,966,454</b>	<b>6,960,323</b>	<b>22,671</b>	<b>54,233,466</b>

PILLAR 3 DISCLOSURE *(continued)*

## 5.0 CREDIT RISK (CONTINUED)

## 5.3 Off-Balance Sheet Exposure and Counterparty Credit Risk ("CCR")

CCR on derivative financial instruments is the risk that a counterparty in a foreign exchange, interest/profit rate, commodity, equity, option or credit derivative contract defaults prior to or on maturity date of the contract and Cagamas, at the relevant time has a claim on the counterparty. Derivative financial instruments restricted to interest/profit rate and foreign exchange related contracts are entered into solely for hedging purposes.

## Off-Balance Sheet Exposures

	Principal Amount RM'000	Positive Fair Value of Derivatives Contracts RM'000	Credit Equivalent Amount RM'000	RWA RM'000
<b>2024</b>				
<b>Derivative Financial Instruments</b>	<b>5,586,332</b>	<b>15,403</b>	<b>191,292</b>	<b>37,878</b>
IRS/IPRS				
– Less than 1 year	1,180,000	391	2,673	457
– 1 year to less than 5 years	440,000	–	6,200	1,240
– 5 years and above	260,000	15,012	40,012	7,700
CCS				
– Less than 1 year	2,581,812	–	74,935	14,987
– 1 year to less than 5 years	1,124,520	–	67,472	13,494
<b>2023</b>				
<b>Derivative Financial Instruments</b>	<b>7,837,266</b>	<b>207,659</b>	<b>414,540</b>	<b>41,376</b>
IRS/IPRS				
– Less than 1 year	1,000,000	720	1,720	200
– 1 year to less than 5 years	1,425,000	446	20,896	4,090
– 5 years and above	160,000	12,923	30,522	3,520
CCS				
– Less than 1 year	4,139,796	151,552	243,677	18,425
– 1 year to less than 5 years	1,112,470	42,018	117,725	15,141



## PILLAR 3 DISCLOSURE (continued)

## 5.0 CREDIT RISK (CONTINUED)

## 5.4 Credit Rating

## 5.4.1 Assignment of risk weights under the Standardised Approach

Under the Standardised Approach, the credit rating assigned by the credit rating agencies is used in the calculation of credit risk-weighted assets for PWR, CMS, investment, IRS/IPRS and CCS/ICCS in accordance with BNM RWCAF. Rating agencies or External Credit Assessment Institutions ("ECAI") recognised by BNM are as follows:

- (i) Standard & Poor's Rating Services ("S&P");
- (ii) Moody's Investors Service ("Moody's");
- (iii) Fitch Ratings ("Fitch");
- (iv) RAM Rating Services Berhad ("RAM");
- (v) Malaysian Rating Corporation Berhad ("MARC"); and
- (vi) Rating & Investment Information, Inc ("R&I").

In accordance with BNM's RWCAF, where the exposure is rated by more than one external rating agency, risk-weight shall be determined based on the second highest rating. For Cagamas, if exposure is denominated in local currency and where the exposure is rated by more than one external rating agency, risk weight is determined based on the second highest local rating. The counterparty shall be deemed as unrated when an exposure is not rated by an ECAI whilst the exposure which is secured by an explicit guarantee issued by an eligible or rated guarantor, rating similar to that of the guarantor is assigned.

The following table presents the credit exposures of Cagamas after the effect of credit risk mitigation by risk-weights:

Risk Weights	Sovereign & Central Bank	FI & DFI*	Corporates & Leasing Companies	Other Assets	RWA
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2024</b>					
0%	2,268,935	—	—	—	—
10%	—	—	—	—	—
20%	100,763	35,489,965	808,324	—	7,277,222
50%	—	5,279,801	—	—	2,638,666
100%	—	—	68,173	45,089	113,262
<b>Total</b>	<b>2,369,698</b>	<b>40,769,766</b>	<b>876,497</b>	<b>45,089</b>	<b>10,029,150</b>
Average Risk Weights	<b>0.9%</b>	<b>23.9%</b>	<b>26.2%</b>	<b>100.00%</b>	<b>22.8%</b>
<b>2023</b>					
0%	1,511,974	—	—	—	—
10%	—	—	—	—	—
20%	75,373	37,568,445	786,908	—	7,644,613
50%	—	7,253,561	64,707	—	3,659,134
100%	—	—	19,969	46,949	66,918
<b>Total</b>	<b>1,587,347</b>	<b>44,822,006</b>	<b>871,584</b>	<b>46,949</b>	<b>11,370,665</b>
Average Risk Weights	<b>0.9%</b>	<b>24.8%</b>	<b>24.1%</b>	<b>100.00%</b>	<b>24.0%</b>

\* Financial Institutions ("FI")  
Development Financial Institutions ("DFI")

PILLAR 3 DISCLOSURE *(continued)*

## 5.0 CREDIT RISK (CONTINUED)

5.4 Credit Rating *(continued)*5.4.1 Assignment of risk weights under the Standardised Approach *(continued)*

The following table is a summary of the risk weight mapping matrix and the allocation of risk weights under the Standardised Approach:

Exposure class:	Rating of Counterparties by Approved ECAs				
	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
RAM	AAA to AA3	A to A3	BBB1 to BB3	B1 to C	Unrated
MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
R&I	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>On and Off-balance sheet exposure</b>					
<b>2024</b>					
Sovereign/Central Bank <sup>#</sup>	2,369,698	-	-	-	-
FI and DFI	33,500,561	7,269,204	-	-	-
Corporates and Leasing Companies	766,004	42,320	-	-	68,173
Other Assets	-	-	-	-	45,089
<b>Total</b>	<b>36,636,263</b>	<b>7,311,524</b>	<b>-</b>	<b>-</b>	<b>113,262</b>
<b>2023</b>					
Sovereign/Central Bank <sup>#</sup>	1,587,347	-	-	-	-
FI and DFI	37,568,445	7,253,561	-	-	-
Corporates and Leasing Companies	809,295	42,320	-	-	19,969
Other Assets	-	-	-	-	46,949
<b>Total</b>	<b>39,965,087</b>	<b>7,295,881</b>	<b>-</b>	<b>-</b>	<b>66,918</b>

<sup>#</sup> Under BNM RWCAF, exposures to and/or guaranteed by the Federal Government of Malaysia are accorded a preferential sovereign risk weight of 0%.

PILLAR 3 DISCLOSURE *(continued)*

## 5.0 CREDIT RISK (CONTINUED)

## 5.4 Credit Rating (continued)

## 5.4.2 Assignment of risk-weights under the Advanced Internal Rating Based ("AIRB") Approach

Cagamas adopts the AIRB approach for its PWOR exposure which primarily consists of mortgage loans and hire purchase loans using 3 key parameters i.e. Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") to quantify credit risk.

The risk estimates are developed based on internal historical data wherein the historical behaviour of the portfolio forms the basis for the computation of PD and LGD. EAD is the exposure when default occurs.

Disclosure on exposure by PD range:

	EAD RM'000	Exposure Weighted Average LGD %	Exposure Weighted Average RW %	RWA RM'000
<b>2024</b>				
<b><u>Mortgage assets</u></b>				
PD range:				
up to 3%	6,359,162	26.67%	48.12%	3,059,877
>3% to <100%	4,562	26.67%	126.57%	5,774
100%	18,120	26.67%	333.33%	60,401
<b><u>Hire purchase assets</u></b>				
PD range:				
up to 3%	40	26.67%	48.12%	19
>3% to <100%	—	—	—	—
100%	—	—	—	—
<b>Total</b>	<b>6,381,884</b>			<b>3,126,071</b>
<b>2023*</b>				
<b><u>Mortgage assets</u></b>				
PD range:				
up to 3%	7,451,346	26.67%	47.74%	3,557,401
>3% to <100%	4,483	26.67%	130.54%	5,852
100%	24,392	26.67%	325.00%	79,274
<b><u>Hire purchase assets</u></b>				
PD range:				
up to 3%	37	26.67%	47.74%	18
>3% to <100%	—	—	—	—
100%	25	26.67%	325.00%	81
<b>Total</b>	<b>7,480,283</b>			<b>3,642,626</b>

\* The 31 December 2023 figures have been restated to align with current year computation.

PILLAR 3 DISCLOSURE *(continued)*

## 5.0 CREDIT RISK (CONTINUED)

## 5.5 Past Due and Impaired Loans

Refer to Note 2 of the Financial Statements for the accounting policies and accounting estimates on impairment assessment for loans and financing. This credit impairment policy is applicable to the Group.

(a) The following table is a summary of the impairment allowance by economic purpose:

	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
<b>2024</b>					
Purchase of mortgage assets	41,771,100	18,120	41,789,220	17,063	41,772,157
Purchase of motor vehicles/ equipment	366,809	–	366,809	–	366,809
Personal use	1,460,902	–	1,460,902	8	1,460,894
	<b>43,598,811</b>	<b>18,120</b>	<b>43,616,931</b>	<b>17,071</b>	<b>43,599,860</b>
<b>2023</b>					
Purchase of mortgage assets	45,240,254	24,392	45,264,646	23,219	45,241,427
Purchase of motor vehicles/ equipment	346,621	25	346,646	6	346,640
Personal use	2,730,048	–	2,730,048	31	2,730,017
	<b>48,316,923</b>	<b>24,417</b>	<b>48,341,340</b>	<b>23,256</b>	<b>48,318,084</b>

PILLAR 3 DISCLOSURE *(continued)*

## 5.0 CREDIT RISK (CONTINUED)

5.5 Past Due and Impaired Loans *(continued)*

(b) The following table is a summary of the impairment allowance by product-type:

	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
<b>2024</b>					
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	2,600,268	8,455	2,608,723	7,832	2,600,891
– Islamic	3,498,226	9,665	3,507,891	9,172	3,498,719
Hire Purchase Assets:					
– Islamic	40	–	40	–	40
	<b>43,598,811</b>	<b>18,120</b>	<b>43,616,931</b>	<b>17,071</b>	<b>43,599,860</b>
<b>2023</b>					
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	3,022,779	10,489	3,033,268	11,418	3,021,850
– Islamic	3,879,336	13,903	3,893,239	11,711	3,881,528
Hire Purchase Assets:					
– Islamic	36	25	61	6	55
	<b>48,316,923</b>	<b>24,417</b>	<b>48,341,340</b>	<b>23,256</b>	<b>48,318,084</b>

## PILLAR 3 DISCLOSURE *(continued)*

### 6.0 MARKET & LIQUIDITY RISK

Market risk is the potential loss arising from adverse movement of market prices and rates. Market risk exposure is limited to interest rate and foreign exchange as Cagamas is not engaged in any equity or commodity trading activities. There is also no exposure to interest rate and foreign exchange risk arising from proprietary trading activities as it is not within the existing risk appetite set by the Board.

Liquidity risk arises when funds are insufficient to meet financial obligations when they fall due.

#### **Market and Liquidity Risk Management Oversight and Organisation**

The ALCO is the management committee responsible for the management of market and liquidity risk activities including the setting of risk limits. The ALCO, which is chaired by the CEO, reviews Cagamas' market and liquidity risk policies, funding strategy, aligns market and liquidity risk management with business strategies and reviews performance of the investment portfolio, hedged positions, risk limits/compliance and stress test results.

RMD supports ALCO at the working level and is an independent risk control unit responsible for developing the market and liquidity risk policy and ensuring adequate risk control oversight.

#### **Market and Liquidity Risk Management Approach**

Cagamas manages market and liquidity risks by imposing threshold limits which are approved by Management within the parameters approved by the Board based on a risk-return relationship.

Further, a match-funding policy is adhered to where all asset purchases are funded by bonds of closely matched size as well as duration and each transaction is self-sufficient in terms of cash flow. A forward looking liquidity mechanism is in place to promote efficient and effective cash flow management while avoiding excessive concentration of funding.

Cagamas plans its cash flow and monitors closely every business transaction to ensure that available funds are sufficient to meet business requirements at all times. Liquidity reserves which comprise marketable debt securities are also set aside to meet any unexpected shortfall in cash flow or adverse economic conditions in the financial market.

Derivatives instruments such as interest rate swaps and cross currency swaps are used to manage and hedge market risk exposures against fluctuation in interest rates and foreign exchange. Liquidity management processes involve regular monitoring against liquidity risk limits and establishing contingency funding plans. These processes are subject to regular review. Liquidity based on Basel III liquidity coverage ratio and net stable funding ratio is also monitored.

PILLAR 3 DISCLOSURE *(continued)***6.0 MARKET & LIQUIDITY RISK (CONTINUED)****6.1 Management of Interest/Profit Rate Risk in the Banking Book**

The interest/profit rate risk in the banking book is monitored on a monthly basis and exposure is minimal given the match funding approach adopted by Cagamas for its assets and liabilities. The impact on net interest/profit income is simulated and the following table summarises the impact arising from a 100 basis points parallel shift.

Impact on position as at 31 December	(-100 basis points) Parallel Shift	(+100 basis points) Parallel Shift
	Increase in Net Interest/Profit Income RM'000	Decrease in Net Interest/Profit Income RM'000
2024	5,804	(5,817)
2023*	2,610	(2,618)

\* The 31 December 2023 figures have been restated to align with the current year methodology.

**6.2 Management of Non-Traded Foreign Exchange Risk**

Cagamas is exposed to foreign exchange risk from funding activities when functional currencies are not in Ringgit Malaysia. Foreign currency risk is managed/hedged by entering into CCS/ICCS with selected counterparties concurrently with bond issuance and asset purchase to ensure that there is no timing mismatch between cash flows from the underlying assets, obligations on the foreign currency bond/sukuk as well as the hedge instrument.

**7.0 OPERATIONAL RISK**

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

**Operational Risk Management Oversight and Organisation**

The MEC governs the overall operational risk within the organisation. The Committee meets at least on a quarterly basis and discusses operational risk related issues.

RMD established the Operational Risk Management ("ORM") Framework which clearly defines Cagamas' approach to operational risk management that includes the Risk & Control Self-Assessment, Key Risk Indicators assessment and Loss Event Data reporting. The Operational Risk Department of RMD provides independent oversight of operational risk monitoring and control. Legal Risk is managed by the Legal Department and where necessary, in consultation with external legal counsel.

**Operational Risk Management Approach**

The Operational Risk Management policy codifies the core governing principles for operational risk management and provides a consistent, value added framework for assessing and communicating operational risk and the overall effectiveness of the internal control environment.



## PILLAR 3 DISCLOSURE *(continued)*

### 7.0 OPERATIONAL RISK (CONTINUED)

#### Operational Risk Management Approach *(continued)*

Business/Support units constitute an integral part of the operational risk management framework and are primarily responsible for the day-to-day management of operational risk. These units are responsible for establishing and maintaining their respective operational manuals and ensuring that activities undertaken comply with the Group's operational risk management framework. Each business/support unit undertakes self-assessment of the risk and control environment to identify, assess and manage its operational risks. Operational risk losses and incidents are reported to Management and BRC through RMD which provides independent assessment.

The Management places a very high value on maintaining an effective control environment to mitigate operational risk. Therefore, a number of tools have been put in place to mitigate this risk. These tools range from:

- Risk & Control Self-Assessment ("RCSA") which is a process of continual assessment of inherent operational risks and controls to identify control gaps and to develop action plans to close the gaps. It is a risk profiling tool which facilitates effective operational risk management for the organisation. The RCSA is signed-off by the respective department's Senior Management;
- Key risk indicators as early warning signals of increasing risk and/or control failures by flagging up given frequencies of events as a mechanism for continuous risk assessment/monitoring;
- Incident management which is a structured process and system to identify and focus attention on operational 'hotspots' and to minimise the risk impact; and
- Operational loss reporting involves the process of collecting, evaluating, monitoring and reporting operational risk loss, including near-misses, data which provides an important metric in the measurement of key operational risk.

In order to ensure uninterrupted services and to safeguard staff and assets during disaster, Cagamas has put in place a well-defined Business Continuity Management ("BCM") Framework and Policy at enterprise level. BCM comprises of Business Continuity Plan ("BCP") and Disaster Recovery Procedures ("DRP"), which can be activated in the event of business disruption/disaster. The resilience of these plans under different scenarios are being tested on an ongoing basis through regular BC/DR exercises.

In managing the global emerging of cyberattacks and cybersecurity risks, Cagamas has implemented robust frameworks and policies, namely Technology Risk Management Framework ("TRMF"), Cyber Resilience Framework ("CRF") and Information Technology Risk Management Policy ("ITRMP"). Additionally, comprehensive Data Loss Protection ("DLP") Policy and DLP tool were also implemented to safeguard Cagamas' critical data.

The Basic Indicator Approach ("BIA") is used for calculating Operational Risk Capital.

## PILLAR 3 DISCLOSURE *(continued)*

### 8.0 SHARIAH GOVERNANCE DISCLOSURE

Cagamas 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 a regulatory standpoint, Cagamas 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, Cagamas will obtain the approval of the SACs through counterparty or intermediary that falls under the purview of BNM, and/or through the principal adviser of sukuk programme for submission of the Islamic financial products.

Periodic Shariah reviews/audits are performed to verify that Islamic products and operations are in compliance with the Shariah opinions or endorsements issued by the independent Shariah Advisor and the Joint Shariah Advisors for sukuk programmes, where applicable. Any incidences of Shariah non-compliance are reported to the independent Shariah Advisor, the Group Board Audit Committee, BRC and the Board. Remedial actions are presented for the endorsement of the independent Shariah Advisor and for notification to the BRC or the Board.

During the financial period under review, no Shariah non-compliance event has been reported.

# SHAREHOLDERS

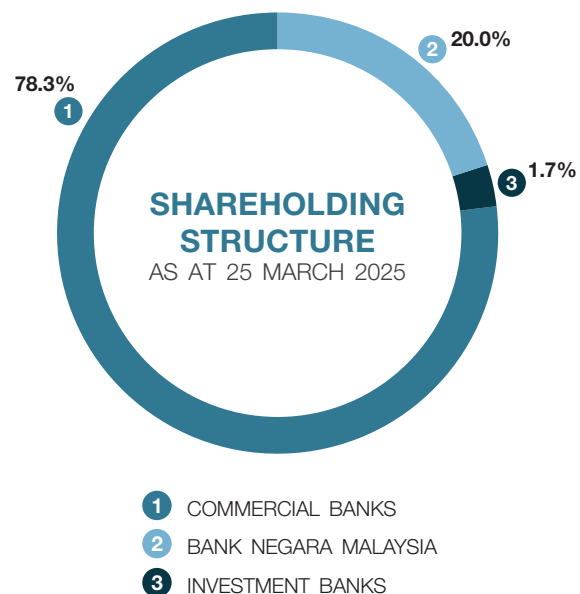
## CAGAMAS HOLDINGS BERHAD'S SHARE CAPITAL STRUCTURE AS AT 25 MARCH 2025



Issued and Paid-up Capital:

# RM150 million

ordinary shares of RM1 each



## SHAREHOLDING STRUCTURE

As at 25 March 2025

Institutions	% Shareholding	No. of Shareholders	Range of % Shareholding
Bank Negara Malaysia	20.0	1	20.0
Commercial Banks	78.3	17	0.2 – 16.5
Investment Banks	1.7	3	0.4 – 0.8
<b>Total</b>	<b>100.0</b>	<b>21</b>	

## ANALYSIS OF SHAREHOLDINGS

As at 25 March 2025

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
300,001 to less than 7,500,000 (less than 5%)	14	66.7	31,395,000	20.9
7,500,000 (5%) and above	7	33.3	118,605,000	79.1

## SHAREHOLDERS (continued)

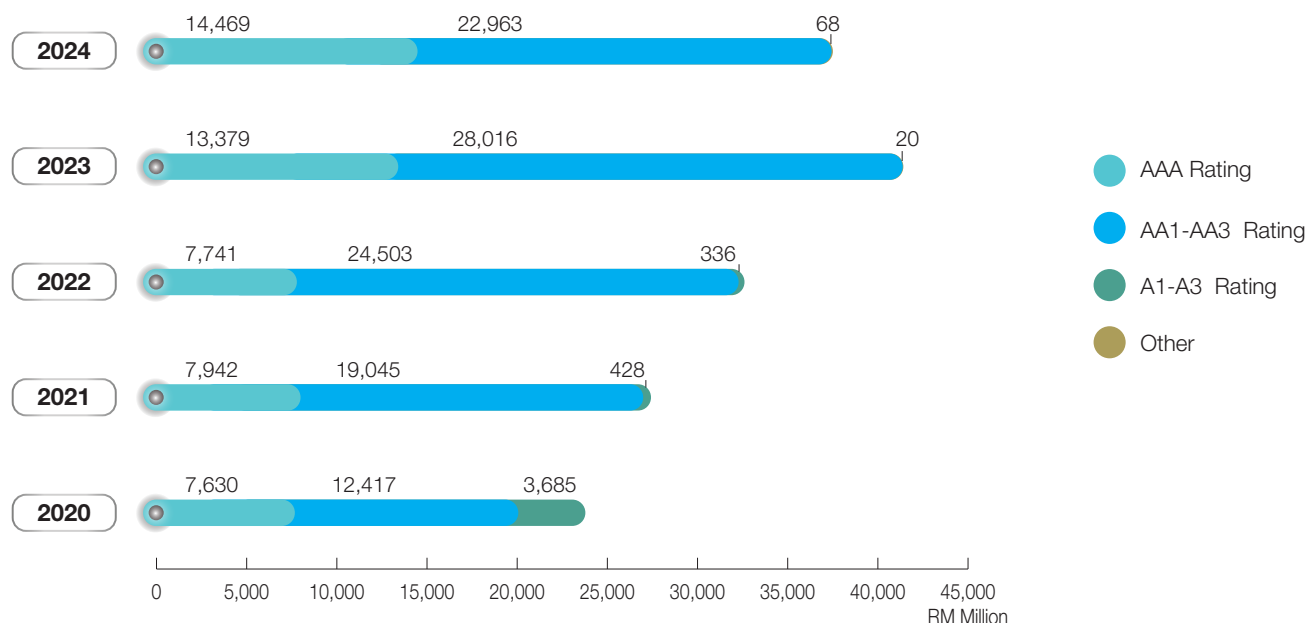
## SHAREHOLDERS OF CAGAMAS HOLDINGS BERHAD

As at 25 March 2025

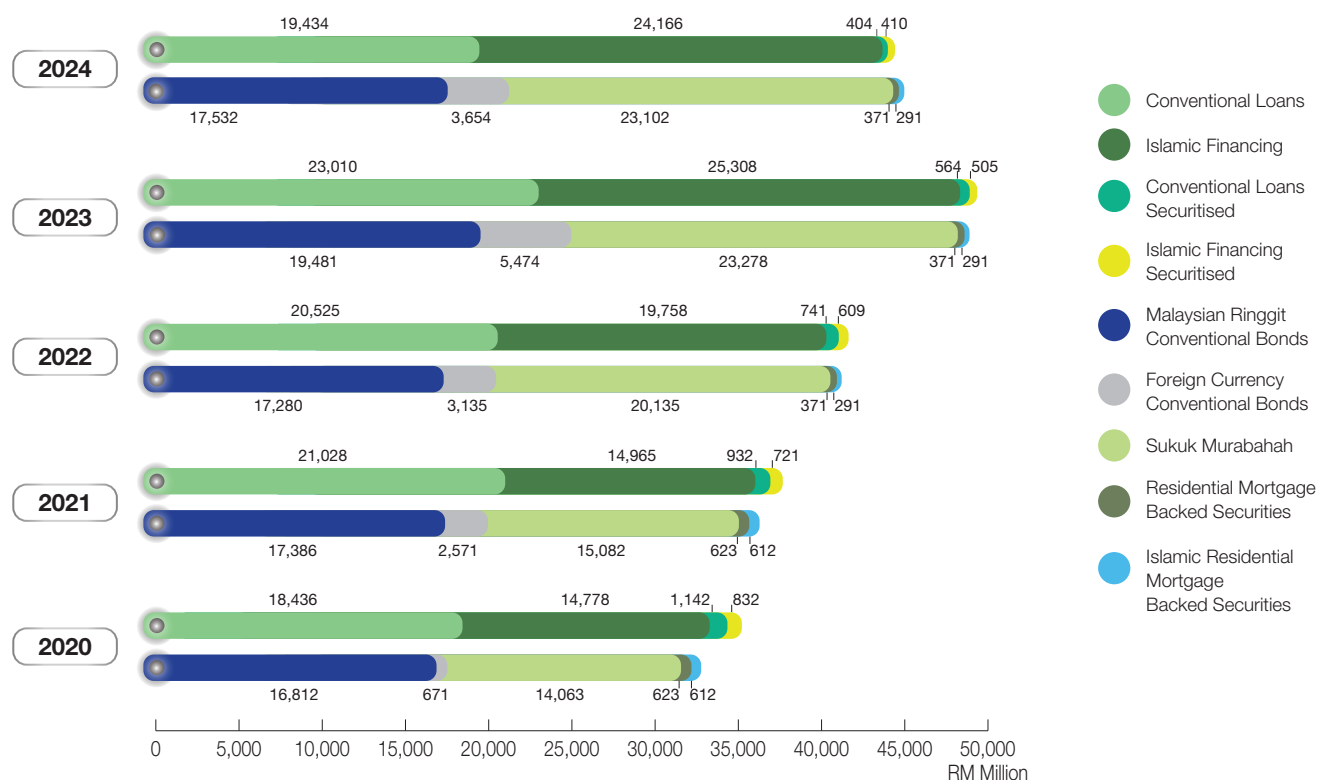
Shareholders	No. of Shares	% Shareholding
Bank Negara Malaysia	30,000,000	20.0
CIMB Bank Berhad	24,684,000	16.5
Malayan Banking Berhad	21,279,000	14.2
RHB Bank Group	12,932,400	8.6
RHB Bank Berhad	11,732,400	7.8
RHB Investment Bank Berhad	1,200,000	0.8
AmBank (M) Berhad	12,066,000	8.0
Public Bank Group	10,485,600	7.0
Public Bank Berhad	9,885,600	6.6
Public Investment Bank Berhad	600,000	0.4
Hong Leong Bank Berhad	8,958,000	6.0
HSBC Bank Malaysia Berhad	6,201,000	4.1
Alliance Bank Malaysia Berhad	5,583,000	3.7
Standard Chartered Bank Malaysia Berhad	4,590,000	3.1
Affin Bank Group	4,410,000	2.9
Affin Bank Berhad	3,660,000	2.4
Affin Hwang Investment Bank Berhad	750,000	0.5
United Overseas Bank (Malaysia) Berhad	3,330,000	2.2
OCBC Bank (Malaysia) Berhad	2,997,000	2.0
MUFG Bank (Malaysia) Berhad	738,000	0.5
Bangkok Bank Berhad	696,000	0.5
SIBB Berhad	450,000	0.3
Deutsche Bank (Malaysia) Berhad	300,000	0.2
Bank of China (Malaysia) Berhad	300,000	0.2
<b>Total</b>	<b>150,000,000</b>	<b>100.0</b>

# STATISTICAL INFORMATION

## COUNTERPARTIES EXPOSURE BY RATINGS (PWR)



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



STATISTICAL INFORMATION *(continued)*

## CAGAMAS GROUP DEBT SECURITIES OUTSTANDING

As at 31 December 2024

Date Issued	Tenure (Years)	Coupon/ Profit Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	CONVENTIONAL				ISLAMIC		
					Medium Term Notes	Commercial Papers	Residential Mortgage- backed Securities	Foreign Currency Bonds	Sukuk Murabahah	Residential Mortgage- backed Securities	
					RM MILLION						
2005											
12.12.2005	20	5.920	12.12.2025	0.95	265						
2007											
29.05.2007	20	4.340	28.05.2027	2.41					290		
22.08.2007	20	5.080	20.08.2027	2.64	105						
2010											
03.09.2010	15	4.650	03.09.2025	0.67					5		
03.09.2010	15	4.650	03.09.2025	0.67	5						
2011											
07.04.2011	15	4.920	07.04.2026	1.27					10		
2012											
31.10.2012	15	4.170	29.10.2027	2.83	20						
04.12.2012	15	4.140	03.12.2027	2.92	5						
04.12.2012	15	4.140	03.12.2027	2.92					15		
2013											
28.10.2013	12	4.550	28.10.2025	0.82					450		
18.11.2013	12	4.550	18.11.2025	0.88	410						
2015											
25.11.2015	10	4.850	25.11.2025	0.90	225						
25.11.2015	12	4.900	25.11.2027	2.90	250						
25.11.2015	20	5.070	26.11.2035	10.91	160						
2021											
15.06.2021	5	3.150	15.06.2026	1.45					200		
25.06.2021	5	3.150	15.06.2026	1.45					150		
2022											
31.01.2022	3	3.310	31.01.2025	0.08					930		
24.03.2022	3	3.100	24.03.2025	0.23					200		
07.04.2022	5	3.780	07.04.2027	2.27	1,000						
29.04.2022	3	3.920	29.04.2025	0.33					555		
20.06.2022	3	3.910	20.06.2025	0.47					100		
29.06.2022	3	4.000	30.06.2025	0.50					150		
06.07.2022	5	4.250	06.07.2027	2.51	1,000						
26.07.2022	5	4.180	26.07.2027	2.57	200						
08.08.2022	3	3.930	08.08.2025	0.60					100		
08.08.2022	3	3.930	08.08.2025	0.60	390						
30.08.2022	3	3.850	29.08.2025	0.66	250						
30.09.2022	3	4.000	30.09.2025	0.75	30						

STATISTICAL INFORMATION *(continued)*

## CAGAMAS GROUP DEBT SECURITIES OUTSTANDING (CONT'D)

As at 31 December 2024

Date Issued	Tenure (Years)	Coupon/ Profit Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	CONVENTIONAL				ISLAMIC			
					Medium Term Notes	Commercial Papers	Residential Mortgage-backed Securities	Foreign Currency Bonds	Sukuk Murabahah	Residential Mortgage-backed Securities		
					RM MILLION							
2022 (cont'd)												
12.10.2022	5	4.540	12.10.2027	2.78							100	
27.10.2022	3	4.350	27.10.2025	0.82								200
31.10.2022	3	4.350	31.10.2025	0.83								300
31.10.2022	3	4.350	31.10.2025	0.83							300	
01.11.2022	3	4.450	03.11.2025	0.84								355
04.11.2022	5	4.620	04.11.2027	2.84								1,000
08.11.2022	5	4.550	08.11.2027	2.85							2,000	
01.12.2022	3	4.300	01.12.2025	0.92								200
02.12.2022	5	4.710	02.12.2027	2.92							150	
13.12.2022	5	4.500	13.12.2027	2.95								500
13.12.2022	5	4.500	13.12.2027	2.95							1,000	
21.12.2022	3	4.270	22.12.2025	0.98								455
21.12.2022	3	4.240	22.12.2025	0.98							250	
27.12.2022	5	4.500	27.12.2027	2.99								440
28.12.2022	3	4.080	29.12.2025	0.99								300
2023												
18.01.2023	5	4.260	18.01.2028	3.05								500
19.01.2023	5	4.280	19.01.2028	3.05							50	
13.02.2023	2	3.770	13.02.2025	0.12								120
08.03.2023	5	4.050	08.03.2028	3.19								115
10.03.2023	3	4.000	10.03.2026	1.19								300
29.03.2023	2	3.780	28.03.2025	0.24							600	
29.03.2023	3	3.880	27.03.2026	1.24							400	
14.04.2023	3	3.900	14.04.2026	1.28							410	
14.04.2023	3	3.900	14.04.2026	1.28								500
14.04.2023	2	3.620	14.04.2025	0.28								299
27.04.2023	3	3.570	27.04.2026	1.32								299
28.04.2023	2	3.720	28.04.2025	0.32								200
26.05.2023	2	3.720	26.05.2025	0.40							700	
30.05.2023	3	3.900	29.05.2026	1.41							780	
31.05.2023	10	4.200	31.05.2033	8.42							200	
13.06.2023	2	3.800	13.11.2025	0.87								300
28.06.2023	5	3.980	28.06.2028	3.49								500
28.06.2023	2	3.810	30.06.2025	0.50							30	
28.06.2023	3	3.910	29.06.2026	1.49							40	
28.06.2023	3	3.910	29.06.2026	1.49							150	
28.06.2023	3	3.910	29.06.2026	1.49								355
03.07.2023	3	3.900	03.07.2026	1.50	700							
03.07.2023	3	3.900	03.07.2026	1.50		200						



STATISTICAL INFORMATION *(continued)*

## CAGAMAS GROUP DEBT SECURITIES OUTSTANDING (CONT'D)

As at 31 December 2024

Date Issued	Tenure (Years)	Coupon/ Profit Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	CONVENTIONAL				ISLAMIC				
					Medium Term Notes	Commercial Papers	Residential Mortgage- backed Securities	Foreign Currency Bonds	Sukuk Murabahah	Residential Mortgage- backed Securities			
					RM MILLION								
2023 (cont'd)													
08.08.2023	3	3.820	10.08.2026	1.61							115		
08.08.2023	3	3.820	10.08.2026	1.61							30		
08.08.2023	5	3.970	08.08.2028	3.61									160
08.08.2023	5	3.970	08.08.2028	3.61							40		
24.08.2023	3	3.940	24.08.2026	1.65									200
24.08.2023	3	3.940	24.08.2026	1.65							315		
29.08.2023	5	4.000	29.08.2028	3.66									500
29.09.2023	2	3.800	29.09.2025	0.75							250		
29.09.2023	2	4.245	29.09.2025	0.75									515
29.09.2023	2	3.860	29.09.2025	0.75							100		
05.10.2023	3	3.970	05.10.2026	1.76									540
05.10.2023	5	4.120	05.10.2028	3.76									200
10.10.2023	5	4.080	10.10.2028	3.78							340		
10.10.2023	5	4.060	10.10.2028	3.78									780
20.10.2023	2	3.890	17.10.2025	0.79									270
27.10.2023	7	4.230	25.10.2030	5.82									465
27.10.2023	10	4.310	27.10.2033	8.83									500
31.10.2023	5	4.200	31.10.2028	3.84									410
17.11.2023	5	4.270	17.11.2028	3.88							460		
20.11.2023	2	3.830	20.11.2025	0.89			100						
30.11.2023	3	3.910	30.11.2026	1.92			250						
30.11.2023	3	3.920	30.11.2026	1.92			250						
15.12.2023	5	4.020	15.12.2028	3.96			500						
28.12.2023	3	3.900	28.12.2026	1.99			325						
28.12.2023	3	3.900	28.12.2026	1.99			275						
2024													
29.02.2024	1	3.650	03.03.2025	0.17							460		
29.02.2024	2	3.700	02.03.2026	1.17							200		
29.02.2024	1	3.650	03.03.2025	0.17									300
29.03.2024	5	3.860	29.03.2029	4.24									80
29.03.2024	3	3.750	29.03.2027	2.24							90		
29.03.2024	5	3.860	29.03.2029	4.24							60		
23.04.2024	1	3.500	24.04.2025	0.31									200
24.04.2024	10	4.040	24.04.2034	9.32							100		
03.05.2024	7	4.030	02.05.2031	6.34							670		
18.06.2024	1	3.620	19.06.2025	0.47							500		
24.06.2024	1	3.750	24.06.2025	0.48									245
27.06.2024	1	3.590	30.06.2025	0.50									260
28.06.2024	10	4.000	28.06.2034	9.50									800

STATISTICAL INFORMATION *(continued)*

## CAGAMAS GROUP DEBT SECURITIES OUTSTANDING (CONT'D)

As at 31 December 2024

Date Issued	Tenure (Years)	Coupon/ Profit Rate (% per annum)	Maturity Date	Remaining Maturity (Years)	CONVENTIONAL				ISLAMIC		
					Medium Term Notes	Commercial Papers	Residential Mortgage- backed Securities	Foreign Currency Bonds	Sukuk Murabahah	Residential Mortgage- backed Securities	
					RM MILLION						
2024 (cont'd)											
17.07.2024	5	3.920	17.07.2029	4.55	100			522	105		
24.07.2024	1	3.540	25.07.2025	0.56					245		
25.07.2024	2	3.600	27.07.2026	1.57							
30.07.2024	1	3.560	31.01.2025	0.08							
30.07.2024	1	3.730	30.07.2025	0.58							
29.08.2024	1	3.550	28.02.2025	0.16	200						
28.08.2024	1	3.500	29.08.2025	0.66					440		
29.08.2024	1	3.550	28.02.2025	0.16					140		
29.08.2024	0.5	3.560	24.02.2025	0.15					250		
30.08.2024	2	3.580	28.08.2026	1.66							
30.09.2024	1	3.470	01.10.2025	0.75	300						
11.10.2024	5	3.790	11.10.2029	4.78	100						
17.10.2024	1	3.350	17.10.2025	0.79							
21.10.2024	0.25	3.540	20.01.2025	0.05					656	400	
30.10.2024	0.25	3.550	31.01.2025	0.08						230	
30.10.2024	1	3.600	30.04.2025	0.33	150				345		
23.10.2024	1	3.250	23.10.2025	0.81						345	
04.11.2024	3	3.710	04.11.2027	2.84							250
04.11.2024	5	3.890	02.11.2029	4.84							300
06.11.2024	0.25	3.550	06.02.2025	0.10							510
06.11.2024	0.5	3.660	02.05.2025	0.33	100				80		
06.11.2024	1	3.660	06.05.2025	0.35							
13.11.2024	0.25	3.570	13.02.2025	0.12					145		
22.11.2024	1	4.850	25.11.2025	0.90					240		
29.11.2024	1	4.300	01.12.2025	0.92							
29.11.2024	5	3.920	29.11.2029	4.92	500				160		
29.11.2024	3	3.780	29.11.2027	2.91					1,000		
29.11.2024	3	3.800	29.11.2027	2.91					250		
06.12.2024	3	3.800	06.12.2027	2.93					250		
10.12.2024	0.25	3.700	10.03.2025	0.19							
19.12.2024	0.25	3.730	19.03.2025	0.21	130				300		
30.12.2024	0.24	3.730	28.03.2025	0.24							
17.12.2024	2	3.000	17.12.2026	1.96							
18.12.2024	2	3.000	18.12.2026	1.96						496	360
										330	
Total					16,660	725	370	3,706	22,945	290	
					44,696						

STATISTICAL INFORMATION *(continued)*

## HOLDERS OF DEBTS SECURITIES ISSUED BY CAGAMAS BERHAD GROUP

	2020		2021		2022		2023		2024	
	RM million	%	RM million	%	RM million	%	RM million	%	RM million	%
Financial Institutions	19,086	60.96	19,861	57.04	23,868	59.43	30,556	64.07	29,225	66.37
Provident and Pension Funds	5,672	18.11	4,946	14.20	4,281	10.66	3,735	7.83	3,110	7.06
Insurance Companies	3,523	11.25	3,991	11.46	4,960	12.35	3,969	8.32	3,119	7.08
Asset Management and Trust Funds	2,008	6.41	2,340	6.72	3,022	7.52	2,584	5.42	2,424	5.50
Non-Resident Investors	780	2.49	3,279	9.42	3,307	8.23	5,967	12.51	5,621	12.77
Corporations	181	0.58	51	0.15	155	0.39	235	0.49	89	0.20
Government Linked Companies	60	0.20	350	1.01	570	1.42	570	1.20	365	0.83
Others	–	–	–	–	–	–	71	0.15	83	0.19
<b>Total</b>	<b>31,310</b>	<b>100</b>	<b>34,818</b>	<b>100</b>	<b>40,163</b>	<b>100</b>	<b>47,687</b>	<b>100</b>	<b>44,036</b>	<b>100</b>

## HOLDERS OF DEBT SECURITIES ISSUED BY CAGAMAS MBS BERHAD

	2020		2021		2022		2023		2024	
	RM million	%	RM million	%	RM million	%	RM million	%	RM million	%
Insurance Companies	734	59.66	739	60.31	409	61.89	461	69.77	476	72.18
Provident and Pension Funds	220	17.89	240	19.60	95	14.39	95	14.39	97	14.71
Asset Management and Trust Funds	145	11.82	135	11.06	115	17.42	25	3.71	5	0.76
Financial Institutions	75	6.07	72	5.88	10	1.52	40	6.06	45	6.82
Corporations	21	1.71	39	3.15	32	4.77	40	6.06	37	5.53
Government Linked Companies	20	1.63	0	0.00	0	0.00	0	0.00	0	0.00
Individuals	15	1.22	0	0.00	0	0.00	0	0.00	0	0.00
Non-Resident Investors	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>Total</b>	<b>1,230</b>	<b>100</b>	<b>1,225</b>	<b>100</b>	<b>660</b>	<b>100</b>	<b>660</b>	<b>100</b>	<b>660</b>	<b>100</b>

Source: Based on survey conducted with Authorised Depository Institutions

## TOTAL DEBT SECURITIES OUTSTANDING IN THE MARKET

	% of Total Debt Securities Outstanding				
	2020	2021	2022	2023	2024
<b>Instruments</b>					
Malaysian Government Securities/Government Investment Issues	52.5	53.8	55.4	56.9	57.8
Corporate Bonds and Sukuk	30.6	29.5	28.9	28.2	28.1
Other Quasi-Government Securities, e.g., Multilateral Development Financial Institution	14.2	14.2	13.3	12.5	12.0
Cagamas Group Debt Securities	2.0	2.0	2.1	2.2	2.0
Khazanah Bonds and Sukuk	0.7	0.5	0.4	0.2	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Bond Pricing Agency Malaysia Sdn Bhd

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Eighteenth (18<sup>th</sup>) Annual General Meeting (“AGM”) of Cagamas Holdings Berhad (“the Company”) will be held at the Soliu, Level 31, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, on Tuesday, 29 April 2025 at 11.30 a.m. for the transaction of the following business:

## AS ORDINARY BUSINESS

1. To receive the audited financial statements for the financial year ended 31 December 2024, together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors’ Fees from the 18<sup>th</sup> to the 19<sup>th</sup> AGM as stated below, payable in a manner as the Directors may determine:
  - (i) RM120,000 per annum for the Chairman of the Board;
  - (ii) RM85,000 per annum for the Chairman of Board Committees; and
  - (iii) RM85,000 per annum for the Members of the Board.

**(Ordinary Resolution 1)**
3. To approve the Directors’ benefits comprising meeting allowances payable to the Directors from the 18<sup>th</sup> to the 19<sup>th</sup> AGM as stated below:
  - (i) RM5,000 per meeting for the Chairman of the Board/Chairman of Board Committees; and
  - (ii) RM3,500 per meeting for each Member of the Board/Board Committees.

**(Ordinary Resolution 2)**
4. To re-elect Dato’ Bakarudin Ishak who is retiring by rotation pursuant to Articles 23.5 and 23.6 of the Company’s Constitution and being eligible, offers himself for re-election.
 

**(Ordinary Resolution 3)**
5. To re-elect Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani who is retiring by rotation pursuant to Articles 23.5 and 23.6 of the Company’s Constitution and being eligible, offers himself for re-election.
 

**(Ordinary Resolution 4)**
6. To re-elect Dato’ Muzaffar Hisham who is retiring pursuant to Article 23.2 of the Company’s Constitution and being eligible, offers himself for re-election.
 

**(Ordinary Resolution 5)**
7. To re-elect Datin Fazlina Pawan Teh who is retiring pursuant to Article 23.2 of the Company’s Constitution and being eligible, offers herself for re-election.
 

**(Ordinary Resolution 6)**
8. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.
 

**(Ordinary Resolution 7)**
9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and the Constitution of the Company.



**18<sup>th</sup>  
ANNUAL  
GENERAL  
MEETING**

**DATE:**  
29 April 2025 (Tuesday)

**TIME:**  
11.30 AM

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

By Order of the Board

**Chong Wai Ling** (MAICSA 7007284)  
SSM Practising Certificate No. 202408000828  
Company Secretary

Kuala Lumpur  
28 March 2025

**NOTES**

1. A member entitled to attend and vote at the meeting shall be entitled to appoint up to two (2) proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointments shall not be valid unless the member specifies the proportions of his/her holdings to be represented by each proxy.
3. The instrument appointing the proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. All Proxy Forms must be duly executed and deposited at the Registered Office of the Company at Level 32, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur or emailed to [cosec@cagamas.com.my](mailto:cosec@cagamas.com.my) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting as the case may be.

**EXPLANATORY NOTES ON ORDINARY BUSINESS:****(1) Ordinary Resolution 1 – Directors’ Fees**

Section 230(1)(a) of the Companies Act, 2016 (“CA 2016”) provides that “the fees” of the Directors and “any benefits” payable to the Directors of a public company shall be approved at a general meeting.

The last revision of Directors’ fees was conducted in 2019. In view of the Director’s time commitment having to engage in detail deliberations on the business and operation and based on benchmarking against industry peers, a review on the Directors’ fees was undertaken.

The Board of Directors (“Board”) had, at its 69<sup>th</sup> meeting held on 14 June 2024, agreed to recommend for the shareholders’ approval, the following proposed fee structure:

	Current Fees (RM)	Proposed Fees (RM)
	(Approved at the 12 <sup>th</sup> AGM on 3 May 2019)	(Approval sought at the 18 <sup>th</sup> AGM)
Chairman’s Fees (RM/per annum)	100,000 (Chairman of the Board)	120,000 (Chairman of the Board)
Director’s Fees (RM/per annum)	70,000 (Chairman of the Board Committees/Directors)	85,000 (Chairman of the Board Committees/Directors)

## NOTICE OF ANNUAL GENERAL MEETING *(continued)*

### (2) Ordinary Resolutions 3, 4, 5 and 6 – Re-election of Directors

The Board is satisfied with the fitness and propriety as well as the contributions of the Directors who are retiring and offering themselves for re-election at this AGM, based on their respective Directors' Fit & Proper Declaration Forms and the annual assessment carried out by the Group Board Governance Committee.

The Directors who shall retire in accordance with the Articles of the Company's Constitution and eligible for re-election are as follows:

(i) Articles 23.5 and 23.6:

Dato' Bakarudin Ishak and Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani, who have been the longest in office since their last election to retire and shall be eligible for re-election.

(ii) Article 23.2:

Dato' Muzaffar Hisham who was appointed as Director on 1 May 2024, shall hold office until the 18<sup>th</sup> AGM and shall be eligible for re-election.

Datin Fazlina Pawan Teh who was appointed as Director on 1 January 2025, shall hold office until the 18<sup>th</sup> AGM and shall be eligible for re-election.

The profiles of the Directors seeking re-election are set out in the "Profile of the Board of Directors" in the Company's 2024 Annual Report.

### (3) Ordinary Resolution 7 – Re-appointment of Auditors

Being satisfied with the performance, competencies, audit approach and independence of Messrs. Ernst & Young PLT, the Group Board Audit Committee ("GBAC") has recommended the appointment of Messrs. Ernst & Young PLT as external auditors of the Company and its subsidiaries for the financial year ending 31 December 2025.

The Board endorsed GBAC's recommendation to seek shareholders' approval to re-appoint Messrs. Ernst & Young PLT as external auditors of the Company and its subsidiaries until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remunerations.

PROXY FORM

Number of Shares

I/We \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITALS)

of \_\_\_\_\_  
(FULL ADDRESS)

being a member/members of CAGAMAS HOLDINGS BERHAD, hereby appoint:

Name	Designation	Proportion of Shareholding (%)

and/or (delete as appropriate)

Name	Designation	Proportion of Shareholding (%)

or failing him/her, the Chairman of the meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Eighteenth (18<sup>th</sup>) Annual General Meeting of the Company, to be held at the Soliu, Level 31, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur on Tuesday, 29 April 2025 at 11.30 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote either on a show of hands or on a poll as indicated below with an “X”:

No.	Resolutions		For	Against
1.	Payment of Directors’ Fees from the 18 <sup>th</sup> to the 19 <sup>th</sup> AGM	(Ordinary Resolution No. 1)		
2.	Payment of Directors’ benefits comprising meeting allowances from the 18 <sup>th</sup> to the 19 <sup>th</sup> AGM	(Ordinary Resolution No. 2)		
3.	Re-election of Dato’ Bakarudin Ishak under Articles 23.5 and 23.6 of the Company’s Constitution	(Ordinary Resolution No. 3)		
4.	Re-election of Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani under Articles 23.5 and 23.6 of the Company’s Constitution	(Ordinary Resolution No. 4)		
5.	Re-election of Dato’ Muzaffar Hisham under Article 23.2 of the Company’s Constitution	(Ordinary Resolution No. 5)		
6.	Re-election of Datin Fazlina Pawan Teh under Article 23.2 of the Company’s Constitution	(Ordinary Resolution No. 6)		
7.	To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration	(Ordinary Resolution No. 7)		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2025

\_\_\_\_\_  
Signature of Member(s)

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Fold

STAMP

Company Secretary  
**CAGAMAS HOLDINGS BERHAD**  
Level 32, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

Fold



**Cagamas Holdings Berhad**

Registration No. 200701004048 (762047-P)

Level 32, The Gardens North Tower, Mid Valley City,  
Lingkaran Syed Putra, 59200 Kuala Lumpur,  
Malaysia.

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