IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")). ANY OFFERING PURSUANT HERETO IS MADE SOLELY TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be a U.S. person and must be located outside the United States. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular you shall be deemed to have represented to us (1) that you and any customers you represent are, and the electronic mail address that you provided us and to which this e-mail has been delivered is not located in the United States, its territories or possessions (2) that you are not a U.S. person, or acting for, the account or benefit of a U.S. person (in each case as defined in Regulation S) and (3) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

EU MIFID II PRODUCT GOVERNANCE/TARGET MARKET – The Pricing Supplement in respect of any Notes may include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**EU MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE/TARGET MARKET - The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS - If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**EU MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT - UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 - The Pricing Supplement in respect of any Notes may include a legend entitled “Singapore Securities and Futures Act Product Classification” which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act 2001 (the “**SFA**”). The Issuer will make a determination and provide the appropriate written notification to “relevant persons” in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) and section 309B(1)(c) of the SFA.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct: Prospective investors should be aware that certain intermediaries in the context of certain offerings of the Notes pursuant to this Programme (each such offering, a CMI Offering), including certain Dealers, may be “capital market intermediaries” (“**CMIs**”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (together, the “**OCs**”) for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealers in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (“**Association**”) with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for the orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Details of any such rebate (where applicable) will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Dealer, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer and the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities in this Offering Circular.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and a dealer or any affiliate thereof is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such dealer or such affiliate on behalf of Cagamas Global P.L.C. in such jurisdiction.

This Offering Circular has been sent to you in an electronic format. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Cagamas Global P.L.C., Cagamas Berhad, each of CIMB Investment Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited, RHB Investment Bank Berhad and Standard Chartered Bank (together the "**Arrangers**"), and each of AmInvestment Bank Berhad, Deutsche Bank AG, Singapore Branch and Malayan Banking Berhad (together with the Arrangers, the "**Dealers**"), any person who controls the Arrangers or Dealers, any director, officer, employee or agent of Cagamas Global P.L.C., Cagamas Berhad, the Arrangers or Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or Dealers.

Actions that you May Not Take: If you receive this Offering Circular by e-mail, you should not reply by e-mail to this Offering Circular, and you may not purchase any securities by doing so. Any reply by e-mail communications, including those you generate by using the "**Reply**" function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. If you receive this Offering Circular by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

CAGAMAS GLOBAL P.L.C.

(Labuan Company No.: LL10563)

(incorporated in the Federal Territory of Labuan, Malaysia with limited liability under the Labuan Companies Act 1990)

U.S.$2,500,000,000 Multicurrency Medium Term Note Programme guaranteed by

CAGAMAS BERHAD

(Registration No.: 198601008739 (157931-A))

(incorporated in Malaysia with limited liability under the Malaysian Companies Act 2016)

On 29 August 2014, Cagamas Global P.L.C. (the "**Issuer**") established a Multicurrency Medium Term Note Programme (the "**Programme**", as amended, supplemented or restated) and prepared an offering circular dated 29 August 2014. On 15 February 2016, the Issuer updated the Programme and prepared an offering circular dated 15 February 2016. This offering circular (the "**Offering Circular**") further updates the Programme and supersedes any previous offering circular describing the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued before the date of this Offering Circular.

Under the Programme described in this Offering Circular, the Issuer, subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**") denominated in any currency (other than Ringgit) agreed between the Issuer and the relevant Dealer(s) (as defined below) which are unconditionally and irrevocably guaranteed (the "**Guarantee of the Notes**") by Cagamas Berhad ("**Cagamas**" the "**Guarantor**" or the "**Company**"). The Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$2,500,000,000 (or its equivalent in other currencies). The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" or any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Approval-in-principle has been obtained from the Labuan International Financial Exchange Inc. (the "**LFX**") for the listing of the Notes issued under the Programme and approval-in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the permission to deal in, list and for the quotation of any Notes that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the LFX and the SGX-ST. Such permission will be granted when the Programme or such Notes have been admitted to listing on the LFX and the Official List of the SGX-ST. There is no assurance that an application for the listing of the Securities on the Official List of the SGX-ST will be approved. The SGX-ST and the LFX take no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein or the contents of this Offering Circular, make no representations as to its accuracy and completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. The approval-in-principle for the listing and quotation of any Notes to be issued pursuant to the Programme, and the admission of any Notes to, the LFX and the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Programme or the Notes.

Investors are advised to read and understand the contents of this document before investing. If in doubt, the investors should consult his or her adviser.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*" and each term therein a "**Condition**") of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST before the listing of Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s). The applicable Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the LFX, the SGX-ST or any other stock exchange. The Issuer may also issue unlisted Notes.

The Notes of each Series issued in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**") or (in the case of Notes cleared through the Real Time Electronic Transfer of Funds and Securities ("**RENTAS**") system operated and managed by Bank Negara Malaysia ("**BNM**")) a global certificate in bearer form (each a "**RENTAS Global Bearer Certificate**" and together with the Temporary Global Note and Permanent Global Note, the "**Global Notes**" and each a "**Global Note**"). Notes in registered form ("**Registered Notes**") will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Notes in registered form of one Series. Certificates representing Registered Notes that are registered in the name of, or in the name of a nominee for, one or more clearing systems (other than RENTAS) are referred to as global registered notes ("**Global Registered Notes**") or (in the case of Notes cleared through RENTAS) as RENTAS global registered certificates ("**RENTAS Global Registered Certificates**"). Global Notes, Global Registered Notes and RENTAS Global Registered Certificates may be deposited on the relevant issue date with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**") or with The Central Depository (Pte) Limited ("**CDP**") or with a sub-custodian for the Central Moneymarkets Unit (the "**CMU**") operated by the Monetary Authority appointed pursuant to Section 5A of the Exchange Fund Ordinance (Cap. 66 of the laws of Hong Kong) or its successors (the "**HKMA**") or the RENTAS Depository (as defined in the "*Terms and Conditions of the Notes*"). The provisions governing the exchange of interests in a Global Note for other Global Notes and Definitive Notes (as defined herein), or a Global Registered Note for Individual Note Certificates (as defined herein), or a RENTAS Global Bearer Certificate for RENTAS Definitive Bearer Certificates (as defined herein), or a RENTAS Global Registered Certificate for RENTAS Definitive Registered Certificates (as defined herein) are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

The Notes and the Guarantee of the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States or to or for the benefit of U.S. persons. Registered Notes are subject to certain restrictions on transfer. See "*Subscription and Sale*".

The Issuer and the Guarantor may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The submission to the Securities Commission Malaysia ("**SC**") in respect of the Programme was made by CIMB Investment Bank Berhad and HSBC Bank Malaysia Berhad as joint principal advisers ("**Joint Principal Advisers**"). The authorisation of the SC for the Programme was obtained on 2 July 2014. The authorisation of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Notes under the Programme.

The Programme has been assigned a rating of A3 by Moody's Investors Service Singapore Pte. Ltd ("**Moody's**"). Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme or other Tranches of Notes. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors should also have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with the Notes. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under "*Risk Factors*".

Joint Principal Advisers

CIMB **HSBC**

Arrangers

CIMB **HSBC** **RHB** **Standard Chartered Bank**

Dealers

AmInvestment Bank Berhad **CIMB** **Deutsche Bank** **HSBC**

Maybank **RHB** **Standard Chartered Bank**

The date of this Offering Circular is 16 December 2022

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and their respective subsidiaries (the Guarantor and its respective subsidiaries, collectively, the "**Group**"), and to the Notes and the Guarantee of the Notes (including all information which, according to the particular nature of the Issuer, the Guarantor, the Group and of the Notes and the Guarantee of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor and of the rights attaching to the Notes); (ii) all statements of fact relating to the Issuer, the Guarantor, the Group and to the Notes and the Guarantee of the Notes contained in this Offering Circular are in every material respect true and accurate and not misleading, and that there are no other facts in relation to the Issuer, the Guarantor, the Group and to the Notes and the Guarantee of the Notes the omission of which would in the context of the issue of the Notes and the Guarantee of the Notes make any statement in this Offering Circular misleading in any material respect; (iii) the statements of intention, opinion, belief or expectation with regard to the Issuer, the Guarantor and the Group contained in this Offering Circular are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions; and (iv) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such statements. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Terms and Conditions of the Notes**" or the "**Conditions**") as amended and/or supplemented by the Pricing Supplement specific to such Tranche. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from third party sources, including internal surveys, market research, publicly available information and industry publications. Although the Issuer and the Guarantor believe this information to be reliable, this information has not been independently verified by the Issuer or the Guarantor, and none of the Issuer or the Guarantor makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, each of CIMB Investment Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited, RHB Investment Bank Berhad and Standard Chartered Bank (together the "**Arrangers**"), and each of AmInvestment Bank Berhad, Deutsche Bank AG, Singapore Branch and Malayan Banking Berhad (together with the Arrangers, the "**Dealers**") to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Arrangers or the Dealers represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arrangers or the Dealers which would permit a public offering of any Notes or distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

If a jurisdiction requires that an offering be made by a licensed broker or dealer and a Dealer or any affiliate thereof is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the European Economic Area, the United Kingdom, the Republic of Singapore, Malaysia, the People's Republic of China, Hong Kong, Japan and to persons connected therewith. See "*Subscription and Sale*" for a discussion of these restrictions.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Listing of the Notes on the LFX and/or the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Arrangers or any Dealer.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date indicated in the document containing the same.

This Offering Circular is highly confidential and has been prepared by the Issuer and the Guarantor solely for use in connection with the Programme and the proposed offering of the Notes under the Programme as described herein. None of the Issuer and the Guarantor has authorised its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and (a) may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful, and (b) should not be considered as a recommendation by the Issuer, the Guarantor, the Arrangers, the Dealers or any director, officer, employee, agent or affiliate of any such person or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed U.S.$2,500,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S.$ at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealer Agreement as defined under "*Subscription* *and Sale*"). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of a Stabilising Manager) in the applicable Pricing Supplement may, to the extent permitted by applicable laws and rules, over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of the relevant Stabilising Manager) in accordance with all applicable laws and rules.

None of the Arrangers or the Dealers have independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. To the fullest extent permitted by law, neither the Arrangers nor any of the Dealers, or any director, officer, employee, agent or affiliate of any such persons make any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy, completeness or sufficiency of any of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arrangers, the Dealers or any director, officer, employee, agent or affiliate of any such persons. To the fullest extent permitted by law, neither the Arrangers nor the Dealers, or any director, officer, employee, agent or affiliate of any such persons, accept any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by any of the Arrangers, the Dealer, or any director, officer, employee, agent or affiliate of any such person or on its behalf in connection with the Issuer, the Guarantor, the Group or the issue and offering of the Notes. Each Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial, legal and tax advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances. Each person receiving this Offering Circular acknowledges that such person has not relied on the Arrangers, the Dealers or any director, officer, employee, agent or affiliate of any such persons in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arrangers or the Dealers, or any director, officer, employee, agent or affiliate of any such persons, that any recipient of this Offering Circular or of any such information should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor and the Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation with its own tax, legal and business advisers as it deems necessary. Neither the Arrangers nor the Dealers or any agent or affiliate of any such persons undertake to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers or the Dealers or any of them.

INDUSTRY AND MARKET DATA

Except as otherwise indicated in this Offering Circular, all non-company specific statistics and data relating to the industry or to the economic development of certain regions within Malaysia have been extracted or derived from publicly available information and industry publications. The information has not been independently verified by the Issuer, the Guarantor, the Arrangers, the Dealers or by their respective directors and advisers, and neither the Issuer, the Guarantor, the Arrangers, the Dealers nor their respective directors and advisers make any representation as to the correctness, accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Issuer's financial statements (if any) are reported in Ringgit and presented in accordance with the Labuan Companies Act 1990, the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

The Guarantor's financial statements are reported in Ringgit and presented in accordance with the Malaysian Companies Act 2016, the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of the Issuer*", "*Description of the Guarantor*" and elsewhere in this Offering Circular constitute "*forward-looking statements*". The words including "*believe*", "*expect*", "*plan*", "*anticipate*", "*schedule*", "*estimate*" and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. The Issuer and the Guarantor expressly disclaim any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's, the Guarantor's or the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "*Risk Factors*" and elsewhere, important factors that could cause actual results to differ materially from the Issuer's or the Guarantor's expectations. All subsequent written and forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this Offering Circular include, but are not limited to, general economic and political conditions in Malaysia, South East Asia, and the other countries which have an impact on the Issuer's and Guarantor's business activities or investments, political or financial instability in Malaysia or any other country caused by any factor including any terrorist attacks in Malaysia, the United States or elsewhere or any other acts of terrorism worldwide, any anti-terrorist or other attacks by the United States, a United States-led coalition or any other country, the monetary and interest rate policies of Malaysia, political or financial instability in Malaysia or military armament or social unrest in any part of Malaysia, inflation, deflation, unanticipated turbulence in interest rates, changes in the value of the Ringgit, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environment in Malaysia and regional or general changes in asset valuations.

CERTAIN TERMS AND CONVENTIONS

In this Offering Circular, unless otherwise specified, all references to the "**Government**" are to the Government of Malaysia; all references to "**Singapore**" are to the Republic of Singapore; all references to "**United States**" or "**U.S.**" are to the United States of America; references to "**China**", "**Mainland China**" and the "**PRC**" in this Offering Circular mean the People's Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; references to "**PRC Government**" mean the government of the PRC; references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the PRC; references to "**Macau**" are to the Macao Special Administrative Region of the PRC; and all references to "**United Kingdom**" are to the United Kingdom of Great Britain and Northern Ireland.

All references in this document to "**euro**" or "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended and to "**Ringgit**" and "**RM**" refer to Malaysian Ringgit. In addition, references to "**sterling**" and "**£**" refer to pounds sterling, references to "**U.S. dollars**", "**US$**", "**U.S.$**", "**$**" and "**USD**" refer to United States dollars; all references to "**S$**" refer to Singapore dollars; all references to "**HK$**" and to "**HKD**" are to Hong Kong dollars; all references to "**yen**" are to Japanese yen; and all references to "**Renminbi**", "**CNH**", "**RMB**" and "**CNY**" are to the currency of the PRC.

EXCHANGE RATE INFORMATION

For the convenience of the readers, certain Ringgit amounts have been translated into U.S. dollar amounts, based on the prevailing exchange rate of RM 4.4085 = US$1 as of 30 June 2022, being the closing exchange rate for Ringgit against U.S. dollars dealt on that date by BNM, the Central Bank of Malaysia. Such translations should not be construed as representations that the Ringgit or U.S. dollar amounts referred to could have been, or could be, converted into Ringgit or U.S. dollars, as the case may be, at that or any other rate or at all.

ROUNDING

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. Rounding adjustments have been made in calculating some of the financial and other numerical information included in this Offering Circular. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

SECURITIES COMMISSION MALAYSIA

In accordance with the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**"), a copy of this Offering Circular will be deposited with the SC, which takes no responsibility for its contents. The issue, offer and invitation to subscribe and purchase the Notes in this Offering Circular or otherwise are subject to the fulfilment of various conditions precedent including, without limitation, the applicable authorisation from the SC. The Programme is authorised by the SC pursuant to sections 212(4) and 212(5) of the CMSA, under the SC's deemed approval process and notification to the SC will be made in respect of the current update to the Programme in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (first issued on 9 March 2015 and as amended from time to time). Please note that the authorisation of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Notes. The SC shall not be liable for any non-disclosure on the part of the Issuer and/or the Guarantor and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.

INFORMATION INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each (a) relevant Pricing Supplement, (b) the most recently published audited annual financial statements and any interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements of the Issuer and the Guarantor from time to time (if any), together with the audit or review reports in respect thereof, and (c) all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the Specified Offices of the Paying Agents and the Specified Office of the Fiscal Agent (as defined under "*Summary of the Programme*") (or such other Paying Agent for the time being) set out at the end of this Offering Circular.

Copies of the documents listed in (b) above which are deemed to be incorporated in, and to form part of this Offering Circular are available at the website of the SGX-ST at http://www.sgx.com/.

CONTENTS

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer:	Cagamas Global P.L.C.
Guarantor:	Cagamas Berhad
LEI Code:	254900XQZWVZ0ZR4O709
Description:	Multicurrency Medium Term Note Programme
Programme Size:	U.S.$2,500,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Dealer Agreement and subject to the consents of the relevant regulatory authorities and the relevant parties being obtained.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes are discussed under the section "*Risk Factors*".
Joint Principal Advisers:	CIMB Investment Bank Berhad ("**CIMB**") and HSBC Bank Malaysia Berhad ("**HSBC**").
Arrangers:	CIMB, The Hongkong and Shanghai Banking Corporation Limited ("**HSBC Limited**"), RHB Investment Bank Berhad ("**RHB**") and Standard Chartered Bank ("**SCB**").
Dealers:	AmInvestment Bank Berhad ("**AIBB**"), CIMB, Deutsche Bank AG, Singapore Branch ("**DB**"), HSBC Limited, Malayan Banking Berhad ("**Maybank**"), RHB, SCB, and/or any other Dealer appointed from time to time by the Issuer and the Guarantor either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent:	The Bank of New York Mellon, London Branch
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch
Calculation Agent:	The Bank of New York Mellon, London Branch
Transfer Agent:	The Bank of New York Mellon SA/NV, Luxembourg Branch
CMU Lodging and Paying Agent:	The Bank of New York Mellon, Hong Kong Branch
CDP Lodging and Paying Agent:	The Bank of New York Mellon, Singapore Branch

RENTAS Fiscal Agent:	CIMB Investment Bank Berhad
Registrars:	The Bank of New York Mellon SA/NV, Luxembourg Branch (in respect of Notes other than Notes cleared through the CMU, CDP and RENTAS), The Bank of New York Mellon, Hong Kong Branch (in respect of Notes cleared through the CMU), The Bank of New York Mellon, Singapore Branch (in respect of Notes cleared through CDP) and the RENTAS Fiscal Agent (in respect of Notes cleared through RENTAS).
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest). Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment date of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
Clearing Systems:	Euroclear, Clearstream, the CMU, CDP, RENTAS and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Guarantor, the Fiscal Agent and the relevant Dealer(s).
Form of Notes:	Notes may be issued in bearer form or in registered form. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Tranche of Notes to be cleared through RENTAS will initially be in the form of a RENTAS Global Bearer Certificate. Each Global Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Clearstream and/or Euroclear and/or a sub-custodian for the CMU and/or CDP and/or the RENTAS Depository and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Each RENTAS Global Bearer Certificate will be exchangeable for RENTAS Definitive Bearer Certificates in accordance with its terms. RENTAS Definitive Bearer Certificates will, if interest bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

	Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream and/or a sub-custodian for the CMU and/or CDP and/or any other relevant clearing system and registered in the name of a depositary or a common depositary (or its nominee) for Euroclear and/or Clearstream and/or a sub-custodian for the CMU and/or CDP and/or any other relevant clearing system. Each RENTAS Global Registered Certificate will be deposited on or around the relevant issue date with the RENTAS Depository and registered in the name of BNM. Each Global Registered Note will be exchangeable for Individual Note Certificates in accordance with its terms. Each RENTAS Global Registered Certificate will be exchangeable for RENTAS Definitive Registered Certificates in accordance with its terms.
Currencies:	Notes may be denominated in any currency or currencies (other than Ringgit) as may be agreed between the Issuer, the Guarantor and the relevant Dealer, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to any currency or currencies other than the currency in which such Notes are denominated.
Status of the Notes:	The Notes constitute direct, general, unconditional and (subject to Condition 5.1 (*Negative Pledge*)) unsecured obligations of the Issuer and will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Status of the Guarantee:	The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. The Guarantee of the Notes constitutes direct, general, unconditional and (subject to Condition 5.1 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Maturities:	Any maturity as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s), subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Redemption:	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or

	more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies) and be issued to a limited class of professional investors.
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement.
Redemption for tax reasons and Redemption for Change of Shareholding:	Except as described in "*Optional Redemption*" above, early redemption will only be permitted (i) for tax reasons as described in Condition 10(b) (*Redemption for tax reasons*) and (ii) following a Change of Shareholding as described in Condition 10(f) (*Redemption for Change of Shareholding*).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. All such information will be set out in the relevant Pricing Supplement.
Denominations:	Notes will be issued in such denominations as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s) and specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 (or if the Notes are denominated in a currency other than sterling, the equivalent amount in such currency). See "*Subscription and Sale*".
Negative Pledge:	The Notes will contain a negative pledge provision as further described in Condition 5.1 (*Negative Pledge*).
Cross Default:	The Notes will contain a cross default provision as further described in Condition 15 *(Events of Default*).
Withholding Tax:	All payments of principal and interest in respect of the Notes, the Coupons or under the Guarantee of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever

	nature imposed, levied, collected, withheld or assessed by or on behalf of Malaysia or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor will (subject to certain customary exceptions as described in Condition 14 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or, as the case may be, the Guarantee of the Notes, had no such withholding or deduction been required. See Condition 14 (*Taxation*).
Listing and Trading:	Approval-in-principle has been obtained from the Labuan International Financial Exchange Inc. (the "**LFX**") for the listing of the Notes issued under the Programme and approval-in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the permission to deal in, list and for the quotation of any Notes that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the LFX and the SGX-ST. Such permission will be granted when the Programme or such Notes have been admitted to listing on the LFX and the Official List of the SGX-ST. There is no assurance that an application for the listing of the Notes on the Official List of the SGX-ST will be approved. The SGX-ST and the LFX take no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein or the contents of this Offering Circular, make no representations as to its accuracy and completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. The approval-in-principle for the listing and quotation of any Notes to be issued pursuant to the Programme, and the admission of any Notes to, the LFX and the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Programme or the Notes. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies). However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the LFX or SGX-ST or listed, traded or quoted on or by any other competent authority, exchange or quotation system. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Rating:	The Programme has been assigned a rating of A3 by Moody's. The Notes may be rated or unrated. A credit rating is not a

recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Governing Law:	The Notes, the Guarantee of the Notes and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee of the Notes will be governed by, and construed in accordance with, English law.
Enforcement of Notes in Global Form:	In the case of Global Notes, Global Registered Notes and RENTAS Global Registered Certificates, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 16 December 2022 and (in the case of Notes cleared through CDP) a CDP Deed of Covenant dated 29 August 2014. A copy of each of the Deed of Covenant and CDP Deed of Covenant will be available for inspection at the Specified Office of the Fiscal Agent.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, Singapore, Malaysia, the People's Republic of China, Hong Kong and Japan, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or TEFRA D/TEFRA not applicable, as specified in the applicable Pricing Supplement.
Initial Delivery of Notes:	On or before the issue date for each Tranche, the Global Note representing Bearer Notes, or the Global Registered Note or, as the case may be, the RENTAS Global Registered Certificate representing Registered Notes, may be deposited with a common depositary for Euroclear and Clearstream, deposited with CDP, deposited with a sub-custodian for the CMU or deposited with the RENTAS Depository. Global Notes, Global Registered Notes or RENTAS Global Registered Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system **provided that** the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealers. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.

SUMMARY FINANCIAL INFORMATION OF THE GUARANTOR

The following tables set forth the summary financial information of Cagamas as at and for the periods indicated.

The summary consolidated financial statements presented below as at and for the three years ended 31 December 2019, 31 December 2020 and 31 December 2021 are extracted from the consolidated financial statements of Cagamas as at and for the years ended 31 December 2019, 31 December 2020 and 31 December 2021, which were audited by PricewaterhouseCoopers PLT and should be read in conjunction with such audited consolidated financial statements and the notes thereto which are included elsewhere in this Offering Circular.

The summary consolidated financial statements presented below as at and for the six months ended 30 June 2022 (which include the comparative financial information for the six months ended 30 June 2021) are extracted from Cagamas' consolidated financial statements as at and for the six months ended 30 June 2022, which have not been audited or reviewed by PricewaterhouseCoopers PLT and should be read in conjunction with such unaudited and unreviewed financial statements and the notes thereto which are included elsewhere in this Offering Circular.

The summary unaudited and unreviewed consolidated financial statements presented below as at and for the six months ended 30 June 2022 should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. Neither the Arrangers nor the Dealers make any representation or warranty, express or implied, regarding the sufficiency of such summary unaudited and unreviewed interim consolidated financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate the financial condition, operations and results of Cagamas. Such summary unaudited and unreviewed consolidated financial statements should not be taken as an indication of the expected financial condition, results of operations and results of Cagamas for the full financial year ending 31 December 2022. See "***Risk Factors — Interim financial information of Cagamas contained in this offering circular has not been audited or reviewed***".

The audited consolidated financial statements as at and for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 are prepared and presented in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Malaysian Companies Act 2016.

The unaudited and unreviewed consolidated financial statements as at and for the six months ended 30 June 2022 (which include the comparative financial information for the six months ended 30 June 2021) are prepared and presented in accordance with Malaysian Financial Reporting Standards 134: Interim Financial Reporting and International Accounting Standards 34: Interim Financial Reporting.

STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2019	2020	2021	2022
	(audited)	(audited)	(audited)	(unaudited)
	RM '000			
ASSETS				
Cash and cash equivalents	341,307	109,071	318,943	363,016
Deposits and placements with financial institutions	—	102,886	172,021	124,899
Derivative financial instruments	58,422	57,904	29,607	76,232
Financial asset at fair value through other comprehensive income (FVOCI)	2,308,565	2,383,316	2,792,094	3,511,206
Financial asset at fair value through profit or loss (FVTPL)	141,383	193,466	123,132	—
Financial assets at amortised cost	—	—	354,353	1,362,966
Amount due from counterparties	16,657,154	14,069,195	17,141,175	13,472,229
Islamic financing assets	10,842,232	9,662,661	10,273,747	11,508,930
Mortgage assets				
— Conventional	4,836,313	4,366,916	3,886,956	3,644,379
— Islamic	5,510,428	5,115,509	4,691,424	4,479,839
Hire purchase assets				
— Islamic	136	34	62	62
Amount due from related company	1,420	1,375	735	615
Other assets	8,027	7,431	7,570	6,949
Property and equipment	3,923	3,245	2,338	1,687
Intangible assets	21,380	20,344	18,357	16,608
Right-of-use asset	3,980	3,043	11,592	10,488
Tax recoverable	—	87,885	64,194	25,882
TOTAL ASSETS	**40,734,670**	**36,184,281**	**39,888,300**	**38,605,987**
LIABILITIES				
Unsecured bearer bonds and notes	20,661,027	17,482,979	19,956,954	16,982,671
Sukuk	15,849,883	14,063,392	15,082,028	16,477,482
Short-term borrowings	—	125,145	302,367	622,926
Derivative financial instruments	152,309	45,963	28,595	9,611
Provision for taxation	18,170	41	—	—
Deferred taxation	560	170,080	181,935	160,663
Lease liabilities	4,791	4,583	13,738	12,570
Other liabilities	121,688	133,305	164,019	168,827
TOTAL LIABILITIES	**36,808,428**	**32,025,488**	**35,729,636**	**34,434,750**
Share capital	150,000	150,000	150,000	150,000
Reserves	3,776,242	4,008,793	4,008,664	4,021,237
SHAREHOLDER'S FUNDS	**3,926,242**	**4,158,793**	**4,158,664**	**4,171,237**
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	**40,734,670**	**36,184,281**	**39,888,300**	**38,605,987**
NET TANGIBLE ASSETS PER SHARE (RM)	**26.02**	**27.59**	**27.60**	**27.70**

INCOME STATEMENT

	For the year ended 31 December			For the six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
	(audited)	**(audited)**	**(audited)**	**(unaudited)**	**(unaudited)**
			RM ’000		
Interest income	1,248,717	958,480	836,414	413,212	417,134
Interest expense	(951,279)	(736,376)	(624,928)	(312,298)	(298,173)
Income from Islamic operations	133,658	112,549	115,165	62,587	59,307
Non-interest expense	(38,834)	8,766	2,142	5,925	(15,528)
	392,262	**343,419**	**328,793**	**169,426**	**162,740**
Administration and general expenses	(24,930)	(25,684)	(22,811)	(14,736)	(13,372)
Personnel costs	(31,308)	(31,298)	(29,416)	(15,439)	(15,627)
OPERATING PROFIT	**336,024**	**286,437**	**276,566**	**139,251**	**133,741**
(Allowance)/write-back for impairment losses	(18,026)	14,954	4,608	(1,517)	1,849
PROFIT BEFORE TAXATION AND ZAKAT	**317,998**	**301,391**	**281,174**	**137,734**	**135,590**
Zakat	(926)	(1,255)	(5,094)	—	—
Taxation	(76,672)	(76,214)	(67,205)	(33,120)	(32,566)
PROFIT FOR THE FINANCIAL YEAR/PERIOD	**240,400**	**223,922**	**208,875**	**104,614**	**103,024**
EARNINGS PER SHARE (SEN)	**160.27**	**149.28**	**139.25**	**69.74**	**68.68**
DIVIDEND PER SHARE (SEN)	**20.00**	**20.00**	**86.67**	**15.00**	**15.00**

STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
			RM '000		
Profit for the financial year/period	240,400	223,922	208,875	104,614	103,024
Other comprehensive (loss)/income:					
Items that may be subsequently reclassified to profit or loss					
Financial asset at FVOCI					
— Net gain/(loss) on fair value changes before taxation	46,874	45,811	(95,276)	(59,105)	(77,803)
— Deferred taxation	(11,250)	(10,976)	22,921	14,260	18,696
Cash flow hedge					
— Net gain/(loss) on cash flow hedge before taxation	56,550	4,992	(8,749)	(7,565)	(11,421)
— Deferred taxation	(13,572)	(1,198)	2,100	1,816	2,577
Other comprehensive income/(loss) for the financial year/period, net of taxation	78,602	38,629	(79,004)	(50,594)	(67,951)
Total comprehensive income for the financial year/period	**319,002**	**262,551**	**129,871**	**54,020**	**35,073**

RISK FACTORS

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations in respect of the Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE ISSUER

The Issuer has no operating history and will depend on receipt of payments from Cagamas to make payments

The Issuer was established as a company limited by shares incorporated in the Federal Territory of Labuan, Malaysia on 4 April 2014 under the Labuan Companies Act 1990. Since its incorporation and as of the date of this Offering Circular, the Issuer has conducted limited activities.

The Issuer will rely directly on Cagamas for sufficient funds to meet all payments due on the Notes. Therefore, the Issuer is subject to all the risks to which Cagamas is subject to the extent that such risks could limit Cagamas' ability to satisfy in full and on a timely basis its obligations in respect of a series of Notes.

RISKS RELATING TO THE OPERATIONS OF CAGAMAS AND ITS BUSINESS

Volatility in the capital markets

Cagamas depends on accessing debt capital markets as one of its key funding avenues to fund the purchase of financial assets in the secondary market. Global markets have experienced, and may continue to experience, significant turbulence due to economic and political instability in several areas of the world. These global economic conditions have led to significant volatility in capital markets around the world, including Asia, and further volatility could significantly impact investor risk appetite and capital flows into the areas in which Cagamas operates. While Cagamas has several alternative funding sources to complement its existing funding from the bonds and sukuk markets to meet its funding needs, if the capital markets experience continuous volatility and the availability of funds is limited, it is possible that Cagamas' ability to access the capital markets may be limited by this or other factors at a time when Cagamas would like, or needs, to do so, and its business, financial condition, results of operations and prospects would be adversely affected.

Further, geopolitical risks have continued to emerge globally in relation to the Ukraine-Russia conflict, the increased nuclear capabilities of Iran and North Korea, the maritime claims in the South and East China Seas, and China-Taiwan tensions. Any of these risks could result in a global economic slowdown, higher inflation, financial and commodity market volatilities and capital flight from emerging markets. Going forward, downside risks to the Malaysia's economy continue to stem from a weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions. In addition, the development of significant global macroeconomic events, such as the ongoing Ukraine-Russia conflict, continue to bring uncertainty which could have a significant negative impact on international markets.

Cagamas' hedging strategies may not prevent losses

Cagamas is constantly attempting to manage interest rate and other market related risks, as well as refinancing risks. If any of the variety of instruments and strategies Cagamas uses to hedge its exposure to these various types of risk is not effective, Cagamas may incur losses. This, in turn, may affect the ability of Cagamas and, ultimately, the Issuer to satisfy in full and on a timely basis its obligations in respect of a Series of Notes. Cagamas may not be able to obtain economically efficient hedging opportunities that will enable it to carry on its present policies with respect to new assets and liabilities.

Cagamas depends on key management for the growth and successful implementation of its strategy

Cagamas believes that the growth it has achieved to date, as well as its position as key liquidity provider in the Malaysian mortgage market, is to a large extent attributable to a strong and experienced senior management team and a skilled workforce. Cagamas believes that the continued growth of its business and the successful implementation of its strategy depend on senior management and key personnel. There can be no assurance that members of the senior management team will remain in Cagamas for the foreseeable future. Competition for key personnel in the financial industry is intense and there is limited availability of individuals with the requisite knowledge of the financial industry and relevant experience in the markets in which Cagamas operates. To date, Cagamas has been successful in its ability to attract, source and replace new members to its senior management team and workforce, however, this is no guarantee that Cagamas will be able to successfully recruit, train or retain the necessary qualified and skilled personnel in the future. Any failure to manage Cagamas' personnel needs successfully could have an adverse effect on its business, results of operations and prospects.

Cagamas' internal control system may be inadequate

In the course of its business activities, Cagamas is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk, operational risk and reputational risk. While Cagamas believes that it has implemented the appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to adequately control these risks may have an adverse effect on Cagamas' financial condition, results of operations, prospects and reputation.

Please refer to the sections on credit risk, market risk, liquidity risk, operational risk and reputational risk set out below in "*Description of the Guarantor — Risk Management*".

Cagamas is susceptible to deterioration in the credit quality of the Selling Institutions or the underlying borrowers/obligors of the purchased assets

Cagamas purchases assets from various counterparties through the Purchase With Recourse ("**PWR**") and Purchase Without Recourse ("**PWOR**") schemes. Under the PWR scheme, beneficial ownership of the assets passes to Cagamas and the assets are held on trust by financial institutions and non-financial institutions within Malaysia (collectively referred to as the "**Selling Institutions**") for Cagamas with legal title to the assets remaining with the Selling Institutions. Further, Cagamas relies on the Selling Institutions to administer, manage and collect the payments of the instalments due on the assets. A failure by one or more Selling Institutions with material exposure to honour the terms of its contract with Cagamas, including a Selling Institution's undertaking to repurchase or replace a significant number of ineligible loans or financings, could have an adverse effect on the business, results of operations and financial condition of Cagamas. However, Cagamas can exercise its power of attorney granted by the counterparties to enable it to legally transfer the assets to itself or a third party at any time.

Under the PWOR scheme, the assets are equitably assigned to Cagamas, such that the legal title to the assets remains with the counterparties while Cagamas carries the assets on its books and bears the full credit risk of the portfolio of loan or financings purchased without recourse for default risk. The assets may also be transferred by way of a business transfer scheme which must be approved by BNM and the Minister of Finance. Upon receiving such approval, the Selling Institution together with Cagamas will make a joint application to the High Court for a vesting order which, *inter alia*, will transfer legal and beneficial title in the assets to Cagamas. Post sale of the assets, the counterparties acting as the appointed servicer will continue to administer the assets, and will collect and remit payments of the instalments due on the assets by the underlying borrowers/obligors of such asset to Cagamas in return for a servicer fee as agreed with Cagamas. As such, the performance of Cagamas' business under the PWOR scheme is directly dependent on the timely debt service by the underlying borrowers/obligors (which will depend on the terms of the obligation as well as on the financial condition of the underlying borrowers/obligors in respect thereof) and the collection and remittance by the relevant counterparties. A failure by the underlying borrowers/obligors to make payments to the relevant servicer when due, or poor collection discipline by the relevant servicer, will consequently impact the timely remittance of payment/repayments to Cagamas, and could have an adverse effect on the business, results of operations and financial condition of Cagamas. However, the credit risk of these borrowers/obligors is mitigated as the portfolio of assets purchased by Cagamas must first satisfy Cagamas' stringent eligibility criteria.

An adverse effect on the business, results of operations and financial condition of Cagamas as a result of counterparty risk/underlying borrower/obligor default under the PWR and PWOR schemes, respectively, may ultimately result in Cagamas and the Issuer being unable to meet their obligations in relation to the Notes issued under the Programme.

There is no assurance that the Government of Malaysia ("GOM") will continue to promote the broader spread of home ownership and the growth of the secondary mortgage market in Malaysia

Cagamas was established in 1986 to promote the broader spread of home ownership and growth of the secondary mortgage market in Malaysia, in line with the GOM's policy at such time. There is no assurance that the GOM will continue to pursue and support this policy. Any change in policy with regard to the promotion of home ownership in Malaysia (including, for example, an increase in the down payment requirement for mortgage financing) or changes in certain economic factors, such as an increase in interest rates resulting in an increase in the cost of mortgage financing in Malaysia, may consequently reduce the attractiveness of mortgages as a source of financing for property purchases and which may in turn adversely affect the business, results of operations and financial conditions of Cagamas.

Cagamas is dependent on the sale of assets by Malaysian financial institutions and non-financial institutions for the continuation of Cagamas' business

Cagamas' business is dependent on Malaysian Selling Institutions selling assets to it in the secondary market. Where there is strong competition in the origination of such assets in the primary market, interest margins may tighten, resulting in there being less of an incentive for Selling Institutions to sell their assets to Cagamas. There can be no assurance that Selling Institutions will continue to make available suitable loan or financing assets for purchase by Cagamas. Any reduction in the sale of assets to Cagamas may adversely affect the business, results of operations and financial condition of Cagamas.

BNM is a substantial shareholder in the Group but there can be no assurance that it will continue to maintain its shareholding or that the interest of any substantial shareholder will be aligned with the other shareholders of Cagamas Holdings Berhad

As at 30 June 2022, BNM was the registered holder of 20 per cent. of the issued share capital of Cagamas Holdings Berhad ("**Cagamas Holdings**"). There is no assurance that BNM will remain a substantial shareholder in Cagamas Holdings or that there will not be a change of control of Cagamas Holdings or the entry of another major shareholder with the ability to exert significant influence on the direction or operations of the Group, or that the Group's business, financial condition, results of operations and prospects, including that of Cagamas, would not be adversely affected by such a change in control or influence.

Any substantial shareholder in Cagamas Holdings, including BNM, will be in a position to influence decisions requiring approval by Cagamas Holdings' shareholders, including the election of Cagamas Holdings' directors and the approval of significant corporate transactions. There is no assurance that the interests of such substantial shareholders will be aligned with those of Cagamas Holdings' other shareholders and as they own a significant portion of the shares of Cagamas Holdings, they could delay or prevent a change of control of Cagamas Holdings or veto corporate or other transactions, even if such transactions would be beneficial to Cagamas Holdings.

Cagamas is dependent upon its status as an "Approved Interbank Institution" as determined by BNM

Cagamas uses its status as an Approved Interbank Institution ("**AII**") being granted by BNM to assist with its liquidity requirements. This status allows Cagamas direct access to the interbank money market as stipulated in The Malaysian Code of Conduct for Malaysia Wholesale Financial Markets. Whilst the AII status provides Cagamas with a source of instant liquidity; as of 30 June 2022, Cagamas is also able to draw upon RM 4.2 billion of shareholders' funds and utilise the intraday credit facilities with BNM to satisfy any immediate liquidity needs.

Interim financial information of Cagamas contained in this Offering Circular has not been audited or reviewed

None of the summary financial results of Cagamas as at and for the six months ended 30 June 2021 and 2022 included in this Offering Circular have been audited or reviewed by any auditors and such financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate the financial condition, operations and results of Cagamas.

RISKS RELATING TO MALAYSIA

The Cagamas business model is focused in only one country which may result in a higher level of risk

As at 30 June 2022, 100 per cent. of the operating revenues of Cagamas were derived from within Malaysia and 100 per cent. of the assets of Cagamas were employed within Malaysia. As a result, Cagamas depends on the continued strength of Malaysia's economy to generate sufficient revenue to meet its payment obligations under Notes issued under the Programme. The Malaysian economy is particularly affected by general economic and business conditions in the Asian region.

Due to the concentration of Cagamas' business in Malaysia, adverse developments in political, economic and regulatory conditions in Malaysia could adversely affect the financial position and business viability of Cagamas. Amongst the political, economic and regulatory uncertainties are changes in the political landscape, terrorist attack, implementation of unfavourable industry regulations and laws by statutory authorities, changes in interest rate environment and legislation on taxation, currency exchange rules and controls, adverse foreign currency fluctuations, expropriation, nationalisation and re-negotiation or nullification of existing orders, and there can be no assurance that these changes will not adversely affect the business of Cagamas.

Furthermore, the monetary and fiscal policies of the GOM will be influenced by global and domestic developments. The GOM policies may change in tandem with the economic climate, which may, in turn, adversely affect Cagamas.

Outbreaks of infectious diseases in Asia and elsewhere could affect the business, financial condition, results of operations or prospects of the Group

The outbreak of an infectious disease such as Influenza A (H1N1, H5N1), avian influenza, Severe Acute Respiratory Syndrome, or COVID-19 in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy, and business activities in Asia and could thereby impact Cagamas' business, financial condition and results of operations. There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

While the COVID-19 pandemic has not posed significant impact to Cagamas' business and its operations, Cagamas will continue to monitor the national and global development of COVID-19 and will further evaluate and calibrate its operations accordingly during the current transition to the endemic phase of the COVID-19 pandemic. In addition, Cagamas may not be able to foresee or accurately predict such events, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

Malaysian Ringgit may be subject to exchange rate fluctuations

BNM has in the past intervened in the foreign exchange market to stabilise the Ringgit, and had on 2 September 1998, maintained a fixed exchange rate of RM 3.80 to U.S.$1.00. Subsequently on 21 July 2005, BNM adopted a managed float system for the Ringgit exchange rate, which benchmarked the Ringgit to a currency basket to ensure that the Ringgit remains close to its fair value. However, since then, Malaysia has adopted a flexible exchange rate where movements in the Ringgit exchange rate are determined by the market. This flexibility in the exchange rate is critical to help the economy withstand external shocks by facilitating adjustments in Malaysia's international transactions. As an open economy that faces large cross-border capital flows, this flexibility can occasionally lead to significant volatility in the Ringgit exchange rate. In this respect, BNM plays an important role in regulating the Ringgit exchange rate market and ensuring that the volatility in the Ringgit exchange rate is not excessive and disruptive. This is to mitigate any negative impact to domestic economic activity as businesses are able to plan and undertake trade and investment transactions with more certainty. In addition, BNM supports the orderly functioning of the domestic foreign exchange market by ensuring sufficient liquidity through two-way foreign exchange interventions during periods of market stress. BNM also deepens the foreign exchange market and promotes access to hedging instruments to enable businesses to better manage their foreign exchange risks. However, there can be no assurance that BNM will, or would be able to continue to intervene in the foreign exchange market in the future or that any such intervention would be effective in achieving the objective of BNM's policy.

Impact of re-imposition of capital controls

As part of the package of policy responses to the 1997 economic crisis in South East Asia, the GOM introduced, on 1 September 1998, selective capital control measures. The GOM subsequently liberalised such selective capital control measures in 1999 to allow foreign investors to repatriate principal capital and profits, subject to an exit levy based on a percentage of profits repatriated. On 1 February 2001, the GOM revised the levy to apply only to profits made from portfolio investments retained in Malaysia for less than one year. On 2 May 2001, the GOM lifted all such controls in respect of the repatriation of foreign portfolio funds (largely consisting of proceeds from the sale of stocks listed on Bursa Securities).

There can be no assurance that the GOM will not re-impose these or other forms of capital controls in the future. If the GOM re-imposes or introduces foreign exchange controls, investors may not be able to repatriate the proceeds of the sale of the Notes and interest and principal paid on the Notes from Malaysia for a specified period of time or may only be able to do so after paying a tax or levy.

Inflation pressures in Malaysia and potential impact upon the Malaysian economy

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), averaged 2.7 per cent. year-to-date 2022 (2021: 2.5 per cent.), given some demand-driven price pressures amid the high-cost environment. Global supply-side disruptions also led to some upward price pressures, though the impact on consumer prices was relatively contained, as firms absorbed the higher cost.

Under such circumstances, the extent of upward pressures to inflation will remain partly contained by existing price controls, fuel subsidies, and the prevailing spare capacity in the economy. The inflation outlook, however, continues to be subject to domestic policy measures, as well as global commodity price developments arising mainly from the ongoing military conflict in Ukraine and prolonged supply-related disruptions. Such inflationary pressures in the Malaysian economy could adversely affect the continued development of the housing market in Malaysia and the appetite of the Malaysian population to continue to take out housing loans and financings and invest in the property market. This could, in turn, adversely affect the business, financial condition and results of operations of Cagamas.

Exposure to the Malaysia property market

Cagamas has significant exposure to the Malaysia property market due to its portfolio of property mortgage loans and financings. The Malaysia property market is cyclical and property prices in general are affected by a number of factors, including the supply of, and demand for, comparable properties, the rate of economic growth in Malaysia and political and economic developments in Malaysia. Accordingly, any significant drop in property prices and/or liquidity in the Malaysia property market could adversely affect Cagamas' business, its financial condition and the results of its operations.

The Malaysia property market is expected to continue its recovery trajectory, in line with Malaysia's economic growth. The sector however will continue to face challenges from rising inflation and from global supply chain disruption resulting in high cost of materials. Rising interest rates meanwhile are expected to dampen demand for mortgages and increase default risk of lower-income borrowers. The risk from the sector is however limited by modest growth in property prices in recent years, banks' prudent loan-to-value ratios, and cautious lending to higher risk segment. Nonetheless, rising interest rates could adversely affect Cagamas' business, its financial condition and the results of its operations.

Certain foreign judgments may not be enforceable against the Issuer and Cagamas in Malaysia

Foreign judgments obtained in the superior courts of reciprocating countries as listed in the First Schedule of the Reciprocal Enforcement of Judgments Act 1958 (the "**REJA**") (other than a judgment of such a court given on appeal from a court which is not a superior court) in respect of any sum payable by the Issuer or Cagamas can be recognised and enforced in Malaysia if the said foreign judgment is registered with the Malaysian High Court. The judgment creditor under a judgment to which the REJA applies, may apply to the High Court at any time in accordance with the provisions of the REJA within six years after the date of the judgment or, where there have been proceedings by way of appeal against the judgment, after the date of the last judgment given in those proceedings, to have the judgment registered.

The registration of a foreign judgment dispenses with the need to re-litigate or re-examine the issues in dispute. A foreign judgement shall not be registered, if at the date of application for registration, it has been wholly satisfied or it could not be enforced by execution in the country of the original court.

A registered foreign judgement shall be set aside if:

- the judgement is not a judgement to which the REJA applies or the judgement was registered in contravention of it;

- the courts of the country of the original court had no jurisdiction in the circumstances of the case;

- the judgment debtor being the defendant in the original court, did not (notwithstanding that process may have been duly served on him in accordance with the law of the country of the original court) receive notice of those proceedings in sufficient time to enable it/him to defend the proceedings and did not appear;

- the judgment was obtained by fraud;

- enforcement of the judgment would be contrary to public policy in Malaysia; or

- the rights under the judgement are not vested in the person by whom the application for registration was made.

A registered foreign judgement may be set aside if the registering court is satisfied that the matter in dispute in the proceedings in the original court had previously to the date of the judgement in the original court been the subject of a final and conclusive judgement by a court having jurisdiction in the matter.

A person who has obtained a judgment against the Issuer and/or Cagamas in a court which is not listed in the First Schedule of the REJA will have to rely entirely on the principles of common law to enforce the judgment, that is, by instituting a fresh suit in Malaysia based either on the judgment or on the original cause of action.

Malaysian taxation

There is uncertainty under present Malaysian law as to whether interest payable by a Labuan Company (as defined in the Labuan Business Activity Tax Act 1990) to non-residents is (in all cases) exempted from withholding tax. In the event that such exemption is revoked, modified or rendered otherwise inapplicable, such interest shall be subject to withholding tax at the then prevailing withholding tax rate. As a result, the Issuer shall be obliged pursuant to the terms of the Notes, in the event of any such withholding, to pay such additional amounts to the investors so as to ensure that the investors receive the full amount which they would have received had no such withholding been imposed. Further, the Issuer shall not, absent a change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or a change in the application or official interpretation of the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of Notes, have the right to redeem the Notes in accordance with Condition 10(b) (*Redemption for tax reasons*).

Accounting and corporate disclosure standards in Malaysia may vary from those in other jurisdictions

There may be different publicly available information about Malaysian public companies, such as Cagamas, than is regularly made available by public companies in other jurisdictions. These differences include (i) the timing and content of disclosure of beneficial ownership of equity securities of officers, directors and significant shareholders; (ii) officer certification of disclosure and financial statements in periodic public reports; and (iii) disclosure of off-balance sheet transactions in management's discussion of results of operations in periodic public reports.

RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common features and risks.

Notes subject to optional redemption by the Issuer may have a lower value than Notes that cannot be redeemed

An optional redemption feature of the Notes is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when the prevailing market cost of borrowing/financing is lower than the interest rate on the Notes. At such times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing market rates.

Dual Currency Notes and Notes by reference to a Relevant Factor

The Issuer may issue Notes with principal or interest determined by reference to a formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**") subject to the relevant regulatory approvals being obtained. In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment/repayment of principal or interest may occur at a different time or in a different currency than expected;

(iv) they may lose all or a substantial portion of their principal;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to the Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of a Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future

The Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark.

Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**"), among other things, applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the relevant benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, on 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("€STR") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark. On 11 May 2021, the Euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 7(j) (*Benchmark Discontinuation*), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR, (including any page on which such benchmark may be published (or any other successor service)) becomes unavailable or a Benchmark Event or a Benchmark Transition Event (each as defined in the Conditions), as applicable, otherwise occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions) in certain circumstances, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and/or the possible application of the benchmark replacement provisions in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Variable Interest Rate Notes

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Notes issued at a substantial discount

The market values of securities issued at a substantial discount to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for securities issued at par or premium. Generally, the longer the duration, the greater the price volatility.

RISKS RELATED TO NOTES GENERALLY

The Notes and the Guarantee of the Notes are unsecured obligations, the payment of which may be jeopardised in certain circumstances

The Notes and the Guarantee of the Notes are unsecured obligations of the Issuer and the Guarantor respectively. The repayment of the Notes and payment under the Guarantee of the Notes may be compromised if:

- the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;

- there is a default in payment under the Guarantor's future unsecured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any of the Guarantor's indebtedness.

If any of these events were to occur, the Guarantor's assets may not be sufficient to pay amounts due on the Notes which in turn may result in the Issuer or, as the case may be, the Guarantor, having insufficient funds to pay amounts due in respect of any of the Notes.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments/repayments is different from the potential investor's currency;

- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for change in economic conditions, interest rates and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Investors should pay attention to any modifications and waivers

The conditions of the Notes contain provisions for calling meetings of holders of the Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including holders of the Notes who did not attend and vote at the relevant meeting and holders of the Notes who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of the individual holder.

The Notes may be represented by Global Notes, Global Registered Notes or RENTAS Global Registered Certificates and holders of a beneficial interest in a Global Note, Global Registered Notes or RENTAS Global Registered Certificates must rely on the procedures of the relevant Clearing System(s)

Notes issued under the Programme may be represented by one or more Global Notes, Global Registered Notes or RENTAS Global Registered Certificates, as the case may be. Such Global Notes, Global Registered Notes and RENTAS Global Registered Certificates, as the case may be, will be deposited with CDP, a sub-custodian for the CMU, the RENTAS Depository, or a common depositary for Euroclear and Clearstream, as the case may be (each of CDP, CMU, RENTAS, Euroclear and Clearstream being a "**Clearing System**"). Except in the circumstances described in the relevant Global Note, Global Registered Note or RENTAS Global Registered Certificate, as the case may be, investors will not be entitled to receive Definitive Notes, Individual Note Certificates, RENTAS Definitive Bearer Certificates or RENTAS Definitive Registered Certificates, as the case may be. The relevant Clearing System(s) will maintain records of their direct account holders in relation to the Global Notes, Global Registered Notes and RENTAS Global Registered Certificates, as the case may be. While the Notes are represented by one or more Global Notes, Global Registered Notes or RENTAS Global Registered Certificates, as the case may be, investors will be able to trade their beneficial interests only through the relevant Clearing System(s) and their participants.

While the Notes are represented by one or more Global Notes, Global Registered Notes or RENTAS Global Registered Certificates, as the case may be, the Issuer or, as the case may be, the Guarantor, will discharge its payment obligations under the Notes by making payments through the relevant Clearing System(s) for distribution to their account holders, or, in the case of the CMU, to the persons for whose account(s) interests in such Global Notes or Global Registered Notes are credited as being held in the CMU in accordance with the agreements, rules and regulations governing the CMU.

A holder of a beneficial interest in a Global Note, Global Registered Notes or RENTAS Global Registered Certificates, as the case may be must rely on the procedures of the relevant Clearing System(s) and its participants to receive payments under the relevant Notes.

Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes, Global Registered Notes or RENTAS Global Registered Certificates, as the case may be. Holders of beneficial interests in the Global Notes, Global Registered Notes and RENTAS Global Registered Certificates, as the case may be, will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) and its participants to appoint appropriate proxies.

Performance of contractual obligations

The ability of the Issuer or, as the case may be, the Guarantor to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Fiscal Agent, the Paying Agents, the Transfer Agent, the Registrar, and/or the Calculation Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer, or as the case may be, the Guarantor, of its obligations to make payments in respect of the Notes, the Issuer, or as the case may be, the Guarantor, may not, in such circumstances, be able to fulfil its obligations to the Noteholders and the Couponholders.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

Investors who purchase Notes in bearer form in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in bearer form in respect of such holding (should such Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes in bearer form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The ratings of the Programme may be downgraded or withdrawn

The Programme has been assigned a rating of A3 by Moody's. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Notes and the Guarantee of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawn at any time. A reduction or withdrawal of the ratings may adversely affect the market price of the Notes and the Issuer's or the Guarantor's ability to access the debt capital markets.

The insolvency laws of Labuan, Malaysia and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar

As the Issuer and the Guarantor are incorporated under the laws of Labuan and Malaysia respectively, any insolvency proceedings relating to the Issuer or the Guarantor are likely to involve Labuan and Malaysia insolvency laws respectively, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

RISKS RELATED TO THE MARKET GENERALLY

Limited liquidity in the secondary market

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

Exchange Rate Risks and Exchange Controls

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency-equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

The market value of the Notes may fluctuate

Trading prices of the Notes are influenced by numerous factors, including the operating results, business and/or financial condition of Cagamas, political, economic, financial and any other factors that can affect the capital markets, the business or Cagamas. Adverse economic developments, acts of war and health hazards in countries in which Cagamas operates could have a material adverse effect on Cagamas' operations, operating results, business, financial position, and performance. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Legal risk factors may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

RISKS RELATING TO NOTES DENOMINATED IN RENMINBI

Notes denominated in Renminbi ("**RMB Notes**") may be issued under the Programme. RMB Notes contain particular risks for potential investors, including:

Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of RMB Notes

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under RMB Notes.

Each investor should consult its own advisors to obtain a more detailed explanation of how the PRC regulations and rules may affect their investment decisions.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service such RMB Notes

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Currently, licensed banks in Singapore, Malaysia and Hong Kong may offer limited Renminbi denominated banking services to Singapore residents, Malaysia residents, Hong Kong residents and specified business customers. While the PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**RMB Clearing Banks**"), including but not limited to Hong Kong, Singapore and Taiwan, and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The RMB Clearing Banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting the availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in RMB Notes is subject to exchange rate risks

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in RMB Notes entails foreign exchange related risks, including possible significant change in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. In August 2015, the PBOC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. Although the primary obligation of the Issuer is to make all payments/repayments of interest and principal with respect to RMB Notes in Renminbi, in the event access to Renminbi deliverable in the Renminbi Settlement Centre becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability or Illiquidity (each as defined in the Conditions) the Issuer is not able to satisfy payments/repayments of principal or interest (in whole or in part) in respect of the RMB Notes when due in Renminbi, the terms of the RMB Notes allow the Issuer to make payment in U.S. dollars at the prevailing rate of exchange, all as provided in more detail in condition 13 of the Conditions. As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollar or other applicable foreign currency terms will decline.

An investment in RMB Notes is subject to interest rate risk

The PRC Government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

RMB Notes may carry a fixed interest rate or a floating interest rate. Consequently, the trading price of RMB Notes will vary with the fluctuations in the Renminbi interest rates. If holders of RMB Notes tries to sell any RMB Notes before their maturity, they may receive an offer that is less than the amount they have invested.

Payments in respect of RMB Notes will only be made to investors in the manner specified in the terms and conditions of the relevant Notes

All Renminbi payments to investors in respect of the RMB Notes will be made solely (i) for so long as the RMB Notes are represented by Global Notes, Global Registered Notes or RENTAS Global Registered Certificates, as the case may be, held with the common depositary for Euroclear and Clearstream, CDP, CMU, RENTAS or any alternative clearing system, as the case may be, by transfer to a Renminbi bank account maintained in the Renminbi Settlement Centre(s) specified in the applicable Pricing Supplement in accordance with prevailing rules and procedures of Euroclear and Clearstream, CDP, CMU and RENTAS, or (ii) when the RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in the Renminbi Settlement Centre(s) specified in the applicable Pricing Supplement in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC). In the case of RMB Notes held with RENTAS, it is a requirement for investors resident in Malaysia to have an account with Bank of China (Malaysia) Berhad if they elect to receive Renminbi payments through BNM.

USE OF PROCEEDS

The proceeds from each issue of Notes will be on-lent by the Issuer to the Guarantor for its working capital, general corporate purposes and general financing or refinancing requirements. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

FORMS OF THE NOTES

Bearer Notes (Notes other than Notes cleared through RENTAS)

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form ("**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form ("**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Pricing Supplement. Each Temporary Global Note or, as the case may be, Permanent Global Note will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear or Clearstream and/or CDP and/or any other relevant clearing system and/or a sub-custodian for the CMU.

In the case of each Tranche of Bearer Notes, the relevant Pricing Supplement will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C)(or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010)(the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**")(or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) is applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Pricing Supplement specifies the form of Notes as being a "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note in accordance with the Agency Agreement to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and

(ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership **provided, however**, **that** in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

(a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (Local time (as defined in the Agency Agreement)) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (Local time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Local time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant or the CDP Deed of Covenant (as the case may be)).

Temporary Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being a "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for bearer Notes in definitive form ("**Definitive Notes**") not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (Local time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or

(b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Local time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (Local time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant or the CDP Deed of Covenant (as the case may be)).

Permanent Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes, in accordance with the Agency Agreement, if any of the following events occurs:

(a) Euroclear, Clearstream, the CMU, CDP or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention to permanently cease business; or

(b) (in the case of Notes cleared through CDP) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the terms and conditions for the provisions of depository services and no alternative clearing system is available; or

(c) An Event of Default as defined in Condition 15 *(Events of Default)* occurs and (in the case of Notes cleared through CDP) the Notes become due and payable.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Pricing Supplement), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

(a) Definitive Notes have not been duly delivered by 5.00 p.m. (Local time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

(b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or

(c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Local time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (Local time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (Local time) on such due date (in the case of (c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant or the CDP Deed of Covenant (as the case may be)).

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Rights under the Deed of Covenant and Direct Rights under the CDP Deed of Covenant

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream and/or the CMU and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream and/or the CMU and/or any other relevant clearing system.

If an Event of Default as defined in Condition 15 *(Events of Default)* occurs and (in the case of Notes cleared through CDP) the Notes become due and payable, the Noteholder may state in a notice given to the CDP Lodging and Paying Agent, the Issuer and the Guarantor (the "**default notice**") the principal amount of Notes (which may be less than the outstanding principal amount of the Temporary Global Note or Permanent Global Note, as the case may be) which is being declared due and payable. Following the giving of the default notice, the holder of the Notes represented by the Temporary Global Note or Permanent Global Note, as the case may be, cleared through CDP may (subject as provided below) elect that direct rights ("**Direct Rights**") under the provisions of the CDP Deed of Covenant shall come into effect in respect of a principal amount of Notes up to the aggregate principal amount in respect of which such default notice has been given. Such election shall be made by notice to the CDP Lodging and Paying Agent and presentation of the Temporary Global Note or Permanent Global Note, as the case may be, to or to the order of the CDP Lodging and Paying Agent for reduction of the principal amount of Notes represented by the Temporary Global Note or Permanent Global Note, as the case may be, by such amount as may be stated in such notice and by endorsement of the appropriate schedules thereto of the principal amount of Notes in respect of which Direct Rights have arisen under the CDP Deed of Covenant. Upon each such notice being given, the Temporary Global Note or Permanent Global Note, as the case may be, shall become void to the extent of the principal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before (in the case of a Temporary Global Note) the Exchange Date or (in the case of a Permanent Global Note) the date of exchange in accordance with the terms of the Permanent Global Note unless the holder elects in such notice that the exchange for such Notes shall no longer take place.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in permanent global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Registered Notes (Notes other than Notes cleared through RENTAS)

Each Tranche of Registered Notes will be in the form of either individual Note Certificates in registered form ("**Individual Note Certificates**") or a global Note in registered form (a "**Global Registered Note**"), in each case as specified in the relevant Pricing Supplement.

Each Global Registered Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream and/or a sub-custodian for the CMU and/or CDP and/or any other relevant clearing system and registered in the name of a depositary or a common depository (or its nominee) for Euroclear and/or Clearstream and/or a sub-custodian for the CMU and/ or the CDP and/or any other relevant clearing system and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Pricing Supplement specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Pricing Supplement specifies the form of Notes as being "Global Registered Note exchangeable for Individual Note Certificates", then the Notes will initially be in the form of a Global Registered Note which will be exchangeable in whole, but not in part, for Individual Note Certificates, in accordance with the Agency Agreement, if any of the following events occurs:

(a) Euroclear, Clearstream, the CMU, CDP or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention to permanently cease business; or

(b) (in the case of Notes cleared through CDP) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the terms and conditions for the provisions of depository services and no alternative clearing system is available; or

(c) An Event of Default as defined in Condition 15 *(Events of Default)* occurs and (in the case of Notes cleared through CDP) the Notes become due and payable.

Whenever the Global Registered Note is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Registered Note within five business days of the delivery, by or on behalf of the registered holder of the Global Registered Note to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Registered Note at the Specified Office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

(a) Individual Note Certificates have not been delivered by 5.00 p.m. (Local time) on the thirtieth day after they are due to be issued; or

(b) any of the Notes represented by a Global Registered Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the holder of the Global Registered Note in accordance with the terms of the Global Registered Note,

then the Global Registered Note (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (Local time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (Local time) on such due date (in the case of (b) above) and the holder of the Global Registered Note will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Registered Note or others may have under the Deed of Covenant or the CDP Deed of Covenant (as the case may be)).

Rights under the Deed of Covenant and Direct Rights under the CDP Deed of Covenant

Under the Deed of Covenant, persons shown in the records of Euroclear and/ or Clearstream and/or the CMU and/or any other relevant clearing system as being entitled to an interest in a Global Registered Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Registered Note became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream and/or the CMU and/or any other relevant clearing system.

If an Event of Default as defined in Condition 15 *(Events of Default)* occurs and (in the case of Notes cleared through CDP) the Notes become due and payable, the Noteholder may state in a default notice to the CDP Lodging and Paying Agent, the Issuer and the Guarantor the principal amount of Notes (which may be less than the outstanding principal amount of the Global Registered Note) which is being declared due and payable. Following the giving of the default notice, the holder of the Notes represented by the Global Registered Note cleared through CDP may (subject as provided below) elect that Direct Rights under the provisions of the CDP Deed of Covenant shall come into effect in respect of a principal amount of Notes up to the aggregate principal amount in respect of which such default notice has been given. Such election shall be made by notice to the CDP Lodging and Paying Agent and the CDP Registrar and presentation of the Global Registered Note to or to the order of the CDP Registrar for reduction of the principal amount of Notes represented by the Global Registered Note by such amount as may be stated in such notice and by (i) endorsement of the appropriate schedules thereto and (ii) notation in the Register of the principal amount of Notes in respect of which Direct Rights have arisen under the CDP Deed of Covenant. Upon each such notice being given, the Global Registered Note shall become void to the extent of the principal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the date of exchange in accordance with the terms of the Global Registered Note unless the holder elects in such notice that the transfer for such Notes shall not longer take place.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Registered Note will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Bearer Notes and Registered Notes (Notes cleared through RENTAS)

Each Tranche of Notes to be cleared through RENTAS shall at all times be governed by the Central Securities Depository and Paying Agency Rules (the "**CSDPAR**"), the RENTAS Depository Procedures (as defined in the Conditions) and the applicable guidelines of BNM or any other relevant regulatory authorities in Malaysia or otherwise having jurisdiction over matters pertaining to such Notes and will initially be in the form of a global certificate in bearer form ("**RENTAS Global Bearer Certificate**") or a global certificate in registered form ("**RENTAS Global Registered Certificate**", together with the RENTAS Global Bearer Certificate, "**RENTAS Global Certificates**" and each a "**RENTAS Global Certificate**"). Each RENTAS Global Bearer Certificate will be deposited on or around the issue date of the relevant Tranche of Notes with the RENTAS Depository and each RENTAS Global Registered Certificate will be deposited on or around the issue date of the relevant Tranche of Notes with the RENTAS Depository and registered in the name of BNM.

RENTAS Global Certificates exchangeable for RENTAS Definitive Certificates

The RENTAS Global Bearer Certificate or the RENTAS Global Registered Certificate will be exchangeable in whole, but not in part, for definitive certificates in bearer form ("**RENTAS Definitive Bearer Certificates**") or for definitive certificates in registered form ("**RENTAS Definitive Registered Certificates**", and together with the RENTAS Definitive Bearer Certificates, "**RENTAS Definitive Certificates**" and each a "**RENTAS Definitive Certificate**") if:

(a) permitted to do so under the CSDPAR; and

(b) the holders of such Notes cleared through RENTAS by an Extraordinary Resolution (as defined in the Terms and Conditions of the Notes) request such exchange.

Any exchange of the RENTAS Global Bearer Certificate or the RENTAS Global Registered Certificate, as the case may be, for RENTAS Definitive Bearer Certificates or RENTAS Definitive Registered Certificates, as the case may be, shall be effected in accordance with the CSDPAR, the RENTAS Depository Procedures, the Agency Agreement and the RENTAS Global Bearer Certificate or the RENTAS Global Registered Certificate, as the case may be. If a holder of such Notes cleared through RENTAS exercises its right to require the exchange of the RENTAS Global Bearer Certificate or the RENTAS Global Registered Certificate, as the case may be, for RENTAS Definitive Bearer Certificates or RENTAS Definitive Registered Certificates, as the case may be:

(a) the Issuer shall as soon as practicable:

  (i) notify RENTAS of that fact; and

  (ii) execute, procure the authentication by the RENTAS Fiscal Agent of, and issue, the RENTAS Definitive Bearer Certificates or the RENTAS Definitive Registered Certificates, as the case may be;

(b) the RENTAS Depository shall immediately after being so informed, cancel the RENTAS Global Bearer Certificate or the RENTAS Global Registered Certificate, as the case may be, and deliver it to the Issuer;

(c) the Issuer shall immediately upon receipt of the cancelled RENTAS Global Bearer Certificate or the cancelled RENTAS Global Registered Certificate, as the case may be, destroy it; and

(d) the Issuer shall bear all costs and expenses in relation to the issuance of the RENTAS Definitive Bearer Certificates or the RENTAS Definitive Registered Certificates, as the case may be.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any RENTAS Definitive Certificate will be endorsed on that RENTAS Definitive Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below, and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any RENTAS Global Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

RENTAS, BNM and the RENTAS Depository

Introduction

BNM owns and operates Malaysia's scripless book-entry debt securities settlement system, central debt securities depository ("**CSD**"), and real-time gross settlement system ("**RTGS**"), which are collectively known as "**RENTAS**". RENTAS effects and records the settlement of securities trades and the transfer of funds between RENTAS participants. The debt securities deposited and settled through RENTAS may be denominated in Ringgit or in any other currency. RENTAS facilitates real-time gross settlement of Renminbi funds transfers as well as settlement of Renminbi bonds and sukuks.

BNM also owns and operates the Fully Automated System for Issuing/Tendering ("**FAST**") which is an electronic platform for issuing multi-currency debt securities and money market instruments.

The CSDPAR provide a uniform set of rules and procedures to govern the depository and paying agency services provided by BNM in relation to the securities which are deposited in the RENTAS Depository. The CSDPAR should be read in conjunction with the following rules:

- Participation Rules for Payments and Securities Services;
- Operational Procedures for Foreign Currency Settlement in RENTAS;
- Operational Procedures for Securities Services; and
- any other relevant rules, guidelines, codes and directives issued by BNM from time to time.

(collectively, the CSDPAR and all of the above rules, as may be amended or modified from time to time, shall be referred to as the "**Rules**").

The Issuing, Trading and Clearing System

The Notes to be cleared through RENTAS shall be issued through FAST and shall be represented by a RENTAS Global Certificate deposited with the RENTAS Depository. The transfer and settlement of the relevant Notes in the secondary market will be done through RENTAS and in accordance with the procedures established under the Rules. Clearing and settlement for trades in the relevant Notes will also be undertaken through RENTAS and in accordance with the Rules. Euroclear is a direct RENTAS participant and RENTAS securities are eligible for settlement in Euroclear.

Form and Interests

The Notes to be cleared through RENTAS shall be represented by a RENTAS Global Certificate deposited with the RENTAS Depository. Interests in the Notes can only be held through Authorised Depository Institutions (each an "**ADI**") and will be represented by book entries in the records of the ADIs. Euroclear is currently an ADI for this purpose.

The RENTAS Depository will credit each ADI with aggregate amount of the relevant Notes of which such Notes shall be held by holders who have beneficial interest in such Notes through their respective ADIs. ADIs are responsible for establishing and maintaining accounts for their customers (i.e. the holders of the relevant Notes) having interests in such Notes.

The RENTAS Depository will impose on the ADIs nominal safekeeping fees in accordance with the Rules.

Clearing and Settlement of the Notes

(i) For Investors with accounts with ADIs in Malaysia

On the issue date of the Notes to be cleared through RENTAS, subject to sufficient funds being available in the ADIs' cash account and in accordance with the instructions from the RENTAS Fiscal Agent, RENTAS will perform simultaneously, on a delivery-versus-payment ("**DVP**") basis, the debiting of cash from the ADIs' accounts and crediting of such Notes to the ADIs' securities account. Allocation and settlement of the Notes will normally be effected by 12 noon (Local time) on the issue date with proceeds being paid to the Issuer by 5.00 pm (Local time) on the same day.

Secondary market trading of such Notes is through RENTAS with transfers of interests between the ADIs being reflected in the book entries of the ADIs' securities account maintained at RENTAS. Settlement is simultaneously reflected through the transfers of cash between the respective ADIs' cash account maintained at RENTAS.

(ii) For Investors with accounts with Euroclear

On the issue date of the Notes to be cleared through RENTAS, the RENTAS Fiscal Agent will align such Notes into Euroclear after such Notes have been credited into the RENTAS Fiscal Agent's securities account in RENTAS. Subsequently, the RENTAS Fiscal Agent will settle the allotment of such Notes to investors having accounts with Euroclear on a DVP basis.

Secondary market trading with other investors in Euroclear will be settled on a DVP or free-of-payment basis within Euroclear. Secondary market trading between an investor having an account with Euroclear and an investor having an account with an ADI in the RENTAS Depository will be settled by aligning securities between Euroclear and RENTAS, accompanied by a separate cash payment leg.

Coupon Payments and Redemption

For coupon payments and redemption due for the Notes to be cleared through RENTAS, subject to the receipt of the relevant funds from the RENTAS Fiscal Agent on behalf of the Issuer, the RENTAS Depository shall then effect the crediting of cash to the ADIs' accounts by 12 noon (Kuala Lumpur time) in accordance with the Rules.

All coupon payments and redemption for the Notes to be cleared through RENTAS shall happen on the same business day. In the event that the original coupon payment date or redemption date of the relevant Notes falls on a holiday, the coupon or redemption proceeds calculated up to the original coupon payment date or redemption date, would be paid on the next business day.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1. **Introduction**

(a) ***Programme***: Cagamas Global P.L.C. (the "**Issuer**") has established a Multicurrency Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.$2,500,000,000 in aggregate principal amount of notes (the "**Notes**") guaranteed by Cagamas Berhad (the "**Guarantor**").

(b) ***Pricing Supplement***: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a pricing supplement (the "**Pricing Supplement**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.

(c) ***Agency Agreement***: The Notes are the subject of an amended and restated issue and paying agency agreement dated 16 December 2022 (as amended and/or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, The Bank of New York Mellon, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**", which expression includes any successor CMU lodging and paying agent appointed from time to time in connection with the Notes), The Bank of New York Mellon, Singapore Branch as CDP lodging and paying agent (the "**CDP Lodging and Paying Agent**", which expression includes any successor CDP lodging and paying agent appointed from time to time in connection with the Notes), CIMB Investment Bank Berhad as RENTAS fiscal and calculation agent (the "**RENTAS Fiscal Agent**", which expression includes any successor RENTAS fiscal agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the Fiscal Agent, the CMU Lodging and Paying Agent, the CDP Lodging and Paying Agent and the RENTAS Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.

For the purposes of these Conditions, (i) all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Fiscal Agent shall, with respect to a Series of Notes to be cleared through the CMU (as defined below), be deemed to be references to the CMU Lodging and Paying Agent and all such references shall be construed accordingly, with respect to a Series of Notes to be cleared through CDP (as defined below), be deemed to be references to the CDP Lodging and Paying Agent and all such references shall be construed accordingly, and, with respect to a Series of Notes to be cleared through RENTAS (as defined below), be deemed to be references to the RENTAS Fiscal Agent and all such references shall be construed accordingly; and (ii) all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Paying Agents shall, with respect to a Series of Notes to be cleared through the CMU, be deemed to be references to the CMU Lodging and Paying Agent and all such references shall be construed accordingly, with respect to a Series of Notes to be cleared through CDP, be deemed to be references to the CDP Lodging and Paying Agent and all such references shall be construed accordingly, and, with respect to a Series of Notes to be cleared through RENTAS, be deemed to be references to the RENTAS Paying Agent (as defined below) or where applicable, the RENTAS Fiscal Agent and all such references shall be construed accordingly.

(d) ***Deed of Guarantee***: The Notes are the subject of a deed of guarantee dated 16 December 2022 (as amended and/or supplemented from time to time, the "**Deed of Guarantee**") entered into by the Guarantor.

(e) ***Deed of Covenant***: The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). Registered Notes are constituted by a deed of covenant dated 16 December 2022 (the "**Deed of Covenant**") entered into by the Issuer. In the case of Notes cleared through CDP, the Noteholders are entitled to the benefit of a deed of covenant entered into with CDP (the "**CDP Deed of Covenant**") dated 29 August 2014.

(f) ***The Notes***: All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for viewing and copies may be obtained from the Specified Office of each of the Paying Agents and Transfer Agents.

(g) ***Summaries***: Certain provisions of these Conditions are summaries of the Agency Agreement, the Deed of Guarantee, the Deed of Covenant and the CDP Deed of Covenant and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Guarantee, the Deed of Covenant and the CDP Deed of Covenant applicable to them. Copies of the Agency Agreement, the Deed of Guarantee, the Deed of Covenant and the CDP Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below, or by email upon prior written request and satisfactory proof of holding.

2. **Interpretation**

(a) ***Definitions***: In these Conditions the following expressions have the following meanings:

"**2006 ISDA Definitions**" means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org);

"**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);

"**Accrual Yield**" has the meaning given in the relevant Pricing Supplement;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**BNM**" means Bank Negara Malaysia, a body corporate which continues to exist under the Central Bank of Malaysia Act, 2009 with its head office at Jalan Dato' Onn, 50480 Kuala Lumpur;

"**Business Day**" means:

(a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;

(b) in relation to any sum payable in Renminbi, any day (other than a Saturday or a Sunday or a public holiday) on which commercial banks and foreign exchange markets settle payments generally in the relevant Renminbi Settlement Centre;

(c) in relation to any sum payable in Singapore dollars, a day (other than a Saturday or a Sunday or a gazetted public holiday) on which commercial banks and foreign exchange markets settle payments generally in Singapore; and

(d) in relation to any sum payable in a currency other than euro, Renminbi, and Singapore dollars, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;

(c) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided**, **however**, **that**:

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Fiscal Agent or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/ or such other amount(s) as may be specified in the relevant Pricing Supplement;

"**Calculation Amount**" has the meaning given in the relevant Pricing Supplement;

"**CDP**" means The Central Depository (Pte) Limited;

"**Clearstream**" means Clearstream Banking S.A.;

"**CMU**" means the Central Moneymarkets Unit, operated by HKMA;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**CSDPAR**" means the Central Securities Depository and Paying Agency Rules, a uniform set of rules and procedures which govern the depository and paying agency services provided by BNM in relation to the securities deposited in the RENTAS Depository;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

(a) if "**Actual/Actual (ICMA)**" is so specified, means:

(i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and

(ii) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year;

(iii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iv) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(v) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(vi) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2\text{-}Y_1)]+[30x(M_2\text{-}M_1)]+(D_2\text{-}D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vii) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2-Y_1)]+[30x(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

(viii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2-Y_1)]+[30x(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (A) that day is the last day of February; or (B) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (A) that day is the last day of February but not the Maturity Date or (B) such number would be 31, in which case D_2 will be 30,

provided, **however**, **that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Change of Shareholding)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

"**Euroclear**" means Euroclear Bank SA/NV;

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**First Interest Payment Date**" means the date specified in the relevant Pricing Supplement;

"**Fixed Coupon Amount**" has the meaning given in the relevant Pricing Supplement;

"**Guarantee of the Notes**" means the guarantee of the Notes given by the Guarantor in the Deed of Guarantee;

"**HKMA**" means the Monetary Authority appointed pursuant to Section 5A of the Exchange Fund Ordinance (Cap. 66 of the laws of Hong Kong) or its successors;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer — Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer — Title to Registered Notes*);

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days; and

(e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

"**Interest Determination Date**" has the meaning given in the relevant Pricing Supplement;

"**Interest Payment Date**" means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date (or, if the Notes are redeemed on any earlier date, the relevant redemption date);

"**ISDA**" means the International Swaps and Derivatives Association, Inc. (or any successor);

"**ISDA Definitions**" has the meaning given in the relevant Pricing Supplement;

"**Issue Date**" has the meaning given in the relevant Pricing Supplement;

"**Margin**" has the meaning given in the relevant Pricing Supplement;

"**Maturity Date**" has the meaning given in the relevant Pricing Supplement;

"**Maximum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**Minimum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**Noteholder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer — Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer — Title to Registered Notes*);

"**Operational Procedures for Foreign Currency Settlement in RENTAS**" means Operational Procedures for Foreign Currency Settlement in RENTAS issued by BNM and as modified, revised or substituted from time to time by BNM;

"**Operational Procedures for Securities Services**" means Operational Procedures for Securities Services issued by BNM and as modified, revised or substituted from time to time by BNM;

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Pricing Supplement;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Pricing Supplement;

"**Payment Business Day**" means:

(a) if the currency of payment is euro, any day which is:

  (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

  (ii) in the case of payment by transfer to an account, (A) a TARGET Settlement Day; and (B) a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(b) if the currency of payment is not euro, any day which is:

  (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

  (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies (including, in the case of Notes denominated in Renminbi, settlement of Renminbi payments) may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency **provided**, **however**, **that**:

(a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

(b) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(c) in relation to Renminbi, it means the relevant Renminbi Settlement Centre;

"**Principal Subsidiary**" means Cagamas Global Sukuk Berhad and any Subsidiary of the Guarantor whose total assets, as shown by the accounts of such Subsidiary (consolidated in the case of a company which itself has Subsidiaries), based upon which the latest audited consolidated accounts of the Guarantor have been prepared, are at least 10 per cent. of the consolidated total assets of the Guarantor as shown by such audited consolidated accounts, **provided that** if any such Subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another Subsidiary of the Guarantor (the "**transferee**") then:

(a) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(b) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any Subsidiary which becomes a Principal Subsidiary by virtue of (a) above or which remains or becomes a Principal Subsidiary by virtue of (b) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Guarantor prepared as at a date later than the date of the relevant transfer which show the total assets as shown by the accounts of such Subsidiary (consolidated (if any) in the case of a company which itself has Subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the consolidated total assets of the Guarantor, as shown by such audited consolidated accounts;

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder in accordance with Condition 10(e) (*Redemption at the option of Noteholders*) or Condition 10(f) (*Redemption for Change of Shareholding*);

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“**Rate of Interest**” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Early Redemption Amount (Change of Shareholding), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement;

“**Reference Banks**” has the meaning given in the relevant Pricing Supplement or, if none, four major banks selected by the Issuer and the Guarantor (acting together) in the market that is most closely connected with the Reference Rate;

“**Reference Price**” has the meaning given in the relevant Pricing Supplement;

“**Reference Rate**” has the meaning given in the relevant Pricing Supplement;

“**Register**” has the meaning set out in Clause 5 (*Transfers of Registered Notes*) of the Agency Agreement;

“**Regular Period**” means:

(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“**Relevant Date**” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“**Relevant Indebtedness**” means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Pricing Supplement;

"**Renminbi**" means the lawful currency of the People's Republic of China;

"**Renminbi Settlement Centre**" means, in relation to any sum payable in Renminbi, Hong Kong, Singapore and/or any other relevant financial centre, as specified in the relevant Pricing Supplement;

"**RENTAS**" means the scripless book-entry securities settlement and funds transfer system known as Real Time Electronic Transfer of Funds and Securities operated and managed by BNM as varied, upgraded or substituted from time to time;

"**RENTAS Depository**" means BNM in its capacity as the depository and custodian of Notes cleared through RENTAS who, carries out its functions, duties and obligations under the CSDPAR as a central securities depository, and includes its successors in title and assigns and any successors appointed in such capacity;

"**RENTAS Paying Agent**" means BNM in its capacity as the paying agent in respect of Notes cleared through RENTAS and includes its successors in title and assigns and any successors acting in such capacity;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Specified Currency**" has the meaning given in the relevant Pricing Supplement;

"**Specified Denomination(s)**" has the meaning given in the relevant Pricing Supplement;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Pricing Supplement;

"**Subsidiary**" means, in relation to any person (the "**first Person**") at any particular time, any other person (the "**second Person**"): (a) whose affairs and policies the first Person controls or has the power to control, whether this be through ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated as a subsidiary with those of the first Person;

"**Sukuk Obligation**" means any undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of *Shari'a*, whether or not in return for consideration of any kind, which for the time being are, or are intended to be, or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system or any successor thereto;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Pricing Supplement.

(b) ***Interpretation***: In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 14 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 14 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "**outstanding**" shall be construed in accordance with the Agency Agreement;

(vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

(viii) any reference to the Agency Agreement or the Deed of Guarantee shall be construed as a reference to the Agency Agreement or the Deed of Guarantee, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination, Title and Transfer**

(a) ***Bearer Notes***: Bearer Notes are issued in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

(b) ***Title to Bearer Notes***: Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.

(c) ***Registered Notes***: Registered Notes are issued in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.

(d) ***Title to Registered Notes***: The Registrar will maintain a register outside the United Kingdom in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

(e) ***Ownership***: The Holder of any Note or Coupon shall (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

(f) ***Transfers of Registered Notes***: Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided**, **however**, **that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

(g) ***Registration and delivery of Note Certificates***: Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant

Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) ***No charge***: The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) ***Closed periods***: Holders of Registered Notes may not require transfers to be registered:

  (i) during the period of 15 days ending on (and including) the due date for any payment of principal in respect of the Registered Notes;

  (ii) during the period of 15 days ending on (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 10(b) (*Redemption for tax reasons*) or Condition 10(c) (*Redemption at the option of the Issuer*);

  (iii) after a Put Option Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 10(e) (*Redemption at the option of Noteholders*);

  (iv) after a Put Option Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 10(f) (*Redemption for Change of Shareholding*); and

  (v) during the period of seven days ending on (and including) any Record Date (as defined in Condition 12(f) (*Record Date*).

(j) ***Regulations concerning transfers and registration***: All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder upon prior written request and satisfactory proof of holding.

In respect of transfers of Notes cleared through RENTAS, all transfers of such Notes are subject to the CSDPAR and the RENTAS Depository procedures.

4. **Status and Guarantee**

(a) ***Status of the Notes***: The Notes constitute direct, general, unconditional and (subject to Condition 5.1 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) ***Guarantee of the Notes***: The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general, unconditional and (subject to Condition 5.1 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Negative Pledge and Information Covenant**

5.1 ***Negative Pledge***

So long as any Note remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of the Issuer's or the Guarantor's respective Subsidiaries will, create or permit to subsist any Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Sukuk Obligation or guarantee, or indemnity, in respect of Relevant Indebtedness or Sukuk Obligation without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security or other arrangement for the Notes as may be approved by an Extraordinary Resolution of the Noteholders, save that the Issuer, the Guarantor or any of their respective Subsidiaries may create or permit to subsist a Security Interest over any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or Sukuk Obligation or guarantee, or indemnity, in respect of Relevant Indebtedness or Sukuk Obligation (without the obligation to provide to the Noteholders either an equal and rateable interest in the same or such other security or other arrangement as aforesaid), where:

(a) such Security Interest is created upon any assets or receivables pursuant to any securitisation, asset- backed financing, limited recourse financing or like arrangement under which payment obligations secured by such Security Interest, or having the benefit of such Security Interest, are to be discharged solely from such assets or revenues to be generated from such assets or receivables; or

(b) (i) such Security Interest is created pursuant to and to secure only Relevant Indebtedness in the form of asset-backed bonds issued by the Issuer or Guarantor or any of their respective Subsidiaries as "**covered bonds**" in compliance with all laws, rules and regulations (if any) in Malaysia and any other jurisdiction and any conditions of any licences or consents by any regulatory authority which may be applicable to it; (ii) the proceeds of such covered bonds are utilised only to purchase the assets which are backing such covered bonds ("**Supporting Assets**"); and (iii) the Supporting Assets shall not comprise any of the assets of the Issuer, the Guarantor or any of their respective Subsidiaries existing as of the date of establishment of the Programme.

5.2 ***Information Covenant***

So long as any Note remains outstanding (as defined in the Agency Agreement), each of the Issuer and the Guarantor shall make available to the Noteholders for inspection at the Specified Office of the Fiscal Agent, within nine months of the expiration of each financial year, the annual audited accounts of the Issuer or the Guarantor (as the case may be) for that financial year.

6. **Fixed Rate Note Provisions**

(a) ***Application***: This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Accrual of interest***: The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments — Bearer Notes*) and 12 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Fixed Coupon Amount***: The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) ***Calculation of interest amount***: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. **Floating Rate Note Provisions**

(a) ***Application***: This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Accrual of interest***: The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments — Bearer Notes*) and 12 (*Payments — Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Screen Rate Determination***: If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Issuer and the Guarantor (acting together) will:

(A) request each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date in an amount that is representative for a single transaction in that market at that time, and such rate shall be notified in writing to the Calculation Agent; and

(B) the Calculation Agent shall determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided to the Issuer and the Guarantor (acting together) as requested, the Calculation Agent will determine the arithmetic mean of the rates of one or more major banks selected by and quoted to the Issuer and the Guarantor (acting together) and notified in writing to the Calculation Agent in (in the case where the Reference Rate is not CNH HIBOR) the Principal Financial Centre of the Specified Currency or (in the case where the Reference Rate is CNH HIBOR) in Hong Kong, (in the case where the Reference Rate is not CNH HIBOR) at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) or (in the case where the Reference Rate is CNH HIBOR) at approximately 11.15 a.m. (Hong Kong time) on the first day of the relevant Interest Period for loans in the Specified Currency for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided**, **however**, **that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) ***ISDA Determination***: If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the applicable ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent (as defined in the applicable ISDA Definitions) for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) if the Pricing Supplement specify either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:

(A) the Floating Rate Option (as defined in the applicable ISDA Definitions) is as specified in the relevant Pricing Supplement;

(B) the Designated Maturity (as defined in the applicable ISDA Definitions) is a period specified in the relevant Pricing Supplement; and

(C) the relevant Reset Date (as defined in the applicable ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on (x) the

Eurozone inter- bank offered rate (EURIBOR), (y) the Hong Kong inter-bank offered rate (HIBOR) or (z) the CNH Hong Kong inter-bank offered rate ("**CNH HIBOR**") for a currency, the first day of that Interest Period; or (B) in any other case, as specified in the relevant Pricing Supplement.

(ii) references in the ISDA Definitions to:

(A) "**Confirmation**" shall be references to the relevant Pricing Supplement;

(B) "**Calculation Period**" shall be references to the relevant Interest Period;

(C) "**Termination Date**" shall be references to the Maturity Date;

(D) "**Effective Date**" shall be references to the Interest Commencement Date; and

(iii) if the Pricing Supplement specify "2021 ISDA Definitions" as being applicable:

(A) "**Administrator/Benchmark Event**" shall be disapplied; and

(B) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback — Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback — Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback — Previous Day's Rate".

(e) ***Maximum or Minimum Rate of Interest***: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(f) ***Calculation of Interest Amount***: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(g) ***Calculation of other amounts***: If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

(h) ***Publication***: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Where the Notes have been admitted to listing, trading and/or quotation, the Issuer will cause each Rate of Interest and Interest Amount determined by the Calculation Agent, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by the Calculation Agent together with any relevant payment date(s) to be notified to each competent authority, stock exchange and/or quotation system (if any). Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(i) ***Notifications etc***: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(j) ***Benchmark Discontinuation***:

(aa) Independent Adviser

If a Benchmark Event occurs in relation to the Reference Rate when the Rate of Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer and the Guarantor (acting together) shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 7(j)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 7(j)(cc)) and any Benchmark Amendments (in accordance with Condition 7(j)(dd)).

In making such determination, an Independent Adviser appointed pursuant to this Condition 7(j) as an expert shall act in good faith and in a commercially reasonable manner (in consultation with the Issuer and the Guarantor (acting together)). In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Guarantor, the Issuer, the Fiscal Agent, the Agents or the Noteholders for any determination made by it pursuant to this Condition 7(j), none of the Fiscal Agent or the Agents shall be liable for any loss, liability, cost, charge or expense which may arise as a result thereof.

If (i) the Issuer and the Guarantor (acting together) are unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by the Issuer and the Guarantor (acting together) fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 7(j) prior to the relevant Interest Determination Date, the Issuer and the Guarantor (acting together) (acting in good faith and in a commercially reasonable manner) may determine the Successor Rate, failing which an Alternative Rate (in accordance with Condition 7(j)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 7(j)(cc)) and any Benchmark Amendments (in accordance with Condition 7(j)(dd)).

If the Issuer and the Guarantor (acting together) are unable to determine the Successor Rate or, failing which, an Alternative Rate prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, any adjustment pursuant to this Condition 7(j)(aa) (*Benchmark Discontinuation*) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 7(j).

(bb) Successor Rate / Alternative Rate

If the Independent Adviser (in consultation with the Issuer and the Guarantor (acting together)) or the Issuer and the Guarantor (acting together) (in the circumstances set out in Condition 7(j)(aa)) determines in its discretion that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 7(j)(cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(j) in the event of a further Benchmark Event affecting the Successor Rate; or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 7(j)(cc)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 7(j) in the event of a further Benchmark Event affecting the Alternative Rate.

(cc) Adjustment Spread

If the Independent Adviser (in consultation with the Issuer and the Guarantor (acting together)) or the Issuer and the Guarantor (acting together) (in the circumstances set out in Condition 7(j)(aa)) determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).

(dd) Benchmark Amendments

If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 7(j) and the Independent Adviser (in consultation with the Issuer and the Guarantor (acting together)) or the Issuer and the Guarantor (acting together) (in the circumstances set out in Condition 7(j)(aa)) (as the case may be) determines in its discretion (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer and the Guarantor (acting together) shall, subject to giving notice thereof in accordance with Condition 7(j)(ee), without any requirement for the consent or approval of relevant Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice (and for the avoidance of doubt, the Fiscal Agent shall, at the direction and expense of the Issuer and the Guarantor (acting together), without any requirement for the consent or approval of relevant Noteholders, consent to and effect such consequential amendments to the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 7(j)), **provided that** the Fiscal Agent shall not be obliged so to concur if in the opinion of the Fiscal Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Fiscal Agent in these Conditions or the Agency Agreement (including, for the avoidance of doubt, any supplemental agency agreement) in any way.

(ee) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 7(j) will be notified in writing promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 20 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any. Further, none of the Fiscal Agent, the Calculation Agent, the Paying Agents, the Registrar or the Transfer Agents shall be responsible or liable for any determinations or certifications made by the Issuer or the Independent Adviser with respect to any Successor Rate or Alternative Rate (as applicable) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

(A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 7(j); and

(B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread.

(ff) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the other Agents and the Noteholders.

(gg) As used in this Condition 7(j):

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer and the Guarantor (acting together) (in the circumstances set out in Condition 7(j)(aa)) (as the case may be) determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser (in consultation with the Issuer and the Guarantor (acting together)) or the Issuer and the Guarantor (acting together) (in the circumstances set out in Condition 7(j)(aa)) (as the case may be), determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or

(C) (if no such determination has been made, or in the case of an Alternative Rate) the Independent Adviser (in consultation with the Issuer and the Guarantor (acting together)) or the Issuer and the Guarantor (acting together) (in the circumstances set out in Condition 7(j)(aa)) (as the case may be) determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(D) (if the Independent Adviser (in consultation with the Issuer and the Guarantor (acting together)) or the Issuer and the Guarantor (acting together) (in the circumstances set out in Condition 7(j)(aa)) (as the case may be) determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer and the Guarantor (acting together) (in the circumstances set out in Condition 7(j)(aa)) (as the case may be) determines in accordance with this Condition 7(j) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency.

"**Benchmark Event**" means:

(A) the relevant Reference Rate ceasing to be published on the Relevant Screen Page for a period of at least five Business Days or ceasing to exist; or

(B) a public statement by the administrator of the relevant Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate), unless such cessation is reasonably expected by the Issuer and the Guarantor (acting together) to not occur prior to the Maturity Date; or

(C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date within the following six months, be permanently or indefinitely discontinued, unless such discontinuation is reasonably expected by the Issuer and the Guarantor (acting together) to not occur prior to the Maturity Date; or

(D) a public statement by the supervisor of the administrator of the relevant Reference Rate that as a consequence of which such Reference Rate has been prohibited from being used or that its use will be subject to restrictions or adverse consequences, or that it will be prohibited from being used or that its use will be subject to restrictions or adverse consequences within the following six months, either generally or in respect of the Notes, unless such prohibition is reasonably expected by the Issuer and the Guarantor (acting together) to not occur prior to the Maturity Date; or

(E) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that such Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative; or

(F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable),

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraph (B) and (C) above, on the date of the cessation of publication of the relevant Reference Rate or the discontinuation of the relevant Reference Rate, as the case may be, (b) in the case of sub-paragraph (D) above, on the date of the prohibition or restriction of use of the relevant Reference Rate and (c) in the case of paragraph (E) above, on the date with effect from which the relevant Reference Rate will no longer be (or will be deemed to no longer be) representative and which is specified in the relevant public statement, and in each case, not the date of the relevant public statement.

"**Benchmark Amendments**" has the meaning given to it in Condition 7(j)(dd).

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer and the Guarantor (acting together) at their own expense under Condition 7(j).

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means the rate that the Independent Adviser (in consultation with the Issuer and the Guarantor (acting together)) or the Issuer and the Guarantor (acting together) (in the circumstances set out in Condition 7(j)(aa)) (as the case may be) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

8. **Zero Coupon Note Provisions**

(a) ***Application***: This Condition 8 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Late payment on Zero Coupon Notes***: If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (B) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Dual Currency Note Provisions**

(a) ***Application***: This Condition 9 is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Rate of Interest***: If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.

10. **Redemption and Purchase**

(a) ***Scheduled redemption***: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Conditions 11 (*Payments — Bearer Notes*) and 12 (*Payments — Registered Notes*).

(b) ***Redemption for tax reasons***: The Notes may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Pricing Supplement as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to (but not including) the date fixed for redemption, if:

(A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) or the Guarantee of the Notes, or the Guarantor has or will become obliged to make any such withholding or deduction as is referred to in Condition 14 (*Taxation*) or the Guarantee of the Notes, as the case may be, from any amount paid by it to the Issuer in order to enable the Issuer to make a payment or principal or interest in respect of the Notes, in either case as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, **however**, **that** no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this Condition 10(b), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent (1) a certificate signed by two directors of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (2) an opinion of independent legal advisers or other professional advisers, in each case of recognised standing, to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

The Fiscal Agent shall be entitled (but shall not be obliged) to accept and conclusively rely upon such certificate and opinion (without further investigation or query and without liability to the Noteholders or any other person) as sufficient evidence of the satisfaction of the conditions precedent set out in (A) or (B) above of this Condition 10(b), in which event the same shall be conclusive and binding on the Noteholders, and the Fiscal Agent shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying on such certificate or opinion.

(c) ***Redemption at the option of the Issuer***: If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued and unpaid interest (if any) to (but not including) such date).

(d) ***Partial redemption***: If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(e) ***Redemption at the option of Noteholders***: If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to (but not including) such date. In order to exercise the option contained in this Condition 10(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; **provided**, **however**, **that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

(f) ***Redemption for Change of Shareholding***: At any time following the occurrence of a Change of Shareholding, the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Change of Shareholding Put Date at their Early Redemption Amount (Change of Shareholding), together with accrued and unpaid interest (if any) up to, but excluding the Change of Shareholding Put Date. To exercise such right, the holder of the relevant Note must deposit at the specified office of any Paying Agent a duly completed Put Option Notice, together with the Note or the Note Certificate (in the case of Registered Notes) evidencing the Notes to be redeemed by not later than 30 days following a Change of Shareholding, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 21 (*Notices*). The "**Change of Shareholding Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

A Put Option Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Option Notices delivered as aforesaid on the Change of Shareholding Put Date.

The Issuer shall give notice to Noteholders in accordance with Condition 21 (*Notices*) and in writing to the Fiscal Agent by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Shareholding, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 10(f).

A "**Change of Shareholding**" occurs when BNM or the Government of Malaysia, either through the Minister of Finance (Incorporated) or any other ministry or Government agency or body ceases to be a shareholder, directly or indirectly, of the Guarantor's issued share capital.

(g) ***No other redemption***: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) to (f) above.

(h) ***Early redemption of Zero Coupon Notes***: Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 10(h) or, if none is so specified, a Day Count Fraction of 30/360.

(i) ***Purchase***: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price and such Notes may be held, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation (**provided that**, if the Notes are to be cancelled, they are purchased together with any unmatured Coupons and unexchanged Talons relating to them).

(j) ***Cancellation***: All Notes so redeemed or purchased and surrendered for cancellation, and any unmatured Coupons or unexchanged Talons attached to or surrendered with them shall be cancelled and all Notes so cancelled and any Notes cancelled pursuant to Condition 10(i) above (together with all unmatured Coupons and unexchanged Talons cancelled with them) may not be reissued or resold.

11. Payments — Bearer Notes

This Condition 11 is only applicable to Bearer Notes.

(a) ***Principal***: Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States (i) in the case of Bearer Notes that are not cleared through RENTAS and denominated in a currency other than Renminbi, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, (ii) in the case of Bearer Notes that are not cleared through RENTAS and denominated in Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency, and (iii) in the case of Bearer Notes that are cleared through RENTAS and denominated in any currency, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency.

(b) ***Interest***: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

(c) ***Payments in New York City***: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) ***Payments subject to fiscal laws***: All payments in respect of the Bearer Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 14 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons***: If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided**, **however**, **that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided**, **however**, **that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided**, **however**, **that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void***: If the relevant Pricing Supplement specifies that this Condition 11(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption at the option of the Issuer*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(f) (*Redemption for Change of Shareholding*) or Condition 15 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) ***Partial payments***: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 16 (*Prescription*). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12. **Payments — Registered Notes**

This Condition 12 is only applicable to Registered Notes.

(a) ***Principal***: Payments of principal shall be made (i) in the case of Registered Notes that are not cleared through RENTAS and denominated in a currency other than Renminbi, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, (ii) in the case of Registered Notes that are not cleared through RENTAS and denominated in Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency, and (iii) in the case of Registered Notes that are cleared through RENTAS and denominated in any currency, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency, and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) ***Interest***: Payments of interest shall be made (i) in the case of Registered Notes that are not cleared through RENTAS and denominated in a currency other than Renminbi, upon application by a Holder of a Registered Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, (ii) in the case of Registered Notes that are not cleared through RENTAS and denominated in Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency, and (iii) in the case of Registered Notes that are cleared through RENTAS and denominated in any currency, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency, and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) ***Payments subject to fiscal laws***: All payments in respect of the Registered Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation)* and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 14 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(d) ***Commissions or expenses***: No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(e) ***Payments on business days***: Payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent; and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.

(f) ***Partial payments***: If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(g) ***Record date***: Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office (in the case of Notes denominated in a Specified Currency other than Renminbi) on the fifteenth day before the due date for such payment or (in the case of Notes denominated in Renminbi) on the fifth day before the due date for such payment (the "**Record Date**").

13. **Payment of US Dollar Equivalent**

Notwithstanding anything in these Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in the relevant Renminbi Settlement Centre, the Issuer may, on giving not less than five or more than 30 calendar days' irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment in US dollars on the due date at the US Dollar Equivalent of any such Renminbi- denominated amount.

For the purposes of this Condition 13, "**US Dollar Equivalent**" means the Renminbi amount converted into US dollars using the Spot Rate for the relevant Determination Date.

For this purpose:

"**Determination Business Day**" means a day (other than a Saturday or Sunday or a public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in the relevant Renminbi Settlement Centre, London and in New York City;

"**Determination Date**" means the day which is two Determination Business Days before the due date for any payment of the relevant amount under these Conditions;

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the relevant Renminbi Settlement Centre;

"**Illiquidity**" means where the general Renminbi exchange market in the relevant Renminbi Settlement Centre becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers;

"**Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in the relevant Renminbi Settlement Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the pricing date of the relevant Series of Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside the relevant Renminbi Settlement Centre or from an account inside the relevant Renminbi Settlement Centre to an account outside the relevant Renminbi Settlement Centre or from an account outside the relevant Renminbi Settlement Centre to an account inside the relevant Renminbi Settlement Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the pricing date for the relevant Series of Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in the relevant Renminbi Settlement Centre; and

"**Spot Rate**" means the spot CNY/US dollar exchange rate for the purchase of US dollars with Renminbi in the over-the-counter Renminbi exchange market in the relevant Renminbi Settlement Centre for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/US dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 13 by the Calculation Agent, will (in the absence of wilful default or fraud) be binding on the Issuer, the Trustee, the Paying Agents and all Noteholders.

14. **Taxation**

(a) ***Gross up***: All payments of principal and interest in respect of the Notes, the Coupons or under the Guarantee of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Malaysia or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

(ii) where the relevant Note or Coupon is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon for payment on the last day of such period of 30 days.

(b) ***Taxing jurisdiction***: If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than or in addition to Malaysia, references in these Conditions to Malaysia shall be construed as references to Malaysia and/or such other jurisdiction.

Notwithstanding anything herein to the contrary, in no event will the Issuer or the Guarantor (or any successor of the Issuer or the Guarantor) pay any additional amounts in respect of any taxes, withholding or deduction imposed pursuant to the provisions of Sections 1471 through 1474 of the Code (including any successor provisions or amendments thereof), any current or future regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto.

Neither the Fiscal Agent nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 14 or otherwise in connection with the Notes or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Notes in connection with payment of such tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

15. Events of Default

If any of the following events occurs:

(a) ***Non payment***: the Issuer fails to pay any amount of principal or interest in respect of the Notes on the due date for payment thereof; or

(b) ***Breach of other obligations***: the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Deed of Covenant or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor; or

(c) ***Cross-default of Issuer, Guarantor or Principal Subsidiary***:

(i) any Indebtedness or Sukuk Obligation of the Issuer, the Guarantor or any Principal Subsidiary is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any Indebtedness or Sukuk Obligation of the Issuer, the Guarantor or any Principal Subsidiary becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Principal Subsidiary or any person entitled to such Indebtedness or Sukuk Obligation; or

(iii) the Issuer, the Guarantor or any Principal Subsidiary fails to pay when due any amount payable by it under any guarantee, or any indemnity, in respect of any Indebtedness or Sukuk Obligation;

and **provided that** the amount of Indebtedness or Sukuk Obligation referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.$25,000,000 (or its equivalent in any other currency or currencies); or

(d) ***Unsatisfied judgment***: one or more judgment(s) or order(s) is rendered against a material part of the property, assets or turnover of the Issuer, the Guarantor or any Principal Subsidiary and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) ***Security enforced***: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Principal Subsidiary and such possession or appointment continues for a period of 60 days after the date thereof; or

(f) ***Insolvency, etc.***: (i) the Issuer, the Guarantor or any Principal Subsidiary becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator of the Issuer, the Guarantor or any Principal Subsidiary or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Principal Subsidiary is appointed; or (iii) the Issuer, the Guarantor or any Principal Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or a substantial part of its Indebtedness or Sukuk Obligation or any guarantee of any Indebtedness or Sukuk Obligation given by it; or

(g) ***Winding up, etc.***: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any Principal Subsidiary (otherwise than, in the case of a Principal Subsidiary (but not including the Issuer if it is a Principal Subsidiary), (i) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent or (ii) as a result of disposal on arm's length terms or (iii) as approved by an Extraordinary Resolution of the Noteholders) or the Issuer, the Guarantor or any Principal Subsidiary ceases to carry on all or the substantial part of its business (otherwise than, in the case of a Principal Subsidiary (but not including the Issuer if it is a Principal Subsidiary), (x) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent or (y) as a result of disposal on arm's length terms or (z) as approved by an Extraordinary Resolution of the Noteholders); or

(h) ***Analogous event***: any event occurs which under the laws of Malaysia has an analogous effect to any of the events referred to in Conditions 15(d) (*Unsatisfied judgment*) to 15(g) (*Winding up, etc.*); or

(i) ***Failure to take action, etc.***: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Deed of Covenant and the Deed of Guarantee; (ii) to ensure that those obligations are legal, valid, binding and enforceable and; (iii) to make the Notes, the Coupons, the Deed of Covenant or the Deed of Guarantee admissible in evidence in the courts of England is not taken, fulfilled or done; or

(j) ***Unlawfulness***: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes, the Deed of Covenant or the Deed of Guarantee; or

(k) ***Government intervention***: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Principal Subsidiary is condemned, seized or otherwise appropriated by any Person acting under the authority of any national government; or (ii) the Issuer, the Guarantor or any Principal Subsidiary is prevented by any such Person from exercising normal control over all or any substantial part of its undertaking, assets and revenues; or

(l) ***Guarantee not in force***: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or

(m) ***Controlling shareholder***: the Issuer ceases to be a Subsidiary which is wholly-owned and controlled, directly or indirectly, by the Guarantor,

then any Noteholder may, by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, declare any Notes held by it to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued and unpaid interest (if any) without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders.

The Agents need not do anything to ascertain whether any event specified in Conditions 15(a) to (m) has occurred and will not be responsible to Noteholders or any other person for any loss arising from any failure by it to do so, and, unless and until the Agent otherwise has notice in writing to the contrary, the Agent may assume that (i) no such event has occurred and (ii) that the Issuer is performing all of its obligations under the Agency Agreement and the Conditions.

16. Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within (a) ten years in the case of principal and (b) five years in the case of interest, of the appropriate Relevant Date.

17. **Replacement of Notes and Coupons**

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer or any relevant Agent may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

18. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are set out in the Agency Agreement. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; **provided**, **however**, **that**:

(a) the Issuer and the Guarantor shall at all times maintain a fiscal agent and a registrar;

(b) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer and the Guarantor shall at all times maintain a Calculation Agent;

(c) the Issuer and the Guarantor shall at all times maintain a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU;

(d) the Issuer and the Guarantor shall at all times maintain a CDP Lodging and Paying Agent in relation to Notes accepted for clearance through CDP;

(e) the Issuer and the Guarantor shall at all times maintain a RENTAS Fiscal Agent in relation to Notes accepted for clearance through RENTAS; and

(f) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders.

19. **Meetings of Noteholders; Modification and Waiver**

(a) ***Meetings of Noteholders***: The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing more than 50 per cent. of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided**, **however**, **that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than 66 per cent. or, at any adjourned meeting, 33 per cent. of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

Any such meeting of the Noteholders and Couponholders may be convened at a physical location, or such other method (which may include, without limitation, a conference call or video conference) as the Issuer and the Guarantor (acting together) may determine in accordance with the provisions of the Agency Agreement.

In addition, a resolution in writing signed by or on behalf of Noteholders of not less than 90 per cent. of the aggregate principal amount outstanding will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The consent or approval of the Noteholders shall not be required in the case of amendments to these Conditions pursuant to Condition 7(j) (*Benchmark Discontinuation*) to vary the method or basis of calculating the Rate of Interest or the basis for calculating any Interest Amount in respect of the Notes or for any other variation of these Conditions and/or the Agency Agreement required to be made in the circumstances described in Condition 7(j) (*Benchmark Discontinuation*), where the requirements of Condition 7(j) (*Benchmark Discontinuation*) have been satisfied (including the provision of a certificate to the Fiscal Agent, where applicable).

(b) ***Modification***: The Notes, these Conditions, the Deed of Guarantee and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to modify any provision of a formal, minor or technical nature or to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Issuer and the Guarantor, not materially prejudicial to the interests of the Noteholders. The Agents shall not have any responsibility or liability whatsoever with respect to such determination made by the Issuer and the Guarantor.

20. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

21. **Notices**

(a) ***Bearer Notes***: Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper of general circulation in Asia. It is expected that any such publication in a newspaper will be made in the Asian Wall Street Journal. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) ***Registered Notes***: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Notes are represented by a Global Note or a RENTAS Global Bearer Certificate and such Global Note or RENTAS Global Bearer Certificate is (i) deposited with depositary or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system (other than CDP, the CMU and RENTAS, in respect of which see (ii), (iii) and (iv) below), notices to holders of Notes of that Series may be given by delivery of the relevant notice to Euroclear and/or Clearstream and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the holders of Notes of that Series on the date of delivery to Euroclear and/or Clearstream and/or any other relevant clearing system; (ii) deposited with CDP, notices to holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in the records of CDP on the second business day prior to the date of despatch of such notice; (iii) deposited with a sub-custodian for the CMU, notices to holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the HKMA on the business day prior to the date of despatch of such notice and any such notice shall be deemed to have been given to the holders of Notes of that Series on the second day after the day on which such notice is delivered to the persons shown in the relevant CMU Issue Position Report; or (iv) deposited with the RENTAS Depository, notices to holders of Notes of that Series may be given by delivery of the relevant notice to the RENTAS Depository and, in any case, such notices shall be deemed to have been given to the holders of Notes of that Series on the date of delivery to the RENTAS Depository.

So long as the Notes are represented by a Global Registered Note or a RENTAS Global Registered Certificate and such Global Registered Note or RENTAS Global Registered Certificate is (aa) held on behalf of Euroclear and/or Clearstream and/or any other relevant clearing system (other than CDP, the CMU and RENTAS, in respect of which see (bb), (cc) and (dd) below), notices to holders of Notes of that Series represented by the Global Registered Note may be given by delivery of the relevant notice to Euroclear and/or Clearstream and/or any other relevant clearing system; (bb) deposited with CDP, notices to holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in the records of CDP on the second business day prior to the date of despatch of such notice; (cc) deposited with a sub-custodian for the CMU, notices to holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the HKMA on the business day prior to the date of despatch of such notice and any such notice shall be deemed to have been given to the holders of Notes of that Series on the second day after the day on which such notice is delivered to the persons shown in the relevant CMU Issue Position Report; or (dd) deposited with the RENTAS Depository, notices to holders of Notes of that Series may be given by delivery of the relevant notice to the RENTAS Depository and, in any case, such notices shall be deemed to have been given to the holders of Notes of that Series on the date of delivery to the RENTAS Depository.

22. **Currency Indemnity**

If any sum due from the Issuer or the Guarantor in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer or the Guarantor (as the case may be); (b) obtaining an order or judgment in any court or other tribunal; or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer (failing which, the Guarantor) shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency; and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer or the Guarantor (as the case may be) and shall give rise to a separate and independent cause of action.

23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.); (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount; and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. **Governing Law and Jurisdiction**

(a) ***Governing law***: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.

(b) ***English courts***: The courts of England have non-exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with them) or the consequences of their nullity.

(c) ***Appropriate forum***: Each of the Issuer and the Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) ***Rights of the Noteholders to take proceedings outside England***: Condition 24(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 24 prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) ***Process agent***: Each of the Issuer and the Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those

Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at its registered office at Eighth Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer or the Guarantor, as the case may be, the Issuer or, as the case may be, the Guarantor shall, on the written demand of any Noteholder addressed and delivered to the Issuer or, as the case may be, the Guarantor or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer or, as the case may be, the Guarantor and delivered to the Issuer or, as the case may be, the Guarantor or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

(f) ***Waiver of immunity***: To the extent that the Issuer or the Guarantor has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (including any immunity from jurisdiction or from service of process or, except as provided below, from any execution to satisfy a final judgment or from attachment or in aid of such execution or otherwise) with respect to itself or any of its property, the Issuer and the Guarantor each irrevocably waives, to the fullest extent permitted under applicable law, any such right of immunity or claim thereto which may now or hereafter exist, and agrees not to assert any such right or claim in any action or proceeding against it arising out of or based on the Notes or the Guarantee of the Notes.

FORM OF PRICING SUPPLEMENT

The Pricing Supplement in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.

Pricing Supplement dated [●]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**EU Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the "**FSMA**") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[EU MIFID II product governance / Professional investors and ECPs only target market — Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the [Notes] has led to the conclusion that: (i) the target market for the [Notes] is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**EU MiFID II**")][EU MiFID II]; and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any [person subsequently offering, selling or recommending the [Notes] (a "**distributor**")] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MIFIR product governance / Professional investors and ECPs only target market — Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the [Notes] is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the [Notes] to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the [Notes] (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Singapore Securities and Futures Act Product Classification** — Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001, as amended or modified from time to time (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ["prescribed capital markets products"]/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).][1]

[**Malaysian Selling Restrictions/ Sophisticated investors and excluded offers or invitations only target market** — the Notes are not intended to be offered, and may not be offered for subscription or sale, or sold, transferred or otherwise disposed of, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to the persons, or other than in relation to an offer or invitation, falling within paragraph 1(a), (b) or (d) of Part I of Schedule 5 of the CMSA, Schedule 6 and Schedule 7 of the CMSA, read together with Schedule 9 (or Section 257(3)) of the "**CMSA**", at issuance, and after issuance, paragraph 1(a), (b) or (d) of Part I of Schedule 5 of the CMSA, Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA, subject to any law, order, regulation or official directive of Bank Negara Malaysia, the Securities Commission and/or any other regulatory authority from time to time. The issuance of, offer for subscription or purchase of or invitation to subscribe for the Notes would also fall within paragraph 12, Schedule 8 (or Section 257 (1)) of the CMSA, on the basis that the Programme has received an international rating of A3 from Moody's Investors Services Singapore Pte. Ltd.

In addition, no approval from the Labuan Financial Services Authority (the "**LFSA**") has been or will be obtained for the offering of the Notes on the basis that the offer to purchase or invitation to subscribe for the Notes will fall within the categories of excluded offers or invitations set out in section 8(5) of the Labuan Financial Services and Securities Act 2010 (the "**LFSSA**"). The Offering Circular has not been nor will it be registered with the LFSA on the basis that any offer to purchase or invitation to subscribe for the Notes will be an excluded offer or invitation for the purposes of the LFSSA.]

Cagamas Global P.L.C.
Issue of [●] [Title of Notes]
Guaranteed by
Cagamas Berhad
under the U.S.$2,500,000,000 Multicurrency Medium Term Note Programme
LEI Number: 254900XQZWVZ0ZR4O709

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [*original date*]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular dated [*current date*] [and the supplemental Offering Circular dated [*date*]] [,save in respect of the Conditions which are extracted from the Offering Circular dated [*original dat*e] and are attached hereto].

[1] For any Notes to be offered to Singapore investors, Issuer to provide product classification notification pursuant to Section 309B of the SFA prior to the launch of the offer.

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.*]

1.	(i)	Issuer:	Cagamas Global P.L.C.
	(ii)	Guarantor:	Cagamas Berhad
2.	[(i)	Series Number:]	[●]
	[(ii)	Tranche Number:]	[●]
	[(*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*.)]		
3.	Trade Date:		[●]
4.	Specified Currency or Currencies:[2]		[●]
5.	Aggregate Nominal Amount:		[●]
	[(i)]	[Series]:	[●]
	[(ii)	Tranche:	**[●]**]
6.	Issue Price:		**[●]** per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
7.	(i)	Specified Denominations[3, 4]:	[●]
	(ii)	Calculation Amount:	[●]
8.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
9.	Maturity Date:		[*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*][5]
10.	Interest Basis:		[**[●]** per cent. Fixed Rate]
			[[*Specify* reference rate] +/- **[●]** per cent. Floating Rate]
			[Zero Coupon]

2 This currency excludes Ringgit.

3 Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year, must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued to a limited class of professional investors.

4 If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000. In relation to any issue of Notes which are a "Global Note exchangeable for Definitive Notes" in circumstances other than "in the limited circumstances specified in the Global Notes", Notes may only be issued in denominations equal to, or greater than, €100,000 (or equivalent) and multiples thereof.

5 Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

		[Other (*Specify*)]
		(further particulars specified below)
11.	Redemption/Payment Basis:	[Redemption at par]
		[Dual Currency]
		[Instalment]
		[Other (*Specify*)]
12.	Change of Interest or Redemption/ Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis/Not Applicable*]
13.	Put/Call Options:	[Investor Put]
		[Issuer Call]
		[(further particulars specified below)]
14.	Listing:	[Labuan International Financial Exchange Inc./ Singapore Exchange Securities Trading Limited/ Other (specify)/None] (For Notes to be listed on the [*Singapore Exchange Securities Trading Limited*], *insert the expected effective listing date of the Notes*)

Provisions Relating to Interest (if any) Payable

15.	**Fixed Rate Note Provisions:**	[Applicable/Not Applicable]
		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	**[●]** per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
	(ii) Interest Payment Date(s):	**[●]** in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day*"]/not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	**[●]** per Calculation Amount[6]
	(iv) Broken Amount(s):	**[●]** per Calculation Amount, payable on the Interest Payment Date falling [in/on] **[●]**
	(v) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]

6 For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 in the case of Renminbi denominated Fixed Rate Notes to the nearest HK$0.01, HK$0.005 in the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards."

16.	**Floating Rate Note Provisions:**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Interest Period(s):	[●]
(ii)	Specified Period:	[●] *(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
(iii)	Specified Interest Payment Dates:	[●] *(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]
(v)	Additional Business Centre(s):	[Not Applicable/give details]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):	[*Name*] shall be the Calculation Agent
(viii)	Screen Rate Determination:	
	• Reference Rate:	[*For example, EURIBOR*]
	• Interest Determination Date(s):	[●]
	• Relevant Screen Page:	[*For example, Reuters EURIBOR 01*]
	• Relevant Time:	[*For example, 11.00 a.m. London time/Brussels time*]
	• Relevant Financial Centre:	[*For example, London/Euro-zone (where Euro-zone means the region comprising the countries whose lawful currency is the euro*]

(ix)	ISDA Determination:	[Applicable / Not Applicable]
		(*If not applicable, delete the remaining items of this subparagraph*)
		[(If applicable, and "2021 ISDA Definitions" is selected below, note that "Administrator/Benchmark Event", "Generic Fallbacks" and "Calculation Agent Alternative Rate Determination" are not workable in a notes context. Amendments will therefore need to be made to the Conditions which will require a [PR/UK PR] drawdown prospectus for the issue)]
•	ISDA Definitions:	[2006 ISDA Definitions]/[2021 ISDA Definitions]
•	Floating Rate Option:	[●]
		(*If "2021 ISDA Definitions" is selected, ensure that this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions)*)
•	Designated Maturity:	[●]/[Not Applicable]
		(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate)
•	Reset Date:	[●]
		(*In the case of a EURIBOR based option, the first day of the interest period*)
(x)	Margin(s):	[+/-][●] per cent. per annum
(xi)	Minimum Rate of Interest:	[●] per cent. per annum
(xii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiii)	Day Count Fraction:	[●]
(xiv)	Fall-back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]

17.	**Zero Coupon Note Provisions**:	[Applicable/Not Applicable]
		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Accrual Yield:	[●] per cent. per annum
(ii)	Reference Price:	[●]
(iii)	Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10(h)*]

18.	**Variable-linked interest note provisions**:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Formula/other variable:	[give or annex details]
	(ii) Calculation Agent responsible for calculating the interest due:	[●]
	(iii) Provisions for determining Coupon where calculated by reference to Formula and/or other variable:	[●]
	(iv) Interest Determination Date(s):	[●]
	(v) Provisions for determining Coupon where calculation by reference to Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
	(vi) Interest or calculation period(s):	[●]
	(vii) Specified Period:	[●] *(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
	(viii) Specified Interest Payment Dates:	[●] *(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
	(ix) Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
	(x) Additional Business Centre(s):	[●]
	(xi) Minimum Rate/Amount of Interest:	[●] per cent. per annum
	(xii) Maximum Rate/Amount of Interest:	[●] per cent. per annum
	(xiii) Day Count Fraction:	[●]

19. **Dual Currency Note Provisions**:	[Applicable/Not Applicable]
	(If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i) Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[●]
(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]
(iv) Person at whose option Specified Currency(ies) is/are payable:	[●]

Provision Relating to Redemption

20. **Call Option**:	[Applicable/Not Applicable]
	(If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i) Optional Redemption Date(s):	[●]
(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
(iii) If redeemable in part:	
(a) Minimum Redemption Amount:	[●] per Calculation Amount
(b) Maximum Redemption Amount:	[●] per Calculation Amount
(iv) Notice period:	[●]
21. **Put Option**:	[Applicable/Not Applicable]
	(If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i) Optional Redemption Date(s):	[●]
(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
(iii) Notice period:	[●]

22.	**Final Redemption Amount of each Note**:	[●] per Calculation Amount
	In cases where the Final Redemption Amount is variable-linked:	
	(i) Formula/variable:	[*give or annex details*]
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[●]
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Formula and/or other variable:	[●]
	(iv) Date for determining Final Redemption Amount where calculation by reference to Formula and/or other variable:	[●]
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
	(vi) [Payment Date]:	[●]
	(vii) Minimum Final Redemption Amount:	[●] per Calculation Amount
	(viii) Maximum Final Redemption Amount:	[●] per Calculation Amount
23.	**Early Redemption Amount**:	[Not Applicable
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons, on a change of control or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	*(If each of the Early Redemption Amount (Tax), the Early Redemption Amount (Change of Control) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax), the Early Redemption Amount (Change of Control) and/or the Early Termination Amount if different from the principal amount of the Notes)*]

General Provisions Applicable to the Notes

24.	**Form of Notes:**	**Bearer Notes:**
		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice[7]]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[RENTAS Global Bearer Certificate exchangeable for RENTAS Definitive Bearer Certificates in the limited circumstances specified in the RENTAS Global Bearer Certificate]

Registered Notes:

[Global Registered Note exchangeable for Individual Note Certificates in the limited circumstances described in the Global Registered Note]

[RENTAS Global Registered Certificates exchangeable for RENTAS Definitive Registered Certificates in the limited circumstances described in the RENTAS Global Registered Certificate]

25.	Additional Financial Centre(s), Renminbi Settlement Centre or other special provisions relating to payment dates:	[Not Applicable/give details. *Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 17(v) and 19(x) relate*]
26.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, *give details*]
27.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
28.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
29.	Consolidation provisions:	[The provisions in Condition 20 (*Further Issues*) [annexed to this Pricing Supplement] apply]
30.	Any applicable currency disruption/ fallback provisions:	[Not Applicable/*give details*]
31.	Other terms or special conditions:	[Not Applicable/*give details*]

Distribution

32.	Method of distribution:	[Syndicated/Non-syndicated]
33.	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/*give names*]

7 If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000", the Temporary Global Note shall not be exchangeable on [●] days' notice.

34.	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
35.	U.S. Selling Restrictions:	Reg. S Category [1/2] (*In the case of Bearer Notes*) — [TEFRA C/TEFRA D/ TEFRA not applicable] (*In the case of Registered Notes*) — Not Applicable
36.	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)
37.	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)
38.	Additional selling restrictions:	[Not Applicable/*give details*]
39.	Hong Kong SFC Code of Conduct:	
	(i) Rebates:	[A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable]
	(ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent:	[*Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent — OCs to provide*]/[Not Applicable]
	(iii) Marketing and Investor Targeting Strategy:	[*if different from the programme OC*]

Operational Information

40.	ISIN Code:	[●]
41.	Common Code:	[●]
42.	Any clearing system(s) other than Euroclear/Clearstream, the CMU, CDP and RENTAS and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
43.	CMU Issue Number:	[●]
44.	Delivery:	Delivery [against/free of] payment
45.	Additional Paying Agent(s) (if any):	[●]

General

46.	The aggregate principal amount of Notes issued has been translated into US dollars at the rate of [●], producing a sum of (for Notes not denominated in [US dollars]):	[Not Applicable/US$]
47.	[Ratings:	The Notes to be issued have been rated: [S&P: [●]] [Moody's: [●]] [Other:[●]] *(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*]

Use of Proceeds

[*Please specify*]

[Stabilising

In connection with this issue, [insert name of Stabilising Manager(s)] (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.]

Purpose of Pricing Supplement

[This Pricing Supplement comprises the final terms required for issue and admission to trading on [the SGX-ST] / [the LFX] of the Notes described herein pursuant to the U.S.$2,500,000,000 Multicurrency Medium Term Note Programme.]

Responsibility

The Labuan International Financial Exchange Inc (the LFX) assumes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Pricing Supplement. The admission of the Notes to the LFX is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Programme or the Notes.

The Singapore Exchange Securities Limited (the SGX-ST) assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Programme or the Notes.

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of Cagamas Global P.L.C.

By: ____________________________________
Duly authorised

Signed on behalf of Cagamas Berhad

By: ____________________________________
Duly authorised

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the bearer of the relevant Global Note which, for so long as the Global Note is deposited with CDP, and/or a common depositary for Euroclear, Clearstream and/or any other relevant clearing system, and/or a sub-custodian for the CMU, and/or the RENTAS Depository, will be that common depositary, depositary or sub-custodian, as the case may be.

In relation to any Tranche of Notes represented by a Global Registered Note or (in the case of Notes cleared through RENTAS) a RENTAS Global Registered Certificate, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the person in whose name such Global Registered Note or (in the case of Notes cleared through RENTAS) RENTAS Global Registered Certificate is for the time being registered in the Register which, for so long as the Global Registered Note or (in the case of Notes cleared through RENTAS) RENTAS Global Registered Certificate is deposited with CDP, and/or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system, and/or a sub-custodian for the CMU, and/or the RENTAS Depository will be that common depositary, or a nominee for such common depositary, or that sub-custodian, as the case may be.

Each of the persons shown in the records of CDP and/or RENTAS and/or Euroclear and/or Clearstream and/or any other relevant clearing system as being entitled to an interest in a Global Note, a Global Registered Note or a RENTAS Global Registered Certificate (each an "**Accountholder**") must look solely to CDP and/or RENTAS and/or Euroclear and/or Clearstream and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note, Global Registered Note or RENTAS Global Registered Certificate and in relation to all other rights arising under such Global Note, Global Registered Note or RENTAS Global Registered Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note, the Global Registered Note or the RENTAS Global Registered Certificate will be determined by the respective rules and procedures of Euroclear, Clearstream, CDP, RENTAS and any other relevant clearing system (as the case may be) from time to time. For so long as the relevant Notes are represented by a Global Note, a Global Registered Note or a RENTAS Global Registered Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note, Global Registered Note or RENTAS Global Registered Certificate. In addition, if a RENTAS Global Bearer Certificate or a RENTAS Global Registered Certificate is deposited with the RENTAS Depository, the CSDPAR and RENTAS Depository Procedures shall apply accordingly.

If a Global Note or a Global Registered Note is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Registered Note are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Issue Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or, in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Registered Note and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Registered Note are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Registered Note must look solely to the CMU

Lodging and Paying Agent for its share of each payment so made by the Issuer in respect of such Global Note or Global Registered Note.

Conditions applicable to Global Notes, Global Registered Notes and RENTAS Global Registered Certificates

Each Global Note, Global Registered Note and RENTAS Global Registered Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note, the Global Registered Note and the RENTAS Global Registered Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note, the Global Registered Note or the RENTAS Global Registered Certificate which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate (as defined in the Agency Agreement), RENTAS Note Certificate (as defined in the Agency Agreement) or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note, the Global Registered Note or the RENTAS Global Registered Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

Payment Business Day: In the case of a Global Note, a Global Registered Note or a RENTAS Global Registered Certificate, a Payment Business Day shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Registered Note or a RENTAS Global Registered Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Registered Note or the RENTAS Global Registered Certificate is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 10(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note, the bearer of the RENTAS Global Bearer Certificate, the holder of the Global Registered Note or the holder of the RENTAS Global Registered Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and Put Option Notice (as defined in the Terms and Conditions of the Notes), give written notice of such exercise to the Fiscal Agent, the CMU Lodging and Paying Agent, the CDP Lodging and Paying Agent or the RENTAS Fiscal Agent (as the case may be), specifying the principal amount of Notes in respect of which the Put Option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Exercise of change of shareholding put option: In order to exercise the option contained in Condition 10(f) (*Redemption for Change of Shareholding*), the bearer of the Permanent Global Note, the bearer of the RENTAS Global Bearer Certificate, the holder of the Global Registered Note or the holder of the RENTAS Global Registered Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and the Put Option Notice, give written notice of such exercise to the Fiscal Agent, the CMU Lodging and Paying Agent, the CDP Lodging and Paying Agent or the RENTAS Fiscal Agent (as the case may be) specifying the principal amount of Notes in respect of which the Put Option is being exercised. Any such notice shall be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes where such Notes are cleared through Euroclear and/or Clearstream, the CMU, CDP or RENTAS, (i) the Permanent Global Note or the RENTAS Global Bearer Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of the CMU, CDP, RENTAS or Euroclear and Clearstream (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in principal amount, at their discretion) (as the case may be), and (ii) the Notes represented by the Global Registered Note or the RENTAS Global Registered Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions.

Notices: Notwithstanding Condition 21 (*Notices*), while all the Notes are represented by (i) a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a RENTAS Global Bearer Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the RENTAS Global Bearer Certificate is, (a) deposited with a depositary or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system (other than CDP, the CMU and RENTAS, in respect of which see (b), (c) and (d) below), notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to Euroclear and/or Clearstream and/or any other relevant clearing system; (b) deposited with CDP, notices to Noteholders may be given by delivery of the relevant notice to the persons shown in the records of CDP on the second business day prior to the date of despatch of such notice; (c) deposited with a sub-custodian for the CMU, notices to Noteholders may be given by delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the HKMA on the business day prior to the date of despatch of such notice and any such notice shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the second day after the day on which such notice is delivered to the persons shown in the relevant CMU Issue Position Report; or (d) deposited with the RENTAS Depository, notices to Noteholders may be given by delivery of the relevant notice to the RENTAS Depository and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to the RENTAS Depository; and (ii) a Global Registered Note or a RENTAS Global Registered Certificate and the Global Registered Note is or the RENTAS Global Registered Certificate is, (aa) held on behalf of Euroclear and/or Clearstream and/or any other relevant clearing system (other than CDP, the CMU and RENTAS, in respect of which see (bb), (cc) and (dd) below), notices to Holders of Notes represented by the Global Registered Note may be given by delivery of the relevant notice to Euroclear and/or Clearstream Luxembourg and/or any other relevant clearing system; (bb) deposited with CDP, notices to Holders of Notes represented by the Global Registered Note may be given by delivery of the relevant notice to the persons shown in the records of CDP on the second business day prior to the date of despatch of such notice; (cc) deposited with a sub-custodian for the CMU, notices to Noteholders may be given by delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the HKMA on the business day prior to the date of despatch of such notice and any such notice shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the second day after the day on which such notice is delivered to the persons shown in the relevant CMU Issue Position Report; or (dd) deposited with the RENTAS Depository, notices to Noteholders may be given by delivery of the relevant notice to the RENTAS Depository and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to the RENTAS Depository.

CAPITALISATION OF THE CAGAMAS GROUP

As at 30 June 2022, the issued share capital of Cagamas was RM 150,000,000 divided into 150,000,000 ordinary shares. All of Cagamas' issued share capital comprises fully paid shares.

The following table sets forth the unaudited and unreviewed capitalisation and indebtedness amounts of Cagamas, Cagamas Global P.L.C. and Cagamas Global Sukuk Berhad (together, the "**Cagamas Group**") as at 30 June 2022. This table should be read in conjunction with the financial statements of the Cagamas Group and related notes appearing elsewhere in this Offering Circular.

	30 June 2022	
	(unaudited)	
	RM million	USD million*
Indebtedness		
Unsecured bearer bonds and notes[1]	16,982.7	3,852.3
Sukuk[2]	16,477.5	3,737.7
Short-term borrowings	622.9	141.3
Derivative financial instruments	9.6	2.2
Deferred taxation	160.7	36.5
Lease liability	12.6	2.9
Other liabilities	168.8	38.3
Total indebtedness	34,434.8	7,811.2
Capitalisation		
Share capital	150.0	34.0
Other reserves	4,021.2	912.1
Total capitalisation	4,171.2	946.1
Total capitalisation and indebtedness	38,606.0	8,757.3

* USD 1 = RM 4.4085 as at 30 June 2022 (Source: Bloomberg)

1 During the period between July 2022 and September 2022, the Cagamas Group has issued an additional RM 4,035.5 million in unsecured bearer bonds and notes as set out in the table below:

Unsecured bearer bonds and notes	Type	RM million
July 2022	CMTNs	1,400.0
August 2022	CMTNs	1,085.0
September 2022	CMTNs	100.0
September 2022	EMTNs	1,450.5
Total		4,035.5

2 During the period between July 2022 and September 2022, the Cagamas Group has issued an additional RM 1,085 million in Sukuk as set out in the table below:

Sukuk	Type	RM million
August 2022	IMTNs	525.0
September 2022	IMTNs	560.0
Total		1,085.0

(Source: FAST BNM and Bloomberg)

Except as otherwise disclosed herein, there has been no material change in the capitalisation and indebtedness of the Cagamas Group since 30 June 2022.

DESCRIPTION OF THE ISSUER

Cagamas Global P.L.C. (Company No. LL10563) was incorporated on 4 April 2014 in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990 with its registered office at Level 15(A1), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan FT, Malaysia. The Issuer is a special purpose company and has been formed for the purpose of participating in the transactions contemplated by the Transaction Documents.

The issued and paid-up capital of the Issuer is USD 2.00 and is held by Cagamas. The directors of the Issuer are set out below:

1. Datuk Chung Chee Leong

2. Abdul Hakim Amir Zainol

Please refer to the biography of Datuk Chung Chee Leong set out below in "*Directors and Senior Management — Board of Directors of Cagamas — Datuk Chung Chee Leong — Chief Executive Officer / President and Executive Director*".

Please refer to the biography of Abdul Hakim Amir Zainol set out below in "*Directors and Senior Management — Senior Management — Mr. Abdul Hakim Amir Zainol — Senior Vice President, Finance*".

The Issuer has not engaged since its incorporation, and will not engage, in any material activities other than those relating to or incidental to the issue of Notes and the matters contemplated in this Offering Circular and the Transaction Documents.

DESCRIPTION OF THE GUARANTOR

Overview

Cagamas, the National Mortgage Corporation of Malaysia, was incorporated in Malaysia on 2 December 1986, as a public limited company, and is deemed incorporated under the Malaysian Companies Act 2016. Cagamas has its registered office located at Level 32, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

Cagamas is the main operating company of a group of companies held by Cagamas Holdings. Incorporated in 2007, Cagamas Holdings is the holding company for Cagamas, Cagamas MBS Berhad ("**Cagamas MBS**"), Cagamas SME Berhad ("**Cagamas SME**"), BNM Sukuk Berhad ("**BNM Sukuk**"), Cagamas SRP Berhad ("**Cagamas SRP**") and Cagamas MGP Berhad ("**Cagamas MGP**") (together with Cagamas Holdings, the "**Cagamas Holdings Group**"). On the other hand, Cagamas is the holding company of the Issuer and Cagamas Global Sukuk Berhad ("**Cagamas Global Sukuk**"). Cagamas SME has been dormant since October 2012, Cagamas MGP's business has been undertaken by Cagamas SRP since 1 January 2014 and thereafter has been dormant and BNM Sukuk has been dormant since 1 September 2015.

Cagamas was established by BNM with the objectives of supporting the national agenda of increasing home ownership and promoting the development of Malaysia's capital markets. As part of its development, Cagamas has expanded the scope of its initial objectives to encompass the development and promotion of Islamic finance within Malaysia. Through the issuance of conventional and Islamic securities ("**Sukuk**"), Cagamas is able to fund the purchase of housing loans and house financings from Selling Institutions through its PWR and PWOR schemes. In purchasing housing loans and house financings, Cagamas is able to provide liquidity to financial institutions at a competitive cost, encouraging them to provide additional housing loans and house financings to new applicants at an affordable price and thus assist with the continued expansion of home ownership within Malaysia. The PWR scheme has been expanded to include other loans and financings such as hire purchase/leasing receivables, personal loans and financings, small and medium enterprise ("**SME**") loans and financings and infrastructure development loans and financings, while the PWOR scheme includes hire purchase and leasing debts. (see *Description of the Guarantor — Business Overview — Cagamas* for additional information).

In addition to its PWR and PWOR schemes, the Cagamas Holdings Group:

(a) provides guarantees to mortgage providers/financiers via Cagamas SRP under the mortgage guarantee programme including the GOM-initiated *Skim Rumah Pertamaku* or "My First Home Scheme" (the "**SRP**");

(b) offers risks and capital management solutions to financial institutions via subscription of subordinated debt issuance;

(c) purchases staff housing loans and house financings (both conventional and Islamic) from the GOM, funded through the issuance of residential mortgage-backed securities and Islamic mortgage-backed securities by Cagamas MBS; and

(d) provides loan and financing through its reverse mortgage programme, *Skim Saraan Bercagar*, that allows retired homeowners to convert their residential property into a source of fixed monthly income throughout their lifetime.

Since its incorporation in 1986 up to 30 June 2022, Cagamas has issued, in aggregate, RM 366.3 billion bonds and Sukuk out of a total of RM 376.5 billion of bonds and Sukuk issued by the Cagamas Holdings Group since October 1987 up to 30 June 2022. Cagamas is the second largest issuer of bonds and sukuk in Malaysia after the GOM as of 30 June 2022, based on cumulative total nominal value issued as calculated by Bond Pricing Agency Malaysia.

The Cagamas Group has received numerous awards as issuer of bonds and Sukuk, including Islamic Issuer of the Year — Quasi-Sovereign at the Asset Triple A Islamic Finance Awards 2022, Industry Leadership Award at the Asset Triple A Islamic Finance Awards 2022, Best Quasi-Sovereign Sukuk (1.5 billion Ringgit Triple-Tranche commodity Murabaha Sukuk) Award at the Asset Triple A Islamic Finance Awards 2022, GIFA Market Leadership Award (Islamic Securitisation) at the Global Islamic Finance Awards 2022.

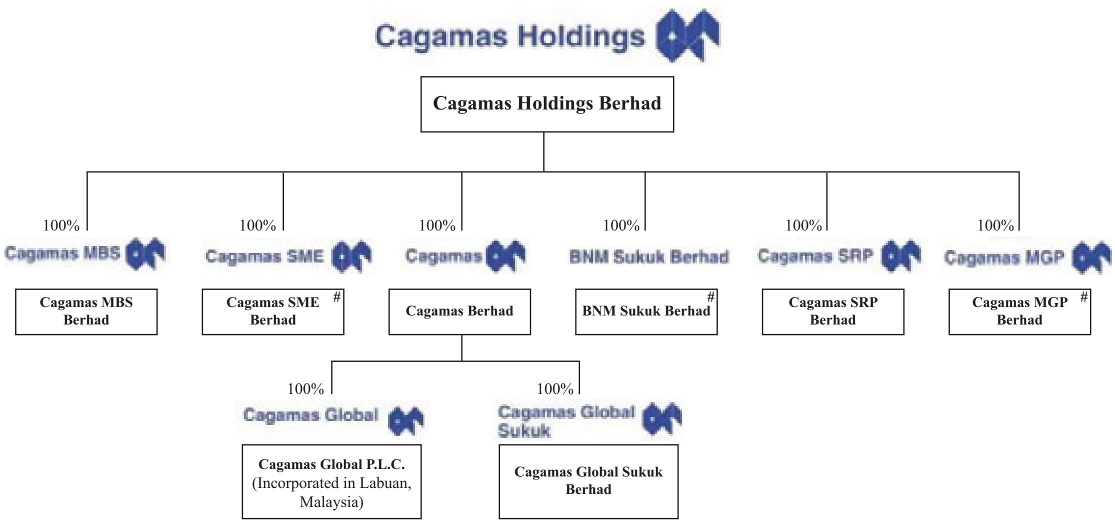
Islamic Issuer of the Year — Quasi-Sovereign at the Asset Triple A Islamic Finance Awards 2021, Best ASEAN Sustainability SRI Sukuk — Quasi-Sovereign (Best Deals by Country) 100 million Ringgit Sustainability SRI Commodity Murabahah Sukuk at the Asset Triple A Islamic Finance Awards 2021, Best ASEAN Sustainability SRI Sukuk — Quasi-Sovereign (Best in Sustainable Finance) 100 million Ringgit Sustainability SRI Commodity Murabahah Sukuk at the Asset Triple A Islamic Finance Awards 2021, GIFA Market Leadership Award (Islamic Securitzation) at the Global Islamic Finance Awards 2021, Top Issuance — Conventional at the BPAM Bond Market Awards 2021.

Top Traded Amount (Conventional) at the BPAM Bond Market Awards 2020, Islamic Issuer of the Year — Quasi-Sovereign at the Asset Triple A Islamic Finance Awards 2020, Best Quasi-Sovereign Sukuk 500 Million Ringgit Commodity Murabahah Sukuk at the Asset Triple A Islamic Finance Awards 2020, GIFA Excellence Award (Islamic Securitisation) at the Global Islamic Finance Awards 2020, GIFA Special Awards (Islamic Financial Advocacy) at the Global Islamic Finance Awards 2020.

In addition to the recent awards, the Cagamas Holdings Group has consistently been recognised as a pioneer within the Malaysian capital markets arena and beyond, having achieved prominence for being the first issuer to undertake several innovative transactions and structures. Such transactions include the first Tiger Emas Bond (a renminbi bond issuance from Malaysia) and the first by a mortgage corporation, the first and largest residential mortgage backed securities transaction in Malaysia with a value of RM 1.56 billion (2004), the first rated Sukuk Musharakah residential mortgage backed securities transaction in the world (2005), the largest debt programme in the ASEAN region with a programme limit of RM 60 billion (2007), the first Sukuk al-Amanah Li al-Istithmar transaction in the world (2010), Cagamas Global P.L.C. issuance of its inaugural USD bond with a benchmark issue size of USD 500 million (2014), the first ASEAN Sustainability SRI Sukuk for affordable housing (2020) and the issuance of the first floating rate bonds based on Malaysia overnight rate ("**MYOR**") reference (2022).

Cagamas Holdings Group Structure

The diagram below sets out the structure of the Cagamas Holdings Group of companies:



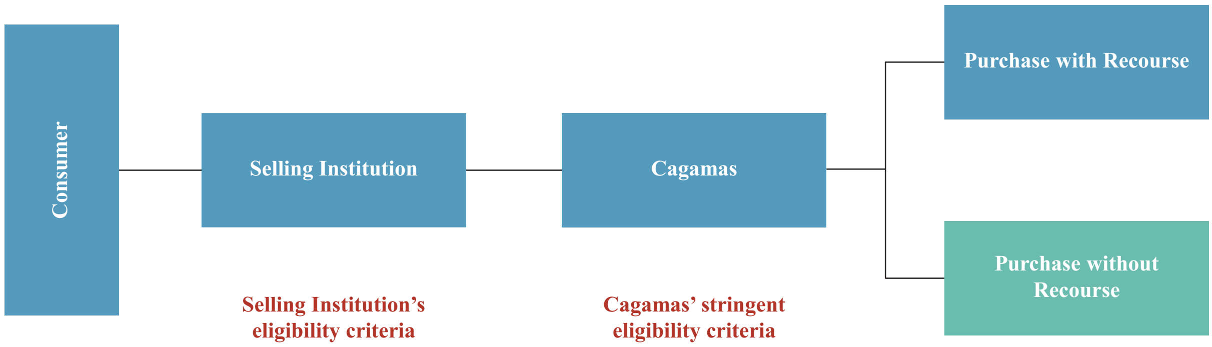
\# indicates a dormant company.

Key Strengths

Cagamas considers that its key strengths include the following:

Strategic Business Model

Cagamas' business model is unique in that Cagamas acts as a secondary mortgage market conduit for the Selling Institutions within Malaysia. The business model permits Cagamas to screen potential loans and financings with its own rigorous eligibility criteria in addition to those imposed by the Selling Institutions.



The above diagram illustrates Cagamas' strategic business model which comprises two sets of eligibility criteria for the loans and financings sold to Cagamas. First, the Selling Institution will have applied its own eligibility criteria in granting the loan or financing to the consumer, and second, Cagamas will have applied its own stringent eligibility criteria in determining that the loan or financing to be purchased from the Selling Institution is of sufficient quality to maintain the high quality of Cagamas assets. The eligibility criteria applied by Cagamas will depend upon the type of product being purchased, and whether the product is being purchased under the PWR scheme or PWOR scheme. The key criteria for individual products under each of the respective PWR and PWOR schemes can be found below in "*Business Overview — Cagamas*".

Strong Shareholding Structure

Cagamas is wholly owned by Cagamas Holdings. Cagamas Holdings benefits from a strong, stable shareholding structure, demonstrated by the infrequent disposals of shares by shareholders of Cagamas Holdings (which disposals were mainly as a result of the merger of two or more shareholders) since its incorporation in 2007. The largest shareholder of Cagamas Holdings is BNM with whom the Cagamas Holdings Group maintains close ties. The Chairmen of Cagamas Holdings and Cagamas are appointed by their respective Board of Directors, in consultation with BNM. Although the Cagamas Holdings Group operates independently of BNM, major strategic decisions are made in consultation with BNM. The remaining shareholders include major commercial and investment banks in Malaysia.

Systemically Important to the Domestic Financial System

Cagamas plays a systemically important role in the Malaysian domestic financial system, which is underscored by its dual function as a liquidity provider via the purchase of loans and financings from Selling Institutions and as a leading issuer of bonds and Sukuk. Since its incorporation up to 30 June 2022, Cagamas has issued conventional bonds and sukuk of RM 366.3 billion in nominal value in Malaysia. In addition, Cagamas provides credit and portfolio risk management as well as capital management solutions to Selling Institutions. Cagamas also acts as a conduit to remove systemic risk in the financial sector.

Due to its systemically important role, it is anticipated that Cagamas would continue to receive the support of its shareholders during periods of stress in the financial markets.

Robust Asset Quality and Solid Capitalisation

Cagamas imposes strict limits on counterparty exposures based on the credit rating assigned to such counterparties and has exposure limits based on the type of counterparty, type of asset and property type. Malaysian commercial banks account for the majority of its counterparty exposures and, as at 31 December 2021, 84 per cent. of Cagamas' counterparties under the PWR scheme carried at least AA domestic ratings and, as at 30 June 2022, 80 per cent. of Cagamas' counterparties under the PWR scheme carried at least AA domestic rating and, as at 30 June 2022, there had been zero impairment losses for PWR assets.

The ratio of PWOR loans and financings in Cagamas' portfolio that are 90 days past their due date was 0.61 per cent. as at 31 December 2020, 0.54 per cent. as at 31 December 2021, and 0.45 per cent. as at 30 June 2022. This figure is lower than the Malaysian banking system's gross impaired loan ratio of 1.6, 1.4 and 1.7 per cent. for 31 December 2020, 31 December 2021 and 30 June 2022 respectively (Source: BNM Monthly Highlights and Statistics).

As at 31 December 2021, Cagamas had RM 39.9 billion of total assets, of which RM 27.4 billion representing 69 per cent. of total assets was under the PWR scheme and RM 8.6 billion representing 22 per cent. of total assets was under the PWOR scheme. As at 30 June 2022, Cagamas had RM 38.6 billion of total assets, of which RM 25.0 billion representing 65 per cent. of total assets was under the PWR scheme and RM 8.1 billion representing 21 per cent. of total assets was under the PWOR scheme.

Strong Risk Management Framework

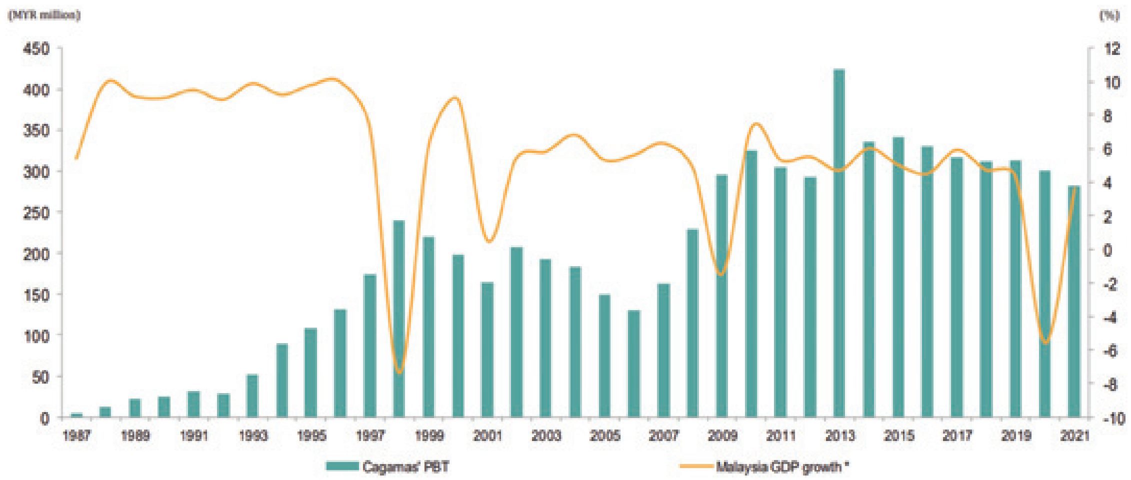
Cagamas has a well-defined risk management strategy based on the Cagamas Holdings Group's Enterprise Risk Management Framework dealing with the risks and opportunities affecting value creation and preservation within its business. This provides for three lines of defence in managing risks within Cagamas, starting with the applicable business unit providing the first line of defence, then an independent Risk Management and Compliance Division to assess exposures and co-ordination of risk management on an enterprise-wide basis and finally the Internal Audit Department which is responsible for independently reviewing the adequacy and effectiveness of risk management processes, the system of internal controls and compliance with risk policies.

In addition, Cagamas has put in place Product Development Guidelines for all new business products and variations to existing products; the business units are responsible for the development of new product ideas, which are approved by various internal committees such as the Management Executive Committee (the "**MEC**") and Board Risk Committee (the "**BRC**"), with final approval resting with the Board.

Sound and resilient financial position

Since its inception, Cagamas has consistently achieved strong and resilient profits throughout the economic cycles, demonstrating that its business is managed in a prudent and profitable manner. Cagamas has also maintained steady growth and stable profits over the years.

The graph below charts the steady growth of Cagamas profits from 1987 to 2021 against the growth for Malaysia's GDP for the same period.



Experienced management team with extensive industry experience

Cagamas has an experienced senior management team, which has on average more than 22 years' relevant industry experience. The senior management has an excellent track record, having managed and overseen the development of Cagamas into one of the most successful secondary mortgage liquidity facilities in the world, as recognised by the World Bank.

Strategy and Key Objectives

Cagamas commenced operations in 1987 with two distinct objectives: supporting the broader spread of home ownership within Malaysia by increasing liquidity and accessibility to long-term funds for mortgage originators at competitive prices; and spearheading the development of the local bonds and sukuk market by being a credible issuer of high quality securities. As part of its development, Cagamas has expanded the scope of its initial objectives to encompass the development and promotion of Islamic finance within Malaysia through the introduction of innovative products for liquidity and capital management purposes and established international bond and/or sukuk structures for foreign currency issuances to attract a larger pool of regional and international investors.

Cagamas aims to be a leader in the provision of financial support in Malaysia's efforts to meet the housing needs of Malaysians, to spearhead the development of the bond and sukuk market within Malaysia and to contribute towards the nation's sustainable and inclusive development.

Cagamas seeks to achieve these objectives by:

- developing the secondary mortgage market in Malaysia through the provision of innovative facilities and efficient service at a competitive cost to primary home lenders;

- enhancing the capital market, particularly the corporate bonds and sukuk market, through widening and deepening the scope of securitisation including issuance of sustainability bonds and/ or sukuk;

- continuing to support GOM's initiative such as the SRP or any other related initiatives to promote affordable home ownership in Malaysia;

- offering bespoke risk and capital management solutions in line with the company's objectives;

- embracing a culture of deploying sustainable initiatives;
- nurturing and maintaining a competent workforce of the highest integrity and professionalism;
- using technology to enhance productivity and efficiency;
- valuing its staff for their commitment and loyalty; and
- inculcating a caring and responsible corporate culture.

Cagamas' future plans for furthering its objectives are as follows:

- remaining committed to its mandate of helping Malaysians gain access to affordable, competitive and innovative house financing through the following:
  - continuing to support the GOM's initiative in promoting affordable homes via mortgage guarantee programme as well as provision of project financing to selected affordable housing developers; and
  - continuing to promote reverse mortgage product to provide alternative steady monthly cash pay out to retirees throughout their lifetime to supplement their retirement funds whilst maintaining the ability to age at home;
- continuing to undertake its primary role in the financial system to accelerate liquidity to the secondary mortgage market through the following:
  - enhancing its offerings to financial institutions including the new digital banks entrants through development of alternative liquidity and structured funding solutions as well as risk-transfer mechanism that are suited to meet individual institution needs and requirements; and
  - providing competitively priced funding, which is achieved through its diversification of funding sources and widening of its investor base;
- promoting the growth of affordable green homes in the country through development of standards or taxonomy for green home and home improvement financing together with relevant stakeholders and exploring more environmental, social and governance (ESG) related issuances.

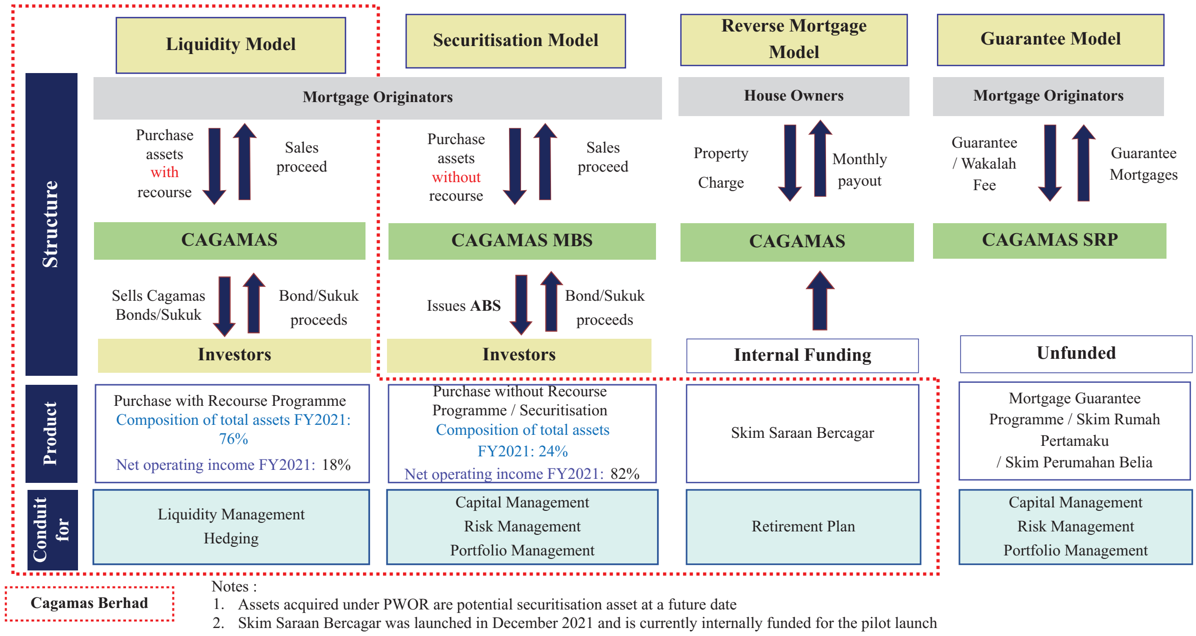
Business Overview

Cagamas is the main operating company of the Cagamas Holdings Group and is primarily engaged in the purchasing of loans and financings from Selling Institutions under the PWR and PWOR schemes. Both the PWR and PWOR schemes can be used to finance conventional housing loans, Islamic house financings, hire purchase and Islamic hire purchase and leasing receivables, while only the PWR scheme can be used to finance industrial property loans and financings, hire purchase/leasing, personal loans and financings, Rahn (collateral) receivables/financings, SME loans and financings and infrastructure development loans and financings. In addition to the two product lines offered by Cagamas, the Cagamas Holdings Group set up Cagamas MBS and Cagamas SME as special purpose companies to facilitate asset-securitisation transactions, the Issuer and Cagamas Global Sukuk Berhad to facilitate foreign currency funding programmes and BNM Sukuk to undertake the issuance of Sukuk on behalf of BNM.

The diagram set out below illustrates how the various schemes offered by the Cagamas Holdings Group operate.

Cagamas Business Model

Cagamas purchases loans and financing under 2 schemes — Purchase with Recourse and Purchase without Recourse



Notes :
1. Assets acquired under PWOR are potential securitisation asset at a future date
2. Skim Saraan Bercagar was launched in December 2021 and is currently internally funded for the pilot launch

Cagamas

Cagamas operates two schemes to purchase loans and financings from Selling Institutions: the PWR scheme and the PWOR scheme. The purchase of loans and financings is funded by the issue of bonds and sukuk by Cagamas in the bonds and sukuk markets. The purchase of loans and financings may also be funded by other funding mechanisms where Cagamas sees fit. All debt issued by Cagamas is unsecured and ranks *pari passu* amongst itself.

In the financial year ended 31 December 2021, Cagamas purchased new loans and financings amounting to RM 13.8 billion, an increase of RM 6.8 billion when compared to the financial year ended 31 December 2020.

For the six months ended 30 June 2022, Cagamas purchased new loans and financings amounting to RM 4.5 billion, a decrease of RM 0.5 billion when compared to the first half of 2021.

In 2021, there were no new purchases of loans and financing under the PWOR scheme. The run-down of loans and financing in the year resulted in total outstanding PWOR assets declining to RM 8.6 billion (2020: RM 9.5 billion). Although PWOR assets carry higher credit risk, they are considered to have good credit quality as PWOR assets are mainly repaid via non-discretionary salary deductions from employees of the government and government-related entities. The deduction at source mitigates delinquency risk and this is reflected in the historically low default rate for PWOR assets.

Cagamas' PWOR assets decreased by 10 per cent. to RM 8.1 billion as at 30 June 2022 as compared with RM 9.0 billion in the same period the previous year. There were no new purchases of loans and financing under the PWOR scheme for the first half of 2022.

Cagamas' PWR assets increased by 16 per cent. to RM 27.4 billion as at 31 December 2021 as compared with the previous year as higher purchases offset the run-down of loans and financing. In

2021, Cagamas purchased RM 13.8 billion worth of PWR assets as compared with RM 7.0 billion in 2020. PWR asset risk is limited to the counterparty risk of the originating financial institutions and corporates. Cagamas' strict eligibility criteria and stringent monitoring of exposures towards counterparties further mitigates the credit risk. As at 31 December 2021, about 84 per cent. of PWR assets were purchased from entities rated by RAM as AA and above.

Cagamas' PWR assets decreased by 9 per cent. to RM 25.0 billion as at 30 June 2022 as compared with the previous year as new purchases were not sufficient to replenish the matured assets and run-down of loans and financing. In the first half of 2022, Cagamas purchased RM 4.5 billion worth of PWR assets as compared with RM 5.0 billion in the same period in 2021. As at 30 June 2022, about 80 per cent. of PWR assets were purchased from entities rated by RAM as AA and above.

In the financial year ended 31 December 2021, Cagamas' net outstanding loans and financing rose moderately by 8 per cent. to RM 36.0 billion, an increase of RM 2.8 billion when compared with the financial year ended 31 December 2020. In the six months ended 30 June 2022, Cagamas' net outstanding loans and financing rose moderately by 0.3 per cent. to RM 33.1 billion, an increase of RM 0.1 billion when compared with the six months ended 30 June 2021.

Cagamas has no internal requirements to maintain a set proportion or ratio of PWR to PWOR assets. Cagamas operates the PWR and PWOR schemes independently; this allows Cagamas to react and issue in accordance with market demands.

PWR Scheme

Cagamas' PWR scheme was developed to assist Selling Institutions with liquidity and/or hedging requirements. PWR schemes can be used to finance various products, including housing loans and financings, hire purchase and leasing receivables, industrial property loans and financings, Rahn (collateral) receivables/financings, SME loans and financings and infrastructure development loans and financings. The PWR scheme comprises two sub-groups, one dealing with conventional loans ("**PWR**") and the other dealing with Islamic financings ("**Islamic PWR**").

As at 31 December 2021, outstanding PWR loans and financings held by Cagamas amounted to RM 27.4 billion, which was 76 per cent. of total outstanding loans and financings. As at 30 June 2022, outstanding PWR loans and financings held by Cagamas amounted to RM 25.0 billion, which was 75 per cent. of total outstanding loans and financings, a change of 1 per cent. since 31 December 2021.

PWR

Under the PWR scheme, stringent eligibility criteria must be satisfied before Cagamas purchases loans and financings from Selling Institutions. As such, Cagamas assumes the counterparty credit risk of the relevant Selling Institution. For the key criteria used by Cagamas in relation to each product purchased under the PWR scheme, please see the section setting out the individual PWR products below.

Funds obtained by the Selling Institutions from the sale of conventional housing loans and Islamic house financings to Cagamas are fully exempted from the statutory reserve and liquidity requirements but are not entitled to capital relief benefits. Funds obtained by the Selling Institutions from the sale of industrial property loans and financings and hire purchase and leasing debts/Islamic hire purchase and leasing facilities are also exempted from the liquidity requirements and a certain portion of such funds will be included in the eligible liabilities for the computation of the statutory reserve requirement but are not entitled to capital relief benefits. In utilising the PWR scheme, a Selling Institution is able to hedge its interest/profit rates risks, while gaining access to alternative funding to grow its asset base. With the availability of floating rate, fixed rate and convertible rate facilities, Selling Institutions are given additional flexibility to manage their interest/profit rates risks. For example, by selling their loans and financings to Cagamas under the fixed rate facility, the Selling Institutions would have a hedge against a rising interest/profit rates environment. Similarly, in a falling interest/profit rates environment, the Selling Institutions can sell their loans and financings under the floating rate facility.

A convertible rate facility (except for Islamic products) allows the Selling Institutions to convert fixed rate loans to floating rate loans or vice versa in view of changes in the interest rate environment during that period.

Under the PWR scheme, the loans and financings are purchased by Cagamas based on their book value (i.e. the principal balance outstanding on a date which is closest to the purchase date but not earlier than the end of the month preceding the purchase date) either at par or at a discount to its book value. Following such sale, the Selling Institution undertakes to conduct the Retained Functions (as defined below) at its own cost as a term of the sale. The scope of Retained Functions are set out in the relevant agreement selling the loans and financings to Cagamas and include tasks such as monitoring the performance of loans and financings sold to Cagamas, the collection of monthly instalments relating to the loans and financings (the "**Monthly Instalments**"), the remittance of the Cagamas instalment and any administrative duties and obligations arising in relation to the loans and financings (the "**Retained Functions**"). By undertaking the Retained Functions, each Selling Institution reduces the risk of Cagamas seeking recourse and/or indemnity from the Selling Institution. Cagamas will not purchase the loans and financings under the PWR scheme without the Selling Institutions undertaking the Retained Functions.

As a result of this arrangement, the duties undertaken by the Selling Institution are not deemed a service.

Following the sale of loans and financings to Cagamas under the PWR scheme, the Selling Institution remains responsible for any losses arising from defaults by the borrower/obligor, so that in the event the loans and financings sold to Cagamas fail any pre-determined Cagamas criteria and become ineligible, the Selling Institutions must offer new loans and financings to Cagamas of an equivalent value to replace the loans and financings sold which are then repurchased by the Selling Institutions during the contracted review period. At the end of the contracted review period (which coincides with the maturity date of the bonds and/or sukuk issued to fund the purchase of the relevant loan and financings), Cagamas will provide the Selling Institution with a new Cagamas rate to continue holding the loans and financings for a new term. The Selling Institution can then either sign up for a further contracted review period or elect to repurchase the loans and financings from Cagamas if they decide the new Cagamas rate is not reasonable.

Where Cagamas does not have credit limits for a Selling Institution, under the PWR scheme, the Selling Institution can utilise an intermediary financial institution for the onward sale of the loans and financings to Cagamas. A purchase facility will be entered into between the Selling Institution and the intermediary financial institution and a separate purchase facility, on identical terms, will be entered into between the intermediary financial institution and Cagamas.

As part of Cagamas' ongoing efforts to offer competitive pricing to the Selling Institutions, it offers to purchase the loans and financings sold on a cost-plus basis in addition to the published rates. The cost-plus pricing is computed by Cagamas based on the effective cost of funds (i.e. Cagamas debts and/or other similar securities issued to fund the purchases) plus Cagamas' margin. This pricing approach may enable the Selling Institutions to enjoy lower rates as compared with the published Cagamas rates.

To assist Selling Institutions in meeting their credit requirements, Cagamas offers the Selling Institutions alternatives to cash settlement for the sale of loans and financings. On the purchase date, the relevant Selling Institution can choose to settle the purchase consideration by receiving debt and/or other similar securities issued by Cagamas, or by nominating such debts and/or other similar securities issued by Cagamas to be delivered to such other party chosen by the Selling Institution and approved by Cagamas, or partly in cash and partly by way of an issuance of Cagamas debt and/or other similar securities. As a result, the Selling Institutions have the option to sell their loans and financings to Cagamas without having to endure negative carry in an excess liquidity environment by receiving debt and/or other similar securities issued by Cagamas to fund such purchases instead of cash. In addition to the periodic remittance of principal and interest/profit by the Selling Institutions on the loans and financings sold to Cagamas with recourse, by way of the Cagamas instalment, the Selling Institution can now choose to remit only the interest/profit throughout the contracted review period with remittance of the principal by bullet payment on the review date.

As part of Cagamas' sustainability journey, Cagamas has established a sustainability bond/sukuk framework ("**Cagamas Sustainability Bond/Sukuk Framework**") in 2019 to purchase loans, assets and financings related to environmental and/or social impact projects via PWR, in line with the country's aspirations of transitioning to a more environmentally and socially friendly economy. The purchase of loans, assets and financings would be funded via the issuance of sustainability bonds and sukuk. The Cagamas Sustainability Bond/Sukuk Framework was updated on 18 June 2020. Up to 31 October 2022, Cagamas had issued a total of RM 2.49 billion sustainability-related bonds and sukuk to fund loans, assets and financings related to environmental and/or social impact projects.

Key PWR products and their individual criteria for purchase by Cagamas

In the event that the PWR/Islamic PWR loans/financing are related to sustainability, the PWR/Islamic PWR loans/financing must satisfy the sustainability eligibility criteria under the Cagamas Sustainability Bond/Sukuk Framework in addition to the core eligibility criteria.

PWR Housing Loans

Under the PWR scheme, Cagamas purchases conventional housing loans ("**PWR Housing Loans**") granted to borrowers for the purchase of residential houses by Selling Institutions. In order for PWR Housing Loans to be eligible for sale by the Selling Institution to Cagamas, they must each satisfy the following core eligibility criteria:

- the PWR Housing Loans must be secured by a first charge or assignment of rights over the secured property;
- the purpose of the PWR Housing Loans must be for the financing or refinancing of the purchase, construction or renovation of residential properties;
- the PWR Housing Loans must be fully disbursed;
- the monthly instalment of the PWR Housing Loans must not be more than one month in arrears at the time of the proposed sale of the PWR Housing Loans to Cagamas;
- the PWR Housing Loans must not expire before the end of the agreed contracted review period; and
- all other eligibility criteria contained in Cagamas' product guide, as updated from time to time (the "**Cagamas Guide**") (Mortgage/Housing) must be satisfied.

PWR Hire Purchase and Leasing Debts

Under the PWR scheme, Selling Institutions who are supervised by BNM are eligible to sell their hire purchase and leasing debts ("**PWR HPL Debts**") to Cagamas. The following core eligibility criteria must be satisfied in order for a PWR HPL Debt to be eligible for sale to Cagamas:

- the PWR HPL Debt must be in relation to the hire purchase, sale on credit terms or the leasing of equipment;
- the PWR HPL Debt must be fully disbursed;

- the PWR HPL Debt must be an amortising debt;
- the monthly instalment of the PWR HPL Debt must not be more than one month in arrears at the time of the proposed sale;
- the PWR HPL Debt must not expire before the end of the agreed contracted review period;
- each PWR HPL Debt must, disregarding any unearned finance charges, have a book balance not exceeding RM 2 million; and
- all other eligibility criteria contained in the Cagamas Guide (PWR HPL Debts) must be satisfied.

PWR Industrial Property Loans

Under the PWR scheme, Cagamas purchases loans which have been granted for the purpose of financing or refinancing the purchase, construction or renovation of factories, warehouses or industrial complexes ("**Industrial Property Loans**") in the same manner it purchases PWR Housing Loans. The following core eligibility criteria must be satisfied in order for an Industrial Property Loan to be eligible for sale to Cagamas:

- the purpose of the Industrial Property Loan must be for the financing or refinancing of the purchase, construction or renovation of industrial properties;
- the Industrial Property Loan must be fully disbursed;
- the monthly instalment of the Industrial Property Loan must not be more than one month in arrears at the time of the proposed sale;
- each Industrial Property Loan, disregarding any unearned interest, must have a book balance not exceeding RM 20 million;
- the Industrial Property Loan must be secured by a first ranking charge over the secured property or an assignment of rights over the secured property; and
- all other eligibility criteria contained in the Cagamas Guide (Commercial and Industrial Property Loans) must be satisfied.

PWR Personal Loans

Under the PWR scheme, Cagamas purchases conventional personal loans ("**PWR Personal Loans**") granted for the purpose of personal consumption. The following core eligibility criteria must be satisfied in order for a PWR Personal Loan to be eligible for sale to Cagamas:

- the PWR Personal Loan must have arisen pursuant to an agreement entered into between the borrower and the Selling Institution or the vendor from whom the Selling Institution has purchased the personal loan;
- the PWR Personal Loan must be fully disbursed;
- the monthly instalment of the PWR Personal Loan must not be more than one month in arrears at the time of the proposed sale of the personal loan to Cagamas;

- the PWR Personal Loan must not expire before the end of the agreed contracted review period; and
- all other eligibility criteria contained in the Cagamas Guide (Personal Loans) must be satisfied.

PWR SME Loans

Under the PWR scheme, Cagamas purchases SME loans ("**SME Loans**") where the borrower is identified as an SME granted under PWR HPL Debts and Industrial Property Loans. The SME Loans must fulfil the following additional criteria in order to be eligible for sale to Cagamas:

- the SME Loans under PWR HPL Debts and Industrial Property Loans should not be in arrears at the time of sale in respect of principal and/or interest margin;
- the SME Loans under PWR HPL Debts and Industrial Property Loans must have been paid at least six monthly instalments as at the purchase date;
- the SME Loans under Industrial Property Loans is an amortising loan;
- the SME Loans under Industrial Property Loans should at the time of sale, have a book balance less unearned interest, if any, not exceeding RM 10 million; and
- all other eligibility criteria contained in the Cagamas Guide (PWR HPL Debts and Commercial and Industrial Property Loans) must be satisfied.

PWR Infrastructure Loans

Under the PWR scheme, Cagamas purchases infrastructure loans ("**Infrastructure Loans**") granted for the education, healthcare and utilities facilities. The following core eligibility criteria must be satisfied in order to be eligible for sale to Cagamas:

- the Infrastructure Loans must be fully disbursed and amortised;
- the maximum project size of Infrastructure Loans is up to RM 500 million each;
- the properties under the Infrastructure Loans must be fully completed and lease rental have commenced with at least one month payment made;
- the Infrastructure Loans should at the time of sale, have a remaining life which expires on or after the review date; and
- all other eligibility criteria contained in the Cagamas Guide (Infrastructure Loans) must be satisfied.

Islamic PWR

Under the Islamic PWR scheme, Cagamas purchases Islamic facilities from Islamic financial institutions ("**IFIs**"), financial institutions ("**FIs**"), the Government or selected corporations based on the same principles as the conventional PWR scheme with the exception of certain amendments which need to be made in order to make the scheme suitable for Islamic financings. Pursuant to carrying out the Retained Functions, any money collected by the Selling Institution from sold financings on behalf of or belonging and/or payable to Cagamas is held on trust for Cagamas. Cagamas undertakes Wa'd to give Hibah by way of deduction and retention by the Selling Institution of an amount equal to the net difference in value (if any) between the Monthly Instalment received from customers and the Cagamas instalment provided that the Selling Institution continues to carry out the Retained Functions.

Under this scheme, Cagamas purchases debt-based financings using cash or commodities (i.e. the *Shariah* principles of Bai' al-Dayn (debt trading) and Bai' al-Dayn al-Sila'ii (exchange of debts with commodities) and it purchases asset based financings (such as Al-Ijarah Thumma Al-Bai' (lease to purchase) or Musharakah Mutanaqisah (diminishing partnership)) in the form of cash alone (i.e. the *Shariah* principles of Bai' al-A'yaan (asset trading)). For Rahn (collateral) receivables/financings, Cagamas purchases the receivables using cash under the *Shariah* principle of Hiwalah (transfer of debt).

Islamic PWR House Financing

Cagamas purchases Islamic house financings ("**IHF**") from IFIs under Bai' al-Dayn al-Sila'ii (exchange of debts with commodities) or Bai' al-Dayn (debts trading) and also purchases Islamic house financing assets from IFIs under Bai' al-A'yaan (asset trading). The following core eligibility criteria must be satisfied in order for an IHF to be eligible for sale to Cagamas:

- the IHF must be conducted under approved *Shariah* principles;
- the purpose of the IHF must be for the financing or refinancing of the purchase, construction or renovation of residential properties;
- the IHF must be fully disbursed;
- the monthly instalment of the IHF must not be more than one month in arrears at the time of the proposed sale of the Islamic PWR House Financings to Cagamas;
- the IHF must not expire before the end of the agreed contracted review period;
- the IHF must have a profit rate greater than Cagamas' required rate of return (not applicable for floating rate and purchase at a discount to its book value);
- the IHF must be secured by a first charge or assignment of rights over the secured property; and
- the IHF must comply with any other criteria contained in the Cagamas Guide (Islamic House Financing).

Islamic PWR Hire Purchase/Leasing

Under the PWR scheme, Cagamas purchases Islamic hire purchase/Islamic leasing ("**IHP/Islamic Leasing**") from IFIs under Bai' al-Dayn al-Sila'ii (exchange of debts with commodities) or Bai' al-Dayn (debts trading) and purchases Islamic hire purchase assets from IFIs under Bai' al-A'yaan (asset trading). The following core eligibility criteria must be satisfied in order for an IHP/Islamic Leasing to be eligible for sale to Cagamas:

- the IHP/Islamic Leasing must be conducted under approved *Shariah* principles;
- the IHP/Islamic Leasing must be fully disbursed;
- the monthly instalment of the IHP/Islamic Leasing must be no more than one month in arrears at the time of sale;

- the IHP/Islamic Leasing must not expire before the end of the agreed contracted review period;

- the IHP/Islamic Leasing must have a book balance (less unearned profit, if any) not exceeding RM 2 million per facility;

- the IHP/Islamic Leasing must have an effective rate greater than Cagamas' required rate of return (not applicable for floating rate and purchase at a discount to its book value); and

- the IHP/Islamic Leasing must comply with any other criteria contained in the Cagamas Guide (Islamic Hire Purchase/Islamic Leasing).

Islamic PWR Industrial Property Financings

Under the PWR scheme, Cagamas purchases financings which have been granted for the purpose of financing or refinancing the purchase, construction or renovation of factories, warehouses or industrial complexes ("**Industrial Property Financings**") in the same manner as it purchases Islamic house financings. The following core eligibility criteria must be satisfied in order for the Industrial Property Financings to be eligible for sale to Cagamas:

- the purpose of the Industrial Property Financings must be for the financing or refinancing of the purchase, construction or renovation of industrial properties;

- the Industrial Property Financings must be fully disbursed;

- the monthly instalment of the Industrial Property Financings must not be more than one month in arrears at the time of the proposed sale;

- each Industrial Property Financing, disregarding any unearned profit, must have a book balance not exceeding RM 20 million;

- the Industrial Property Financings must be secured by a first ranking charge over the secured property or an assignment of rights over the secured property; and

- all other eligibility criteria contained in the Cagamas Guide (Islamic Commercial and Industrial Property Financings) must be satisfied.

Islamic PWR Personal Financing

Under the PWR scheme, Cagamas purchases Islamic personal financing ("**IPF**") from IFIs under Bai' al-Dayn al-Sila'ii (exchange of debts with commodities) or Bai' al-Dayn (debts trading). The following core eligibility criteria must be satisfied in order for an IPF to be eligible for sale to Cagamas:

- the IPF must be conducted under approved *Shariah* principles;

- the IPF must be fully disbursed;

- the monthly instalment of the IPF must not be more than one month in arrears at the time of sale;

- the IPF must not expire before the end of the agreed contracted review period;

- the IPF must have an effective rate greater than Cagamas' required rate of return (not applicable for floating rate and purchase at a discount to its book value); and

- the IPF must comply with any other criteria contained in the Cagamas Guide (Islamic Personal Financing).

Islamic PWR Rahn receivables/financings

Under the PWR scheme, Cagamas purchases Rahn receivables/financings ("**RF**") from IFIs or selected corporations under the *Shariah* principle of Hiwalah (transfer of debt). The following core eligibility criteria must be satisfied in order for an RF to be eligible for sale to Cagamas:

- the RF must be conducted under approved *Shariah* principles;
- the RF must be fully disbursed;
- the RF must be placed with gold as collateral and must have been valued in accordance with the IFI's approved guidelines and policies;
- the RF accounts must not (a) be closed, terminated or frozen; (b) be written off; (c) be assigned, pledged or transferred to any other parties at the time of sale; and
- the RF must comply with any other criteria contained in the Cagamas Guide (Rahn Financing).

Islamic PWR SME Financings

Under the PWR scheme, Cagamas purchases SME financings ("**SME Financings**") where the customer is identified as an SME granted under IHP/Islamic Leasing and Industrial Property Financings. The following additional criteria must be satisfied in order to be eligible for sale to Cagamas:

- the SME Financings under IHP/Islamic Leasing and Industrial Property Financings should not be in arrears at the time of sale in respect of principal and/or profit margin;
- the SME Financings under IHP/Islamic Leasing and Industrial Property Financings must have been paid at least six monthly instalments as at the purchase date;
- the SME Financings under Industrial Property Financings is an amortising financing;
- the SME Financings under Industrial Property Financings should at the time of sale, have a book balance less unearned profit, if any, not exceeding RM 10 million; and
- all other eligibility criteria contained in the Cagamas Guide (Islamic Hire Purchase/Islamic Leasing and Islamic Commercial and Industrial Property Financings) must be satisfied.

Islamic PWR Infrastructure Financings

Under the PWR scheme, Cagamas purchases infrastructure financings ("**Infrastructure Financings**") granted for the education, healthcare and utilities facilities. The following core eligibility criteria must be satisfied in order to be eligible for sale to Cagamas:

- the Infrastructure Financings must be fully disbursed and amortised;
- the maximum project size of Infrastructure Financings is up to RM 500 million each;
- the properties under the Infrastructure Financings must be fully completed and lease rental have commenced with at least one month payment made;
- the Infrastructure Financings should at the time of sale, have a remaining life which expires on or after the review date; and

- all other eligibility criteria contained in the Cagamas Guide (Islamic Infrastructure Facilities) must be satisfied.

PWOR Scheme

Selling Institutions that seek capital, risk and/or portfolio management solutions may seek to participate in Cagamas' PWOR scheme. The PWOR scheme encompasses housing loans and house financings (both conventional and Islamic) and hire purchase and leasing receivables (both conventional and Islamic). The PWOR scheme comprises two sub-groups, one dealing with conventional financing ("**PWOR**") and one dealing with Islamic financing ("**Islamic PWOR**").

As at 31 December 2021, outstanding PWOR assets held by Cagamas amounted to RM 8.6 billion, which constituted 24 per cent. of total outstanding loans and financings. As at 30 June 2022, outstanding PWOR assets held by Cagamas amounted to RM 8.1 billion, which constituted 25 per cent. of total outstanding loans and financings, a change of 1 per cent. since 31 December 2021.

PWOR

Under the PWOR scheme, stringent eligibility criteria must be satisfied before Cagamas purchases loans and financings from Selling Institutions on a without recourse basis. The Selling Institution receives proceeds from the sale of loans and financings up-front and, post-sale, Cagamas does not have any recourse to the Selling Institution but takes on the credit risk of the underlying borrower/obligor. These loans and financings are purchased based on their book value (i.e. the principal outstanding on a date which is closest to the purchase date but not earlier than the end of the month preceding the purchase date). The valuation of each loan and financing can be at a premium, discount or par and this allows the Selling Institution to secure its profit upfront from the sale to Cagamas. Due to the increased risk profile of PWOR purchases, the eligibility criteria are far more stringent than those used for the purchase of similar asset classes under the PWR scheme. The eligibility criteria used by Cagamas in relation to housing loans and financings and hire purchase products under the PWOR scheme are set out in the relevant section below.

Following the sale, the relevant Selling Institution is appointed as the servicer/trustee for a fee, to administer the loans and financings on behalf of Cagamas. The Selling Institutions are required to remit the instalments paid by the borrower/obligor on the remittance date. Similar to the PWR scheme, Cagamas offers the Selling Institutions a variety of options in relation to the settlement of the purchase consideration, which include cash settlement, settlement by way of an issuance of debt and/or other similar securities by Cagamas to the Selling Institutions, or to such other party as may be nominated by the Selling Institutions and approved by Cagamas, or partly in cash and partly by way of an issuance of debt and/or other similar securities by Cagamas.

Regulatory treatment of a PWOR sale transaction allows for complete off-balance sheet treatment for the Selling Institution such that the Selling Institution will show a reduction in assets on its balance sheet. In addition, the Selling Institution will benefit from full capital relief on the sales proceeds received from Cagamas. Such treatment allows the Selling Institution to better manage its portfolio of concentration risk, as the Selling Institution is released from all outstanding credit risk for the loans and financings sold to Cagamas under the PWOR scheme and the Selling Institution will also benefit from a steady income stream in the form of regular payments of the servicer fee. A standardised product structure and legal documentation are some of the key features which allow the expedient completion of transactions under the PWOR scheme.

Key PWOR products and their individual criteria for purchase by Cagamas

PWOR Housing Loans

In order for a PWOR housing loan ("**PWOR Housing Loan**") to be purchased by Cagamas under the PWOR scheme, the following criteria must be satisfied:

- the PWOR Housing Loan must be secured by a first charge or assignment of rights over the secured property;

- the PWOR Housing Loan must be for the purchase of a completed residential unit or for the construction or renovation of a residential unit;

- the PWOR Housing Loan must be repayable/payable in Ringgit;

- the maturity date of the PWOR Housing Loan must not be: (a) less than five years; or (b) more than 30 years, from the proposed date of purchase by Cagamas;

- in the 12 months prior to the proposed date of purchase by Cagamas, the repayment of interest/ payment of profit or principal under the PWOR Housing Loan must not have been suspended, rescheduled or restructured;

- the monthly instalment payable under the PWOR Housing Loan must be greater than 110 per cent. of the interest/profit portion of the monthly instalment;

- the loan/financings-to-value ratio should be no more than 80 per cent. (i.e. the outstanding principal payable under the relevant loan and financings as at the date of purchase divided by the property value (defined as the lower of the price under the agreement for the purchase of the mortgaged property or the current market valuation of the mortgaged property (which valuation has not been made more than a year ago)));

- where the PWOR Housing Loan has been provided in relation to leasehold land, the remaining tenure of the lease must not be less than 20 years on the proposed date of sale to Cagamas; and

- all other eligibility criteria in relation to PWOR Housing Loans provided in the Cagamas Guide (PWOR Housing Loan) must be satisfied.

PWOR Hire Purchase and Leasing Debts

In order for hire purchase and leasing debts to be purchased by Cagamas under the PWOR scheme ("**PWOR HPL Debts**"), the following criteria must be satisfied:

- the PWOR HPL Debt must be taken in relation to private and non-commercial passenger car(s) only;

- the age of the car/equipment of the PWOR HPL Debt must not be more than seven years prior to the proposed date of sale to Cagamas;

- the initial amount financed under the PWOR HPL Debt must not exceed RM 400,000;

- the original margin of finance must not be more that 80 per cent. of the purchase price or market value;

- the maturity date of the PWOR HPL Debt must not be less than six months from the proposed date of sale of the PWOR HPL Debt to Cagamas;

- the monthly instalment payable under the PWOR HPL Debt must be greater than 110 per cent. of the interest/profit portion of the monthly instalment; and

- all other eligibility criteria in relation to PWOR HPL Debts provided in the Cagamas Guide (PWOR HPL Debts) must be satisfied.

Islamic PWOR

Under the Islamic PWOR scheme, Cagamas purchases Islamic facilities from IFIs, the Government or selected corporations based on the same principles as the conventional PWOR scheme with the exception of certain amendments which need to be made in order to make the scheme suitable for Islamic financing. Under the Islamic PWOR scheme, Cagamas appoints a Selling Institution as its agent and pays the Selling Institution a servicer fee for continuing to carry out services on its behalf. Under this scheme, Cagamas purchases debt-based financings using cash or commodities (i.e. the *Shariah* principles of Bai' al-Dayn (debt trading) and Bai' al-Dayn al-Sila'ii (exchange of debts with commodities) and it purchases asset based financings (such as Al-Ijarah Thumma Al-Bai (lease to purchase) or Musharakah Mutanaqisah (diminishing partnership)) in the form of cash alone (i.e. the *Shariah* principles of Bai' al-A'yaan (asset trading)). The minimum eligibility criteria for products under the Islamic PWOR scheme is the same as the eligibility criteria adopted for the PWOR scheme. Products purchased under the Islamic PWOR scheme are also subject to any *Shariah* principles that need to be complied with.

In addition to the above product lines offered by Cagamas, the Cagamas Group has expanded its range of products through the introduction of the Mortgage Guarantee Programme ("**MGP**"), the SRP and *Skim Perumahan Belia* or "Youth Housing Scheme" ("**SPB**") which are offered by Cagamas SRP and the purchase of GOM staff housing loans and house financings funded through the issue of residential mortgage-backed securities by Cagamas MBS.

In 2021, Cagamas has extended its business to the following:

Capital Management Solution (CMS)

CMS is designed to provide capital support to FIs and Development Financial Institutions ("**DFIs**") under the purview of the Financial Services Act 2013 and the Development Financial Institutions Act 2002 respectively. Within Cagamas' approved parameters, Cagamas will subscribe for debt securities issued by FIs/DFIs which comply with BNM's capital adequacy framework and may consider funding the purchase of such debt securities via issuance of bonds or other funding avenues.

Skim Saraan Bercagar (SSB)

SSB, a reverse mortgage loan scheme, was launched by the former Finance Minister, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz in December 2021. Through the scheme, retirees can continue staying in their family home whilst receiving a monthly payout from Cagamas without repayment during their lifetime. Retired homeowners can use the monthly payout amount for any purpose, such as medical-related expenses and other necessities to make their retirement years more comfortable.

The reverse mortgage loan only requires settlement upon the demise of the borrower or last surviving joint borrower where the property, which was charged to Cagamas at the onset, will be sold to settle the outstanding loan amount and any residual balance will be paid to their estate.

In 2022, Cagamas has extended its business to the following:

Skim Saraan Bercagar Islamik (SSB-i)

Cagamas introduced *Skim Saraan Bercagar Islamik* ("**SSB-i**"), a global-first Islamic reverse mortgage financing for senior citizen homeowners, which is aimed to help them fund their retirement in compliance with *Shariah* principles. The introduction of SSB-i offers an alternative for senior homeowners who prefer a *Shariah* compliant financing solution.

SSB-i is an Islamic reverse mortgage financing facility which allows retirees aged 55 and above, to leverage against the value of their fully paid homes and convert it into a steady monthly cash payout to supplement their retirement funds up to the age of 120 years, without sacrificing home ownership.

SSB-i is a sale-based commodity transaction, structured under the *Shariah* principle of Murabahah (via Tawarruq arrangement).

Bonds and Sukuk issued by the Cagamas Group

The Cagamas Group issues bonds and sukuk to finance the purchase of housing loans and house financings as well as other consumer receivables for both conventional loans and Islamic financing. For the year ended 31 December 2021, the Cagamas Group had issued RM 368.9 billion worth of bonds and sukuk, comprising RM 73.3 billion of sukuk and RM 295.6 billion of bonds for the year 2021, an increase of RM 19.2 billion when compared to 2020. For the six months ended 30 June 2022, the Cagamas Group had issued RM 376.5 billion worth of bonds and sukuk, comprising RM 76.9 billion of sukuk and RM 299.6 billion of bonds for the first half of 2022, an increase of RM 18.6 billion when compared to the same period in 2021. The Cagamas Holdings Group has contributed and continues to contribute to the depth and breadth of Malaysian bond and sukuk markets by being one of the largest bond and sukuk issuers as of 30 June 2022 and structuring innovative products, such as the first and largest residential mortgage backed securities transaction in Malaysia with a value of RM 1.56 billion in 2004, the first rated Sukuk Musharakah residential mortgage backed securities transaction in the world in 2005, the largest debt programme in the ASEAN region with a programme limit of RM 60 billion in 2007, the first Sukuk al-Amanah Li al-Istithmar transaction in the world in 2010 and the issuance of the first floating rate bonds based on MYOR in 2022. Below is a description of the existing securities issued by Cagamas.

Bonds issued by Cagamas

Bonds are typically issued under Cagamas' RM 20 billion Islamic/Conventional Commercial Paper programme (the "**RM 20 billion ICP/CCP Programme**") and the RM 60 billion Islamic/Conventional Medium Term Notes programme (the "**RM 60 billion IMTN/CMTN Programme**"). The instruments issued under the programmes are as follows:

*Fixed Rate Medium Term Notes ("**MTNs**")*

MTNs issued by Cagamas have tenures of at least one year and carry a fixed coupon rate which is determined at the point of issuance. Interest on these MTNs is normally paid at half-yearly intervals. The redemption of the MTNs is at nominal value together with the interest due upon maturity.

*Floating Rate Notes ("**FRNs**")*

FRNs issued by Cagamas have an adjustable interest rate pegged to the Kuala Lumpur Interbank Offered Rate ("**KLIBOR**"), MYOR or such other reference benchmark rate which is determined at the point of issuance, or any other dates as agreed by the parties. Interest on these FRNs is paid at three or six-monthly intervals. The redemption of the FRNs is at face value together with the interest due upon maturity.

*Commercial Paper ("**CPs**")*

CPs are short-term instruments with maturities of between one to 12 months and may be issued with or without coupon. The CPs issued with coupon may be issued at par, at a premium or at a discount to its nominal value, whereas the CPs issued without coupon shall be issued at a discount to its nominal value.

Where permitted by the respective trust deeds, Cagamas may at any time purchase its debt securities and the repurchased debt securities shall be cancelled according to the requirements of the trust deeds.

Bonds issued by the Cagamas Group

Notes issued under the USD 2.5 billion Multicurrency Medium Term Note Programme (the "***Programme***") *("**EMTN Notes**")*

The Issuer may from time to time issue EMTN Notes denominated in any currency (other than RM) which are unconditionally and irrevocably guaranteed by Cagamas.

The tenure of each series of EMTN Notes under the Programme shall be determined prior to each issuance, subject to such minimum and maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws and regulations applicable to the Issuer, Cagamas or the relevant specified currency. The EMTN Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or any other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant series of EMTN Notes issued.

The Issuer, Cagamas or any of their respective subsidiaries may at any time purchase the EMTN Notes in the open market or otherwise and at any price and such EMTN Notes may be held, resold or, at the option of the Issuer, surrendered to any paying agent for cancellation.

The following table sets out the outstanding bonds and sukuk of the Cagamas Group as at 30 June 2022.

Outstanding Cagamas Bonds°	**As at 30 June 2022**
	(RM million)*
Instrument issued by Cagamas	
Fixed Rate Medium Term Notes	13,875
Floating Rate Notes	880
Instrument guaranteed by Cagamas	
Conventional Multicurrency Bonds	
SGD notes	926
USD notes	1,122
Total	16,803

° As at 30 June 2022, the Issuer has issued SGD 1,457 million (equivalent to RM 4,619 million with SGD 1: RM 3.1702) in unsecured bearer bonds and notes and Cagamas Global Sukuk Berhad has issued USD 1,376 million (equivalent to RM 6,066 million with USD 1: RM 4.4085) in unsecured bearer bonds and notes (Source: Bloomberg)

* USD 1 = RM 4.4085, SGD 1 = RM 3.1702 (Source: Bloomberg)

Sukuk issued by Cagamas

Cagamas issues sukuk via its existing RM 20 billion ICP/CCP Programme and RM 60 billion IMTN/CMTN Programme. The instruments issued under the programmes are as follows:

*Islamic Fixed Rate Medium Term Notes ("**IMTNs**")*

IMTNs issued by Cagamas have tenures of at least one year and carry a profit which is determined at the point of issuance. Profit on the Sukuk is paid at half-yearly intervals. The redemption of the IMTNs is at nominal value together with profit due on maturity.

*Variable Rate Sukuk ("**VRNs**")*

VRNs are Sukuk that have tenures of more than one year and variable profit rates pegged to the KLIBOR, Malaysia Islamic Overnight Rate (MYOR-i) or such other reference benchmark rate which is determined at the point of issuance or any other dates as agreed by the parties. Profit is paid at three or six-monthly intervals. At maturity, the face value of the Sukuk is redeemed with any outstanding profit amounts due on maturity.

*Islamic Commercial Papers ("**ICPs**")*

ICPs are short term Islamic instruments issued by Cagamas with maturities ranging from one to 12 months and may be issued with or without periodic distribution/periodic payment. The ICPs issued with periodic distribution/periodic payment may be issued at par, at a premium or at a discount to its nominal value, whereas the ICPs issued without periodic distribution/periodic payment shall be issued at a discount to its nominal value.

Cagamas may issue IMTNs based on but not limited to the following *Shariah* principles:

- Murabahah (via a Tawarruq arrangement);
- Ijarah;
- Mudharabah;
- Musharakah; and
- Wakalah Bil Istithmar.

Cagamas may issue ICPs under the following *Shariah* principles:

- Murabahah (via a Tawarruq arrangement);
- Ijarah; and
- Wakalah Bil Istithmar.

Where permitted by the respective trust deeds, Cagamas may at any time purchase its Sukuk from the open market and the repurchased Sukuk shall be cancelled according to the requirements of the trust deeds.

Sukuk issued by the Cagamas Group

Sukuk issued under the USD 2.5 billion Multicurrency Sukuk Issuance Programme (the "***Multicurrency Sukuk Programme***") ("***Multicurrency Sukuk***")

Cagamas Global Sukuk may from time to time issue Multicurrency Sukuk denominated in any currency (other than RM). The Multicurrency Sukuk represent Cagamas' direct, unsubordinated and unsecured obligations and will rank *pari passu* with Cagamas' existing and future unsecured and unsubordinated obligations.

The tenure of each series of Multicurrency Sukuk under the Multicurrency Sukuk Programme shall be determined prior to each issuance, subject to such minimum and maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws and regulations applicable to Cagamas Global Sukuk, Cagamas or the relevant specified currency. The Multicurrency Sukuk will be issued 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 Multicurrency Sukuk issued.

Cagamas Global Sukuk, Cagamas or any of their respective subsidiaries may at any time purchase the Multicurrency Sukuk in the open market or otherwise and at any price and such Multicurrency Sukuk may be held, resold or, at the option of Cagamas, surrendered to the registrar for cancellation.

The following table sets out the outstanding Sukuk of the Cagamas Group as at 30 June 2022

Outstanding Cagamas Sukuk°	**As at 30 June 2022**
	(RM million)
Instrument	
Islamic Fixed Rate Medium Term Notes	16,365
Instrument issued by the Cagamas Group	
Multicurrency Sukuk	—
Total	16,365

° As at 30 June 2022, Cagamas Global Suuk has issued SGD 363 million (equivalent to RM 1,148 million with SGD 1: RM 3.1702) in Multicurrency Sukuk (Source: Bloomberg)

The other Cagamas Holdings Group companies

Cagamas Global Sukuk

Cagamas Global Sukuk was incorporated on 5 May 2014 for the purpose of establishing the Multicurrency Sukuk Programme. Cagamas Global Sukuk conducted its inaugural Sukuk issue on 25 September 2015.

Cagamas MBS

Cagamas MBS was incorporated on 8 June 2004 for the purpose of purchasing staff housing loans and house financings from the GOM and the issuance of residential mortgage-backed securities and Islamic residential mortgage-backed securities to finance the purchases.

Since its incorporation up to 30 June 2022, the Cagamas Holdings Group had issued RM 10.2 billion of residential mortgage backed securities ("**RMBS**") and Islamic residential mortgage backed securities ("**IRMBS**").

BNM Sukuk

BNM Sukuk was incorporated on 18 January 2006 for the purpose of undertaking the issuance of Islamic investment securities, namely BSI and BSM based on *Shariah* principles of Ijarah (leasing) and Murabahah (cost-plus sale). Issuances of BSI are used to facilitate the financing of BNM activities, namely the purchase of the beneficial interest in land and buildings from BNM and, thereafter to lease back the same land and buildings to BNM for a contractual period similar in tenure to the BSI. Issuances of BSM are based on a Murabahah contract which refers to a mark-up sale transaction. BSM is essentially a certificate of indebtedness arising from a deferred mark-up sale transaction to BNM of an asset, such as a commodity (mainly crude palm oil), which complies with *Shariah* principles.

BNM Sukuk has been dormant since 1 September 2015.

Cagamas SRP

Cagamas SRP was incorporated on 7 January 2011 to undertake the guarantee of residential mortgages under the *Skim Rumah Pertamaku* or "My First Home Scheme" (the "**SRP**") announced by the GOM in the 2011 Malaysian Budget. The SRP was launched in March 2011 to assist Malaysian first time home buyers to purchase a home in Malaysia. The scheme is only eligible to first time home buyers earning not more than RM 10,000 per month and allows the applicants to purchase a house without the usual deposit requirement of 10 per cent. Cagamas SRP guarantees the first 10 to 20 per cent. of a mortgage to a mortgage provider on a "first-loss" basis, in which case the guarantee fee is borne by the GOM. SRP applies to both conventional housing loans and Islamic house financings. The guarantee will only take effect on a full disbursement by a mortgage provider. Further, the guarantee will lapse upon the occurrence of any outstanding principal balance falling below 90 per cent., or following the applicant's non-compliance with any representation, warranty and eligibility criteria, or the payment of a claim amount.

In addition to providing the SRP, since 1 January 2014, the business operations of Cagamas MGP have also been transferred to Cagamas SRP.

Prior to 1 January 2014, Cagamas MGP was responsible for providing financial institutions with a mortgage guarantee facility for their conventional and Islamic mortgage finance portfolio on a "first loss" basis, whilst allowing the mortgage assets to remain on the mortgage provider's books. This scheme is now provided by Cagamas SRP. The scheme acts as a portfolio and risk management solution allowing financial institutions to improve their risk weighted capital ratio by reducing the mortgage provider's credit risk on a mortgage loan/financing portfolio, whilst continuing to maintain asset growth and provide affordable mortgage loans and financings to homebuyers. Accordingly, the provision of MGP by Cagamas SRP assists in strengthening the banking sector by removing systemic risk from the sector.

The guarantees provided to financial institutions under the SRP and MGP schemes are aimed at encouraging mortgage providers to lend to deserving applicants, as the transfer of credit risk helps facilitate the management of portfolios. This is intended to further enhance the objective of the Cagamas Holdings Group to promote home ownership in Malaysia.

In 2015, Cagamas SRP undertook the guarantee of residential mortgages under the SPB as announced by the GOM in the 2014 Malaysian Budget. The SPB was discontinued by the Government in September 2020 and Cagamas SRP is running down its existing contingent liabilities accordingly. The provision of guarantees under both the SRP and the SPB are similar to that previously offered by Cagamas MGP to financial institutions.

Cagamas MGP

Cagamas MGP was incorporated on 14 April 2008 to provide financial institutions with mortgage guarantee facilities for their conventional and Islamic mortgage finance portfolios. Cagamas MGP also provided a mortgage indemnity scheme and other form of credit protection.

Cagamas MGP was originally named Cagamas HKMC Berhad and was set up as a joint venture with the Hong Kong Mortgage Corporation Limited. Cagamas HKMC Berhad became a wholly owned subsidiary of Cagamas Holdings on 20 December 2012.

Cagamas MGP transferred its mortgage guarantee and mortgage indemnity business to Cagamas SRP with effect from 1 January 2014.

Cagamas MGP has been dormant since 1 January 2014.

Cagamas SME

Cagamas SME was incorporated on 17 February 2006 to undertake the purchase of SME loans and/or structured product transactions via cash or synthetic securitisations or a combination of both and the issuance of bonds to finance the purchases. Cagamas SME also entered into credit default swap transactions with financial institutions as counterparty, and issued fixed-rate credit linked notes in a synthetic securitisation transaction.

Cagamas SME has been dormant since 10 October 2012.

Employees

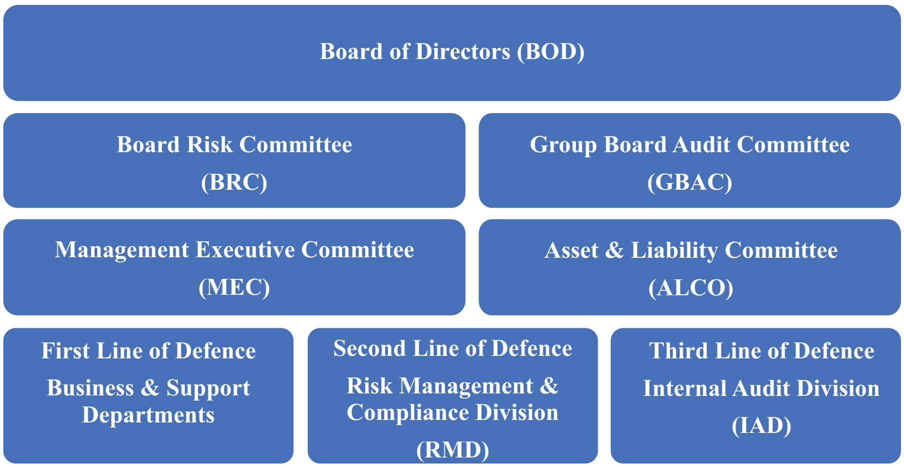
As at 30 June 2022, Cagamas has approximately 104 employees (the "**Employees**") and no ongoing labour disputes. The Employees are not affiliated to any trade unions.

Risk Management

Enterprise Risk Management Framework

Cagamas takes a holistic and enterprise-wide view in managing risk. Cagamas' Board of Directors (the "**Board**") approved the Enterprise Management Framework ("**ERM**") which details the scopes of responsibility and accountability of the Board, the BRC, the President/Chief Executive Officer ("**CEO**"), the Chief Risk Officer ("**CRO**"), the MEC, the Asset Liability Committee ("**ALCO**"), the Risk Management and Compliance Division ("**RMD**"), the Internal Audit Division ("**IAD**") and Cagamas employees.

In line with the ERM Framework, Cagamas employs three lines of defence when managing risk as illustrated in the diagram below.



The business units within Cagamas are the first line of defence, and have the primary responsibility of identifying, mitigating and managing risks within their line of business. They also ensure that their day-to-day activities are conducted in line with established risk policies and procedures, and that no limits are exceeded.

An independent RMD acts as Cagamas' second line of defence by providing specialised resources to proactively manage risks. This includes assessment of risk exposures and the coordination of risk management on an enterprise-wide basis. The RMD is also responsible for ensuring that risk policies are implemented accordingly.

The IAD is Cagamas' third line of defence and is responsible for independently reviewing the adequacy and effectiveness of risk management processes, the system of internal controls and compliance with risk policies.

Risk Governance Structure

The Board sets the overall strategic direction for Cagamas. It provides ultimate oversight to ensure that management has set up appropriate risk management systems to manage risks associated with Cagamas' operations and activities. The Board sets the risk appetite and tolerance level to be consistent with Cagamas' overall business objectives and desired risk profile. The Board also reviews and approves all significant risk management policies and risk exposures.

The BRC assists the Board by ensuring that there is effective oversight and development of strategies, policies and infrastructure to manage Cagamas' risks. The BRC is supported by a management committee addressing one or more of the key risks identified.

The MEC and ALCO, which comprise senior management of the Cagamas Holdings Group, are chaired by the CEO and undertake the oversight function for capital allocation and overall risk limits, aligning them to the risk appetite set by the Board. Management is responsible for the implementation of the policies laid down by the Board by ensuring that there are adequate and effective operational procedures, internal controls and systems.

The RMD is independent of other departments involved in risk-taking activities and reports directly to the BRC. It is responsible for identifying, measuring, analysing, controlling, monitoring and reporting risk exposures independently and coordinating the management of risk on an enterprise-wide basis.

Key Areas of Risk Management

Strategic Risk Management

Strategic risk within the Cagamas Holdings Group is the risk of not achieving its corporate strategy goals which reflect the Cagamas Holdings Group's vision. This may be caused by internal factors such as performance planning, execution and monitoring, and external factors such as market environment.

Strategic risk management is addressed by the Board's involvement in the setting of the Cagamas Holdings Group's strategic goals. The Board is regularly updated on matters affecting corporate strategy implementation and corporate transactions.

Credit Risk Management

Credit risk is defined as the potential for financial loss resulting from the failure of a borrower or counterparty to fulfil its financial or contractual obligations. Credit risk within the Cagamas Holdings Group arises from its PWR and PWOR business, mortgage guarantee programme, capital management solution, investments and treasury hedging activities.

The primary objective of credit risk management is to proactively manage risk and credit limits to ensure that all exposures to credit risk are kept within parameters approved by the Board to withstand potential losses. Investment activities are guided by internal credit policies and guidelines that are approved by the Board. Specific procedures for managing credit risks are determined at business levels based on risk environment and business goals.

Market and Liquidity Risk Management

Market risk is defined as the potential loss arising from movements of market prices and rates. Within Cagamas, market risk exposure is limited to interest rate risk and foreign exchange risk as Cagamas does not engage in any equity or commodity trading activities. Involvement in the purchase and sale of commodities is solely to facilitate the issuance of sukuk. Interest rate risk is minimal as trading is prohibited. Foreign exchange risk arising from the issuance of foreign currency denominated bonds is largely hedged. Liquidity risk arises when Cagamas does not have sufficient funds to meet its financial obligations when they fall due.

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, Cagamas also adheres to a match-funding policy where all asset purchases are funded by bonds of closely matched size as well as duration and are self-sufficient in terms of cashflow. A forward-looking liquidity mechanism is in place to promote efficient and effective cashflow management while avoiding excessive concentrations of funding. 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. Reserve liquidity which comprises marketable debt securities is also set aside to meet any unexpected shortfall in cash flow or adverse economic conditions in the financial market.

As a Real Time Electronic Transfer of Funds and Securities (RENTAS) member, Cagamas is eligible to use the RM Intraday credit facility granted by BNM. This facility is to ensure sufficient liquidity in the system to effect settlement on a timely basis. Cagamas is required to collateralise adequate eligible securities to the central bank to cover any drawdown made under the RM Intraday credit facility. Security granted for each drawdown will be released by the central bank upon Cagamas funding its account to satisfy the amount drawndown under the RM Intraday credit facility.

Operational Risk Management

Operational risk is the potential loss resulting from inadequate or failed internal processes, people and systems, or from external events. Each business/support unit undertakes self-assessment of the risk and control environment to identify, assess and manage its operational risks. Cagamas has established comprehensive internal controls, systems and procedures that are subject to regular review by both internal and external auditors. Business continuity plans are in place to minimise unexpected disruption and reduce time to restore operations. All documentation for new products/programmes shall be reviewed by an internal legal adviser and/or external advisers where necessary to ensure that Cagamas' interest is protected at all times.

Reputational Risk

Cagamas' reputation and image as perceived by clients, investors, regulators and the general public is of utmost importance to the continued growth and success of Cagamas' businesses and operations. Invariably, reputational risk is dependent on the nature/model of business, selection of clients and counterparties and reliability and effectiveness of business processes.

Stringent screening of potential clients and design of business in accordance with high standards and regulatory compliance are incorporated to safeguard Cagamas' business reputation and image. In view of the importance of preserving the reputation of Cagamas, continuous efforts are being made towards enhancing risk awareness about risk events that could impact Cagamas' reputation.

Shariah Non-Compliance Risk

Cagamas consults and obtains endorsements/clearance from an independent *Shariah* adviser for all its Islamic products, transactions, and operations to ensure compliance with relevant *Shariah* requirements. From a regulatory standpoint, Cagamas does not have direct access to the Shariah Advisory Council of BNM and/or Securities Commission of Malaysia ("**SC**") (collectively referred as "**SACs**") for *Shariah* ruling/advice. Where applicable, Cagamas 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* reviews/audits are performed to verify that Islamic products and operations of Cagamas are in compliance with the decisions endorsed by the independent *Shariah* adviser and the *Shariah* Advisers for any sukuk programmes, where applicable. Any incidences of *Shariah* non-compliance are reported to the independent *Shariah* adviser, the BRC and the Group Board Audit Committee. Remedial actions are presented for the endorsement of the independent *Shariah* adviser and for notification to the BRC or the Board.

Implementation of Basel II and Basel III

In line with the industry's best practice, Cagamas has implemented Basel II Pillar 1 Risk-Weighted Capital Adequacy Framework (RWCAF), Basel II Pillar 2 Internal Capital Adequacy Assessment Process (ICAAP) and Basel II Pillar 3 Disclosure Policy. Additionally, Cagamas monitors its liquidity coverage ratio and net stable funding ratio as per Basel III requirements.

Corporate Social Responsibility (CSR)

Cagamas advocates corporate social responsibility ("**CSR**") in line with the GOM's policy of nurturing a caring society. Beneficiaries of Cagamas' CSR activities include charitable, non-profit organisations registered with the Social Welfare Department or the Inland Revenue Board i.e., welfare homes, homes for the elderly, orphanages, etc. established in Malaysia. Cagamas' CSR programmes aim to create a positive societal impact on local communities resulting in a more inclusive and caring society through education and training, civic and community, and health and human services.

Recent Issuances

Cagamas' Issuance of RM 395 Million (in aggregate) MTNs and CPs

On 16 January 2019, Cagamas completed the respective sales of RM 95 million 1-year Conventional Medium Term Notes ("**CMTNs**") and RM 300 million 3-month Conventional Commercial Papers ("**CCPs**") under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The CMTNs were priced at 3.90 per cent. while the CCPs referenced at par to the 3-month KLIBOR rate.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 305 Million ICPs

On 1 March 2019, Cagamas completed the sale of RM 305 million 3-month ICPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuance were used to fund the purchase of Islamic house financing from the domestic financial system. The ICPs were priced at the corresponding 3-month KLIBOR benchmark rate, at par with KLIBOR fixing on the pricing date, 38 bps above Malaysian Islamic Treasury Bills.

The ICPs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 500 Million (in aggregate) MTNs and CPs

On 20 March 2019, Cagamas completed the respective sales of RM 50 million 3-year IMTNs, RM 100 million multi-tenured CMTNs and RM 350 million 3-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The CMTNs and IMTNs were priced at 3.80 per cent. to 4.04 per cent. while the CCPs referenced at par to the 3-month KLIBOR rate.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 300 Million CCPs

On 22 April 2019, Cagamas completed the sale of RM 300 million 3-month CCPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuance were used to fund the purchase of housing loans from the domestic financial system. The CCPs were priced at 7 bps below the 3-month KLIBOR benchmark rate, with KLIBOR fixing on the pricing date, 31 bps above Malaysian Treasury Bills.

The CCPs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 955 Million (in aggregate) CPs

On 14 June 2019, Cagamas completed the respective sales of RM 650 million 3-month CCPs and RM 305 million 3-month ICPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuance were used to fund the purchase of housing loans and Islamic house financing from the domestic financial system. The CCPs and ICPs were priced at 2 bps to 3 bps below the 3-month KLIBOR benchmark rate, with KLIBOR fixing on the pricing date, 28 bps to 29 bps above Malaysian Treasury Bills/Malaysian Islamic Treasury Bills.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1 Billion (in aggregate) MTNs and CPs

On 22 July 2019, Cagamas completed the respective sales of RM 700 million 1-year CMTNs, RM 100 million 1-year floating rate CMTNs and RM 200 million 3-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans from the financial system. The CMTNs were priced at 3.55 per cent. while the floating rate CMTNs at 3-month KLIBOR rate. The CCPs, referenced at 10 bps below the 3-month KLIBOR rate.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.83 billion (in aggregate) MTNs and CPs

On 26 August 2019, Cagamas completed the respective sales of RM 800 million 1-year CMTNs, RM 425 million multi-tenured IMTNs, RM 305 million 3-month ICPs and RM 300 million 3-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme.

The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The CMTNs and IMTNs were priced at 3.40 per cent. to 3.50 per cent. while both the CCPs and ICPs referenced at 15 bps below the 3-month KLIBOR rate.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 800 Million (in aggregate) MTNs and CPs

On 21 October 2019, Cagamas completed the respective sales of RM 500 million multi-tenured IMTNs, RM 100 million multi-tenured CMTNs and RM 200 million 3-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The IMTNs and CMTNs were priced at 3.30 per cent. to 3.60 per cent. while the CCPs referenced at 5 bps below the 3-month KLIBOR rate.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 705 Million (in aggregate) MTNs and CPs

On 22 November 2019, Cagamas completed the respective sales of RM 100 million multi-tenured 1-year and 1.5-year CMTNs, RM 300 million 3-month CCPs and RM 305 million 3-month ICPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the domestic financial system. The CCPs and ICPs priced at 3 bps below the corresponding 3 months KLIBOR benchmark rate or equivalent to 3.34 per cent. on pricing date, while the CMTNs were competitively priced at 3.37 per cent. to 3.43 per cent.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 500 Million (in aggregate) IMTNs

On 28 November 2019, Cagamas completed the respective sales of RM 20 million 1-year IMTNs, RM 30 million 3-year IMTNs and RM 450 million 5-year IMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the issuances were used to fund the purchase of Islamic house financing from the financial system. The IMTNs were priced competitively at final profit rate of between 26 bps to 29 bps over Malaysian Government Investment Issue, 5 bps to 8 bps above government guaranteed sukuk and 1 bps to 9 bps below AAA-rated corporate sukuk yield of equivalent tenure.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.1 Billion (in aggregate) MTNs and CPs

On 12 December 2019, Cagamas completed the respective sales of RM 300 million 3-year CMTNs, RM 300 million 3-year IMTNs and RM 500 million 3-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The CMTNs and IMTNs were priced at 3.38 per cent., 25 bps to 33 bps over Malaysian Government Securities / Malaysian Government Investment Issue and 5 bps above government guaranteed bonds and sukuk of equivalent tenure. The CCPs were priced at a competitive pricing level of the corresponding 3-month KLIBOR benchmark rate or equivalent to 3.35 per cent. on pricing date.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.2 Billion (in aggregate) MTNs and CPs

On 23 December 2019, Cagamas completed the respective sales of RM 600 million 6-month ICPs, RM 200 million 6-month CCPs and RM 400 million 1-year IMTNs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchases of housing loans and Islamic house financing from the domestic financial system. The CCPs and ICPs were priced at 3.25 per cent., 20 bps above 6-month Malaysian Treasury Bills and 17 bps above Malaysian Islamic Treasury Bills, while the 1-year IMTNs were priced at 3.29 per cent., 26 bps above the corresponding Malaysian Government Investment Issue.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 200 Million CCPs

On 20 January 2020, Cagamas completed the sale of RM 200 million 3-month CCPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuance were used to fund the purchase of housing loans from the domestic financial system. The CCPs were priced at the corresponding 3-month KLIBOR benchmark rate, minus 3 bps based on KLIBOR fixing on the pricing date, 31 bps above Malaysian Treasury Bills.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 605 Million (in aggregate) CPs

On 24 February 2020, Cagamas completed the respective sales of RM 300 million 3-month CCPs and RM 305 million 3-month ICPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the domestic financial system. The CCPs and ICPs priced 15 bps below the corresponding 3-month KLIBOR benchmark rate or equivalent to 2.94 per cent. on pricing date. The pricing of the CCPs and ICPs represented 26 bps and 29 bps over the respective Malaysian Treasury Bills and Malaysian Islamic Treasury Bills.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 450 Million (in aggregate) MTNs and CPs

On 20 March 2020, Cagamas completed the respective sales of RM 300 million 2-year CMTNs and RM 150 million 3-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans from the financial system. The CMTNs were concluded and priced at 3.03 per cent., 33 bps above the Malaysian Government Securities whilst the CCPs were priced at 5 bps above the 3-month KLIBOR rate or equivalent to 2.83 per cent. on pricing date.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 350 Million (in aggregate) MTNs and CPs

On 30 March 2020, Cagamas completed the respective sales of RM 45 million 1-year CMTNs, RM 55 million 2-year CMTNs and RM 250 million 3-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchases of housing loans from the financial system. The 1-year and 2-year CMTNs were concluded at 3.25 per cent. and 3.45 per cent. respectively, 28 bps and 29 bps above Malaysian Government Securities, whilst the CCPs were priced at 20 bps above the 3-month KLIBOR rate or equivalent to 3.00 per cent. on pricing date.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1 Billion (in aggregate) MTNs and CPs

On 16 April 2020, Cagamas completed the respective sales of RM 500 million 2-year CMTNs, RM 300 million 6-month ICPs and RM 200 million 3-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchases of housing loans and Islamic house financing from the financial system. The ICPs and CMTNs were priced competitively at 3.05 per cent and 3.10 per cent. respectively while the CCPs were priced 20 bps above the corresponding 3-month KLIBOR rate.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 705 Million (in aggregate) MTNs and CPs

On 22 May 2020, Cagamas completed the respective sales of RM 305 million 3-month ICPs, RM 300 million 3-month CCPs and RM 100 million dual tenure 1-year and 2-year CMTNs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchases of eligible assets including housing loans and Islamic house financing from the financial system. The ICPs and CCPs were priced at the corresponding 3-month KLIBOR benchmark rate plus 10 bps or equivalent to 2.40 per cent. on pricing date. The CMTNs were priced at 2.65 per cent. to 2.75 per cent.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 150 Million CCPs

On 22 June 2020, Cagamas completed the sale of RM 150 million 3-month CCPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuance were used to fund the purchase of housing loans from the financial system. The CCPs were competitively priced at the corresponding 3-month KLIBOR benchmark rate plus 3 bps or equivalent to 2.31 per cent. based on KLIBOR fixing on the pricing date, 28 bps above Malaysian Treasury Bills.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 350 Million (in aggregate) MTNs and CPs

On 30 June 2020, Cagamas completed the respective sales of RM 45 million 1-year CMTNs, RM 55 million 2-year CMTNs and RM 250 million 3-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and eligible assets from the financial system. The 1-year and 2-year CMTNs were concluded at 2.55 per cent. and 2.70 per cent. respectively and priced 51 bps above Malaysian Government Securities, whilst the CCPs were priced at the 3-month KLIBOR rate or equivalent to 2.28 per cent., 25 bps above Malaysian Treasury Bills.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 300 Million CCPs

On 20 July 2020, Cagamas completed the sale of RM 300 million 3-month CCPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuance were used to fund the purchase of housing loans from the financial system. The CCPs were competitively priced at the corresponding 3-month KLIBOR benchmark rate or equivalent to 2.03 per cent. based on KLIBOR fixing on the pricing date. The pricing of the CCPs also represented 23 bps over Malaysian Treasury Bills and 4 bps above corresponding government guaranteed papers.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 110 Million (in aggregate) MTNs

On 10 August 2020, Cagamas completed the sales of RM 110 million comprising 1-year CMTNs and IMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The issuances were competitively priced at 2.15 per cent., 37 bps and 35 bps above the respective Malaysian Government Securities / Malaysian Government Investment Issue.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 400 Million CCPs

On 19 August 2020, Cagamas completed the sale of RM 400 million 3-month CCPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuance were used to fund the purchase of housing loans from the financial system. The CCPs were competitively priced at the corresponding 3-month KLIBOR benchmark rate or equivalent to 2.05 per cent. based on KLIBOR fixing on the pricing date. The pricing of the CCPs also represented 36 bps over Malaysian Treasury Bills.

The CCPs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 605 Million (in aggregate) CPs

On 24 August 2020, Cagamas completed the respective sales of RM 300 million 3-month CCPs and RM 305 million 3-month ICPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the domestic financial system. The CCPs and ICPs priced 5 bps below the corresponding 3-month KLIBOR benchmark rate or equivalent to 1.93 per cent. on pricing date. The pricing of the CCPs and ICPs represented 21 bps and 24 bps over the respective Malaysian Treasury Bills and Malaysian Islamic Treasury Bills.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 400 Million CCPs

On 21 and 30 September 2020, Cagamas completed the sale of RM 400 million 3-month CCPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuance were used to fund the purchase of housing loans from the financial system. The CCPs were priced competitively at 17 bps above the respective Malaysian Treasury Bills.

The CCPs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 600 Million (in aggregate) CPs

On 13 and 20 October 2020, Cagamas completed the respective sales of RM 300 million 3-month ICPs and RM 300 million CCPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The ICPs and CCPs issuances were priced competitively at 22 bps and 32 bps respectively above the Malaysian Islamic Treasury Bills and Malaysian Treasury Bills.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 450 Million (in aggregate) MTNs

On 26 October 2020, Cagamas completed the respective sales of RM 100 million 3-year "ASEAN Sustainability SRI Sukuk" and RM 350 million IMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the "ASEAN Sustainability SRI Sukuk" were used to fund specifically the purchase of eligible Islamic house financing for affordable housing whilst the proceeds from the IMTNs were used to fund Islamic house financing. The final prices for the issuance were 2.23 per cent. p.a. for the "ASEAN Sustainability SRI Sukuk" and 2.25 per cent. p.a. for the IMTNs, representing 39 bps and 41 bps above the corresponding 3-year Malaysian Government Investment Issue.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 100 Million (in aggregate) Sustainability Bonds

On 27 October 2020, Cagamas completed the respective sales of RM 35 million 1-year, RM 20 million 2-year and RM 45 million 2.5-year "ASEAN Sustainability Bonds" under the RM 60 billion IMTN/CMTN Programme. The proceeds from the issuances were used to primarily fund the purchase of eligible non-carbon emitting industrial hire purchase receivables for SMEs that contribute to environmental sustainability. The issuances were priced 43 bps to 45 bps above the corresponding GOM Securities levels.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 545 Million (in aggregate) CPs

On 25 November 2020, Cagamas completed the respective sales of RM 300 million 3-month CCPs and RM 245 million 3-month ICPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The CCPs and ICPs issuances were priced competitively at 21 bps to 24 bps above the respective Malaysian Government Securities / Malaysian Government Investment Issue.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 2 Billion (in aggregate) MTNs and CPs

On 3 December 2020, Cagamas completed the respective sales of RM 700 million 3-month CCPs, RM 300 million ICPs, RM 500 million 1-year IMTNs and RM 500 million 1-year MTNs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The ICPs, CCPs, IMTNs and CMTNs issuances were priced competitively at 30 bps to 45 bps, above the respective Malaysian Government Securities / Malaysian Government Investment Issue.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.9 Billion (in aggregate) MTNs and CPs

On 22 December 2020, Cagamas completed the respective sales of SGD 130 million 1-year SGD EMTNs, RM 800 million 1-year CMTNs and RM 700 million 6-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme and the Programme. The proceeds from the issuances were used to fund the purchase of housing loans from the financial system.

The SGD denominated bonds, issued via Cagamas' wholly-owned subsidiary, the Issuer, are fully and unconditionally guaranteed by Cagamas. The Ringgit issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 450 Million (in aggregate) MTNs and CPs

On 30 December 2020, Cagamas completed the respective sales of RM 50 million 2-year IMTNs and RM 400 million 3-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The IMTNs were priced at spread of 41 bps above the corresponding Malaysia Government Investment Issue, while the CCPs were priced at the corresponding 3-month KLIBOR benchmark rate plus 2 bps or equivalent to 1.96 per cent. based on KLIBOR fixing on the pricing date, representing 26 bps above the Malaysian Treasury Bills.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 710 Million (in aggregate) MTNs and CPs

On 20 January 2021, Cagamas completed the respective sales of RM 300 million ICPs, RM 300 million CCPs, RM 55 million 1-year CMTNs and RM 55 million 3-year CMTNs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of Islamic house financing, housing loans and industrial hire purchases from the financial system. The ICPs and CCPs were priced at the corresponding 3-month KLIBOR minus 2 bps, or equivalent to 1.92 per cent. on KLIBOR fixing on the fixing date, representing 19 bps above the corresponding Malaysian Islamic Treasury Bills / Malaysian Treasury Bills. The CMTNs were priced at a spread of 37 bps and 52 bps above the corresponding Malaysian Government Securities.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 945 Million (in aggregate) MTNs and CPs

On 25 February 2021, Cagamas completed the respective sales of RM 245 million 3-month ICPs, RM 300 million 3-month CCPs and RM 400 million 1-year CMTNs under the RM 60 billion IMTN/

CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The ICPs and CCPs were priced at the corresponding 3-month KLIBOR plus 2 bps, or equivalent to 1.96 per cent. based on KLIBOR fixing on the pricing date, representing 22 bps above the corresponding Malaysian Islamic Treasury Bills and Malaysian Treasury Bills. The CMTNs were priced at 2.10 per cent., representing 35 bps above the corresponding Malaysian Government Securities.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1 Billion (in aggregate) MTNs

On 16 March 2021, Cagamas completed the respective sales of SGD 130 million 1-year SGD EMTNs, HKD 800 million 1-year HKD EMTNs and RM 175 million 1-year CMTNs under the RM 60 billion IMTN/CMTN Programme and the Programme. The proceeds from the issuances were used to fund the purchase of housing loans from the financial system. The SGD EMTNs and HKD EMTNs were concluded at 1.00 per cent. and at 0.85 per cent. per annum respectively, while the issuance of the CMTNs was competitively priced at 2.20 per cent., a spread of 37 bps above the corresponding Malaysian Government Securities.

The SGD and HKD denominated bonds, issued via Cagamas' wholly-owned subsidiary, the Issuer, are fully and unconditionally guaranteed by Cagamas. The Ringgit issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 400 Million (in aggregate) CCPs

On 30 March 2021, Cagamas completed the respective sales of RM 150 million 3-month CCPs and RM 250 million 3-month CCPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans from the financial system. Both CCPs were priced at the corresponding 3-months KLIBOR plus 6 bps, or equivalent to 2.00 per cent. based on KLIBOR fixing on the pricing date. The spreads were 21 bps above the corresponding Malaysian Treasury Bills.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 300 Million ICPs

On 13 April 2021, Cagamas completed the sale of RM 300 million 3-month ICPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuance were used to fund the purchase of Islamic house financing from the financial system. The ICPs were priced at the corresponding 3-month KLIBOR plus 6 bps, or equivalent to 2.00 per cent. based on KLIBOR fixing on the pricing date. The spread was 21 bps above the corresponding Malaysian Islamic Treasury Bills.

The ICPs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.04 Billion (in aggregate) MTNs and CPs

On 25 May 2021, Cagamas completed the respective sales of RM 345 million 3-month ICPs, RM 300 million 3-month CCPs and RM 400 million 3-year IMTNs under the RM 60 billion IMTN/

CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans from the financial system. The IMTNs registered a 43 bps spread against Malaysian Government Investment Issue. The ICPs and CCPs were priced at the corresponding 3-month KLIBOR plus 5 bps, or equivalent to 1.99 per cent. based on KLIBOR fixing on the pricing date, representing a 19 bps and 20 bps spread above the corresponding Malaysian Islamic Treasury Bills / Malaysian Treasury Bills.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.5 Billion (in aggregate) CMTNs

On 27 May 2021, Cagamas completed the respective sales of RM 700 million 2-year CMTNs and RM 800 million 2-year CMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the issuances were used to fund the purchase of housing loans from the financial system. The issuances registered a 44 bps spread against the corresponding Malaysian Government Securities.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 200 Million IMTNs

On 15 June 2021, Cagamas completed the sale of RM 200 million 5-year IMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the issuance were used to purchase eligible assets from the financial system. The issuance was concluded via private placement, registering 48 bps spread against the Malaysian Government Investment Issue.

The IMTNs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 2.05 Billion (in aggregate) MTNs and CPs

On 28 June 2021, Cagamas completed the respective sales of three tranches of 2-year CMTNs and IMTNs with combined issuances worth RM 1.5 billion, two tranches of 3-month CCPs with combined issuances of RM 400 million and a 5-year IMTNs worth RM 150 million under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances will be used to fund the purchase of housing loans, Islamic house financing and eligible assets from the financial system.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 300 Million ICPs

On 13 July 2021, Cagamas completed the sale of RM 300 million 3-month ICPs under the RM 20 billion ICP/CCP Programme. The ICPs were issued under the Islamic commodity murabahah structure and proceeds from the issuance were used for the purchase Islamic house financing. The ICPs were priced at the corresponding 3-month KLIBOR plus 5 bps, or equivalent to 1.99 per cent. based on KLIBOR fixing on the pricing date. The spread was 23 bps above the corresponding Malaysian Islamic Treasury Bills.

The ICPs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 300 Million (in aggregate) MTNs

On 5 August 2021, Cagamas completed the respective sales of RM 100 million 3-year "ASEAN Sustainability SRI Sukuk" and RM 200 million 3-year "ASEAN Sustainability Bonds" under the RM 60 billion IMTN/CMTN Programme. The proceeds from the issuances were used fund the purchase of eligible Islamic house financing and housing loans for affordable housing. The issuances, conducted via private placement exercise, were priced at 38 bps to 43 bps above the corresponding 3-year Malaysian Government Investment Issue / Malaysian Government Securities.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 755 Million (in aggregate) MTNs and CPs

On 23 August 2021, Cagamas completed the respective sales of RM 200 million 1-year FRNs, RM 85 million 1-year CMTNs, RM 25 million 1-year IMTNs, RM 345 million 3-month ICPs and RM 100 million 3-month CCPs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to purchase housing loans and Islamic house financing from the financial system. The FRNs were priced competitively at the corresponding 3-month KLIBOR, or equivalent to 1.94 per cent. based on KLIBOR fixing on the pricing date. The other issuances were priced competitively, representing 23 to 37 basis points above the corresponding Malaysian Islamic Treasury Bills, Malaysian Treasury Bills, Malaysian Government Investment Issue and Malaysian Government Securities.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 2.45 Billion (in aggregate) MTNs and CPs

On 28 September 2021, Cagamas completed the respective sales of RM 400 million 3-month CCPs, RM 550 million 2-year CMTNs and RM 1.5 billion multi-tranche 1-year, 2-year and 3-year IMTNs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The IMTNs registered competitive spreads of 35 bps to 39 bps against Malaysian Government Investment Issue. The other issuances were concluded via private placements and priced competitively, representing 20 bps to 47 bps above the corresponding Malaysian Treasury Bills and Malaysian Government Securities.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 300 Million ICPs

On 13 October 2021, Cagamas completed the sale of RM 300 million 3-month ICPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuance were used to purchase Islamic house financing from the financial system. The ICPs were priced at the corresponding 3-month KLIBOR plus 5 bps, or equivalent to 1.99 per cent. based on KLIBOR fixing on the pricing date, representing a spread of 20 bps above the corresponding Malaysian Islamic Treasury Bills.

The ICPs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1 Billion (in aggregate) MTNs

On 29 October 2021, Cagamas completed the respective sales of RM 300 million 2-year "ASEAN Sustainability Bonds" and RM 700 million 3-year CMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the issuances were used to fund the purchase of eligible sustainability assets and housing loans from the financial system. The issuances registered competitive spreads of 40 bps to 43 bps against the corresponding Malaysian Government Securities.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 4 Billion (in aggregate) MTNs and CPs

On 1 December 2021, Cagamas completed the respective sales of RM 345 million 3-month ICPs, RM 400 million 3-month CCPs, RM 100 million multi-tenured "ASEAN Sustainability Bonds", RM 380 million multi-tenured CMTNs, RM 1.6 billion multi-tenured IMTNs as well as USD 268 million 1-year and 2-year fixed rate EMTNs through its wholly-owned subsidiary, the Issuer under the RM 60 billion IMTN/CMTN Programme, the RM 20 billion ICP/CCP Programme and the Programme. The proceeds from the issuances were used to fund the purchase of eligible sustainability assets, housing loans and Islamic house financing from the financial system.

The USD denominated bonds, issued via Cagamas' wholly-owned subsidiary, the Issuer, are fully and unconditionally guaranteed by Cagamas. The Ringgit issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of SGD 200 million or RM 618 million equivalent MTNs

On 8 December 2021, Cagamas completed the sale of SGD 200 million 2-year SGD EMTNs under the Programme. The proceeds from the issuance were used to fund the purchase of housing loans from the financial system.

The SGD denominated bonds, issued via Cagamas' wholly-owned subsidiary, the Issuer, are fully and unconditionally guaranteed by Cagamas.

Cagamas' Issuance of RM 500 million (in aggregate) MTNs

On 10 December 2021, Cagamas completed the respective sales of RM 500 million 3-year MTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the issuances were used to fund the purchase of housing loans from the financial system. The issuances registered a 48 bps spread against the corresponding Malaysian Government Securities.

The MTNs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 900 Million CCPs

On 21 December 2021, Cagamas completed the sale of RM 900 million 3-month CCPs under the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans from the financial system. The CCPs were priced at the corresponding 3-month KLIBOR benchmark rate plus 3 bps based on KLIBOR fixing on the pricing date, representing a spread of 24 bps above the corresponding Malaysian Treasury Bills.

The CCPs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 300 Million ICPs

On 13 January 2022, Cagamas completed the sale of RM 300 million 3-month ICPs under the RM 20 billion ICP/CCP Programme. The proceeds from the ICPs were used to fund the purchase of Islamic house financing from the financial system. The ICPs were priced at the corresponding 3-month KLIBOR benchmark based on KLIBOR fixing on the pricing date, representing a spread of 23 bps above the corresponding Malaysian Islamic Treasury Bills.

The ICPs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.03 Billion IMTNs

On 31 January 2022, Cagamas completed the respective sales of RM 100 million 1-year IMTNs and RM 930 million 3-year IMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the issuances were used to fund the purchase of Islamic house financing from the domestic financial system. The IMTNs registered spreads of 43 bps to 48 bps against Malaysian Government Investment Issue.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.195 Billion (in aggregate) MTNs

On 18 February 2022, Cagamas completed the respective sales of RM 700 million 3-month CCPs, RM 345 million 3-month ICPs and RM 150 million 2-year CMTNs under the RM 60 billion IMTN/CMTN Programme and the RM 20 billion ICP/CCP Programme. The proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the domestic financial system. The ICPs and CCPs were priced at 3-month KLIBOR plus 3 bps, equivalent to 2.00 per cent. based on KLIBOR fixing on the pricing date. The 2-year CMTNs were priced at 2.86 per cent. The spreads were 20 bps to 21 bps above the corresponding Malaysian Islamic Treasury Bills (MITB) and Malaysian Treasury Bills (MTB) for the 3-month ICPs and CCPs papers whereas for the 2-year CMTNs, the spread was 45 bps above the corresponding Malaysian Government Securities.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 400 Million CMTNs

On 28 February 2022, Cagamas completed the sale of RM 400 million 2-year CMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the IMTNs were used to fund the purchase of housing loans from the domestic financial system.

The CMTNs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.3 Billion (in aggregate) MTNs and CPs

On 23 March 2022, Cagamas completed the respective sales of RM 200 million 3-year "ASEAN Sustainability SRI Sukuk", RM 330 million 2-year CMTNs, RM 200 million 2-year IMTNs, RM 300 million 3-month CCPs and SGD 100 million 2-year fixed rate EMTNs under the RM 60 billion IMTN/CMTN Programme, RM 20 billion ICP/CCP and the Multicurrency Sukuk Programme. The proceeds from the issuances were used to fund the purchase of eligible sustainability assets, housing loans and Islamic house financing from the domestic financial system. The issuances of CCPs, CMTNs and IMTNs were priced at 21 bps to 39 bps above the corresponding Malaysian Government Securities / Malaysian Investment Issue.

The SGD denominated bonds, issued via Cagamas' wholly-owned subsidiary, the Issuer, are fully and unconditionally guaranteed by Cagamas. The Ringgit issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* as with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1 Billion CMTNs

On 7 April 2022, Cagamas completed the sale of RM 1 billion 5-year CMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the CMTN were used to fund the purchase of housing loans from the domestic financial system. The CMTNs, priced via private placement, were priced with a spread of 22 bps above the corresponding Malaysian Government Securities.

The CMTNs which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 300 Million IMTNs

On 13 April 2022, Cagamas completed the sale of RM 300 million 1-year floating profit rate IMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the IMTNs were used to fund the purchase of Islamic house financing from the financial system. The IMTNs were priced via private placement at the corresponding 3-month KLIBOR plus 15 bps or equivalent to 2.12 per cent. based on KLIBOR fixing on the pricing date.

The IMTNs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 600 Million (in aggregate) IMTNs

On 29 April 2022, Cagamas completed the respective sales of RM 600 million 1-year and 3-year IMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the IMTNs were used to fund the purchase of Islamic house financing from the financial system. The issuances were priced at 39 bps against the Malaysian Government Investment Issue.

The IMTNs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.025 Billion (in aggregate) MTNs

On 30 May 2022, Cagamas completed the respective sales of RM 345 million 1-year floating rate IMTNs and RM 680 million 1-year floating rate CMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the IMTNs and CMTNs were used to fund the purchase of house financing and housing loans from the financial system. The issuances were successfully priced with 3-month KLIBOR plus 40 bps or equivalent to 2.66 per cent. and 2.65 per cent. respectively based on KLIBOR fixing on the pricing date.

The IMTNs and CMTNs, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 100 Million IMTNs

On 20 June 2022, Cagamas completed the sale of RM 100 million 3-year IMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the IMTNs were used to fund the purchase of Islamic house financing from the financial system. The issuances were priced at 40 bps above the corresponding Malaysian Government Investment Issue.

The IMTNs will be redeemed at their full nominal value upon maturity, and are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 100 Million (in aggregate) CMTNs

On 30 June 2022, Cagamas completed the respective sales of RM 50 million 1-year CMTNs and RM 50 million 2-year CMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the CMTNs were used to fund the purchase of housing loans from the financial system. The 1-year and 2-year CMTNs were priced at 48 bps and 49 bps above the corresponding Malaysian Government Securities.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 150 Million ASEAN Social SRI Sukuk

On 30 June 2022, Cagamas completed the sale of RM 150 million 3-year "ASEAN Social SRI Sukuk" under the RM 60 billion IMTN/CMTN Programme. The proceeds from the issuance were used to fund the purchase of housing loans and eligible affordable Islamic house financing from the financial system. The issuance was priced at 45 bps above the corresponding Malaysian Government Investment Issue.

The issuances, which will be redeemed at their full nominal value upon maturity, are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 200 Million CMTNs

On 5 July 2022, Cagamas completed the sale of RM 200 million 1-year floating rate CMTNs under the RM 60 billion IMTN/CMTN Programme. The CMTNs, which referenced the MYOR rate, is the first of its kind in Malaysia. The proceeds from the CMTNs were used to fund the purchase of housing loans from the financial system.

The issuances will be redeemed at their full nominal value upon maturity, and are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 200 Million CMTNs

On 26 July 2022, Cagamas completed the sale of RM 200 million 5-year CMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the CMTNs were used to fund the purchase of eligible assets from the financial system. The issuance was priced at 43 bps above the corresponding GOM Securities levels.

The issuances will be redeemed at their full nominal value upon maturity, and are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.11 Billion (in aggregate) MTNs

On 8 August 2022, Cagamas completed the respective sales of RM 25 million 1-year IMTNs, RM 85 million 1-year CMTNs, RM 285 million 2-year "ASEAN Social SRI Sukuk", RM 115 million 2-year IMTNs, RM 110 million 2-year "ASEAN Social Bonds", RM 100 million 3-year IMTNs and RM 390 million 3-year CMTNs under the RM 60 billion IMTN/CMTN Programme. Proceeds from the issuance were used to fund the purchase of eligible assets from the financial system. The 2-year "ASEAN Social SRI Sukuk" and "ASEAN Social Bonds" were priced 2 bps lower than the 2-year IMTNs, recording competitive spreads of 39 bps to 45 bps above the corresponding Malaysian Government Securities / Malaysian Government Investment Issue for the overall issuances. The IMTNs and CMTNs were priced at 39 bps to 45 bps above the corresponding Malaysian Government Securities / Malaysian Government Investment Issue.

The issuances will be redeemed at their full nominal value upon maturity, and are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 500 Million (in aggregate) MTNs

On 30 August 2022, Cagamas completed the respective sales RM 45 million 2-year "ASEAN Social Bonds", RM 205 million 2-year CMTNs and RM 250 million 3-year CMTNs under the RM 60 billion IMTN/CMTN Programme. Proceeds from the issuance were used to fund the purchase of eligible assets from the financial system. The 2-year "ASEAN Social Bonds" were priced 2 bps lower than the 2-year CMTNs, recording competitive spreads of 40 bps to 42 bps above the corresponding Malaysian Government Securities.

The issuances will be redeemed at their full nominal value upon maturity and are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of SGD 150 million or RM 480 million equivalent MTNs

On 9 September 2022, Cagamas completed the sale of SGD 150 million or RM 480 million equivalent 1-year fixed rate EMTNs under the Programme. Proceeds from the issuance were used to fund the purchase of housing loans from the financial system.

The SGD denominated bonds, issued via Cagamas' wholly-owned subsidiary, the Issuer, are fully and unconditionally guaranteed by Cagamas.

Cagamas' Issuance of RM 1.63 Billion (in aggregate) MTNs

On 30 September 2022, Cagamas completed the respective sales of RM 560 million 1-year IMTNs, RM 100 million multi-tenured CMTNs and aggregate SGD 300 million 1-year fixed rate EMTNs under the RM 60 billion IMTN/CMTN Programme and the Programme. Proceeds from the issuances were used to fund the purchase of housing loans and Islamic house financing from the financial system. The issuances were priced at 37 bps to 46 bps above the corresponding Malaysian Government Securities / Malaysian Government Investment Issue.

The SGD denominated bonds, issued via Cagamas' wholly-owned subsidiary, the Issuer, are fully and unconditionally guaranteed by Cagamas. The Ringgit issuances will be redeemed at their full nominal value upon maturity and are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 100 Million CMTNs

On 12 October 2022, Cagamas completed the sale of RM 100 million 5-year CMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the CMTNs were used to fund the purchase of eligible assets from the financial system. The CMTNs were priced at 45 bps above the corresponding Malaysian Government Securities, 22 bps above the corresponding government guaranteed papers and 23 bps below the AAA rated corporate bonds.

The issuances will be redeemed at their full nominal value upon maturity, and are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 3.3 Billion (in aggregate) MTNs

On 1 November 2022, Cagamas completed the sale of RM 500 million 3-year "ASEAN Social SRI Sukuk", RM 300 million 3-year "ASEAN Social Bonds", RM 2.29 billion combined multi-tenured IMTNs and 1-year SGD 65 million EMTNs under the RM 60 billion IMTN/CMTN Programme and the Programme. Proceeds from the issuance were used to fund the purchase of housing loans, house financing and eligible assets from the financial system.

The SGD denominated bonds, issued via Cagamas' wholly-owned subsidiary, the Issuer, are fully and unconditionally guaranteed by Cagamas. The Ringgit issuances will be redeemed at their full nominal value upon maturity and are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 2 Billion CMTNs

On 8 November 2022, Cagamas completed the sale of RM 2 billion 5-year CMTNs under the RM 60 billion IMTN/CMTN Programme. The proceeds from the CMTNs were used to fund the purchase of housing loans from the domestic financial system. The CMTNs were priced at 37 bps above the corresponding Malaysian Government Securities.

The issuances will be redeemed at their full nominal value upon maturity, and are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

Cagamas' Issuance of RM 1.085 Billion (in aggregate) MTNs

On 5 December 2022, Cagamas completed the sale of RM 1.085 billion worth of bonds and sukuk, comprising RM 735 million 1-year IMTNs, RM 200 million 3-year IMTNs and RM 150 million 5-year CMTNs. Proceeds from the issuances were used to fund the purchase of housing loans and house financing from the domestic financial system. The issuances were reasonably priced above the corresponding Malaysian Government Securities and Malaysian Government Instrument Issue.

The issuances will be redeemed at their full nominal value upon maturity, and are unsecured obligations of Cagamas, ranking *pari passu* with all other existing unsecured obligations of Cagamas.

SHAREHOLDERS

Cagamas is a wholly owned subsidiary of Cagamas Holdings.

The following table sets out the number of shareholders constituting each of the three classes of institutional shareholders, and their total shareholding as a class within Cagamas Holdings as at 30 June 2022.

Institution of Shareholders	Shareholding Percentage (%)	Number of Shareholders	Range of Shareholding (%)
Central Bank of Malaysia	20.0	1	20.0
Commercial Banks	78.3	18	0.2-16.5
Investment Banks	1.7	3	0.4-0.8
Total	100.0	22	—

The following table sets out the individual shareholders in Cagamas Holdings as at 30 June 2022.

Name of Shareholder	Total Number of Shares Held	Shareholding Percentage (%)
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**
SIBB Berhad	**450,000**	**0.3**
Bangkok Bank Berhad	**369,000**	**0.3**
The Bank of Nova Scotia Berhad	**327,000**	**0.2**
Deutsche Bank (Malaysia) Berhad	**300,000**	**0.2**
Bank of China (Malaysia) Berhad	**300,000**	**0.2**
Total	**150,000,000**	**100.0**

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors of Cagamas

As at the date of this Offering Circular, the Board consists of six Non-Executive Directors and one Executive Director.

The seven members constituting the Board as at the date of this Offering Circular are set out in the table below:

Name	Nationality	Designation
Dato' Bakarudin Ishak	Malaysian	Chairman, Independent Non-Executive Director
Dato' Wee Yiaw Hin @ Ong Yiaw Hin	Malaysian	Independent Non-Executive Director
Puan Ho Chai Huey	Malaysian	Independent Non-Executive Director
Tan Sri Tajuddin Atan	Malaysian	Independent Non-Executive Director
Encik Abdul Rahman bin Hussein	Malaysian	Independent Non-Executive Director
Puan Sophia Ch'ng Sok Heang	Malaysian	Independent Non-Executive Director
Datuk Chung Chee Leong	Malaysian	President, Chief Executive Officer, Non-Independent Executive Director

The biographies of the Directors of Cagamas are set out below:

Dato' Bakarudin Ishak — Chairman and Independent Non-Executive Director

Dato' Bakarudin Ishak, Malaysian, aged 61, was appointed to the Board of Directors on 26 March 2019 as an Independent Non-Executive Director. He is also a member of the Board Staff Compensation and Organisation Committee. Dato' Bakarudin Ishak is the Chairman of Cagamas Holdings Berhad and Cagamas SRP Berhad.

Dato' Bakarudin Ishak is the Director of Hong Leong MSIG Takaful Berhad.

Prior to that, Dato' Bakarudin Ishak was Assistant Governor of BNM as well as a member of the BNM Monetary Policy Committee, a Director of the Foreign Exchange Administration Department and a Director of the Islamic Banking and Takaful Department. Dato' Bakarudin Ishak was the Chief Executive Officer of Malaysian Electronic Clearing Corporation Sdn. Bhd. (MyClear). Dato' Bakarudin Ishak was a member of the Governing Council of the International Centre for Education in Islamic Finance. Dato' Bakarudin Ishak was previously on the Investment Panel for Employees' Provident Fund. Dato' Bakarudin Ishak was a Director of ACE Money Exchange Sdn. Bhd.. Dato' Bakarudin Ishak was also a Director of Affin Islamic Bank Berhad.

Dato' Bakarudin Ishak graduated from University of Malaya with a Bachelor's degree in Economics (Honours).

Dato' Wee Yiaw Hin @ Ong Yiaw Hin — Independent Non-Executive Director

Dato' Wee Yiaw Hin, Malaysian, aged 64, was appointed to the Board on 1 July 2016 as an Independent Non-Executive Director. He is also Chairman of the Board Staff Compensation and Organisation Committee.

Dato' Wee Yiaw Hin graduated as a Civil Engineer and holds a Masters of Science Degree from Imperial College, United Kingdom. During his 21 years at Shell, he held posts across Malaysia, the United Kingdom and South Africa. His final position at Shell was Vice President, Malaysia for Upstream International Asia and Managing Director of Shell Malaysia Exploration and Production Companies.

After a short period as Vice President for Talisman Energy, Malaysia where he spent some time in Canada, Dato' Wee Yiaw Hin joined PETRONAS as Executive Vice President and CEO of Upstream Business in May 2010. At PETRONAS, he was a member of the Board of Directors at the Group level and Executive Committee. He chaired the Boards of Malaysia Liquified Natural Gas (MLNG, MLNG Dua and Tiga), Progress Energy Ltd and Pacific NorthWest LNG, the last two being Canadian based companies. He was also on the Board of Universiti Teknologi Petronas. He is currently an Independent Non-Executive Director of the Board of Enra Group Berhad.

He is a member of the Society of Petroleum Engineers, where he previously served as the Regional Director for North Asia Pacific at the Group level.

Puan Ho Chai Huey — Independent Non-Executive Director

Puan Ho Chai Huey, Malaysian, aged 62, was appointed to the Board on 1 February 2019 as an Independent Non-Executive Director. She is also a member of the Board Risk Committee and the Board Staff Compensation and Organisation Committee.

Puan Ho Chai Huey is currently a Director for HSBC Amanah Malaysia Berhad and a Senior Consultant in the Information Technology and Project Management Office for STF Resources Sdn. Bhd. and its affiliates (Asian Institute of Chartered Bankers, Asian Banking School and Finance Accreditation Agency).

Puan Ho Chai Huey received her Bachelor of Economics (Honours Class 1 Statistics) from the University of Malaya.

Puan Ho Chai Huey was previously an IT System Analyst for Treasury, Accounting, Settlement and Clearing Systems in the Information Technology (IT) Services Department of BNM. She then became a Manager for System Development and Project Management for Financial Accounting, Treasury and Financial Market Systems, and End User Computing Systems for BNM. Puan Ho Chai Huey was then promoted to Deputy Director, in-charge of Payments, Investment and Treasury Management Systems, and Financial Market Systems including technology risk management. Puan Ho Chai Huey then became Director for Information Technology (IT) Services Department of BNM, and was responsible for providing technology solutions and IT direction as well as managing technology risk and IT governance.

Tan Sri Tajuddin Atan — Independent Non-Executive Director

Tan Sri Tajuddin Atan, Malaysian, aged 63, was appointed to the Board on 1 May 2020 as an Independent Non-Executive Director. He is also Chairman of the Board Risk Committee.

He holds a Bachelor of Science (Agribusiness) degree and an Honorary Degree of Doctorate in Finance from University Putra Malaysia. He also has a Master in Business Administration from Ohio University. He is also a Fellow Chartered Banker of the Asian Institute of Chartered Bankers (AICB). Tan Sri Tajuddin Atan also has a Malaysian Futures and Options Registered Representative (MFORR).

Tan Sri Tajuddin Atan is currently the Chairman of MMC Corporation Berhad, Honda Malaysia Sdn. Bhd., the Asian Institute of Chartered Bankers (AICB) Disciplinary Panel and Bank Muamalat Malaysia Berhad. He is also a member of the Malaysian Communications and Multimedia Commission (MCMC).

Tan Sri Tajuddin Atan was previously Chief Executive Officer/Executive Director of Bursa Malaysia Berhad and Chief Executive Officer of Bank Simpanan Nasional. He has also been Chairman of the Board of Governors of Bursa Malaysia Foundation, the Exchange Committee of Labuan International Finance Exchange Inc., Bursa Malaysia Derivatives Berhad and Bursa Malaysia Derivatives Clearing

Berhad. Tan Sri Tajuddin Atan was also Group Managing Director at RHB Capital Berhad, Managing Director at RHB Bank Berhad, President/Group Managing Director of Bank Pembangunan Malaysia Berhad and Managing Director of Chase Perdana Berhad. He has also been Senior General Manager of Corporate Finance at Penang Shipbuilding Group, Head of the Treasury Division at Bank Bumiputra Commerce Berhad and a Non-Independent Executive Director in all subsidiary companies within the Bursa Malaysia Group. Tan Sri Tajuddin Atan has also been Director of Capital Markets Development Fund and Securities Industry Development Corporation, as well as a member of the Executive Committee of the Financial Reporting Foundation and the Malaysia International Islamic Financial Centre.

Encik Abdul Rahman bin Hussein — Independent Non-Executive Director

Encik Abdul Rahman bin Hussein, Malaysian, aged 57, was appointed to the Board on 1 April 2022 as an Independent Non-Executive Director. He is a member of the Board Risk Committee.

Encik Abdul Rahman bin Hussein holds a Bachelor of Land Economy (Hons) degree from the University of Aberdeen, Scotland

Encik Abdul Rahman bin Hussein has previously worked at BNM in various positions. He has been a Member of the Financial Market Committee, a Director of Investment Operation and Financial Market and a Director of the Risk Management Department and Secretary to the Board Risk Committee of BNM. Encik Abdul Rahman bin Hussein has also been Deputy Director of Treasury Risk Management, Investment Operations and Financial Market Department as well as a Portfolio Manager for the London Representative Office. Encik Abdul Rahman bin Hussein was also appointed on an interim basis as a board member of Kumpulan Wang Amanah Persaraan (KWAP), representing BNM from January to September 2018. Encik Abdul Rahman bin Hussein has also been a Director of Sukuk Kijang Berhad and Chairman of BNM Sukuk Berhad. Separately, Encik Abdul Rahman bin Hussein has represented BNM as a member of the Working Group on Financial Markets at the Executive Meeting of Asia-Pacific Central Banks (EMEAP) and as a member of the Board Risk Management Committee of the International Islamic Liquidity Management Corporation (IILM).

Puan Sophia Ch'ng Sok Heang — Independent Non-Executive Director

Puan Sophia Ch'ng Sok Heang, Malaysian, aged 50, was appointed to the Board on 1 April 2022 as an Independent Non- Executive Director. She is a member of the Board Risk Committee.

Puan Sophia Ch'ng Sok Heang is currently a Director for Nicholas Actuarial Solutions and Syarikat Takaful Malaysia Keluarga Berhad. She has previously been Senior Vice President and Head, Finance, Strategic Planning, Actuarial, Products and Pricing at Great Eastern Life Insurance (Malaysia) Berhad. Puan Sophia Ch'ng Sok Heang was also Chief Financial Officer (CFO) at Zurich Insurance Malaysia Berhad and AmMetlife Insurance Berhad.

Puan Sophia Ch'ng Sok Heang holds a Bachelor of Economics degree from Macquarie University, Australia. She is also a Fellow of the Chartered Institute of Management Accountants, UK, the Institute and Faculty of Actuaries, UK, and the Actuarial Society of Malaysia. She was also previously President of the Actuarial Society of Malaysia.

Datuk Chung Chee Leong — President / Chief Executive Officer / Non- Independent Executive Director

Datuk Chung Chee Leong, Malaysian, aged 62, was appointed to the Board on 27 March 2013 as a Non- Independent Executive Director. He is a member of the Board Executive Committee.

Datuk Chung joined Cagamas as the President/Chief Executive Officer on 1 April 2012. He is Chairman of the Issuer, Cagamas Global Sukuk and also sits on the Board of Directors of Cagamas

MBS, Cagamas SRP, BNM Sukuk, Cagamas SME and Cagamas MGP. Prior to joining Cagamas, Datuk Chung has 29 years of experience in central banking, focusing mainly on financial system stability and the financial sector. Prior to his appointment, Datuk Chung served as a Director of BNM's Banking Supervision Department and Risk Management Department and as a member of the Bond Market Sub-Committee of the Financial Market Committee. He was involved in the development of the Financial Sector Blue Print, establishment of the deposit insurance scheme and the Malaysian Cooperative Commission.

During his service with BNM, Datuk Chung carried out assignments for the International Monetary Fund and the Islamic Financial Services Board. He was also a member of the Board of Directors of Credit Guarantee Corporation Berhad and its Board Audit Committee. Datuk Chung also sat on the Small Debt Resolution Committee from 2003 to 2014.

Datuk Chung played an active role in guiding Cagamas' entrance into the international bond market with the establishment of the A3 Sovereign Equivalent International Rating by Moody's Investors Service rated Programme and the Multicurrency Sukuk Programme which together provide Cagamas with access to USD 5 billion in the international bond markets. Under the Programme, Cagamas undertook its inaugural and which was also South East Asia's largest offshore Renminbi bond issuance in 2014. Under his leadership, Cagamas also concluded Malaysia's largest Sukuk issuance in 2014.

He is the Chairman of the International Secondary Mortgage Market Association and served as the first Chairman of the Asian Secondary Mortgage Market Association in 2015. He has also been a consultant for the Asian Development Bank.

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

Senior Management

The key personnel of Cagamas' management, as at the date of this Offering Circular, are set out below:

Name	Nationality	Designation
Datuk Chung Chee Leong	Malaysian	President/Chief Executive Officer and Executive Director
Mr. Abdul Hakim Amir Bin Zainol	Malaysian	Senior Vice President, Finance
Mr. Leong See Meng	Malaysian	Senior Vice President, Strategy and Business
Mr. Delvin Chong	Malaysian	Senior Vice President, Treasury and Markets
Ms. Malathi Menon	Malaysian	Senior Vice President, Legal and Corporate Services/ Company Secretary
Mr. Ridzuan Shah Alladin	Malaysian	Senior Vice President, Human Capital and Administration
Mr. Tan Yong Nien	Malaysian	Senior Vice President, Technology and Operations
Y.M. Raja Shahriman Raja Harun Al Rashid	Malaysian	Senior Vice President, Risk Management and Compliance
Mr. Shahrul Farelli Zulkiffli	Malaysian	Senior Vice President, Internal Audit

The biographies of the management are set out below:

Datuk Chung Chee Leong — President / Chief Executive Officer / Non-Independent Executive Director

Please refer to the biography of Datuk Chung Chee Leong set out above in "*Board of Directors of Cagamas — Datuk Chung Chee Leong — President / Chief Executive Officer / Non- Independent Executive Director*".

Mr. Abdul Hakim Amir Bin Zainol — Senior Vice President, Finance

Mr. Abdul Hakim Amir Bin Zainol is the Senior Vice President, Finance, overseeing the Reporting & Taxation, Planning & Analysis and Procurement & Settlement departments. He sits on the Board of Directors of Cagamas SME Berhad, Cagamas MGP Berhad, Cagamas Global P.L.C. and Cagamas Global Sukuk Berhad.

Mr. Abdul Hakim Amir has more than 18 years of experiences in financial services industry and trained with KPMG and E&Y. His initial exposure in Audit and Assurance was with the Kuala Lumpur office before seconded to the London office. He then transitioned into the banking space with a challenger bank in the UK, Aldermore Bank and played an important role in setting the finance infrastructure and preparing the Bank for the IPO in 2015. Following a successful IPO, he also facilitated the takeover by a South African bank in 2018. He then moved to a private bank, C.Hoare & Co in 2019. In 2021 he completed a Masters (MSc) in Leadership & Strategy at the London Business School prior to joining Cagamas.

Mr. Abdul Hakim Amir also holds a BSc (Hons) Accounting & Finance from the London School of Economics and Political Science. He is a Fellow of the Association of Chartered Certified Accountants (ACCA), a member of Malaysian Institute of Accountants (MIA) and a Fellow of the Association of Corporate Treasurers (ACT) in the UK.

Mr. Leong See Meng — Senior Vice President, Strategy and Business

Mr. Leong See Meng is the Senior Vice President, Strategy and Business, overseeing the Strategic Management and Business Departments.

Mr. Leong See Meng has over 28 years of experience in banking and finance. His career in banking started in 1993 with Hongkong & Shanghai Banking Corporation and has since worked for leading financial institutions such as Citibank, Deutsche Bank amongst others. He was the former CEO at National Bank of Abu Dhabi. Before joining Cagamas, he was the Managing Partner for Futurewerkes PLT, a consultancy firm specialising in project management and consulting for financial services and digital transformation.

Mr. Leong See Meng is an accountant by training and banker by profession. He read Accounting at RMIT University, Melbourne and graduated with distinction in 1992 after which he completed the CPA programme with CPA Australia.

Mr Delvin Chong — Senior Vice President, Treasury and Markets

Mr. Delvin Chong, Senior Vice President, Treasury and Markets, oversees the Treasury and Markets Analytics departments. He is also the Head of regulated activities for Cagamas.

Mr. Delvin Chong has over 26 years of experience in treasury, structured finance, debt capital markets and pricing analytics. He was the Head of Data and Pricing Analytics before being appointed as the Senior Vice President, Treasury and Capital Markets in 2018.

Mr. Delvin Chong holds a Bachelor of Arts majoring in Business Administration and Finance from University of Strathclyde, Glasgow, United Kingdom. He is also a member of Persatuan Pasaran Kewangan Malaysia (PPKM).

Ms. Malathi Menon — Senior Vice President, Legal and Corporate Services / Company Secretary

Ms. Malathi Menon, Senior Vice President, Legal and Corporate Services, oversees the Legal, Corporate Secretariat and Strategic Communications departments. She is also the Company Secretary for Cagamas Berhad and Cagamas Holdings Berhad.

Ms. Malathi Menon has over 30 years of experience in legal and compliance and has practiced in the areas of corporate, securities law and banking and finance law, with paiticular emphasis on capital market transactions. She started her career as an Advocate and Solicitor in M/S Zain & Co. She was the Head of Legal before being appointed as the Senior Vice President, Legal & General Counsel in 2018.

Ms. Malathi Menon holds a Bachelor of Law (LLB) from University of Malaya.

Mr. Ridzuan Shah Alladin — Senior Vice President, Human Capital and Administration

Mr. Ridzuan Shah Alladin, Senior Human Capital & Administration, oversees the Human Capital and Administration departments. He sits on the Board of Directors of Cagamas SME Berhad, Cagamas MGP Berhad, Cagamas Global P.L.C. and Cagamas Global Sukuk Berhad.

Mr. Ridzuan Shah Alladin has over 16 years of experience in human resources and strategic talent management. He started his career with Ogilvy & Mather Group, Malaysia and later he joined Procter & Gamble (Malaysia) Sdn. Bhd. Prior to joining Cagamas, he was the Senior Consultant for Korn Ferry Hay Group, Malaysia.

Mr. Ridzuan Shah Alladin holds a Bachelor of Business Administration from Northwood University, Michigan, United States of America with triple majors in Marketing, International Business and Management.

Mr. Tan Yong Nien — Senior Vice President, Technology and Operations

Mr. Tan Yong Nien, Senior Vice President, Technology & Operations, oversees the Information Technology and Operation departments.

Mr. Tan Yong Nien has 25 years of experiences in the technology sector with over 16 years in leadership positions across a wide span of industries including financial, manufacturing, telecommunication and e-government. He had pioneered two IT shared services centres from ground up covering applications development, support and infrastructure management supporting global locations such as the United States of America (USA), Australia, China and Southeast Asia. Prior to joining Cagamas, he was the Head of IT & Transformation for a major insurance company.

Mr. Tan Yong Nien holds a Master of Science in Information Systems and Technology from Johns Hopkins University, USA and a Bachelor of Science in Computer Science from Iowa State University, USA.

Y.M. Raja Shahriman Raja Harun Al Rashid — Senior Vice President, Risk Management and Compliance

Y.M. Raja Shahriman Raja Harun Al Rashid, Senior Vice President, Risk Management & Compliance, oversees the Risk Management, Credit, Business Continuity Management and Compliance departments.

Y.M. Raja Shahriman has 20 years of experience in the financial services industry, particularly in audit. He was attached to various organisations including banking, regulatory body and audit firm. Prior to joining Cagamas, he was the Chief Operating Officer for SME Bank Berhad.

Y.M. Raja Shahriman holds a Master of Business Administration from Charles Sturt University, Australia, a Bachelor of Commerce majoring in Accounting from University of Queensland, Australia and he is a Chartered Banker from the Asian Institute of Chartered Bankers.

Mr. Shahrul Farelli Zulkiffli — Senior Vice President, Internal Audit

Mr. Shahrul Farelli Zulkiffli is the Senior Vice President of the Internal Audit department and also the Secretary to the Group Board Audit Committee of Cagamas Holdings Berhad.

Mr. Shahrul Farelli has 18 years of experience in the financial services industry, particularly in audit. Prior to joining Cagamas, he was attached to various organisations including banking, statutory and regulatory bodies. He was the Vice President, Strategic Management before being appointed as the Senior Vice President, Internal Audit in 2022.

Mr. Shahrul Farelli holds a Bachelor of Accounting (Hons) degree from Universiti Tenaga Nasional. He is a member of Association of Chartered Certified Accountants (ACCA) and Malaysian Institute of Accountants (MIA).

Malaysia

Pursuant to the Income Tax (Exemption) (No. 22) Order 2007, all interest received from a Labuan Company (as defined in the Labuan Business Activity Tax Act 1990) by a non-resident person (other than interest accruing to a business carried on by a non-resident person in Malaysia where that non-resident person is licensed to carry on a business under the Financial Services Act 2013 or the Islamic Financial Services Act 2013) or another Labuan Company is exempt from tax. Under Malaysian revenue law, a company is regarded as a "non-resident" if the management and control of its business or any one of its businesses, as the case may be, are not exercised in Malaysia at any time by its directors or other controlling authority. The rules regarding residency status of individuals are complex but are generally based on the length of time spent in Malaysia. Please also refer to the risk factor titled "Risks Relating to Malaysia — Malaysian Taxation".

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State. However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "Foreign Financial Institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a Foreign Financial Institution for these purposes. A number of jurisdictions (including Malaysia) have entered into, or have agreed in substance to intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions.

Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which the final regulations defining "foreign passthru payment" are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 20 (Further Issue) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

The Dealers have, in an amended and restated dealer agreement dated 16 December 2022 (the "**Dealer Agreement**"), agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Forms of the Notes*" and "*Terms and Conditions of the Notes*". The Issuer (failing which, the Guarantor) will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer (failing which, the Guarantor) has agreed to reimburse the Arrangers for certain of its expenses incurred in connection with the establishment, and any future update, of the Programme and the Dealers for certain of their activities in connection with the Programme. The Issuer may also, in connection with each Tranche of Notes issued under the Programme, agree with the relevant Dealers that private banks be paid a rebate in connection with the purchase of such Tranche of Notes by their private bank clients, which rebate may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

The Issuer and the Guarantor have jointly and severally agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe for Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and certain of their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, in the ordinary course of their business activities, the Dealers or their respective affiliates may make or hold (on their own account, on behalf of their clients or in their capacity as investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the account of their customers, and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, including Notes under the Programme, and may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. As a result of such transactions, a Dealer or its affiliates may hold long or short positions relating to the Notes. Each of the Dealers and its affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer or its affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, each Dealer and its affiliates may engage in other transactions with, and perform services for, the Issuer, the Guarantor or their affiliates in the ordinary course of their business. Each Dealer or its affiliates may also purchase Notes for asset management and/or proprietary purposes but not with a view to distribution or may hold Notes on behalf of clients or in the capacity of investment advisors. While each Dealer and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause a Dealer or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Dealer may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, Guarantor or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any EU MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Dealer(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code); and
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Dealer(s) named in the relevant Pricing Supplement.

Selling Restrictions

United States of America

The Notes and the Guarantee of the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes or the Guarantee of the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

If the Pricing Supplement in respect of any Notes does not include a legend entitled "Prohibition of Sales to EEA Retail Investors", in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(a) *Qualified investors:* at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(b) *Fewer than 150 offerees:* at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) *Other exempt offers:* at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation.

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of Sales to UK Retail Investors

If the Pricing Supplement in respect of any Notes incudes the legend "Prohibition of Sales to UK Retail Investors", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

If the Pricing Supplement in respect of any Notes does not include the legend "Prohibition of Sales to UK Retail Investors", each Dealer has represented and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) ***No deposit-taking:*** in relation to any Notes having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) ***Financial promotion:*** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) ***General compliance:*** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, *that* it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Malaysia

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the SC under the CMSA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered for subscription or sale, sold, transferred or otherwise disposed of, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to the persons, or other than in relation to an offer or invitation, falling within paragraph 1(a), (b) or (d) of Part I of Schedule 5 of the CMSA, Schedule 6 and Schedule 7 of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA at issuance, and after issuance, paragraph 1(a), (b) or (d) of Part I of Schedule 5 of the CMSA, Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA, subject to any law, order, regulation or official directive of BNM, SC and/or any other regulatory authority from time to time. The issuance of, offer for subscription or purchase of or invitation to subscribe for the Notes would also fall within paragraph 12, Schedule 8 (or Section 257 (1)) of the CMSA, on the basis that the Programme has received an international rating of A3 from Moody's Investors Services Singapore Pte. Ltd.

In addition, no approval from the LFSA has been or will be obtained for the offering of the Notes on the basis that the offer to purchase or invitation to subscribe for the Notes will fall within the categories of excluded offers or invitations set out in section 8(5) of the LFSSA. The Offering Circular has not been nor will it be registered with the LFSA on the basis that any offer to purchase or invitation to subscribe for the Notes will be an excluded offer or invitation for the purposes of the LFSSA.

Prospective investors should note that residents of Malaysia may be required to obtain regulatory approvals including approval from BNM to purchase the Notes. The onus is on the residents of Malaysia concerned to obtain such regulatory approvals and none of the Dealers or the Issuer or the Guarantor is responsible for any invitation, offer, sale or purchase of the Notes as aforesaid without the necessary approvals being in place.

PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be offered or sold directly or indirectly in the People's Republic of China (the "**PRC**") (which, for the sole purpose herein, does not include Hong Kong, Macau or Taiwan). This Offering Circular, the Notes and any material or information contained or incorporated by reference herein relating to the Notes have not been, and will not be, submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("**CSRC**") or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. Neither this Offering Circular nor any material or information contained or incorporated by reference herein relating to the Notes constitutes an offer to sell or the solicitation of an offer to buy any securities in the PRC.

The Notes may only be invested by PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. PRC investors are responsible for informing themselves about and observing all legal and regulatory restrictions, obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, any which may be required from the People's Bank of China, the State Administration of Foreign Exchange, CSRC, the China Banking and Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or overseas investment regulations.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular or any Pricing Supplement or any related offering material, in all cases at its own expense. Other persons into whose hands this Offering Circular or any Pricing Supplement comes are required by the Issuer, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any Pricing Supplement or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Offering Circular.

None of the Issuer, the Guarantor or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

The Dealers and certain of their affiliates have performed certain commercial banking, investment banking and advisory services for the Issuer, the Guarantor and/or their respective affiliates from time to time, for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform such or other services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of their business.

GENERAL INFORMATION

1. **Listing**

Approval-in-principle has been obtained from the Labuan International Financial Exchange Inc. (the "**LFX**") for the listing of the Notes issued under the Programme and approval-in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the permission to deal in, list and for the quotation of any Notes that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the LFX and the SGX-ST. Such permission will be granted when the Programme or such Notes have been admitted to listing on the LFX and the Official List of the SGX-ST. There is no assurance that an application for the listing of the Securities on the Official List of the SGX-ST will be approved. The SGX-ST and the LFX take no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein or the contents of this Offering Circular, make no representations as to its accuracy and completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. The approval-in-principle for the listing and quotation of any Notes to be issued pursuant to the Programme, and the admission of any Notes to, the LFX and the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Programme or the Notes. The relevant Pricing Supplement in respect of any Series will specify whether or not such Notes will be listed and, if so, on which exchange(s) the Notes are to be listed. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes will trade on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies).

So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer is to appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes, Global Registered Notes or RENTAS Global Registered Certificates representing such Notes are exchanged for definitive form. In addition, if such event occurs, an announcement of such exchange will be made through the SGX-ST and such announcement shall include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

2. **Authorisation**

The establishment of the Programme, the issue of the Notes and the updates of the Programme thereunder were authorised by a resolution of the board of directors of the Issuer passed on 25 June 2014 and by a resolution of the board of directors of the Guarantor (the "**Board**") passed on 26 May 2014. Each of the Issuer and the Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the Guarantee of the Notes relating to them.

3. **Legal and Arbitration Proceedings**

None of the Issuer, the Guarantor and any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

4. **Significant/Material Change**

Since 31 December 2021, there has been no material adverse change in the financial position or prospects or any significant change in the financial or trading position of the Issuer, the Guarantor and the Group.

5. **Auditor**

PricewaterhouseCoopers PLT, the Guarantor's independent auditors, have audited, and rendered an unqualified audit report on, the financial statements of the Guarantor as at and for the year ended 31 December 2021.

6. **Documents on Display**

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays and public holidays excepted) at the specified offices of the Fiscal Agent for so long as the Notes are capable of being issued under the Programme:

(i) the memorandum and articles of association of the Issuer and the Guarantor;

(ii) the audited financial statements of the Guarantor for the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019;

(iii) the unaudited and unreviewed financial statements of the Guarantor for the six months ended 30 June 2022;

(iv) copies of the latest annual consolidated financial statements, and any condensed consolidated interim financial statements (whether audited or unaudited) published subsequently to such audited annual financial statements, of the Issuer or the Guarantor;

(v) each Pricing Supplement (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation) will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity;

(vi) a copy of this Offering Circular, together with any supplement to this Offering Circular;

(vii) the Agency Agreement;

(viii) the Deed of Guarantee;

(ix) the Deed of Covenant; and

(x) the Programme Manual (which contains the forms of the Notes in global and definitive form).

7. **Clearing of the Notes**

The Notes may be accepted for clearance through Euroclear and Clearstream, CMU, CDP and/or RENTAS. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

8. **Conflict of Interest Situations**

(i) ***CIMB***

As at the date hereof and after making enquiries as were reasonable in the circumstances, CIMB is not aware of any circumstances that would give rise to a conflict-of-interest in its capacity as, amongst others, Joint Principal Adviser, Arranger, Dealer and RENTAS Fiscal Agent in relation to the Programme, other than as highlighted below.

The Issuer is wholly-owned by the Guarantor which is, in turn, a wholly-owned subsidiary of Cagamas Holdings. CIMB Bank Berhad ("**CIMB Bank**") holds 16.5% of the shareholding in Cagamas Holdings as of the date hereof. In addition, Dato' Lee Kok Kwan is a non-independent non-executive director on the Board of Directors of Cagamas Holdings. He is also the non-independent director of CIMB, CIMB Bank and CIMB Group Holdings Berhad.

CIMB and CIMB Bank are subsidiaries of CIMB Group Holdings Berhad.

CIMB has considered the factors involved and it believes that objectivity and independence in carrying out its role as Joint Principal Adviser, Arranger, Dealer and RENTAS Fiscal Agent in relation to the Programme, have been and will be maintained at all times for the following reasons:

(a) CIMB is a licensed investment bank and its appointment as Joint Principal Adviser, Arranger, Dealer and RENTAS Fiscal Agent in relation to the Programme is in the ordinary course of its business;

(b) the roles of CIMB will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of CIMB in its capacity as Joint Principal Adviser, Arranger, Dealer and RENTAS Fiscal Agent in relation to the Programme and shall be carried out on an arms-length basis; and

(c) the conduct of CIMB is regulated strictly by the Financial Services Act 2013 (the "**FSA**") and the CMSA and by its own internal controls and checks.

The Board has been informed and is fully aware of the above. Notwithstanding the above, the Board is agreeable to proceed with the implementation of the Programme based on the present arrangement and terms.

(ii) ***HSBC***

The Issuer is wholly-owned by the Guarantor which, in turn, is a wholly-owned subsidiary of Cagamas Holdings. HSBC holds 4.1% of the shareholding in Cagamas Holdings as of the date hereof.

As at the date hereof and after making enquiries as were reasonable in the circumstances, HSBC is not aware of any circumstances that would give rise to a conflict-of-interest in its capacity as Joint Principal Advisor in relation to the Programme.

HSBC has considered the factors involved and it believes that objectivity and independence in carrying out its role as Joint Principal Advisor in relation to the Programme, have been and will be maintained at all times for the following reasons:

(a) HSBC is a licensed bank and its appointment as Joint Principal Advisor in relation to the Programme is in the ordinary course of its business;

(b) the role of HSBC will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of HSBC in its capacity as Joint Principal Advisor in relation to the Programme and shall be carried out on an arms-length basis; and

(c) the conduct of HSBC is regulated strictly by the FSA and the CMSA and by its own internal controls and checks.

The Board has been informed and is fully aware of the above. Notwithstanding the above, the Board is agreeable to proceed with the implementation of the Programme based on the present arrangement and terms.

(iii) ***HSBC Limited***

The Issuer is wholly-owned by the Guarantor which, in turn, is a wholly-owned subsidiary of Cagamas Holdings. HSBC holds 4.1% of the shareholding in Cagamas Holdings as of the date hereof.

HSBC is wholly-owned by HSBC Limited.

As at the date hereof and after making enquiries as were reasonable in the circumstances, HSBC Limited is not aware of any circumstances that would give rise to a conflict-of-interest in its capacity as Arranger and Dealer in relation to the Programme.

HSBC Limited has considered the factors involved and it believes that objectivity and independence in carrying out its role as Arranger and Dealer in relation to the Programme, have been and will be maintained at all times for the following reasons:

(a) HSBC Limited is a licensed bank and its appointment as Arranger and Dealer in relation to the Programme is in the ordinary course of its business;

(b) the role of HSBC Limited will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of HSBC Limited in its capacity as Arranger and Dealer in relation to the Programme and shall be carried out on an arms-length basis; and

(c) the conduct of HSBC Limited is regulated strictly by the HKMA and by its own internal controls and checks.

The Board has been informed and is fully aware of the above. Notwithstanding the above, the Board is agreeable to proceed with the implementation of the Programme based on the present arrangement and terms.

(iv) ***RHB***

The Issuer is wholly-owned by the Guarantor which, in turn, is a wholly-owned subsidiary of Cagamas Holdings. RHB and RHB Bank Berhad collectively hold 8.6% of the shareholding in Cagamas Holdings as of the date hereof.

RHB is wholly-owned by RHB Bank Berhad.

As at the date hereof and after making enquiries as were reasonable in the circumstances, RHB is not aware of any circumstances that would give rise to a conflict-of-interest in its capacity as, amongst others, Arranger and Dealer in relation to the Programme.

RHB has considered the factors involved and it believes that objectivity and independence in carrying out its roles as Arranger and Dealer in relation to the Programme, have been and will be maintained at all times for the following reasons:

(a) RHB is a licensed investment bank and its appointment as, amongst others, Arranger and Dealer in relation to the Programme is in the ordinary course of its business;

(b) the roles of RHB will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of RHB in its capacity as, amongst others, Arranger and Dealer in relation to the Programme and shall be carried out on an arms-length basis; and

(c) the conduct of RHB is regulated strictly by the FSA and the CMSA and by its own internal controls and checks.

The Board has been informed and is fully aware of the above. Notwithstanding the above, the Board is agreeable to proceed with the implementation of the Programme based on the present arrangement and terms.

(v) ***SCB***

The Issuer is wholly-owned by the Guarantor which, in turn, is a wholly-owned subsidiary of Cagamas Holdings. Standard Chartered Bank Malaysia Berhad ("**SCB Malaysia**") holds 3.06% of the shareholding in Cagamas Holdings as of the date hereof.

SCB Malaysia and SCB are ultimately wholly-owned by Standard Chartered PLC.

As at the date hereof and after making enquiries as were reasonable in the circumstances, SCB is not aware of any circumstances that would give rise to a conflict-of-interest in its capacity as, amongst others, Arranger and Dealer in relation to the Programme.

SCB has considered the factors involved and it believes that objectivity and independence in carrying out its roles as Arranger and Dealer in relation to the Programme, have been and will be maintained at all times for the following reasons:

(a) SCB is a licensed bank and its appointment as, amongst others, Arranger and Dealer in relation to the Programme is in the ordinary course of its business;

(b) The roles of SCB will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of SCB in its capacity as, amongst others, Arranger and Dealer in relation to the Programme and shall be carried out on an arms-length basis; and

(c) SCB is a firm authorised by Prudential Regulation Authority of the United Kingdom and regulated by the Financial Conduct Authority and the Prudential Regulation Authority of the United Kingdom and also by its own internal controls and checks.

The Board has been informed and is fully aware of the above. Notwithstanding the above, the Board is agreeable to proceed with the implementation of the Programme based on the present arrangement and terms.

(vi) ***AIBB***

The Issuer is wholly-owned by the Guarantor which is, in turn, a wholly-owned subsidiary of Cagamas Holdings. AmBank (M) Berhad ("**AmBank**") holds 8.0% of the shareholding in Cagamas Holdings as of the date hereof.

AIBB and AmBank are entities within the same group of companies.

As at the date hereof and after making enquiries as were reasonable in the circumstances, AIBB is not aware of any circumstances that would give rise to a conflict-of-interest in its capacity as a Dealer in relation to the Programme.

AIBB has considered the factors involved and it believes that objectivity and independence in carrying out its roles as a Dealer in relation to the Programme, have been and will be maintained at all times for the following reasons:

(a) AIBB is a licensed investment bank regulated by various government authorities and agencies including BNM under, *inter alia*, the FSA and the SC under, *inter alia*, the CMSA and its appointment as a Dealer in relation to the Programme is in the ordinary course of its business;

(b) AIBB is also governed by its own internal controls and checks and balances with AIBB's employees being competent and skilled to carry out in a professional manner and in the best interest of its clients, the functions required of the role of a Dealer;

(c) AIBB's Dealer role will be governed by relevant agreements and documentation which shall clearly set out the rights, duties and responsibilities of AIBB in its capacity as a Dealer in relation to the Programme such agreements and documentation shall be entered into on an arms' length basis;

(d) the conduct of AmBank is regulated strictly by the FSA and the IFSA respectively and by their own internal controls and checks and balances and they had entered into the abovementioned transactions with the Obligor in the ordinary course of their business.

The Board has been informed and is fully aware of the above. Notwithstanding the above, the Board is agreeable to proceed with the implementation of the Programme based on the present arrangement and terms.

(vii) ***DB***

The Issuer is wholly-owned by the Guarantor which is, in turn, a wholly-owned subsidiary of Cagamas Holdings. Deutsche Bank (Malaysia) Berhad holds 0.2% of the shareholding in Cagamas Holdings as of the date hereof.

DB and Deutsche Bank (Malaysia) Berhad are ultimately owned by Deutsche Bank AG.

As at the date hereof and after making enquiries as were reasonable in the circumstances, DB is not aware of any circumstances that would give rise to a conflict-of-interest in its capacity as a Dealer in relation to the Programme.

DB has considered the factors involved and it believes that objectivity and independence in carrying out its roles as a Dealer in relation to the Programme, have been and will be maintained at all times for the following reasons:

(a) DB is a licensed commercial bank and its appointment as, amongst others, Dealer in relation to the Programme is in the ordinary course of its business;

(b) the roles of DB will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of DB in its capacity as, amongst others, Dealer in relation to the Programme and shall be carried out on an arms-length basis; and

(c) the conduct of DB is regulated strictly by the Monetary Authority of Singapore (MAS) and by its own internal controls and checks.

The Board has been informed and is fully aware of the above. Notwithstanding the above, the Board is agreeable to proceed with the implementation of the Programme based on the present arrangement and terms.

(viii) ***Maybank***

The Issuer is wholly-owned by the Guarantor which is, in turn, a wholly-owned subsidiary of Cagamas Holdings. Maybank holds 14.2% of the shareholding in Cagamas Holdings as of the date hereof. In addition, Dato' Khairussaleh Ramli is a non-executive director on the Board of Directors of Cagamas Holdings. He is currently the Group President & Chief Executive Officer and a non-independent executive director of Maybank.

As at the date hereof and after making enquiries as were reasonable in the circumstances, Maybank is not aware of any circumstances that would give rise to a conflict-of-interest in its capacity as a Dealer in relation to the Programme.

Maybank has considered the factors involved and it believes that objectivity and independence in carrying out its roles as a Dealer in relation to the Programme, have been and will be maintained at all times for the following reasons:

(a) Maybank is a licensed bank and its appointment as, amongst others, Dealer in relation to the Programme is in the ordinary course of its business;

(b) the roles of Maybank will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of Maybank in its capacity as, amongst others, Dealer in relation to the Programme and shall be carried out on an arms-length basis; and

(c) the conduct of Maybank is regulated strictly by the FSA and the CMSA and by its own internal controls and checks.

The Board has been informed and is fully aware of the above. Notwithstanding the above, the Board is agreeable to proceed with the implementation of the Programme based on the present arrangement and terms.

INDEX TO FINANCIAL STATEMENTS

* The audited financial statements set out herein have been reproduced from the audited financial statements of Cagamas and its subsidiaries for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021, including the page numbers and page references set forth in such financial statements. The audited financial statements have not been specifically prepared for inclusion in this Offering Circular.

** The unaudited condensed financial statements set out herein has been reproduced from the condensed interim financial statements of Cagamas and its subsidiaries for the six months ended 30 June 2022, including the page numbers and page references set forth in such interim report. The unaudited condensed financial statements have not been specifically prepared for inclusion in this Offering Circular.

CAGAMAS BERHAD
Company No. 198601008739 (157931-A)
AND ITS SUBSIDIARY COMPANIES
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
30 JUNE 2022

Domiciled in Malaysia.
Registered Office:
Level 32, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

Registration No.
198601008739 (157931 A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Group		Company	
		30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
ASSETS					
Cash and cash equivalents	1	363,016	318,943	345,136	300,433
Deposits and placement with financial institutions	2	124,899	172,021	124,899	172,021
Financial assets at fair value through profit or loss (FVTPL)	3	-	123,132	-	123,132
Financial assets at fair value through other comprehensive income (FVOCI)	4	3,511,206	2,792,094	3,511,206	2,792,094
Financial assets at amortised cost	5	1,362,966	354,353	1,362,966	354,353
Derivative financial instruments	6	76,232	29,607	76,232	29,607
Amount due from counterparties	7	13,472,229	17,141,175	13,472,229	17,141,175
Islamic financing assets	8	11,508,930	10,273,747	11,508,930	10,273,747
Mortgage assets					
- Conventional	9	3,644,379	3,886,956	3,644,379	3,886,956
- Islamic	10	4,479,839	4,691,424	4,479,839	4,691,424
Hire purchase assets					
- Islamic	11	62	62	62	62
Amount due from					
- Related company		615	735	615	735
- Subsidiaries		-	-	3,726	3,708
Other assets	12	6,949	7,570	6,942	7,562
Tax recoverable		25,882	64,194	25,882	64,194
Investment in subsidiaries		-*	-*	-*	-*
Property and equipment		1,687	2,338	1,687	2,338
Intangible assets		16,608	18,357	16,608	18,357
Right of use of assets	13	10,488	11,592	10,488	11,592
TOTAL ASSETS		38,605,987	39,888,300	38,591,826	39,873,490
LIABILITIES					
Short-term borrowings		622,926	302,367	622,926	302,367
Derivative financial instruments	6	9,611	28,595	9,611	28,595
Other liabilities	14	168,827	164,019	168,564	162,801
Lease liability	15	12,570	13,738	12,570	13,738
Deferred taxation		160,663	181,935	160,663	181,935
Loans/financing from subsidiaries	16	-	-	2,135,341	2,572,657
Unsecured bearer bonds and notes	17	16,982,671	19,956,954	14,848,707	17,386,080
Sukuk	18	16,477,482	15,082,028	16,477,482	15,082,028
TOTAL LIABILITIES		34,434,750	35,729,636	34,435,864	35,730,201
Share capital		150,000	150,000	150,000	150,000
Reserves		4,021,237	4,008,664	4,005,962	3,993,289
SHAREHOLDER'S FUNDS		4,171,237	4,158,664	4,155,962	4,143,289
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		38,605,987	39,888,300	38,591,826	39,873,490
NET TANGIBLE ASSETS PER SHARE (RM)		27.70	27.60	27.60	27.50

* denotes USD1 in Cagamas Global P.L.C ("CGP") and RM2 in Cagamas Global Sukuk Berhad ("CGS").

The condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2021 and the accompanying explanatory notes on pages 8 to 61 attached to the condensed interim financial statements. The condensed interim financial statements were approved for issue by the Board of Directors on 30 August 2022.

CONDENSED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Note	Group		Company	
		6 Months to 30 Jun 2022 RM'000	6 Months to 30 Jun 2021 RM'000	6 Months to 30 Jun 2022 RM'000	6 Months to 30 Jun 2021 RM'000
Interest income	19	417,134	413,212	417,134	413,212
Interest expense	20	(298,173)	(312,298)	(298,224)	(312,284)
Income from Islamic operations	25	59,307	62,587	59,307	62,587
Non-interest (expense)/income	21	(15,528)	5,925	(15,528)	5,925
		162,740	169,426	162,689	169,440
Personnel costs		(15,627)	(15,439)	(15,627)	(15,439)
Administration and general expenses		(13,372)	(14,736)	(13,221)	(14,484)
OPERATING PROFIT		133,741	139,251	133,841	139,517
Allowance for impairment losses		1,849	(1,517)	1,849	(1,517)
PROFIT BEFORE TAXATION		135,590	137,734	135,690	138,000
Taxation		(32,566)	(33,120)	(32,566)	(33,120)
PROFIT FOR THE FINANCIAL PERIOD		103,024	104,614	103,124	104,880
EARNINGS PER SHARE (SEN)		68.68	69.74	68.75	69.92
DIVIDEND PER SHARE (SEN)		15.00	15.00	15.00	15.00

The condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2021 and the accompanying explanatory notes on pages 8 to 61 attached to the condensed interim financial statements. The condensed interim financial statements were approved for issue by the Board of Directors on 30 August 2022.

Registration No.
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CAGAMAS BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Group		Company	
	6 Months to 30 Jun 2022 RM'000	**6 Months to 30 Jun 2021 RM'000**	**6 Months to 30 Jun 2022 RM'000**	**6 Months to 30 Jun 2021 RM'000**
Profit for the financial period	103,024	104,614	103,124	104,880
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Financial assets at FVOCI				
- Net (loss)/gain on fair value changes before taxation	(77,803)	(59,105)	(77,803)	(59,105)
- Deferred taxation	18,696	14,260	18,696	14,260
Cash flow hedge				
- Net (loss)/gain on cash flow hedge	(11,421)	(7,565)	(11,421)	(7,565)
- Deferred taxation	2,577	1,816	2,577	1,816
Other comprehensive (loss)/income for the financial period, net of taxation	(67,951)	(50,594)	(67,951)	(50,594)
Total comprehensive income for the financial period	35,073	54,020	35,173	54,286

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CAGAMAS BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Issued and fully paid ordinary shares of RM1 each	Non-distributable			Distributable	
Group	Share capital RM'000	Financial asset at FVOCI reserves RM'000	Cash flow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
Balance as at 1 January 2022	150,000	56	4,413	89,723	3,914,472	4,158,664
Profit for the financial period	-	-	-	-	103,024	103,024
Other comprehensive income	-	(59,107)	(8,844)	-	-	(67,951)
Total comprehensive income for the financial period	-	(59,107)	(8,844)	-	103,024	35,073
Transfer to retained profits	-	-	-	(5,136)	5,136	-
Dividend paid	-	-	-	-	(22,500)	(22,500)
Balance as at 30 June 2022	150,000	(59,051)	(4,431)	84,587	4,000,132	4,171,237
Balance as at 1 January 2021	150,000	72,411	11,062	99,778	3,825,542	4,158,793
Profit for the financial period	-	-	-	-	104,614	104,614
Other comprehensive income	-	(44,845)	(5,749)	-	-	(50,594)
Total comprehensive income for the financial period	-	(44,845)	(5,749)	-	104,614	54,020
Transfer to retained profits	-	-	-	(5,228)	5,228	-
Dividend paid	-	-	-	-	(22,500)	(22,500)
Balance as at 30 June 2021	150,000	27,566	5,313	94,550	3,912,884	4,190,313

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198601008739 (157931 A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Issued and fully paid ordinary shares of RM1 each	Non-distributable			Distributable	
	Share capital	Financial asset at FVOCI reserves	Cash flow hedge reserves	Regulatory reserves	Retained profits	Total equity
Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022	150,000	56	4,413	89,723	3,899,097	4,143,289
Profit for the financial period	-	-	-	-	103,124	103,124
Other comprehensive income	-	(59,107)	(8,844)	-	-	(67,951)
Total comprehensive income for the financial period	-	(59,107)	(8,844)	-	103,124	35,173
Transfer to retained profits	-	-	-	(5,136)	5,136	-
Dividend paid	-	-	-	-	(22,500)	(22,500)
Balance as at 30 June 2022	150,000	(59,051)	(4,431)	84,587	3,984,857	4,155,962
Balance as at 1 January 2021	150,000	72,411	11,062	99,778	3,809,964	4,143,215
Profit for the financial period	-	-	-	-	104,880	104,880
Other comprehensive income	-	(44,845)	(5,749)	-	-	(50,594)
Total comprehensive income for the financial period	-	(44,845)	(5,749)	-	104,880	54,286
Transfer to retained profits	-	-	-	(5,228)	5,228	-
Dividend paid	-	-	-	-	(22,500)	(22,500)
Balance as at 30 June 2021	150,000	27,566	5,313	94,550	3,897,572	4,175,001

CAGAMAS BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Group		Company	
	6 Months to 30 Jun 2022 RM'000	6 Months to 30 Jun 2021 RM'000	6 Months to 30 Jun 2022 RM'000	6 Months to 30 Jun 2021 RM'000
OPERATING ACTIVITIES				
Profit before taxation	135,590	137,734	135,690	138,000
Adjustments for non-cash items	(187,763)	(200,684)	(187,353)	(200,216)
Operating loss before working capital changes	(52,173)	(62,950)	(51,663)	(62,216)
Net changes in operating assets and liabilities	3,964,915	942,369	4,016,915	942,669
Zakat paid	(5,094)	-	(5,094)	-
Tax refunded	5,747	-	5,747	-
Tax paid	-	(1,255)	-	(1,255)
Net cash generated from operating activities	3,913,395	878,164	3,965,905	879,198
INVESTING ACTIVITIES				
Purchase of:				
- Financial investment at FVOCI	(2,031,187)	(1,141,406)	(2,031,187)	(1,141,406)
- Financial investment at AC	(1,000,000)	(355,000)	(1,000,000)	(355,000)
Proceeds from sale/redemption of				
- Financial investment at FVTPL	123,450	-	123,450	-
- Financial investment at FVOCI	1,236,766	773,155	1,236,766	773,155
Purchase of:				
- Property and equipment	(284)	(234)	(284)	(234)
- Intangible assets	(217)	(1,180)	(217)	(1,180)
Income received from:				
- Financial investment at FVTPL	1,808	1,887	1,808	1,887
- Financial investment at FVOCI	52,276	38,393	52,276	38,393
Proceeds from disposal of property and equipment	-	9	-	9
Net cash utilised in investing activities	(1,617,388)	(684,376)	(1,617,388)	(684,376)
FINANCING ACTIVITIES				
Dividends paid to holding company	(22,500)	(22,500)	(22,500)	(22,500)
Proceeds from issuance				
- Unsecured bearer bonds and notes	4,279,019	5,407,644	3,968,000	4,585,000
- Sukuk	3,570,000	2,740,000	3,570,000	2,740,000
Proceeds from loans/financing from subsidiary		-	311,019	822,644
Redemption of:				
- Unsecured bearer bonds and notes	(7,829,013)	(4,590,000)	(6,998,000)	(4,590,000)
- Sukuk	(2,190,000)	(3,035,000)	(2,190,000)	(3,035,000)
Repayment of loans/financing from subsidiary	-	-	(831,011)	-
Interest paid	195,897	(358,051)	195,079	(358,289)
Profit paid to Sukuk holders	(253,971)	(287,069)	(253,971)	(287,069)
Lease rental paid	(1,366)	(787)	(1,366)	(787)
Net cash utilised in financing activities	(2,251,934)	(145,763)	(2,252,750)	(146,001)

CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (CONTINUED)

	Group		Company	
	6 Months to 30 Jun 2022 RM'000	6 Months to 30 Jun 2021 RM'000	6 Months to 30 Jun 2022 RM'000	6 Months to 30 Jun 2021 RM'000
Net increase in cash and cash equivalents	44,073	48,025	95,767	48,821
Cash and cash equivalents as at 1 January	318,943	109,071	300,433	89,848
Cash and cash equivalents as at 30 June	363,016	157,096	396,200	138,669

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022

A1 General information

The principal activities of the Company ("Cagamas") consist of the purchases of mortgage loans, personal loans and hire purchase and leasing debts from primary lenders approved by the Company and the issuance of bonds and notes to finance these purchases. The Company also purchases Islamic financing facilities such as home financing, personal financing and hire purchase financing and funded by issuance of Sukuk. The ultimate holding company is Cagamas Holdings Berhad, a company incorporated in Malaysia. Subsidiary companies of the Company are Cagamas Global PLC ("CGP") and Cagamas Global Sukuk Berhad ("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.

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

A2 Basis of preparation

The unaudited condensed interim financial statements for the financial period ended 30 June 2022 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets at fair value through profit or loss ("FVTPL"), financial investments at fair value through other comprehensive income ("FVOCI") and derivative financial instruments.

The unaudited condensed interim financial statements of the Group and the Company for the financial period 30 June 2022 have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"). The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2021. The explanatory notes attached in the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Company since financial year ended 31 December 2021. The Group's and the Company's unaudited interim financial statements include the financial statements of the Company and its subsidiaries.

All significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2021.

A3 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A3 Economic entities in the Group (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.

A4 Amount due from counterparties and Islamic financing assets

Note A1 to the financial statements describes the principal activities of the Group and the Company, 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 Company.

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 and the Company. 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.

A5 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 and the Company from the originators at fair values. The originator acts as a servicer and remits the principal and interest/profit income from the assets to the Group and the Company 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 the Company and adjusted for unaccreted discount. Interest/profit income on the assets are 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 term of the assets using the internal rate of return method.

A6 Investment in subsidiaries

Investment in subsidiaries is 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 A10 to the financial statements describes the Group's and the Company's accounting policy on impairment of assets.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A7 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.

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 Company 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.

At each statement of financial position date, the Group and the Company assess 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 in Note A10.2 to the financial statements.

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

A8 Financial assets

(a) Classification

The Group and the Company classify their 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 de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit 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 and the Company have transferred substantially all the risks and rewards of ownership.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A8 Financial assets (continued)

(c) Measurement

At initial recognition, the Group and the Company measure a financial assets at its fair value plus, in the case of a financial assets not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial assets. 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").

<u>Debt instruments</u>

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

There are three measurement categories into which the Group and the Company classify their debt instruments:

(i) Amortised cost ("AC")

Cash and short-term funds, 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 to related companies and amount due to subsidiaries that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in the income statements using the effective interest rate 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 statements.

(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, are measured at FVOCI. Movements in the carrying amount are taken through 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 asset 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 income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in non-interest income/(expense) and allowance/(write back) 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 and the Company 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 is recognised in income statements and presented net within non-interest income/(expense) in the period which it arises.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A8 Financial assets (continued)

(c) Measurement (continued)

<u>Equity instruments</u>

The Group and the Company subsequently measures 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 or the Company'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 income statements.

A9 Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in income statements. Financial liabilities are de-recognised 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 A18 on hedge accounting.

(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 effective interest method. All other borrowing costs are recognised in income statements in the period in which they are incurred.

Borrowings measured at amortised cost are unsecured bearer bonds and notes and sukuk.

(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 effective interest rate. Other financial liabilities measured at amortised cost are deferred guarantee fee income, deferred Wakalah fee income and other liabilities.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A10 Impairment of assets

A10.1 Financial assets

The Group and the Company have the following financial assets that are subject to the expected credit loss ("ECL") model:

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

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.

<u>General approach</u>

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 months ECL – not credit impaired
  For credit exposures where there has not been a significant increase in credit risk since initial recognition or which has low credit risk at reporting date and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.

- Stage 2: Lifetime ECL – not credit impaired
  For credit exposures where there has been a significant increase in credit risk 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 a significant increase in credit risk when 30 days past due.

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

<u>Simplified approach</u>

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

<u>Significant increase in credit risk</u>

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare 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.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A10 Impairment of assets (continued)

A10.1 Financial assets (continued)

Significant increase in credit risk (continued)

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
- 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, a significant increase in credit risk 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 and the Company define 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 and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider 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

Financial instruments that are credit-impaired are assessed on individual basis.

Mortgage assets/Islamic mortgage assets and Islamic hire purchase assets have been grouped based on shared credit risk characteristics and the days past due for the purpose of ECL measurement. Mortgage assets/Islamic mortgage assets and Islamic hire purchase assets have substantially the same risk characteristics and the Group and the Company have therefore concluded that these assets to be assessed on a collective basis. Financial assets at FVOCI and financial instruments that are credit impaired are assessed on individual basis.

Amount due from counterparties, Islamic financing assets and debt instruments which are in default or credit impaired are assessed individually.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A10 Impairment of assets (continued)

A10.2 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.

A11 Write-off

The Group and the Company write 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 is credited against the same line item.

A12 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 on Islamic assets are recognised using the effective interest/profit rate method. Accretion of discount is recognised using the effective yield method.

A13 Premium and discount on unsecured bearer bonds, notes and 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.

A14 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 deferred tax liability is settled.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A15 Cash and cash equivalents

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

A16 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.

A17 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 and the Company. The Group and the Company have determined the Chief Executive Officer of the Company to be the chief operating decision maker.

A18 Derivative financial instruments and hedge accounting

Derivatives financial instruments consist of interest rate swaps ("IRS"), Islamic profit rate swaps ("IPRS"), cross currency swap (“CCS”) and Islamic cross currency swap (“ICCS”). Derivatives financial instruments are used by the Group and the Company to hedge the issuance of its Bond/Sukuk from potential movements in interest rate, profit rate or foreign currency exchange rate.

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

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’s and Company’s 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 and the Company document their risk management objective and strategy for undertaking its hedge transactions.

The Group and the Company also document 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.

<u>Cash flow hedge</u>

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)".

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A18 Derivative financial instruments and hedge accounting (continued)

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 and deferred cost of hedging included in equity 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 and deferred cost of hedging that was reported in equity is immediately reclassified to income statements under "Non-interest income/(expense)".

A19 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 reflects 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.

A20 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 and the Company.

(b) Defined contributions plans

The Group and the Company contribute 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 and the Company have 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.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A21 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 and the Company, 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.

A22 Share capital

(a) Classification

Ordinary shares 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 shareholder of the Company

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

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A23 Currency translations

(a) Functional and presentation currency

Items included in the financial statements of the Group and the Company 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, which is 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 income statements, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

A24 Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but discloses 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 and the Company 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 and the Company do not recognise contingent assets but discloses 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 and the Company.

A25 Deferred financing fees

Deferred financing fees consist of expenses incurred in relation to the unsecured bond and notes/Sukuk issuance. Upon unsecured bond and notes/Sukuk issuance, deferred financing fees will be deducted from the carrying amount of the unsecured bond and notes/Sukuk and amortised using the effective interest/profit rate method.

A26 Leases

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

Contracts may contain both lease and non-lease components. The Group and the Company allocate 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 and the Company are a lessee, they have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A26 Leases (continued)

Lease term

In determining the lease term, the Group and the Company consider 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 and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affect whether the Group and the Company are 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 liability.

ROU assets

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

Lease liability

Lease liability 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 and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company 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 and the Company, 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 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.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A26 Leases (continued)

Lease liability (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 and the Company present the lease liability 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 liability

The Group and the Company are 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 assets.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months 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 bases as an expense in income statements.

A27 Auditor's report on preceding Annual Financial Statements

The audit report on the audited financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

A28 Seasonality or Cyclical factors

The business operations of the Group and the Company are not subject to material seasonal or cyclical fluctuations.

A29 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group and the Company for the financial period ended 30 June 2022.

A30 Changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Company for the financial period 30 June 2021.

A31 Dividend

A single tier final dividend of 15 sen per ordinary share on 150,000,000 ordinary shares amounting to RM22,500,000 in respect of the financial year ended 31 December 2021 was paid on 11 May 2022.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

A32 Subsequent events

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the interim financial statements.

A33 Changes in the composition of the Group

There were no material changes in the composition of the Group during the financial period.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

1. CASH AND CASH EQUIVALENTS

	Group		Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Cash and balances with banks and other financial institutions	18,326	19,498	446	988
Money at call and deposit and placements maturing with original maturity less than 3 months	40,837	185,392	40,837	185,392
Mudharabah money at call and deposit and placements maturing with original maturity less than 3 months	303,893	114,064	303,893	114,064
	363,056	318,954	345,176	300,444
Less: Allowance for impairment losses	(40)	(11)	(40)	(11)
	363,016	318,943	345,136	300,433

The gross carrying value of cash and cash equivalents and the impairment allowance are within Stage 1 allocation. Movement in impairment allowances that reflects the ECL model on impairment are as follows:

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Stage 1		
At 1 January	11	-
Allowance/(reversal) during the period	29	11
At 30 June/ 31 Dec	40	11

2. DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

Licensed Banks	124,899	172,021

The gross carrying value of deposits and placements with financial institution are within Stage 1 allocation (12-month ECL). There is no ECL made for this category as at 30 June 2022 (2021: Nil).

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Unit trust	-	123,132

Financial assets classified or designated as FVTPL are not subjected to impairment assessment under MFRS 9.

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Debt instruments:		
Malaysian Government securities	484,056	436,933
Corporate bonds	453,085	248,430
Government investment issues	865,182	830,336
Corporate Sukuk	1,223,087	905,977
Quasi Government Sukuk	485,796	370,418
	3,511,206	2,792,094

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

Maturing within one year	1,112,646	677,907
One to three years	738,528	594,477
Three to five years	336,354	341,312
More than five years	1,323,678	1,178,398
	3,511,206	2,792,094

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 of allocation are as follows:

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Stage 1		
At 1 January	304	77
Allowance during the period on new assets purchased	119	266
Loans derecognised during the period due to maturity of assets	(14)	(30)
Reversal during the period due to changes in credit risk	(7)	(9)
At 30 June/ 31 Dec	402	304

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

5. FINANCIAL ASSETS AT AMORTISED COST

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Corporate Sukuk	355,465	355,508
Corporate bonds	1,009,152	-
Less: Allowance for impairment losses	(1,651)	(1,155)
	1,362,966	354,353
Stage 1		
At 1 January	1,155	-
Allowance during the period on new assets purchased	496	1,155
At 30 June/ 31 Dec	1,651	1,155

6. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts are as follows:

	Group and Company					
	30 Jun 2022			31 Dec 2021		
	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
Derivatives designated as cash flow hedges						
IRS/IPRS						
Maturing within one year	765,000	315	(4,666)	1,165,000	12	(13,655)
One to three years	1,490,000	10,300	(4,945)	590,000	2,656	(7,813)
More than five years	160,000	6,958	-	160,000	20,367	-
	2,415,000	17,573	(9,611)	1,915,000	23,035	(21,468)
CCS/ICCS						
Maturing within one year	703,560	31,419	-	1,526,640	6,572	(3,210)
One to three years	1,344,600	27,240	-	1,036,600	-	(3,917)
	2,048,160	58,659	-	2,563,240	6,572	(7,127)
	4,463,160	76,232	(9,611)	4,478,240	29,607	(28,595)

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

7. AMOUNT DUE FROM COUNTERPARTIES

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Relating to:		
Mortgage loans	13,043,723	16,548,478
Hire purchase and leasing debts	428,506	592,697
	13,472,229	17,141,175

The maturity structure of amount due from counterparties are as follows:

	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Maturing within one year	6,914,958	9,612,698
One to three years	5,919,488	6,890,791
Three to five years	226,134	226,134
More than five years	411,665	411,571
	13,472,245	17,141,194
Less: Allowance for impairment losses	(16)	(19)
	13,472,229	17,141,175

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

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Stage 1		
At 1 January	19	19
Allowance during the period on new assets purchased	3	13
Loans derecognised during the period due to maturity of assets	(2)	(6)
Reversal during the period due to changes in credit risk	(4)	(7)
At 30 June/ 31 Dec	16	19

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

8. ISLAMIC FINANCING ASSETS

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Relating to:		
Islamic house financing	9,569,564	8,805,885
Islamic personal financing	1,939,366	1,467,862
	11,508,930	10,273,747

The maturity structure of Islamic financing assets are as follows:

Maturing within one year	4,672,306	2,768,566
One to three years	6,836,695	7,505,242
	11,509,001	10,273,808
Less: Allowance for impairment losses	(71)	(61)
	11,508,930	10,273,747

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

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Stage 1		
At 1 January	61	99
Allowance during the period on new assets purchased	25	26
Loans derecognised during the period due to maturity of assets	(5)	(5)
Reversal during the period due to changes in credit risk	(10)	(59)
At 30 June/ 31 Dec	71	61

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

9. MORTGAGE ASSETS – CONVENTIONAL

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Purchase without Recourse ("PWOR")	3,644,379	3,886,956

The maturity structure of mortgage assets - conventional are as follows:

Maturing within one year	643,851	652,653
One to three years	814,062	846,026
Three to five years	699,399	715,011
More than five years	1,505,469	1,694,605
	3,662,781	3,908,295
Less: Allowance for impairment losses	(18,402)	(21,339)
	3,644,379	3,886,956

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

	Gross carrying value RM'000	Impairment allowance RM'000
By stage allocation:		
2022		
Stage 1 (12-months ECL; non credit impaired)	3,640,026	11,382
Stage 2 (Lifetime ECL; non credit impaired)	2,420	497
Stage 3 (Lifetime ECL; credit impaired)	20,335	6,523
At 30 June	3,662,781	18,402
Impairment allowance over gross carrying value (%)		0.50
2021		
Stage 1 (12-months ECL; non credit impaired)	3,878,389	12,086
Stage 2 (Lifetime ECL; non credit impaired)	2,512	465
Stage 3 (Lifetime ECL; credit impaired)	27,394	8,788
At 31 December	3,908,295	21,339
Impairment allowance over gross carrying value (%)		0.55

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

10. MORTGAGE ASSETS – ISLAMIC

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
PWOR	4,479,839	4,691,424

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

	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Maturing within one year	594,420	595,770
One to three years	750,841	755,159
Three to five years	730,679	739,961
More than five years	2,424,878	2,623,166
	4,500,818	4,714,056
Less: Allowance for impairment losses	(20,979)	(22,632)
	4,479,839	4,691,424

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

	Gross carrying value RM'000	Impairment allowance RM'000
By stage allocation:		
2022		
Stage 1 (12-months ECL; non credit impaired)	4,478,371	14,070
Stage 2 (Lifetime ECL; non credit impaired)	2,639	555
Stage 3 (Lifetime ECL; credit impaired)	19,808	6,354
At 30 June	4,500,818	20,979
Impairment allowance over gross carrying value (%)		0.47
2021		
Stage 1 (12-months ECL; non credit impaired)	4,689,151	14,809
Stage 2 (Lifetime ECL; non credit impaired)	1,448	298
Stage 3 (Lifetime ECL; credit impaired)	23,457	7,525
At 31 December	4,714,056	22,632
Impairment allowance over gross carrying value (%)		0.48

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

11. HIRE PURCHASE ASSETS – ISLAMIC

	Group and Company	
	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
PWOR	62	62

The maturity structure of hire purchase assets - Islamic are as follows:

Maturing within one year	74	74
Less: Allowance for impairment losses	(12)	(12)
	62	62

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

	Gross carrying value	Impairment allowance
	RM'000	RM'000
By stage allocation:		
2022		
Stage 1 (12-month ECL; non-credit impaired)	38	-
Stage 3 (Lifetime ECL; credit impaired)	36	12
At 30 June	74	12
Impairment allowance over gross carrying value (%)		15.78
2021		
Stage 1 (12-month ECL; non-credit impaired)	38	-
Stage 3 (Lifetime ECL; credit impaired)	36	12
At 31 December	74	12
Impairment allowance over gross carrying value (%)		15.78

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

12. OTHER ASSETS

	Group		Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Staff loans and financing	2,745	2,811	2,745	2,811
Deposits	923	923	922	922
Prepayments	2,277	2,761	2,271	2,754
Management fee receivable	627	675	627	675
Compensation receivable from originator on mortgage assets	366	377	366	377
Other receivables	11	23	11	23
	6,949	7,570	6,942	7,562

13. RIGHT OF USE OF ASSETS

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

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Cost		
At 1 January	15,461	4,916
Modification arising from extension of lease term	-	10,545
At 30 June/ 31 December	15,461	15,461
Accumulated amortisation		
At 1 January	(3,869)	(1,873)
Charge for the period	(1,104)	(1,996)
At 30 June/ 31 December	(4,973)	(3,869)
Net book value		
At 30 June/ 31 December	10,488	11,592

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

14. OTHER LIABILITIES

	Group		Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Provision for zakat	-	5,094	-	5,094
Amount due to Government*	145,705	129,921	145,705	129,921
Accruals	21,676	27,570	21,413	26,371
Other payables	1,446	1,434	1,446	1,415
	168,827	164,019	168,564	162,801

* Refers to fund provided by the Government for Mortgage Guarantee Programme ("MGP") under Cagamas SRP Berhad ("CSRP")

15. LEASE LIABILITY

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
At 1 January	13,738	4,583
Modification arising from extension of lease term	-	10,545
Lease obligation interest expense	198	763
Lease obligation repayment	(1,366)	(2,153)
At 30 June/ 31 December	12,570	13,738

The maturity structure of lease liability are as follows:

Due within 1 year	2,045	2,354
Due in 2 to 5 years	10,525	11,384
Total present value of minimum lease payments	12,570	13,738

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

16. LOANS/FINANCING FROM SUBSIDIARIES

Loans from subsidiary outstanding at financial year ended that are not in the functional currencies of the Group are as follows:

	Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
HKD	-	431,106
USD	952,610	1,119,238
SGD	1,182,731	1,022,313
	2,135,341	2,572,657

Loans/financing from subsidiary are unsecured and subject to interest/profit rates ranging from 1.10% to 1.33% per annum (2021: 0.98% to 1.33% per annum). The maturity structure of loans/financing from subsidiary are as follows:

	Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Maturing within one year	744,223	1,537,003
One to three years	1,391,118	1,035,654
	2,135,341	2,572,657

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

17. UNSECURED BEARER BONDS AND NOTES

					Group
			30 Jun 2022		31 Dec 2021
	Year of maturity	Amount outstanding RM'000	Effective interest rate %	Amount outstanding RM'000	Effective interest rate %
(a) Floating rate notes	2022	200,000	1.940	200,000	1.940
	2023	680,000		-	
Add: Interest payable		2,333		393	
		882,333		200,393	
(b) Commercial paper	2022	-		1,300,000	1.990 – 2.080
Add: Interest payable		-		1,236	
		-		1,301,236	
(c) Conventional medium-term notes	2022	4,780,586	1.060 – 4.480	9,445,892	0.850 – 4.650
	2023	4,789,354	1.250 – 6.050	4,700,653	1.250 – 6.050
	2024	3,216,764	1.990 – 5.520	1,970,000	2.380 – 5.520
	2025	640,000	4.550 – 4.850	640,000	4.550 – 4.850
	2026	10,000	4.410	10,000	4.410
	2027	1,275,000	3.780 – 4.900	275,000	4.140 – 4.900
	2028	890,000	4.750 – 6.500	890,000	4.750 – 6.500
	2029	245,000	5.500 – 5.750	245,000	5.500 – 5.750
	2035	160,000	5.070	160,000	5.070
		16,006,704		18,336,545	
Add: Interest payable		94,878		120,264	
Less:					
Deferred financing fees		(1,244)		(1,484)	
Unamortised discount				-	
		16,100,338		18,455,325	
Total		16,982,671		19,956,954	

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

17 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

					Company
			30 Jun 2022		31 Dec 2021
	Year of maturity	Amount outstanding RM'000	Effective interest rate %	Amount outstanding RM'000	Effective interest rate %
(a) Floating rate notes	2022	200,000	1.940	200,000	1.940
	2023	680,000	-		
Add: Interest payable		2,333		393	
		882,333		200,393	
(b) Commercial paper	2022	-	-	1,300,000	1.990 –2.080
Add: Interest payable		-		1,236	
		-		1,301,236	
(c) Conventional medium-term notes	2022	4,040,000	2.130 – 4.480	7,915,000	2.100 – 4.650
	2023	3,715,000	2.180 – 6.050	3,665,000	2.180 – 6.050
	2024	2,900,000	2.380 – 5.520	1,970,000	2.380 – 5.520
	2025	640,000	4.550 – 4.850	640,000	4.550 – 4.850
	2026	10,000	4.410	10,000	4.410
	2027	1,275,000	3.780 – 4.900	275,000	4.140 – 4.900
	2028	890,000	4.750 – 6.500	890,000	4.750 – 6.500
	2029	245,000	5.500 – 5.750	245,000	5.500 – 5.750
	2035	160,000	5.070	160,000	5.070
		13,875,000		15,770,000	
Add: Interest payable		91,374		114,451	
		13,966,374		15,884,451	
Total		14,848,707		17,386,080	

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

17. UNSECURED BEARER BONDS AND NOTES (CONTINUED)

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

	Group		Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Maturing within one year	8,001,553	11,066,290	7,258,707	9,531,080
One to three years	5,761,118	6,670,664	4,370,000	5,635,000
Three to five years	1,650,000	650,000	1,650,000	650,000
More than five years	1,570,000	1,570,000	1,570,000	1,570,000
	16,982,671	19,956,954	14,848,707	17,386,080

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

(a) Floating Rate Notes ("FRNs")

FRNs are Ringgit denominated CMTNs with tenures of more than one year with floating rate pegged to a reference rate, e.g. Kuala Lumpur Interbank Offered Rate (KLIBOR). 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 paper ("CP")

CP 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 ("CMTN")

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 Multicurrency Medium Term Notes Programme, CGP may from time to time issue EMTNs in any currency (other than Ringgit Malaysia) which are unconditionally and irrevocably guaranteed by Cagamas.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

17. UNSECURED BEARER BONDS AND NOTES (CONTINUED)

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

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
HKD	-	430,850
USD	1,182,365	1,118,649
SGD	951,599	1,021,375
	2,133,964	2,570,874

18. SUKUK

		Group and Company				
		30 Jun 2022		31 Dec 2021		
	Year of maturity	Amount outstanding RM'000	Effective interest rate %	Amount outstanding RM'000	Effective interest rate %
(a) Islamic commercial papers	2022	-	-	645,000	1.980 – 1.990
Add: Profit payable		-		2,046	
		-		647,046	
(b) Variable profit rate notes	2023	645,000	-	-	-
Add: Profit payable		2,350		-	
		647,350		-	
(c) Islamic medium-term Notes	2022	2,885,000	2.150 – 4.700	3,785,000	1.980 – 3.700
	2023	4,040,000	2.230 – 6.350	3,895,000	2.230 – 6.350
	2024	4,085,000	2.670 – 5.520	3,885,000	2.670 – 5.520
	2025	2,390,000	3.100 – 4.650	455,000	4.550 – 4.650
	2026	370,000	3.150 – 4.920	370,000	3.150 – 4.920
	2027	15,000	4.140	15,000	4.140
	2028	1,080,000	4.750 – 6.500	1,080,000	4.750 - 6.500
	2029	180,000	5.500 – 5.750	180,000	5.500 - 5.750
	2033	675,000	5.000	675,000	5.000
		15,720,000		14,340,000	
Add: Profit payable		110,132		94,982	
		15,830,132		14,434,982	
		16,477,482		15,082,028	

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

18 SUKUK (CONTINUED)

The maturity structure of Sukuk is as follows:

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Maturing within one year	6,092,482	4,527,028
One to three years	7,460,000	7,780,000
Three to five years	975,000	825,000
More than five years	1,950,000	1,950,000
	16,477,482	15,082,028

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

(a) Islamic commercial papers ("ICP")
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 is paid on a semi-annual basis or on such other periodic basis as determined by Cagamas.

(b) Fixed Profit Rate Islamic Medium-Term Notes ("IMTN")
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 ("VRN")
VRNs are Ringgit denominated IMTNs with tenures of more than one year with variable profit rate pegged to a reference rate, e.g. Kuala Lumpur Interbank Offered Rate ("KLIBOR"). 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 Programme, 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 currencies of the Group.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

19. INTEREST INCOME

	Group and Company	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000
Amount due from counterparties	248,553	248,975
Mortgage assets	79,622	90,256
Compensation from mortgage assets	3	4
Financial assets designated as FVOCI	40,693	37,866
Financial assets at amortised cost	9,152	-
Deposits and placements with financial institutions	2,072	889
	380,095	377,990
Accretion of discount less amortisation of premium (net)	37,039	35,222
	417,134	413,212

20. INTEREST EXPENSE

	Group		Company	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000	30 Jun 2022 RM'000	30 Jun 2021 RM'000
Medium-term	(280,457)	(288,432)	(266,138)	(280,955)
Floating rate notes	(3,889)	-	(3,889)	-
Commercial paper	(10,312)	(22,052)	(10,312)	(22,052)
Deposits and placements of financial Institutions	(3,317)	(1,267)	(3,317)	(1,267)
Loans/financing from subsidiaries	-	-	(14,370)	(7,463)
Lease liability	(198)	(547)	(198)	(547)
	(298,173)	(312,298)	(298,224)	(312,284)

21. NON-INTEREST INCOME/(EXPENSE)

	Group		Company	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000	30 Jun 2022 RM'000	30 Jun 2021 RM'000
Net loss arising from derivatives	(18,405)	(3,004)	(18,405)	(3,004)
Income from financial assets at FVTPL	-	756	-	756
Gain on disposal of:				
- Financial assets at FVOCI	1,116	6,167	1,116	6,167
- Property and equipment	-	1	-	1
Net amount reclassified from hedge reserve into profit or loss	(49,328)	(15,876)	(49,328)	(15,876)
Net gain/(loss) on foreign exchange	48,868	15,750	48,868	15,750
Other non-operating income	2,221	2,131	2,221	2,131
	(15,528)	5,925	(15,528)	5,925

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

22 CONTINGENCIES

On 26 January 2022, the Inland Revenue Board ("IRB") issued a review findings letter on the Company's tax return for Year of Assessment ("YA") 2018 with a disagreement on certain tax treatment that has been taken by the Company. The same tax treatment has been applied by the Company for its YA 2019 and YA 2020 tax returns.

The Company has been in discussion with the IRB as the tax treatment was applied consistently and discussed with the relevant authorities prior to adoption by the Company. An adverse decision from this disagreement could lead to additional tax liability (approximately RM103.8 million) and tax penalty (approximately RM15.6 million) for YA 2018 to YA 2020.

IRB issued Notice of Additional Assessment ("Form JA") on 4 July 2022 in relation to the additional tax payable (RM6.4 mil) and penalty (RM1.0 mil) for YA 2018.

The Company has on 1 August 2022 filed a notice of appeal ("Form Q") according to Section 99 (1) of the Income Tax Act, 1967 against the Form JA issued by IRB.

The estimated additional tax liability of RM103.8 million is not expected to significantly impact the profit after taxation ("PAT") of the Company as the Company has consistently recognised temporary differences as deferred tax on the tax treatment currently under dispute.

No provision has been made in the financial statements for the potential tax penalty as the Company is of the view that there are strong justifications for its appeal against the matter raised by the IRB.

23 SEGMENT REPORTING

The Chief Executive Officer (the chief operating decision maker) of the Company makes strategic decisions and allocation of resources on behalf of the Group. The Group and the Company has determined the following operating segment based on reports reviewed by the chief operating decision maker in making its strategic decisions:

(a) Purchase With Recourse ("PWR")

(b) Purchase Without Recourse ("PWOR")

There were no changes in the reportable segment during the financial period.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

23 SEGMENT REPORTING (CONTINUED)

30 Jun 2022	PWR RM'000	PWOR RM'000	Total RM'000
Group			
External revenue	513,425	263,032	776,457
External interest/profit expense	(424,245)	(170,594)	(594,839)
Profit from operations	48,301	87,289	135,590
Taxation	(13,733)	(18,833)	(32,566)
Profit after taxation by segment	34,568	68,456	103,024
Segment assets	29,520,640	9,085,347	38,605,987
Segment liabilities	24,943,727	9,491,023	34,434,750
Other information			
Capital expenditure	382	117	499
Depreciation and amortisation	713	220	933
Amortisation of right of use of assets	2,347	723	3,070
Company			
External revenue	513,425	263,032	776,457
Internal interest/profit expense	(14,370)	-	(14,370)
External interest/profit expense	(409,926)	(170,594)	(580,520)
Total interest/profit expense	(424,296)	(170,594)	(594,890)
Profit from:			
Operations	48,401	87,289	135,690
Taxation	(13,733)	(18,833)	(32,566)
Profit after taxation by segment	34,668	68,456	103,124
Segment assets	29,506,478	9,085,348	38,591,826
Segment liabilities	24,944,840	9,491,024	34,435,864
Other information			
Capital expenditure	382	117	499
Depreciation and amortisation	713	220	933
Amortisation of right of use of assets	2,347	723	3,070

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

23. SEGMENT REPORTING (CONTINUED)

	PWR RM'000	PWOR RM'000	Total RM'000
30 Jun 2021			
Group			
External revenue	461,167	286,519	747,686
External interest/profit expense	(400,227)	(180,949)	(581,176)
Profit from operations	40,052	97,682	137,734
Taxation	(9,073)	(24,047)	(33,120)
Profit after taxation by segment	30,979	73,635	104,614
Segment assets	26,805,819	9,894,299	36,700,118
Segment liabilities	23,555,351	8,954,454	32,509,805
Other information			
Capital expenditure	1,033	381	1,414
Depreciation and amortisation	599	221	820
Amortisation of right of use of assets	1,379	509	1,888
Company			
External revenue	461,167	286,519	747,686
Internal interest/profit expense	(7,463)	-	(7,463)
External interest/profit expense	(392,750)	(180,949)	(573,699)
Total interest/profit expense	(400,213)	(180,949)	(581,162)
Profit from operations	40,318	97,682	138,000
Taxation	(9,073)	(24,047)	(33,120)
Profit after taxation by segment	31,245	73,635	104,880
Segment assets	26,790,989	9,894,297	36,685,286
Segment liabilities	23,555,831	8,954,454	32,510,285
Other information			
Capital expenditure	1,033	381	1,414
Depreciation and amortisation	599	221	820
Amortisation of right of use of assets	1,379	509	1,888

24. CAPITAL ADEQUACY

Common equity tier 1 ("CET1") and Tier 1 capital ratios refer to the ratio of total Tier 1 capital to risk-weighted assets. Risk-weighted capital ratio ("RWCR") is the ratio of total capital to risk-weighted assets.

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
	%	%	%	%
CET 1 capital ratio	41.6	41.0	41.5	40.8
Tier 1 capital ratio	41.6	41.0	41.5	40.8
Total capital ratio	42.9	42.4	42.8	42.2

	RM'000	RM'000	RM'000	RM'000
The capital adequacy ratios are as follows:				
CET 1/Tier 1 capital:				
Issued capital	150,000	150,000	150,000	150,000
Retained profits	4,084,719	4,004,195	4,069,444	3,988,820
	4,234,719	4,154,195	4,219,444	4,138,820
Financial assets at FVOCI reserves	(59,051)	25	(59,051)	25
Deferred tax assets	(23,540)	(20,627)	(23,540)	(20,627)
Less: Regulatory reserves	(84,587)	(89,723)	(84,587)	(89,723)
Total Tier 1 capital	4,067,541	4,043,870	4,052,266	4,028,495
Tier 2 capital:				
Allowance for impairment losses	41,574	45,533	41,574	45,533
Add: Regulatory reserves	84,587	89,723	84,587	89,723
Total Tier 2 capital	126,161	135,256	126,161	135,256
Total capital	4,193,702	4,179,126	4,178,427	4,163,751
The breakdown of risk-weighted assets by each major risk category are as follows:				
Credit risk	9,133,268	9,212,424	9,133,411	9,212,422
Operational risk	639,653	649,569	639,653	649,569
Total risk-weighted assets	9,772,921	9,861,993	9,773,064	9,861,991

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Group		Company	
		30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
ASSETS					
Cash and cash equivalents	(a)	303,924	106,288	303,912	106,275
Deposits and placements with financial institutions		-	50,139	-	50,139
Financial assets at fair value through profit or loss (FVTPL)		-	123,132	-	123,132
Financial assets at fair value through other comprehensive income (FVOCI)	(b)	1,182,265	794,037	1,182,265	794,037
Financial assets at amortised cost		354,310	354,353	354,310	354,353
Derivative financial instruments		6,442	2,656	6,442	2,656
Financing assets	(c)	11,508,930	10,273,747	11,508,930	10,273,747
Mortgage assets	(d)	4,478,200	4,689,674	4,478,200	4,689,674
Hire purchase assets	(e)	55	55	55	55
Other assets and prepayments		289,135	289,113	291,667	291,639
Tax Recoverable		11,967	25,968	11,967	25,968
TOTAL ASSETS		18,135,228	16,709,162	18,137,748	16,711,675
LIABILITIES					
Derivative financial instruments		1,768	4,176	1,768	4,176
Other liabilities	(f)	4,560	10,534	3,282	9,311
Deferred taxation		99,505	100,788	99,505	100,788
Sukuk	(g)	16,477,482	15,082,028	16,477,482	15,082,028
TOTAL LIABILITIES		16,583,315	15,197,526	16,582,037	15,196,303
ISLAMIC OPERATIONS' FUNDS		1,551,913	1,511,636	1,555,711	1,515,372
TOTAL LIABILITIES AND ISLAMIC OPERATIONS' FUNDS		18,135,228	16,709,162	18,137,748	16,711,675

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

CONDENSED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

		Group		Company	
	Note	6 months to 30 Jun 2022 RM'000	6 months to 30 Jun 2021 RM'000	6 months to 30 Jun 2022 RM'000	6 months to 30 Jun 2021 RM'000
Total income attributable		359,323	334,474	359,323	334,474
Income attributable to the Sukuk holders	(h)	(296,666)	(269,425)	(296,666)	(269,425)
Non-profit (expense)/income		(3,350)	(2,462)	(3,350)	(2,462)
Total net income attributable	(i)	59,307	62,587	59,307	62,587
Administration and general expenses		(1,005)	(1,015)	(943)	(941)
Allowance for impairment losses		(28)	(256)	(28)	(256)
PROFIT BEFORE TAXATION		58,274	61,316	58,336	61,390
Taxation		(14,001)	(14,733)	(14,001)	(14,733)
PROFIT FOR THE FINANCIAL PERIOD		44,273	46,583	44,335	46,657

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25 ISLAMIC OPERATIONS (CONTINUED)

CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Note	Group		Company	
		6 months to 30 Jun 2022 RM'000	6 months to 30 Jun 2021 RM'000	6 months to 30 Jun 2022 RM'000	6 months to 30 Jun 2021 RM'000
Profit for the financial period		44,273	46,583	44,335	46,657
Other comprehensive (loss)/income:					
Items that may be subsequently reclassified to profit or loss					
Financial investment at FVOCI					
- Net loss on fair value changes before taxation		(11,320)	(6,313)	(11,320)	(6,313)
- Deferred taxation		2,733	1,530	2,733	1,530
Cash flow hedge					
- Net gain on cash flow hedge before taxation		6,041	3,783	6,041	3,783
- Deferred taxation		(1,450)	(908)	(1,450)	(908)
Other comprehensive loss for the financial period, net of taxation		(3,996)	(1,908)	(3,996)	(1,908)
Total comprehensive income for the financial period		40,277	44,675	40,339	44,749

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

CONDENSED STATEMENT OF CHANGES IN ISLAMIC OPERATIONS' FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

		Non-distributable			Distributable	
Group	Allocated capital funds RM'000	Financial asset at FVOCI reserve RM'000	Cash flow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2022	294,159	(622)	(692)	49,203	1,169,588	1,511,636
Profit for the financial period	-	-	-	-	44,273	44,273
Other comprehensive income/(loss)	-	(8,587)	4,591	-	-	(3,996)
Total comprehensive income/(loss) for the financial period	-	(8,587)	4,591	-	44,273	40,277
Transfer to retained profits	-	-	-	(2,470)	2,470	-
Balance as at 30 June 2022	294,159	(9,209)	3,899	46,733	1,216,331	1,551,913
Balance as at 1 January 2021	294,159	6,853	(6,649)	53,935	1,080,858	1,429,156
Profit for the financial period	-	-	-	-	46,583	46,583
Other comprehensive income/(loss)	-	(4,783)	2,875	-	-	(1,908)
Total comprehensive income/(loss) for the financial period	-	(4,783)	2,875	-	46,583	44,675
Transfer to retained profits	-	-	-	(2,494)	2,494	-
Balance as at 30 June 2021	294,159	2,070	(3,774)	51,441	1,129,935	1,473,831

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

CONDENSED STATEMENT OF CHANGES IN ISLAMIC OPERATIONS' FUNDS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

		Non-distributable			Distributable	
Company	Allocated capital funds RM'000	Financial asset at FVOCI reserve RM'000	Cash flow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2022	294,159	(622)	(692)	49,203	1,173,324	1,515,372
Profit for the financial period	-	-	-	-	44,335	44,335
Other comprehensive income/(loss)	-	(8,587)	4,591	-	-	(3,996)
Total comprehensive income/(loss) for the financial period	-	(8,587)	4,591	-	44,335	40,339
Transfer to retained profits	-	-	-	(2,470)	2,470	-
Balance as at 30 June 2022	294,159	(9,209)	3,899	46,733	1,220,129	1,555,711
Balance as at 1 January 2021	294,159	6,853	(6,649)	53,935	1,084,463	1,432,761
Profit for the financial period	-	-	-	-	46,657	46,657
Other comprehensive income/(loss)	-	(4,783)	2,875	-	-	(1,908)
Total comprehensive income/(loss) for the financial period	-	(4,783)	2,875	-	46,657	44,749
Transfer to retained profits	-	-	-	(2,494)	2,494	-
Balance as at 30 June 2021	294,159	2,070	(3,774)	51,441	1,133,614	1,477,510

Explanatory notes to the Condensed Interim Financial Statements as at 30 JUNE 2022 (Continued)

25 ISLAMIC OPERATIONS (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 June 2022

	Group		Company	
	6 months to 30 Jun 2022 RM'000	6 months to 30 Jun 2021 RM'000	6 months to 30 Jun 2022 RM'000	6 months to 30 Jun 2021 RM'000
OPERATING ACTIVITIES				
Profit before taxation	58,274	61,316	58,336	61,390
Adjustment for non-cash items	(87,498)	(107,812)	(87,498)	(107,812)
Operating loss before working capital changes	(29,224)	(46,496)	(29,162)	(46,422)
Change in operating assets and liabilities	(641,305)	1,235,604	(641,366)	1,235,530
Zakat paid	(5,094)	(1,255)	(5,094)	(1,255)
Net cash (utilised in)/generated from operating activities	(675,623)	1,187,853	(675,622)	1,187,853
INVESTING ACTIVITIES				
Purchase of:				
- Financial investment at FVOCI	(1,158,229)	(483,996)	(1,158,229)	(483,996)
- Financial investment at AC	-	(355,000)	-	(355,000)
Sale/redemption of:				
- Financial investment at FVTPL	123,450	-	123,450	-
- Financial investment at FVOCI	759,836	201,276	759,836	201,276
Income received from				
- Financial investment at FVTPL	1,808	-	1,808	-
- Financial investment at FVOCI	12,925	1,887	12,925	1,887
- Financial investment at AC	7,440	6,189	7,440	6,189
Net cash utilised in investing activities	(252,770)	(629,644)	(252,770)	(629,644)

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (CONTINUED)

	Group		Company	
	6 months to 30 Jun 2022 RM'000	6 months to 30 Jun 2021 RM'000	6 months to 30 Jun 2022 RM'000	6 months to 30 Jun 2021 RM'000
FINANCING ACTIVITIES				
Proceeds from issuance of Sukuk	3,570,000	2,740,000	3,570,000	2,740,000
Redemption of Sukuk	(2,190,000)	(3,035,000)	(2,190,000)	(3,035,000)
Profit paid to Sukuk holders	(253,971)	(287,070)	(253,971)	(287,070)
Net cash utilised in financing activities	1,126,029	(582,070)	1,126,029	(582,070)
Net increase/(decrease) in cash and cash equivalents	197,636	(23,861)	197,637	(23,861)
Cash and cash equivalents as at 1 January	106,288	53,643	106,275	53,633
Cash and cash equivalents as at 30 June	303,924	29,782	303,912	29,772

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

(a) Cash and short-term funds

	Group		Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Cash and bank balances with banks and other financial institutions	71	252	59	239
Mudharabah money at call and deposit placements maturing with original maturity less than 3 months	303,893	106,047	303,893	106,047
	303,964	106,299	303,952	106,286
Less: Allowance for impairment losses	(40)	(11)	(40)	(11)
	303,924	106,288	303,912	106,275

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

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
At 1 January	11	-
Write-back during the year	29	11
At 30 June/ 31 Dec	40	11

(b) Financial assets at fair value through other comprehensive income (FVOCI)

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
At fair value:		
Corporate Sukuk	758,137	548,605
Government investment issues	130,669	137,000
Quasi government securities	293,459	108,432
	1,182,265	794,037

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

(b) *Financial assets at fair value through other comprehensive income (FVOCI) (continued)*

	Group and Company	
	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
The maturity structure of financial assets at FVOCI are as follows:		
Maturing within one year	672,869	378,020
One to three years	296,293	210,473
Three to five years	59,042	65,313
More than five years	154,061	140,231
	1,182,265	794,037

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 of allocation are as follows:

	Group and Company	
	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Stage 1		
At 1 January	58	3
Allowance during the year on new assets purchased	79	57
Loans derecognised during the period due to maturity of assets	(6)	-
Reversal during the year due to changes in credit risk	(6)	(2)
At 30 June/ 31 Dec	125	58

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

(c) *Financing assets*

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Relating to:		
House financing	9,569,569	8,805,885
Personal financing	1,939,361	1,467,862
	11,508,930	10,273,747

The maturity structure of financing assets are as follows:

	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Maturing within one year	4,672,306	2,768,566
One to three years	6,836,695	7,505,242
	11,509,001	10,273,808
Less: Allowance for impairment losses	(71)	(61)
	11,508,930	10,273,747

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

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
<u>Stage 1</u>		
At 1 January	61	99
Allowance during the year on new assets purchased	26	26
Loans derecognised during the period due to maturity of assets	(6)	(5)
Reversal during the year due to changes in credit risk	(10)	(59)
At 30 June/ 31 Dec	71	61

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

(d) Mortgage assets

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
PWOR	4,478,200	4,689,674

The maturity structure of mortgage assets are as follows:

Maturing within one year	593,966	595,295
One to three years	750,028	754,333
Three to five years	730,449	739,680
More than five years	2,424,733	2,622,993
	4,499,176	4,712,301
Less: Allowance for impairment losses	(20,976)	(22,627)
	4,478,200	4,689,674

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

	Gross carrying value RM'000	Impairment allowance RM'000
By stage allocation:		
2022		
Stage 1 (12-months ECL; non credit impaired)	4,476,729	14,067
Stage 2 (Lifetime ECL; non credit impaired)	2,639	555
Stage 3 (Lifetime ECL; credit impaired)	19,808	6,354
At 30 June	4,499,176	20,976
Impairment allowance over gross carrying value (%)		0.47
2021		
Stage 1 (12-months ECL; non credit impaired)	4,687,397	14,804
Stage 2 (Lifetime ECL; non credit impaired)	1,448	298
Stage 3 (Lifetime ECL; credit impaired)	23,456	7,525
At 31 December	4,712,301	22,627
Impairment allowance over gross carrying value (%)		0.48

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

	Group and Company	
	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
(e) Hire purchase assets		
PWOR	55	55

The maturity structure of hire purchase assets are as follows:

	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Maturing within one year	66	66
Less: Allowance for impairment losses	(11)	(11)
	55	55

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

	Gross carrying value RM'000	Impairment allowance RM'000
By stage allocation:		
2022		
Stage 1 (12-months ECL; non credit impaired)	32	-
Stage 3 (Lifetime ECL; credit impaired)	34	11
At 30 June	66	11
Impairment allowance over gross carrying value (%)		16.55
2021		
Stage 1 (12-months ECL; non credit impaired)	32	-
Stage 3 (Lifetime ECL; credit impaired)	34	11
At 31 December	66	11
Impairment allowance over gross carrying value (%)		16.55

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

(f) Other liabilities

	Group		Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Zakat	-	5,094	--	5,094
Other payables	4,560	5,440	3,282	4,217
	4,560	10,534	3,282	9,311

(g) Sukuk

	Group and Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Commercial papers	-	647,046
Variable profit rate notes	647,350	-
Medium-term notes	15,830,132	14,434,982
	16,477,482	15,082,028

The maturity structure of Sukuk are as follows:

Maturing within one year	6,092,482	4,527,028
One to three years	7,460,000	7,780,000
Three to five years	975,000	825,000
More than five years	1,950,000	1,950,000
	16,477,482	15,082,028

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

(h) Income attributable to the Sukuk holders

	Group and Company	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000
Mortgage assets	95,448	99,945
Hire purchase assets	52	56
Financing assets	201,166	169,363
Short-term borrowings	-	61
	296,666	269,425

Income attributable to the Sukuk holders by concept is as follows:

Bai Al-Dayn	296,666	269,425

(i) Total income attributable

Income from:		
Mortgage assets	38,565	50,051
Hire purchase assets	(52)	(56)
Financing assets	7,937	7,122
Financial assets at FVOCI	14,080	6,913
Deposit and placements with financial institutions	2,127	1,020
Non-profit expense	(3,350)	(2,463)
	59,307	62,587

Total net income analysed by concept are as follows:

Bai Al-Dayn	43,100	54,159
Murabahah	6,731	5,791
Ijarah	790	206
Mudharabah	2,971	208
Musyarakah	2,083	616
Wakalah	1,546	622
Tawarruq	1,717	643
Qard Al-Hasan	369	342
	59,307	62,587

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

25. ISLAMIC OPERATIONS (CONTINUED)

(j) Capital adequacy

	Group		Company	
	30 Jun 2022 RM'000	31 Dec 2021 RM'000	30 Jun 2022 RM'000	31 Dec 2021 RM'000
	%	%	%	%
CET 1 capital ratio	27.1	29.1	27.1	29.2
Tier 1 capital ratio	27.1	29.1	27.1	29.2
Total capital ratio	28.3	30.6	28.4	30.7
The capital adequacy ratios are as follows:				
CET 1/Tier 1 capital:				
Allocated capital funds	294,159	294,159	294,159	294,159
Retained profits	1,263,064	1,218,791	1,266,862	1,222,527
	1,557,223	1,512,950	1,561,021	1,516,686
Financial assets at FVOCI reserve	(9,209)	(622)	(9,209)	(622)
Deferred tax assets	(6,229)	(6,785)	(6,229)	(6,785)
Less: Regulatory reserves	(46,733)	(49,203)	(46,733)	(49,203)
Total CET 1/Tier 1 capital	1,495,052	1,456,340	1,498,850	1,460,076
Tier 2 capital:				
Add: Regulatory reserves	46,733	49,203	46,733	49,203
Allowance for impairment losses	22,384	23,933	22,384	23,933
Total Tier 2 capital	69,117	73,136	69,117	73,136
Total capital	1,564,169	1,529,476	1,567,967	1,533,212
The breakdown of risk-weighted assets by each major risk category is as follows:				
Credit risk	5,295,177	4,773,247	5,297,707	4,775,770
Operational risk	226,732	225,058	226,732	225,058
Total risk-weighted assets	5,521,909	4,998,305	5,524,439	5,000,828

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.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

26. BUSINESS REVIEW

Market Environment

In 2022, global growth is projected to continue on its recovery path, supported by the sustained reopening of the economy and stronger labour markets[1]. However, the military conflict in Ukraine and prolonged lockdown in China are expected to dampen the pace of the global recovery. Rising commodity prices have also led to higher global inflation and central banks in major economies have stepped up the pace of monetary policy tightening to tackle the higher inflation. Going forward, the pace of global growth is expected to moderate, and will continue to be affected by the elevated cost pressures, geopolitical conflict, global supply chain disruptions, and financial market volatility.

The Malaysian economy registered a strong growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). The growth is attributed to the low base from the Full Movement Control Order (FMCO) last year as well as particularly robust growth in April and May 2022 from the continued recovery in labour market conditions and policy support. The improvement also reflected normalising economic activity as the country moved towards endemicity and reopened international borders as well as the Malaysian Government's consistent policy support, specifically initiatives under the expansionary Budget 2022, spill over effect from Budget 2021 and previous stimulus and assistance packages[2]. In terms of economic activity, the services and manufacturing sectors continued to drive growth. The Malaysian economy is projected to expand further for the remainder of the year underpinned by firm domestic demand as external demand is expected to moderate, weighed by headwinds to global growth.

Malaysia’s banking system continued to record healthy liquidity positions, with the aggregate Liquidity Coverage Ratio at 148.4%[3]. Banks’ funding sources remained stable and supportive of credit intermediation in the economy amid sustained growth in deposits. Overall gross and net impaired loans ratios remained broadly stable at 1.7% and 1% respectively, reflecting the marginal increase in impairments from the business and household segments, following the tapering of repayment assistance measures since the first quarter of 2022. On 6 July 2022, Bank Negara Malaysia (BNM) increased the Overnight Policy Rate (OPR) by 25 basis points to 2.25 percent as the unprecedented Covid-19-driven conditions that necessitated a historically low OPR continued to recede[4]. At the current OPR level, BNM believed the stance of monetary policy remains accommodative and supportive of economic growth.

Malaysia’s fixed income market saw yields generally increased, tracking the increase in global bond yields as central banks tightened monetary policies amid rising inflationary pressure. Notably, the benchmark 10-year Malaysian Government Securities (“MGS”) yield rising by 66 basis points to 4.24% at the end of 1H2022, from 3.58% at the start of the year. Nonetheless, the MYR bond market remains healthy, supported by its depth and liquidity, as evident by the successful issuance of RM87.5 billion of MGS and Malaysian Government Investment Issue (“MGII”) in 1H2022.

[1] BNM, Economic and Financial Developments, Second Quarter 2022
[2] Ministry of Finance Malaysia, Press Release June 2022
[3] BNM, Monthly Highlights, June 2022
[4] BNM, Monetary Policy Statement, July 2022

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

26. BUSINESS REVIEW (CONTINUED)

Financial Performance

The Group's net interest income decreased due to maturity of PWR assets during the period and rundown in PWOR assets.

The Group recorded a higher reversal of impairment losses arising from reduction in principal balance and improvement in PWOR asset staging. As a result, the Group registered a pre-tax profit of RM135.6 million for the period ended 30 June 2022 as compared to RM137.7 million in the previous corresponding period.

The total assets of the Group as at 30 June 2022 stood at RM38.6 billion, a decrease of 3.2% since 31 December 2021.

Purchase of Loans and Financing

Cagamas recorded RM4.5 billion of purchases of PWR loans and financing (1H2021: RM5.0 billion) in the 1H2022. As at 1H2022, residential mortgage continued to dominate Cagamas' portfolio at 93.8% (1H2021: 98.5%), personal loans at 4.4% (1H2021: Nil) and hire purchase loans and financing at 1.8% (1H2021: 1.5%).

Issuance of Bonds and Sukuk

For the financial period ended 30 June 2022, Cagamas issued a total of RM7.53 billion worth of bonds and sukuk, through 14 issuance exercises. From the total issuances, 53% or RM3.96 billion were raised via conventional debt issuances and 47% or RM3.57 billion were raised via sukuk issuances.

Cagamas also continued to raise funding at a competitive price in foreign currency issuance through a private placement deal. During the 1H2022, Cagamas printed Singapore dollar ("SGD") with a value of RM308 million was successfully priced under the Company's Multicurrency EMTN programmes.

Cagamas' local and foreign currency capital programmes have been assigned long term issuer rating of A3 by Moody's Investors Service ("Moody's") which is in line with Malaysian sovereign ratings. RAM Rating Services Berhad ("RAM Ratings") assigned Cagamas' Global, ASEAN and national-scale corporate credit ratings at gA2/Stable/gP1, seaAAA/Stable/seaP1 and AAA/Stable/P1, respectively. In addition, Malaysian Rating Corporation Berhad ("MARC") assigned Cagamas' bonds and sukuk issues ratings at AAA/MARC-1 and AAAIS/MARC-1IS, respectively. Reaffirmation of these ratings reflects Cagamas' ability to attract investment in its bonds and sukuk, underpinned by its strong credit rating, track record of strong capitalisation, robust asset quality and stable profitability.

Capital Management

The Group's core capital ratio as at 30 June 2022 improved to 41.6% as compared to 41.0% as at 31 December 2021. As at the reporting date, TCR remains stable at 42.9%, above the minimum ratio of 20% as stipulated in the Guidelines on Capital Adequacy Ratio, computed in accordance with the Basel II Capital Adequacy Framework.

Total shareholder's funds for the Group stands at RM4.2 billion arising from profits generated during the period, while net tangible assets per share increased by 0.4% to RM27.70 per share as at 30 June 2022.

Explanatory notes to the Condensed Interim Financial Statements as at 30 June 2022 (Continued)

26. BUSINESS REVIEW (CONTINUED)

Information About Company Employees, Social and Community Issues Including the Impact of the Company's Business on the Environment

Cagamas continued with the split team rotations from January to April 2022, which involved working from home as a precautionary measure to protect the health and well-being of our staff, preventing spread of COVID-19, and ensuring the Company stays resilient and continues to operate with minimal disruptions as well as to test the robustness of our business continuity plan. Effective from 9 May 2022, Cagamas had reverted to 100% Work-In-Office arrangement with continuous safety measures as we slowly transition into the endemic phase. These includes requirement for weekly RTK self-test as an early detection to minimise the spreading of Covid-19 in the office, supply of test-kit, hand sanitiser and facemask to all staff, daily disinfection of high-touch items / areas, and continuous advisory on COVID-19 to keep staff informed on the latest Management's planning and decision among others. In consideration of the adjustment period towards endemic phase, Cagamas does provide WFH flexibility for case-to-case basis for parents who need to attend to their small children contracted with communicable diseases (including Covid-19 and HFMD).

Cagamas works to enhance education in our communities, build sustainable economic growth and invest in the future of the nation's workforce through its Corporate Social Responsibility ("CSR") programmes and Zakat initiatives.

As at May 2022, under its Cagamas Zakat Wakalah Programme ("ZWP"), Cagamas has provided financial aid to 158 flood victims and asnaf students at Sekolah Kebangsaan Seksyen 27(2), Shah Alam, Selangor and Sekolah Kebangsaan Taman Bukit Subang, Shah Alam, Selangor. The ZWP also organised a "Back to School 2022" programme with 60 asnaf students from Sekolah Kebangsaan Marian Convent, Setapak, Kuala Lumpur, which involved purchases of school uniforms and supplies. The ZWP also donated care packs containing food supplies and food sponsors to assist 380 asnaf recipients in Kuala Lumpur and Selangor through various programmes organised by the suraus, non-profit organizations, and tahfiz schools during the month of Ramadhan. Apart from sponsoring these activities, the ZWP has also assisted in the purchase of 27 units of wheelchairs for eligible asnaf in Kelantan and Kuala Lumpur and business equipment for baking and pastry to assist eligible recipients in Selangor and Terengganu to improve productivity and income in their respective micro-businesses. In addition, Cagamas has also helped in medical support by purchasing a hearing aid and financial assistance for heart surgery and brain tumour operations for eligible asnaf.

The Cagamas Scholarship Programme ("CSP") continues to see the Company reaching out to deserving Malaysians who need financial aid to pursue their education. As at 2022, the CSP has sponsored a total of 31 scholars with 15 scholars who have graduated.

Cagamas also organised its second virtual Investors Briefing, which was broadcasted from the Cagamas office in Kuala Lumpur and attended by over 65 registered attendees from across the region. The briefing was led by President/Chief Executive Officer, Datuk Chung Chee Leong, who presented on the Company's financial performance in 2021 as well as its business initiatives for 2022.

With the endemic phase for Covid-19, Cagamas' stakeholder engagements have started to include physical participation in conferences as speakers/panellists on the topics of housing finance and capital market, both locally and internationally.

Registration No.

198601008739 (157931-A)

CAGAMAS BERHAD

(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Lodged by:
CAGAMAS BERHAD
Registration number: 198601008739 (157931-A)
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CAGAMAS BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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CAGAMAS BERHAD
(Incorporated in Malaysia)

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 2021.

PRINCIPAL ACTIVITIES

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

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

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	208,875	209,078

DIVIDENDS

During the financial year, the dividends paid by the Company were as follows:

	RM'000
In respect of the financial year ended 31 December 2020,	
- A final dividend of 15 sen per share on 150,000,000 ordinary shares paid on 5 April 2021	22,500
In respect of the financial year ended 31 December 2021,	
- An interim dividend of 5 sen per share on 150,000,000 ordinary shares paid on 27 August 2021	7,500
- A special dividend of 66.67 sen per share on 150,000,000 ordinary shares paid on 15 November 2021	100,000
	130,000

DIVIDENDS (CONTINUED)

The Directors now recommend the payment of a final dividend of 15 sen per share on 150,000,000 ordinary shares amounting to RM22,500,000 for the financial year ended 31 December 2021 which is subject to approval of the member at the forthcoming Annual General Meeting of the Company.

SHARE CAPITAL

There was no change in the issued ordinary share capital of the Company during the financial year.

RESERVES AND PROVISIONS

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

RATING PROFILE OF THE BONDS AND SUKUK

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

RAM Rating Services Berhad ("RAM Ratings") has assigned corporate credit ratings of Cagamas Berhad's Global, ASEAN and National-scale at $_g$A2/Stable/$_g$P1, $_{sea}$AAA/Stable/$_{sea}$P1 and AAA/Stable/P1, respectively. In addition, RAM has also assigned Cagamas' bonds and Sukuk issues rating at AAA/Stable and P1 respectively.

Meanwhile, Malaysian Rating Corporation Berhad ("MARC") has also assigned Cagamas Berhad's bonds and Sukuk issue ratings at AAA/AAA$_{IS}$ and MARC-1/MARC-1$_{IS}$ respectively.

Additionally, RAM and Moody's have maintained the ratings of gA2(s)/Stable and A3 respectively to the USD2.5 billion Multicurrency Medium Term Note ("EMTN") Programme and USD2.5 billion Multicurrency Sukuk Programme ("Islamic EMTN") issued by Cagamas Berhad's subsidiaries.

RELATED PARTY TRANSACTIONS

Most of the transactions of the Group and the Company involving mortgage loans, hire purchase and leasing debts, Islamic financing facilities as well as issuance of unsecured bearer bonds and Sukuk are done with various financial institutions including those who are substantial shareholders of Cagamas Holdings Berhad ("CHB").

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)
Dato' Halipah Esa
Dato' Wee Yiaw Hin
Ho Chai Huey
Datuk Seri Tajuddin Atan
Datuk Chung Chee Leong
Datuk Azizan Haji Abd Rahman (Resigned w.e.f. 09.03.2022)

The names of the Directors of subsidiaries are set out in the respective subsidiary's statutory financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

Dato' Halipah Esa shall retire in accordance with Articles 23.5 and 23.6 of the Company's Constitution and does not offer herself for re-election.

In accordance with Articles 23.5 and 23.6 of the Company's Constitution, Ho Chai Huey retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

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 37 to the financial statements) by reason of a contract made by the Group or the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

DIRECTORS' 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 or its holding company or subsidiaries of the holding company during the financial year.

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 realised 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.

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.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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.

SUBSIDIARIES

Details of subsidiaries are set in Note 18 to the financial statements.

ULTIMATE HOLDING COMPANY

The Directors regard Cagamas Holdings Berhad, a company incorporated in Malaysia, as the ultimate holding company.

BUSINESS REVIEW FOR THE FINANCIAL YEAR 2021

Cagamas recorded RM13.8 billion of purchases of loans and financing under PWR scheme (2020: RM7.0 billion) and no purchase of loans under PWOR scheme (2020: Nil). Cagamas' net outstanding loans and financing increased by 8.4% to RM36.0 billion (2020: RM33.2 billion). As at the end of 2021, residential mortgage dominated Cagamas' portfolio at 94.3% (2020: 98.0%), personal loans at 4.1% (2020: nil) and hire purchase loans and financing at 1.6% (2020: 2.0%). Cagamas' Islamic asset portfolio against conventional assets decreased to a ratio of 42:58 (2020: 45:55), while PWR and PWOR loans and financing portfolios were at 74% and 26% respectively (2020: 68% and 32% respectively). The gross impaired loans and financing under the PWOR scheme stood at 0.54% (2020: 0.61%), while net impaired loans and financing is at 0.07% (2020: 0.09%).

AUDITORS' REMUNERATION

Details of the auditors' remuneration are set out in Note 36 to the financial statements.

Registration No.

198601008739 (157931-A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 23 March 2022.

Signed on behalf of the Board of Directors:

DATO' BAKARUDIN ISHAK
CHAIRMAN

DATUK CHUNG CHEE LEONG
DIRECTOR

Registration No.

198601008739 (157931-A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
ASSETS					
Cash and cash equivalents	5	318,943	109,071	300,433	89,848
Deposits and placements with financial institutions	6	172,021	102,886	172,021	102,886
Financial assets at fair value through profit or loss (FVTPL)	7	123,132	193,466	123,132	193,466
Financial assets at fair value through other comprehensive income (FVOCI)	8	2,792,094	2,383,316	2,792,094	2,383,316
Financial assets at amortised cost	9	354,353	-	354,353	-
Derivative financial instruments	10	29,607	57,904	29,607	57,904
Amount due from counterparties	11	17,141,175	14,069,195	17,141,175	14,069,195
Islamic financing assets	12	10,273,747	9,662,661	10,273,747	9,662,661
Mortgage assets					
- Conventional	13	3,886,956	4,366,916	3,886,956	4,366,916
- Islamic	14	4,691,424	5,115,509	4,691,424	5,115,509
Hire purchase assets					
- Islamic	15	62	34	62	34
Amount due from					
- Related company		735	1,375	735	1,375
- Subsidiaries	16	-	-	3,708	3,565
Other assets	17	7,570	7,431	7,562	7,417
Tax recoverable		64,194	87,885	64,194	87,885
Investment in subsidiaries	18	-*	-*	-*	-*
Property and equipment	19	2,338	3,245	2,338	3,245
Intangible assets	20	18,357	20,344	18,357	20,344
Right-of-use asset	21	11,592	3,043	11,592	3,043
TOTAL ASSETS		39,888,300	36,184,281	39,873,490	36,168,609
LIABILITIES					
Short-term borrowings		302,367	125,145	302,367	125,145
Derivative financial instruments	10	28,595	45,963	28,595	45,963
Other liabilities	22	164,019	133,305	162,801	132,896
Lease liability	23	13,738	4,583	13,738	4,583
Provision for taxation		-	41	-	-
Deferred taxation	24	181,935	170,080	181,935	170,080
Loans/financing from subsidiaries	25	-	-	2,572,657	671,757
Unsecured bearer bonds and notes	26	19,956,954	17,482,979	17,386,080	16,811,578
Sukuk	27	15,082,028	14,063,392	15,082,028	14,063,392
TOTAL LIABILITIES		35,729,636	32,025,488	35,730,201	32,025,394
Share capital	28	150,000	150,000	150,000	150,000
Reserves	29	4,008,664	4,008,793	3,993,289	3,993,215
SHAREHOLDER'S FUNDS		4,158,664	4,158,793	4,143,289	4,143,215
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		39,888,300	36,184,281	39,873,490	36,168,609
NET TANGIBLE ASSETS PER SHARE (RM)	30	27.60	27.59	27.50	27.49

* denotes USD1 in CGP and RM2 in CGS.

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Interest income	31	836,414	958,480	836,414	958,480
Interest expense	32	(624,928)	(736,376)	(625,025)	(736,749)
Income from Islamic operations	50	115,165	112,549	115,165	112,549
Non-interest income	33	2,142	8,766	2,142	8,766
		328,793	343,419	328,696	343,046
Personnel costs	34	(29,416)	(31,298)	(29,416)	(31,298)
Administration and general expenses		(22,811)	(25,684)	(22,511)	(25,334)
OPERATING PROFIT		276,566	286,437	276,769	286,414
Allowance for impairment losses	35	4,608	14,954	4,608	14,954
PROFIT BEFORE TAXATION AND ZAKAT	36	281,174	301,391	281,377	301,368
Zakat		(5,094)	(1,255)	(5,094)	(1,255)
Taxation	38	(67,205)	(76,214)	(67,205)	(76,172)
PROFIT FOR THE FINANCIAL YEAR		208,875	223,922	209,078	223,941
EARNINGS PER SHARE (SEN)	30	139.25	149.28	139.39	149.29

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	208,875	223,922	209,078	223,941
Other comprehensive income:				
Items that may be subsequently reclassified to income statement				
Financial assets at FVOCI				
- Net (loss)/gain on fair value changes before taxation	(95,276)	45,811	(95,276)	45,811
- Deferred taxation	22,921	(10,976)	22,921	(10,976)
Cash flow hedge				
- Net (loss)/gain on cash flow hedge	(8,749)	4,992	(8,749)	4,992
- Deferred taxation	2,100	(1,198)	2,100	(1,198)
Other comprehensive (loss)/income for the financial year, net of taxation	(79,004)	38,629	(79,004)	38,629
Total comprehensive income for the financial year	129,871	262,551	130,074	262,570

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Issued and fully paid ordinary shares of RM1 each	Non-distributable			Distributable	
Group	Note	Share capital RM'000	Financial asset at FVOCI reserves RM'000	Cash flow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
Balance as at 1 January 2021		150,000	72,411	11,062	99,778	3,825,542	4,158,793
Profit for the financial year		-	-	-	-	208,875	208,875
Other comprehensive loss	29	-	(72,355)	(6,649)	-	-	(79,004)
Total comprehensive income for the financial year		-	(72,355)	(6,649)	-	208,875	129,871
Transfer to retained profits		-	-	-	(10,055)	10,055	-
Dividends paid	39	-	-	-	-	(130,000)	(130,000)
Balance as at 31 December 2021		150,000	56	4,413	89,723	3,914,472	4,158,664
Balance as at 1 January 2020		150,000	37,576	7,268	109,779	3,621,619	3,926,242
Profit for the financial year		-	-	-	-	223,922	223,922
Other comprehensive income	29	-	34,835	3,794	-	-	38,629
Total comprehensive income for the financial year		-	34,835	3,794	-	223,922	262,551
Transfer to retained profits		-	-	-	(10,001)	10,001	-
Dividends paid	39	-	-	-	-	(30,000)	(30,000)
Balance as at 31 December 2020		150,000	72,411	11,062	99,778	3,825,542	4,158,793

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

Registration No.

198601008739 (157931-A)

CAGAMAS BERHAD
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Company	Note	Issued and fully paid ordinary shares of RM1 each Share capital RM'000	Non-distributable Financial asset at FVOCI reserves RM'000	Cash flow hedge reserves RM'000	Regulatory reserves RM'000	Distributable Retained profits RM'000	Total equity RM'000
Balance as at 1 January 2021		150,000	72,411	11,062	99,778	3,809,964	4,143,215
Profit for the financial year		-	-	-	-	209,078	209,078
Other comprehensive loss	29	-	(72,355)	(6,649)	-	-	(79,004)
Total comprehensive income for the financial year		-	(72,355)	(6,649)	-	209,078	130,074
Transfer to retained profits		-	-	-	(10,055)	10,055	-
Dividends paid	39	-	-	-	-	(130,000)	(130,000)
Balance as at 31 December 2021		150,000	56	4,413	89,723	3,899,097	4,143,289
Balance as at 1 January 2020		150,000	37,576	7,268	109,779	3,606,022	3,910,645
Profit for the financial year		-	-	-	-	223,941	223,941
Other comprehensive income	29	-	34,835	3,794	-	-	38,629
Total comprehensive income for the financial year		-	34,835	3,794	-	223,941	262,570
Transfer to retained profits		-	-	-	(10,001)	10,001	-
Dividends paid	39	-	-	-	-	(30,000)	(30,000)
Balance as at 31 December 2020		150,000	72,411	11,062	99,778	3,809,964	4,143,215

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

Registration No.

198601008739 (157931-A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
OPERATING ACTIVITIES				
Profit before taxation and zakat	281,174	301,391	281,377	301,368
Adjustments for the investment items and items not involving the movement of cash and cash equivalents:				
Amortisation of premium less accretion of discount on:				
- Financial assets at FVOCI	4,516	(6,532)	4,516	(6,532)
- Unsecured bearer bonds and notes	9	(3,410)	9	(3,410)
- Sukuk	-	(7,568)	-	(7,568)
Accretion of discount on:				
Mortgage assets				
- Conventional	(77,821)	(98,980)	(77,821)	(98,980)
- Islamic	(76,986)	(86,903)	(76,986)	(86,903)
Allowance/(reversal) for impairment losses on:				
- Cash and cash equivalents	11	(105)	11	(105)
- Financial assets at FVOCI	227	(51)	227	(51)
- Financial assets at amortised cost	1,155	-	1,155	-
- Amount due from counterparties/ Islamic financing assets	(38)	(594)	(38)	(594)
- Mortgage assets and hire purchaseg assets/Islamic mortgage assets and Islamic hire purchase assets	(10,445)	(14,204)	(10,445)	(14,204)
Interest income	(761,044)	(859,224)	(761,044)	(859,224)
Income from derivatives	(61,844)	(101,763)	(61,844)	(101,763)
Income from Islamic operations	(607,236)	(699,938)	(607,236)	(699,938)
Interest expense	625,016	739,787	625,016	740,160
Interest expense on derivatives	73,750	110,754	73,750	110,754
Profit attributable to Sukuk holders	548,778	666,583	548,778	666,583
Profit attributable to derivatives	20,609	38,293	20,609	38,293
Depreciation of property and equipment	1,652	1,582	1,652	1,582
Amortisation of intangible assets	3,843	3,608	3,843	3,608
Amortisation of right-of-use asset	1,996	937	1,996	937
Gain on disposal of:				
- Property and equipment	(3)	(10)	(3)	(10)
- Financial assets at FVOCI	(8,318)	(9,467)	(8,318)	(9,467)
Operating loss before working capital changes	(40,999)	(25,814)	(40,796)	(25,464)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Change in deposits and placements with financial institutions	(69,002)	(102,861)	(69,002)	(102,861)
Change in short term borrowings	176,962	124,826	176,962	124,826
Change in amount due from counterparties	(3,065,760)	2,531,678	(3,065,760)	2,531,678
Change in Islamic financing assets	(626,586)	1,169,597	(626,586)	1,169,597
Change in mortgage assets:				
- Conventional	553,870	567,569	553,870	567,569
- Islamic	500,109	478,637	500,109	478,637
Change in Islamic hire purchase assets	(28)	103	(28)	103
Change in other assets	(138)	596	(144)	562
Change in deferred financing fees	(2,130)	535	-	-
Change in derivatives	3,157	6,983	3,255	8,049
Change in other liabilities	28,366	11,332	27,414	11,125
Cash from operations	(2,542,179)	4,763,181	(2,540,706)	4,763,821
Interest received	687,173	848,685	687,173	848,685
Profit received from Islamic assets	594,733	679,871	594,733	679,871
Interest received on derivatives	66,411	118,301	66,411	118,301
Profit received on derivatives	12,913	45,712	12,913	45,712
Interest paid	(1,863)	(348)	(1,863)	(348)
Interest paid on derivatives	(71,934)	(133,898)	(71,934)	(133,898)
Profit paid on derivatives	(20,332)	(44,003)	(20,332)	(44,003)
Payment of:				
- Zakat	(2,106)	(926)	(2,106)	(926)
- Taxation	(6,678)	(24,880)	(6,637)	(23,710)
Net cash from operating activities	(1,283,862)	6,251,695	(1,282,348)	6,253,505
INVESTING ACTIVITIES				
Purchase of:				
- Financial assets at FVTPL	-	(280,000)	-	(280,000)
- Financial assets at FVOCI	(1,993,402)	(3,518,392)	(1,993,402)	(3,518,392)
- Financial assets at amortised cost	(355,000)	-	(355,000)	-
Net proceeds from sale/redemption of:				
- Financial assets at FVTPL	68,839	226,006	68,839	226,006
- Financial assets at FVOCI	1,495,596	3,495,295	1,495,596	3,495,295
Purchase of:				
- Property and equipment	(745)	(904)	(745)	(904)
- Intangible assets	(1,856)	(2,572)	(1,856)	(2,572)
Income received from:				
- Financial assets at FVTPL	3,826	2,713	3,826	2,713
- Financial assets at FVOCI	92,232	85,852	92,232	85,852
Proceeds from disposal of property and equipment	3	10	3	10

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net cash from investing activities	(690,507)	8,008	(690,507)	8,008
FINANCING ACTIVITIES				
Dividends paid to shareholders	(130,000)	(30,000)	(130,000)	(30,000)
Proceeds from issuance of:				
- Unsecured bearer bonds and notes	14,540,197	8,581,426	11,963,000	8,185,000
- Sukuk	7,255,000	3,085,000	7,255,000	3,085,000
Proceeds from loans/financing from subsidiaries	-	-	2,577,197	396,426
Redemption of:				
- Unsecured bearer bonds and notes	(10,171,987)	(11,802,132)	(9,485,000)	(9,395,000)
- Sukuk	(6,225,000)	(4,845,000)	(6,225,000)	(4,845,000)
Repayment of loans/financing from subsidiaries	-	-	(686,987)	(2,407,132)
Interest paid	(2,521,674)	(793,078)	(2,522,475)	(794,804)
Profit paid to Sukuk holders	(560,142)	(685,506)	(560,142)	(685,506)
Lease rental paid	(2,153)	(2,649)	(2,153)	(2,649)
Net cash from financing activity	2,184,241	(6,491,939)	2,183,440	(6,493,665)
Net change in cash and cash equivalents	209,872	(232,236)	210,585	(232,152)
Cash and cash equivalents as at 1 January	109,071	341,307	89,848	322,000
Cash and cash equivalents as at 31 December	318,943	109,071	300,433	89,848

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Group	Lease liability RM'000	Unsecured bonds and notes RM'000	Sukuk RM'000	Total RM'000
2021				
As at 1 January	4,583	17,482,979	14,063,392	31,550,954
Proceeds from issuance	-	14,540,197	7,255,000	21,795,197
Repayment and redemption	(2,153)	(10,171,987)	(6,225,000)	(16,399,140)
Interest/profit paid	-	(2,521,674)	(560,142)	(3,081,816)
Exchange fluctuation	-	7,429	-	7,429
Other non-cash movement	11,308	620,010	548,778	1,180,096
As at 31 December	13,738	19,956,954	15,082,028	35,052,720
2020				
As at 1 January	4,791	20,661,027	15,849,883	36,515,701
Proceeds from issuance	-	8,581,426	3,085,000	11,666,426
Repayment and redemption	(2,649)	(11,802,132)	(4,845,000)	(16,649,781)
Interest/profit paid	-	(793,078)	(685,506)	(1,478,584)
Exchange fluctuation	-	101,931	-	101,931
Other non-cash movement	2,441	733,805	659,015	1,395,261
As at 31 December	4,583	17,482,979	14,063,392	31,550,954

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Company	Lease liability RM'000	Loans/ financing from subsidiaries RM'000	Unsecured bonds and notes RM'000	Sukuk RM'000	Total RM'000
2021					
As at 1 January	4,583	671,757	16,811,578	14,063,392	31,551,310
Proceeds from issuance	-	2,577,197	11,963,000	7,255,000	21,795,197
Repayment and redemption	(2,153)	(686,987)	(9,485,000)	(6,225,000)	(16,399,140)
Interest/profit paid	-	(12,320)	(2,510,156)	(560,142)	(3,082,618)
Exchange fluctuation	-	7,528	-	-	7,528
Other non-cash movement	11,308	15,482	606,658	548,778	1,182,226
As at 31 December	13,738	2,572,657	17,386,080	15,082,028	35,054,503
2020					
As at 1 January	4,791	2,594,966	18,067,241	15,849,883	36,516,881
Proceeds from issuance	-	396,426	8,185,000	3,085,000	11,666,426
Repayment and redemption	(2,649)	(2,407,132)	(9,395,000)	(4,845,000)	(16,649,781)
Interest/profit paid	-	(52,978)	(741,826)	(685,506)	(1,480,310)
Exchange fluctuation	-	102,996	-	-	102,996
Other non-cash movement	2,441	37,479	696,163	659,015	1,395,098
As at 31 December	4,583	671,757	16,811,578	14,063,392	31,551,310

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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.

The ultimate holding company is Cagamas Holdings Berhad, a company incorporated in Malaysia.

2 SUMMARY OF SIGNIFICANT 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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting 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 in this summary of significant accounting policies.

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

The Islamic operations of the Group and the Company 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) issuance of Sukuk under Shariah principles; and
(c) acquisition, investment in and trading of Islamic financial instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS 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 judgement 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.

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

The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2021:

- Amendments to MFRS 9,MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform—Phase 2'

The Group has adopted Amendments to MFRS 16 'COVID-19-Related Rent Concessions' and Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform—Phase 2' for the first time in the December 2021 financial statements, which resulted in changes in accounting policies.

<u>Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform—Phase 2'</u>

The Group adopted the Phase 2 amendments and applied the practical expedient to update the effective interest rate (insert as applicable: for instruments measured at amortised cost to account for the changes in contractual cash flows that is a direct consequence of interbank offered rate ('IBOR') reform. As a result, no immediate gain or loss is recognised in profit or loss.

The amendments also provide reliefs that enable and require the Group to continue the MFRS 9 hedge accounting in circumstances when the Group updates the hedge documentation to reflect changes in hedged items and hedging instruments which are required by IBOR reform.

The adoption of the amendments has no impact on the opening retained earnings as at 1 January 2021 because none of the IBOR-based contracts of the Group were modified in 2020. For contracts modified as a result of IBOR reform during the year, the Group applies the Phase 2 amendments as described in Note 2.1(c).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2021. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

- Amendments to MFRS 137 'onerous contracts—cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

  The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

(c) Interbank Offered Rate ("IBOR") reform

The Group and the Company has established an IBOR Transition Working Group to implement the transition. The key objectives of the IBOR Transition Working Group include identifying all contracts affected by the benchmark reform, upgrading internal systems to support business in the alternative risk free rates ("RFRs") product suite, identifying and communicating to customers with whom repricing and/or re-papering IBOR-referenced contracts are required and executing the necessary change in contracts. The Group and the Company is closely monitoring the development of IBOR transition and will make adjustments into the contracts according to industry widely accepted practices.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(c) Interbank Offered Rate ("IBOR") reform (continued)

The Group and the Company has applied the following Phase 1 reliefs provided by the Amendments to MFRS 9 and MFRS 7 'Interest Rate Benchmark Reform' until the uncertainty arising from IBOR reform no longer being present:

- When considering the 'highly probable' requirement, the Group and the Company has assumed that the IBOR interest rate on which the Group and the Company's hedged borrowings is based does not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group and the Company has assumed that the IBOR interest rate on which the cash flows of the hedged borrowings and the interest rate swap that hedges it are based is not altered by IBOR reform.
- The Group and the Company has not recycled the cash flow hedge reserve for designated hedges that are subject to the IBOR reform.

For the financial year ended 31 December 2021, the Group and the Company has applied the following reliefs provided by the Amendments to MFRS 9 and MFRS 7 'Interest Rate Benchmark Reform-Phase 2:

- Hedge designation: When the Phase 1 amendments cease to apply, the Group and the Company will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of the following changes:

  a) designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;
  b) amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
  c) amending the description of the hedging instrument.

  The Group and the Company will update its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made. These amendments to the hedge documentation do not require the Group and the Company to discontinue its hedge relationships. As of the financial year ended 31 December 2021, the Group and the Company has not made any amendments to its hedge documentation in the reporting period relating to IBOR reform as the replacement of KLIBOR is not yet effective.

  Amounts accumulated in the cash flow hedge reserve: When the Group amends its hedge designation as described above, the accumulated amount outstanding in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate. For discontinued hedging relationships, when the interest rate benchmark on which the hedged future cash flows were based has changed as required by IBOR reform, the amount accumulated in the cash flow hedge reserve is also deemed to be based on the alternative benchmark rate for the purpose of assessing whether the hedged future cash flows are still expected to occur.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(c) Interbank Offered Rate ("IBOR") reform (continued)

Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as Kuala Lumpur Interbank Offered Rate ("KLIBOR") and other inter-bank offered rates ('IBORs') has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes.

As at 31 December 2021, the Group and the Company has no exposures which are referred to other IBORs except for KLIBOR. The Group and the Company hold the following financial instruments which are referenced to KLIBOR and have yet to transition to an alternative interest rate benchmark:

	Group and Company			
	Nominal amount		Carrying amount	
	Assets 2021 RM'000	Liabilities 2021 RM'000	Assets 2021 RM'000	Liabilities 2021 RM'000
Derivative financial instruments	780,000	(1,135,000)	23,035	(21,468)
Amount due from counterparties	-	-	160,304	-
Unsecured bearer bonds and notes	-	-	-	(1,112,217)
Sukuk	-	-	-	(647,237)

2 SUMMARY OF SIGNIFICANT 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 and are de-consolidated from the date that control ceases.

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

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

Acquisition-related costs are expensed as incurred.

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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Amount due from counterparties and Islamic financing assets

Note 1 to the financial statements describes the principal activities of the Group and the Company, 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 Company.

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 and the Company. 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.

2.4 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 and the Company from the originators at fair values. The originator acts as a servicer and remits the principal and interest/ profit income from the assets to the Group and the Company 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 the Company and adjusted for unaccreted discount. Interest/profit income on the assets are 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 term of the assets using the internal rate of return method.

2.5 Investment in subsidiaries

Investment in subsidiaries is 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 2.8 to the financial statements describes the Group's and the Company's accounting policy on impairment of assets and Note 3 details out the critical accounting estimates and assumptions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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 Company 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.

At each statement of financial position date, the Group and the Company assess 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 in Note 2.8.2 to the financial statements.

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

2.7 Financial assets

(a) Classification

The Group and the Company classify their 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit 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 and the Company have transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Company measure a financial assets at its fair value plus, in the case of a financial assets not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial assets. 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").

Debt instruments

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

There are three measurement categories into which the Group and the Company classify their debt instruments:

(i) Amortised cost

Cash and cash equivalents, deposits and placements with 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 to related companies and amount due to subsidiaries that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in the income statements using the effective interest rate 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 statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

(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, 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 income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in non-interest income/(expense) and allowance/(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 and the Company 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 is recognised in income statements and presented net within non-interest income/(expense) in the period which it arise.

Equity instruments

The Group and the Company subsequently measures 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 or the Company's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of assets

2.8.1 Financial assets

The Group and the Company assess 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. 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 and the Company have four of their financial assets that are subject to the ECL model:

- Amount due from counterparties and Islamic financing assets;
- Mortgage 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 present value of cash flows according to contract and present value of cash flows the Group and the Company expect 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.

<u>General approach</u>

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 a significant increase in credit risk since initial recognition or which has low credit risk at 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of assets (continued)

2.8.1 Financial assets (continued)

General approach (continued)

- Stage 2: Lifetime ECL – not credit impaired

  For credit exposures where there has been a significant increase in credit risk 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 a significant increase in credit risk when 30 days past due.

- Stage 3: Lifetime ECL – credit impaired

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

Simplified approach

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

Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare 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's 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
- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of assets (continued)

2.8.1 Financial assets (continued)

Significant increase in credit risk (continued)

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

Regardless of the analysis above, a significant increase in credit risk 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 and the Company define 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 and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider 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 reorganization
- the debtor is insolvent

For the purpose of ECL measurement, mortgage 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/Islamic mortgage assets and Islamic hire purchase assets have substantially the same risk characteristics and the Group and the Company have 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 and debt instruments which are in default or credit impaired are assessed individually.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of assets (continued)

2.8.2 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.

2.9 Write-off

The Group and the Company write-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 is credited against the same line item.

2.10 Financial liabilities

Financial liabilities are measured at amortised cost. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss 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 2.17 on hedge accounting.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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 effective interest 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.

(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 effective interest rate. Other financial liabilities measured at amortised cost are deferred guarantee fee income, deferred Wakalah fee income and other liabilities.

2.11 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 on Islamic assets are recognised using the effective interest/profit rate method. Accretion of discount is recognised using the effective yield method.

2.12 Premium and discount on unsecured bearer bonds, notes and 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.

2.13 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Current and deferred tax (continued)

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 deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Cash and cash equivalents

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

2.15 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.

2.16 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 and the Company. The Group and the Company have determined the Chief Executive Officer of the Company to be the chief operating decision maker.

2.17 Derivative financial instruments and hedge accounting

Derivatives financial instruments consist of interest rate swaps ("IRS"), Islamic profit rate swaps ("IPRS"), cross currency swap (“CCS”) and Islamic cross currency swap (“ICCS”). Derivatives financial instruments are used by the Group and the Company to hedge the issuance of its Bond/Sukuk from potential movements in interest rate, profit rate or foreign currency exchange rate. 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 statement of financial position, and subsequent changes in fair value as a result of fluctuation in market interest rates, profit rates or foreign currency exchange rate are recorded as derivative assets (favourable) or derivative liabilities (unfavourable).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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's and Company's 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 and the Company document their risk management objective and strategy for undertaking its hedge transactions.

The Group and the Company also document 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 assets, 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 income/ (expense)".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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 reflects 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.

2.19 Zakat

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

Zakat rates enacted or substantively enacted by the statement of financial position date are used to determine the zakat expense. The rate of zakat on business for the financial year is 2.5% (2019: 2.5%) of the zakat base.

The zakat base of the Group and the Company 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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 and the Company.

(b) Defined contributions plans

The Group and the Company contribute 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 and the Company have 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.

2.21 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 and the Company, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Intangible assets (continued)

(b) Service rights to transaction administrator and administrator fees

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 2.8.2 to the financial statements.

2.22 Share capital

(a) Classification

Ordinary shares 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 shareholder of the Company

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

2.23 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, which is 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 income statements, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but discloses 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 and the Company 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 and the Company do not recognise contingent assets but discloses 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 and the Company.

2.25 Deferred financing fees

Deferred financing fees consist of expenses incurred in relation to the unsecured bond and notes/Sukuk issuance. Upon unsecured bond and notes/Sukuk issuance, deferred financing fees will be deducted from the carrying amount of the unsecured bond and notes/Sukuk and amortised using the effective interest/profit rate method.

2.26 Leases

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

Contracts may contain both lease and non-lease components. The Group and the Company allocate 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 and the Company are a lessee, they have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

<u>Lease term</u>

In determining the lease term, the Group and the Company consider 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 and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affect whether the Group and the Company are 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Leases (continued)

ROU assets

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

Lease liabilities

Lease liabilities 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 and the Company under residual value guarantees;
- The exercise price of a purchase options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company 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 and the Company, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 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 and the Company present 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 and the Company are 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 assets.

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 bases as an expense in income statements.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and exercise of judgement by management in the process of applying the Group's and the Company'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 a 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) Fair value of financial assets at FVTPL, FVOCI and derivatives (Note 7, 8, 10 and 47)

The estimates and assumptions considered most likely to have an impact on the Group's and the Company's results and financial positions are those relating to the fair valuation of derivatives, unquoted financial assets at FVTPL and FVOCI for which valuation models are used. The Group and the Company have exercised its judgement to select the appropriate valuation techniques for these instruments. However, changes in the assumptions made and market factors used could affect the reported fair values.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(b) Impairment of mortgage assets and hire purchase assets (Note 13, 14, 15 and 44)

The Group and the Company make allowances for losses on mortgage assets and hire purchase assets based on assessment of recoverability. Whilst management is guided by the requirement of MFRS 9, management makes judgement on the future and other key factors in respect of the recovery of the assets. Among the 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

Due to the COVID-19 pandemic, the negative case has been assigned with a higher weightage for the ECL.

(c) Accretion of discount on mortgage assets and hire purchase assets (Note 13, 14 and 15)

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 and the Company for the purposes 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.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is an integral part of the Group’s and the Company'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 and the Company enhanced key controls to ensure effectiveness of risk management and its independence from risk taking activities.

The Group and the Company 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 and the Company's aim 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 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.1 Risk management structure

The Board of Directors has ultimate responsibility for management of risks associated with the Group’s and the Company's operations and activities. The Board of Directors sets the risk appetite and tolerance level that are consistent with the Group’s and the Company'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 and the Company'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.

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

4.2 Credit risk management

Credit risk is the possibility that a borrower or counterparty fails to fulfill 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 treasury hedging activities.

The Group and the Company manage 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 remedy.

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 such as foreign exchange rates, interest/profit rates and market prices. The market risk exposure is limited to interest/profit rate risk and foreign exchange rates only as the Group and the Company do not engaged in any equity or commodity trading activities.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.3 Market risk management (continued)

The Group and the Company control the market risk exposure by imposing threshold limits and entering in derivatives contract. The limits are set based on the Group's and the Company's risk appetite and the risk-return relationship. These limits are regularly reviewed and monitored. The Group and the Company have 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 and the Company also use derivative instruments such as interest rate swaps, profit rate swaps, CCS and ICCS to manage and hedge its market risk exposure against fluctuations in interest rates, profit rates and foreign currency exchange rate.

4.4 Liquidity risk management

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

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

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

(a) Managing cash flow mismatch and liquidity gap limits which involves assessing all of the Group's and the Company's cash inflows against its cash outflows to identify the potential for any net cash shortfalls and the ability of the Group and the Company 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 and the Company against internal requirements; and
(d) Managing the concentration and profile of funding by diversification of funding sources.

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 and the Company'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 and the Company. To mitigate such operational risks, the Group and the Company developed an operational risk program and essential methodologies that enable identification, measurement, monitoring and reporting of inherent and emerging operational risks.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.5 Operational risk management (continued)

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 and the Company minimises the impact and likelihood of any unexpected disruptions to its business operations through implementation of its business continuity management ("BCM") framework and policy, business continuity plans and regular BCM exercises. The Group and the Company 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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and balance with banks and other financial institution	19,498	19,716	988	493
Money at call and deposits and placements maturing with original maturity less than 3 months	185,392	35,892	185,392	35,892
Mudharabah money at call and deposits and placements maturing with original maturity less than 3 months	114,064	53,463	114,064	53,463
	318,954	109,071	300,444	89,848
Less: Allowance for impairment losses	(11)	-	(11)	-
	318,943	109,071	300,433	89,848

5 CASH AND CASH EQUIVALENTS (CONTINUED)

The gross carrying value of cash and cash equivalents and the impairment allowance are within Stage 1 allocation. Movement in impairment allowances that reflects the ECL model on impairment are as follows:

	Group and Company	
	2021	2020
	RM'000	RM'000
Stage 1		
As at 1 January	-	105
Allowance/(reversal) during the year	11	(105)
As at 31 December	11	-

6 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Licensed banks	172,021	102,886	172,021	102,886

The gross carrying value of deposits and placements with financial institution are within Stage 1 allocation (12-month ECL). There is no ECL made for this category as at 31 December 2021 (2020: Nil).

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	Group and Company	
	2021	2020
	RM'000	RM'000
Unit trusts	123,132	193,466

Financial assets classified or designated as FVTPL are not subjected to impairment assessment under MFRS 9.

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

	Group and Company	
	2021	2020
	RM'000	RM'000
Debt instruments:		
Malaysian Government securities	436,933	479,266
Corporate bonds	248,430	311,979
Government investment issues	830,336	808,610
Corporate Sukuk	905,977	386,744
Quasi Government Sukuk	370,418	396,717
	2,792,094	2,383,316

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

	2021 RM'000	2020 RM'000
Maturing within one year	677,907	342,574
One to three years	594,477	727,173
Three to five years	341,312	334,100
More than five years	1,178,398	979,469
	2,792,094	2,383,316

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 of allocation are as follows:

	Gross carrying value	Impairment allowance
	RM'000	RM'000
2021		
By stage of allocation:		
Stage 1 (12-month ECL; non-credit impaired)	2,792,094	304
As at 31 December	2,792,094	304
2020		
By stage of allocation:		
Stage 1 (12-month ECL; non-credit impaired)	2,383,316	77
As at 31 December	2,383,316	77

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

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

	Group and Company	
	2021	2020
	RM'000	RM'000
Stage 1		
As at 1 January	77	128
Allowance during the year on new assets purchased	266	30
Financial assets derecognised during the year due to maturity of assets	(30)	(23)
Reversal during the year due to changes in credit risk	(9)	(58)
As at 31 December	304	77

9 FINANCIAL ASSETS AT AMORTISED COST

Corporate Sukuk	354,353	-

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

More than five years	355,508	-
Less: Allowance for impairment losses	(1,155)	-
	354,353	-

The gross carrying value and impairment allowance are within Stage 1 allocation. Movement in impairment allowance that reflects the ECL model on impairment are as follows:

	Gross carrying value	Impairment allowance
	RM'000	RM'000
2021		
By stage of allocation:		
Stage 1 (12-month ECL; non-credit impaired)	355,508	1,155
As at 31 December	355,508	1,155

10 DERIVATIVE FINANCIAL INSTRUMENTS

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

IRS/IPRS are used by the Group and the Company 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 and the Company pay the floating rate receipts from its floating rate asset purchases to the swap counterparties and receive 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 and Company are protected from adverse movements in interest/profit rate.

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

The Group and the Company will issue short duration bonds/Sukuk and enter 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 and the Company pay fixed rate interest/profit to the swap counterparty and receive floating rate interest/profit to pay to the bondholders/Sukuk holders.

CCS and ICCS are also used by the Group and the Company 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 and the Company will swap the proceeds from the foreign currency bonds/Sukuk to the functional currency at the pre-agreed exchange rate with CCS/ICCS counterparty.

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

(iii) On maturity, the Group and the Company will pay principal in functional currency at the same pre-agreed exchange rate to the CCS/ICCS 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 and the Company’s foreign currency exposures are from Hong Kong Dollar (“HKD”), US Dollar (“USD”), 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.

10 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

- 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 derivatives financial instruments entered by the Group and the Company which are all used as hedging instruments in cash flow hedges.

Designated as cashflow hedges

Group and Company	Contract/ Notional amount	Assets	Liabilities	Average fixed interest rate
	RM'000	RM'000	RM'000	%
2021				
IRS/IPRS				
Maturing within one year	1,165,000	12	(13,655)	3.08
One to three years	590,000	2,656	(7,813)	3.22
Three to five years	-	-	-	-
Move that five years	160,000	20,367	-	4.66
	1,915,000	23,035	(21,468)	
CCS				
Maturing within one year	1,526,640	6,572	(3,210)	2.22
One to three years	1,036,600	-	(3,917)	2.59
	2,563,240	6,572	(7,127)	
	4,478,240	29,607	(28,595)	

10 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Designated as cashflow hedges (continued)

Group and Company	Contract/ Notional amount	Assets	Liabilities	Average fixed interest rate
	RM'000	RM'000	RM'000	%
2020				
IRS/IPRS				
Maturing within one year	1,100,000	13,994	(2,803)	3.82
One to three years	1,355,000	-	(41,133)	3.53
Three to five years	-	-	-	-
Move that five years	160,000	38,802	-	4.66
	2,615,000	52,796	(43,936)	
CCS				
Maturing within one year	669,927	5,108	(2,027)	3.33
	3,284,927	57,904	(45,963)	

10 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	Group and Company						
		Fair value*					
	Nominal amount RM'000	Assets RM'000	Liabilities RM'000	Changes in fair value used for calculating hedging effectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in income statement** RM'000	Amount reclassified from hedge reserve to income statement** RM'000
2021							
Interest rate risk							
Interest rate swap	1,270,000	20,379	(17,291)	7,649	7,649	-	-
Islamic profit rate swap	645,000	2,656	(4,177)	(912)	(912)	-	-
Foreign exchange risk							
Cross currency interest rate swaps	2,563,240	6,572	(7,127)	(931)	23,772	-	(39,258)
2020							
Interest rate risk							
Interest rate swap	2,070,000	52,796	(34,649)	20,392	20,392	-	-
Islamic profit rate swap	545,000	-	(9,287)	(8,750)	(8,750)	-	-
Foreign exchange risk							
Cross currency interest rate swaps	669,927	5,108	(2,027)	2,914	(80,375)	-	73,725

* All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement 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 statement.

10 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

				Group and Company
	Line item in the statement of financial position in which the hedged item is included	Change in fair value used for calculating hedge effectiveness	Cash flow hedge reserve	Balance remaining in the cash flow hedge reserve from hedging relationship for which hedge accounting is no longer applied
		RM'000	RM'000	RM'000
2021				
Interest/profit rate/foreign exchange risk				
Floating rate financial assets	Amount due from counterparties	19,929	15,146	-
Floating rate financial liabilities	Unsecured bearer bonds and notes	(12,280)	(9,333)	-
Floating rate financial liabilities	Sukuk	(912)	(693)	-
Fixed rate financial liabilities	Unsecured bearer bonds and notes	(931)	(707)	-
2020				
Interest/profit rate/foreign exchange risk				
Floating rate financial assets	Amount due from counterparties	(4,829)	(3,670)	-
Floating rate financial liabilities	Unsecured bearer bonds and notes	56,624	43,034	-
Fixed rate financial liabilities	Unsecured bearer bonds and notes	(28,489)	(21,652)	-
Fixed rate financial liabilities	Sukuk	(8,750)	(6,650)	-

10 DERIVATIVE FINANCIAL INSTRUMENTS (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 and Company	
	2021	2020
	RM'000	RM'000
Cash flow hedge		
As at 1 January	11,062	7,268
Effective portion of changes in fair value:		
- Interest rate risk	30,509	(68,733)
Net amount reclassified to profit or loss:		
- Foreign exchange fluctuations (Note 33)	(39,258)	73,725
Income tax effects	2,100	(1,198)
As at 31 December	4,413	11,062

11 AMOUNT DUE FROM COUNTERPARTIES

	Group and Company	
	2021	2020
	RM'000	RM'000
Relating to:		
Mortgage loans	16,548,478	13,397,099
Hire purchase and leasing debts	592,697	672,096
	17,141,175	14,069,195
The maturity structure of amount due from counterparties are as follows:		
Maturing within one year	9,612,698	6,093,353
One to three years	6,890,791	7,338,049
Three to five years	226,134	226,133
More than five years	411,571	411,679
	17,141,194	14,069,214
Less: Allowance for impairment losses	(19)	(19)
	17,141,175	14,069,195

11 AMOUNT DUE FROM COUNTERPARTIES (CONTINUED)

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

	Group and Company	
	2021	2020
	RM'000	RM'000
Stage 1		
As at 1 January	19	59
Allowance during the year on new assets purchased	13	11
Loans derecognised during the year due to maturity of assets	(6)	(9)
Reversal during the year due to changes in credit risk	(7)	(42)
As at 31 December	19	19

12 ISLAMIC FINANCING ASSETS

Relating to:		
Islamic house financing	8,805,885	9,662,661
Islamic personal financing	1,467,862	-
	10,273,747	9,662,661
The maturity structure Islamic financing assets are as follows:		
Maturing within one year	2,768,566	3,528,607
One to three years	7,505,242	5,218,907
Three to five years	-	915,246
	10,273,808	9,662,760
Less: Allowance for impairment losses	(61)	(99)
	10,273,747	9,662,661

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

	Group and Company	
	2021	2020
	RM'000	RM'000
Stage 1		
As at 1 January	99	653
Allowance during the year on new assets purchased	26	3
Loans derecognised during the year due to maturity of assets	(5)	(3)
Reversal during the year due to changes in credit risk	(59)	(554)
As at 31 December	61	99

13 MORTGAGE ASSETS – CONVENTIONAL

	Group and Company 2021 RM'000	Group and Company 2020 RM'000
Purchase without recourse ("PWOR")	3,886,956	4,366,916

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

	2021 RM'000	2020 RM'000
Maturing within one year	652,653	729,768
One to three years	846,026	923,536
Three to five years	715,011	774,026
More than five years	1,694,605	1,965,556
	3,908,295	4,392,886
Less:		
Allowance for impairment losses	(21,339)	(25,970)
	3,886,956	4,366,916

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

	Gross carrying value RM'000	Impairment allowance RM'000
By stage of allocation:		
2021		
Stage 1 (12-month ECL; non-credit impaired)	3,878,389	12,086
Stage 2 (Lifetime ECL; non-credit impaired)	2,512	465
Stage 3 (Lifetime ECL; credit impaired)	27,394	8,788
As at 31 December	3,908,295	21,339
Impairment allowance over gross carrying value (%)		0.55
2020		
Stage 1 (12-month ECL; non-credit impaired)	4,358,528	15,154
Stage 2 (Lifetime ECL; non-credit impaired)	1,599	307
Stage 3 (Lifetime ECL; credit impaired)	32,759	10,509
As at 31 December	4,392,886	25,970
Impairment allowance over gross carrying value (%)		0.59

13 MORTGAGE ASSETS – CONVENTIONAL (CONTINUED)

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

	Group and Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
As at 1 January	15,154	307	10,509	25,970
Transfer between stages:				
- Transfer to 12-month ECL (Stage 1)	55	(182)	(3,173)	(3,300)
- Transfer to ECL not credit impaired (Stage 2)	(12)	459	(4)	443
- Transfer to ECL credit impaired (Stage 3)	(54)	(43)	3,935	3,838
Total transfer between stages	(11)	234	758	981
Loans derecognised during the year (other than write-offs)	(435)	(74)	(1,133)	(1,642)
Reversal during the year due to changes in credit risk	(2,622)	(2)	(38)	(2,662)
Amount written-off	-	-	(1,308)	(1,308)
As at 31 December	12,086	465	8,788	21,339
2020				
As at 1 January	17,640	2,932	14,421	34,993
Transfer between stages:				
- Transfer to 12-month ECL (Stage 1)	125	(2,637)	(6,931)	(9,443)
- Transfer to ECL not credit impaired (Stage 2)	(5)	299	(69)	225
- Transfer to ECL credit impaired (Stage 3)	(61)	(126)	5,323	5,136
Total transfer between stages	59	(2,464)	(1,677)	(4,082)
Loans derecognised during the year (other than write-offs)	(287)	(143)	(1,001)	(1,431)
Reversal during the year due to changes in credit risk	(2,258)	(18)	(111)	(2,387)
Amount written-off	-	-	(1,123)	(1,123)
As at 31 December	15,154	307	10,509	25,970

14 MORTGAGE ASSETS – ISLAMIC

	Group and Company	
	2021	2020
	RM'000	RM'000
PWOR	4,691,424	5,115,509

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

	2021 RM'000	2020 RM'000
Maturing within one year	595,770	637,751
One to three years	755,159	806,481
Three to five years	739,961	766,538
More than five years	2,623,166	2,933,185
	4,714,056	5,143,955
Less:		
Allowance for impairment losses	(22,632)	(28,446)
	4,691,424	5,115,509

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

	Gross carrying value	Impairment allowance
	RM'000	RM'000
By stage of allocation:		
2021		
Stage 1 (12-month ECL; non-credit impaired)	4,689,151	14,809
Stage 2 (Lifetime ECL; non-credit impaired)	1,448	298
Stage 3 (Lifetime ECL; credit impaired)	23,457	7,525
As at 31 December	4,714,056	22,632
Impairment allowance over gross carrying value (%)		0.48
2020		
Stage 1 (12-month ECL; non-credit impaired)	5,110,791	18,051
Stage 2 (Lifetime ECL; non-credit impaired)	1,733	312
Stage 3 (Lifetime ECL; credit impaired)	31,431	10,083
As at 31 December	5,143,955	28,446
Impairment allowance over gross carrying value (%)		0.55

14 MORTGAGE ASSETS – ISLAMIC (CONTINUED)

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

	Group and Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2021				
As at 1 January	18,051	312	10,083	28,446
Transfer between stages:				
- Transfer to 12-month ECL (Stage 1)	52	(279)	(2,788)	(3,015)
- Transfer to ECL not credit impaired (Stage 2)	(6)	298	(3)	289
- Transfer to ECL credit impaired (Stage 3)	(45)	(24)	3,140	3,071
Total transfer between stages	1	(5)	349	345
Loans derecognised during the year (other than write-offs)	(497)	(9)	307	(199)
Reversal during the year due to changes in credit risk	(2,746)	-	(40)	(2,786)
Amount written-off	-	-	(3,174)	(3,174)
As at 31 December	14,809	298	7,525	22,632
2020				
As at 1 January	20,351	2,497	12,236	35,084
Transfer between stages:				
- Transfer to 12-month ECL (Stage 1)	100	(1,964)	(4,143)	(6,007)
- Transfer to ECL not credit impaired (Stage 2)	(7)	299	(34)	258
- Transfer to ECL credit impaired (Stage 3)	(55)	(126)	4,695	4,514
Total transfer between stages	38	(1,791)	518	(1,235)
Loans derecognised during the year (other than write-offs)	(686)	(374)	(2,265)	(3,325)
Reversal during the year due to changes in credit risk	(1,652)	(20)	(65)	(1,737)
Amount written-off	-	-	(341)	(341)
As at 31 December	18,051	312	10,083	28,446

15 HIRE PURCHASE ASSETS – ISLAMIC

	Group and Company	
	2021	2020
	RM'000	RM'000
PWOR	62	34
The maturity structure of hire purchase assets – Islamic are as follows:		
Maturing within one year	74	46
Less: Allowance for impairment losses	(12)	(12)
	62	34

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

By stage of allocation:	Gross carrying value RM'000	Impairment allowance RM'000
2021		
Stage 1 (12-month ECL; non-credit impaired)	38	-
Stage 3 (Lifetime ECL; credit impaired)	36	12
As at 31 December	74	12
Impairment allowance over gross carrying value (%)		15.78
2020		
Stage 1 (12-month ECL; non-credit impaired)	10	-
Stage 3 (Lifetime ECL; credit impaired)	36	12
As at 31 December	46	12
Impairment allowance over gross carrying value (%)		26.09

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

	Group and Company		
	Stage 1	Stage 3	Total
	RM'000	RM'000	RM'000
2021			
As at 1 January/31 December	-	12	12
2020			
As at 1 January/31 December	-	12	12

16 AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries is non-trade in nature, denominated in Ringgit Malaysia, unsecured, non-interest bearing and are repayable on demand.

17 OTHER ASSETS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Staff loans and financing	2,811	2,883	2,811	2,883
Deposits	923	898	922	897
Prepayments	2,761	2,387	2,754	2,374
Management fee receivable	675	829	675	829
Compensation receivable from originator on mortgage assets	377	415	377	415
Other receivables	23	19	23	19
	7,570	7,431	7,562	7,417

18 INVESTMENT IN SUBSIDIARIES

	Group and Company	
	2021	2020
	RM'000	RM'000
Unquoted shares at cost	-*	-*

* denotes USD1 in CGP and RM2 in CGS.

All subsidiaries are audited by PricewaterhouseCoopers PLT. The subsidiaries of the Company are as follows:

Name	Principal activities	Place of Incorporation	Interest in equity held by the Company	
			2021	2020
			%	%
CGP	To undertake the issuance of bonds and notes in foreign currency.	Labuan	100	100
CGS	To undertake the issuance of Sukuk in foreign currency.	Malaysia	100	100

19 PROPERTY AND EQUIPMENT

Group and Company	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2021				
Cost				
As at 1 January	10,126	4,680	703	15,509
Additions	716	29	-	745
Disposals	(326)	-	-	(326)
As at 31 December	10,516	4,709	703	15,928
Accumulated depreciation				
As at 1 January	(7,290)	(4,591)	(383)	(12,264)
Charge for the financial year	(1,524)	(22)	(106)	(1,652)
Disposals	326	-	-	326
As at 31 December	(8,488)	(4,613)	(489)	(13,590)
Net book value				
As at 31 December	2,028	96	214	2,338
2020				
Cost				
As at 1 January	9,817	4,681	703	15,201
Additions	900	4	-	904
Disposals	(591)	(5)	-	(596)
As at 31 December	10,126	4,680	703	15,509
Accumulated depreciation				
As at 1 January	(6,421)	(4,580)	(277)	(11,278)
Charge for the financial year	(1,460)	(16)	(106)	(1,582)
Disposals	591	5	-	596
As at 31 December	(7,290)	(4,591)	(383)	(12,264)
Net book value				
As at 31 December	2,836	89	320	3,245

20 INTANGIBLE ASSETS

Group and Company	Service rights RM'000	Computer software RM'000	Computer software licenses RM'000	Work in progress RM'000	Total RM'000
2021					
Cost					
As at 1 January	7,690	15,173	27,213	-	50,076
Additions	-	963	767	126	1,856
As at 31 December	7,690	16,136	27,980	126	51,932
Accumulated amortisation					
As at 1 January	(5,403)	(12,383)	(11,946)	-	(29,732)
Charge for the financial year	(381)	(498)	(2,964)	-	(3,843)
As at 31 December	(5,784)	(12,881)	(14,910)	-	(33,575)
Net book value					
As at 31 December	1,906	3,255	13,070	126	18,357
2020					
Cost					
As at 1 January	16,712	13,207	26,607	-	56,526
Additions	-	1,966	606	-	2,572
Write-offs	(9,022)	-	-	-	(9,022)
As at 31 December	7,690	15,173	27,213	-	50,076
Accumulated amortisation					
As at 1 January	(13,938)	(12,155)	(9,053)	-	(35,146)
Charge for the financial year	(487)	(228)	(2,893)	-	(3,608)
Write-offs	9,022	-	-	-	9,022
As at 31 December	(5,403)	(12,383)	(11,946)	-	(29,732)
Net book value					
As at 31 December	2,287	2,790	15,267	-	20,344

Service rights are amortised on a straight line basis over the tenure of RMBS/IRMBS. The remaining amortisation period of the intangible assets ranges from 1 to 7 years (2020: 2 to 8 years).

21 RIGHT-OF-USE ASSET

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

	Group and Company	
	2021	2020
	RM'000	RM'000
Cost		
As at 1 January	4,916	4,916
Modification arising from extension of lease term	10,545	-
As at 31 December	15,461	4,916
Accumulated amortisation		
As at 1 January	(1,873)	(936)
Charge for the year (Note 36)	(1,996)	(937)
As at 31 December	(3,869)	(1,873)
Net book value		
As at 31 December	11,592	3,043

22 OTHER LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Provision for zakat	5,094	2,106	5,094	2,106
Amount due to GOM*	129,921	99,624	129,921	99,624
Accruals	27,570	30,197	26,371	29,787
Other payables	1,434	1,378	1,415	1,379
	164,019	133,305	162,801	132,896

* Refers to fund provided by the Government for Mortgage Guarantee Programme (MGP) under Cagamas SRP Berhad

23 LEASE LIABILITY

	Group and Company	
	2021	2020
	RM'000	RM'000
As at 1 January	4,583	4,791
Modification arising from extension of lease term	10,545	-
Lease obligation interest expense (Note 36)	763	2,441
Lease obligation repayment	(2,153)	(2,649)
As at 31 December	13,738	4,583

The maturity structure of lease liability are as follows:

	2021	2020
Due within 1 year	2,354	495
Due in 2 to 5 years	11,384	4,088
Total present value of minimum lease payments	13,738	4,583

24 DEFERRED TAXATION

Deferred tax assets and liabilities are offsetted 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 and Company	
	2021	2020
	RM'000	RM'000
Deferred tax assets (before offsetting)	(20,627)	(23,331)
Deferred tax liabilities (before offsetting)	202,562	193,411
Deferred tax liabilities	181,935	170,080

The movements of deferred tax are as follows:

	2021	2020
As at 1 January	170,080	560
Recognised to income statements (Note 38)	36,876	157,346
Recognised to reserves	(25,021)	12,174
As at 31 December	181,935	170,080

24 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 and Company			
2021	As at 1 January RM'000	Recognised to income statement RM'000	Recognised to reserves RM'000	As at 31 December RM'000
Deferred tax assets				
Net unrealised losses on revaluation of derivatives financial instrument under cash flow hedge accounting	(5,458)	-	2,848	(2,610)
Provisions	(1,591)	(124)	-	(1,715)
Temporary difference relating to lease liability	(1,100)	(2,197)	-	(3,297)
Temporary difference relating to ECL	(15,182)	2,163	-	(13,019)
	(23,331)	(158)	2,848	(20,641)
Deferred tax liabilities				
Net unrealised gain on revaluation of derivatives financial instrument under cash flow hedge accounting	8,951	-	(4,947)	4,004
Revaluation reserves of financial assets at FVOCI	22,849	-	(22,922)	(73)
Accelerated depreciation	2,256	1,065	-	3,321
Temporary difference relating to interest/profit receivables on deposit and placements	165	71	-	236
Temporary difference relating to right-of-use asset	730	2,052	-	2,782
Temporary difference relating to accretion of discount	158,460	33,846	-	192,306
	193,411	37,034	(27,869)	202,576
	170,080	36,876	(25,021)	181,935

24 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 and Company			
2020	As at 1 January RM'000	Recognised to income statement RM'000	Recognised to reserves RM'000	As at 31 December RM'000
Deferred tax assets				
Net unrealised losses on revaluation of derivatives financial instrument under cash flow hedge accounting	(1,472)	-	(3,986)	(5,458)
Provisions	(1,084)	(507)	-	(1,591)
Temporary difference relating to lease liability	(1,150)	50	-	(1,100)
Temporary difference relating to ECL	(13,745)	(1,437)	-	(15,182)
	(17,451)	(1,894)	(3,986)	(23,331)
Deferred tax liabilities				
Net unrealised gain on revaluation of derivatives financial instrument under cash flow hedge accounting	3,767	-	5,184	8,951
Revaluation reserves of financial assets at FVOCI	11,873	-	10,976	22,849
Accelerated depreciation	1,237	1,019	-	2,256
Temporary difference relating to interest/profit receivables on deposit and placements	183	(18)	-	165
Temporary difference relating to right-of-use asset	951	(221)	-	730
Temporary difference relating to accretion of discount	-	158,460	-	158,460
	18,011	159,240	16,160	193,411
	560	157,346	12,174	170,080

25 LOANS/FINANCING FROM SUBSIDIARY

Loans from subsidiary outstanding at financial year ended that are not in the functional currencies of the Group are as follows:

	Group and Company	
	2021	2020
	RM'000	RM'000
HKD	431,106	163,295
USD	1,119,238	112,838
SGD	1,022,313	395,624
	2,572,657	671,757

Loans/financing from subsidiary are unsecured and subject to interest/profit rates ranging from 0.98% to 1.33% per annum (2020: 0.91% to 3.25% per annum). The maturity structure of loans/financing from subsidiary are as follows:

	Group and Company	
	2021	2020
	RM'000	RM'000
Maturing within one year	1,537,003	671,757
One to three years	1,035,654	-
	2,572,657	671,757

26 UNSECURED BEARER BONDS AND NOTES

						Group
				2021		2020
		Year of maturity	Amount outstanding RM'000	Effective interest rate %	Amount outstanding RM'000	Effective interest rate %
(a)	Floating rate notes	2022	200,000	1.940	-	-
	Add:					
	Interest payable		393		-	
			200,393		-	
(b)	Commercial paper	2021			2,800,000	1.900-2.050
		2022	1,300,000	1.990-2.080	-	-
	Add:					
	Interest payable		1,236		6,388	
			1,301,236		2,806,388	
(c)	Conventional medium-term notes	2021	-	-	4,483,959	0.850-5.380
		2022	9,445,892	0.850-4.650	6,850,000	2.130-4.650
		2023	4,700,653	1.250-6.050	570,000	2.180-6.050
		2024	1,970,000	2.380-5.520	430,000	4.000-5.520
		2025	640,000	4.550-4.850	640,000	4.550-4.850
		2026	10,000	4.410	10,000	4.410
		2027	275,000	4.140-4.900	275,000	4.140-4.900
		2028	890,000	4.750-6.500	890,000	4.750-6.500
		2029	245,000	5.500-5.750	245,000	5.500-5.750
		2035	160,000	5.070	160,000	5.070
			18,336,545		14,553,959	
	Add:					
	Interest payable		120,264		122,942	
	Less:					
	Deferred financing fees		(1,484)		(301)	
	Unamortised discount		-		(9)	
			18,455,325		14,676,591	
	Total		19,956,954		17,482,979	

26 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

			Company			
			2021		2020	
		Year of maturity	Amount outstanding	Effective interest rate	Amount outstanding	Effective interest rate
			RM'000	%	RM'000	%
(a)	Floating rate notes	2022	200,000	1.940	-	-
	Add: Interest payable		393		-	
			200,393		-	
(b)	Commercial paper	2021	-	-	2,800,000	1.900-2.050
		2022	1,300,000	1.990-2.080	-	-
	Add: Interest payable		1,236		6,388	
			1,301,236		2,806,388	
(c)	Conventional medium- term notes	2021	-	-	3,815,000	2.000-5.380
		2022	7,915,000	2.100-4.650	6,850,000	2.130-4.650
		2023	3,665,000	2.180-6.050	570,000	2.180-6.050
		2024	1,970,000	2.380-5.520	430,000	4.000-5.520
		2025	640,000	4.550-4.850	640,000	4.550-4.850
		2026	10,000	4.410	10,000	4.410
		2027	275,000	4.140-4.900	275,000	4.140-4.900
		2028	890,000	4.750-6.500	890,000	4.750-6.500
		2029	245,000	5.500-5.750	245,000	5.500-5.750
		2035	160,000	5.070	160,000	5.070
			15,770,000		13,885,000	
	Add: Interest payable		114,451		120,199	
	Less: Unamortised discount		-		(9)	
			15,884,451		14,005,190	
	Total		17,386,080		16,811,578	

26 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	11,066,290	7,412,979	9,531,080	6,741,578
One to three years	6,670,664	7,420,000	5,635,000	7,420,000
Three to five years	650,000	1,070,000	650,000	1,070,000
More than five years	1,570,000	1,580,000	1,570,000	1,580,000
	19,956,954	17,482,979	17,386,080	16,811,578

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

(a) Floating Rate Notes ("FRNs")

FRNs are Ringgit denominated CMTNs with tenures of more than one year with floating rate pegged to a reference rate, e.g. Kuala Lumpur Interbank Offered Rate (KLIBOR). 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 paper ("CP")

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 ("CMTN")

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 Multicurrency Medium Term Notes Programme, CGP may from time to time issue EMTNs in any currency (other than Ringgit Malaysia) which are unconditionally and irrevocably guaranteed by Cagamas.

26 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

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

	Group and Company	
	2021	2020
	RM'000	RM'000
HKD	430,850	163,218
USD	1,118,649	112,781
SGD	1,021,375	395,401
	2,570,874	671,400

27 SUKUK

		Group and Company			
		2021		2020	
	Year of maturity	Amount outstanding	Effective interest rate	Amount outstanding	Effective interest rate
		RM'000	%	RM'000	%
(a) Islamic commercial papers	2021	-	-	845,000	1.900-2.000
	2022	645,000	1.980-1.990	-	-
Add: Profit payable		2,046		2,256	
		647,046		847,256	
(b) Islamic medium-term notes	2021	-	-	3,545,000	2.050-5.380
	2022	3,785,000	1.980-3.700	3,060,000	2.250-4.700
	2023	3,895,000	2.230-6.350	2,945,000	2.230-6.350
	2024	3,885,000	2.670-5.520	1,135,000	3.550-5.520
	2025	455,000	4.550-4.650	455,000	4.550-4.650
	2026	370,000	3.150-4.920	20,000	4.410-4.920
	2027	15,000	4.140	15,000	4.140
	2028	1,080,000	4.750-6.500	1,080,000	4.750-6.500
	2029	180,000	5.500-5.750	180,000	5.500-5.750
	2033	675,000	5.000	675,000	5.000
		14,340,000		13,110,000	
Add: Profit payable		94,982		106,136	
		14,434,982		13,216,136	
Total		15,082,028		14,063,392	

27 SUKUK (CONTINUED)

The maturity structure of Sukuk are as follows:

	Group and Company	
	2021	2020
	RM'000	RM'000
Within one year	4,527,028	4,498,392
One to three years	7,780,000	6,005,000
Three to five years	825,000	1,590,000
More than five years	1,950,000	1,970,000
	15,082,028	14,063,392

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

(a) Islamic commercial papers ("ICP")

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 is paid on a semi-annual basis or on such other periodic basis as determined by Cagamas.

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

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 ("VRN")

VRNs are Ringgit denominated IMTNs with tenures of more than one year with variable profit rate pegged to a reference rate, e.g. Kuala Lumpur Interbank Offered Rate (KLIBOR). 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 Programme, 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 currencies of the Group.

28 SHARE CAPITAL

	Group and Company			
		2021		2020
Ordinary shares	Number of shares	Amount	Number of shares	Amount
	RM'000	RM'000	RM'000	RM'000
Issued:				
As at 1 January/31 December	150,000	150,000	150,000	150,000

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.

The amount of gain or loss recognised in OCI during the year and the amount reclassified upon derecognition from accumulated OCI to profit or loss for the financial year are as per the following:

	Group and Company	
	2021	2020
	RM'000	RM'000
Financial assets at FVOCI		
- Net gain/(loss) from change in fair value	103,290	55,201
- Net transfer to income statement on disposal	(8,318)	(9,467)
- Allowance of impairment losses	304	77
- Deferred taxation	(22,921)	(10,976)

(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 and the Company have adopted the Bank Negara Malaysia (''BNM'') Guidelines on Financial Reporting issued on 2 February 2018 on voluntary basis. The Group and Company 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.

30 NET TANGIBLE ASSETS AND EARNINGS PER SHARE

The net tangible assets per share is calculated by dividing the net tangible assets of RM4,140,307,000 of the Group and RM4,124,932,000 of the Company respectively (2020: RM4,138,448,000 of the Group and RM4,122,871,000 of the Company respectively) by 150,000,000 ordinary shares of the Group and the Company in issue.

Basic and diluted earnings per share is calculated by dividing the profit for the financial year of RM208,875,000 of the Group and RM209,078,000 of the Company respectively (2020: RM223,922,000 of the Group and RM223,941,000 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 and Company	
	2021	2020
	RM'000	RM'000
Amount due from counterparties	507,456	581,518
Mortgage assets	175,107	199,266
Compensation from mortgage assets	7	20
Financial assets at FVOCI	76,049	75,646
Deposits and placements with financial institutions	2,425	2,774
	761,044	859,224
Accretion of discount less amortisation of premium (net)	75,370	99,256
	836,414	958,480

32 INTEREST EXPENSE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Floating rate notes	1,371	1,720	1,371	1,720
Medium-term notes	592,100	699,475	576,715	662,369
Commercial paper	28,571	32,073	28,571	32,073
Deposits and placements from financial institutions	2,123	667	2,123	667
Loans/financing from subsidiaries	-	-	15,482	37,479
Lease liability	763	2,441	763	2,441
	624,928	736,376	625,025	736,749

33 NON-INTEREST INCOME/(EXPENSE)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Net loss arising from derivatives	(11,751)	(7,933)	(11,751)	(7,933)
Income from financial assets at FVTPL	1,415	1,976	1,415	1,976
Gain on disposal of:				
- Financial assets at FVOCI	8,318	9,467	8,318	9,467
- Property and equipment	3	10	3	10
Net amount reclassified into profit or loss – cash flow hedge (Note 10)	(39,258)	73,725	(39,258)	73,725
Net gain/(loss) on foreign exchange	39,111	(74,805)	39,111	(74,805)
Other non-interest income	4,304	6,326	4,304	6,326
	2,142	8,766	2,142	8,766

34 PERSONNEL COSTS

	Group and Company	
	2021	2020
	RM'000	RM'000
Salary and allowances	16,418	15,536
Bonus	7,435	7,312
Overtime	30	46
EPF and SOCSO	3,793	3,652
Insurance	976	886
Others	764	3,866
	29,416	31,298

35 ALLOWANCE FOR IMPAIRMENT LOSSES

	Group and Company	
	2021	2020
	RM'000	RM'000
Allowance for impairment losses:		
Cash and cash equivalents	(11)	105
Financial assets at FVOCI	(227)	51
Financial assets at amortised cost	(1,155)	-
Amount due from counterparties	-	40
Islamic financing assets	38	554
Mortgage assets – Conventional	4,631	9,023
Mortgage assets – Islamic	5,814	6,638
Credit impaired:		
Mortgage assets – Conventional written-off	(1,308)	(1,123)
Mortgage assets – Islamic written-off	(3,174)	(341)
Hire purchase assets – Conventional written-off	-	(2)
Hire purchase assets – Islamic recovered	-	9
	4,608	14,954

36 PROFIT BEFORE TAXATION AND ZAKAT

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 37)	2,625	2,231	2,625	2,231
Amortisation of right-of-use asset (Note 21)	1,996	937	1,996	937
Interest lease liability (Note 23)	763	2,441	763	2,441
Short-term and low value assets expensed off	436	1,013	436	1,013
Auditors' remuneration				
- Audit fees	370	370	299	316
- Non-audit fees	20	20	12	12
Depreciation of property and equipment	1,652	1,582	1,652	1,582
Amortisation of intangible assets	3,843	3,608	3,843	3,608
Servicers fees	2,106	2,259	2,106	2,259
Repairs and maintenance	4,543	5,095	4,543	5,095
Donations and sponsorship	200	200	200	200
Corporate expenses	1,221	744	1,221	744
Travelling expenses	3	(80)	3	(80)
Gain on disposal of property and equipment	(3)	(10)	(3)	(10)

37 DIRECTORS' REMUNERATION

The Directors who served since the date of the last report and the date of this report are:

Non-Executive Directors
Dato' Bakarudin Ishak (Chairman)
Dato' Halipah Esa
Dato' Wee Yiaw Hin
Ho Chai Huey
Datuk Seri Tajuddin Atan
Datuk Azizan Haji Abd Rahman (Resigned w.e.f. 09.03.2022)

Executive Director
Datuk Chung Chee Leong

The aggregate amount of emoluments received by the Directors during the financial year is as follows:

	Group and Company	
	2021	2020
	RM'000	RM'000
Directors' fees	450	493
Directors' other emoluments	2,175	1,738
	2,625	2,231

For the financial year ended 31 December 2021, a total of RM196,428 (2020: RM196,428) has been paid by the Group in relation to insurance premium paid for Directors and Officers of the Group and Company.

38 TAXATION

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(a) Tax charge for the financial year:				
Malaysian Income tax:				
- Current tax	30,329	(81,132)	30,329	(81,174)
- Deferred taxation (Note 24)	36,876	157,346	36,876	157,346
	67,205	76,214	67,205	76,172
Current tax:				
- Current year	28,429	25,920	28,429	25,878
- Under/(over) provision in prior year	1,900	(107,052)	1,900	(107,052)
	30,329	(81,132)	30,329	(81,174)

38 TAXATION (CONTINUED)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
(a) Tax charge for the financial year (continued):				
Deferred taxation:				
Origination of temporary differences (Note 24)	36,876	157,346	36,876	157,346
	67,205	76,214	67,205	76,172

(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 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Profit before taxation and zakat	281,174	301,391	281,377	301,368
Tax calculated at Malaysian tax rate of 24% (2020: 24%)	67,482	72,334	67,531	72,328
Subsidiary's current year tax losses utilised	-	-	(31)	(28)
Loss not subject to tax	18	-	-	-
Expenses not deductible for tax purposes	294	828	294	820
Deduction arising from zakat contribution	(731)	(222)	(731)	(222)
(Reversal)/recognition of temporary differences recognized in prior year	(1,758)	110,326	(1,758)	110,326
Under/(over) provision in prior year	1,900	(107,052)	1,900	(107,052)
	67,205	76,214	67,205	76,172

(c) In order to support the Government's initiative to assist parties affected by the pandemic, it has been proposed in Budget 2022 that for year of assessment ("YA") 2022, a special one-off tax which is called 'Cukai Makmur' will be imposed on non-micro, small and medium enterprise companies which generate high profits during the period of the pandemic. Chargeable income in excess of RM100.0 million will be charged an income tax rate of 33% for YA 2022. The Company has assessed that it is not significantly impacted by the Cukai Makmur.

39 DIVIDENDS

Dividends of the Group and the Company are as follows:

	Group and Company			
		2021		2020
	Per shares	Total amount	Per shares	Total amount
	Sen	RM'000	Sen	RM'000
Final dividend	15.00	22,500	15.00	22,500
Interim dividend	5.00	7,500	5.00	7,500
Special	66.67	100,000	-	-
	86.67	130,000	20.00	30,000

The proposed final dividend for the financial year ended 31 December 2021 is as disclosed in Directors' report.

40 RELATED PARTIES AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties and relationships

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

Related parties	Relationships
CHB	Ultimate holding company
CGP	Subsidiary
CGS	Subsidiary
Cagamas MBS Berhad ("CMBS")	Related company
BNM Sukuk Berhad ("BNM Sukuk")	Structured entity of ultimate holding company
Cagamas SME Berhad ("CSME")	Related company
Cagamas SRP Berhad ("CSRP")	Related company and trustee for LPPSA
Cagamas MGP Berhad ("CMGP")	Related company
Government of Malaysia ("GOM")	Other related party
Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA")	Originator/servicer and entity related to GOM
Bank Negara Malaysia ("BNM")	Other related party
Key management personnel	Other related party
Entities in which key management personnel have control	Other related party

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

(a) Related parties and relationships (continued)

Related company is defined as subsidiary of the ultimate holding company.

BNM is regarded as a related party on the basis of having significant influence over the ultimate holding company.

As BNM has significant influence over the ultimate holding company, the GOM and entities controlled, jointly controlled or has significant influence by the GOM are related parties of the Group and the Company.

The Group and the Company enter 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 and the Company also purchase Islamic financing facilities such as home financing, personal financing and hire purchase financing and 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 and its ultimate holding company, 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.

(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 Corporate Bonds and Sukuk are transacted with the shareholders of the ultimate holding company. These transactions have been disclosed on the statement of financial position and income statements of the Group and the Company.

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

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

(b) Significant related party transactions and balances (continued)

Group	Ultimate holding company RM'000	Related company RM'000	Other related party RM'000
2021			
Income			
Transaction administrator and administrator fees	-	1,706	-
Management fee	48	2,478	-
Expenses			
FAST* and RENTAS** charges	-	-	86
Servicers fees	-	2,106	-
Amount due from/(to)			
Transaction administrator and administrator fees	-	728	-
BNM current accounts	-	-	35
Reimbursement of operating expenses	-	-	5
Servicers fees	-	(464)	-
Payment on behalf			
- Working capital and other expenses	-	7	-
Management fee receivable	10	665	-
2020			
Income			
Transaction administrator and administrator fees	-	2,728	-
Management fee	58	3,154	-
Expenses			
FAST* and RENTAS** charges	-	-	83
Servicers fees	-	2,259	-
Amount due from/(to)			
Transaction administrator and administrator fees	-	1,375	-
BNM current accounts	-	-	35
Reimbursement of operating expenses	-	-	5
Servicers fees	-	(509)	-
Management fee receivable	46	783	-

* Denotes Fully Automated System for Issuing and Tendering ("FAST").
** Denotes Real-Time Electronic Transfer of Funds and Securities ("RENTAS").

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

(b) Significant related party transactions and balances (continued)

Company	Ultimate holding company RM'000	Subsidiaries RM'000	Related company RM'000	Other related party RM'000
2021				
Income				
Transaction administrator and administrator fees	-	-	1,706	-
Management fee	48	-	2,478	-
Expenses				
FAST* and RENTAS** charges	-	-	-	86
Servicers fees	-	-	2,106	-
Interest expense	-	15,482	-	-
Amount due from/(to)				
Transaction administrator and administrator fees	-	-	728	-
BNM current accounts	-	-	-	35
Reimbursement of operating expenses	-	-	-	5
Servicers fees	-	-	(464)	-
Loans/financing	-	(2,572,657)	-	-
Payment of expenses on behalf				
- Working capital and other expenses	-	3,708	7	-
Management fee receivable	10	-	665	-
2020				
Income				
Transaction administrator and administrator fees	-	-	2,728	-
Management fee	58	-	3,154	-
Expenses				
FAST* and RENTAS** charges	-	-	-	83
Servicers fees	-	-	2,259	-
Interest expense	-	37,479	-	-
Amount due from/(to)				
Transaction administrator and administrator fees	-	-	1,375	-
BNM current accounts	-	-	-	35
Reimbursement of operating expenses	-	-	-	5
Servicers fees	-	-	(509)	-
Loans/financing	-	(671,757)	-	-
Payment of expenses on behalf				
- Working capital and other expenses	-	3,565	-	-
Management fee receivable	46	-	783	-

* Denotes Fully Automated System for Issuing and Tendering ("FAST").
** Denotes Real-Time Electronic Transfer of Funds and Securities ("RENTAS").

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

(b) Significant related party transactions and balances (continued)

The Group and the Company 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 RM8,677,505 (2020: RM8,053,839).

The total remuneration paid to the Directors is disclosed in Note 37 to the financial statements.

41 CAPITAL COMMITMENTS AND CONTINGENCIES

a) Capital commitments

	Group and Company	
	2021	2020
	RM'000	RM'000
Capital expenditure:		
Authorised and contracted for	2,886	2,275
Authorised but not contracted for	4,477	3,116
	7,363	5,391
Analysed as follows:		
Equipment and others	875	472
Computer hardware and software	6,488	4,919
	7,363	5,391

b) Contingencies

On 26 January 2022, the Inland Revenue Board ("IRB") issued a review findings letter on the Company's tax return for Year of Assessment ("YA") 2018 with a disagreement on certain tax treatment that has been taken by the Company. The same tax treatment has been applied by the Company for its YA 2019 and YA 2020 tax returns.

The Company is currently in discussion with the IRB as the tax treatment has been applied consistently and discussed with the relevant authorities prior to adoption by the Company. An adverse decision from this disagreement could lead to additional tax liability and tax penalty for YA 2018 to YA 2020. The estimate is approximately RM103.8 million and RM39.0 million respectively. The estimated additional tax liability of RM103.8 million is not expected to significantly impact the profit after taxation ("PAT") of the Company as the Company has consistently recognised temporary differences as deferred tax on the tax treatment currently under dispute.

In view of uncertainty of the tax treatment by IRB, no provision has been made in the financial statements up to the reporting date.

42 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at amortised cost:				
Cash and cash equivalents	318,943	109,071	300,433	89,848
Deposits and placements with financial institutions	172,021	102,886	172,021	102,886
Sukuk	354,353	-	354,353	-
Amount due from counterparties	17,141,175	14,069,195	17,141,175	14,069,195
Islamic financing assets	10,273,747	9,662,661	10,273,747	9,662,661
Mortgage assets				
- Conventional	3,886,956	4,366,916	3,886,956	4,366,916
- Islamic	4,691,424	5,115,509	4,691,424	5,115,509
Hire purchase assets				
- Islamic	62	34	62	34
Amount due from				
- Related company	735	1,375	735	1,375
- Subsidiaries		-	3,708	3,565
Other financial assets	4,809	5,044	4,808	5,043
	36,844,225	33,432,691	36,829,422	33,417,032
Financial assets at FVOCI:				
Debt instruments	2,792,094	2,383,316	2,792,094	2,383,316
Financial assets at FVTPL:				
Unit trust	123,132	193,466	123,132	193,466
Derivative financial instruments	29,607	57,904	29,607	57,904
	152,739	251,370	152,739	251,370
Financial liabilities				
Financial liabilities at amortised cost:				
Short-term borrowings	302,367	125,145	302,367	125,145
Loans/financing from subsidiaries	-	-	2,572,657	671,757
Unsecured bearer bonds and notes	19,956,954	17,482,979	17,386,080	16,811,578
Sukuk	15,082,028	14,063,392	15,082,028	14,063,392
Other financial liabilities	163,978	124,243	162,779	123,202
	35,505,327	31,795,759	35,505,911	31,795,074
Financial liabilities at FVTPL:				
Derivative financial instruments	28,595	45,963	28,595	45,963

43 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 and the Company take 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 and the Company manage their exposure to interest/profit rate risk. The Group and the Company set limits on the sensitivity of the Group's and the Company's forecasted net interest income/profit income at risk to projected changes in interest/profit rates. The Group and the Company also undertakes duration analysis before deciding on the size and tenure of the Bonds/Sukuk to be issued to ensure that the Group's and the Company'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 and the Company'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 and Company	+100 basis		-100 basis	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Impact to equity:				
Financial assets at FVOCI reserves	(105,106)	(99,527)	114,374	108,754
Derivatives financial instruments	-	-	-	-
Taxation effects on the above at tax rate of 24%	25,225	23,886	(27,450)	(26,101)
Effect on shareholder's funds	(79,881)	(75,641)	86,924	82,653
As percentage of shareholder's funds	(1.9%)	(1.8%)	2.1%	2.0%
Impact to income statements:				
Net interest income	14,666	12,319	(14,708)	(12,316)
Taxation effects at the rate of 24%	(3,520)	(2,957)	3,530	2,956
Effect on net interest income	11,146	9,362	(11,178)	(9,360)
As percentage of profit after tax	5.3%	4.2%	(5.4%)	(4.2%)

44 CREDIT RISK

44.1 Credit risk concentrations

The Group’s and the Company's counterparties are mainly the GOM, financial institutions and individuals in Malaysia. The financial institutions are governed by the Financial Services Act 2013, Islamic Financial Services Act 2013 and Development Financial Institutions Act 2002. The financial institutions are subject to periodic review by the BNM. The following tables summarise the Group’s and the Company’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.

Industrial analysis based on its industrial distribution

	Cash and cash equivalents RM’000	Deposits and placements with financial institutions RM’000	Financial asset at FVTPL RM’000	Financial asset at FVOCI RM’000	Financial asset at amortised cost RM’000	Derivatives 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	Total RM’000
Group													
2021													
Government bodies	-	-	1,326,500	-	-	-	-	-	-	-		377	1,325,877
Financial institutions:													
- Commercial banks	248,888	172,021	123,132	326,901	354,353	29,607	16,548,478	9,954,993	-	-	-	-	27,758,373
- Development	70,055	-	-	260,617	-	-	-	318,754	-	-	-	-	649,426
Communication. electricity, gas and water	-	-	-	242,565	-	-	-	-	-	-	-	-	242,565
Transportation	-	-	-	286,218	-	-	-	-	-	-	-	-	286,218
Leasing	-	-	-	-	-	-	592,697	-	-	-	-	-	592,697
Consumers	-	-	-	-	-	-	-	-	3,886,956	4,691,424	62	-	8,578,442
Corporate	-	-	-	225,882	-	-	-	-	-	-	-	-	225,882
Construction	-	-	-	98,377	-	-	-	-	-	-	-	-	98,377
Others	-	-	-	25,034	-	-	-	-	-	-	-	5,167 *	30,201
Total	318,943	172,021	123,132	2,792,094	354,353	29,607	17,141,175	10,273,747	3,886,956	4,691,424	62	5,544	39,789,058

44 CREDIT RISK (CONTINUED)

44.1 Credit risk concentrations (continued)

Industrial analysis based on its industrial distribution (continued)

	Cash and cash equivalents funds RM'000	Deposits and placements with financial institutions RM'000	Derivatives financial instruments RM'000	Financial asset at FVTPL RM'000	Financial asset at FVOCI RM'000	Amount due from counter parties RM'000	Islamic financing assets RM'000	Mortgage assets-coventional RM'000	Mortgage assets-islamic RM'000	Hire purchase assets-islamic RM'000	Other assets RM'000	Total RM'000
Group												
2020												
Government bodies	-	-	-	-	1,345,939	-	-	-	-	-	415	1,346,354
Financial institutions:												-
- Commercial banks	109,071	102,886	57,904	120,802	30,002	13,397,099	9,322,362	-	-	-	-	23,140,126
- Development	-	-	-	-	61,731	-	340,299	-	-	-	-	402,030
Communication, electricity, gas and water	-	-	-	-	166,516	-	-	-	-	-	-	166,516
Transportation	-	-	-	-	389,730	-	-	-	-	-	-	389,730
Leasing	-	-	-	-	-	672,096	-	-	-	-	-	672,096
Consumers	-	-	-	-	-	-	-	4,366,916	5,115,509	34	-	9,482,459
Corporate	-	-	-	72,664	238,790	-	-	-	-	-	-	311,454
Construction	-	-	-	-	62,703	-	-	-	-	-	-	62,703
Others	-	-	-	-	87,905	-	-	-	-	-	6,004	93,909
Total	109,071	102,886	57,904	193,466	2,383,316	14,069,195	9,662,661	4,366,916	5,115,509	34	6,419	36,067,377

44 CREDIT RISK (CONTINUED)

44.1 Credit risk concentrations (continued)

Industrial analysis based on its industrial distribution (continued)

	Cash and cash equivalents RM'000	Deposits and placements with financial institutions RM'000	Financial asset at FVTPL RM'000	Financial asset at FVOCI RM'000	Financial asset at amortised cost RM'000	Derivatives 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	Total RM'000
Company													
2021													
Government bodies	-	-	-	1,326,500	-	-	-	-	-	-	-	377	1,326,877
Financial institutions													
- Commercial banks	230,378	172,021	123,132	326,901	354,353	29,607	16,548,478	9,954,993	-	-	-	-	27,739,863
- Development	70,055	-	-	260,617		-	-	318,754	-	-	-	-	649,426
Communication, electricity, gas and water	-	-	-	242,565	-	-	-	-	-	-	-	-	242,565
Transportation	-	-	-	286,218	-	-	-	-	-	-	-	-	286,218
Leasing	-	-	-	-	-	-	592,697	-	-	-	-	-	592,697
Conairrers	-	-	-	-	-	-	-	-	3,886,956	4,691,424	62	-	8,578,442
Corporate	-	-	-	225,882	-	-	-	-	-	-	-	-	225,882
Construction	-	-	-	98,377	-	-	-	-	-	-	-	-	98,377
Others	-	-	-	25,034		-	-	-	-	-	-	8,874 *	33,908
Total	300,433	172,021	123,132	2,792,094	354,353	29,607	17,141,175	10,273,747	3,886,956	4,691,424	62	9,251	39,774,255

44 CREDIT RISK (CONTINUED)

44.1 Credit risk concentrations (continued)

Industrial analysis based on its industrial distribution (continued)

	Cash and cash equivalents funds RM'000	Deposits and placements with financial institutions RM'000	Derivatives financial instruments RM'000	Financial asset at FVTPL RM'000	Financial asset at FVOCI RM'000	Amount due from counter parties RM'000	Islamic financing assets RM'000	Mortgage assets-coventional RM'000	Mortgage assets-islamic RM'000	Hire purchase assets-islamic RM'000	Other assets RM'000	Total RM'000
Company												
2020												
Government bodies	-	-	-	-	1,345,939	-	-	-	-	-	415	1,346,354
Financial institutions:												-
- Commercial banks	89,848	102,886	57,904	120,802	30,002	13,397,099	9,322,362	-	-	-	-	23,120,903
- Development	-	-	-	-	61,731	-	340,299	-	-	-	-	402,030
Communication, electricity, gas and water	-	-	-	-	166,516	-	-	-	-	-	-	166,516
Transportation	-	-	-	-	389,730	-	-	-	-	-	-	389,730
Leasing	-	-	-	-	-	672,096	-	-	-	-	-	672,096
Consumers	-	-	-	-	-	-	-	4,366,916	5,115,509	34	-	9,482,459
Corporate	-	-	-	72,664	238,790	-	-	-	-	-	-	311,454
Construction	-	-	-	-	62,703	-	-	-	-	-	-	62,703
Others	-	-	-	-	87,905	-	-	-	-	-	9,568	97,473
Total	89,848	102,886	57,904	193,466	2,383,316	14,069,195	9,662,661	4,366,916	5,115,509	34	9,983	36,051,718

44 CREDIT RISK (CONTINUED)

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

All amount due from counterparties, Islamic financing assets, mortgage assets and hire purchase 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 amount due from counterparties, Islamic financing asset, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase assets are classified under Stage 1 and Stage 2 financial assets.

More than 90 days past due but not individually impaired comprise of amount due from counterparties, Islamic financing asset, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase 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 comprise 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.

44 CREDIT RISK (CONTINUED)

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

Group and Company	Neither more than 90 days past due nor individually impaired	More than 90 days past due but not individually impaired*	Total	Impairment allowance	Total carrying value	Credit risk loans	Coverage ratio
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
2021							
Amount due from counterparties	17,141,194	-	17,141,194	19	17,141,175	-	-
Islamic financing assets	10,273,808	-	10,273,808	61	10,273,747	-	-
Mortgage assets:							
- Conventional	3,880,901	27,394	3,908,295	21,339	3,886,956	27,394	78
- Islamic	4,690,599	23,457	4,714,056	22,632	4,691,424	23,457	96
Hire purchase assets:							
- Islamic	38	36	74	12	62	36	32
	35,986,540	50,887	36,037,427	44,063	35,993,364	50,887	
2020							
Amount due from counterparties	14,069,214	-	14,069,214	19	14,069,195	-	-
Islamic financing assets	9,662,760	-	9,662,760	99	9,662,661	-	-
Mortgage assets:							
- Conventional	4,360,127	32,759	4,392,886	25,970	4,366,916	32,759	79
- Islamic	5,112,524	31,431	5,143,955	28,446	5,115,509	31,431	91
Hire purchase assets:							
- Islamic	10	36	46	12	34	36	33
	33,204,635	64,226	33,268,861	54,546	33,214,315	64,226	

* These assets have been provided for under collective assessment.

44 CREDIT RISK (CONTINUED)

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

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

	Group and Company	
	2021	2020
	Strong/ Total	Strong/ Total
	RM'000	RM'000
Amount due from counterparties	17,141,194	14,069,214
Islamic financing assets	10,273,808	9,662,760
Mortgage assets:		
- Conventional	3,880,901	4,360,127
- Islamic	4,690,599	5,112,524
Hire purchase assets:		
- Islamic	38	10
	35,986,540	33,204,635

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 and the Company have been identified with strong credit risk quality which has a very high likelihood for full recovery.

44 CREDIT RISK (CONTINUED)

44.2 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 past due but not individually impaired is set out below:

	Group and Company				
	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
2021					
Mortgage assets:					
- Conventional	2,588	1,511	1,567	21,728	27,394
- Islamic	2,236	1,769	653	18,799	23,457
Hire purchase assets:					
- Islamic	-	-	-	36	36
	4,824	3,280	2,220	40,563	50,887
2020					
Mortgage assets:					
- Conventional	1,384	1,987	1,076	28,312	32,759
- Islamic	1,527	1,868	1,442	26,594	31,431
Hire purchase assets:					
- Islamic	-	-	-	36	36
	2,911	3,855	2,518	54,942	64,226

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

44 CREDIT RISK (CONTINUED)

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

	Group and Company			
	As at 1 January RM'000	Reversal made RM'000	Written-off to principal balance outstanding RM'000	As at 31 December RM'000
2021				
Amount due from counterparties	19	-	-	19
Islamic financing assets	99	(38)	-	61
Mortgage assets:				
- Conventional	25,970	(3,323)	(1,308)	21,339
- Islamic	28,446	(2,640)	(3,174)	22,632
Hire purchase assets:				
- Islamic	12	-	-	12
	54,546	(6,001)	(4,482)	44,063
2020				
Amount due from counterparties	59	(40)		19
Islamic financing assets	653	(554)	-	99
Mortgage assets:				
- Conventional	34,993	(7,900)	(1,123)	25,970
- Islamic	35,084	(6,297)	(341)	28,446
Hire purchase assets:				
- Conventional	2	-	(2)	-
- Islamic	12	-	-	12
	70,803	(14,791)	(1,466)	54,546

44.3 Amount due from related company

None of these assets are impaired nor past due but not impaired.

44 CREDIT RISK (CONTINUED)

44.4 Credit quality

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

	Group and Company					
2021	GOM RM'000	AAA RM'000	AA1 to AA2/AA+ to AA RM'000	No rating RM'000	Total RM'000	Impairment allowance RM'000
Financial assets at FVOCI						
- Stage 1	1,617,854	700,800	473,440	-	2,792,094	304
Amount due from counterparties						
- Stage 1	-	6,013,346	11,127,829	-	17,141,175	19
Islamic financing assets						
- Stage 1	-	1,928,890	8,344,857	-	10,273,747	61
Mortgage assets:						
- Stage 1	-	-	-	3,878,389	3,878,389	12,086
- Stage 2	-	-	-	2,512	2,512	465
- Stage 3	-	-	-	27,394	27,394	8,788
	-	-	-	3,908,295	3,908,295	21,339
Islamic mortgage assets:						
- Stage 1	-	-	-	4,689,151	4,689,151	14,809
- Stage 2	-	-	-	1,448	1,448	298
- Stage 3	-	-	-	23,457	23,457	7,525
	-	-	-	4,714,056	4,714,056	22,632
Islamic hire purchase asset						
- Stage 1	-	-	-	38	38	-
- Stage 3	-	-	-	36	36	12
	-	-	-	74	74	12

44 CREDIT RISK (CONTINUED)

44.4 Credit quality

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

	Group and Company					
2020	GOM RM'000	AAA RM'000	AA1 to AA2/AA+ to AA RM'000	No rating RM'000	Total RM'000	Impairment allowance RM'000
Financial assets at FVOCI						
- Stage 1	1,719,367	423,357	240,592	-	2,383,316	77
Amount due from counterparties						
- Stage 1	-	7,596,290	6,472,924	-	14,069,214	19
Islamic financing assets						
- Stage 1		740,305	8,922,455	-	9,662,760	99
Mortgage assets:						
- Stage 1	-	-	-	4,358,528	4,358,528	15,154
- Stage 2	-	-	-	1,599	1,599	307
- Stage 3	-	-	-	32,759	32,759	10,509
	-	-	-	4,392,886	4,392,886	25,970
Islamic mortgage assets:						
- Stage 1	-	-	-	5,110,791	5,110,791	18,051
- Stage 2	-	-	-	1,733	1,733	312
- Stage 3	-	-	-	31,431	31,431	10,083
	-	-	-	5,143,955	5,143,955	28,446
Islamic hire purchase asset						
- Stage 1	-	-	-	10	10	-
- Stage 3	-	-	-	36	36	12
	-	-	-	46	46	12

44 CREDIT RISK (CONTINUED)

44.5 Credit risk mitigation

The Group and the Company hold the properties financed by the mortgage asset as collateral. The collateral are closely monitored for financial assets considered to be credit-impaired, as it becomes more likely that the Group and the Company 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	Impairment allowance	Net carrying value	Fair value of collateral held
	RM'000	RM'000	RM'000	RM'000
2021				
Mortgage asset				
- Conventional	3,908,295	(21,339)	3,886,956	17,997,820
- Islamic	4,714,056	(22,632)	4,691,424	15,131,950
	8,622,351	(43,971)	8,578,380	33,129,770
2020				
Mortgage asset				
- Conventional	4,392,886	(25,970)	4,366,916	19,058,068
- Islamic	5,143,955	(28,446)	5,115,509	14,623,943
	9,536,841	(54,416)	9,482,425	33,682,011

44.6 Exposures to COVID-19 impacted sectors and COVID-19 customer relief and support measures

The Company has assessed that its:

a) Mortgage and Islamic mortgage assets are not impacted by COVID-19 as the Government of Malaysia does not provide deferment or moratorium on housing loans taken by civil servants with LPPSA.

b) Amount due from counterparties and Islamic financing assets are not impacted as defaulted loans and financings will be replaced and repurchased under first recourse to regulated counterparties.

44 CREDIT RISK (CONTINUED)

44.7 Offsetting financial instruments

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

	Group and Company		
	Gross amount	Related amounts not set-off	Net amount
	RM'000	RM'000	RM'000
2021			
Derivatives financial assets	29,607	(6,942)	22,665
Derivatives financial liabilities	28,595	(6,942)	21,653
2020			
Derivatives financial assets	57,904	(1,402)	56,503
Derivatives financial liabilities	45,963	(1,402)	44,561

45 LIQUIDITY RISK

45.1 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.

45 LIQUIDITY RISK (CONTINUED)

45.2 Liquidity pool

The liquidity pool comprised the following cash and unencumbered assets:

	Cash and cash equivalents RM'000	Deposits and placements with financial institutions RM'000	Financial asset at FVTPL RM'000	Financial asset at FVOCI RM'000	Financial asset at financial cost RM'000	Derivatives financial instruments RM'000	Amount due from counter parties RM'000	Islamic financing assets RM'000	Mortgage assets RM'000	Islamic mortgage assets RM'000	Other available liquidity RM'000	Total RM'000
Group												
2021	318,943	172,021	123,132	2,792,094	354,353	29,607	17,141,175	10,273,747	3,886,956	4,691,424	5,606	39,789,058
2020	109,071	102,886	193,466	2,383,316	-	57,904	14,069,195	9,662,661	4,366,916	5,115,509	6,453	36,067,377
Company												
2021	300,433	172,021	123,132	2,792,094	354,353	29,607	17,141,175	10,273,747	3,886,956	4,691,424	9,313	39,774,255
2020	89,848	102,886	193,466	2,383,316	-	57,904	14,069,195	9,662,661	4,366,916	5,115,509	10,016	36,051,717

45 LIQUIDITY RISK (CONTINUED)

45.3 Contractual maturity of financial liabilities

The table below presents the cash flows payable by the Group and the Company under financial liabilities by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are contractual undiscounted cash flow, whereas the Group and the Company manage 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
2021						
Financial liabilities						
Short-term borrowings	-	303,300	-	-	-	303,300
Unsecured bearer bonds and notes	81,052	5,190,997	6,136,732	8,056,356	1,791,579	21,256,716
Sukuk	305,008	454,574	4,181,155	9,494,575	2,331,884	16,767,196
Other liabilities	157,747	5,114	-	-	-	162,861
	543,807	5,953,985	10,317,887	17,550,931	4,123,463	38,490,073
Assets held for managing liquidity risk	712,899	5,771,669	11,027,020	19,193,562	7,560,084	44,265,234
2020						
Financial liabilities						
Short-term borrowings	125,208	-	-	-	-	125,208
Unsecured bearer bonds and notes	451,740	1,361,537	5,966,897	9,362,359	1,886,402	19,028,935
Sukuk	306,672	1,957,445	2,631,008	8,578,556	2,455,570	15,929,251
Other liabilities	130,788	2,106	-	-	-	132,894
	1,014,408	3,321,088	8,597,905	17,940,915	4,341,972	35,216,288
Assets held for managing liquidity risk	565,436	2,471,462	9,875,649	20,140,893	7,760,615	40,814,055

45 LIQUIDITY RISK (CONTINUED)

45.3 Contractual maturity of financial liabilities

Company	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
2021						
Financial liabilities						
Short-term borrowings	-	303,300	-	-	-	303,300
Unsecured bearer bonds and notes	81,052	4,355,285	5,415,313	7,007,548	1,791,579	18,650,777
Sukuk	305,008	454,574	4,181,155	9,494,575	2,331,884	16,767,196
Loans/financing from subsidiaries	-	835,712	721,449	1,048,793	-	2,605,954
Other liabilities	157,707	5,094	-	-	-	162,801
	543,767	5,953,965	10,317,917	17,550,916	4,123,463	38,490,028
Assets held for managing liquidity risk	712,899	5,770,833	11,026,298	19,192,513	7,560,084	44,262,627
2020						
Financial liabilities						
Short-term borrowings	125,208	-	-	-	-	125,208
Unsecured bearer bonds and notes	450,984	1,361,537	5,288,003	9,362,359	1,886,402	18,349,285
Sukuk	306,672	1,957,445	2,631,008	8,578,556	2,455,570	15,929,251
Loans/financing from subsidiaries	862	-	677,930	-	-	678,792
Other liabilities	130,788	2,106	-	-	-	132,894
	1,014,514	3,321,088	8,596,941	17,940,915	4,341,972	35,215,430
Assets held for managing liquidity risk	549,778	2,471,462	9,875,649	20,140,893	7,760,615	40,798,397

45 LIQUIDITY RISK (CONTINUED)

45.4 Derivative liabilities

The Group and the Company's derivatives comprise IRS, IPRS, CCS and ICCS entered by the Group and the Company for which cash flows are exchanged for hedging purposes.

The following table analyses the Group and the Company's derivatives financial liabilities that will be settled on a net basis 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 and Company					
	On demand up to one month RM'000	One to three months RM'000	One to twelve months RM'000	Over five years RM'000	five years RM'000	Total RM'000
2021						
Net settled derivatives						
Derivatives held for hedging:						
IRS/IPRS	1,467	(4,194)	(13,343)	11,862	38,915	34,707
Gross settled derivatives						
Derivatives held for hedging:						
CCS/ICCS						
- Outflow	-	(831,692)	(746,943)	(1,063,452)	-	(2,642,087)
- Inflow	-	835,712	721,419	1,048,808	-	2,605,939
2020						
Net settled derivatives						
Derivatives held for hedging:						
IRS/IPRS	(1,016)	(5,553)	4,080	(6,053)	43,556	35,014
Gross settled derivatives						
Derivatives held for hedging:						
CCS/ICCS						
- Outflow	(3,433)	-	(1,028,926)	-	-	(1,032,359)
- Inflow	66	-	592,905	-	-	592,971

46 FOREIGN EXCHANGE RISK

The Group and the Company are exposed to translation foreign exchange rate on its PWR assets and unsecured bearer bonds and notes 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 and the Company take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group and the Company manage its exposure by entering into derivatives contracts.

46.1 Exposure to foreign currency risk

GROUP	HKD RM'000	USD RM'000	SGD RM'000
2021			
Derivatives financial instruments	431,383	1,118,056	1,021,961
Unsecured bearer bonds and notes	430,850	1,118,649	1,021,375
2020			
Derivatives financial instruments	165,763	113,083	395,772
Unsecured bearer bonds and notes	163,218	112,781	395,401
COMPANY			
2021			
Derivatives financial instruments	431,383	1,118,056	1,021,961
Loans/financing from subsidiary	431,106	1,119,238	1,022,313
2020			
Derivatives financial instruments	165,763	113,083	395,772
Loans/financing from subsidiary	163,296	112,839	395,624

46 FOREIGN EXCHANGE RISK (CONTINUED)

46.2 Currency risk sensitivity analysis

A 1% weakening of the Ringgit Malaysia against the following currencies as at the date of statement of financial position would have increased equity and profit for the financial year as summarised in table below. The sensitivity analysis is based on foreign currency exchange rate variances that the Group and the Company 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/ICCS.

	Group		Company	
	Equity RM'000	Profit RM'000	Equity RM'000	Profit RM'000
2021				
HKD	19	-	19	-
USD	2	-	2	-
SGD	1	-	1	-
	22	-	22	-
2020				
HKD	19	-	19	-
USD	2	-	2	-
SGD	1	-	1	-
	22	-	22	-

47 FAIR VALUE OF FINANCIAL INSTRUMENTS

47.1 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 derivatives 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 the 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 the 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).

47 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	Group and Company			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Assets				
Financial assets at FVOCI	-	2,792,094	-	2,792,094
Financial assets at FVTPL	-	123,132	-	123,132
Derivatives financial instruments	-	29,607	-	29,607
Liabilities				
Derivatives financial instruments	-	28,595	-	28,595
2020				
Assets				
Financial assets at FVOCI	-	2,383,316	-	2,383,316
Financial assets at FVTPL	-	193,466	-	193,466
Derivatives financial instruments	-	57,904	-	57,904
Liabilities				
Derivatives financial instruments	-	45,963	-	45,963

47.2 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 equivalents 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 one year.

(b) Other financial assets

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

47 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(c) Amount due from related company and subsidiaries

The fair value of amount due from related company is estimated at their carrying amount due to short tenure of less than one year.

(d) 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.

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

	2021		2020	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Group				
Financial assets				
Financial assets at amortised cost	354,353	351,905	-	-
Amount due from counterparties	17,141,175	17,183,186	14,069,195	14,306,042
Islamic financing assets	10,273,747	10,290,259	9,662,661	9,746,090
Mortgage assets:				
- Conventional	3,886,956	4,327,137	4,366,916	5,120,149
- Islamic	4,691,424	5,269,420	5,115,509	6,104,280
Islamic hire purchase assets	62	74	34	48
	36,347,717	37,421,981	33,214,315	35,276,609
Financial liabilities				
Short-term borrowings	302,367	302,367	125,145	125,145
Unsecured bearer bonds and notes	19,956,954	20,283,816	17,482,979	18,119,532
Sukuk	15,082,028	15,423,362	14,063,392	14,766,632
	35,341,349	36,009,545	31,671,516	33,011,309

47 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	2021		2020	
	Carrying value	Fair value	Carrying value	Fair value
	RM'000	RM'000	RM'000	RM'000
Company				
Financial assets				
Financial assets at amortised cost	354,353	351,905	-	-
Amount due from counterparties	17,141,175	17,183,186	14,069,195	14,306,042
Islamic financing assets	10,273,747	10,290,259	9,662,661	9,746,090
Mortgage assets:				
- Conventional	3,886,956	4,327,137	4,366,916	5,120,149
- Islamic	4,691,424	5,269,420	5,115,509	6,104,280
Islamic hire purchase assets	62	74	34	48
	36,347,717	37,421,981	33,214,315	35,276,609
Financial liabilities				
Short-term borrowings	302,367	302,367	125,145	125,145
Loans/financing from subsidiaries	2,572,657	2,617,647	671,757	681,388
Unsecured bearer bonds and notes	17,386,080	17,701,608	16,811,578	17,442,177
Sukuk	15,082,028	15,423,362	14,063,392	14,766,632
	35,343,132	36,044,984	31,671,872	33,015,342

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.

47 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

47.2 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.

48 SEGMENT REPORTING

The Chief Executive Officer (the chief operating decision maker) of the Company makes strategic decisions and allocation of resources on behalf of the Group and the Company. 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 and the Company purchase 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 and the Company. 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 and the Company purchase 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.

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.

48 SEGMENT REPORTING (CONTINUED)

(b) PWOR (continued)

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

			Group
	PWR	PWOR	Total
	RM'000	RM'000	RM'000
2021			
External revenue	949,152	556,353	1,505,505
External interest/profit expense	(816,132)	(356,872)	(1,173,004)
Profit from operations	87,664	193,510	281,174
Zakat	(3,892)	(1,202)	(5,094)
Taxation	(21,385)	(45,820)	(67,205)
Profit after taxation and zakat by Segment	62,387	146,488	208,875
Segment assets	30,469,686	9,418,614	39,888,300
Segment liabilities	26,554,974	9,174,662	35,729,636
Other information:			
Capital expenditure	1,986	614	2,600
Depreciation and amortisation	4,197	1,298	5,495

48 SEGMENT REPORTING (CONTINUED)

(b) PWOR (continued)

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

			Group
	PWR	PWOR	Total
	RM'000	RM'000	RM'000
2020			
External revenue	1,096,225	632,876	1,729,101
External interest/profit expense	(894,783)	(498,217)	(1,393,000)
Profit from operations	165,530	135,861	301,391
Zakat	(897)	(358)	(1,255)
Taxation	(44,069)	(32,145)	(76,214)
Profit after taxation and zakat by Segment	120,564	103,358	223,922
Segment assets	25,874,052	10,310,229	36,184,281
Segment liabilities	23,015,581	9,009,907	32,025,488
Other information:			
Capital expenditure	2,485	991	3,476
Depreciation and amortisation	4,380	1,747	6,127

48 SEGMENT REPORTING (CONTINUED)

(b) PWOR (continued)

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

			Company
	PWR	PWOR	Total
	RM'000	RM'000	RM'000
2021			
External revenue	949,152	556,353	1,505,505
Internal interest/profit expense	(15,482)	-	(15,482)
External interest/profit expense	(800,748)	(356,872)	(1,157.620)
Total interest/profit expense	(816,230)	(356,872)	(1,173,102)
Profit from operations	87,867	193,510	281,377
Zakat	(3,892)	(1,202)	(5,094)
Taxation	(21,385)	(45,820)	(67,205)
Profit after taxation and zakat by segment	62,590	146,488	209,078
Segment assets	30,454,876	9,418,614	39,873,490
Segment liabilities	26,555,539	9,174,662	35,730,201
Other information:			
Capital expenditure	1,986	614	2,600
Depreciation and amortisation	4,197	1,298	5,495

48 SEGMENT REPORTING (CONTINUED)

(b) PWOR (continued)

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

			Company
	PWR	PWOR	Total
	RM'000	RM'000	RM'000
2020			
External revenue	1,096,225	632,876	1,729,101
Internal interest/profit expense	(37,479)	-	(37,479)
External interest/profit expense	(857,677)	(498,217)	(1,355,894)
Total interest/profit expense	(895,156)	(498,217)	(1,393,373)
Profit from operations	165,507	135,861	301,368
Zakat	(897)	(358)	(1,255)
Taxation	(44,027)	(32,145)	(76,172)
Profit after taxation and zakat by segment	120,583	103,358	223,941
Segment assets	25,858,383	10,310,226	36,168,609
Segment liabilities	23,015,488	9,009,906	32,025,394
Other information:			
Capital expenditure	2,485	991	3,476
Depreciation and amortisation	4,380	1,747	6,127

49 CAPITAL ADEQUACY

The Group's and the Company's objectives when managing capital, which is a broader concept than the "equity" on the face of the statement 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 shareholder 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 comprise 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.

	Group		Company	
	2021	2020	2021	2020
	%	%	%	%
Before deducting proposed final dividend*				
CET1 capital ratio	41.0	43.6	40.8	43.4
Tier 1 capital ratio	41.0	43.6	40.8	43.4
Total capital ratio	42.4	45.3	42.2	45.1
After deducting proposed final dividend*				
CET1 capital ratio	40.8	43.4	40.6	43.2
Tier 1 capital ratio	40.8	43.4	40.6	43.2
Total capital ratio	42.1	45.0	42.0	44.9

* *Refers to proposed final dividend which will be declared after the financial year.*

49 CAPITAL ADEQUACY

Components of CET1, Tier 1 and Tier 2 capital:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
CET1/Tier 1 capital				
Issued capital	150,000	150,000	150,000	150,000
Retained profits	4,004,195	3,925,320	3,988,820	3,909,742
	4,154,195	4,075,320	4,138,820	4,059,742
Financial assets at FVOCI reserves	25	32,585	25	32,585
Deferred tax assets	(20,627)	(23,331)	(20,627)	(23,331)
Less: Regulatory reserves	(89,723)	(99,778)	(89,723)	(99,778)
	4,043,870	3,984,796	4,028,495	3,969,218
Tier 2 capital				
Allowance for impairment losses	45,533	54,623	45,533	54,623
Add: Regulatory reserves	89,723	99,778	89,723	99,778
Total Tier 2 capital	135,256	154,401	135,256	154,401
Total capital	4,179,126	4,139,197	4,163,751	4,123,619

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Credit risk	9,212,424	8,464,774	9,212,422	8,464,480
Operational risk	649,569	673,290	649,569	673,290
Total risk-weighted assets	9,861,993	9,138,064	9,861,991	9,137,770

50 ISLAMIC OPERATIONS

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
ASSETS					
Cash and cash equivalents	(a)	106,288	53,643	106,275	53,633
Deposits and placements with financial institutions		50,139	-	50,139	-
Financial assets at fair value through profit or loss (FVTPL)		123,132	120,802	123,132	120,802
Financial assets at fair value through other comprehensive income (FVOCI)	(b)	794,037	319,278	794,037	319,278
Financial assets at amortised cost		354,353	-	354,353	-
Derivative financial instruments		2,656	-	2,656	-
Financing assets	(c)	10,273,747	9,662,661	10,273,747	9,662,661
Mortgage assets	(d)	4,689,674	5,113,267	4,689,674	5,113,267
Hire purchase assets	(e)	55	26	55	26
Other assets and prepayments		289,113	289,112	291,639	291,524
Tax recoverable		25,968	40,462	25,968	40,462
TOTAL ASSETS		16,709,162	15,599,251	16,711,675	15,601,653
LIABILITIES					
Derivative financial instruments		4,176	9,287	4,176	9,287
Other liabilities	(f)	10,534	10,473	9,311	9,270
Provision for taxation		-	-	-	-
Deferred taxation		100,788	86,943	100,788	86,943
Sukuk	(g)	15,082,028	14,063,392	15,082,028	14,063,392
TOTAL LIABILITIES		15,197,526	14,170,095	15,196,303	14,168,892
ISLAMIC OPERATIONS' FUNDS		1,511,636	1,429,156	1,515,372	1,432,761
TOTAL LIABILITIES AND ISLAMIC OPERATIONS' FUNDS		16,709,162	15,599,251	16,711,675	15,601,653

50 ISLAMIC OPERATIONS (CONTINUED)

INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Total income attributable		669,091	769,821	669,091	769,821
Income attributable to the Sukuk holders	(h)	(548,778)	(659,015)	(548,778)	(659,015)
Non-profit (expense)/ income		(5,148)	1,743	(5,148)	1,743
Total net income attributable	(i)	115,165	112,549	115,165	112,549
Administration and general expenses		(2,130)	(2,466)	(1,999)	(2,314)
Reversal of prior year provision		3,436	-	3,436	-
Allowance for impairment losses		1,456	6,971	1,456	6,971
PROFIT BEFORE TAXATION AND ZAKAT		117,927	117,054	118,058	117,206
Zakat		(5,094)	(1,255)	(5,094)	(1,255)
Taxation		(28,835)	(30,173)	(28,835)	(30,173)
PROFIT FOR THE FINANCIAL YEAR		83,998	85,626	84,129	85,778

50 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Profit for the financial year	83,998	85,626	84,129	85,778
Other comprehensive income:				
Items that may be subsequently reclassified to income statement				
Financial assets at FVOCI				
- Net gain on fair value changes before taxation	(9,853)	3,875	(9,853)	3,875
- Deferred taxation	2,378	(929)	2,378	(929)
Cash flow hedge				
- Net gain on cash flow hedge before taxation	7,838	(5,911)	7,838	(5,911)
- Deferred taxation	(1,881)	1,419	(1,881)	1,419
Other comprehensive loss/ (gain) for the financial year net of taxation	(1,518)	(1,546)	(1,518)	(1,546)
Total comprehensive income for the financial year	82,480	84,080	82,611	84,232

50 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CHANGES IN ISLAMIC OPERATIONS' FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Non-distributable				Distributable	
Group	Allocated capital funds	Financial asset at FVOCI reserve	Cashflow hedge reserve	Regulatory reserve		Retained profits	Total
	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Balance as at 1 January 2021	294,159	6,853	(6,649)	53,935		1,080,858	1,429,156
Profit for the financial year	-	-	-	-		83,998	83,998
Other comprehensive income	-	(7,475)	5,957	-		-	(1,518)
Total comprehensive income for the financial year	-	(7,475)	5,957	-		83,998	82,480
Transfer to retained profits	-	-	-	(4,732)		4,732	-
Balance as at 31 December 2021	294,159	(622)	(692)	49,203		1,169,588	1,511,636
Balance as at 1 January 2020	294,159	3,907	(2,157)	58,561		990,606	1,345,076
Profit for the financial year	-	-	-	-		85,626	85,626
Other comprehensive income	-	2,946	(4,492)	-		-	(1,546)
Total comprehensive income for the financial year	-	2,946	(4,492)	-		85,626	84,080
Transfer to retained profits	-	-	-	(4,626)		4,626	-
Balance as at 31 December 2020	294,159	6,853	(6,649)	53,935		1,080,858	1,429,156

50 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CHANGES IN ISLAMIC OPERATIONS' FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

		Non-distributable			Distributable	
Company	Allocated capital funds	Financial asset at FVOCI reserve	Cashflow hedge reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2021	294,159	6,853	(6,649)	53,935	1,084,463	1,432,761
Profit for the financial year	-	-	-	-	84,129	84,129
Other comprehensive Income	-	(7,475)	5,957	-	-	(1,518)
Total comprehensive income for the financial year	-	(7,475)	5,957	-	84,129	82,611
Transfer to retained profits	-	-	-	(4,732)	4,732	-
Balance as at 31 December 2021	294,159	(622)	(692)	49,203	1,173,324	1,515,372
Balance as at 1 January 2020	294,159	3,907	(2,157)	58,561	994,059	1,348,529
Profit for the financial year	-	-	-	-	85,778	85,778
Other comprehensive Income	-	2,946	(4,492)	-	-	(1,546)
Total comprehensive income for the financial year	-	2,946	(4,492)	-	85,778	84,232
Transfer to retained profits	-	-	-	(4,626)	4,626	-
Balance as at 31 December 2020	294,159	6,853	(6,649)	53,935	1,084,463	1,432,761

50 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
OPERATING ACTIVITIES				
Profit before taxation	117,927	117,054	118,058	117,206
Adjustments for investment items and items not involving the movement of cash and cash equivalents:				
Amortisation of premium less accretion of discount on:				
Financial assets at FVOCI	2,065	(6,255)	2,065	(6,255)
Sukuk	-	(7,568)	-	(7,568)
Accretion of discount on:				
Mortgage assets	(76,986)	(86,903)	(76,986)	(86,903)
Allowance/(reversal) of impairment losses on:				
Cash and cash equivalents	11	(105)	11	(105)
Financial assets at FVOCI	55	(6)	55	(6)
Financial assets at amortised cost	1,155	-	1,155	-
Financing assets	(38)	(554)	(38)	(554)
Mortgage assets and hire purchase assets	(5,814)	(6,636)	(5,814)	(6,636)
Income from:				
Financial assets at FVOCI	(18,858)	(11,829)	(18,858)	(11,829)
Islamic operations	(591,841)	(660,654)	(591,841)	(660,654)
Income from derivatives	(13,119)	(39,284)	(13,119)	(39,284)
Profit attributable to Sukuk holders	548,778	666,583	548,778	666,583
Profit attributable to derivatives	20,609	38,293	20,609	38,293
Gain on disposal of financial asset at FVOCI	83	(670)	83	(670)
Operating loss before working capital changes	(15,973)	1,466	(15,842)	1,618

50 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Change in deposits and placements with financial institutions	(50,150)	-	(50,150)	-
Change in financing assets	(626,586)	1,169,597	(626,586)	1,169,597
Change in mortgage assets	516,198	478,968	516,198	478,968
Change in hire purchase assets	(28)	106	(29)	106
Change in other assets and prepayments	(1)	353	(115)	339
Change in other liabilities	(2,924)	154	(2,943)	22
Cash from operating activities	(179,464)	1,650,644	(179,467)	1,650,650
Profit received from assets	594,733	679,217	594,733	679,217
Profit received from derivatives	12,913	45,712	12,913	45,712
Profit paid on derivatives	(20,332)	(44,003)	(20,332)	(44,003)
Payment of:				
Taxation	-	(13,609)	-	(13,609)
Zakat	(2,106)	(926)	(2,106)	(926)
Net cash from operations	405,744	2,317,035	405,741	2,317,041
INVESTING ACTIVITIES				
Purchase of financial assets at FVTPL	-	(280,000)	-	(280,000)
Purchase of financial assets at FVOCI	(1,012,549)	(1,717,161)	(1,012,549)	(1,717,161)
Purchase of financial assets at amortised cost	(355,000)	-	(355,000)	-
Net proceeds from redemption of financial assets at FVTPL	(2,312)	159,402	(2,312)	159,402
Net proceeds from sale/ redemption of financial asset at FVOCI	528,255	1,870,955	528,255	1,870,955
Income received from financial assets at FVTPL	2,313	598	2,313	598
Income received from financial assets at FVOCI	16,336	11,404	16,336	11,404
Net cash from investing activities	(822,957)	45,198	(822,957)	45,198

50 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
FINANCING ACTIVITY				
Proceed from issuance of Sukuk	7,255,000	3,085,000	7,255,000	3,085,000
Redemption of Sukuk	(6,225,000)	(4,845,000)	(6,225,000)	(4,845,000)
Profit paid to Sukuk holders	(560,142)	(685,506)	(560,142)	(685,506)
Net from financing activity	469,858	(2,445,506)	469,858	(2,445,506)
Net change in cash and cash equivalents	52,645	(83,273)	52,642	(83,267)
Cash and cash equivalents as at 1 January	53,643	136,916	53,633	136,900
Cash and cash equivalents as at 31 December	106,288	53,643	106,275	53,633

Group and Company	Sukuk RM'000	Total RM'000
2021		
As at 1 January	14,063,392	14,063,392
Proceeds from issuance	7,255,000	7,255,000
Repayment and redemption	(6,225,000)	(6,225,000)
Profit paid	(560,142)	(560,142)
Other non-cash movement	548,778	548,778
As at 31 December	15,082,028	15,082,028
2020		
As at 1 January	15,849,883	15,849,883
Proceeds from issuance	3,085,000	3,085,000
Repayment and redemption	(4,845,000)	(4,845,000)
Profit paid	(685,506)	(685,506)
Other non-cash movement	659,015	659,015
As at 31 December	14,063,392	14,063,392

50 ISLAMIC OPERATIONS (CONTINUED)

(a) *Cash and cash equivalents*

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances with bank and other financial institutions	252	180	239	170
Mudharabah money at call and deposit placements maturing with original maturity less than 3 month	106,047	53,463	106,047	53,463
	106,299	53,643	106,286	53,633
Less: Allowance for impairment losses	(11)	-	(11)	-
	106,288	53,643	106,275	53,633

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

	Group and Company	
	2021	2020
	RM'000	RM'000
Stage 1		
As at 1 January	-	105
Allowance during the year on new investments	11	(105)
As at 31 December	11	-

50 ISLAMIC OPERATIONS (CONTINUED)

(b) *Financial assets at FVOCI*

	Group and Company	
	2021	2020
	RM'000	RM'000
At fair value:		
Corporate Sukuk	548,605	107,561
Government investment issues	137,000	123,159
Quasi Government Sukuk	108,432	88,558
	794,037	319,278

The maturity structure of financial assets at FVOCI as follows:

	2021	2020
Maturing within one year	378,020	99,139
One to three years	210,473	119,458
Three to five years	65,313	20,880
More than five years	140,231	79,801
	794,037	319,278

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 of allocation are as follows:

By stage of allocation:	Gross carrying value RM'000	Impairment allowance RM'000
2021		
Stage 1 (12-month ECL; non-credit impaired)	794,037	58
2020		
Stage 1 (12-month ECL; non-credit impaired)	319,278	3

50 ISLAMIC OPERATIONS (CONTINUED)

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

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

	Group and Company	
	2021	2020
	RM'000	RM'000
Stage 1		
As at 1 January	3	9
Allowance during the year on new assets purchased	57	3
Financial assets derecognised during the year due to maturity of assets	-	(9)
Reversal during the year due to changes in credit risk	(2)	-
As at 31 December	58	3

(c) *Financing assets*

	Group and Company	
	2021	2020
	RM'000	RM'000
House financing	8,805,885	9,662,661
Personal financing	1,467,862	-
	10,273,747	9,662,661
The maturity structure of financing assets are as follows:		
Maturing within one year	2,768,566	3,528,607
One to three years	7,505,242	5,218,907
Three to five years	-	915,246
	10,273,808	9,662,760
Less:		
Allowance for impairment losses	(61)	(99)
	10,273,747	9,662,661

50 ISLAMIC OPERATIONS (CONTINUED)

(c) *Financing assets (continued)*

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

	Group and Company	
	2021	2020
	RM'000	RM'000
As at 1 January	99	653
Allowance during the year on new assets purchased	26	3
Loans derecognised during the year due to maturity of assets	(5)	(3)
Allowance during the year due to changes in credit risk	(59)	(554)
As at 31 December	61	99

(d) *Mortgage assets*

	Group and Company	
	2021	2020
	RM'000	RM'000
PWOR	4,689,674	5,113,267

The maturity structure of mortgage assets are as follows:

Maturing within one year	595,295	637,154
One to three years	754,333	805,470
Three to five years	739,680	765,669
More than five years	2,622,993	2,933,415
	4,712,301	5,141,708
Less:		
Allowance for impairment losses	(22,627)	(28,441)
	4,689,674	5,113,267

50 ISLAMIC OPERATIONS (CONTINUED)

(d) Mortgage assets (continued)

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

By stage of allocation:	Gross carrying value RM'000	Impairment allowance RM'000
2021		
Stage 1 (12-month ECL; non-credit impaired)	4,687,397	14,804
Stage 2 (Lifetime ECL; non-credit impaired)	1,448	298
Stage 3 (Lifetime ECL; credit impaired)	23,456	7,525
As at 31 December	4,712,301	22,627
Impairment allowance over gross carrying value (%)		0.48
2020		
Stage 1 (12-month ECL; non-credit impaired)	5,108,544	18,046
Stage 2 (Lifetime ECL; non-credit impaired)	1,733	312
Stage 3 (Lifetime ECL; credit impaired)	31,431	10,083
As at 31 December	5,141,708	28,441
Impairment allowance over gross carrying value (%)		0.55

50 ISLAMIC OPERATIONS (CONTINUED)

(d) Mortgage assets (continued)

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

	Group and Company			
2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	18,046	312	10,083	28,441
Transfer between stages:				
Transfer to 12-month ECL (Stage 1)	52	(279)	(2,788)	(3,015)
Transfer to ECL not credit impaired (Stage 2)	(6)	298	(3)	289
Transfer to ECL credit impaired (Stage 3)	(45)	(24)	3,140	3,071
Total transfer between Stages	1	(5)	349	345
Financing derecognised during the year (other than write-offs)	(497)	(9)	307	(199)
Reversal during the year due to changes in credit risk	(2,746)	-	(40)	(2,786)
Amount written-off	-	-	(3,174)	(3,174)
As at 31 December	14,804	298	7,525	22,627

50 ISLAMIC OPERATIONS (CONTINUED)

(d) Mortgage assets (continued)

The impairment allowance by stage allocation and movement in impairment allowances that reflects the ECL model on impairment are as follows (continued):

	Group and Company			
2020	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January	20,344	2,497	12,236	35,077
Transfer between stages:				
Transfer to 12-month ECL (Stage 1)	100	(1,964)	(4,143)	(6,007)
Transfer to ECL not credit impaired (Stage 2)	(7)	299	(34)	258
Transfer to ECL credit impaired (Stage 3)	(55)	(126)	4,695	4,514
Total transfer between stages	38	(1,791)	518	(1,235)
Financing derecognised during the year (other than write-offs)	(685)	(374)	(2,265)	(3,324)
Reversal during the year due to changes in credit risk	(1,651)	(20)	(65)	(1,736)
Amount written-off	-	-	(341)	(341)
As at 31 December	18,046	312	10,083	28,441

50 ISLAMIC OPERATIONS (CONTINUED)

(e) *Hire purchase assets*

	Group and Company 2021 RM'000	Group and Company 2020 RM'000
PWOR	55	26

The maturity structure of hire purchase assets are as follows:

	2021 RM'000	2020 RM'000
Maturing within one year	66	37
Less: Allowance for impairment losses	(11)	(11)
	55	26

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

By stage of allocation:	Gross carrying value RM'000	Impairment allowance RM'000
2021		
Stage 1 (12-month ECL; non-credit impaired)	32	-
Stage 3 (Lifetime ECL; credit impaired)	34	11
As at 31 December	66	11
Impairment allowance over gross carrying value (%)		16.55
2020		
Stage 1 (12-month ECL; non-credit impaired)	3	-
Stage 3 (Lifetime ECL; credit impaired)	34	11
As at 31 December	37	11
Impairment allowance over gross carrying value (%)		29.73

50 ISLAMIC OPERATIONS (CONTINUED)

(e) Hire purchase assets (continued)

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

			Group
	Stage 1	Stage 3	Total
	RM'000	RM'000	RM'000
2021			
As at 1 January/31 December	-	11	11
2020			
As at 1 January/31 December	-	11	11

(f) Other liabilities

		Group		Company
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Zakat	5,094	2,106	5,094	2,106
Other payables	5,440	8,367	4,217	7,164
	10,534	10,473	9,311	9,270

50 ISLAMIC OPERATIONS (CONTINUED)

(g) *Sukuk*

	Group and Company	
	2021	2020
	RM'000	RM'000
Commercial papers	647,046	847,256
Medium-term notes	14,434,982	13,216,135
	15,082,028	14,063,391

The maturity structure of Sukuk are as follows:

	2021	2020
Maturing within one year	4,527,028	4,498,391
One to three years	7,780,000	6,005,000
Three to five years	825,000	1,590,000
More than five years	1,950,000	1,970,000
	15,082,028	14,063,391

(h) *Income attributable to the Sukuk holders*

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Mortgage assets	198,232	229,661	198,232	229,661
Hire purchase assets	109	140	109	140
Financing assets	350,437	429,214	350,437	429,214
	548,778	659,015	548,778	659,015
Income attributable to Sukuk holders analysed by concept:				
Bai Al-Dayn	548,778	659,015	548,778	659,015

50 ISLAMIC OPERATIONS (CONTINUED)

(i) Total net income attributable

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income from:				
Mortgage assets	87,177	82,332	87,177	82,332
Hire purchase assets	(63)	(178)	(63)	(178)
Financing assets	14,023	5,588	14,023	5,588
Financial assets at FVOCI	16,876	18,753	16,876	18,753
Deposit and placements with financial institutions	2,300	4,311	2,300	4,311
Non-profit expense/ (income)	(5,148)	1,743	(5,148)	1,743
	115,165	112,549	115,165	112,549

Total net income attributable analysed by concept are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Bai Al-Dayn	95,989	89,485	95,989	89,485
Murabahah	11,265	9,138	11,265	9,138
Ijarah	439	355	439	355
Mudharabah	1,501	7,579	1,501	7,579
Musyarakah	1,856	1,975	1,856	1,975
Wakalah	1,849	628	1,849	628
Bai Bithaman Ajil	-	332	-	332
Tawarruq	1,684	1,840	1,684	1,840
Qard Al-Hasan	582	1,217	582	1,217
	115,165	112,549	115,165	112,549

50 ISLAMIC OPERATIONS (CONTINUED)

(j) *Capital adequacy*

	Group		Company	
	2021	2020	2021	2020
	%	%	%	%
Before deducting proposed final dividend*				
CET1	29.1	29.3	29.2	29.3
Tier 1 capital ratio	29.1	29.3	29.2	29.3
Total capital ratio	30.6	31.0	30.7	31.1
After deducting proposed* final dividend				
CET1 capital ratio	29.1	29.3	29.2	29.3
Tier 1 capital ratio	29.1	29.3	29.2	29.3
Total capital ratio	30.6	31.0	30.6	31.1

Components of CET1, Tier 1 and Tier 2 capital:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
CET1/Tier 1 capital:				
Allocated capital funds	294,159	294,159	294,159	294,159
Retained profits*	1,218,791	1,134,793	1,222,527	1,138,398
	1,512,950	1,428,952	1,516,686	1,432,557
Financial assets at FVOCI reserves	(622)	3,084	(622)	3,084
Deferred tax assets	(6,785)	(9,367)	(6,785)	(9,367)
Less: Regulatory reserves	(49,203)	(53,935)	(49,203)	(53,935)
Total CET1/Tier 1 capital	1,456,340	1,368,734	1,460,076	1,372,339
Tier 2 capital:				
Add: Regulatory reserves	49,203	53,935	49,203	53,935
Allowance for impairment losses	23,933	28,560	23,933	28,560
Total Tier 2 capital	73,136	82,495	73,136	82,495
Total capital	1,529,476	1,451,229	1,533,212	1,454,834

50 ISLAMIC OPERATIONS (CONTINUED)

(j) Capital adequacy (continued)

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Credit risk	4,773,247	4,455,755	4,775,770	4,458,163
Operational risk	225,058	220,114	225,058	220,114
Total risk-weighted assets	4,998,305	4,675,869	5,000,828	4,678,277

* *Refers to proposed final dividend which will be declared after the financial year.*

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.

(k) Shariah advisor

The Group and the Company consult and obtain 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 and the Company do 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 and the Company 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.

51 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 March 2022.

Registration No.
198601008739 (157931-A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

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

We, Dato' Bakarudin Ishak and Datuk Chung Chee Leong, the two Directors of Cagamas Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 7 to 136 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and of the financial performance of the Group and the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting 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

DATUK CHUNG CHEE LEONG
DIRECTOR

Registration No.

198601008739 (157931-A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

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

I, Abdul Hakim Amir Zainol, the Officer primarily responsible for the financial management of Cagamas Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 136 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.

ABDUL HAKIM AMIR ZAINOL
MIA No. CA-48822

Subscribed and solemnly declared by the abovenamed Abdul Hakim Amir Zainol at Kuala Lumpur in Malaysia on

2 3 MAR 2022

PESURUHJAYA SUMPAH
NO: W 681
RAJEEV SAIGAL A/L
RAMLABAYA SAIGAL
BC/R/548
1 JAN 2022 - 31 DIS 2024
MALAYSIA

Before me,
COMMISSIONER FOR OATHS

NO. A-31-11, LEVEL 31,
TOWER A, MENARA UOA BANGSAR,
NO. 5, JALAN BANGSAR UTAMA 1,
BANGSAR, 59000 KUALA LUMPUR

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS BERHAD
(Incorporated in Malaysia)
Registration No. 198601008739 (157931-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Cagamas Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2021 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 136.

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 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 Ethics Standards Board for Accountants' 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.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 198601008739 (157931-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 198601008739 (157931-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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:

(a) 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.

(b) 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 of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 on 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.

(e) 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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 198601008739 (157931-A)

OTHER MATTERS

This report is made solely to the member 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.

PricewaterhouseCoopers PLT

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kelvin.

LEE TZE WOON KELVIN
03482/01/2024 J
Chartered Accountant

Kuala Lumpur
23 March 2022

Registration No.

198601008739 (157931-A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Lodged by:
CAGAMAS BERHAD
Registration number: 198601008739 (157931-A)
Level 32, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel. +603 2262 1800 Fax. +603 2282 9125

Registration No.

198601008739 (157931-A)

CAGAMAS BERHAD

(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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CAGAMAS BERHAD
(Incorporated in Malaysia)

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 2020.

PRINCIPAL ACTIVITIES

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

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

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	223,922	223,941

DIVIDENDS

The dividends paid by the Company since 31 December 2019 were as follows:

	RM'000
In respect of the financial year ended 31 December 2019,	
- A final dividend of 15 sen per share on 150,000,000 ordinary shares paid on 5 May 2020	22,500
In respect of the financial year ended 31 December 2020,	
- An interim dividend of 5 sen per share on 150,000,000 ordinary shares paid on 3 September 2020	7,500
	30,000

DIVIDENDS (CONTINUED)

The Directors now recommend the payment of a final dividend of 15 sen per share on 150,000,000 ordinary shares amounting to RM22,500,000 for the financial year ended 31 December 2020 which is subject to approval of the member at the forthcoming Annual General Meeting of the Company.

SHARE CAPITAL

There was no change in the issued ordinary share capital of the Company during the financial year.

RESERVES AND PROVISIONS

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

RATING PROFILE OF THE BONDS AND SUKUK

RAM Rating Services Berhad (“RAM Ratings”) has assigned corporate credit ratings of Cagamas Berhad’s Global, ASEAN and National-scale at $_{g}A_{2}$/Stable/$_{g}P1$, $_{sea}AAA$/Stable/$_{sea}P1$ and AAA/Stable/P1, respectively. In addition, RAM has also assigned Cagamas’ bonds and sukuk issues rating at AAA/Stable and P1 respectively.

Meanwhile, Malaysian Rating Corporation Berhad (“MARC”) has also assigned Cagamas Berhad’s bonds and sukuk issues ratings at AAA/AAA_{IS} and MARC-1/MARC-1_{IS} respectively. Moody’s Investors Service (“Moody’s”) has assigned long term local and foreign currency issuer ratings of A3 that is in line with Malaysian sovereign ratings.

In addition, RAM and Moody’s have maintained the ratings of $_{g}A_{2}$(s) and A3 respectively to the USD2.5 billion Multicurrency Medium Term Note (“EMTN”) Programme and USD2.5 billion Multicurrency Sukuk Programme (“Islamic EMTN”) issued by its subsidiaries.

RELATED PARTY TRANSACTIONS

Most of the transactions of the Group and the Company involving mortgage loans, hire purchase and leasing debts, financial asset at fair value through other comprehensive income (“FVOCI”), Islamic financing facilities as well as issuance of unsecured bearer bonds and sukuk are done with various financial institutions including those who are substantial shareholders of Cagamas Holdings Berhad ("CHB").

CAGAMAS BERHAD
(Incorporated in Malaysia)

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)	
Dato' Halipah Esa	
Dato' Wee Yiaw Hin	
Datuk Azizan Haji Abd Rahman	
Ho Chai Huey	
Datuk Seri Tajuddin Atan	(appointed w.e.f. 1 May 2020)
Datuk Chung Chee Leong	
Dato' Md Agil Mohd Natt	(retired w.e.f. 1 May 2020)
Philip Tan Puay Koon	(retired w.e.f. 12 August 2020)

The names of the Directors of subsidiaries are set out in the respective subsidiary’s statutory financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

In accordance with Articles 23.5 and 23.6 of the Company's Constitution, Dato' Wee Yiaw Hin and Datuk Azizan Haji Abd Rahman 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, Datuk Seri Tajuddin Atan retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

DIRECTORS' BENEFITS AND REMUNERATION

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

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

DIRECTORS' 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 or its holding company or subsidiaries of the holding company during the financial year.

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 realised 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.

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.

SUBSIDIARIES

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

ULTIMATE HOLDING COMPANY

The Directors regard Cagamas Holdings Berhad, a company incorporated in Malaysia, as the ultimate holding company.

BUSINESS REVIEW FOR THE FINANCIAL YEAR 2020

Cagamas recorded RM7.0 billion of purchases of loans and financing under PWR scheme (2019: RM5.0 billion) and no purchase of loans under PWOR scheme (2019: Nil). Cagamas' net outstanding loans and financing declined by 12.2% to RM33.2 billion (2019: RM37.8 billion). As at the end of 2020, residential mortgage dominated Cagamas' portfolio at 98.0% (2019: 98.6%) and followed by hire purchase loans and financing at 2.0% (2019: 1.4%). Cagamas' Islamic asset portfolio against conventional assets increased to a ratio of 45:55 (2019: 43:57), while PWR and PWOR loans and financing portfolios were at 68% and 32% respectively (2019: 70% and 30% respectively). The gross impaired loans and financing under the PWOR scheme stood at 0.61% (2019: 0.72%), while net impaired loans and financing is at 0.09% (2019: 0.11%).

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of the significant event during the financial year are set out in Note 51 to the financial statements.

SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR

Details of the subsequent event after the financial year are set out in Note 52 to the financial statements.

AUDITORS' REMUNERATION

Details of the auditors' remuneration are set out in Note 35 to the financial statements.

CAGAMAS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 25 March 2021.

Signed on behalf of the Board of Directors:

DATO' BAKARUDIN ISHAK	DATUK CHUNG CHEE LEONG
CHAIRMAN	DIRECTOR

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
ASSETS					
Cash and short-term funds	5	109,071	341,307	89,848	322,000
Deposits and placements with financial institutions	6	102,886	-	102,886	-
Financial asset at fair value through profit or loss (FVTPL)	7	193,466	141,383	193,466	141,383
Financial asset at fair value through other comprehensive income (FVOCI)	8	2,383,316	2,308,565	2,383,316	2,308,565
Derivative financial instruments	9	57,904	58,422	57,904	58,422
Amount due from counterparties	10	14,069,195	16,657,154	14,069,195	16,657,154
Islamic financing assets	11	9,662,661	10,842,232	9,662,661	10,842,232
Mortgage assets					
- Conventional	12	4,366,916	4,836,313	4,366,916	4,836,313
- Islamic	13	5,115,509	5,510,428	5,115,509	5,510,428
Hire purchase assets					
- Islamic	14	34	136	34	136
Amount due from					
- Related company		1,375	1,420	1,375	1,420
- Subsidiaries	15	-	-	3,565	3,431
Other assets	16	7,431	8,027	7,417	7,978
Tax recoverable		87,885	-	87,885	-
Investment in subsidiaries	17	-*	-*	-*	-*
Property and equipment	18	3,245	3,923	3,245	3,923
Intangible assets	19	20,344	21,380	20,344	21,380
Right-of-use asset	20	3,043	3,980	3,043	3,980
TOTAL ASSETS		36,184,281	40,734,670	36,168,609	40,718,745
LIABILITIES					
Short-term borrowings		125,145	-	125,145	-
Derivative financial instruments	9	45,963	152,309	45,963	152,309
Other liabilities	21	133,305	121,688	132,896	121,351
Lease liability	22	4,583	4,791	4,583	4,791
Provision for taxation		41	18,170	-	16,999
Deferred taxation	23	170,080	560	170,080	560
Loans/financing from subsidiaries	24	-	-	671,757	2,594,966
Unsecured bearer bonds and notes	25	17,482,979	20,661,027	16,811,578	18,067,241
Sukuk	26	14,063,392	15,849,883	14,063,392	15,849,883
TOTAL LIABILITIES		32,025,488	36,808,428	32,025,394	36,808,100
Share capital	27	150,000	150,000	150,000	150,000
Reserves	28	4,008,793	3,776,242	3,993,215	3,760,645
SHAREHOLDER'S FUNDS		4,158,793	3,926,242	4,143,215	3,910,645
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		36,184,281	40,734,670	36,168,609	40,718,745
NET TANGIBLE ASSETS PER SHARE (RM)	29	27.59	26.02	27.49	25.93

*denotes USD1 in CGP and RM2 in CGS.

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income	30	958,480	1,248,717	958,480	1,248,717
Interest expense	31	(736,376)	(951,279)	(736,749)	(956,380)
Income from Islamic operations	49	112,549	133,658	112,549	133,658
Non-interest income/(expense)	32	8,766	(38,834)	8,766	(38,841)
		343,419	392,262	343,046	387,154
Personnel costs	33	(31,298)	(31,308)	(31,298)	(31,308)
Administration and general expenses		(25,684)	(24,930)	(25,334)	(24,567)
OPERATING PROFIT		286,437	336,024	286,414	331,279
Write-back/(allowance) of impairment losses	34	14,954	(18,026)	14,954	(18,026)
PROFIT BEFORE TAXATION AND ZAKAT	35	301,391	317,998	301,368	313,253
Zakat		(1,255)	(926)	(1,255)	(926)
Taxation	37	(76,214)	(76,672)	(76,172)	(75,502)
PROFIT FOR THE FINANCIAL YEAR		223,922	240,400	223,941	236,825
EARNINGS PER SHARE (SEN)	29	149.28	160.27	149.29	157.88

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	223,922	240,400	223,941	236,825
Other comprehensive income:				
Items that may be subsequently reclassified to income statement				
Financial asset at FVOCI				
- Net gain on fair value changes before taxation	45,811	46,874	45,811	46,874
- Deferred taxation	(10,976)	(11,250)	(10,976)	(11,250)
Cash flow hedge				
- Net gain on cash flow hedge	4,992	56,550	4,992	56,550
- Deferred taxation	(1,198)	(13,572)	(1,198)	(13,572)
Other comprehensive income for the financial year, net of taxation	38,629	78,602	38,629	78,602
Total comprehensive income for the financial year	262,551	319,002	262,570	315,427

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

Registration No.
198601008739 (157931-A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Issued and fully paid ordinary shares of RM1 each	Non-distributable			Distributable	
		Share capital	Financial asset at FVOCI reserves	Cash flow hedge reserves	Regulatory reserves	Retained profits	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Balance as at 1 January 2020		150,000	37,576	7,268	109,779	3,621,619	3,926,242
Profit for the financial year		-	-	-	-	223,922	223,922
Other comprehensive income	28	-	34,835	3,794	-	-	38,629
Total comprehensive income for the financial year		-	34,835	3,794	-	223,922	262,551
Transfer to retained profits		-	-	-	(10,001)	10,001	-
Dividends paid	38	-	-	-	-	(30,000)	(30,000)
Balance as at 31 December 2020		150,000	72,411	11,062	99,778	3,825,542	4,158,793

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

Registration No.
198601008739 (157931-A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Note	Issued and fully paid ordinary shares of RM1 each	Non-distributable			Distributable	
		Share capital RM'000	Financial asset at FVOCI reserves RM'000	Cash flow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
Group							
Balance as at 1 January 2019		150,000	1,952	(35,710)	144,472	3,376,526	3,637,240
Profit for the financial year		-	-	-	-	240,400	240,400
Other comprehensive income	28	-	35,624	42,978	-	-	78,602
Total comprehensive income for the financial year		-	35,624	42,978	-	240,400	319,002
Transfer to retained profits		-	-	-	(34,693)	34,693	-
Dividends paid	38	-	-	-	-	(30,000)	(30,000)
Balance as at 31 December 2019		150,000	37,576	7,268	109,779	3,621,619	3,926,242

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Note	Issued and fully paid ordinary shares of RM1 each	Non-distributable			Distributable	
		Share capital	Financial asset at FVOCI reserves	Cash flow hedge reserves	Regulatory reserves	Retained profits	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
Balance as at 1 January 2020		150,000	37,576	7,268	109,779	3,606,022	3,910,645
Profit for the financial year		-	-	-	-	223,941	223,941
Other comprehensive income	28	-	34,835	3,794	-	-	38,629
Total comprehensive income for the financial year		-	34,835	3,794	-	223,941	262,570
Transfer to retained profits		-	-	-	(10,001)	10,001	-
Dividends paid	38	-	-	-	-	(30,000)	(30,000)
Balance as at 31 December 2020		150,000	72,411	11,062	99,778	3,809,964	4,143,215

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Note	Issued and fully paid ordinary shares of RM1 each	Non-distributable			Distributable	
		Share capital RM'000	Financial asset at FVOCI reserves RM'000	Cash flow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
Company							
Balance as at 1 January 2019		150,000	1,952	(35,710)	144,472	3,364,504	3,625,218
Profit for the financial year		-	-	-	-	236,825	236,825
Other comprehensive income	28	-	35,624	42,978	-	-	78,602
Total comprehensive income for the financial year		-	35,624	42,978	-	236,825	315,427
Transfer to retained profits		-	-	-	(34,693)	34,693	-
Dividends paid	38	-	-	-	-	(30,000)	(30,000)
Balance as at 31 December 2019		150,000	37,576	7,268	109,779	3,606,022	3,910,645

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

Registration No.

198601008739 (157931-A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
OPERATING ACTIVITIES					
Profit before taxation and zakat		301,391	317,998	301,368	313,253
Adjustments for the investment items and items not involving the movement of cash and cash equivalents:					
Amortisation of premium less accretion of discount on:					
- Financial asset at FVOCI		(6,532)	(9,810)	(6,532)	(9,810)
- Unsecured bearer bonds and notes		(3,410)	(3,598)	(3,410)	(3,598)
- Sukuk		(7,568)	(13,149)	(7,568)	(13,149)
Accretion of discount on:					
Mortgage assets					
- Conventional		(98,980)	(118,376)	(98,980)	(118,376)
- Islamic		(86,903)	(94,928)	(86,903)	(94,928)
Allowance/(write-back) for impairment losses on:					
- Cash and short-term funds		(105)	105	(105)	105
- Financial asset at FVOCI		(51)	128	(51)	128
- Amount due from counterparties/ Islamic financing assets		(594)	18	(594)	18
- Mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets		(14,204)	17,775	(14,204)	17,775
Interest income		(859,224)	(1,125,099)	(859,224)	(1,125,099)
Income from derivatives		(101,763)	(250,423)	(101,763)	(250,423)
Income from Islamic operations		(699,938)	(678,337)	(699,938)	(678,337)
Interest expense		737,346	948,756	737,719	953,857
Interest expense on derivatives		110,754	261,346	110,754	261,346
Profit attributable to sukuk holders		666,583	641,755	666,583	641,755
Profit attributable to derivatives		38,293	47,423	38,293	47,423
Depreciation of property and equipment		1,582	1,828	1,582	1,828
Amortisation of intangible assets		3,608	3,563	3,608	3,563
Amortisation of right-of-use asset		937	936	937	936
Interest on lease liability		2,441	2,523	2,441	2,523
Gain on disposal of:					
- Property and equipment		(10)	(23)	(10)	(23)
- Financial asset at FVOCI		(9,467)	(7,636)	(9,467)	(7,636)
Operating loss before working capital changes		(25,814)	(57,225)	(25,464)	(56,869)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Change in deposits and placements with financial institutions		(102,861)	-	(102,861)	-
Change in amount due from counterparties		2,531,678	3,785,374	2,531,678	3,785,374
Change in Islamic financing assets		1,169,597	(813,711)	1,169,597	(813,711)
Change in mortgage assets:					
- Conventional		567,569	627,799	567,569	627,799
- Islamic		478,637	494,735	478,637	494,735
Change in Islamic hire purchase assets		103	647	103	647
Change in other assets		596	(7,524)	562	(5,552)
Change in deferred financing fees		535	2,353	-	-
Change in derivatives		6,983	357,238	8,049	351,846
Change in short-term borrowings		124,826	-	124,826	-
Change in other liabilities		11,332	39,421	11,125	40,287
Cash generated from/(utilised in) operations		4,763,181	4,429,107	4,763,821	4,424,556
Interest received		848,685	1,089,409	848,685	1,089,409
Profit received from Islamic assets		679,871	659,065	679,871	659,065
Interest received on derivatives		118,301	208,544	118,301	208,544
Profit received on derivatives		45,712	49,957	45,712	49,957
Interest paid		(348)	(884)	(348)	(884)
Interest paid on derivatives		(133,898)	(267,785)	(133,898)	(267,785)
Profit paid on derivatives		(44,003)	(48,042)	(44,003)	(48,042)
Payment of:					
- Zakat		(926)	(734)	(926)	(734)
- Taxation		(24,880)	(69,301)	(23,710)	(69,281)
Net cash generated from operating activities		6,251,695	6,049,336	6,253,505	6,044,805
INVESTING ACTIVITIES					
Purchase of:					
- Financial asset at FVTPL		(280,000)	(142,766)	(280,000)	(142,766)
- Financial asset at FVOCI		(3,518,392)	(3,234,578)	(3,518,392)	(3,234,578)
Net proceeds from sale/ redemption of:					
- Financial asset at FVTPL		226,006	-	226,006	-
- Financial asset at FVOCI		3,495,295	3,390,912	3,495,295	3,390,912
Purchase of:					
- Property and equipment		(904)	(1,058)	(904)	(1,058)
- Intangible assets		(2,572)	(2,094)	(2,572)	(2,094)
Income received from:					
- Financial asset at FVTPL		2,713	1,383	2,713	1,383
- Financial asset at FVOCI		85,852	81,546	85,852	81,546
Proceeds from disposal of property and equipment		10	23	10	23

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Net cash generated from investing activities		8,008	93,368	8,008	93,368
FINANCING ACTIVITIES					
Dividends paid to shareholders		(30,000)	(30,000)	(30,000)	(30,000)
Proceeds from issuance of:					
- Unsecured bearer bonds and notes		8,581,426	6,247,983	8,185,000	6,246,792
- Sukuk		3,085,000	3,995,000	3,085,000	3,995,000
Proceeds from loans/financing from subsidiaries		-	-	396,426	-
Redemption of:					
- Unsecured bearer bonds and notes		(11,802,132)	(11,613,748)	(9,395,000)	(9,526,791)
- Sukuk		(4,845,000)	(2,932,000)	(4,845,000)	(2,932,000)
Repayment of loans/financing from subsidiaries		-	-	(2,407,132)	(2,080,375)
Interest paid		(793,078)	(1,002,576)	(794,804)	(1,007,997)
Profit paid to sukuk holders		(685,506)	(650,195)	(685,506)	(650,195)
Lease rental paid		(2,649)	(2,648)	(2,649)	(2,648)
Net cash utilised in financing activity		(6,491,939)	(5,988,184)	(6,493,665)	(5,988,214
Net change in cash and cash equivalents		(232,236)	154,520	(232,152)	149,959
Effect of foreign exchange translation		-	(5)	-	(5)
Cash and cash equivalents as at 1 January		341,307	186,792	322,000	172,046
Cash and cash equivalents as at 31 December		109,071	341,307	89,848	322,000

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Lease liability RM'000	Loans/ financing from subsidiaries RM'000	Unsecured bonds and notes RM'000	Sukuk RM'000	Total RM'000
Group					
2020					
As at 1 January	4,791	-	20,661,027	15,849,883	36,515,701
Proceeds from issuance	-	-	8,581,426	3,085,000	11,666,426
Repayment and redemption	(2,649)	-	(11,802,132)	(4,845,000)	(16,649,781)
Interest/profit paid	-	-	(793,078)	(685,506)	(1,478,584)
Exchange fluctuation	-	-	101,931	-	101,931
Other non-cash movement	2,441	-	733,269	659,015	1,394,725
As at 31 December	4,583	-	17,482,443	14,063,392	31,550,418
2019					
As at 1 January	-	-	26,082,391	14,808,472	40,890,863
Effect of adopting MFRS 16	4,916	-	-	-	4,916
As at 1 January 2019, as restated	4,916	-	26,082,391	14,808,472	40,895,779
Proceeds from issuance	-	-	6,247,983	3,995,000	10,242,983
Repayment and redemption	(2,648)	-	(11,608,357)	(2,932,000)	(14,543,005)
Interest/profit paid	-	-	(1,002,576)	(650,195)	(1,652,771)
Exchange fluctuation	-	-	(5,041)	-	(5,041)
Other non-cash movement	2,523	-	946,627	628,606	1,577,756
As at 31 December	4,791	-	20,661,027	15,849,883	36,515,701

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Lease liability RM'000	Loans/ financing from subsidiaries RM'000	Unsecured bonds and notes RM'000	Sukuk RM'000	Total RM'000
Company					
2020					
As at 1 January	4,791	2,594,967	18,067,241	15,849,883	36,516,882
Proceeds from issuance	-	396,426	8,185,000	3,085,000	11,666,426
Repayment and redemption	(2,649)	(2,407,132)	(9,395,000)	(4,845,000)	(16,649,781)
Interest/profit paid	-	(52,978)	(741,826)	(685,506)	(1,480,310)
Exchange fluctuation	-	102,996	-	-	102,996
Other non-cash movement	2,441	37,479	696,163	659,015	1,395,098
As at 31 December	4,583	671,758	16,811,578	14,063,392	31,551,311
2019					
As at 1 January	-	4,684,797	21,401,449	14,808,472	40,894,718
Effect of adopting MFRS 16	4,916	-	-	-	4,916
As at 1 January 2019, as restated	4,916	4,684,797	21,401,449	14,808,472	40,899,634
Proceeds from issuance	-	-	6,246,790	3,995,000	10,241,790
Repayment and redemption	(2,648)	(2,080,374)	(9,526,790)	(2,932,000)	(14,541,812)
Interest/profit paid	-	(134,369)	(873,629)	(650,195)	(1,658,193)
Exchange fluctuation	-	(5,041)	-	-	(5,041)
Other non-cash movement	2,523	129,954	819,241	628,606	1,580,504
As at 31 December	4,791	2,594,967	18,067,241	15,849,883	36,516,882

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal activities of the Company consist of the purchases of mortgage loans, personal loans and hire purchase and leasing debts from primary lenders approved by the Company and the issuance of bonds and notes to finance these purchases. The Company also purchases Islamic financing facilities such as home financing, personal financing and hire purchase financing and funded by issuance of sukuk. Subsidiary companies of the Company are Cagamas Global PLC (“CGP”) and Cagamas Global Sukuk Berhad (“CGS”):

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

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.

The ultimate holding company is Cagamas Holdings Berhad, a company incorporated in Malaysia.

2 SUMMARY OF SIGNIFICANT 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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting 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 in this summary of significant accounting policies.

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

The Islamic operations of the Group and the Company 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) issuance of sukuk under Shariah principles; and
(c) acquisition, investment in and trading of Islamic financial instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS 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 judgement 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.

(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 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'

The adoption of these standards and amendments did not have any impact on the current period or any prior period.

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

The Group and the Company plan to apply the following amendments to accounting standards when they become effective in the respective financial periods. The initial application of these amendments are not expected to have any material impact to the financial statements of the Group and the Company.

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 137 'onerous contracts—cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

  The amendments shall be applied retrospectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12-month after the reporting period.

  A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

  The amendments shall be applied retrospectively.

(c) Interbank Offered Rate ("IBOR") reform

The Group and the Company has established an IBOR Transition Working Group to implement the transition. The key objectives of the IBOR Transition Working Group include identifying all contracts affected by the benchmark reform, upgrading internal systems to support business in the alternative risk free rates ("RFRs") product suite, identifying and communicating to customers with whom repricing and/or re-papering IBOR-referenced contracts are required and executing the necessary change in contracts. The Group and the Company is closely monitoring the development of IBOR transition and will make adjustments into to the contracts according to industry widely accepted practices.

The Group and the Company has applied the following relief from hedge accounting requirements as a result of the amendments made to MFRS 9:

- When considering the 'highly probable' requirement, the Group and the Company assumed that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the IBOR reform.

- In assessing the economic relationship between the hedged item and the hedging instrument, the Group and the Company assume that the interest rate benchmark on which the hedged item and hedging instruments are based is not altered as a result of the IBOR reform.

In applying the amendments, the Group and the Company assume that the uncertainty arising from interest rate benchmark reform is no longer present when contracts are modified to reflect the new benchmark rates or are discontinued. The Group and the Company also assume that when modifying contracts to reflect the new benchmark rates, no other changes to the terms of the contracts will be made.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(c) Interbank Offered Rate ("IBOR") reform (continued)

Certain IBOR rates are subject to replacement by RFRs. The Group and the Company has hedge accounted relationships referencing IBORs, with the most significant interest rate benchmarks being USD LIBOR.

As at 31 December 2020, the notional amount of hedging instruments referencing USD LIBOR is USD28.0 million for the Group and the Company.

The Phase 2 amendments (effective after financial year beginning 1 January 2021) require entities to update the hedge documentation to reflect the changes required by the IBOR replacement. These amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform. Management is still in the midst of assessing the impact.

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 and are de-consolidated from the date that control ceases.

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

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

Acquisition-related costs are expensed as incurred.

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

2 SUMMARY OF SIGNIFICANT 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 Amount due from counterparties and Islamic financing assets

Note 1 to the financial statements describes the principal activities of the Group and the Company, 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 Company.

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 and the Company. 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.

2.4 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 and the Company from the originators at fair values. The originator acts as a servicer and remits the principal and interest/profit income from the assets to the Group and the Company 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 the Company and adjusted for unaccreted discount. Interest/profit income on the assets are 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 term of the assets using the internal rate of return method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Investment in subsidiaries

Investment in subsidiaries is 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 2.8 to the financial statements describes the Group's and the Company's accounting policy on impairment of assets and Note 3 details out the critical accounting estimates and assumptions.

2.6 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 Company 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.

At each statement of financial position date, the Group and the Company assess 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 in Note 2.8.2 to the financial statements.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets

(a) Classification

The Group and the Company classify their 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 and the Company commit 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 and the Company have transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. 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").

<u>Debt instruments</u>

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

There are three measurement categories into which the Group and the Company classify their debt instruments:

(i) Amortised cost

Cash and short-term funds, deposits and placements with financial institutions, amount due from counterparties, Islamic financing debt, mortgage assets/ Islamic mortgage assets and Islamic hire purchase assets, other assets, amount due to related companies and amount due to subsidiaries that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in the income statements using the effective interest rate 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 statements.

(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, 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 asset 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 income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in non-interest income/(expense) and allowance/(write-back) of impairment losses are presented as separate line item in the income statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

(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 and the Company 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 is recognised in income statements and presented net within non-interest income/(expense) in the period which it arise.

Equity instruments

The Group and the Company subsequently measures 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 or the Company's right to receive payments is established.

2.8 Impairment of assets

2.8.1 Financial assets

The Group and the Company assess 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. 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 and the Company have four of their financial assets that are subject to the ECL model:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of assets (continued)

2.8.1 Financial assets (continued)

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect 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 asset classified or designated as FVTPL and equity securities classified under FVOCI, which are not subject to impairment assessment.

<u>General approach</u>

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 a significant increase in credit risk since initial recognition or which has low credit risk at 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 a significant increase in credit risk 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 a significant increase in credit risk when 30 days past due.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of assets (continued)

2.8.1 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

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare 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's 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
- 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, a significant increase in credit risk 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 and the Company define 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 and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of assets (continued)

2.8.1 Financial assets (continued)

Definition of default and credit impaired financial assets (continued)

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider 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 reorganization
- the debtor is insolvent

For the purpose of ECL measurement, mortgage 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/Islamic mortgage assets and Islamic hire purchase assets have substantially the same risk characteristics and the Group and the Company have therefore concluded that these assets to be assessed on a collective basis.

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

2.8.2 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.

2.9 Write-off

The Group and the Company write-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 is credited against the same line item.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial liabilities

Financial liabilities are measured at amortised cost. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss 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 2.16 on hedge accounting.

(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 effective interest 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.

(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 effective interest rate. Other financial liabilities measured at amortised cost are deferred guarantee fee income, deferred Wakalah fee income and other liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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 on Islamic assets are recognised using the effective interest/profit rate method. Accretion of discount is recognised using the effective yield method.

2.12 Premium and discount on unsecured bearer bonds, notes and 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.

2.13 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 deferred tax liability is settled.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Cash and cash equivalents

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 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.

2.16 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 and the Company. The Group and the Company have determined the Chief Executive Officer of the Company to be the chief operating decision maker.

2.17 Derivative financial instruments and hedge accounting

Derivatives financial instruments consist of interest rate swaps ("IRS"), Islamic profit rate swaps ("IPRS"), cross currency swap (“CCS”) and Islamic cross currency swap (“ICCS”). Derivatives financial instruments are used by the Group and the Company to hedge the issuance of its Bond/Sukuk from potential movements in interest rate, profit rate or foreign currency exchange rate. 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 statement of financial position, and subsequent changes in fair value as a result of fluctuation in market interest rates, profit rates or foreign currency exchange rate are recorded as derivative assets (favourable) or derivative liabilities (unfavourable).

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’s and Company’s 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 and the Company document their risk management objective and strategy for undertaking its hedge transactions.

The Group and the Company also document 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Derivative financial instruments and hedge accounting (continued)

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 income/(expense)".

2.18 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 reflects 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Zakat

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

Zakat rates enacted or substantively enacted by the statement of financial position date are used to determine the zakat expense. The rate of zakat on business for the financial year is 2.5% (2019: 2.5%) of the zakat base.

The zakat base of the Group and the Company 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.

2.20 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 and the Company.

(b) Defined contributions plans

The Group and the Company contribute 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 and the Company have 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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 and the Company, 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.

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 2.8.2 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Share capital

(a) Classification

Ordinary shares 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 shareholder of the Company

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

2.23 Currency translations

(a) Functional and presentation currency

Items included in the financial statements of the Group and the Company 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, which is the Group's 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 income statements, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but discloses 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 and the Company 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 and the Company do not recognise contingent assets but discloses 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 and the Company.

2.25 Deferred financing fees

Deferred financing fees consist of expenses incurred in relation to the unsecured bond and notes/sukuk issuance. Upon unsecured bond and notes/sukuk issuance, deferred financing fees will be deducted from the carrying amount of the unsecured bond and notes/sukuk and amortised using the effective interest/profit rate method.

2.26 Leases

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

Contracts may contain both lease and non-lease components. The Group and the Company allocate 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 and the Company are a lessee, they have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

<u>Lease term</u>

In determining the lease term, the Group and the Company consider 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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Leases (continued)

Lease term (continued)

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affect whether the Group and the Company are 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 assets

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

Lease liabilities

Lease liabilities 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 and the Company under residual value guarantees;
- The exercise price of a purchase options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Leases (continued)

Lease liabilities (continued)

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 and the Company, 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.

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 and the Company present 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 and the Company are 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 assets.

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 bases as an expense in income statements.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and exercise of judgement by management in the process of applying the Group’s and the Company'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 a 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) Fair value of financial asset at FVTPL, FVOCI and derivatives (Note 7, 8 and 9)

The estimates and assumptions considered most likely to have an impact on the Group’s and the Company's results and financial positions are those relating to the fair valuation of derivatives, unquoted financial asset at FVTPL and FVOCI for which valuation models are used. The Group and the Company have exercised its judgement to select the appropriate valuation techniques for these instruments. However, changes in the assumptions made and market factors used could affect the reported fair values.

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

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

(c) 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 and the Company for the purposes 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.

(d) MFRS 16 Leases (Note 20 and 22)

The Group and the Company use an incremental borrowing rate on an average 5 year AAA rated bonds as at date of implementation. In determining the lease term, the Group and the Company have considered an extension option of contract with incremental rental. The assessment is reviewed if there is a change of circumstances occurs which affects the current assessment and that is within the control of the Group and the Company.

4 RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is an integral part of the Group's and the Company'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 and the Company enhanced key controls to ensure effectiveness of risk management and its independence from risk taking activities.

The Group and the Company 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 and the Company's aim 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 and the Company's operations and activities. The Board of Directors sets the risk appetite and tolerance level that are consistent with the Group's and the Company'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 and the Company'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.

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

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.2 Credit risk management

Credit risk is the possibility that a borrower or counterparty fails to fulfill 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 treasury hedging activities.

The Group and the Company manage 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 remedy.

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 such as foreign exchange rates, interest/profit rates and market prices. The market risk exposure is limited to interest/profit rate risk and foreign exchange rates only as the Group and the Company do not engaged in any equity or commodity trading activities.

The Group and the Company control the market risk exposure by imposing threshold limits and entering in derivatives contract. The limits are set based on the Group's and the Company's risk appetite and the risk-return relationship. These limits are regularly reviewed and monitored. The Group and the Company have 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 and the Company also use derivative instruments such as interest rate swaps, profit rate swaps, CCS and ICCS to manage and hedge its market risk exposure against fluctuations in interest rates, profit rates and foreign currency exchange rate.

4.4 Liquidity risk management

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

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

4 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

4.4 Liquidity risk management (continued)

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

(a) Managing cash flow mismatch and liquidity gap limits which involves assessing all of the Group's and the Company's cash inflows against its cash outflows to identify the potential for any net cash shortfalls and the ability of the Group and the Company 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 and the Company against internal requirements; and

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

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

5 CASH AND SHORT-TERM FUNDS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and balance with banks and other financial institution	19,716	110,911	493	91,604
Money at call and deposits and placements maturing with maturity less than 3 months	35,892	94,118	35,892	94,118
Mudharabah money at call and deposits and placements maturing with maturity less than 3 months	53,463	136,383	53,463	136,383
	109,071	341,412	89,848	322,105
Less: Allowance for impairment losses	-	(105)	-	(105)
	109,071	341,307	89,848	322,000

The gross carrying value of cash and short-term funds and the impairment allowance are within Stage 1 allocation. Movement in impairment allowances that reflects the ECL model on impairment are as follows:

	Group and Company	
	2020 RM'000	2019 RM'000
Stage 1		
As at 1 January	105	-
(Write-back)/allowance during the year	(105)	105
As at 31 December	-	105

6 DEPOSITS AND PLACEMENTS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Licensed banks	102,886	-	102,886	-

The gross carrying value of deposits and placements with financial institution are within Stage 1 allocation (12-month ECL). There is no ECL made for this category as at 31 December 2020 (2019: Nil).

7 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	Group and Company	
	2020	2019
	RM'000	RM'000
Unit Trust	193,466	141,383

8 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	Group and Company	
	2020	2019
	RM'000	RM'000
Debt instruments		
Malaysian Government securities	479,266	293,486
Corporate bonds	311,979	281,064
Government investment issues	808,610	676,051
Sukuk	386,744	564,499
Quasi Government Sukuk	396,717	493,465
	2,383,316	2,308,565

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

Maturing within one year	342,574	587,652
One to three years	727,173	538,057
Three to five years	334,100	500,125
More than five years	979,469	682,859
	2,383,316	2,308,693
Less: Allowance for impairment losses	-	(128)
	2,383,316	2,308,565

8 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) (CONTINUED)

The carrying amount of debt instruments at FVOCI is equivalent to their fair value. In 2020, 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 asset at FVOCI by stage of allocation are as follows:

	Gross carrying value RM'000	Impairment allowance RM'000
2020		
By stage of allocation:		
Stage 1 (12-month ECL; non-credit impaired)	2,383,316	77
As at 31 December	2,383,316	77
2019		
By stage of allocation:		
Stage 1 (12-month ECL; non-credit impaired)	2,263,449	128
Stage 3 (Lifetime ECL; credit impaired)	45,244	-
As at 31 December	2,308,693	128

As at 31 December 2019, Stage 3 FVOCI assets relates to investments in KMCOB Capital Berhad ("KMCOB"). Scomi Energy Services Berhad ("SESB") as the holding company of KMCOB via Scomi Oilfield Limited (Bermuda) has triggered PN17 of the Listing Requirements as made in its Bursa announcement on 31 October 2019. KMCOB is a Danajamin Guaranteed investment.

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

	Group and Company	
	2020 RM'000	2019 RM'000
Stage 1		
As at 1 January	128	-
Allowance during the year on new assets purchased	30	-
Loans derecognised during the year due to maturity of assets	(23)	-
(Write-back)/allowance during the year due to changes in credit risk	(58)	128
As at 31 December	77	128

9 DERIVATIVE FINANCIAL INSTRUMENTS

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

IRS/IPRS are used by the Group and the Company 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 and the Company pay the floating rate receipts from its floating rate asset purchases to the swap counterparties and receive 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 and Company are protected from adverse movements in interest/profit rate.

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

The Group and the Company will issue short duration bonds/sukuk and enter 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 and the Company pay fixed rate interest/profit to the swap counterparty and receive floating rate interest/profit to pay to the bondholders/sukuk holders.

CCS and ICCS are also used by the Group and the Company 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 and the Company will swap the proceeds from the foreign currency bonds/sukuk to the functional currency at the pre-agreed exchange rate with CCS/ICCS counterparty.

(ii) In the interim, the Group and the Company will receive interest/profit payment in foreign currency from the CCS/ICCS counterparty and remit the same to the foreign currency bonds/sukuk holders for coupon payment. Simultaneously, the Group and the Company pay interest/profit to the CCS/ICCS counterparty in functional currency using instalment received from assets purchased.

(iii) On maturity, the Group and the Company will pay principal in functional currency at the same pre-agreed exchange rate to the CCS/ICCS 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 and the Company’s foreign currency exposures are from Hong Kong Dollar (“HKD”), US Dollar (“USD”), and Singapore Dollar (“SGD”).

9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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 and the Company established the hedging ratio by matching the notional of the derivative with the principal of the hedged item. Possible sources of ineffectiveness are as follows:

- 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 derivatives financial instruments entered by the Group and the Company which are all used as hedging instruments in cash flow hedges.

	Group and Company					
	2020			2019		
	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
Derivatives designated as cashflow hedges:						
IRS/IPRS						
Maturing within one year	1,100,000	13,994	(2,803)	1,560,000	1,710	(5,603)
One to three years	1,355,000	-	(41,133)	1,645,000	7,265	(15,677)
Three to five years	-	-	-	110,000	-	(10,499)
More than five years	160,000	38,802	-	160,000	20,725	-
	2,615,000	52,796	(43,936)	3,475,000	29,700	(31,779)
CCS						
Maturing within one year	669,927	5,108	(2,027)	2,399,965	20,537	(120,530)
One to three years	-	-	-	273,687	8,185	-
	669,927	5,108	(2,027)	2,673,652	28,722	(120,530)
	3,284,927	57,904	(45,963)	6,148,652	58,422	(152,309)

9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	Group and Company						
	Nominal amount RM'000	Fair value* Assets RM'000	Fair value* Liabilities RM'000	Changes in fair value used for calculating hedging effectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in income statement** RM'000	Amount reclassified from hedge reserve to income statement** RM'000
2020							
Interest rate risk							
Interest rate swap	2,070,000	52,796	(34,649)	20,392	20,392	-	-
Islamic profit rate swap	545,000	-	(9,287)	(8,750)	(8,750)	-	-
Foreign exchange risk							
Cross currency interest rate swaps	669,927	5,108	(2,027)	2,914	(80,375)	-	73,725

* All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement 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 statement.

9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	Group and Company						
	Nominal amount RM'000	Fair value* Assets RM'000	Fair value* Liabilities RM'000	Changes in fair value used for calculating hedging effectiveness RM'000	Changes in fair value recognised in other comprehensive income RM'000	Hedge ineffectiveness recognised in income statement** RM'000	Amount reclassified from hedge reserve to income statement** RM'000
2019							
Interest rate risk							
Interest rate swap	2,170,000	27,990	(27,411)	6,101	6,101	-	-
Islamic profit rate swap	1,305,000	1,710	(4,368)	(2,839)	(2,839)	-	-
Foreign exchange risk							
Cross currency interest rate swaps	2,673,652	28,722	(120,530)	6,301	79,889	-	(26,601)

* All hedging instruments are included in the derivative asset and derivative liabilities line item in the statement 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 statement.

9 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	Group and Company			
	Line item in the statement of financial position in which the hedged item is included	Change in fair value used for calculating hedge effectiveness RM'000	Cash flow hedge reserve RM'000	Balance remaining in the cash flow hedge reserve from hedging relationship for which hedge accounting is no longer applied RM'000
2020				
Interest/profit rate/foreign exchange risk				
Floating rate financial assets	Amount due from counterparties	(4,829)	(3,670)	-
Floating rate financial assets	Islamic financing assets	-	-	-
Floating rate financial liabilities	Unsecured bearer bonds and notes	56,624	43,034	-
Fixed rate financial liabilities	Unsecured bearer bonds and notes	(28,489)	(21,652)	-
Fixed rate financial liabilities	Sukuk	(8,750)	(6,650)	
2019				
Interest rate/foreign exchange risk				
Floating rate financial assets	Amount due from counterparties	(104,219)	(79,207)	-
Floating rate financial assets	Islamic financing assets	1,362	1,035	-
Floating rate financial liabilities	Unsecured bearer bonds and notes	135,765	103,182	-
Fixed rate financial liabilities	Unsecured bearer bonds and notes	(19,144)	(14,549)	-
Fixed rate financial liabilities	Sukuk	(4,201)	(3,193)	-

9 DERIVATIVE FINANCIAL INSTRUMENTS (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 and Company	
	2020	2019
	RM'000	RM'000
Cash flow hedge		
As at 1 January	7,268	(35,710)
Effective portion of changes in fair value:		
- Interest rate risk	(68,733)	83,151
Net amount reclassified to profit or loss:		
- Foreign exchange fluctuations (Note 32)	73,725	(26,601)
Income tax effects	(1,198)	(13,572)
As at 31 December	11,062	7,268

10 AMOUNT DUE FROM COUNTERPARTIES

	Group and Company	
	2020	2019
	RM'000	RM'000
Relating to:		
Mortgage loans	13,397,099	16,114,190
Hire purchase and leasing debts	672,096	542,964
	14,069,195	16,657,154
The maturity structure of amount due from counterparties are as follows:		
Maturing within one year	6,093,353	7,491,962
One to three years	7,338,049	8,527,330
Three to five years	226,133	-
More than five years	411,679	637,921
	14,069,214	16,657,213
Less: Allowance for impairment losses	(19)	(59)
	14,069,195	16,657,154

10 AMOUNT DUE FROM COUNTERPARTIES (CONTINUED)

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

	Group and Company	
	2020	2019
	RM'000	RM'000
Stage 1		
As at 1 January	59	67
Allowance during the year on new assets purchased	11	22
Loans derecognised during the year due to maturity of assets	(9)	(18)
Write-back during the year due to changes in credit risk	(42)	(12)
As at 31 December	19	59

11 ISLAMIC FINANCING ASSETS

	Group and Company	
	2020	2019
	RM'000	RM'000
Relating to:		
Islamic house financing	9,662,661	10,842,232
The maturity structure Islamic financing assets are as follows:		
Maturing within one year	3,528,607	2,513,118
One to three years	5,218,907	5,823,131
Three to five years	915,246	2,506,636
	9,662,760	10,842,885
Less: Allowance for impairment losses	(99)	(653)
	9,662,661	10,842,232

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

	Group and Company	
	2020	2019
	RM'000	RM'000
Stage 1		
As at 1 January	653	627
Allowance during the year on new assets purchased	3	87
Loans derecognised during the year due to maturity of assets	(3)	(45)
Write-back during the year due to changes in credit risk	(554)	(16)
As at 31 December	99	653

12 MORTGAGE ASSETS – CONVENTIONAL

	Group and Company	
	2020	2019
	RM'000	RM'000
Purchase without recourse ("PWOR")	4,366,916	4,836,313

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

	2020 RM'000	2019 RM'000
Maturing within one year	729,768	770,697
One to three years	923,536	949,648
Three to five years	774,026	810,201
More than five years	1,965,556	2,340,760
	4,392,886	4,871,306
Less:		
Allowance for impairment losses	(25,970)	(34,993)
	4,366,916	4,836,313

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

	Gross carrying value	Impairment allowance
	RM'000	RM'000
By stage of allocation:		
2020		
Stage 1 (12-month ECL; non-credit impaired)	4,358,528	15,154
Stage 2 (Lifetime ECL; non-credit impaired)	1,599	307
Stage 3 (Lifetime ECL; credit impaired)	32,759	10,509
As at 31 December	4,392,886	25,970
Impairment allowance over gross carrying value (%)		0.59
2019		
Stage 1 (12-month ECL; non-credit impaired)	4,805,936	17,640
Stage 2 (Lifetime ECL; non-credit impaired)	20,438	2,932
Stage 3 (Lifetime ECL; credit impaired)	44,932	14,421
As at 31 December	4,871,306	34,993
Impairment allowance over gross carrying value (%)		0.72

12 MORTGAGE ASSETS – CONVENTIONAL (CONTINUED)

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

	Group and Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2020				
As at 1 January	17,640	2,932	14,421	34,993
Transfer between stages:				
- Transfer to 12-month ECL (Stage 1)	125	(2,637)	(6,931)	(9,443)
- Transfer to ECL not credit impaired (Stage 2)	(5)	299	(69)	225
- Transfer to ECL credit impaired (Stage 3)	(61)	(126)	5,323	5,136
Total transfer between stages	59	(2,464)	(1,677)	(4,082)
Loans derecognised during the year (other than write-offs)	(287)	(143)	(1,001)	(1,431)
Write-back during the year due to changes in credit risk	(2,258)	(18)	(111)	(2,387)
Amount written off	-	-	(1,123)	(1,123)
As at 31 December	15,154	307	10,509	25,970
2019				
As at 1 January	7,687	1,200	19,323	28,210
Transfer between stages:				
- Transfer to 12-month ECL (Stage 1)	9,199	(2,854)	(6,345)	-
- Transfer to ECL not credit impaired (Stage 2)	(849)	1,125	(276)	-
- Transfer to ECL credit impaired (Stage 3)	(8,348)	(122)	8,470	-
Total transfer between stages	2	(1,851)	1,849	-
Loans derecognised during the year (other than write-offs)	(218)	(169)	(3,097)	(3,484)
Allowance/(write-back) during the year due to changes in credit risk	10,169	3,752	(3,599)	10,322
Amount written off	-	-	(55)	(55)
As at 31 December	17,640	2,932	14,421	34,993

13 MORTGAGE ASSETS – ISLAMIC

	Group and Company	
	2020	2019
	RM'000	RM'000
PWOR	5,115,509	5,510,428

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

Maturing within one year	637,751	638,625
One to three years	806,481	817,499
Three to five years	766,538	786,254
More than five years	2,933,185	3,303,134
	5,143,955	5,545,512
Less:		
Allowance for impairment losses	(28,446)	(35,084)
	5,115,509	5,510,428

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

	Gross carrying value	Impairment allowance
	RM'000	RM'000
By stage of allocation:		
2020		
Stage 1 (12-month ECL; non-credit impaired)	5,110,791	18,051
Stage 2 (Lifetime ECL; non-credit impaired)	1,733	312
Stage 3 (Lifetime ECL; credit impaired)	31,431	10,083
As at 31 December	5,143,955	28,446
Impairment allowance over gross carrying value (%)		0.55
2019		
Stage 1 (12-month ECL; non-credit impaired)	5,491,772	20,351
Stage 2 (Lifetime ECL; non-credit impaired)	15,575	2,497
Stage 3 (Lifetime ECL; credit impaired)	38,165	12,236
As at 31 December	5,545,512	35,084
Impairment allowance over gross carrying value (%)		0.63

13 MORTGAGE ASSETS – ISLAMIC (CONTINUED)

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

	Group and Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2020				
As at 1 January	20,351	2,497	12,236	35,084
Transfer between stages:				
- Transfer to 12-month ECL (Stage 1)	100	(1,964)	(4,143)	(6,007)
- Transfer to ECL not credit impaired (Stage 2)	(7)	299	(34)	258
- Transfer to ECL credit impaired (Stage 3)	(55)	(126)	4,695	4,514
Total transfer between stages	38	(1,791)	518	(1,235)
Loans derecognised during the year (other than write-offs)	(686)	(374)	(2,265)	(3,325)
Write-back during the year due to changes in credit risk	(1,652)	(20)	(65)	(1,737)
Amount written-off	-	-	(341)	(341)
As at 31 December	18,051	312	10,083	28,446
2019				
As at 1 January	8,484	775	15,002	24,261
Transfer between stages:				
- Transfer to 12-month ECL (Stage 1)	7,951	(2,430)	(5,521)	-
- Transfer to ECL not credit impaired (Stage 2)	(298)	648	(350)	-
- Transfer to ECL credit impaired (Stage 3)	(6,057)	(72)	6,129	-
Total transfer between stages	1,596	(1,854)	258	-
Loans derecognised during the year (other than write-offs)	(168)	(37)	(2,109)	(2,314)
Allowance/ (write-back) during the year due to changes in credit risk	10,439	3,613	(915)	13,137
As at 31 December	20,351	2,497	12,236	35,084

14 HIRE PURCHASE ASSETS – ISLAMIC

	Group and Company	
	2020	2019
	RM'000	RM'000
PWOR	34	136

The maturity structure of hire purchase assets – Islamic are as follows:		
Maturing within one year	46	148
Less: Allowance for impairment losses	(12)	(12)
	34	136

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

	Gross carrying value	Impairment allowance
	RM'000	RM'000
By stage of allocation:		
2020		
Stage 1 (12-month ECL; non-credit impaired)	10	-
Stage 3 (Lifetime ECL; credit impaired)	36	12
As at 31 December	46	12
Impairment allowance over gross carrying value (%)		26.09
2019		
Stage 1 (12-month ECL; non-credit impaired)	112	-
Stage 3 (Lifetime ECL; credit impaired)	36	12
As at 31 December	148	12
Impairment allowance over gross carrying value (%)		8.11

14 HIRE PURCHASE ASSETS - ISLAMIC (CONTINUED)

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

	Group and Company		
	Stage 1	Stage 3	Total
	RM'000	RM'000	RM'000
2020			
As at 1 January/31 December	-	12	12
2019			
As at 1 January	-	15	15
Financing derecognised during the year (other than write-offs)	-	(6)	(6)
Allowance/ (write-back) during the year due to changes in credit risk	-	3	3
As at 31 December	-	12	12

15 AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries is non-trade in nature, denominated in Ringgit Malaysia, unsecured, non-interest bearing and are repayable on demand.

16 OTHER ASSETS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Staff loans and financing	2,883	2,899	2,883	2,899
Deposits	898	931	897	882
Prepayments	2,387	2,678	2,374	2,678
Management fee receivable	829	891	829	891
Compensation receivable from originator on mortgage assets	415	469	415	469
Other receivables	19	159	19	159
	7,431	8,027	7,417	7,978

17 INVESTMENT IN SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
Unquoted shares at cost	-*	-*

* denotes USD1 in CGP and RM2 in CGS.

All subsidiaries are audited by PricewaterhouseCoopers PLT. The subsidiaries of the Company are as follows:

Name	Principal activities	Place of Incorporation	Interest in equity held by the Company	
			2020	2019
			%	%
CGP	To undertake the issuance of bonds and notes in foreign currency.	Labuan	100	100
CGS	To undertake the issuance of sukuk in foreign currency.	Malaysia	100	100

18 PROPERTY AND EQUIPMENT

Group and Company	Office equipment	Furniture and fittings	Motor vehicles	Total
	RM'000	RM'000	RM'000	RM'000
2020				
Cost				
As at 1 January	9,817	4,681	703	15,201
Additions	900	4	-	904
Disposals	(591)	(5)	-	(596)
As at 31 December	10,126	4,680	703	15,509
Accumulated depreciation				
As at 1 January	(6,421)	(4,580)	(277)	(11,278)
Charge for the financial year	(1,460)	(16)	(106)	(1,582)
Disposals	591	5	-	596
As at 31 December	(7,290)	(4,591)	(383)	(12,264)
Net book value				
As at 31 December	2,836	89	320	3,245

18 PROPERTY AND EQUIPMENT (CONTINUED)

Group and Company	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2019				
Cost				
As at 1 January	9,242	4,659	593	14,494
Additions	837	22	199	1,058
Disposals	(262)	-	(89)	(351)
As at 31 December	9,817	4,681	703	15,201
Accumulated depreciation				
As at 1 January	(5,074)	(4,452)	(274)	(9,800)
Charge for the financial year	(1,608)	(128)	(92)	(1,828)
Disposals	261	-	89	350
As at 31 December	(6,421)	(4,580)	(277)	(11,278)
Net book value				
As at 31 December	3,396	101	426	3,923

19 INTANGIBLE ASSETS

Group and Company	Service rights RM'000	Computer software RM'000	Computer software licenses RM'000	Work in progress RM'000	Total RM'000
2020					
Cost					
As at 1 January	16,712	13,207	26,607	-	56,526
Additions	-	1,966	606	-	2,572
Write-offs	(9,022)	-	-	-	(9,022)
As at 31 December	7,690	15,173	27,213	-	50,076
Accumulated amortisation					
As at 1 January	(13,938)	(12,155)	(9,053)	-	(35,146)
Charge for the financial year	(487)	(228)	(2,893)	-	(3,608)
Write-offs	9,022	-	-	-	9,022
As at 31 December	(5,403)	(12,383)	(11,946)	-	(29,732)
Net book value					
As at 31 December	2,287	2,790	15,267	-	20,344

19 INTANGIBLE ASSETS (CONTINUED)

Group and Company	Service rights RM'000	Computer software RM'000	Computer software licenses RM'000	Work in progress RM'000	Total RM'000
2019					
Cost					
As at 1 January	16,712	12,128	25,311	281	54,432
Additions	-	1,079	1,015	-	2,094
Transfer during the year	-	-	281	(281)	-
As at 31 December	16,712	13,207	26,607	-	56,526
Accumulated amortisation					
As at 1 January	(13,374)	(12,104)	(6,105)	-	(31,583)
Charge for the financial year	(564)	(51)	(2,948)	-	(3,563)
As at 31 December	(13,938)	(12,155)	(9,053)	-	(35,146)
Net book value					
As at 31 December	2,774	1,052	17,554	-	21,380

Service rights are amortised on a straight line basis over the tenure of RMBS/IRMBS. The remaining amortisation period of the intangible assets ranges from 2 to 7 years (2019: 1 to 8 years).

20 RIGHT-OF-USE ASSET

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

	Company 2020 RM'000	2019 RM'000
Cost		
As at 1 January	4,916	-
Effect of adoption of MFRS 16	-	4,916
As at 31 December	4,916	4,916
Accumulated amortisation		
As at 1 January	(936)	-
Charge for the year (Note 35)	(937)	(936)
As at 31 December	(1,873)	(936)
Net book value		
As at 31 December	3,043	3,980

21 OTHER LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Provision for zakat	2,106	1,777	2,106	1,777
Amount due to GOM*	99,624	90,620	99,624	90,620
Accruals	30,197	27,899	29,787	27,562
Other payables	1,378	1,392	1,379	1,392
	133,305	121,688	132,896	121,351

* Refers to fund provided by the Government for Mortgage Guarantee Programme (MGP) under Cagamas SRP Berhad

22 LEASE LIABILITY

	Group and Company	
	2020	2019
	RM'000	RM'000
As at 1 January	4,791	-
Effect of adoption of MFRS 16	-	4,916
As restated	4,791	4,916
Lease obligation interest expense (Note 35)	2,441	2,523
Lease obligation repayment	(2,649)	(2,648)
As at 31 December	4,583	4,791

The maturity structure of lease liability are as follows:

Due within 1 year	495	208
Due in 2 to 5 years	4,088	4,583
Total present value of minimum lease payments	4,583	4,791

23 DEFERRED TAXATION

Deferred tax assets and liabilities are offsetted 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 and Company	
	2020	2019
	RM'000	RM'000
Deferred tax assets (before offsetting)	(23,331)	(17,451)
Deferred tax liabilities (before offsetting)	193,411	18,011
Deferred tax liabilities	170,080	560

The movements of deferred tax are as follows:

	2020 RM'000	2019 RM'000
As at 1 January	560	27,348
Recognised to income statements (Note 37)	157,346	(51,610)
Recognised to reserves	12,174	24,822
As at 31 December	170,080	560

23 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 and Company			
2020	As at 1 January RM'000	Recognised to income statement RM'000	Recognised to reserves RM'000	As at 31 December RM'000
Deferred tax assets				
Net unrealised losses on revaluation of derivatives financial instrument under cash flow hedge accounting	(1,472)	-	(3,986)	(5,458)
Provisions	(1,084)	(507)	-	(1,591)
Temporary difference relating to lease liability	(1,150)	50	-	(1,100)
Temporary difference relating to ECL	(13,745)	(1,437)	-	(15,182)
	(17,451)	(1,894)	(3,986)	(23,331)
Deferred tax liabilities				
Net unrealised gain on revaluation of derivatives financial instrument under cash flow hedge accounting	3,767	-	5,184	8,951
Revaluation reserves of financial asset at FVOCI	11,873	-	10,976	22,849
Accelerated depreciation	1,237	1,019	-	2,256
Temporary difference relating to interest/profit receivables on deposit and placements	183	(18)	-	165
Temporary difference relating to right-of-use asset	951	(221)	-	730
Temporary difference relating to accretion of discount	-	158,460	-	158,460
	18,011	159,240	16,160	193,411
	560	157,346	12,174	170,080

23 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 and Company			
2019	As at 1 January RM'000	Recognised to income statement RM'000	Recognised to reserves RM'000	As at 31 December RM'000
Deferred tax assets				
Net unrealised losses on revaluation of derivatives financial instrument under cash flow hedge accounting	(15,067)	-	13,595	(1,472)
Provisions	(1,321)	237	-	(1,084)
Temporary difference relating to lease liability	-	(1,150)	-	(1,150)
Temporary difference relating to ECL	(12,781)	(964)	-	(13,745)
	(29,169)	(1,877)	13,595	(17,451)
Deferred tax liabilities				
Net unrealised gain on revaluation of derivatives financial instrument under cash flow hedge accounting	3,790	-	(23)	3,767
Revaluation reserves of financial asset at FVOCI	623	-	11,250	11,873
Accelerated depreciation	2,248	(1,011)	-	1,237
Temporary difference relating to interest/profit receivables on deposit and placements	10	173	-	183
Temporary difference relating to right-of-use asset	-	951	-	951
Temporary difference relating to accretion of discount	49,846	(49,846)	-	-
	56,517	(49,733)	11,227	18,011
	27,348	(51,610)	24,822	560

24 LOANS/FINANCING FROM SUBSIDIARY

Loans from subsidiary outstanding at financial year ended that are not in the functional currencies of the Group are as follows:

	Company	
	2020	2019
	RM'000	RM'000
HKD	163,295	352,503
USD	112,838	1,553,622
SGD	395,624	688,841
	671,757	2,594,966

Loans/financing from subsidiary are unsecured and subject to interest/profit rates ranging from 0.91% to 3.25% per annum (2019: 2.58% to 3.735% per annum). The maturity structure of loans/financing from subsidiary are as follows:

	Company	
	2020	2019
	RM'000	RM'000
Maturing within one year	671,757	2,317,540
One to three years	-	277,426
	671,757	2,594,966

25 UNSECURED BEARER BONDS AND NOTES

	Year of maturity	2020 Amount outstanding RM'000	2020 Effective interest rate %	2019 Amount outstanding RM'000	2019 Effective interest rate %
					Group
(a) Floating rate notes	2020	-	-	100,000	3.460
Add:					
Interest payable		-		667	
		-		100,667	
(b) Commercial paper	2020	-	-	1,200,000	3.250-3.340
	2021	2,800,000	1.900-2.050	-	-
Add:					
Interest payable		6,388		3,213	
		2,806,388		1,203,213	
(c) Conventional medium-term notes	2020	-	-	7,595,307	2.520-6.000
	2021	4,483,959	0.850-5.380	2,552,426	3.035-5.380
	2022	6,850,000	2.130-4.650	5,850,000	3.380-4.650
	2023	570,000	2.180-6.050	525,000	4.250-6.050
	2024	430,000	4.000-5.520	430,000	4.000-5.520
	2025	640,000	4.550-4.850	640,000	4.550-4.850
	2026	10,000	4.410	10,000	4.410
	2027	275,000	4.140-4.900	275,000	4.140-4.900
	2028	890,000	4.750-6.500	890,000	4.750-6.500
	2029	245,000	5.500-5.750	245,000	5.500-5.750
	2035	160,000	5.070	160,000	5.070
		14,553,959		19,172,733	
Add:					
Interest payable		122,942		181,850	
Unaccreted premium		-		3,475	
Less:					
Deferred financing fees		(301)		(836)	
Unamortised discount		(9)		(75)	
		14,676,591		19,357,147	
		17,482,979		20,661,027	

25 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

		Company			
		2020		2019	
	Year of maturity	Amount outstanding RM'000	Effective interest rate %	Amount outstanding RM'000	Effective interest rate %
(a) Floating rate notes	2020	-	-	100,000	3.460
Add:					
Interest payable		-		667	
		-		100,667	
(b) Commercial paper	2020	-	-	1,200,000	3.250-3.340
	2021	2,800,000	1.900-2.050	-	-
Add:					
Interest payable		6,388		3,213	
		2,806,388		1,203,213	
(c) Conventional medium- term notes	2020	-	-	5,295,000	3.300-6.000
	2021	3,815,000	2.000-5.380	2,275,000	3.350-5.380
	2022	6,850,000	2.130-4.650	5,850,000	3.380-4.650
	2023	570,000	2.180-6.050	525,000	4.250-6.050
	2024	430,000	4.000-5.520	430,000	4.000-5.520
	2025	640,000	4.550-4.850	640,000	4.550-4.850
	2026	10,000	4.410	10,000	4.410
	2027	275,000	4.140-4.900	275,000	4.140-4.900
	2028	890,000	4.750-6.500	890,000	4.750-6.500
	2029	245,000	5.500-5.750	245,000	5.500-5.750
	2035	160,000	5.070	160,000	5.070
		13,885,000		16,595,000	
Add:					
Interest payable		120,199		164,961	
Unaccreted premium		-		3,475	
Less:					
Unamortised discount		(9)		(75)	
		14,005,190		16,763,361	
		16,811,578		18,067,241	

25 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	7,412,979	9,083,664	6,741,578	6,767,215
One to three years	7,420,000	8,402,295	7,420,000	8,124,958
Three to five years	1,070,000	955,000	1,070,000	955,000
More than five years	1,580,000	2,220,068	1,580,000	2,220,068
	17,482,979	20,661,027	16,811,578	18,067,241

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

(a) Floating Rate Notes ("FRNs")

FRNs are Ringgit denominated CMTNs with tenures of more than one year with floating rate pegged to a reference rate, e.g. Kuala Lumpur Interbank Offered Rate (KLIBOR). nterest 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 paper ("CP")

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 ("CMTN")

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 Multicurrency Medium Term Notes Programme, CGP may from time to time issue EMTNs in any currency (other than Ringgit Malaysia) which are unconditionally and irrevocably guaranteed by Cagamas.

25 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

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

	Group 2020 RM'000	Group 2019 RM'000
HKD	163,218	352,201
USD	112,781	1,553,180
SGD	395,401	688,405
	671,400	2,593,786

26 SUKUK

	Year of maturity	2020 Amount outstanding RM'000	2020 Effective interest rate %	2019 Amount outstanding RM'000	2019 Effective interest rate %
		Group and Company			
(a) Islamic commercial papers	2020	-	-	905,000	3.250-3.310
	2021	845,000	1.900-2.000	-	-
Add:					
Profit payable		2,256		1,587	
		847,256		906,587	
(b) Islamic medium-term notes	2020	-	-	2,725,000	3.290-6.000
	2021	3,545,000	2.050-5.380	3,020,000	4.080-5.380
	2022	3,060,000	2.250-4.700	3,010,000	3.380-4.700
	2023	2,945,000	2.230-6.350	2,495,000	4.250-6.350
	2024	1,135,000	3.550-5.520	1,135,000	3.550-5.520
	2025	455,000	4.550-4.650	455,000	4.550-4.650
	2026	20,000	4.410-4.920	20,000	4.410-4.920
	2027	15,000	4.140	15,000	4.140
	2028	1,080,000	4.750-6.500	1,080,000	4.750-6.500
	2029	180,000	5.500-5.750	180,000	5.500-5.750
	2033	675,000	5.000	675,000	5.000
		13,110,000		14,810,000	
Add:					
Profit payable		106,136		125,728	
Unaccreted premium		-		7,568	
		13,216,136		14,943,296	
		14,063,392		15,849,883	

26 SUKUK (CONTINUED)

The maturity structure of sukuk are as follows:

	Group and Company	
	2020	2019
	RM'000	RM'000
Maturing within one year	4,498,392	3,764,836
One to three years	6,005,000	6,030,000
Three to five years	1,590,000	3,630,000
More than five years	1,970,000	2,425,047
	14,063,392	15,849,883

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

(a) Islamic commercial papers ("ICP")

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 is paid on a semi-annual basis or on such other periodic basis as determined by Cagamas.

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

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 ("VRN")

VRNs are Ringgit denominated IMTNs with tenures of more than one year with variable profit rate pegged to a reference rate, e.g. Kuala Lumpur Interbank Offered Rate (KLIBOR). 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 Programme, 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 currencies of the Group.

27 SHARE CAPITAL

	Group and Company			
		2020		2019
Ordinary shares	Number of shares	Amount	Number of shares	Amount
	RM'000	RM'000	RM'000	RM'000
Issued:				
As at 1 January/31 December	150,000	150,000	150,000	150,000

28 RESERVES

(a) Financial asset at FVOCI reserves

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

The amount of gain or loss recognised in OCI during the year and the amount reclassified upon derecognition from accumulated OCI to profit or loss for the financial year are as per the following:

	Group and Company	
	2020	2019
	RM'000	RM'000
Financial asset at FVOCI		
- Net gain/(loss) from change in fair value	55,201	54,510
- Net transfer to income statement on disposal	(9,467)	(7,636)
- Allowance of impairment losses	77	-
- Deferred taxation	(10,976)	(11,250)

(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 and the Company have adopted the Bank Negara Malaysia (''BNM'') Guidelines on Financial Reporting issued on 2 February 2018 on voluntary basis. The Group and Company 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.

29 NET TANGIBLE ASSETS AND EARNINGS PER SHARE

The net tangible assets per share is calculated by dividing the net tangible assets of RM4,138,448,000 of the Group and RM4,122,871,000 of the Company respectively (2019: RM3,904,862,000 of the Group and RM3,889,265,000 of the Company respectively) by 150,000,000 ordinary shares of the Group and the Company in issue.

Basic and diluted earnings per share is calculated by dividing the profit for the financial year of RM223,922,000 of the Group and RM223,941,000 of the Company respectively (2019: RM240,400,000 of the Group and RM236,825,000 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.

30 INTEREST INCOME

	Group and Company	
	2020	2019
	RM'000	RM'000
Amount due from counterparties	581,518	819,265
Mortgage assets	199,266	223,345
Compensation from mortgage assets	20	14
Financial asset at FVOCI	75,646	76,726
Deposits and placements with financial institutions	2,774	5,749
	859,224	1,125,099
Accretion of discount less amortisation of premium (net)	99,256	123,618
	958,480	1,248,717

31 INTEREST EXPENSE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Floating rate notes	1,720	8,650	1,720	8,650
Medium-term notes	699,475	913,548	662,369	788,695
Commercial paper	32,073	25,674	32,073	25,674
Deposits and placements from financial institutions	667	884	667	884
Loans/financing from subsidiaries	-	-	37,479	129,954
Lease liability	2,441	2,523	2,441	2,523
	736,376	951,279	736,749	956,380

32 NON-INTEREST INCOME/(EXPENSE)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net loss arising from derivatives	(7,933)	(55,571)	(7,933)	(55,571)
Income from financial asset at FVTPL	1,976	1,383	1,976	1,383
Gain on disposal of:				
- Financial asset at FVOCI	9,467	7,636	9,467	7,636
- Property and equipment	10	23	10	23
Net amount reclassified into profit or loss – cash flow hedge (Note 9)	73,725	(26,601)	73,725	(26,601)
Net (loss)/gain on foreign exchange	(74,805)	26,260	(74,805)	26,253
Other non-operating income	6,326	8,036	6,326	8,036
	8,766	(38,834)	8,766	(38,841)

33 PERSONNEL COSTS

	Group and Company	
	2020 RM'000	2019 RM'000
Salary and allowances	15,536	15,391
Bonus	7,312	7,465
Overtime	46	66
EPF and SOCSO	3,652	4,026
Insurance	886	608
Others	3,866	3,752
	31,298	31,308

34 WRITE-BACK/(ALLOWANCE) OF IMPAIRMENT LOSSES

	Group and Company	
	2020	2019
	RM'000	RM'000
Cash and short-term funds	105	(105)
Financial asset at FVOCI	51	(128)
Amount due from counterparties	40	8
Islamic financing assets	554	(26)
Mortgage assets – Conventional	9,023	(6,783)
Mortgage assets – Islamic	6,638	(10,823)
Hire purchase assets – Islamic	-	3
Write-off of mortgage assets – Conventional	(1,123)	(172)
Write-off of mortgage assets – Islamic	(341)	-
Write-off of hire purchase assets – Conventional	(2)	-
Write-back of hire purchase assets – Islamic	9	-
Write-back/(allowance) of impairment losses	14,954	(18,026)

35 PROFIT BEFORE TAXATION AND ZAKAT

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration (Note 36)	2,231	2,320	2,231	2,320
Amortisation of right-of-use asset (Note 20)	937	936	937	936
Interest lease liability (Note 22)	2,441	2,523	2,441	2,523
Short-term and low value assets expensed off	1,013	741	1,013	741
Auditors' remuneration				
- Audit fees	370	318	316	276
- Non-audit fees	20	39	12	36
Depreciation of property and equipment	1,582	1,828	1,582	1,828
Amortisation of intangible assets	3,608	3,563	3,608	3,563
Servicers fees	2,259	2,550	2,259	2,550
Repairs and maintenance	5,095	6,982	5,095	6,982
Donations and sponsorship	200	115	200	115
Corporate expenses	744	892	744	892
Travelling expenses	(80)	476	(80)	476
Gain on disposal of property and equipment	(10)	(23)	(10)	(23)
(Write-back)/allowance of impairment losses	(14,954)	18,026	(14,954)	18,026

36 DIRECTORS' REMUNERATION

The Directors who served since the date of the last report and the date of this report are:

Non-Executive Directors
Dato' Bakarudin Ishak (Chairman)
Dato' Halipah Esa
Dato' Wee Yiaw Hin
Datuk Azizan Haji Abd Rahman
Ho Chai Huey
Datuk Seri Tajuddin Atan (appointed w.e.f. 1 May 2020)
Dato' Md Agil Mohd Natt (retired w.e.f. 1 May 2020)
Philip Tan Puay Koon (retired w.e.f. 12 August 2020)

Executive Director

Datuk Chung Chee Leong

The aggregate amount of emoluments received by the Directors during the financial year is as follows:

	Group and Company	
	2020	2019
	RM'000	RM'000
Directors' fees	493	530
Directors' other emoluments	1,738	1,790
	2,231	2,320

For the financial year ended 31 December 2020, a total of RM196,428 (2019: RM170,000) has been paid by the Group in relation to insurance premium paid for Directors and Officers of the Group and Company.

37 TAXATION

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(a) Tax charge for the financial year:				
Malaysian Income tax:				
- Current tax	(81,132)	128,282	(81,174)	127,112
- Deferred taxation (Note 23)	157,346	(51,610)	157,346	(51,610)
	76,214	76,672	76,172	75,502

37 TAXATION (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(a) Tax charge for the Financial year (continued):				
Current tax:				
- Current year	25,920	82,040	25,878	80,870
- (Over)/under provision in prior year	(107,052)	46,242	(107,052)	46,242
	(81,132)	128,282	(81,174)	127,112
Deferred taxation:				
Origination/(reversal) of temporary differences (Note 23)	157,346	(51,610)	157,346	(51,610)
	76,214	76,672	76,172	75,502

(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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation and zakat	301,391	317,998	301,368	313,253
Tax calculated at Malaysian tax rate of 24% (2019: 24%)	72,334	76,320	72,328	75,181
Subsidiary's current year tax losses utilised	(28)	(28)	(28)	(28)
Loss not subject to tax	28	28	-	-
Expenses not deductible for tax purposes	828	5,394	820	5,391
Deduction arising from zakat contribution	(222)	(380)	(222)	(380)
Recognition/(reversal) of temporary differences recognized in prior year	110,326	(50,854)	110,326	(50,854)
Others	-	(50)	-	(50)
(Over)/under provision in prior year	(107,052)	46,242	(107,052)	46,242
	76,214	76,672	76,172	75,502

38 DIVIDENDS

Dividends of the Group and the Company are as follows:

	Group and Company			
		2020		2019
	Per shares	Total amount	Per shares	Total amount
	Sen	RM'000	Sen	RM'000
Final dividend	15.00	22,500	15.00	22,500
Interim dividend	5.00	7,500	5.00	7,500
	20.00	30,000	20.00	30,000

The proposed final dividend for the financial year ended 31 December 2020 is as disclosed in Directors' report.

39 RELATED PARTIES AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties and relationships

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

Related parties	Relationships
CHB	Ultimate holding company
CGP	Subsidiary
CGS	Subsidiary
Cagamas MBS Berhad ("CMBS")	Related company
BNM Sukuk Berhad ("BNM Sukuk")	Structured entity of ultimate holding company
Cagamas SME Berhad ("CSME")	Related company
Cagamas SRP Berhad ("CSRP")	Related company and trustee for LPPSA
Cagamas MGP Berhad ("CMGP")	Related company
Government of Malaysia ("GOM")	Other related party
Lembaga Pembiayaan Perumahan Sektor Awam ("LPPSA")	Originator/servicer and entity related to GOM
Bank Negara Malaysia ("BNM")	Other related party
Key management personnel	Other related party
Entities in which key management personnel have control	Other related party

Related company is defined as subsidiary of the ultimate holding company.

BNM is regarded as a related party on the basis of having significant influence over the ultimate holding company.

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

(a) Related parties and relationships (continued)

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 and its ultimate holding company, 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.

(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 Corporate Bonds and Sukuk are transacted with the shareholders of the ultimate holding company. These transactions have been disclosed on the statement of financial position and income statements of the Group and the Company.

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

			Group
	Ultimate holding company RM'000	Related company RM'000	Other related party RM'000
2020			
Income			
Transaction administrator and administrator fees	-	2,728	-
Management fee	58	3,154	-
Expenses			
FAST* and RENTAS** charges	-	-	83
Servicers fees	-	2,259	-
Amount due from/(to)			
Transaction administrator and administrator fees	-	1,375	-
BNM current accounts	-	-	35
Reimbursement of operating expenses	-	-	5
Servicers fees	-	(509)	-
Management fee receivable	46	783	-

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

(b) Significant related party transactions and balances (continued)

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

	Group		
	Ultimate holding company RM'000	Related company RM'000	Other related party RM'000
2019			
Income			
Transaction administrator and administrator fees	-	4,286	-
Management fee	52	3,602	-
Expenses			
FAST* and RENTAS** charges	-	-	27
Servicers fees	-	2,550	-
Amount due from/(to)			
Transaction administrator and administrator fees	-	1,420	-
BNM current accounts	-	-	35
Reimbursement of operating expenses	-	-	5
Servicers fees	-	(438)	-
Management fee receivable	52	839	-

	Company			
	Ultimate holding company RM'000	Subsidiaries RM'000	Related company RM'000	Other related party RM'000
2020				
Income				
Transaction administrator and administrator fees	-	-	2,728	-
Management fee	58	-	3,154	-

* Denotes Fully Automated System for Issuing and Tendering ("FAST").
** Denotes Real-Time Electronic Transfer of Funds and Securities ("RENTAS").

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

(b) Significant related party transactions and balances (continued)

	Company			
	Ultimate holding company RM'000	Subsidiaries RM'000	Related company RM'000	Other related party RM'000
2020				
Expenses				
FAST* and RENTAS** charges	-	-	-	83
Servicers fees	-	-	2,259	-
Interest expense	-	37,479	-	-
Amount due from/(to)				
Transaction administrator and administrator fees	-	-	1,375	-
BNM current accounts	-	-	-	35
Reimbursement of operating expenses	-	-	-	5
Servicers fees	-	-	(509)	-
Loans/financing	-	(671,757)	-	-
Payment of expenses on behalf	-	3,565	-	-
Management fee receivable	46	-	783	-
2019				
Income				
Transaction administrator and administrator fees	-	-	4,286	-
Management fee	52	-	3,602	-
Expenses				
FAST* and RENTAS** charges	-	-	-	27
Servicers fees	-	-	2,550	-
Interest expense	-	129,954	-	-

* Denotes Fully Automated System for Issuing and Tendering ("FAST").
** Denotes Real-Time Electronic Transfer of Funds and Securities ("RENTAS").

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

(b) Significant related party transactions and balances (continued)

	Company			
	Ultimate holding company	Subsidiaries	Related company	Other related party
	RM'000	RM'000	RM'000	RM'000
2019				
Amount due from/(to)				
Transaction administrator and administrator fees	-	-	1,420	-
BNM current accounts	-	-	-	35
Reimbursement of operating expenses	-	-	-	5
Servicers fees	-	-	(438)	-
Loans/financing	-	(2,594,622)	-	-
Payment of expenses on behalf	-	3,430	-	-
Management fee receivable	52	-	839	-

* Denotes Fully Automated System for Issuing and Tendering ("FAST").
** Denotes Real-Time Electronic Transfer of Funds and Securities ("RENTAS").

The Group and the Company key management personnel received remuneration for services rendered during the financial year. The total compensation paid to the Group's key management personnel was RM8,053,839 (2019: RM7,430,703).

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

(c) Transactions with the GOM and its related parties

As BNM has significant influence over the ultimate holding company, the GOM and entities controlled, jointly controlled or has significant influence by the GOM are related parties of the Group and the Company.

The Group and the Company enter 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 and the Company also purchase Islamic financing facilities such as home financing, personal financing and hire purchase financing and funded by issuance of Sukuk.

40 CAPITAL COMMITMENTS

Capital commitments	Group and Company 2020 RM'000	Group and Company 2019 RM'000
Capital expenditure:		
Authorised and contracted for	2,275	2,783
Authorised but not contracted for	3,116	741
	5,391	3,524
Analysed as follows:		
Equipment and others	472	24
Computer hardware and software	4,919	3,500
	5,391	3,524

41 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets				
Cash and short-term funds	109,071	341,307	89,848	322,000
Deposits and placements with financial institutions	102,886	-	102,886	-
Amount due from counterparties	14,069,195	16,657,154	14,069,195	16,657,154
Islamic financing assets	9,662,661	10,842,232	9,662,661	10,842,232
Mortgage assets				
- Conventional	4,366,916	4,836,313	4,366,916	4,836,313
- Islamic	5,115,509	5,510,428	5,115,509	5,510,428
Hire purchase assets				
- Islamic	34	136	34	136
Amount due from				
- Related company	1,375	1,420	1,375	1,420
- Subsidiaries	-	-	3,565	3,431
	33,427,647	38,188,990	33,411,989	38,173,114
Financial asset at FVOCI:				
Debt instruments	2,383,316	2,308,565	2,383,316	2,308,565
	2,383,316	2,308,565	2,383,316	2,308,565
Financial asset at FVTPL:				
Unit trust	193,466	141,383	193,466	141,383
Derivative financial instruments	57,904	58,422	57,904	58,422
	251,370	199,805	251,370	199,805

41 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
Financial liabilities at amortised cost:				
Short-term borrowings	125,145	-	125,145	-
Loans/financing from subsidiaries	-	-	671,757	2,594,966
Unsecured bearer bonds and notes	17,482,979	20,661,027	16,811,578	18,067,241
Sukuk	14,063,392	15,849,883	14,063,392	15,849,883
	31,671,516	36,510,910	31,671,872	36,512,090
Financial liabilities at FVTPL:				
Derivative financial instruments	45,963	152,309	45,963	152,309
	45,963	152,309	45,963	152,309

42 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 and the Company take 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.

The following tables summarise the Group's and the Company's exposure to interest/profit rate risks. Included in the tables are the Group's and the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The carrying amounts of derivative financial instruments, which are principally used to reduce the Group's and the Company's exposure to interest/profit rates movements, are included in "other assets" and "other liabilities".

42 INTEREST/PROFIT RATE RISK (CONTINUED)

The tables also represent a static position which provides an indication of the potential impact on the Group’s and the Company's statement of financial position through gap analysis of the interest/profit rate sensitive assets, liabilities and off-statement of financial position items by time bands. A positive interest/profit rate sensitivity gap exists when more interest/profit sensitive assets than interest/profit sensitive liabilities reprice or mature during a given time period. Similarly, a negative interest/profit rate sensitivity gap exists when more interest/profit sensitive liabilities than interest/profit sensitive assets reprice or mature during a given time period. Any negative interest/profit rate sensitivity gap is to be funded by the Group’s and the Company's shareholder's funds, unsecured bearer bonds and notes/sukuk or money market borrowings.

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

42 INTEREST/PROFIT RATE RISK (CONTINUED)

Group - 2020	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
Financial assets						
Cash and short-term funds	89,355	-	-	-	19,716	109,071
Deposits and placements with financial institutions	102,886	-	-	-	-	102,886
Financial asset at FVTPL	193,466	-	-	-	-	193,466
Financial asset at FVOCI	342,574	727,173	334,100	979,469	-	2,383,316
Amount due from counterparties	6,093,353	7,338,049	226,133	411,679	(19)	14,069,195
Islamic financing assets	3,528,607	5,218,907	915,246	-	(99)	9,662,661
Mortgage assets:						
- Conventional	729,768	923,536	774,026	1,965,556	(25,970)	4,366,916
- Islamic	637,751	806,481	766,538	2,933,185	(28,446)	5,115,509
Hire purchase assets:						
- Islamic	46	-	-	-	(12)	34
Other assets	19,119	-	-	38,802	123,306	181,227
	11,736,925	15,014,146	3,016,043	6,328,691	88,476	36,184,281
Financial liabilities						
Short-term borrowings	125,145	-	-	-	-	125,145
Other liabilities	4,830	41,133	-	-	308,009	353,972
Unsecured bearer bonds and notes	7,412,979	7,420,000	1,070,000	1,580,000	-	17,482,979
Sukuk	4,498,392	6,005,000	1,590,000	1,970,000	-	14,063,392
	12,041,346	13,466,133	2,660,000	3,550,000	308,009	32,025,488
Total interest/profit sensitivity gap	(304,421)	1,548,013	356,043	2,778,691		
Cumulative gap	(304,421)	1,243,592	1,599,635	4,378,326		

42 INTEREST/PROFIT RATE RISK (CONTINUED)

Group - 2019	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
Fiancial assets						
Cash and short-term funds	230,501	-	-	-	110,806	341,307
Financial asset at FVTPL	141,383	-	-	-	-	141,383
Financial asset at FVOCI	587,652	538,057	500,125	682,859	(128)	2,308,565
Amount due from counterparties	7,491,962	8,527,330	-	637,921	(59)	16,657,154
Islamic financing assets	2,513,118	5,823,131	2,506,636	-	(653)	10,842,232
Mortgage assets:						
- Conventional	879,063	1,114,449	933,455	2,527,182	(617,836)	4,836,313
- Islamic	732,210	967,240	905,246	3,557,112	(651,380)	5,510,428
Hire purchase assets:						
- Conventional	2	-	-	-	(2)	-
- Islamic	147	-	-	-	(11)	136
Other assets	22,854	16,004	492	22,506	35,296	97,152
	12,598,892	16,986,211	4,845,954	7,427,580	(1,123,967)	40,734,670
Financial liabilities						
Other liabilities	126,133	15,677	10,499	-	145,209	297,518
Unsecured bearer bonds and notes	9,083,664	8,402,295	955,000	2,220,068	-	20,661,027
Sukuk	3,764,836	6,030,000	3,630,000	2,425,047	-	15,849,883
	12,974,633	14,447,972	4,595,499	4,645,115	145,209	36,808,428
Total interest/profit sensitivity gap	(375,741)	2,538,239	250,455	2,782,465		
Cumulative gap	(375,741)	2,162,498	2,412,953	5,195,418		

42 INTEREST/PROFIT RATE RISK (CONTINUED)

Company - 2020	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
Financial assets						
Cash and short-term funds	89,355	-	-	-	493	89,848
Deposits and placements with financial institutions	102,886	-	-	-	-	102,886
Financial asset at FVTPL	193,466	-	-	-	-	193,466
Financial asset at FVOCI	342,574	727,173	334,100	979,469	-	2,383,316
Amount due from counterparties	6,093,353	7,338,049	226,133	411,679	(19)	14,069,195
Islamic financing assets	3,528,607	5,218,907	915,246	-	(99)	9,662,661
Mortgage assets:						
- Conventional	729,768	923,536	774,026	1,965,556	(25,970)	4,366,916
- Islamic	637,751	806,481	766,538	2,933,185	(28,446)	5,115,509
Hire purchase assets:						
- Islamic	46	-	-	-	(12)	34
Other assets	19,119	-	-	38,802	126,857	184,778
	11,736,925	15,014,146	3,016,043	6,328,691	72,804	36,168,609
Financial liabilities						
Short-term borrowings	125,145	-	-	-	-	125,145
Other liabilities	4,830	41,133	-	-	307,559	353,522
Loan/financing from subsidiaries	671,757	-	-	-	-	671,757
Unsecured bearer bonds and notes	6,741,578	7,420,000	1,070,000	1,580,000	-	16,811,578
Sukuk	4,498,392	6,005,000	1,590,000	1,970,000	-	14,063,392
	12,041,702	13,466,133	2,660,000	3,550,000	307,559	32,025,394
Total interest/profit sensitivity gap	(304,777)	1,548,013	356,043	2,778,691		
Cumulative gap	(304,777)	1,243,236	1,599,279	4,377,970		

42 INTEREST/PROFIT RATE RISK (CONTINUED)

Company - 2019	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
Financial assets						
Cash and short-term funds	230,501	-	-	-	91,499	322,000
Financial asset at FVTPL	141,383	-	-	-	-	141,383
Financial asset at FVOCI	587,652	538,057	500,125	682,859	(128)	2,308,565
Amount due from counterparties	7,491,962	8,527,330	-	637,921	(59)	16,657,154
Islamic financing assets	2,513,118	5,823,131	2,506,636	-	(653)	10,842,232
Mortgage assets:						
- Conventional	879,063	1,114,449	933,455	2,527,182	(617,836)	4,836,313
- Islamic	732,210	967,240	905,246	3,557,112	(651,380)	5,510,428
Hire purchase assets:						
- Conventional	2	-	-	-	(2)	-
- Islamic	147	-	-	-	(11)	136
Other assets	22,854	16,004	492	22,506	38,678	100,534
	12,598,892	16,986,211	4,845,954	7,427,580	(1,139,892)	40,718,745
Financial liabilities						
Other liabilities	126,133	15,677	10,499	-	143,701	296,010
Loan/financing from subsidiaries	2,317,540	277,426	-	-	-	2,594,966
Unsecured bearer bonds and notes	6,767,215	8,124,958	955,000	2,220,068	-	18,067,241
Sukuk	3,764,836	6,030,000	3,630,000	2,425,047	-	15,849,883
	12,975,724	14,448,061	4,595,499	4,645,115	143,701	36,808,100
Total interest/profit sensitivity gap	(376,832)	2,538,150	250,455	2,782,465		
Cumulative gap	(376,832)	2,161,318	2,411,773	5,194,238		

42 INTEREST/PROFIT RATE RISK (CONTINUED)

The table below summarises the sensitivity of the Group's and the Company'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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Impact to equity:				
Financial asset at FVOCI reserves	(99,527)	(76,593)	108,754	82,369
Derivatives financial instruments	-	(36)	-	36
Taxation effects on the above at tax rate of 24%	23,886	18,391	(26,101)	(19,777)
Effect on shareholder's funds	(75,641)	(58,238)	82,653	62,628
As percentage of shareholder's funds	(1.8%)	(1.5%)	2.0%	1.6%
Impact to income statements:				
Net interest income	12,319	5,404	(12,316)	(5,398)
Taxation effects at the rate of 24%	(2,957)	(1,297)	2,956	1,296
Effect on net interest income	9,362	4,107	(9,360)	(4,102)
As percentage of profit after tax	4.2%	1.7%	(4.2%)	(1.7%)

	Company			
	+100 basis		-100 basis	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Impact to equity:				
Financial asset at FVOCI reserve	(99,527)	(76,593)	108,754	82,369
Derivatives financial instruments	-	(36)	-	36
Taxation effects on the above at tax rate of 24%	23,886	18,391	(26,101)	(19,777)
Effect on shareholder's funds	(75,641)	(58,238)	82,653	62,628
As percentage of shareholder's funds	(1.8%)	(1.5%)	2.0%	1.6%
Impact to income statements:				
Net interest income	12,319	5,404	(12,316)	(5,398)
Taxation effects at the rate of 24%	(2,957)	(1,297)	2,956	1,296
Effect on net interest income	9,362	4,107	(9,360)	(4,102)
As percentage of profit after tax	4.2%	1.7%	(4.2%)	(1.7%)

43 CREDIT RISK

43.1 Credit risk concentration

The Group's and the Company's counterparties are mainly the GOM, financial institutions and individuals in Malaysia. The financial institutions are governed by the Financial Services Act 2013, Islamic Financial Services Act 2013 and Development Financial Institutions Act 2002. The financial institutions are subject to periodic review by the BNM. The following tables summarise the Group's and the Company'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)

43 CREDIT RISK (CONTINUED)

43.1 Credit risk concentrations (continued)

Industrial analysis based on its industrial distribution

Group	Cash and short-term funds	Deposits and placements with financial institutions	Derivatives financial instruments	Financial asset at FVTPL	Financial asset at FVOCI	Amount due from counter parties	Islamic financing assets	Mortgage assets-coventional	Mortgage assets-islamic	Hire purchase assets-islamic	Other 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
2020												
Government bodies					1,345,939						415	1,346,354
Financial institutions:												-
- Commercial banks	109,071	102,886	57,904	120,802	30,002	13,397,099	9,322,362					23,140,126
- Development					61,731		340,299					402,030
Communication, electricity, gas and water					166,516							166,516
Transportation					389,730							389,730
Leasing						672,096						672,096
Consumers								4,366,916	5,115,509	34		9,482,459
Corporate				72,664	238,790							311,454
Construction					62,703							62,703
Others					87,905						8,391	96,296
Total	109,071	102,886	57,904	193,466	2,383,316	14,069,195	9,662,661	4,366,916	5,115,509	34	8,806	36,069,764

*Includes prepayment of RM2,387

43 CREDIT RISK (CONTINUED)

43.1 Credit risk concentrations (continued)

Industrial analysis based on its industrial distribution (continued)

Group	Cash and short-term funds RM'000	Derivatives financial instruments RM'000	Financial asset at FVTPL RM'000	Financial asset at FVOCI 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	Total RM'000
2019											
Government bodies	-	-	-	1,069,398	-	-	-	-	-	469	1,069,867
Financial institutions:											
- Commercial banks	247,189	58,422	-	158,961	16,114,189	10,480,965	-	-	-	-	27,059,726
- Investment banks	94,118	-	-	-	-	-	-	-	-	-	94,118
- Development	-	-	-	91,848	-	361,267	-	-	-	-	453,115
Communication, electricity, gas and water	-	-	-	179,509	-	-	-	-	-	-	179,509
Transportation	-	-	-	384,292	-	-	-	-	-	-	384,292
Leasing	-	-	-	-	542,965	-	-	-	-	-	542,965
Consumers	-	-	-	-	-	-	4,836,313	5,510,428	136	-	10,346,877
Corporate	-	-	141,383	221,164	-	-	-	-	-	-	362,547
Construction	-	-	-	35,615	-	-	-	-	-	-	35,615
Others	-	-	-	167,778	-	-	-	-	-	8,978*	176,756
Total	341,307	58,422	141,383	2,308,565	16,657,154	10,842,232	4,836,313	5,510,428	136	9,447	40,705,387

*Includes prepayment of RM2,727

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

43 CREDIT RISK (CONTINUED)

43.1 Credit risk concentrations (continued)

Industrial analysis based on its industrial distribution (continued)

Company	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Derivatives financial instruments RM'000	Financial asset at FVTPL RM'000	Financial asset at FVOCI RM'000	Amount due from counter parties RM'000	Islamic financing assets RM'000	Mortgage assets-coventional RM'000	Mortgage assets-islamic RM'000	Hire purchase assets-islamic RM'000	Other assets RM'000	Total RM'000
2020												
Government bodies					1,345,939						415	1,346,354
Financial institutions:												-
- Commercial banks	89,848	102,886	57,904	120,802	30,002	13,397,099	9,322,362					23,120,903
- Development					61,731		340,299					402,030
Communication, electricity, gas and water					166,516							166,516
Transportation					389,730							389,730
Leasing						672,096						672,096
Consumers								4,366,916	5,115,509	34		9,482,459
Corporate				72,664	238,790							311,454
Construction					62,703							62,703
Others					87,905						11,942	99,847
Total	89,848	102,886	57,904	193,466	2,383,316	14,069,195	9,662,661	4,366,916	5,115,509	34	12,357	36,054,092

*Includes prepayment of RM2,374

43 CREDIT RISK (CONTINUED)

43.1 Credit risk concentrations (continued)

Industrial analysis based on its industrial distribution (continued)

Company	Cash and short-term funds RM'000	Derivatives financial instruments RM'000	Financial asset at FVTPL RM'000	Financial asset at FVOCI 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	Total RM'000
2019											
Government bodies	-	-	-	1,069,398	-	-	-	-	-	469	1,069,867
Financial institutions:											
- Commercial banks	227,882	58,422	-	158,961	16,114,189	10,480,965	-	-	-	-	27,040,419
- Investment banks	94,118	-	-	-	-	-	-	-	-	-	94,118
- Development	-	-	-	91,848	-	361,267	-	-	-	-	453,115
Communication, electricity, gas and water	-	-	-	179,509	-	-	-	-	-	-	179,509
Transportation	-	-	-	384,292	-	-	-	-	-	-	384,292
Leasing	-	-	-	-	542,965	-	-	-	-	-	542,965
Consumers	-	-	-	-	-	-	4,836,313	5,510,428	136	-	10,346,877
Corporate	-	-	141,383	221,164	-	-	-	-	-	-	362,547
Construction	-	-	-	35,615	-	-	-	-	-	-	35,615
Others	-	-	-	167,778	-	-	-	-	-	12,360*	180,138
Total	322,000	58,422	141,383	2,308,565	16,657,154	10,842,232	4,836,313	5,510,428	136	12,829	40,689,462

*Includes prepayment of RM2,678

43 CREDIT RISK (CONTINUED)

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

All amount due from counterparties, Islamic financing assets, mortgage assets and hire purchase 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 amount due from counterparties, Islamic financing asset, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase assets which is not past due and classified under Stage 1 and Stage 2 financial assets.

More than 90 days past due but not individually impaired comprise of amount due from counterparties, Islamic financing asset, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase 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 comprise 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.

43 CREDIT RISK (CONTINUED)

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

Group and Company	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 %
2020							
Amount due from counterparties	14,069,214	-	14,069,214	19	14,069,195	-	-
Islamic financing assets	9,662,760	-	9,662,760	99	9,662,661	-	-
Mortgage assets:							
- Conventional	4,360,127	32,759	4,392,886	25,970	4,366,916	32,759	79
- Islamic	5,112,524	31,431	5,143,955	28,446	5,115,509	31,431	91
Hire purchase assets:							
- Islamic	10	36	46	12	34	36	33
	33,204,635	64,226	33,268,861	54,546	33,214,315	64,226	
2019							
Amount due from counterparties	16,657,213	-	16,657,213	59	16,657,154	-	-
Islamic financing assets	10,842,885	-	10,842,885	653	10,842,232	-	-
Mortgage assets:							
- Conventional	4,826,374	44,932	4,871,306	34,993	4,836,313	44,932	78
- Islamic	5,507,347	38,165	5,545,512	35,084	5,510,428	38,165	92
Hire purchase assets:							
- Conventional	-	2	2	2	-	2	100
- Islamic	112	36	148	12	136	36	33
	37,833,931	83,135	37,917,066	70,803	37,846,263	83,135	

* These assets have been provided for under collective assessment.

43 CREDIT RISK (CONTINUED)

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

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

	Group and Company			
	2020		2019	
	Strong	Total	Strong	Total
	RM'000	RM'000	RM'000	RM'000
Amount due from counterparties	14,069,214	14,069,214	16,657,213	16,657,213
Islamic financing assets	9,662,760	9,662,760	10,842,885	10,842,885
Mortgage assets:				
- Conventional	4,360,127	4,360,127	4,826,374	4,826,374
- Islamic	5,112,534	5,112,534	5,507,347	5,507,347
Hire purchase assets:				
- Islamic	10	10	112	112
	33,204,645	33,204,645	37,833,931	37,833,931

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 and the Company have been identified with strong credit risk quality which has a very high likelihood for full recovery.

43 CREDIT RISK (CONTINUED)

43.2 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 past due but not individually impaired is set out below:

	Group and Company				
	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2020					
Mortgage assets:					
- Conventional	1,384	1,987	1,076	28,312	32,759
- Islamic	1,527	1,868	1,442	26,594	31,431
Hire purchase assets:					
- Islamic	-	-	-	36	36
	2,911	3,855	2,518	54,942	64,226
2019					
Mortgage assets:					
- Conventional	5,093	2,869	1,721	35,249	44,932
- Islamic	5,158	1,665	1,517	29,825	38,165
Hire purchase assets:					
- Conventional	-	-	-	2	2
- Islamic	-	-	-	36	36
	10,251	4,534	3,238	65,112	83,135

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

43 CREDIT RISK (CONTINUED)

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

	Group and Company			
	As at 1 January RM'000	Allowance/ (write-back) made RM'000	Allowance written-off to principal balance outstanding RM'000	As at 31 December RM'000
2020				
Amount due from counterparties	59	(40)		19
Islamic financing assets	653	(554)	-	99
Mortgage assets:				
- Conventional	34,993	(7,900)	(1,123)	25,970
- Islamic	35,084	(6,297)	(341)	28,446
Hire purchase assets:				
- Conventional	2	-	(2)	-
- Islamic	12	-	-	12
	70,803	(14,791)	(1,466)	54,546
2019				
Amount due from counterparties	67	(8)	-	59
Islamic financing assets	627	26	-	653
Mortgage assets:				
- Conventional	28,210	6,838	(55)	34,993
- Islamic	24,261	10,823	-	35,084
Hire purchase assets:				
- Conventional	2	-	-	2
- Islamic	15	(3)	-	12
	53,182	17,676	(55)	70,803

43.3 Amount due from related company

None of these assets are impaired nor past due but not impaired.

43 CREDIT RISK (CONTINUED)

43.4 Credit quality

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

	Group and Company					
2020	GOM RM'000	AAA RM'000	AA1 to AA2/AA+ to AA RM'000	No rating RM'000	Total RM'000	Impairment allowance RM'000
Financial asset at FVOCI						
- Stage 1	1,719,367	423,357	240,592	-	2,383,316	77
Amount due from counterparties						
- Stage 1	-	7,596,290	6,472,924	-	14,069,214	19
Islamic financing assets						
- Stage 1		740,305	8,922,455	-	9,662,760	99
Mortgage assets:						
- Stage 1	-	-	-	4,358,528	4,358,528	15,154
- Stage 2	-	-	-	1,599	1,599	307
- Stage 3	-	-	-	32,759	32,759	10,509
	-	-	-	4,392,886	4,392,886	25,970
Islamic mortgage assets:						
- Stage 1	-	-	-	5,110,791	5,110,791	18,051
- Stage 2	-	-	-	1,733	1,733	312
- Stage 3	-	-	-	31,431	31,431	10,083
	-	-	-	5,143,955	5,143,955	28,446
Islamic hire purchase asset						
- Stage 1	-	-	-	10	10	-
- Stage 3	-	-	-	36	36	12
	-	-	-	46	46	12

43 CREDIT RISK (CONTINUED)

43.4 Credit quality

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

	Group and Company					
2019	GOM RM'000	AAA RM'000	AA1 to AA2/AA+ to AA RM'000	No rating RM'000	Total RM'000	Impairment allowance RM'000
Financial asset at FVOCI						
- Stage 1	514,044	1,459,617	289,788	-	2,263,449	128
- Stage 3	-	45,244	-	-	45,244	-
	514,044	1,504,861	289,788	-	2,308,693	128
Amount due from counterparties						
- Stage 1	-	11,070,691	5,586,522	-	16,657,213	59
Islamic financing assets						
- Stage 1	-	2,268,430	8,574,455	-	10,842,885	653
Mortgage assets:						
- Stage 1	-	-	-	4,805,936	4,805,936	17,640
- Stage 2	-	-	-	20,438	20,438	2,932
- Stage 3	-	-	-	44,932	44,932	14,421
	-	-	-	4,871,306	4,871,306	34,993
Islamic mortgage assets:						
- Stage 1	-	-	-	5,491,772	5,491,772	20,351
- Stage 2	-	-	-	15,575	15,575	2,497
- Stage 3	-	-	-	38,165	38,165	12,236
	-	-	-	5,545,512	5,545,512	35,084
Hire purchase asset						
- Stage 3	-	-	-	2	2	2
Islamic hire purchase asset						
- Stage 1	-	-	-	112	112	-
- Stage 3	-	-	-	36	36	12
	-	-	-	148	148	12

43 CREDIT RISK (CONTINUED)

43.5 Credit risk mitigation

The Group and the Company closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group and the Company 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
2020				
Mortgage asset				
- Conventional	4,392,886	(25,970)	4,366,916	19,058,068
- Islamic	5,143,955	(28,446)	5,115,509	14,623,943
	9,536,841	(54,416)	9,482,425	33,682,011
2019				
Mortgage asset				
- Conventional	4,871,306	(34,993)	4,836,313	20,184,706
- Islamic	5,545,512	(35,084)	5,510,428	16,354,136
	10,416,818	(70,077)	10,346,741	36,538,842

43 CREDIT RISK (CONTINUED)

43.6 Offsetting financial instruments

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

	Group and Company					
				Related amounts not set off in the statement of financial position		
	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets set off in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Financial instrument	Cash collateral placed	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020						
Derivatives financial liabilities	(45,963)	-	(45,963)	-	-	(45,963)
2019						
Derivatives financial liabilities	(152,309)	-	(152,309)	-	-	(152,309)

44 LIQUIDITY RISK

44.1 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.

44 LIQUIDITY RISK (CONTINUED)

44.2 Liquidity pool

The liquidity pool comprised the following cash and unencumbered assets:

	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial asset at FVTPL RM'000	Financial asset at FVOCI RM'000	Derivatives financial instruments RM'000	Amount due from counter-parties RM'000	Islamic financial-assets RM'000	Mortgage assets RM'000	Islamic mortgage assets RM'000	Other available liquidity RM'000	Total RM'000
Group											
2020	109,071	102,886	193,466	2,383,316	57,904	14,069,195	9,662,661	4,366,916	5,115,509	6,453	36,067,377
2019	341,307	-	141,383	2,308,565	58,422	16,657,154	10,842,232	4,836,313	5,510,428	6,905	40,702,709
Company											
2020	89,848	102,886	193,466	2,383,316	57,904	14,069,195	9,662,661	4,366,916	5,115,509	10,016	36,051,717
2019	322,000	-	141,383	2,308,565	58,422	16,657,154	10,842,232	4,836,313	5,510,428	10,287	40,686,784

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

44 LIQUIDITY RISK (CONTINUED)

44.3 Contractual maturity of financial liabilities

The table below presents the cash flows payable by the Group and the Company under financial liabilities by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are contractual undiscounted cash flow, whereas the Group and the Company manage 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
2020						
Financial liabilities						
Unsecured bearer bonds and notes	451,740	1,361,537	5,966,897	9,362,359	1,886,402	19,028,935
Sukuk	306,672	1,957,445	2,631,008	8,578,556	2,455,570	15,929,251
Other liabilities	130,788	2,106	-	-	-	132,894
	889,200	3,321,088	8,597,905	17,940,915	4,341,972	35,091,080
Assets held for managing liquidity risk	565,436	2,471,462	9,875,649	20,140,893	7,760,615	40,814,055
2019						
Financial liabilities						
Unsecured bearer bonds and notes	2,568	394,605	8,517,651	9,357,295	4,482,422	22,754,541
Sukuk	-	-	3,637,521	9,660,000	5,017,007	18,314,528
Other liabilities	119,911	1,777	-	-	-	121,688
	122,479	396,382	12,155,172	19,017,295	9,499,429	41,190,757
Assets held for managing liquidity risk	750,286	1,611,943	9,727,322	21,692,305	7,695,756	41,477,612

44 LIQUIDITY RISK (CONTINUED)

44.3 Contractual maturity of financial liabilities

Company	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
2020						
Financial liabilities						
Unsecured bearer bonds and notes	450,984	1,361,537	5,288,003	9,362,359	1,886,402	18,349,285
Sukuk	306,672	1,957,445	2,631,008	8,578,556	2,455,570	15,929,251
Loans/financing from subsidiaries	862	-	677,930	-	-	678,792
Other liabilities	130,788	2,106	-	-	-	132,894
	889,306	3,321,088	8,596,941	17,940,915	4,341,972	35,090,222
Assets held for managing liquidity risk	549,778	2,471,462	9,875,649	20,140,893	7,760,615	40,798,397
2019						
Financial liabilities						
Unsecured bearer bonds and notes	-	395,000	6,203,375	9,079,958	4,482,422	20,160,755
Sukuk	-	-	3,637,521	9,660,000	5,017,007	18,314,528
Loans/financing from subsidiaries	2,619	-	2,314,921	277,426	-	2,594,966
Other liabilities	119,574	1,777	-	-	-	121,351
	122,193	396,777	12,155,817	19,017,384	9,499,429	41,191,600
Assets held for managing liquidity risk	734,410	1,611,943	9,727,322	21,692,305	7,695,756	41,461,736

44 LIQUIDITY RISK (CONTINUED)

44.4 Derivative liabilities

The Group and the Company's derivatives comprise IRS, IPRS, CCS and ICCS entered by the Group and the Company for which cash flows are exchanged for hedging purposes.

The following table analyses the Group and the Company's derivatives financial liabilities that will be settled on a net basis 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 and Company					
	On demand up to one month	One to three months	One to twelve months	Over five years	five years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020						
Net settled derivatives						
Derivatives held for hedging:						
IRS/IPRS	(1,016)	(5,553)	4,080	(6,053)	43,556	35,014
Gross settled derivatives						
Derivatives held for hedging:						
CCS/ICCS						
- Outflow	(3,433)	-	(1,028,926)	-	-	(1,032,359)
- Inflow	66	-	592,905	-	-	592,971
2019						
Net settled derivatives						
Derivatives held for hedging:						
IRS/IPRS	-	(4,573)	12,791	(6,664)	19,452	21,006
Gross settled derivatives						
Derivatives held for hedging:						
CCS/ICCS						
- Outflow	-	-	(2,714,476)	-	-	(2,714,476)
- Inflow	-	-	2,460,503	168,044	-	2,628,547

45 FOREIGN EXCHANGE RISK

The Group and the Company are exposed to translation foreign exchange rate on its PWR assets and unsecured bearer bonds and notes 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 and the Company take minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group and the Company manage its exposure by entering into derivatives contracts.

45.1 Exposure to foreign currency risk

			Group
	HKD RM'000	USD RM'000	SGD RM'000
2020			
Derivatives financial instruments	165,763	113,083	395,772
Unsecured bearer bonds and notes	163,218	112,781	395,401
2019			
Derivatives financial instruments	355,910	1,550,156	694,748
Unsecured bearer bonds and notes	352,201	1,553,180	688,405

			Company
	HKD RM'000	USD RM'000	SGD RM'000
2020			
Derivatives financial instruments	165,763	113,083	395,772
Loans/financing from subsidiary	163,296	112,839	395,624
2019			
Derivatives financial instruments	355,910	1,550,156	694,748
Loans/financing from subsidiary	352,503	1,553,622	688,841

45 FOREIGN EXCHANGE RISK (CONTINUED)

45.2 Currency risk sensitivity analysis

A 1% weakening of the Ringgit Malaysia against the following currencies as at the date of statement of financial position would have increased equity and profit for the financial year as summarised in table below. The sensitivity analysis is based on foreign currency exchange rate variances that the Group and the Company 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/ICCS.

	Group		Company	
	Equity RM'000	Profit RM'000	Equity RM'000	Profit RM'000
2020				
HKD	19	-	19	-
USD	2	-	2	-
SGD	1	-	1	-
	22	-	22	-
2019				
HKD	28	-	28	-
USD	(25)	-	(25)	-
SGD	45	1	45	1
	48	1	48	1

46 FAIR VALUE OF FINANCIAL INSTRUMENTS

46.1 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 derivatives 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 the financial asset 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 the 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).

46 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	Group and Company			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
Assets				
Financial asset at FVOCI	-	2,383,316	-	2,383,316
Financial asset at FVTPL	-	193,466	-	193,466
Derivatives financial instruments	-	57,904	-	57,904
Liabilities				
Derivatives financial instruments	-	45,963	-	45,963
2019				
Assets				
Financial asset at FVOCI	-	2,308,565	-	2,308,565
Financial asset at FVTPL	-	141,383	-	141,383
Derivatives financial instruments	-	58,422	-	58,422
Liabilities				
Derivatives financial instruments	-	152,309	-	152,309

46.2 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 short-term funds and deposits and placements with financial institutions

The carrying amount of cash and short-term funds and deposits and placements with financial institutions are used as reasonable estimate of fair values as the maturity is less than or equal to one year.

(b) Other financial assets

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

46 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(c) Amount due from related company and subsidiaries

The fair value of amount due from related company is estimated at their carrying amount due to short tenure of less than one year.

(d) 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.

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

	Group			
	2020		2019	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial assets				
Amount due from counterparties	14,069,195	14,306,042	16,657,154	16,928,121
Islamic financing assets	9,662,661	9,746,090	10,842,232	10,913,242
Mortgage assets:				
- Conventional	4,366,916	5,120,149	4,836,313	5,524,220
- Islamic	5,115,509	6,104,280	5,510,428	6,386,388
Islamic hire purchase assets	34	48	136	250
	33,214,315	35,276,609	37,846,263	39,752,221
Financial liabilities				
Unsecured bearer bonds and notes	17,482,979	18,236,203	20,661,027	21,377,151
Sukuk	14,063,392	14,886,518	15,849,883	16,494,980
	31,546,371	33,122,721	36,510,910	37,872,131

46 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	Company			
	2020		2019	
	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial assets				
Amount due from counterparties	14,069,195	14,306,042	16,657,154	16,928,121
Islamic financing assets	9,662,661	9,746,090	10,842,232	10,913,242
Mortgage assets:				
- Conventional	4,366,916	5,120,149	4,836,313	5,524,220
- Islamic	5,115,509	6,104,280	5,510,428	6,386,388
Islamic hire purchase assets	34	48	136	250
	33,214,315	35,276,609	37,846,263	39,752,221
Financial liabilities				
Unsecured bearer bonds and notes	16,811,578	17,560,752	18,067,241	18,724,109
Sukuk	14,063,392	14,886,518	15,849,883	16,494,980
Loans/financing from subsidiaries	671,757	681,388	2,594,966	2,628,073
	31,546,727	33,128,658	36,512,090	37,847,162

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.

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.

46 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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 unsecured bearer bonds and notes and sukuk are derived at using the present value of future cash flows discounted based on the coupon rate at the statement of financial position date and, is therefore within Level 3 of the fair value hierarchy.

47 SEGMENT REPORTING

The Chief Executive Officer (the chief operating decision maker) of the Company makes strategic decisions and allocation of resources on behalf of the Group and the Company. 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 and the Company purchase 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 and the Company. 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 and the Company purchase 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.

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.

47 SEGMENT REPORTING (CONTINUED)

(b) PWOR (continued)

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

2020	PWR RM'000	PWOR RM'000	Group Total RM'000
External revenue	1,096,225	632,876	1,729,101
External interest/profit expense	(894,783)	(498,217)	(1,393,000)
Profit from operations	165,530	135,861	301,391
Zakat	(897)	(358)	(1,255)
Taxation	(44,069)	(32,145)	(76,214)
Profit after taxation and zakat by Segment	120,564	103,358	223,922
Segment assets	25,874,052	10,310,229	36,184,281
Segment liabilities	23,015,581	9,009,907	32,025,488
Other information:			
Capital expenditure	2,485	991	3,476
Depreciation and amortisation	4,380	1,747	6,127

47 SEGMENT REPORTING (CONTINUED)

(b) PWOR (continued)

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

2019	PWR RM'000	PWOR RM'000	Group Total RM'000
External revenue	1,313,343	713,207	2,026,550
External interest/profit expense	(1,058,954)	(531,558)	(1,590,512)
Profit from operations	164,724	153,274	317,998
Zakat	(673)	(253)	(926)
Taxation	(50,927)	(25,745)	(76,672)
Profit after taxation and zakat by Segment	113,124	127,276	240,400
Segment assets	29,613,843	11,120,827	40,734,670
Segment liabilities	26,280,811	10,527,617	36,808,428
Other information:			
Capital expenditure	2,291	861	3,152
Depreciation and amortisation	4,599	1,728	6,327

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

47 SEGMENT REPORTING (CONTINUED)

(b) PWOR (continued)

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

2020			Company
	PWR	PWOR	Total
	RM'000	RM'000	RM'000
External revenue	1,096,225	632,876	1,729,101
Internal interest/profit expense	(37,479)	-	(37,479)
External interest/profit expense	(857,677)	(498,217)	(1,355,894)
Total interest/profit expense	(895,156)	(498,217)	(1,393,373)
Profit from operations	165,507	135,861	301,368
Zakat	(897)	(358)	(1,255)
Taxation	(44,027)	(32,145)	(76,172)
Profit after taxation and zakat by segment	120,583	103,358	223,941
Segment assets	25,858,383	10,310,226	36,168,609
Segment liabilities	23,015,488	9,009,906	32,025,394
Other information:			
Capital expenditure	2,485	991	3,476
Depreciation and amortisation	4,380	1,747	6,127

47 SEGMENT REPORTING (CONTINUED)

(b) PWOR (continued)

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

			Company
2020	PWR	PWOR	Total
	RM'000	RM'000	RM'000
External revenue	1,313,343	713,207	2,026,550
Internal interest/profit expense	(129,954)	-	(129,954)
External interest/profit expense	(934,100)	(531,558)	(1,465,658)
Total interest/profit expense	(1,064,054)	(531,558)	(1,595,612)
Profit from operations	159,979	153,274	313,253
Zakat	(673)	(253)	(926)
Taxation	(49,756)	(25,746)	(75,502)
Profit after taxation and zakat by segment	109,550	127,275	236,825
Segment assets	29,597,920	11,120,825	40,718,745
Segment liabilities	26,280,483	10,527,617	36,808,100
Other information:			
Capital expenditure	2,291	861	3,152
Depreciation and amortisation	4,599	1,728	6,327

48 CAPITAL ADEQUACY

The Group's and the Company's objectives when managing capital, which is a broader concept than the "equity" on the face of the statement 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 shareholder 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 comprise 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.

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
Before deducting proposed final dividend*				
CET1 capital ratio	43.6	29.3	43.4	29.1
Tier 1 capital ratio	43.6	29.3	43.4	29.1
Total capital ratio	45.3	30.7	45.1	30.5
After deducting proposed final dividend*				
CET1 capital ratio	43.4	29.1	43.2	29.0
Tier 1 capital ratio	43.4	29.1	43.2	29.0
Total capital ratio	45.0	30.5	44.9	30.4

* *Refers to proposed final dividend which will be declared after the financial year.*

48 CAPITAL ADEQUACY

Components of CET1, Tier 1 and Tier 2 capital:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
CET1/Tier 1 capital				
Issued capital	150,000	150,000	150,000	150,000
Retained profits	3,925,320	3,731,398	3,909,742	3,715,801
	4,075,320	3,881,398	4,059,742	3,865,801
Financial asset at FVOCI reserves	32,585	16,909	32,585	16,909
Deferred tax assets	(23,330)	(17,451)	(23,330)	(17,451)
Less: Regulatory reserves	(99,778)	(109,779)	(99,778)	(109,779)
	3,984,797	3,771,077	3,969,219	3,755,480
Tier 2 capital				
Allowance for impairment losses	54,623	71,037	54,623	71,037
Add: Regulatory reserves	99,778	109,779	99,778	109,779
Total Tier 2 capital	154,401	180,816	154,401	180,816
Total capital	4,139,198	3,951,893	4,123,620	3,936,296

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Credit risk	8,464,774	12,197,228	8,464,480	12,196,749
Operational risk	673,290	694,875	673,290	694,875
Total risk-weighted assets	9,138,064	12,892,103	9,137,770	12,891,624

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

49 ISLAMIC OPERATIONS

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Cash and short-term funds	(a)	53,643	136,916	53,633	136,900
Financial asset at fair value through other comprehensive income (FVOCI)	(b)	319,278	461,841	319,278	461,841
Financial asset at fair value through profit or loss (FVTPL)		120,802	-	120,802	-
Derivative financial instruments		-	1,711	-	1,711
Financing assets	(c)	9,662,661	10,842,232	9,662,661	10,842,232
Mortgage assets	(d)	5,113,267	5,507,533	5,113,267	5,507,533
Hire purchase assets	(e)	26	132	26	132
Other assets and prepayments		289,112	289,358	291,524	291,756
Tax recoverable		40,462	-	40,462	-
TOTAL ASSETS		15,599,251	17,239,723	15,601,653	17,242,105
LIABILITIES					
Derivative financial instruments		9,287	4,369	9,287	4,369
Other liabilities	(f)	10,473	9,989	9,270	8,918
Provision for taxation		-	4,168	-	4,168
Deferred taxation		86,943	26,238	86,943	26,238
Sukuk	(g)	14,063,392	15,849,883	14,063,392	15,849,883
TOTAL LIABILITIES		14,170,095	15,894,647	14,168,892	15,893,576
ISLAMIC OPERATIONS' FUNDS		1,429,156	1,345,076	1,432,761	1,348,529
TOTAL LIABILITIES AND ISLAMIC OPERATIONS' FUNDS		15,599,251	17,239,723	15,601,653	17,242,105

49 ISLAMIC OPERATIONS (CONTINUED)

INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Total income attributable		770,621	777,833	770,621	777,833
Income attributable to the sukuk holders	(h)	(659,015)	(641,755)	(659,015)	(641,755)
Non-profit income/ (expense)		943	(2,420)	943	(2,420)
Total net income attributable	(i)	112,549	133,658	112,549	133,658
Administration and general expenses		(2,466)	(108)	(2,314)	24
Write-back/(allowance) of impairment losses	(j)	6,971	(11,001)	6,971	(11,001)
PROFIT BEFORE TAXATION AND ZAKAT		117,054	122,549	117,206	122,681
Zakat		(1,255)	(926)	(1,255)	(926)
Taxation		(30,173)	(58,946)	(30,173)	(58,946)
PROFIT FOR THE FINANCIAL YEAR		85,626	62,677	85,778	62,809

49 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit for the financial year	85,626	62,677	85,778	62,809
Other comprehensive income:				
Items that may be subsequently reclassified to income statement				
Financial asset at FVOCI				
- Net gain on fair value changes before taxation	3,875	4,505	3,875	4,505
- Deferred taxation	(929)	(1,082)	(929)	(1,082)
Cash flow hedge				
- Net gain on cash flow hedge before taxation	(5,911)	766	(5,911)	766
- Deferred taxation	1,419	(184)	1,419	(184)
Other comprehensive loss/ (gain) for the financial year net of taxation	(1,546)	4,005	(1,546)	4,005
Total comprehensive income for the financial year	84,080	66,682	84,232	66,814

49 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CHANGES IN ISLAMIC OPERATIONS' FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Non-distributable			Distributable	
Group	Allocated capital funds	Financial asset at FVOCI reserve	Cashflow hedge reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	294,159	3,907	(2,157)	58,561	990,606	1,345,076
Profit for the financial year	-	-	-	-	85,626	85,626
Other comprehensive income	-	2,946	(4,492)	-	-	(1,546)
Total comprehensive income for the financial year	-	2,946	(4,492)	-	85,626	84,080
Transfer to retained profits	-	-	-	(4,626)	4,626	-
Balance as at 31 December 2020	294,159	6,853	(6,649)	53,935	1,080,858	1,429,156
Balance as at 1 January 2019	294,159	484	(2,739)	76,013	910,477	1,278,394
Profit for the financial year	-	-	-	-	62,677	62,677
Other comprehensive income	-	3,423	582	-	-	4,005
Total comprehensive income for the financial year	-	3,423	582	-	62,677	66,682
Transfer to retained profits	-	-	-	(17,452)	17,452	-
Balance as at 31 December 2019	294,159	3,907	(2,157)	58,561	990,606	1,345,076

49 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CHANGES IN ISLAMIC OPERATIONS' FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

		Non-distributable			Distributable	
Company	Allocated capital funds	Financial asset at FVOCI reserve	Cashflow hedge reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	294,159	3,907	(2,157)	58,561	994,059	1,348,529
Profit for the financial year	-	-	-	-	85,778	85,778
Other comprehensive Income	-	2,946	(4,492)	-	-	(1,546)
Total comprehensive income for the financial year	-	2,946	(4,492)	-	85,778	84,232
Transfer to retained profits	-	-	-	(4,626)	4,626	-
Balance as at 31 December 2020	294,159	6,853	(6,649)	53,935	1,084,463	1,432,761
Balance as at 1 January 2019	294,159	484	(2,739)	76,013	913,798	1,281,715
Profit for the financial year	-	-	-	-	62,809	62,809
Other comprehensive Income	-	3,423	582	-	-	4,005
Total comprehensive income for the financial year	-	3,423	582	-	62,809	66,814
Transfer to retained profits	-	-	-	(17,452)	17,452	-
Balance as at 31 December 2019	294,159	3,907	(2,157)	58,561	994,059	1,348,529

49 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
OPERATING ACTIVITIES				
Profit before taxation	117,054	122,549	117,206	122,681
Adjustments for investment items and items not involving the movement of cash and cash equivalents:				
Amortisation of premium less accretion of discount on:				
Financial asset at FVOCI	(6,255)	(4,568)	(6,255)	(4,568)
Sukuk	(7,568)	(13,149)	(7,568)	(13,149)
Accretion of discount on:				
Mortgage assets	(86,903)	(94,913)	(86,903)	(94,913)
Hire purchases	-	-	-	-
Allowance/(write-back) of impairment losses on:				
Cash and short-term funds	(105)	105	(105)	105
Financial asset at FVOCI	(7)	9	(7)	9
Financing assets	(554)	67	(554)	67
Mortgage assets and hire purchase assets	(6,636)	10,820	(6,636)	10,820
Income from:				
Financial asset at FVOCI	(11,829)	(10,788)	(11,829)	(10,788)
- Islamic operations	(660,654)	(667,559)	(660,654)	(667,559)
Income from derivatives	(39,284)	(46,307)	(39,284)	(46,307)
Profit attributable to Sukuk holders	666,583	641,755	666,583	641,755
Profit attributable to derivatives	38,293	47,423	38,293	47,423
Gain on disposal of financial asset at FVOCI	(670)	(22)	(670)	(22)
Operating loss before working capital changes	1,465	(14,578)	1,617	(14,446)

49 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Change in financing assets	1,169,597	(1,354,168)	1,169,597	(1,354,168)
Change in mortgage assets	478,968	494,034	478,968	494,034
Change in hire purchase assets	106	158	106	158
Change in other assets and prepayments	353	(786,316)	339	(786,409)
Change in derivatives	-	(3,532)	-	(3,532)
Change in other liabilities	154	(661)	22	(677)
Cash utilised in operating activities	1,650,643	(1,665,063)	1,650,649	(1,665,040)
Profit received from assets	679,217	1,464,598	679,217	1,464,598
Profit received from derivatives	45,712	49,957	45,712	49,957
Profit paid on derivatives	(44,003)	(48,042)	(44,003)	(48,042)
Payment of:				
Taxation	(13,609)	(25,134)	(13,609)	(25,134)
Zakat	(926)	(734)	(926)	(734)
Net cash generated from/ (utilised in) operations	2,317,034	(224,418)	2,317,040	(224,395)
INVESTING ACTIVITIES				
Purchase of financial asset at FVTPL	(280,000)	-	(280,000)	-
Purchase of financial asset at FVOCI	(1,717,161)	(1,110,495)	(1,717,161)	(1,110,495)
Net proceeds from sale/ redemption of financial asset at FVTPL	159,402		159,402	-
Net proceeds from sale/ redemption of financial asset at FVOCI	1,870,956	1,003,564	1,870,956	1,003,564
Income received from financial asset at FVTPL	598	-	598	-
Income received from financial asset at FVOCI	11,404	11,045	11,404	11,045
Net cash generated from/ (utilised in) investing activities	45,199	(95,886)	45,199	(95,886)

49 ISLAMIC OPERATIONS (CONTINUED)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
FINANCING ACTIVITY				
Proceed from issuance of Sukuk	3,085,000	3,995,000	3,085,000	3,995,000
Redemption of Sukuk	(4,845,000)	(2,932,000)	(4,845,000)	(2,932,000)
Repayment of financing from subsidiary		-		-
Profit paid to sukuk holders	(685,506)	(650,195)	(685,506)	(650,195)
Net cash (utilised in)/ generated from financing activity	(2,445,506)	412,805	(2,445,506)	412,805
Net change in cash and cash equivalents	(83,273)	92,501	(83,267)	92,524
Cash and cash equivalents as at 1 January	136,916	44,415	136,900	44,376
Cash and cash equivalents as at 31 December	53,643	136,916	53,633	136,900

Group and Company	Sukuk	Total
	RM'000	RM'000
2020		
As at 1 January	15,849,883	15,849,883
Proceeds from issuance	3,085,000	3,085,000
Repayment and redemption	(4,845,000)	(4,845,000)
Profit paid	(685,506)	(685,506)
Other non-cash movement	659,015	659,015
As at 31 December	14,063,392	14,063,392
2019		
As at 1 January	14,808,472	14,808,472
Proceeds from issuance	3,995,000	3,995,000
Repayment and redemption	(2,932,000)	(2,932,000)
Profit paid	(650,195)	(650,195)
Other non-cash movement	628,606	628,606
As at 31 December	15,849,883	15,849,883

49 ISLAMIC OPERATIONS (CONTINUED)

(a) *Cash and short-term funds*

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances with bank and other financial institutions	180	638	170	622
Mudharabah money at call and deposit placements maturing within one month	53,463	136,383	53,463	136,383
	53,643	137,021	53,633	137,005
Less: Allowance for impairment losses	-	(105)	-	(105)
	53,643	136,916	53,633	136,900

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

	Group and Company	
	2020	2019
	RM'000	RM'000
Stage 1		
As at 1 January	105	-
Allowance during the year on new investments	(105)	105
As at 31 December	-	105

49 ISLAMIC OPERATIONS (CONTINUED)

(b) *Financial asset at FVOCI*

	Group and Company	
	2020	2019
	RM'000	RM'000
At fair value:		
Sukuk	107,561	73,908
Government investment issues	123,159	214,409
Quasi Government Sukuk	88,558	173,524
	319,278	461,841

The maturity structure of financial asset at FVOCI as follows:

	2020	2019
Maturing within one year	99,139	281,479
One to three years	119,458	81,270
Three to five years	20,880	67,077
More than five years	79,801	32,024
	319,278	461,850
Less:		
Allowance for impairment losses	-	(9)
	319,278	461,841

The carrying amount of debt instruments at FVOCI is equivalent to their fair value. In 2020, 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 asset at FVOCI by stage of allocation are as follows:

By stage of allocation:	Gross carrying value RM'000	Impairment allowance RM'000
2020		
Stage 1 (12-month ECL; non-credit impaired)	319,278	3
2019		
Stage 1 (12-month ECL; non-credit impaired)	461,841	9

49 ISLAMIC OPERATIONS (CONTINUED)

(b) *Financial asset at FVOCI (continued)*

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

	Group and Company	
	2020	2019
	RM'000	RM'000
Stage 1		
As at 1 January	9	-
Allowance during the year on new assets purchased	3	-
Loans derecognised during the year due to maturity of assets	(9)	-
(Write-back)/allowance during the year due to changes in credit risk	-	9
As at 31 December	3	9

(c) *Financing assets*

House financing	9,662,661	10,842,232

The maturity structure of financing assets are as follows:

Maturing within one year	3,528,607	2,513,118
One to three years	5,218,907	5,823,131
Three to five years	915,246	2,506,636
	9,662,760	10,842,885
Less:		
Allowance for impairment losses	(99)	(653)
	9,662,661	10,842,232

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

	Group and Company	
	2020	2019
	RM'000	RM'000
As at 1 January	653	586
Allowance during the year on new assets purchased	3	87
Loans derecognised during the year due to maturity of assets	(3)	(4)
Allowance during the year due to changes in credit risk	(554)	(16)
As at 31 December	99	653

49 ISLAMIC OPERATIONS (CONTINUED)

(d) *Mortgage assets*

	Group and Company	
	2020	2019
	RM'000	RM'000
PWOR	5,113,267	5,507,533

The maturity structure of mortgage assets are as follows:

	2020 RM'000	2019 RM'000
Maturing within one year	637,154	637,777
One to three years	805,470	816,574
Three to five years	765,669	785,595
More than five years	2,933,415	3,302,664
	5,141,708	5,542,610
Less:		
Allowance for impairment losses	(28,441)	(35,077)
	5,113,267	5,507,533

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

By stage of allocation:	Gross carrying value RM'000	Impairment allowance RM'000
2020		
Stage 1 (12-month ECL; non-credit impaired)	5,108,544	18,046
Stage 2 (Lifetime ECL; non-credit impaired)	1,733	312
Stage 3 (Lifetime ECL; credit impaired)	31,431	10,083
As at 31 December	5,141,708	28,441
Impairment allowance over gross carrying value (%)		0.55
2019		
Stage 1 (12-month ECL; non-credit impaired)	5,490,661	20,344
Stage 2 (Lifetime ECL; non-credit impaired)	15,036	2,497
Stage 3 (Lifetime ECL; credit impaired)	36,913	12,236
As at 31 December	5,542,610	35,077
Impairment allowance over gross carrying value (%)		0.63

49 ISLAMIC OPERATIONS (CONTINUED)

(d) Mortgage assets (continued)

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

	Group and Company			
2020	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	20,344	2,497	12,236	35,077
Transfer between stages:				
Transfer to 12-month ECL (Stage 1)	100	(1,964)	(4,143)	(6,007)
Transfer to ECL not credit impaired (Stage 2)	(7)	299	(34)	258
Transfer to ECL credit impaired (Stage 3)	(55)	(126)	4,695	4,514
Total transfer between stages	38	(1,791)	518	(1,235)
Financing derecognised during the year (other than write-offs)	(685)	(374)	(2,265)	(3,324)
Allowance/ (write-back) during the year due to changes in credit risk	(1,651)	(20)	(65)	(1,736)
Amount written-off	-	-	(341)	(341)
As at 31 December	18,046	312	10,083	28,441

49 ISLAMIC OPERATIONS (CONTINUED)

(d) Mortgage assets (continued)

The impairment allowance by stage allocation and movement in impairment allowances that reflects the ECL model on impairment are as follows (continued):

	Group and Company			
2019	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	8,477	775	15,002	24,254
Transfer between stages:				
Transfer to 12-month ECL (Stage 1)	7,951	(2,430)	(5,521)	-
Transfer to ECL not credit impaired (Stage 2)	(298)	648	(350)	-
Transfer to ECL credit impaired (Stage 3)	(6,057)	(72)	6,129	-
Total transfer between stages	1,596	(1,854)	258	-
Financing derecognised during the year (other than write-offs)	(168)	(37)	(2,109)	(2,314)
Allowance/ (write-back) during the year due to changes in credit risk	10,439	3,613	(915)	13,137
As at 31 December	20,344	2,497	12,236	35,077

49 ISLAMIC OPERATIONS (CONTINUED)

(e) Hire purchase assets

	Group and Company	
	2020	2019
	RM'000	RM'000
PWOR	26	132

The maturity structure of hire purchase assets are as follows:

Maturing within one year	37	143
Less: Allowance for impairment losses	(11)	(11)
	26	132

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

By stage of allocation:	Gross carrying value RM'000	Impairment allowance RM'000
2020		
Stage 1 (12-month ECL; non-credit impaired)	3	-
Stage 3 (Lifetime ECL; credit impaired)	34	11
As at 31 December	37	11
Impairment allowance over gross carrying value (%)		29.73
2019		
Stage 1 (12-month ECL; non-credit impaired)	107	-
Stage 3 (Lifetime ECL; credit impaired)	36	11
As at 31 December	143	11
Impairment allowance over gross carrying value (%)		7.69

49 ISLAMIC OPERATIONS (CONTINUED)

(e) *Hire purchase assets*

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

	Group		
	Stage 1 RM'000	Stage 3 RM'000	Total RM'000
2020			
As at 1 January	-	11	11
Financing derecognised during the year (other than write-offs)	-	-	-
Allowance during the year due to changes in credit risk	-	-	-
As at 31 December	-	11	11
2019			
As at 1 January	-	14	14
Financing derecognised during the year (other than write-offs)	-	(10)	(10)
Allowance during the year due to changes in credit risk	-	7	7
As at 31 December	-	11	11

(f) *Other liabilities*

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Zakat	2,106	1,777	2,106	1,777
Other payables	8,367	8,212	7,164	7,141
	10,473	9,989	9,270	8,918

49 ISLAMIC OPERATIONS (CONTINUED)

(g) *Sukuk*

	Group and Company 2020 RM'000	Group and Company 2019 RM'000
Commercial papers	847,256	906,587
Medium-term notes	13,216,135	14,943,296
	14,063,391	15,849,883

The maturity structure of sukuk are as follows:

	2020 RM'000	2019 RM'000
Maturing within one year	4,498,391	3,764,836
One to three years	6,005,000	6,030,000
Three to five years	1,590,000	3,630,000
More than five years	1,970,000	2,425,047
	14,063,391	15,849,883

(h) *Income attributable to the sukuk holders*

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Mortgage assets	229,661	248,687	229,661	248,687
Hire purchase assets	140	188	140	188
Financing assets	429,214	392,880	429,214	392,880
	659,015	641,755	659,015	641,755
Income attributable to sukuk holders analysed by concept:				
Bai Al-Dayn	659,015	641,755	659,015	641,755

49 ISLAMIC OPERATIONS (CONTINUED)

(i) Total net income attributable

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Income from:				
Mortgage assets	82,332	98,793	82,332	98,793
Hire purchase assets	(178)	(182)	(178)	(182)
Financing assets	5,588	17,792	5,588	17,792
Financial asset at FVOCI	18,753	15,356	18,753	15,356
Financial asset at FVTPL	800	-	800	-
Deposit and placements with financial institutions	4,311	4,319	4,311	4,319
Non-profit expense	943	(2,420)	943	(2,420)
	112,549	133,658	112,549	133,658

Total net income attributable analysed by concept are as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Bai Al-Dayn	89,485	113,983	89,485	113,983
Murabahah	9,138	9,953	9,138	9,953
Ijarah	355	210	355	210
Mudharabah	7,579	3,600	7,579	3,600
Musyarakah	1,975	1,962	1,975	1,962
Wakalah	628	1,950	628	1,950
Bai Bithaman Ajil	332	-	332	-
Tawarruq	1,840	-	1,840	-
Qard Al-Hasan	1,217	2,000	1,217	2,000
	112,549	133,658	112,549	133,658

(j) Capital adequacy

	Group 2020 %	Group 2019 %	Company 2020 %	Company 2019 %
Before deducting proposed final dividend*				
CET1	29.3	19.8	29.3	19.8
Tier 1 capital ratio	29.3	19.8	29.3	19.8
Total capital ratio	31.0	21.2	31.1	21.3
After deducting proposed* final dividend				
CET1 capital ratio	29.3	19.8	29.3	19.8
Tier 1 capital ratio	29.3	19.8	29.3	19.8
Total capital ratio	31.0	21.2	31.1	21.3

49 ISLAMIC OPERATIONS (CONTINUED)

(k) Capital adequacy (continued)

Components of CET1, Tier 1 and Tier 2 capital:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
CET1/Tier 1 capital:				
Allocated capital funds	294,159	294,159	294,159	294,159
Retained profits*	1,134,793	1,049,167	1,138,398	1,052,620
	1,428,952	1,343,326	1,432,557	1,346,779
Financial asset at FVOCI reserves	3,084	1,758	3,084	1,758
Deferred tax assets	(9,367)	(5,985)	(9,367)	(5,985)
Less: Regulatory reserves	(53,935)	(58,561)	(53,935)	(58,561)
Total CET1/Tier 1 capital	1,368,734	1,280,538	1,372,339	1,283,991
Tier 2 capital:				
Add: Regulatory reserves	53,935	58,561	53,935	58,561
Allowance for impairment losses	28,560	35,864	28,560	35,864
Total Tier 2 capital	82,495	94,425	82,495	94,425
Total capital	1,451,229	1,374,963	1,454,834	1,378,416
The breakdown of risk-weighted assets by each major risk category is as follows:				
Credit risk	4,455,755	6,244,654	4,458,163	6,247,049
Operational risk	220,114	233,760	220,114	233,760
Total risk-weighted assets	4,675,869	6,478,414	4,678,277	6,480,809

** Refers to proposed final dividend which will be declared after the financial year.*

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.

49 ISLAMIC OPERATIONS (CONTINUED)

(l) Shariah advisor

The Group and the Company consult and obtain 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 and the Company do 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 and the Company 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.

50 CHANGE IN COMPARATIVES

Certain comparatives were reclassified to conform to the current financial year's presentation. The Group and the Company's retained profit brought forward and net assets are not affected by the reclassifications made.

The impact of the above on the financial statements of the Group and the Company are set out as follows:

i) Impact on the Group and the Company income statements for the financial year ended 31 December 2019

2019	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Group			
Interest expense	(948,756)	(2,523)	(951,279)
Non-interest expense	(41,357)	2,523	(38,834)
Company			
Interest expense	(953,857)	(2,523)	(956,380)
Non-interest expense	(41,364)	2,523	(38,841)

The reclassification was made to classify interest expense on lease liability from non-interest expense into interest expense.

50 CHANGE IN COMPARATIVES (CONTINUED)

ii) Impact on the Group and the Company's statement of cash flows for the financial year ended 31 December 2019

2019	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Group			
Cash generated from operations	4,426,459	2,648	4,429,107
Net cash generated from operating activities	6,046,688	2,648	6,049,336
Net cash utilised in financing activity	(5,985,536)	(2,648)	(5,988,184)
Company			
Cash generated from operations	4,421,908	2,648	4,424,556
Net cash generated from operating activities	6,042,157	2,648	6,044,805
Net cash utilised in financing activity	(5,985,566)	(2,648)	(5,988,214)

The reclassification was made to classify interest expense on lease liability from non-interest expense into financing activities.

50 CHANGE IN COMPARATIVES (CONTINUED)

iii) Impact on the Group and the Company's disclosure to the financial statement for the financial year ended 31 December 2019

(a) Mortgage assets - Conventional

	Group and Company		
2019	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Purchase without recourse ("PWOR")	4,836,313	-	4,836,313
The maturity structure of mortgage assets - Conventional are as follows:			
Maturing within one year	879,063	(108,366)	770,697
One to three years	1,114,449	(164,801)	949,648
Three to five years	933,455	(123,254)	810,201
More than five years	2,527,182	(186,422)	2,340,760
	5,454,149	(582,843)	4,871,306
Less:			
Unaccreted discount	(573,446)	573,446	-
Net advance received	(9,397)	9,397	-
Allowance for impairment losses	(34,993)	-	(34,993)
	4,836,313	-	4,836,313

The reclassification was made to comply with MFRS 9 definition of gross carrying amount for financial assets carried at amortised cost.

50 CHANGE IN COMPARATIVES (CONTINUED)

iii) Impact on the Group and the Company's disclosure to the financial statement for the financial year ended 31 December 2019

(b) Mortgage assets - Islamic

2019	As previously reported RM'000	Reclassification RM'000	As restated RM'000
	Group and Company		
Purchase without recourse ("PWOR")	5,510,428	-	5,510,428
The maturity structure of mortgage assets - Islamic are as follows:			
Maturing within one year	732,210	(93,585)	638,625
One to three years	967,240	(149,741)	817,499
Three to five years	905,246	(118,992)	786,254
More than five years	3,557,112	(253,978)	3,303,134
	6,161,808	(616,296)	5,545,512
Less:			
Unaccreted discount	(609,631)	609,631	-
Net advance received	(6,665)	6,665	-
Allowance for impairment losses	(35,084)	-	(35,084)
	5,510,428	-	5,510,428

The reclassification was made to comply with MFRS 9 definition of gross carrying amount for financial assets carried at amortised cost.

(c) Lease liability

2019	As previously reported RM'000	Reclassification RM'000	As restated RM'000
	Group and Company		
As at 1 January, as restated	4,916	-	4,916
Lease liability interest charged	(125)	125	-
Lease obligation interest expense	-	2,523	2,523
Lease obligation repayment	-	(2,648)	(2,648)
As at 31 December	4,791	-	4,791

The reclassification was made to classify interest expense on lease liability from non interest expense into financing activities.

51 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The COVID-19 outbreak developed rapidly in 2020, with a significant number of infections. Measures taken by the Government of Malaysia to contain the virus have affected economic activity. The Group has taken a number of safety and health measures to prevent the effects of the COVID-19 virus such as social distancing and working from home. The impact on the Group and Company’s businesses and results is limited.

52 SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR

On 13 January 2021, the Government of Malaysia re-instituted a movement control order. At this juncture, the impact on the Group and Company's businesses and results is limited. We will continue to follow the various government’s instituted policies and advice and in parallel will do our utmost to continue the Group’s operations in the best and safest way possible without jeopardising the health of our employees.

53 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 March 2021.

Registration No.

198601008739 (157931-A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

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

We, Dato' Bakarudin Ishak and Datuk Chung Chee Leong, the two Directors of Cagamas Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 7 to 148 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2020 and of the financial performance of the Group and the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting 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

DATUK CHUNG CHEE LEONG
DIRECTOR

Registration No.

198601008739 (157931-A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

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

I, Azizi Ali, the Officer primarily responsible for the financial management of Cagamas Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 148 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.

AZIZI ALI
MIA No. CA-30674

Subscribed and solemnly declared by the abovenamed Azizi Ali at Kuala Lumpur in Malaysia on

2 5 MAR 2021

Before me,
COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
No: W 681
RAJEEV SAIGAL A/L
RAMLABAYA SAIGAL
BC/R/548
1 JAN 2019 - 31 DIS 2021
MALAYSIA

NO. A-31-11, LEVEL 31,
TOWER A, MENARA UOA BANGSAR,
NO. 5, JALAN BANGSAR UTAMA 1,
BANGSAR, 59000 KUALA LUMPUR

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS BERHAD
(Incorporated in Malaysia)
Registration No. 198601008739 (157931-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Cagamas Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2020 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 148.

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 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 Ethics Standards Board for Accountants' 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.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 198601008739 (157931-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 198601008739 (157931-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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:

(a) 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.

(b) 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 of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 on 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.

(e) 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
TO THE MEMBER OF CAGAMAS BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 198601008739 (157931 A)

Auditors' responsibilities for the audit of the financial statements (continued)

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance 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 member 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.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LEE TZE WOON KELVIN
03482/01/2022 J
Chartered Accountant

Kuala Lumpur
25 March 2021

Registration No.
198601008739
(157931 A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Lodged by:
CAGAMAS BERHAD
Registration number: 198601008739 (157931-A)
Level 32, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel. +603 2262 1800 Fax. +603 2282 9125

Registration No.
198601008739
(157931 A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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CAGAMAS BERHAD
(Incorporated in Malaysia)

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 2019.

PRINCIPAL ACTIVITIES

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

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

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	240,400	236,825

DIVIDENDS

The dividends paid by the Company since 31 December 2018 were as follows:

	RM'000
In respect of the financial year ended 31 December 2018,	
- A final dividend of 15 sen per share on 150,000,000 ordinary shares paid on 1 April 2019	22,500
In respect of the financial year ended 31 December 2019,	
- An interim dividend of 5 sen per share on 150,000,000 ordinary shares paid on 3 September 2019	7,500
	30,000

DIVIDENDS (CONTINUED)

The Directors now recommend the payment of a final dividend of 15 sen per share on 150,000,000 ordinary shares amounting to RM22,500,000 for the financial year ended 31 December 2019 which is subject to approval of the member at the forthcoming Annual General Meeting of the Company.

SHARE CAPITAL

There was no change in the issued ordinary share capital of the Company during the financial year.

RESERVES AND PROVISIONS

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

RATING PROFILE OF THE BONDS AND SUKUK

RAM Rating Services Berhad (RAM Ratings) has assigned corporate credit ratings of Cagamas Berhad's Global, ASEAN and National-scale at $_{g}A_{2}$/Stable/$_{g}$P1, $_{sea}$AAA/Stable/$_{sea}$P1 and AAA/Stable/P1, respectively. In addition, RAM has also assigned Cagamas' bonds and sukuk issues rating at AAA/Stable and P1 respectively.

Meanwhile, Malaysian Rating Corporation Berhad (MARC) has also assigned Cagamas Berhad's bonds and sukuk issues ratings at AAA/AAA$_{IS}$ and MARC-1/MARC-1$_{IS}$ respectively. Moody's Investors Service (Moody's) has assigned long term local and foreign currency issuer ratings of A3 that is in line with Malaysian sovereign ratings.

In addition, RAM and Moody's have maintained the ratings of $_{g}A_{2}$(s) and A3 respectively to the USD2.5 billion Multicurrency Medium Term Note ("EMTN") Programme and USD2.5 billion Multicurrency Sukuk Programme ("Islamic EMTN") issued by its subsidiaries.

RELATED PARTY TRANSACTIONS

Most of the transactions of the Group and the Company involving mortgage loans, hire purchase and leasing debts, financial asset at fair value through other comprehensive income ("FVOCI"), Islamic financing facilities as well as issuance of unsecured bonds and Sukuk are done with various financial institutions including those who are substantial shareholders of Cagamas Holdings Berhad ("CHB") and subsidiaries of the Company.

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 bin Ishak (appointed as Director and Chairman w.e.f 26 March 2019)
Dato' Halipah binti Esa
Dato' Md Agil bin Mohd Natt
Philip Tan Puay Koon
Dato' Wee Yiaw Hin
Datuk Azizan bin Haji Abd Rahman (appointed w.e.f 1 January 2019)
Ho Chai Huey (appointed w.e.f 1 February 2019)
Datuk Chung Chee Leong
Datuk Dr. Roslan bin A. Ghaffar (resigned w.e.f 1 January 2019)
Datuk Shaik Abdul Rasheed bin Abdul Ghaffour (retired as Director and Chairman w.e.f 26 March 2019)
Nazrul Hisyam bin Mohd Noh (retired w.e.f 26 March 2019)

The names of the directors of subsidiaries are set out in the respective subsidiary’s statutory financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

In accordance with Articles 23.5 and 23.6 of the Company's Constitution, Dato’ Halipah binti Esa retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

In accordance with Articles 23.5 and 23.6 of the Company's Constitution, Dato’ Md Agil bin Mohd Natt retires by rotation at the forthcoming Annual General Meeting and does not offer himself for re-election.

In accordance with Article 23.2 of the Company's Constitution, Dato’ Bakarudin bin Ishak retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

DIRECTORS' BENEFITS AND REMUNERATION

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

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

DIRECTORS' 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 or its holding company or subsidiaries of the holding company during the financial year.

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 realised 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.

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.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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.

SUBSIDIARIES

Details of subsidiaries are set in Note 20 to the financial statements.

ULTIMATE HOLDING COMPANY

The Directors regard Cagamas Holdings Berhad, a company incorporated in Malaysia, as the ultimate holding company.

BUSINESS REVIEW FOR THE FINANCIAL YEAR 2019

Cagamas recorded RM5.0 billion of purchases of loans and financing under PWR scheme (2018: RM12.1 billion) and no purchase of loans under PWOR scheme (2018: Nil). Cagamas' net outstanding loans and financing declined by 9.4 % to RM37.8 billion (2018: RM41.7 billion). As at the end of 2019, residential mortgage dominated Cagamas' portfolio at 98.6% (2018: 98.7%) and followed by hire purchase loans and financing at 1.4% (2018: 1.2%). There is no personal loans and financing outstanding as at financial year ended 31 December 2019 (2018: 0.1%). Cagamas's Islamic asset portfolio against conventional assets increased to a ratio of 43:57 (2018: 38:62), while PWR and PWOR loans and financing portfolios were at 70% and 30% respectively (2018: 71% and 29% respectively). The gross impaired loans and financing under the PWOR scheme stood at 0.72% (2018: 0.85%), while net impaired loans and financing is at 0.11% (2018: 0.43%).

SIGNIFICANT EVENT DURING THE YEAR

There are no significant events during the financial year.

CAGAMAS BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

AUDITORS REMUNERATION

Details of the auditors' remuneration are set out in Note 35 to the financial statements

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 29 April 2020.

Signed on behalf of the Board of Directors:

DATO' BAKARUDIN BIN ISHAK
CHAIRMAN

DATUK CHUNG CHEE LEONG
DIRECTOR

Registration No.
198601008739
(157931 A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
Cash and short-term funds	6	341,307	186,792	322,000	172,046
Derivative financial instruments	7	58,422	362,078	58,422	362,078
Financial asset at fair value through other comprehensive income (FVOCI)	8	2,308,565	2,476,285	2,308,565	2,476,285
Financial asset at fair value through profit or loss (FVTPL)	9	141,383	-	141,383	-
Amount due from counterparties	10	16,657,154	20,404,924	16,657,154	20,404,924
Islamic financing assets	11	10,842,232	10,029,953	10,842,232	10,029,953
Mortgage assets					
- Conventional	12	4,836,313	5,344,710	4,836,313	5,344,710
- Islamic	13	5,510,428	5,915,527	5,510,428	5,915,527
Hire purchase assets					
- Islamic	14	136	781	136	781
Amount due from					
- Related company		1,420	294	1,420	294
- Subsidiaries	15	-	-	3,431	5,379
Other assets	16	8,027	7,357	7,978	7,333
Property and equipment	17	3,923	4,694	3,923	4,694
Intangible assets	18	21,380	22,849	21,380	22,849
Right-of-use asset	19	3,980	-	3,980	-
Tax recoverable		-	40,812	-	40,832
Investment in subsidiaries	20	-*	-*	-*	-*
TOTAL ASSETS		40,734,670	44,797,056	40,718,745	44,787,685
LIABILITIES					
Unsecured bearer bonds and notes	21	20,661,027	26,082,391	18,067,241	21,401,449
Sukuk	22	15,849,883	14,808,472	15,849,883	14,808,472
Loans/financing from subsidiaries	23	-	-	2,594,966	4,684,797
Derivative financial instruments	7	152,309	154,614	152,309	154,614
Deferred taxation	24	560	27,348	560	27,348
Provision for taxation		18,170	-	16,999	-
Lease liability	25	4,791	-	4,791	-
Other liabilities	26	121,688	86,991	121,351	85,787
TOTAL LIABILITIES		36,808,428	41,159,816	36,808,100	41,162,467
Share capital	27	150,000	150,000	150,000	150,000
Reserves	28	3,776,242	3,487,240	3,760,645	3,475,218
SHAREHOLDER'S FUNDS		3,926,242	3,637,240	3,910,645	3,625,218
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		40,734,670	44,797,056	40,718,745	44,787,685
NET TANGIBLE ASSETS PER SHARE (RM)	29	26.0	24.10	25.93	24.02

*denotes USD1 in CGP and RM2 in CGS.

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

Registration No.
198601008739
(157931 A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Interest income	30	1,248,717	1,348,758	1,248,717	1,348,758
Interest expense	31	(948,756)	(1,030,201)	(953,857)	(1,035,109)
Income from Islamic operations	48	133,658	110,949	133,658	110,945
Non-interest expense	32	(41,357)	(62,390)	(41,364)	(62,390)
		392,262	367,116	387,154	362,204
Personnel costs	33	(31,308)	(26,526)	(31,308)	(26,526)
Administration and general expenses		(24,930)	(30,710)	(24,567)	(30,102)
OPERATING PROFIT		336,024	309,880	331,279	305,576
(Allowance)/write-back of impairment losses	34	(18,026)	6,068	(18,026)	6,068
PROFIT BEFORE TAXATION AND ZAKAT	35	317,998	315,948	313,253	311,644
Zakat		(926)	(1,584)	(926)	(1,584)
Taxation	37	(76,672)	(70,635)	(75,502)	(70,615)
PROFIT FOR THE FINANCIAL YEAR		240,400	243,729	236,825	239,445
EARNINGS PER SHARE (SEN)	29	160.27	162.49	157.88	159.63

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	240,400	243,729	236,825	239,445
Other comprehensive income:				
Items that may be subsequently reclassified to income statement				
Financial asset at FVOCI				
- Net gain on fair value changes before taxation	46,874	3,521	46,874	3,521
- Deferred taxation	(11,250)	(845)	(11,250)	(845)
Cash flow hedge				
- Net gain/(loss) on cash flow hedge before taxation	56,550	(9,675)	56,550	(9,675)
- Deferred taxation	(13,572)	2,322	(13,572)	2,322
Other comprehensive income/(loss) for the financial year, net of taxation	78,602	(4,677)	78,602	(4,677)
Total comprehensive income for the financial year	319,002	239,052	315,427	234,768

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

Registration No.
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(157931 A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Issued and fully paid ordinary shares of RM1 each	Non-distributable			Distributable	
		Share capital	Financial asset at FVOCI reserves	Cash flow hedge reserves	Regulatory reserves	Retained profits	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Balance as at 1 January 2019		150,000	1,952	(35,710)	144,472	3,376,526	3,637,240
Profit for the financial period		-	-	-	-	240,400	240,400
Other comprehensive income		-	35,624	42,978	-	-	78,602
Total comprehensive income for the financial period		-	35,624	42,978	-	240,400	319,002
Transfer to retained profits		-	-	-	(34,693)	34,693	-
Dividends paid	38	-	-	-	-	(30,000)	(30,000)
Balance as at 31 December 2019		150,000	37,576	7,268	109,779	3,621,619	3,926,242

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

		Issued and fully paid ordinary shares of RM1 each	Non-distributable			Distributable	
	Note	Share capital RM'000	Financial asset at FVOCI reserves RM'000	Cash flow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
Group							
Balance as at 1 January 2018		150,000	(724)	(28,357)	161,032	3,146,237	3,428,188
Profit for the financial period		-	-	-	-	243,729	243,729
Other comprehensive income/(loss)		-	2,676	(7,353)	-	-	(4,677)
Total comprehensive income/(loss) for the financial period		-	2,676	(7,353)	-	243,729	239,052
Transfer to retained profits		-	-	-	(16,560)	16,560	-
Dividends paid	38	-	-	-	-	(30,000)	(30,000)
Balance as at 31 December 2018		150,000	1,952	(35,710)	144,472	3,376,526	3,637,240

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	Issued and fully paid ordinary shares of RM1 each	Non-distributable			Distributable	
		Share capital RM'000	Financial asset at FVOCI reserves RM'000	Cash flow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
Company							
Balance as at 1 January 2019		150,000	1,952	(35,710)	144,472	3,364,504	3,625,218
Profit for the financial period		-	-	-	-	236,825	236,825
Other comprehensive income		-	35,624	42,978	-	-	78,602
Total comprehensive income for the financial period		-	35,624	42,978	-	236,825	315,427
Transfer to retained profits		-	-	-	(34,693)	34,693	-
Dividends paid	38	-	-	-	-	(30,000)	(30,000)
Balance as at 31 December 2019		150,000	37,576	7,268	109,779	3,606,022	3,910,645

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	Issued and fully paid ordinary shares of RM1 each	Non-distributable			Distributable	
		Share capital RM'000	Financial asset at FVOCI reserves RM'000	Cash flow hedge reserves RM'000	Regulatory reserves RM'000	Retained profits RM'000	Total equity RM'000
Company							
Balance as at 1 January 2018		150,000	(724)	(28,357)	161,032	3,138,499	3,420,450
Profit for the financial period		-	-	-	-	239,445	239,445
Other comprehensive income/(loss)		-	2,676	(7,353)	-	-	(4,677)
Total comprehensive income/(loss) for the financial period		-	2,676	(7,353)	-	239,445	234,768
Transfer to retained profits		-	-	-	(16,560)	16,560	-
Dividends paid	38	-	-	-	-	(30,000)	(30,000)
Balance as at 31 December 2018		150,000	1,952	(35,710)	144,472	3,364,504	3,625,218

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
OPERATING ACTIVITIES					
Profit for the financial year		240,400	243,729	236,825	239,445
Adjustments for the investment items and items not involving the movement of cash and cash equivalents:					
Amortisation of premium less accretion of discount on:					
- Financial asset at FVOCI		(9,810)	(18,882)	(9,810)	(18,882)
- Unsecured bearer bonds and notes		(3,598)	2,414	(3,598)	2,414
- Sukuk		(13,149)	(17,641)	(13,149)	(17,641)
Accretion of discount on:					
Mortgage assets					
- Conventional		(118,376)	(124,017)	(118,376)	(124,017)
- Islamic		(94,928)	(83,672)	(94,928)	(83,672)
Hire purchase assets					
- Islamic		-	(1)	-	(1)
Allowance/(write-back) for Impairment losses on:					
- Cash and short-term funds		105	-	105	-
- Financial assets at FVOCI		128	-	128	-
- Amount due from counterparties/ Islamic financing assets		18	431	18	431
- Mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets		17,775	(6,499)	17,775	(6,499)
Interest income		(1,125,099)	(1,216,397)	(1,125,099)	(1,216,397)
Income from derivatives		(250,423)	(267,804)	(250,423)	(267,804)
Income from Islamic operations		(678,337)	(626,369)	(678,337)	(626,369)
Interest expense		948,756	1,030,201	953,857	1,035,109
Interest expense on derivatives		261,346	299,995	261,346	299,995
Profit attributable to Sukuk holders		641,755	604,387	641,755	604,391
Profit attributable to derivatives		47,423	49,153	47,423	49,153
Depreciation of property and equipment		1,828	1,421	1,828	1,421
Amortisation of intangible assets		3,563	2,897	3,563	2,897
Amortisation of right-of-use asset		936	-	936	-
Interest on lease liability		2,523	-	2,523	-
Gain on disposal of:					
- Property and equipment		(23)	(70)	(23)	(70)
- Financial asset at FVOCI		(7,636)	(3,553)	(7,636)	(3,553)
Taxation		76,672	70,635	75,502	70,615
Zakat		926	1,584	926	1,584
Operating loss before working capital changes		(57,225)	(58,058)	(56,869)	(57,450)

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Decrease/(increase) in amount due from counterparties		3,785,374	(509,807)	3,785,374	(509,807)
Increase in Islamic financing assets		(813,711)	(4,460,445)	(813,711)	(4,460,445)
Decrease in mortgage assets:					
- Conventional		627,799	626,442	627,799	626,442
- Islamic		494,735	468,293	494,735	468,293
Decrease/(increase) in Islamic hire purchase assets		647	(93)	647	(93)
(Increase)/decrease in other assets		(7,524)	344	(5,552)	1,716
Decrease in deferred financing fees		2,353	1,412	-	-
Decrease in derivatives		357,238	707,754	351,846	713,867
Increase in other liabilities		36,773	25,545	37,639	25,626
Cash generated from/(utilised in) operations		4,426,459	(3,198,613)	4,421,908	(3,191,851)
Interest received		1,089,409	1,121,173	1,089,409	1,125,847
Profit received from Islamic assets		659,065	599,103	659,065	594,429
Interest received on derivatives		208,544	220,222	208,544	220,222
Profit received on derivatives		49,957	52,593	49,957	52,593
Interest paid		(884)	(236)	(884)	(236)
Interest paid on derivatives		(267,785)	(378,529)	(267,785)	(378,529)
Profit paid on derivatives		(48,042)	(650,638)	(48,042)	(650,638)
Payment of:					
- Zakat		(734)	(927)	(734)	(927)
- Taxation		(69,301)	(89,174)	(69,281)	(89,154)
Net cash generated from/(utilised in) operating activities		6,046,688	(2,325,026)	6,042,157	(2,318,244)
INVESTING ACTIVITIES					
Purchase of:					
- Financial asset at FVTPL		(142,766)	-	(142,766)	-
- Financial asset at FVOCI		(3,234,578)	(2,629,813)	(3,234,578)	(2,629,813)
Net proceeds from sale/ redemption of:					
- Financial asset at FVOCI		3,390,912	2,507,404	3,390,912	2,507,404
- Financial asset at FVTPL		-	142,211	-	142,211
Purchase of:					
- Property and equipment		(1,058)	(1,679)	(1,058)	(1,679)
- Intangible assets		(2,094)	(9,392)	(2,094)	(9,392)
Income received from:					
- Financial asset at FVOCI		81,546	87,690	81,546	87,690
- Financial asset at FVTPL		1,383	3,649	1,383	3,649
Proceeds from disposal of property and equipment		23	70	23	70

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Net cash generated from investing activities		93,368	100,140	93,368	100,140
FINANCING ACTIVITY					
Dividends paid to shareholders		(30,000)	(30,000)	(30,000)	(30,000)
Proceed from issuance of:					
- Unsecured bearer bonds and notes		6,247,983	9,737,359	6,246,792	8,600,000
- Sukuk		3,995,000	6,020,000	3,995,000	6,020,000
Proceeds of loans from subsidiary		-	-	-	1,130,830
Redemption of:					
- Unsecured bearer bonds and notes		(11,613,748)	(9,458,758)	(9,526,791)	(6,940,000)
- Sukuk		(2,932,000)	(2,812,053)	(2,932,000)	(2,660,000)
Repayment of loans/financing from subsidiaries		-	-	(2,080,375)	(2,668,982)
Interest paid		(1,002,576)	(995,432)	(1,007,997)	(1,001,812)
Profit paid to Sukuk holders		(650,195)	(584,107)	(650,195)	(584,149)
Net cash (utilised in)/generated from financing activity		(5,985,536)	1,877,009	(5,985,566)	1,865,887
Net increase/(decrease) in cash and cash equivalents		154,520	(347,877)	149,959	(352,217)
Effect of foreign exchange translation		(5)	78	(5)	78
Cash and cash equivalents as at 1 January		186,792	534,591	172,046	524,185
Cash and cash equivalents as at 31 December		341,307	186,792	322,000	172,046
Analysis of cash and cash equivalents as at 31 December:					
Cash and short-term funds	6	341,307	186,792	322,000	172,046
Less:					
Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months		-	-	-	-
		341,307	186,792	322,000	172,046

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

Group	Balance as at the beginning of financial year	Cash changes: Net cash flows from financing activities	Non-cash changes: Effect of foreign exchange translation	Non-cash changes: Deferred financing fees	Non-cash changes: Accrued interest/ profits	Non-cash changes: Amortisation/ (accretion)	Balance as at the end of financial year
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019							
Unsecured bonds and notes	26,082,391	(6,368,870)	(5)	2,353	948,756	(3,598)	20,661,027
Sukuk	14,808,472	412,805	-	-	641,755	(13,149)	15,849,883
Total	40,890,863	(5,956,065)	(5)	2,353	1,590,511	(16,747)	36,510,910
2018							
Unsecured bonds and notes	25,764,940	(716,654)	78	1,412	1,030,201	2,414	26,082,391
Sukuk	11,597,878	2,623,848	-	-	604,387	(17,641)	14,808,472
Total	37,362,818	1,907,194	78	1,412	1,634,388	(15,227)	40,890,863

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

CAGAMAS BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

		Cash changes	Non-cash changes			
Company	Balance as at the beginning of financial year RM'000	Net cash flows from financing activities RM'000	Effect of foreign exchange translation RM'000	Accrued interest/ profits RM'000	Amortisation/ (accretion) RM'000	Balance as at the end of financial year RM'000
2019						
Unsecured bonds and notes	21,401,449	(4,284,462)	(5)	953,857	(3,598)	18,067,241
Sukuk	14,808,472	412,805	-	641,755	(13,149)	15,849,883
Loans/financing from subsidiaries	4,684,797	(2,219,785)	-	129,954	-	2,594,966
Total	40,894,718	(6,091,442)	(5)	1,725,566	(16,747)	36,512,090
2018						
Unsecured bonds and notes	19,705,283	658,565	78	1,035,109	2,414	21,401,449
Sukuk	11,445,035	2,776,687	-	604,391	(17,641)	14,808,472
Loans/financing from subsidiaries	6,217,865	(1,669,388)	-	136,320	-	4,684,797
Total	37,368,183	1,766,044	78	1,775,820	(15,227)	40,894,718

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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.

The ultimate holding company is Cagamas Holdings Berhad, a company incorporated in Malaysia.

2 SUMMARY OF SIGNIFICANT 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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting 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 in this summary of significant accounting policies.

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

The Islamic operations of the Group and the Company 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) issuance of Sukuk under Shariah principles; and
(c) acquisition, investment in and trading of Islamic financial instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS 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 judgement 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 4 to the financial statements.

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

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2019:

- MFRS 16 'Leases'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Annual Improvements to MFRSs 2015 – 2017 Cycle

The Group and the Company have adopted MFRS 16 for the first time in the 2019 financial statements, which resulted in changes in accounting policies. The detailed impact of change in accounting policies are set out in Note 3.

The Group and the Company have applied MFRS 16 with the date of initial application of 1 January 2019 by applying the simplified retrospective transition method.

Under the simplified retrospective transition method, the 2018 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Company is a lessee were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 'Leases' and IC Interpretation 4 'Determining whether an Arrangement Contains a Lease'.

In addition, the Group and the Company have elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group and the Company relied on its assessment made applying MFRS 117 and IC Interpretation 4.

Other than that, the adoption of other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective:

Financial year beginning on 1 January 2020

- Amendments to MFRS 3 ‘Definition of a Business’ (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  In addition, the revised definition of the term ‘outputs’ is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

  The amendments introduce an optional simplified assessment known as ‘concentration test’ that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments shall be applied prospectively.

2 SUMMARY OF SIGNIFICANT 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 and are de-consolidated from the date that control ceases.

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

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

Acquisition-related costs are expensed as incurred.

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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Amount due from counterparties and Islamic financing assets

Note 1 to the financial statements describes the principal activities of the Group and the Company, 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 Company.

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 and the Company. 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.

2.4 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 and the Company from the originators at fair values. The originator acts as a servicer and remits the principal and interest/profit income from the assets to the Group and the Company 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 the Company and adjusted for unaccreted discount. Interest/profit income on the assets are 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 term of the assets using the internal rate of return method.

2.5 Investment in subsidiaries

Investment in subsidiaries is 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 2.8 to the financial statements describes the Group's and the Company's accounting policy on impairment of assets and Note 4 details out the critical accounting estimates and assumptions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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.

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 Company 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.

At each statement of financial position date, the Group and the Company assess 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 in Note 2.8.2 to the financial statements.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets

(a) Classification

The Group and the Company classify their 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 de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit 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 and the Company have transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. 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"). There are no new financial assets with embedded derivatives for financial year 2019 and 2018.

Debt instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

There are three measurement categories into which the Group and the Company classify their debt instruments:

(i) Amortised cost

Cash and short-term funds, amount due from counterparties, Islamic financing debt, mortgage assets/ Islamic mortgage assets and Islamic hire purchase assets, other assets, amount due to related companies and amount due to subsidiaries that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in the income statements using the effective interest rate 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 statements.

(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, are measured at FVOCI. Movements in the carrying amount are taken through 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 asset 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 income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in non-interest income/(expense) and allowance/(write back) of impairment losses are presented as separate line item in the income statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

(c) Measurement (continued)

Debt instruments (continued)

There are three measurement categories into which the Group and the Company classify its debt instruments (continued):

(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 and the Company 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 is recognised in income statements and presented net within non-interest income/(expense) in the period which it arise.

Equity instruments

The Group and the Company subsequently measures 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 or the Company’s right to receive payments is established.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of assets

2.8.1 Financial assets

The Group and the Company assess 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. 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 and the Company have four of their financial assets that are subject to the ECL model:

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

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect 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.

<u>Approach</u>

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of assets (continued)

2.8.1 Financial assets (continued)

Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare 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's 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
- 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, a significant increase in credit risk 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 and the Company define 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 and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of assets (continued)

2.8.1 Financial assets (continued)

Definition of default and credit impaired financial assets (continued)

Qualitative criteria:
The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider 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

Financial instruments that are credit-impaired are assessed on individual basis.

For the purpose of ECL measurement, mortgage 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/Islamic mortgage assets and Islamic hire purchase assets have substantially the same risk characteristics and the Group and the Company have therefore concluded that these assets to be assessed on a collective basis. Financial assets at FVOCI and financial instruments that are credit impaired are assessed on individual basis.

Amount due from counterparties, Islamic financing assets and debt instruments which are in default or credit impaired are assessed individually.

2.8.2 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Write-off

The Group and the Company write 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 is credited against the same line item.

2.10 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 on Islamic assets are recognised using the effective interest/profit rate method. Accretion of discount is recognised using the effective yield method.

2.11 Premium and discount on unsecured bearer bonds, notes and 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.

2.12 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 deferred tax liability is settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Cash and cash equivalents

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

2.14 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.

2.15 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 and the Company. The Group and the Company have determined the Chief Executive Officer of the Company to be the chief operating decision maker.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Derivative financial instruments and hedge accounting

Derivatives financial instruments consist of interest rate swaps ("IRS"), Islamic profit rate swaps ("IPRS"), cross currency swap (“CCS”) and Islamic cross currency swap (“ICCS”). Derivatives financial instruments are used by the Group and the Company to hedge the issuance of its Bond/Sukuk from potential movements in interest rate, profit rate or foreign currency exchange rate. Further details of the derivatives financial instruments are disclosed in Note 7 to the financial statements.

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

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’s and Company’s 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 and the Company document their risk management objective and strategy for undertaking its hedge transactions.

The Group and the Company also document 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Derivative financial instruments and hedge accounting (continued)

Cash flow hedge (continued)

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 and deferred cost of hedging included in equity 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 and deferred cost of hedging that was reported in equity is immediately reclassified to income statements under "Non-interest income/(expense)".

2.17 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 reflects 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Zakat

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

Zakat rates enacted or substantively enacted by the statement of financial position date are used to determine the zakat expense. The rate of zakat on business, as determined by National Fatwa Council for the financial year is 2.5% (2018: 2.5%) of the zakat base.

The zakat base of the Group and the Company 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.

2.19 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 and the Company.

(b) Defined contributions plans

The Group and the Company contribute 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 and the Company have 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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 and the Company, 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.

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 2.8.2 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Share capital

(a) Classification

Ordinary shares 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 shareholder of the Company

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

2.22 Currency translations

(a) Functional and presentation currency

Items included in the financial statements of the Group and the Company 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, which is the Group's 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 income statements, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2.23 Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but discloses 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 and the Company 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Contingent liabilities and contingent assets (continued)

The Group and the Company do not recognise contingent assets but discloses 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 and the Company.

2.24 Deferred financing fees

Deferred financing fees consist of expenses incurred in relation to the unsecured bond and notes/Sukuk issuance. Upon unsecured bond and notes/Sukuk issuance, deferred financing fees will be deducted from the carrying amount of the unsecured bond and notes/Sukuk and amortised using the effective interest/profit rate method.

2.25 Leases

(a) Accounting policies applied from 1 January 2019

From 1 January 2019, leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate 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 and the Company are a lessee, they have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

<u>Lease term</u>

In determining the lease term, the Group and the Company consider 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 and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affect whether the Group and the Company are 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (continued)

(a) Accounting policies applied from 1 January 2019 (continued)

ROU assets

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

Lease liabilities

Lease liabilities 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 and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company 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 and the Company, 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 in a similar economic environment with similar term, security and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases (continued)

(a) Accounting policies applied from 1 January 2019 (continued)

Lease liabilities (continued)

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.

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 and the Company present 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 and the Company are 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 assets.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months 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 bases as an expense in income statements.

(b) Accounting policies applied until 31 December 2018

Operating lease
Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight-line basis over the lease period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 CHANGES IN ACCOUNTING POLICIES

Effects of adoption of MFRS 16 Leases

The Group and the Company have adopted MFRS 16 for the first time in the 2019 financial statements with the date of initial application of 1 January 2019 by applying the simplified retrospective transition method.

The adoption of MFRS 16 has resulted in the following financial effects to the statement of financial position of the Group and the Company.

	As at 31 Dec 2018 RM'000	Re-measurement RM'000	As at 1 Jan 2019 RM'000
Right-to-use asset	-	4,916	4,916
Lease liability	-	4,916	4,916

Right-of-use asset and lease liability comprise of rental of office buildings and is being amortised over the tenure of rental period. The average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.32% per annum.

The reconciliation between the operating lease commitments disclosed applying MFRS 117 as at 31 December 2018 to the lease liabilities recognised at 1 January 2019 is as follows:

	RM'000
Operating lease commitments disclosed as at 31 Dec 2018	10,792
Adjustments as a result of extension and termination options	6,562
Discounted using lessee's incremental borrowing rate	(10,092)
Short term and low value leases recognised on a straight-line basis as expense	(2,346)
Lease liabilities recognised as at 1 Jan 2019	4,916

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and exercise of judgement by management in the process of applying the Group's and the Company'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 a 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) Fair value of derivatives and financial asset at FVOCI

The estimates and assumptions considered most likely to have an impact on the Group's and the Company's results and financial positions are those relating to the fair valuation of derivatives and unquoted financial asset at FVOCI for which valuation models are used. The Group and the Company have exercised its judgement to select the appropriate valuation techniques for these instruments. However, changes in the assumptions made and market factors used could affect the reported fair values.

(b) Impairment of mortgage assets and hire purchase assets/Islamic mortgage assets and Islamic hire purchase assets

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

(c) Accretion of discount on mortgage assets and hire purchase assets

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 and the Company for the purposes 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.

(d) Adoption of MFRS 16 Leases

The Group and the Company use an incremental borrowing rate on an average 5 year AAA rated bonds as at date of implementation. In determining the lease term, the Group and the Company have considered an extension option of contract with incremental rental. The assessment is reviewed if there is a change of circumstances occurs which affects the current assessment and that is within the control of the Group and the Company.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(e) Uncertainty in tax treatment

The Group and the Company applies MFRS 9 special tax treatment for expected credit losses, accretion of discount and amortisation of premium in its tax computation for Year of assessment 2019 and Year of Assessment 2018. The application of special tax treatment is subjected to approval from the Ministry of Finance. The Group and the Company have assessed the probability of the acceptance of the uncertain tax treatment and will reassess the estimate if the facts and circumstances on which the estimate was based change or as a result of new information that affects the estimate.

5 RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is an integral part of the Group's and the Company'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 and the Company enhanced key controls to ensure effectiveness of risk management and its independence from risk taking activities.

The Group and the Company 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 and the Company's aim 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.

5.1 Risk management structure

The Board of Directors has ultimate responsibility for management of risks associated with the Group's and the Company's operations and activities. The Board of Directors sets the risk appetite and tolerance level that are consistent with the Group's and the Company'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 and the Company'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.

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

5 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

5.2 Credit risk management

Credit risk is the possibility that a borrower or counterparty fails to fulfill 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 treasury hedging activities.

The Group and the Company manage the credit risk by screening borrowers and counterparties, stipulates prudent eligibility criteria and conducts 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 remedy.

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.

5.3 Market risk management

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

The Group and the Company control the market risk exposure by imposing threshold limits and entering in derivatives contract. The limits are set based on the Group’s and the Company's risk appetite and the risk-return relationship. These limits are regularly reviewed and monitored. The Group and the Company have 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 and the Company also use derivative instruments such as interest rate swaps, profit rate swaps, CCS and ICCS to manage and hedge its market risk exposure against fluctuations in interest rates, profit rates and foreign currency exchange rate.

5.4 Liquidity risk management

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

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

5 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

5.4 Liquidity risk management (continued)

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

(a) Managing cash flow mismatch and liquidity gap limits which involves assessing all of the Group's and the Company's cash inflows against its cash outflows to identify the potential for any net cash shortfalls and the ability of the Group and the Company 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 and the Company against internal requirements; and

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

5.5 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 and the Company'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 and the Company. To mitigate such operational risks, the Group and the Company 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 and the Company minimise the impact and likelihood of any unexpected disruptions to its business operations through implementation of its business continuity management ("BCM") framework and policy, business continuity plans and regular BCM exercises. The Group and the Company have also identified enterprise-wide recovery strategies to expedite the business and technology recovery and resumption during catastrophic events.

6 CASH AND SHORT-TERM FUNDS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash and balance with banks and other financial institution	110,911	70,255	91,604	55,509
Money at call and deposits and placements maturing within one month	94,118	116,480	94,118	116,480
Mudharabah money at call and deposits and placements maturing within one month	136,383	57	136,383	57
	341,412	186,792	322,105	172,046
Less: Allowance for impairment losses	(105)	-	(105)	-
	341,307	186,792	322,000	172,046

As at 31 December 2019, the gross carrying value of cash and short term funds and the impairment allowance are within stage 1 allocation (12-months ECL). Movement in impairment allowances that reflects the ECL model on impairment are as follows:

	Group and Company	
	2019	2018
	RM'000	RM'000
<u>Stage 1</u>		
At 1 January	-	-
Allowance during the year	105	-
At 31 December	105	-

There was no ECL made for this category of asset as at 31 December 2018 as the impact was immaterial.

7 DERIVATIVE FINANCIAL INSTRUMENTS

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

IRS/IPRS are used by the Group and the Company 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 and the Company pay the floating rate receipts from its floating rate asset purchases to the swap counterparties and receive 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 and Company are protected from adverse movements in interest rate.

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

The Group and the Company will issue short duration bonds/Sukuk and enter 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 and the Company pay fixed rate interest/profit to the swap counterparty and receive floating rate interest/profit to pay to the bondholders/Sukukholders.

CCS and ICCS is also used by the Group and the Company 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 and the Company will swap the proceeds from the foreign currency bonds/Sukuk to the functional currency at the pre-agreed exchange rate with CCS/ICCS counterparty.

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

(iii) On maturity, the Group and the Company will pay principal in functional currency at the same pre-agreed exchange rate to the CCS/ICCS 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 and the Company’s foreign currency exposures are from Hong Kong Dollar (“HKD”), US Dollar (“USD”), and Singapore Dollar (“SGD”).

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The objective when using any derivative instrument is to ensure that the risk and reward profile of any transaction is optimised. The intention is to only use derivatives to create economically effective hedges. However, because of the specific requirements of MFRS 9 to achieve hedge accounting, not all economic hedges are accounted for as accounting hedges, either because natural accounting offsets are expected or because achieving hedge accounting would be especially onerous.

(a) Cash flow hedges

The Group and the Company have designated a number of derivative financial instruments as cash flow hedges during the financial year. The total fair value of net derivatives liabilities included within cash flow hedges at 31 December 2019 is RM93.9 million (2018: net derivative asset of RM207.5 million).

(b) Fair value hedges

The Group and the Company do not designate any derivatives as fair value hedges.

(c) Net investment hedges

The Group and the Company do not designate any derivatives as net investment hedges.

7 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The table below summarises the derivatives financial instruments entered by the Group and the Company.

	Group and Company					
			2019			2018
	Contract/ Notional amount	Assets	Liabilities	Contract/ Notional amount	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Derivatives designated as cashflow hedges:						
IRS/IPRS						
Maturing within one year	1,560,000	1,710	(5,603)	-	-	-
One to three years	1,645,000	7,265	(15,677)	2,660,000	856	(9,792)
Three to five years	110,000	-	(10,499)	655,000	-	(17,471)
More than five years	160,000	20,725	-	160,000	5,139	-
	3,475,000	29,700	(31,779)	3,475,000	5,995	(27,263)
CCS						
Maturing within one year	2,399,965	20,537	(120,530)	1,725,000	319,325	-
One to three years	273,687	8,185	-	2,673,652	36,758	(127,351)
	2,673,652	28,722	(120,530)	4,398,652	356,083	(127,351)
	6,148,652	58,422	(152,309)	7,873,652	362,078	(154,614)

8 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	Group and Company	
	2019	2018
	RM'000	RM'000
At fair value		
Malaysian government securities	293,486	149,365
Corporate bonds	281,064	592,529
Government investment issues	676,051	708,712
Sukuk	564,499	591,143
Quasi government Sukuk	493,465	434,536
	2,308,565	2,476,285

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

Maturing within one year	587,652	518,227
One to three years	538,057	475,208
Three to five years	500,125	676,771
More than five years	682,859	806,079
	2,308,693	2,476,285
Less:		
Allowance for impairment losses	(128)	-
	2,308,565	2,476,285

As at 31 December 2019, the gross carrying value of financial asset at FVOCI by stage of allocation are as follows;

	Gross carrying value	Impairment allowance
	RM'000	RM'000
2019		
By stage of allocation:		
Stage 1 (12-months ECL; non credit impaired)	2,263,449	128
Stage 2 (Lifetime ECL; non credit impaired)	-	-
Stage 3 (Lifetime ECL; credit impaired)	45,244	-
At 31 December	2,308,693	128

8 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI) (CONTINUED)

As at 31 December 2019, stage 3 FVOCI assets relates to investments in KMCOB Capital Berhad ("KMCOB"). Scomi Energy Services Berhad ("SESB") as the holding company of KMCOB via Scomi Oilfield Limited (Bermuda) has triggered PN17 of the Listing Requirements as made in its Bursa announcement on 31 October 2019. KMCOB is a Danajamin Guaranteed investment.

There was no ECL made for this category of asset as at 31 December 2018 as the impact was immaterial.

9 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	Group and Company	
	2019	2018
	RM'000	RM'000
Unit Trust	141,383	-

As at 31 December 2019, FVTPL assets relate to investments in unit trust maturing within one month.

10 AMOUNT DUE FROM COUNTERPARTIES

	Group and Company	
	2019	2018
	RM'000	RM'000
Relating to:		
Mortgage loans	16,114,190	19,875,905
Hire purchase and leasing debts	542,964	529,019
	16,657,154	20,404,924
The maturity structure of amount due from counterparties are as follows:		
Maturing within one year	7,491,962	6,004,319
One to three years	8,527,330	8,420,632
Three to five years	-	5,345,008
More than five years	637,921	635,032
	16,657,213	20,404,991
Less:		
Allowance for impairment losses	(59)	(67)
	16,657,154	20,404,924

10 AMOUNT DUE FROM COUNTERPARTIES (CONTINUED)

The gross carrying value of amount due from counterparties and the impairment allowance are within stage 1 allocation (12-months ECL). Movement in impairment allowances that reflects the ECL model on impairment are as follows:

	Group and Company	
	2019	2018
	RM'000	RM'000
Stage 1		
At 1 January	67	41
Allowance during the year on new assets purchased	22	28
Loans derecognised during the period due to maturity of assets	(18)	(38)
(Write-back)/allowance during the year due to changes in credit risk	(12)	36
At 31 December	59	67

11 ISLAMIC FINANCING ASSETS

	Group and Company	
	2019	2018
	RM'000	RM'000
Relating to:		
Islamic house financing	10,842,232	10,011,058
Islamic personal financing	-	18,895
	10,842,232	10,029,953

The maturity structure Islamic financing assets are as follows:

Maturing within one year	2,513,118	1,835,052
One to three years	5,823,131	4,269,044
Three to five years	2,506,636	3,926,484
	10,842,885	10,030,580
Less:		
Allowance for impairment losses	(653)	(627)
	10,842,232	10,029,953

11 ISLAMIC FINANCING ASSETS (CONTINUED)

The gross carrying value of Islamic financing assets and the impairment allowance are within stage 1 allocation (12-months ECL). Movement in impairment allowances that reflects the ECL model on impairment are as follows:

	Group and Company	
	2019	2018
	RM'000	RM'000
Stage 1		
At 1 January	627	222
Allowance during the year on new assets purchased	87	275
Loans derecognised during the period due to maturity of assets	(45)	-
(Write-back)/allowance during the year due to changes in credit risk	(16)	130
At 31 December	653	627

12 MORTGAGE ASSETS – CONVENTIONAL

	Group and Company	
	2019	2018
	RM'000	RM'000
Purchase without recourse ("PWOR")	4,836,313	5,344,710

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

Maturing within one year	879,063	893,068
One to three years	1,114,449	1,150,650
Three to five years	933,455	1,007,432
More than five years	2,527,182	3,013,592
	5,454,149	6,064,742
Less:		
Unaccreted discount	(573,446)	(691,822)
Net advance received	(9,397)	-
Allowance for impairment losses	(34,993)	(28,210)
	4,836,313	5,344,710

12 MORTGAGE ASSETS – CONVENTIONAL (CONTINUED)

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

	Gross carrying value RM'000	Impairment allowance RM'000
By stage of allocation:		
2019		
Stage 1 (12-months ECL; non credit impaired)	5,388,779	17,640
Stage 2 (Lifetime ECL; non credit impaired)	20,438	2,932
Stage 3 (Lifetime ECL; credit impaired)	44,932	14,421
At 31 December	5,454,149	34,993
Impairment allowance over gross carrying value (%)		0.64
2018		
Stage 1 (12-months ECL; non credit impaired)	5,992,111	7,687
Stage 2 (Lifetime ECL; non credit impaired)	12,022	1,200
Stage 3 (Lifetime ECL; credit impaired)	60,609	19,323
At 31 December	6,064,742	28,210
Impairment allowance over gross carrying value (%)		0.47

12 MORTGAGE ASSETS – CONVENTIONAL (CONTINUED)

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

	Group and Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2019				
At 1 January	7,687	1,200	19,323	28,210
Transfer between stages:				
- Transfer to 12 months ECL (Stage 1)	9,199	(2,854)	(6,345)	-
- Transfer to ECL not credit impaired (Stage 2)	(849)	1,125	(276)	-
- Transfer to ECL credit impaired (Stage 3)	(8,348)	(122)	8,470	-
Total transfer between stages	2	(1,851)	1,849	-
Loans derecognised during the period (other than write-offs)	(218)	(169)	(3,097)	(3,484)
Allowance/ (write-back) during the year due to changes in credit risk	10,169	3,752	(3,599)	10,322
Amount written off	-	-	(55)	(55)
At 31 December	17,640	2,932	14,421	34,993
2018				
At 1 January	8,111	3,125	19,880	31,116
Transfer between stages:				
- Transfer to 12 months ECL (Stage 1)	9,000	(1,140)	(7,860)	-
- Transfer to ECL not credit impaired (Stage 2)	(2,193)	2,991	(798)	-
- Transfer to ECL credit impaired (Stage 3)	(7,127)	(80)	7,207	-
Total transfer between stages	(320)	1,771	(1,451)	-
Loans derecognised during the period (other than write-offs)	(177)	(287)	(2,579)	(3,043)
Allowance/ (write-back) during the year due to changes in credit risk	73	(3,409)	3,706	370
Amount written off	-	-	(233)	(233)
At 31 December	7,687	1,200	19,323	28,210

13 MORTGAGE ASSETS – ISLAMIC

	Group and Company	
	2019	2018
	RM'000	RM'000
PWOR	5,510,428	5,915,527

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

	2019 RM'000	2018 RM'000
Maturing within one year	732,210	732,631
One to three years	967,240	986,926
Three to five years	905,246	944,979
More than five years	3,557,112	3,979,811
	6,161,808	6,644,347
Less:		
Unaccreted discount	(609,631)	(704,559)
Net advance received	(6,665)	-
Allowance for impairment losses	(35,084)	(24,261)
	5,510,428	5,915,527

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

	Gross carrying value	Impairment allowance
	RM'000	RM'000
By stage of allocation:		
2019		
Stage 1 (12-months ECL; non credit impaired)	6,108,068	20,351
Stage 2 (Lifetime ECL; non credit impaired)	15,575	2,497
Stage 3 (Lifetime ECL; credit impaired)	38,165	12,236
At 31 December	6,161,808	35,084
Impairment allowance over gross carrying value (%)		0.57
2018		
Stage 1 (12-months ECL; non credit impaired)	6,589,742	8,484
Stage 2 (Lifetime ECL; non credit impaired)	7,723	775
Stage 3 (Lifetime ECL; credit impaired)	46,882	15,002
At 31 December	6,644,347	24,261
Impairment allowance over gross carrying value (%)		0.37

13 MORTGAGE ASSETS – ISLAMIC (CONTINUED)

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

	Group and Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2019				
At 1 January	8,484	775	15,002	24,261
Transfer between stages:				
- Transfer to 12 months ECL (Stage 1)	7,951	(2,430)	(5,521)	-
- Transfer to ECL not credit impaired (Stage 2)	(298)	648	(350)	-
- Transfer to ECL credit impaired (Stage 3)	(6,057)	(72)	6,129	-
Total transfer between stages	1,596	(1,854)	258	-
Loans derecognised during the period (other than write-offs)	(168)	(37)	(2,109)	(2,314)
Allowance/ (write-back) during the year due to changes in credit risk	10,439	3,613	(915)	13,137
At 31 December	20,351	2,497	12,236	35,084
2018				
At 1 January	8,807	3,739	15,570	28,116
Transfer between stages:				
- Transfer to 12 months ECL (Stage 1)	5,892	(720)	(5,172)	-
- Transfer to ECL not credit impaired (Stage 2)	(2,978)	3,829	(851)	-
- Transfer to ECL credit impaired (Stage 3)	(5,299)	(54)	5,353	-
Total transfer between stages	(2,385)	3,055	(670)	-
Loans derecognised during the period (other than write-offs)	(147)	(225)	(1,581)	(1,953)
Allowance/ (write-back) during the year due to changes in credit risk	2,209	(5,794)	1,718	(1,867)
Amount written off	-	-	(35)	(35)
At 31 December	8,484	775	15,002	24,261

14 HIRE PURCHASE ASSETS – ISLAMIC

	Group and Company	
	2019	2018
	RM'000	RM'000
PWOR	136	781

The maturity structure of hire purchase assets – Islamic are as follows:

	2019 RM'000	2018 RM'000
Maturing within one year	147	795
Less:		
Unaccreted discount	1	1
Allowance for impairment losses	(12)	(15)
	136	781

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

	Gross carrying value RM'000	Impairment allowance RM'000
By stage of allocation:		
2019		
Stage 1 (12-months ECL; non credit impaired)	111	-
Stage 3 (Lifetime ECL; credit impaired)	36	12
At 31 December	147	12
Impairment allowance over gross carrying value (%)		8.16
2018		
Stage 1 (12-months ECL; non credit impaired)	740	-
Stage 3 (Lifetime ECL; credit impaired)	55	15
At 31 December	795	15
Impairment allowance over gross carrying value (%)		1.89

14 HIRE PURCHASE ASSETS - ISLAMIC (CONTINUED)

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

	Group and Company		
	Stage 1 RM'000	Stage 3 RM'000	Total RM'000
2019			
At 1 January	-	15	15
Financing derecognised during the period (other than write-offs)	-	(6)	(6)
Allowance/ (write-back) during the year due to changes in credit risk	-	3	3
At 31 December	-	12	12
2018			
At 1 January	1	20	21
Financing derecognised during the period (other than write-offs)	(1)	(5)	(6)
At 31 December	-	15	15

15 AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries is non-trade in nature, denominated in Ringgit Malaysia, unsecured, non-interest bearing and are repayable on demand.

16 OTHER ASSETS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2019 RM'000
Staff loans and financing	2,899	3,269	2,899	3,269
Deposits	931	906	882	882
Prepayments	2,678	1,500	2,678	1,500
Other receivables	159	300	159	300
Management fee receivable	891	619	891	619
Compensation receivable from originator on mortgage assets	469	763	469	763
	8,027	7,357	7,978	7,333

17 PROPERTY AND EQUIPMENT

Group and Company	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost				
As at 1 January 2019	9,242	4,659	593	14,494
Additions	837	22	199	1,058
Disposals	(262)	-	(89)	(351)
As at 31 December 2019	9,817	4,681	703	15,201
Accumulated depreciation				
As at 1 January 2019	(5,074)	(4,452)	(274)	(9,800)
Charge for the financial year	(1,608)	(128)	(92)	(1,828)
Disposals	261	-	89	350
As at 31 December 2019	(6,421)	(4,580)	(277)	(11,278)
Net book value as at 31 December 2019	3,396	101	426	3,923

17 PROPERTY AND EQUIPMENT(CONTINUED)

	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Group and Company				
Cost				
As at 1 January 2018	7,945	4,649	627	13,221
Additions	1,336	10	333	1,679
Disposals	(39)	-	(367)	(406)
As at 31 December 2018	9,242	4,659	593	14,494
Accumulated depreciation				
As at 1 January 2018	(4,160)	(3,999)	(625)	(8,784)
Charge for the financial year	(953)	(453)	(15)	(1,421)
Disposals	39	-	366	405
As at 31 December 2018	(5,074)	(4,452)	(274)	(9,800)
Net book value as at 31 December 2018	4,168	207	319	4,694

18 INTANGIBLE ASSETS

	Service rights RM'000	Computer software RM'000	Computer software licenses RM'000	Work in progress RM'000	Total RM'000
Group and Company					
Cost					
As at 1 January 2019	16,712	12,128	25,311	281	54,432
Additions	-	1,079	1,015	-	2,094
Transfer during the year	-	-	281	(281)	-
As at 31 December 2019	16,712	13,207	26,607	-	56,526
Accumulated amortisation					
As at 1 January 2019	(13,374)	(12,104)	(6,105)	-	(31,583)
Charge for the financial year	(564)	(51)	(2,948)	-	(3,563)
As at 31 December 2019	(13,938)	(12,155)	(9,053)	-	(35,146)
Net book value					
31 December 2019	2,774	1,052	17,554	-	21,380
Cost					
As at 1 January 2018	16,712	12,082	5,832	10,414	45,040
Additions	-	46	9,065	281	9,392
Transfer during the year	-	-	10,414	(10,414)	-
As at 31 December 2018	16,712	12,128	25,311	281	54,432
Accumulated amortisation					
As at 1 January 2018	(12,809)	(12,065)	(3,812)	-	(28,686)
Charge for the financial year	(565)	(39)	(2,293)	-	(2,897)
As at 31 December 2018	(13,374)	(12,104)	(6,105)	-	(31,583)
Net book value					
31 December 2018	3,338	24	19,206	281	22,849

Service rights are amortised on a straight line basis over the tenure of RMBS/IRMBS. The remaining amortisation period of the intangible assets ranges from 1 to 8 years (2018: 2 to 9 years).

19 RIGHT-OF-USE ASSET

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

	Group and Company
	RM'000
Cost	
At 1 January 2019	-
Effect of adoption of MFRS 16	4,916
As restated	4,916
Addition	-
At 31 December 2019	4,916
Accumulated amortisation	
At 1 January 2019	-
Effect of adoption of MFRS 16	-
As restated	-
Charge for the period (Note 35)	(936)
At 31 December 2019	(936)
Net book value as at 31 December 2019	3,980

20 INVESTMENT IN SUBSIDIARIES

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares at cost	-*	-*

*denotes USD1 in CGP and RM2 in CGS.

The subsidiaries of the Company are as follows:

Name	Principal activities	Place of Incorporation	Interest in equity held by the Company 2019 %	2018 %
CGP	To undertake the issuance of bonds and notes in foreign currency.	Labuan	100	100
CGS	To undertake the issuance of Sukuk in foreign currency.	Malaysia	100	100

21 UNSECURED BEARER BONDS AND NOTES

		Group			
		2019		2018	
	Year of maturity	Amount outstanding	Effective interest rate	Amount outstanding	Effective interest rate
		RM'000	%	RM'000	%
(a) Floating rate notes					
	2019	-	-	450,000	3.480 – 3.840
	2020	100,000	3.460	-	-
Add:					
Interest payable		667		1,391	
		100,667		451,391	
(b) Commercial paper					
	2019	-	-	750,000	3.560 – 3.800
	2020	1,200,000	3.250-3.340	-	-
Add:					
Interest payable		3,213		2,929	
		1,203,213		752,929	
(c) Conventional medium-term notes					
	2019	-	-	7,643,000	2.745 – 5.280
	2020	7,595,307	2.520-6.000	5,845,965	2.530 – 6.000
	2021	2,552,426	3.035-5.380	2,464,535	4.150 – 5.380
	2022	5,850,000	3.380-4.650	5,510,000	3.900 – 4.650
	2023	525,000	4.250-6.050	525,000	4.250 – 6.050
	2024	430,000	4.000-5.520	430,000	4.000 – 5.520
	2025	640,000	4.550-4.850	640,000	4.550 – 4.850
	2026	10,000	4.410	10,000	4.410
	2027	275,000	4.140-4.900	275,000	4.140 – 4.900
	2028	890,000	4.750-6.500	890,000	4.750 – 6.500
	2029	245,000	5.500-5.750	245,000	5.500 – 5.750
	2035	160,000	5.070	160,000	5.070
		19,172,733		24,638,500	
Add:					
Interest payable		181,850		235,762	
Unaccreted premium		3,475		8,417	
Less:					
Deferred financing fees		(836)		(3,189)	
Unamortised discount		(75)		(1,419)	
		19,357,147		24,878,071	
		20,661,027		26,082,391	

21 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

	Company				
			2019		2018
	Year of maturity	Amount outstanding	Effective interest rate	Amount outstanding	Effective interest rate
		RM'000	%	RM'000	%
(a) Floating rate notes					
	2019	-	-	450,000	3.480 – 3.840
	2020	100,000	3.460	-	-
Add: Interest payable		667		1,391	
		100,667		451,391	
(b) Commercial paper					
	2019	-	-	750,000	3.560 – 3.800
	2020	1,200,000	3.250-3.340	-	-
Add: Interest payable		3,213		2,929	
		1,203,213		752,929	
(c) Conventional medium- term notes					
	2019	-	-	5,575,000	3.650 – 5.280
	2020	5,295,000	3.300-6.000	3,530,000	3.950 – 6.000
	2021	2,275,000	3.350-5.380	2,185,000	4.050 – 5.380
	2022	5,850,000	3.380-4.650	5,510,000	3.900 – 4.650
	2023	525,000	4.250-6.050	525,000	4.250 – 6.050
	2024	430,000	4.000-5.520	430,000	4.000 – 5.520
	2025	640,000	4.550-4.850	640,000	4.550 – 4.850
	2026	10,000	4.410	10,000	4.410
	2027	275,000	4.140-4.900	275,000	4.140 – 4.900
	2028	890,000	4.750-6.500	890,000	4.750 – 6.500
	2029	245,000	5.500-5.750	245,000	5.500 – 5.750
	2035	160,000	5.070	160,000	5.070
		16,595,000		19,975,000	
Add:					
Interest payable		164,961		215,131	
Unaccreted premium		3,475		8,417	
Less:					
Unamortised discount		(75)		(1,419)	
		16,763,361		20,197,129	
		18,067,241		21,401,449	

21 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Maturing within one year	9,083,664	9,084,032	6,767,215	6,997,713
One to three years	8,402,295	8,313,359	8,124,958	5,718,736
Three to five years	955,000	6,035,000	955,000	6,035,000
More than five years	2,220,068	2,650,000	2,220,068	2,650,000
	20,661,027	26,082,391	18,067,241	21,401,449

(a) Floating Rate Notes ("FRNs")

FRN are Ringgit denominated CMTNs with tenures of more than one year with floating rate pegged to a reference rate, e.g. Kuala Lumpur Interbank Offered Rate (KLIBOR). 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 paper ("CP")

CP 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 is paid on a semi-annual basis or on such other periodic basis as determined by Cagamas.

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

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. 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 Multicurrency Medium Term Notes Programme, CGP may from time to time issue EMTNs in any currency (other than Ringgit Malaysia) which are unconditionally and irrevocably guaranteed by Cagamas.

21 UNSECURED BEARER BONDS AND NOTES (CONTINUED)

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

	Group	
	2019	2018
	RM'000	RM'000
HKD	352,201	353,648
USD	1,553,180	3,640,217
SGD	688,405	687,077
	2,593,786	4,680,942

22 SUKUK

		Group and Company			
		2019		2018	
	Year of maturity	Amount outstanding RM'000	Effective profit rate %	Amount outstanding RM'000	Effective profit rate %
(a) Islamic commercial papers					
	2019	-	-	405,000	3.510 – 3.800
	2020	905,000	3.250-3.310	-	-
Add:					
Profit payable		1,587		1,358	
		906,587		406,358	
(b) Islamic medium-term notes					
	2019	-	-	1,612,000	3.750 – 5.280
	2020	2,725,000	3.290-6.000	2,230,000	3.980 – 6.000
	2021	3,020,000	4.080-5.380	3,020,000	4.080 – 5.380
	2022	3,010,000	3.380-4.700	2,150,000	3.900 – 4.700
	2023	2,495,000	4.250-6.350	2,495,000	4.250 – 6.350
	2024	1,135,000	3.550-5.520	315,000	4.000 – 5.520
	2025	455,000	4.550-4.650	455,000	4.550 – 4.650
	2026	20,000	4.410-4.920	20,000	4.410 – 4.920
	2027	15,000	4.140	15,000	4.140
	2028	1,080,000	4.750-6.500	1,080,000	4.750 – 6.500
	2029	180,000	5.500-5.750	180,000	5.500 – 5.750
	2033	675,000	5.000	675,000	5.000
		14,810,000		14,247,000	
Add:					
Profit payable		125,728		134,397	
Unaccreted premium		7,568		20,717	
		14,943,296		14,402,114	
		15,849,883		14,808,472	

22 SUKUK (CONTINUED)

The maturity structure of Sukuk are as follows:

	Group and Company	
	2019	2018
	RM'000	RM'000
Maturing within one year	3,764,836	2,156,534
One to three years	6,030,000	5,266,938
Three to five years	3,630,000	4,645,000
More than five years	2,425,047	2,740,000
	15,849,883	14,808,472

(a) Islamic commercial papers ("ICP")

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 is paid on a semi-annual basis or on such other periodic basis as determined by Cagamas.

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

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. The redemption of the relevant IMTNs are at nominal value together with the profit due upon maturity.

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

VRNs are Ringgit denominated IMTNs with tenures of more than one year with variable profit rate pegged to a reference rate, e.g. Kuala Lumpur Interbank Offered Rate (KLIBOR). 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.

Apart from Ringgit IMTNs and VRNs, Cagamas also issued IMTNs and VRNs in foreign currency ("Islamic EMTN"). Under the USD2.5 billion Multicurrency Sukuk Issuance Programme, CGS, may from time to time issue Islamic EMTN in any currency (other than Ringgit Malaysia) which are unconditionally and irrevocably guaranteed by Cagamas. There are no Islamic EMTN outstanding at the end of financial year which are not in the functional currencies of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 LOANS/FINANCING FROM SUBSIDIARY

Loans from subsidiary outstanding at financial year ended that are not in the functional currencies of the Group are as follows:

	Company	
	2019	2018
	RM'000	RM'000
HKD	352,503	354,124
USD	1,553,622	3,642,798
SGD	688,841	687,875
	2,594,966	4,684,797

Loans/financing from subsidiary are unsecured and subject to interest/profit rates ranging from 2.58% to 3.735% per annum (2018: 2.58% to 3.735% per annum). The maturity structure of loans/financing from subsidiary are as follows:

	Company	
	2019	2018
	RM'000	RM'000
Maturing within one year	2,317,540	2,089,297
One to three years	277,426	2,595,500
	2,594,966	4,684,797

24 DEFERRED TAXATION

Deferred tax assets and liabilities are offsetted 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 and Company	
	2019	2018
	RM'000	RM'000
Deferred tax assets (before offsetting)	(17,451)	(29,169)
Deferred tax liabilities (before offsetting)	18,011	56,517
Deferred tax liabilities	560	27,348

The movements of deferred tax are as follows:

	2019	2018
As at 1 January	27,348	(5,874)
Recognised to income statements (Note 37)	(51,610)	34,699
Recognised to reserves	24,822	(1,477)
As at 31 December	560	27,348

24 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 and Company			
2019				
Deferred tax assets	As at 1 January	Recognised to income statement	Recognised to reserves	As at 31 December
	RM'000	RM'000	RM'000	RM'000
Net unrealised losses on revaluation of derivatives financial instrument under cash flow hedge accounting	(15,067)	-	13,595	(1,472)
Provisions	(1,321)	237	-	(1,084)
Temporary difference relating to lease liability	-	(1,150)	-	(1,150)
Temporary difference relating to ECL	(12,781)	(964)	-	(13,745)
	(29,169)	(1,877)	13,595	(17,451)
Deferred tax liabilities				
Net unrealised gain on revaluation of derivatives financial instrument under cash flow hedge accounting	3,790	-	(23)	3,767
Revaluation reserves of financial asset at FVOCI	623	-	11,250	11,873
Accelerated depreciation	2,248	(1,011)	-	1,237
Temporary difference relating to interest/profit receivables on deposit and placements	10	173	-	183
Temporary difference relating to right of use of asset	-	951	-	951
Temporary difference relating to accretion of discount	49,846	(49,846)	-	-
	56,517	(49,733)	11,227	18,011
	27,348	(51,610)	24,822	560

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 DEFERRED TAXATION (CONTINUED)

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

2018 Deferred tax assets	As at 1 January RM'000	Recognised to income statement RM'000	Recognised to reserves RM'000	As at 31 December RM'000
Net unrealised losses on revaluation of derivatives financial instrument under cash flow hedge accounting	(9,807)	-	(5,260)	(15,067)
Provisions	(305)	(1,016)	-	(1,321)
Revaluation reserves of financial asset at FVOCI	(319)	-	319	-
Temporary difference relating to ECL	2,091	(14,872)	-	(12,781)
	(8,340)	(15,888)	(4,941)	(29,169)
Deferred tax liabilities				
Net unrealised gain on revaluation of derivatives financial instrument under cash flow hedge accounting	852	-	2,938	3,790
Revaluation reserves of financial asset at FVOCI	97	-	526	623
Accelerated depreciation	1,275	973	-	2,248
Temporary difference relating to interest/profit receivables on deposit and placements	242	(232)	-	10
Temporary difference relating to accretion of discount	-	49,846	-	49,846
	2,466	50,587	3,464	56,517
	(5,874)	34,699	(1,477)	27,348

25 LEASE LIABILITY

	Group and Company
	RM'000
At 1 January 2019	-
Effect of adoption of MFRS 16	4,916
As restated	4,916
Lease liability interest charged	(125)
At 31 December 2019	4,791

The maturity structure of lease liability are as follows:

Due in 1 year or less	208
Due in 2 to 5 years	4,583
Total present value of minimum lease payments	4,791

26 OTHER LIABILITIES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Provision for zakat	1,777	1,584	1,777	1,584
Amount due to GOM	90,620	54,893	90,620	54,893
Accruals	27,899	29,154	27,562	27,950
Other payables	1,392	1,360	1,392	1,360
	121,688	86,991	121,351	85,787

27 SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares	Amount	Number of shares	Amount
	'000	RM'000	'000	RM'000
Ordinary shares				
Issued:				
As at 1 January/ 31 December	150,000	150,000	150,000	150,000

28 RESERVES

(a) Financial asset at FVOCI reserves

This amount represents the unrealised fair value gains or losses on financial asset 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 and the Company have adopted the BNM Guidelines on Financial Reporting issued on 2 February 2018 on voluntary basis. The Group and Company 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 (2018 :1.2% of the total outstanding loans/financing, net of individual impairment provisions).

29 NET TANGIBLE ASSETS AND EARNINGS PER SHARE

The net tangible assets per share is calculated by dividing the net tangible assets of RM3,904,862,000 of the Group and RM3,889,265,000 of the Company respectively (2018: RM3,614,391,000 of the Group and RM3,602,369,000 of the Company respectively) by 150,000,000 ordinary shares of the Group and the Company in issue.

Basic and diluted earnings per share is calculated by dividing the profit for the financial year of RM240,400,000 of the Group and RM236,825,000 of the Company respectively (2018: RM243,729,000 of the Group and RM239,445,000 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.

30 INTEREST INCOME

	Group and Company 2019 RM'000	Group and Company 2018 RM'000
Amount due from counterparties	819,265	883,984
Mortgage assets	223,345	245,549
Hire purchase assets	-	2
Compensation from mortgage assets	14	28
Financial asset at FVOCI	76,726	77,732
Deposits and placements with financial institutions	5,749	9,102
	1,125,099	1,216,397
Accretion of discount less amortisation of premium (net)	123,618	132,361
	1,248,717	1,348,758

31 INTEREST EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Floating rate notes	8,650	11,380	8,650	11,380
Medium-term notes	913,548	989,740	788,695	858,328
Commercial paper	25,674	28,845	25,674	28,845
Deposits and placements from financial institutions	884	236	884	236
Loans/financing from subsidiaries	-	-	129,954	136,320
	948,756	1,030,201	953,857	1,035,109

32 NON-INTEREST EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net derivatives expense	(55,571)	(75,666)	(55,571)	(75,666)
Income from financial asset at FVTPL	1,383	3,649	1,383	3,649
Gain on disposal of:				
- Financial asset at FVOCI	7,636	3,553	7,636	3,553
- Property and equipment	23	70	23	70
Reclassification adjustments of fair value loss on CCS, transfer from equity	(26,601)	(33,592)	(26,601)	(33,592)
Unrealised gain on foreign exchange	26,260	33,157	26,253	33,157
Other non-operating income	8,036	6,439	8,036	6,439
Interest lease liability (Note 35)	(2,523)	-	(2,523)	-
	(41,357)	(62,390)	(41,364)	(62,390)

33 PERSONNEL COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salary and allowances	15,391	13,669	15,391	13,669
Bonus	7,465	5,933	7,465	5,933
Overtime	66	58	66	58
EPF and SOCSO	4,026	3,313	4,026	3,313
Insurance	608	665	608	665
Others	3,752	2,888	3,752	2,888
	31,308	26,526	31,308	26,526

34 (ALLOWANCE)/WRITE-BACK OF IMPAIRMENT LOSSES

	Group and Company	
	2019 RM'000	2018 RM'000
Cash and short-term funds	(105)	-
Financial asset at FVOCI	(128)	-
Amount due from counterparties	8	(26)
Islamic financing assets	(26)	(405)
Mortgage assets - Conventional	(6,783)	2,673
Mortgage assets – Islamic	(10,823)	3,820
Hire purchase assets – Islamic	3	6
Write-off of mortgage assets	(172)	-
(Allowance)/write-back of impairment losses	(18,026)	6,068

35 PROFIT BEFORE TAXATION AND ZAKAT

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors' remuneration (Note 36)	2,320	2,104	2,320	2,104
Amortisation of right-of-use asset (Note 19)	936	-	936	-
Interest lease liability (Note 32)	2,523	-	2,523	-
Rental of premises	-	2,648	-	2,648
Hire of equipment	741	597	741	597
Auditor's remuneration				
- Audit fees	318	326	276	298
- Non audit fees	39	14	36	11
Depreciation of property and equipment	1,828	1,421	1,828	1,421
Amortisation of intangible assets	3,563	2,897	3,563	2,897
Servicers fees	2,550	2,578	2,550	2,578
Repairs and maintenance	6,982	5,896	6,982	5,896
Donations and sponsorship	115	152	115	152
Corporate expenses	892	756	892	756
Travelling expenses	476	915	476	915
Gain on disposal of property and equipment	(23)	(70)	(23)	(70)
Allowance/(write-back) of impairment losses	18,026	(6,068)	18,026	(6,068)

36 DIRECTORS' REMUNERATION

The Directors who served since the date of the last report and the date of this report are:

Non-Executive Directors

Dato' Bakarudin bin Ishak (Chairman) (appointed w.e.f 26 March 2019)
Datuk Shaik Abdul Rasheed bin Abdul Ghaffour (resigned w.e.f 26 March 2019)
Dato' Halipah binti Esa
Dato' Md Agil bin Mohd Natt
Philip Tan Puay Koon
Dato' Wee Yiaw Hin
Nazrul Hisyam bin Mohd Noh (resigned w.e.f 26 March 2019)
Ho Chai Huey (appointed w.e.f 1 January 2019)
Datuk Azizan bin Haji Abd Rahman (appointed w.e.f 1 January 2019)

Executive Director

Datuk Chung Chee Leong

36 DIRECTORS' REMUNERATION (CONTINUED)

The aggregate amount of emoluments received by the Directors during the financial year is as follows:

	Group and Company	
	2019	2018
	RM'000	RM'000
Directors' fees	530	370
Directors' other emoluments	1,790	1,734
	2,320	2,104

For the financial year ended 31 December 2019, a total of RM170,000 (2018: RM170,000) has been paid by the Group in relation to insurance premium paid for directors and officers of the Group and Company.

37 TAXATION

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(a) Tax charge for the financial year:				
Malaysian Income tax:				
- Current tax	128,282	35,936	127,112	35,916
- Deferred taxation (Note 24)	(51,610)	34,699	(51,610)	34,699
	76,672	70,635	75,502	70,615
Current tax:				
- Current year	82,040	39,882	80,870	39,862
- Under/(over) provision in prior year	46,242	(3,946)	46,242	(3,946)
	128,282	35,936	127,112	35,916
Deferred taxation:				
(Reversal)/origination of temporary differences (Note 24)	(51,610)	34,699	(51,610)	34,699
	76,672	70,635	75,502	70,615

37 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before taxation and zakat	317,998	315,948	313,253	311,644
Tax calculated at Malaysian tax rate of 24% (2018: 24%)	76,320	75,828	75,181	74,795
Different tax rate in Labuan	-	(1,062)	-	-
Subsidiary's current year tax losses utilised	(28)	(39)	(28)	(39)
Loss not subject to tax	28	39	-	-
Expenses not deductible for tax purposes	5,394	(275)	5,391	(285)
Deduction arising from zakat contribution	(380)	(223)	(380)	(223)
Reversal of temporary differences recognised in prior year	(50,854)	-	(50,854)	-
Others	(50)	313	(50)	313
Under/(over) provision in prior year	46,242	(3,946)	46,242	(3,946)
	76,672	70,635	75,502	70,615

38 DIVIDENDS

Dividends paid, proposed and approved are as follows:

	Group and Company			
		2019		2018
	Per share Sen	Total amount RM'000	Per share Sen	Total amount RM'000
Interim dividend paid	5.00	7,500	5.00	7,500
Final dividend paid	15.00	22,500	15.00	22,500
	20.00	30,000	20.00	30,000

39 RELATED PARTIES AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related parties and relationships

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

Related parties	Relationships
CHB	Ultimate holding company
CGP	Subsidiary
CGS	Subsidiary
Cagamas MBS Berhad ("CMBS")	Related company
BNM Sukuk Berhad ("BNM Sukuk")	Structured entity of ultimate holding company
Cagamas SME Berhad ("CSME")	Related company
Cagamas SRP Berhad ("CSRP")	Related company and trustee for LPPSA
Cagamas MGP Berhad ("CMGP")	Related company
Government of Malaysia ("GOM")	Other related party
Lembaga Pembiayaan Perumahan Sektor Awam (“LPPSA”)	Originator/servicer and entity related to GOM
Bank Negara Malaysia ("BNM")	Other related party
Key management personnel	Other related party
Entities in which key management personnel have control	Other related party

Related company is defined as subsidiary of the ultimate holding company.

BNM is regarded as a related party on the basis of having significant influence over the ultimate holding company.

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 and its ultimate holding company, 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.

(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 Corporate Bonds and Sukuk are transacted with the shareholders of the ultimate holding company. These transactions have been disclosed on the statement of financial position and income statements of the Group and the Company.

During the financial year, the Company entered into a shared service arrangement with its ultimate holding company, CHB. Under this arrangement, the Company sets out the scope of services performed for CHB in the normal course of business.

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

(b) Significant related party transactions and balances (continued)

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

	Group		
	Ultimate holding company RM'000	Related company RM'000	Other related party RM'000
2019			
Income			
Transaction administrator and administrator fees	-	4,286	-
Management fee	52	3,602	-
Expenses			
FAST* and RENTAS** charges	-	-	27
Servicers fees	-	2,550	-
Amount due from/(to)			
Transaction administrator and administrator fees	-	1,420	-
BNM current accounts	-	-	35
Reimbursement of operating expenses	-	-	5
Servicers fees	-	(438)	-
Management fee receivable	52	839	-
2018			
Income			
Transaction administrator and administrator fees	-	3,887	-
Management fee	-	2,445	-
Expenses			
FAST* and RENTAS** charges	-	-	(18)
Servicers fees	-	2,578	-
Amount due from/(to)			
Transaction administrator and administrator fees	-	450	-
BNM current accounts	-	-	26
Reimbursement of operating expenses	-	-	8
Servicers fees	-	(534)	-
Management fee receivable	-	619	-

* Denotes Fully Automated System for Issuing and Tendering ("FAST").
** Denotes Real-Time Electronic Transfer of Funds and Securities ("RENTAS").

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

(b) Significant related party transactions and balances (continued)

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

	Company			
	Ultimate holding company	Subsidiaries	Related company	Other related party
	RM'000	RM'000	RM'000	RM'000
2019				
Income				
Transaction administrator and administrator fees	-	-	4,286	-
Management fee	52	-	3,602	-
Expenses				
FAST* and RENTAS** charges	-	-	-	27
Servicers fees	-	-	2,550	-
Interest expense	-	129,954	-	-
Profit charged	-	-	-	-
Amount due from/(to)				
Transaction administrator and administrator fees	-	-	1,420	-
BNM current accounts	-	-	-	35
Reimbursement of operating expenses	-	-	-	5
Servicers fees	-	-	(438)	-
Loans/financing	-	(2,594,622)	-	-
Payment on behalf	-	3,430	-	-
Management fee receivable	52	-	839	-

* Denotes Fully Automated System for Issuing and Tendering ("FAST").
** Denotes Real-Time Electronic Transfer of Funds and Securities ("RENTAS").

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

(b) Significant related party transactions and balances (continued)

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

	Company		
	Subsidiaries RM'000	Related company RM'000	Other related party RM'000
2018			
Income			
Transaction administrator and administrator fees	-	3,887	-
Management fee	-	2,445	-
Expenses			
FAST* and RENTAS** charges	-	-	(18)
Servicers fees	-	2,578	-
Interest expense	136,318	-	-
Profit charged	572	-	-
Amount due from/(to)			
Transaction administrator and administrator fees	-	450	-
BNM current accounts	-	-	26
Reimbursement of operating expenses	-	-	8
Servicers fees	-	(534)	-
Loans/financing	(4,684,796)	-	-
Payment on behalf	5,379	-	-
Management fee receivable	-	619	-

* Denotes Fully Automated System for Issuing and Tendering ("FAST").
** Denotes Real-Time Electronic Transfer of Funds and Securities ("RENTAS").

The Group and the Company key management personnel received remuneration for services rendered during the financial year. The total compensation paid to the Group's key management personnel was RM7,430,703 (2018: RM6,256,353).

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

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

(c) Transactions with the GOM and its related parties

As BNM has significant influence over the ultimate holding company, the GOM and entities controlled, jointly controlled or has significant influence by the GOM are related parties of the Group and the Company.

The Group and the Company enter 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 and the Company also purchase Islamic financing facilities such as home financing, personal financing and hire purchase financing and funded by issuance of Sukuk.

40 CAPITAL AND LEASE COMMITMENTS

(a) Capital commitments

	Group and Company	
	2019	2018
	RM'000	RM'000
Capital expenditure:		
Authorised and contracted for	2,783	1,380
Authorised but not contracted for	741	1,322
	3,524	2,702
Analysed as follows:		
Equipment and others	24	54
Computer hardware and software	3,500	2,648
	3,524	2,702

(b) Lease commitments

The Group and the Company have lease commitments in respect of rented premise and hired equipment, all of which are classified as operating leases. A summary of the long-term commitments are as follows:

	Group and Company	
	2019	2018
	RM'000	RM'000
Maturing within one year	-	4,550
One to three years	-	6,242
	-	10,792

41 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 and the Company take 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.

The following tables summarise the Group’s and the Company's exposure to interest/profit rate risks. Included in the tables are the Group’s and the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The carrying amounts of derivative financial instruments, which are principally used to reduce the Group’s and the Company's exposure to interest/profit rates movements, are included in "other assets" and "other liabilities".

The tables also represent a static position which provides an indication of the potential impact on the Group’s and the Company's statement of financial position through gap analysis of the interest/profit rate sensitive assets, liabilities and off-statement of financial position items by time bands. A positive interest/profit rate sensitivity gap exists when more interest/profit sensitive assets than interest/profit sensitive liabilities reprice or mature during a given time period. Similarly, a negative interest/profit rate sensitivity gap exists when more interest/profit sensitive liabilities than interest/profit sensitive assets reprice or mature during a given time period. Any negative interest/profit rate sensitivity gap is to be funded by the Group’s and the Company's shareholder's funds, unsecured bearer bonds and notes/Sukuk or money market borrowings.

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41 INTEREST/PROFIT RATE RISK (CONTINUED)

	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
Group						
2019						
Financial assets						
Cash and short-term funds	230,501	-	-	-	110,806	341,307^1
Financial asset at FVOCI	587,652	538,057	500,125	682,859	(128)	2,308,565^2
Financial asset at FVTPL	141,383	-	-	-	-	141,383
Amount due from counterparties	7,491,962	8,527,330	-	637,921	(59)	16,657,154^3
Islamic financing assets	2,513,118	5,823,131	2,506,636	-	(653)	10,842,232^4
Mortgage assets:						
- Conventional	879,063	1,114,449	933,455	2,527,182	(617,836)	4,836,313^5
- Islamic	732,210	967,240	905,246	3,557,112	(651,380)	5,510,428^6
Hire purchase assets:						
- Conventional	2	-	-	-	(2)	-^7
- Islamic	147	-	-	-	(11)	136^8
Other assets	22,854	16,004	492	22,506	35,296	97,152
	12,598,892	16,986,211	4,845,954	7,427,580	(1,123,967)	40,734,670

^1 Includes impairment losses on cash and short-term funds of RM105,036.
^2 Includes impairment losses on financial assets at FVOCI of RM127,815.
^3 Includes impairment losses on amount due from counterparties of RM59,047.
^4 Includes impairment losses on Islamic financing asset of RM653,198.
^5 Includes impairment losses on mortgage assets of RM34,992,500.
^6 Includes impairment losses on Islamic mortgage assets of RM35,084,485.
^7 Includes impairment losses on conventional hire purchase assets of RM2,059.
^8 Includes impairment losses on hire purchase assets of RM12,461.

41 INTEREST/PROFIT RATE RISK (CONTINUED)

	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
Group						
2019						
Financial liabilities						
Unsecured bearer bonds and notes	9,083,664	8,402,295	955,000	2,220,068	-	20,661,027
Sukuk	3,764,836	6,030,000	3,630,000	2,425,047	-	15,849,883
Other liabilities	126,133	15,677	10,499	-	145,209	297,518
	12,974,633	14,447,972	4,595,499	4,645,115	145,209	36,808,428
Total interest/profit sensitivity gap	(375,741)	2,538,239	250,455	2,782,465		
Cumulative gap	(375,741)	2,162,498	2,412,953	5,195,418		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41 INTEREST/PROFIT RATE RISK (CONTINUED)

	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
Group						
2018						
Financial assets						
Cash and short-term funds	116,537	-	-	-	70,255	186,792
Financial asset at FVOCI	518,227	475,208	676,771	806,079	-	2,476,285
Amount due from counterparties	6,004,319	8,420,632	5,345,008	635,032	(67)	20,404,924^[1]
Islamic financing assets	1,835,052	4,269,044	3,926,484	-	(627)	10,029,953^[2]
Mortgage assets:						
- Conventional	893,068	1,150,650	1,007,432	3,013,592	(720,032)	5,344,710^[3]
- Islamic	732,631	986,926	944,979	3,979,811	(728,820)	5,915,527^[4]
Hire purchase assets:						
- Conventional	2	-	-	-	(2)	-^[5]
- Islamic	795	-	-	-	(14)	781^[6]
Other assets	356,716	1,699	795	6,900	71,974	438,084
	10,457,347	15,304,159	11,901,469	8,441,414	(1,307,333)	44,797,056

^[1] Includes impairment losses on amount due to counterparties of RM66,581.
^[2] Includes impairment losses on Islamic financing assets of RM627,130.
^[3] Includes impairment losses on mortgage assets of RM28,210,459.
^[4] Includes impairment losses on Islamic mortgage assets of RM24,261,116.
^[5] Includes impairment losses on conventional hire purchase assets of RM2,059.
^[6] Includes impairment losses on Islamic hire purchase assets of RM14,937.

41 INTEREST/PROFIT RATE RISK (CONTINUED)

	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
Group						
2018						
Financial liabilities						
Unsecured bearer bonds and notes	9,084,032	8,313,359	6,035,000	2,650,000	-	26,082,391
Sukuk	2,156,534	5,266,938	4,645,000	2,740,000	-	14,808,472
Other liabilities	127,352	9,792	17,471	-	114,338	268,953
	11,367,918	13,590,089	10,697,471	5,390,000	114,338	41,159,816
Total interest/profit sensitivity gap	(910,571)	1,714,070	1,203,998	3,051,414		
Cumulative gap	(910,571)	803,499	2,007,497	5,058,911		

41 INTEREST/PROFIT RATE RISK (CONTINUED)

	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
Company						
2019						
Financial assets						
Cash and short-term funds	230,501	-	-	-	91,499	322,000^1
Financial asset at FVOCI	587,652	538,057	500,125	682,859	(128)	2,308,565^2
Financial asset at FVTPL	141,383	-	-	-	-	141,383
Amount due from counterparties	7,491,962	8,527,330	-	637,921	(59)	16,657,154^3
Islamic financing assets	2,513,118	5,823,131	2,506,636	-	(653)	10,842,232^4
Mortgage assets:						
- Conventional	879,063	1,114,449	933,455	2,527,182	(617,836)	4,836,313^5
- Islamic	732,210	967,240	905,246	3,557,112	(651,380)	5,510,428^6
Hire purchase assets:						
- Conventional	2	-	-	-	(2)	-^7
- Islamic	147	-	-	-	(11)	136^8
Other assets	22,854	16,004	492	22,506	38,678	100,534
	12,598,892	16,986,211	4,845,954	7,427,580	(1,139,892)	40,718,745

^1 Includes impairment losses on cash and short-term funds of RM105,036.
^2 Includes impairment losses on financial assets at FVOCI of RM127,815.
^3 Includes impairment losses on amount due from counterparties of RM59,047.
^4 Includes impairment losses on Islamic financing asset of RM653,198.
^5 Includes impairment losses on mortgage assets of RM34,992,500.
^6 Includes impairment losses on Islamic mortgage assets of RM35,084,485.
^7 Includes impairment losses on conventional hire purchase assets of RM2,059.
^8 Includes impairment losses on Islamic hire purchase assets of RM12,461.

41 INTEREST/PROFIT RATE RISK (CONTINUED)

	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
Company						
2019						
Financial liabilities						
Unsecured bearer bonds and notes	6,767,215	8,124,958	955,000	2,220,068	-	18,067,241
Sukuk	3,764,836	6,030,000	3,630,000	2,425,047	-	15,849,883
Loan/financing from subsidiaries	2,317,540	277,426	-	-	-	2,594,966
Other liabilities	126,133	15,677	10,499	-	143,701	296,010
	12,975,724	14,448,061	4,595,499	4,645,115	143,701	36,808,100
Total interest/profit sensitivity gap	(376,832)	2,538,150	250,455	2,782,465		
Cumulative gap	(376,832)	2,161,318	2,411,773	5,194,238		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41 INTEREST/PROFIT RATE RISK (CONTINUED)

	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
Company						
2018						
Financial assets						
Cash and short-term funds	116,537	-	-	-	55,509	172,046
Financial asset at FVOCI	518,227	475,208	676,771	806,079	-	2,476,285
Amount due from counterparties	6,004,319	8,420,632	5,345,008	635,032	(67)	20,404,924^1
Islamic financing assets	1,835,052	4,269,044	3,926,484	-	(627)	10,029,953^2
Mortgage assets:						
- Conventional	893,068	1,150,650	1,007,432	3,013,592	(720,032)	5,344,710^3
- Islamic	732,631	986,926	944,979	3,979,811	(728,820)	5,915,527^4
Hire purchase assets:						
- Conventional	2	-	-	-	(2)	-^5
- Islamic	795	-	-	-	(14)	781^6
Other assets	356,716	1,699	795	6,900	77,349	443,459
	10,457,347	15,304,159	11,901,469	8,441,414	(1,316,704)	44,787,685

^1 Includes impairment losses on amount due to counterparties of RM66,581.
^2 Includes impairment losses on Islamic financing assets of RM627,130.
^3 Includes impairment losses on mortgage assets of RM28,210,459.
^4 Includes impairment losses on Islamic mortgage assets of RM24,261,116.
^5 Includes impairment losses on conventional hire purchase assets of RM2,059.
^6 Includes impairment losses on Islamic hire purchase assets of RM14,937.

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41 INTEREST/PROFIT RATE RISK (CONTINUED)

	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
Company						
2018						
Financial liabilities						
Unsecured bearer bonds and notes	6,997,713	5,718,736	6,035,000	2,650,000	-	21,401,449
Sukuk	2,156,534	5,266,938	4,645,000	2,740,000	-	14,808,472
Loan/financing from subsidiaries	2,089,297	2,595,500	-	-	-	4,684,797
Other liabilities	127,352	9,792	17,471	-	113,134	267,749
	11,370,896	13,590,966	10,697,471	5,390,000	113,134	41,162,467
Total interest/profit sensitivity gap	(913,549)	1,713,193	1,203,998	3,051,414		
Cumulative gap	(913,549)	799,644	2,003,642	5,055,056		

41 INTEREST/PROFIT RATE RISK (CONTINUED)

The table below summarises the sensitivity of the Group’s and the Company'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	
	2019	2018	2019	2018
	RM’000	RM’000	RM’000	RM’000
Impact to equity:				
Financial asset at FVOCI reserves	(76,593)	(78,460)	82,369	83,437
Derivatives financial instruments	(36)	113	36	(114)
PWR (floating rate)	(9,977)	(7,033)	10,144	7,193
Unsecured bonds and notes (floating rate)	647	731	(657)	(740)
Taxation effects on the above at tax rate of 24%	20,630	20,316	(22,054)	(21,546)
Effect on shareholder's funds	(65,329)	(64,333)	69,838	68,230
As percentage of shareholder's funds	(1.7%)	(1.8%)	1.8%	1.9%
Impact to income statements:				
Net interest income	5,404	3,691	(5,398)	(3,685)
Taxation effects at the rate of 24%	(1,297)	(886)	1,296	885
Effect on net interest income	4,107	2,805	(4,102)	(2,800)
As percentage of profit after tax	1.7%	1.2%	(1.7%)	(1.2%)

41 INTEREST/PROFIT RATE RISK (CONTINUED)

	Company			
	+100 basis		-100 basis	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Impact to equity:				
Financial asset at FVOCI reserve	(76,593)	(78,460)	82,369	83,437
Derivatives financial instruments	(36)	113	36	(114)
Loans/financing from subsidiaries	298	(41)	(302)	43
PWR (floating rate)	(9,977)	(7,033)	10,144	7,193
Unsecured bonds and notes (floating rate)	647	731	(657)	(740)
Taxation effects on the above at tax rate of 24%	20,558	20,326	(21,981)	(21,556)
Effect on shareholder's funds	(65,103)	(64,364)	69,609	68,263
As percentage of shareholder's funds	(1.7%)	(1.8%)	1.8%	1.9%
Impact to income statements:				
Net interest income	5,404	3,691	(5,398)	(3,685)
Taxation effects at the rate of 24%	(1,297)	(886)	1,296	884
Effect on net interest income	4,107	2,805	(4,102)	(2,801)
As percentage of profit after tax	1.7%	1.2%	(1.7%)	(1.2%)

42 CREDIT RISK

42.1 Credit risk concentration

The Group's and the Company's counterparties are mainly the GOM, financial institutions and individuals in Malaysia. The financial institutions are governed by the Financial Services Act ("FSA"), 2013 and the Islamic Financial Services Act ("IFSA"), 2013 and are subject to periodic review by the BNM. The following tables summarise the Group's and the Company'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.

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42 CREDIT RISK (CONTINUED)

42.1 Credit risk concentrations (continued)

Industrial analysis based on its industrial distribution

	Cash and short-term funds	Derivatives financial instruments	Financial asset at FVOCI	Financial asset at FVTPL	Amount due from counter parties	Islamic financing assets	Mortgage assets-Conventional	Mortgage assets-Islamic	Hire purchase assets-Islamic	Other assets	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
2019											
Government bodies	-	-	1,069,398	-	-	-	-	-	-	469	1,069,867
Financial institutions:											
- Commercial banks	247,189	58,422	158,961	-	16,114,189	10,480,965	-	-	-	-	27,059,726
- Investment banks	94,118	-	-	-	-	-	-	-	-	-	94,118
- Development	-	-	91,848	-	-	361,267	-	-	-	-	453,115
Communication, electricity, gas and water	-	-	179,509	-	-	-	-	-	-	-	179,509
Transportation	-	-	384,292	-	-	-	-	-	-	-	384,292
Leasing	-	-	-	-	542,965	-	-	-	-	-	542,965
Consumers	-	-	-	-	-	-	4,836,313	5,510,428	136	-	10,346,877
Corporate	-	-	221,164	141,383	-	-	-	-	-	-	362,547
Construction	-	-	35,615	-	-	-	-	-	-	-	35,615
Others	-	-	167,778	-	-	-	-	-	-	8,978*	176,756
Total	341,307	58,422	2,308,565	141,383	16,657,154	10,842,232	4,836,313	5,510,428	136	9,447	40,705,387

*Includes prepayment of RM2,727

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

42 CREDIT RISK (CONTINUED)

42.1 Credit risk concentrations (continued)

Industrial analysis based on its industrial distribution

	Cash and short-term funds RM'000	Derivatives financial instruments RM'000	Financial asset at FVOCI 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	Total RM'000
Group										
2018										
Government bodies	-	-	952,666	-	-	-	-	-	773	953,439
Financial institutions:										
- Commercial banks	144,550	362,078	364,632	19,875,677	10,029,953	-	-	-	-	30,776,890
- Investment banks	42,242	-	-	-	-	-	-	-	-	42,242
- Development	-	-	151,135	-	-	-	-	-	-	151,135
Communication, electricity, gas and water	-	-	100,565	-	-	-	-	-	-	100,565
Transportation	-	-	365,378	-	-	-	-	-	-	365,378
Leasing	-	-	-	529,247	-	-	-	-	-	529,247
Consumers	-	-	-	-	-	5,344,710	5,915,527	781	-	11,261,018
Corporate	-	-	192,685	-	-	-	-	-	-	192,685
Construction	-	-	76,090	-	-	-	-	-	-	76,090
Others	-	-	273,134	-	-	-	-	-	6,878*	280,012
Total	186,792	362,078	2,476,285	20,404,924	10,029,953	5,344,710	5,915,527	781	7,651	44,728,701

*Includes prepayment of RM1,523

42 CREDIT RISK (CONTINUED)

42.1 Credit risk concentrations (continued)

Industrial analysis based on its industrial distribution (continued)

	Cash and short-term funds RM'000	Derivatives financial instruments RM'000	Financial asset at FVOCI RM'000	Financial asset at FVTPL 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	Total RM'000
Company											
2019											
Government bodies	-	-	1,069,398	-	-	-	-	-	-	469	1,069,867
Financial institutions:											
- Commercial banks	227,882	58,422	158,961	-	16,114,189	10,480,965	-	-	-	-	27,040,419
- Investment banks	94,118	-	-	-	-	-	-	-	-	-	94,118
- Development	-	-	91,848	-	-	361,267	-	-	-	-	453,115
Communication, electricity, gas and water	-	-	179,509	-	-	-	-	-	-	-	179,509
Transportation	-	-	384,292	-	-	-	-	-	-	-	384,292
Leasing	-	-	-	-	542,965	-	-	-	-	-	542,965
Consumers	-	-	-	-	-	-	4,836,313	5,510,428	136	-	10,346,877
Corporate	-	-	221,164	141,383	-	-	-	-	-	-	362,547
Construction	-	-	35,615	-	-	-	-	-	-	-	35,615
Others	-	-	167,778	-	-	-	-	-	-	12,360*	180,138
Total	322,000	58,422	2,308,565	141,383	16,657,154	10,842,232	4,836,313	5,510,428	136	12,829	40,689,462

*Includes prepayment of RM2,678

42 CREDIT RISK (CONTINUED)

42.1 Credit risk concentrations (continued)

Industrial analysis based on its industrial distribution (continued)

	Cash and short-term funds RM'000	Derivatives financial instruments RM'000	Financial asset at FVOCI 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	Total RM'000
Company										
2018										
Government bodies	-	-	952,666	-	-	-	-	-	773	953,439
Financial institutions:										
- Commercial banks	129,804	362,078	364,632	19,875,677	10,029,953	-	-	-	-	30,762,144
- Investment banks	42,242	-	-	-	-	-	-	-	-	42,242
- Development	-	-	151,135	-	-	-	-	-	-	151,135
Communication, electricity, gas and water	-	-	100,565	-	-	-	-	-	-	100,565
Transportation	-	-	365,378	-	-	-	-	-	-	365,378
Leasing	-	-	-	529,247	-	-	-	-	-	529,247
Consumers	-	-	-	-	-	5,344,710	5,915,527	781	-	11,261,018
Corporate	-	-	192,685	-	-	-	-	-	-	192,685
Construction	-	-	76,090	-	-	-	-	-	-	76,090
Others	-	-	273,134	-	-	-	-	-	12,233*	285,367
Total	172,046	362,078	2,476,285	20,404,924	10,029,953	5,344,710	5,915,527	781	13,006	44,719,310

*Includes prepayment of RM1,500

42 CREDIT RISK (CONTINUED)

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

All amount due from counterparties, Islamic financing assets, mortgage assets and hire purchase 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 amount due from counterparties, Islamic financing asset, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase assets which is not past due and classified under Stage 1 and Stage 2 financial assets.

More than 90 days past due but not individually impaired comprise amount due from counterparties, Islamic financing asset, mortgage assets and hire purchase assets, Islamic mortgage assets and Islamic hire purchase 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 comprise 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.

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42 CREDIT RISK (CONTINUED)

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

Group and Company	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 %
2019							
Amount due from counterparties	16,657,213	-	16,657,213	59	16,657,154	-	-
Islamic financing assets	10,842,885	-	10,842,885	653	10,842,232	-	-
Mortgage assets:							
- Conventional	4,826,374	44,932	4,871,306	34,993	4,836,313	44,932	78%
- Islamic	5,507,347	38,165	5,545,512	35,084	5,510,428	38,165	92%
Hire purchase assets:							
- Conventional	-	2	2	2	-	2	100%
- Islamic	112	36	148	12	136	36	33%
	37,833,931	83,135	37,917,066	70,803	37,846,263	83,135	

* These assets have been provided for under collective assessment

42 CREDIT RISK (CONTINUED)

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

Group and Company	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 %
2018							
Amount due from counterparties	20,404,991	-	20,404,991	67	20,404,924	-	-
Islamic financing assets	10,030,580	-	10,030,580	627	10,029,953	-	-
Mortgage assets:							
- Conventional	5,312,311	60,609	5,372,920	28,210	5,344,710	60,609	47%
- Islamic	5,892,906	46,882	5,939,788	24,261	5,915,527	46,882	52%
Hire purchase assets:							
- Conventional	-	2	2	2	-	2	100%
- Islamic	741	55	796	15	781	55	27%
	41,641,529	107,548	41,749,077	53,182	41,695,895	107,548	

* These assets have been provided for under collective assessment

42 CREDIT RISK (CONTINUED)

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

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

	Group and Company			
	2019		2018	
	Strong	Total	Strong	Total
	RM'000	RM'000	RM'000	RM'000
Amount due from counterparties	16,657,213	16,657,213	20,404,991	20,404,991
Islamic financing assets	10,842,885	10,842,885	10,030,580	10,030,580
Mortgage assets:				
- Conventional	4,826,374	4,826,374	5,312,311	5,312,311
- Islamic	5,507,347	5,507,347	5,892,906	5,892,906
Hire purchase assets:				
- Islamic	112	112	741	741
	37,833,931	37,833,931	41,641,529	41,641,529

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 and the Company have been identified with strong credit risk quality which has a very high likelihood for full recovery.

42 CREDIT RISK (CONTINUED)

42.2 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 past due but not individually impaired is set out below:

	Group and Company				
	91 to 120 days	121 to 150 days	151 to 180 days	Over 180 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2019					
Mortgage assets:					
- Conventional	5,093	2,869	1,721	35,249	44,932
- Islamic	5,158	1,665	1,517	29,825	38,165
Hire purchase assets:					
- Conventional	-	-	-	2	2
- Islamic	-	-	-	36	36
	10,251	4,534	3,238	65,112	83,135
2018					
Mortgage assets:					
- Conventional	3,312	2,327	2,347	52,623	60,609
- Islamic	3,225	2,913	1,018	39,726	46,882
Hire purchase assets:					
- Conventional	-	-	-	2	2
- Islamic	-	-	-	55	55
	6,537	5,240	3,365	92,406	107,548

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

42 CREDIT RISK (CONTINUED)

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

	Group and Company			
	As at 1 January RM'000	Allowance/ (write-back) made RM'000	Allowance written-off to principal balance outstanding RM'000	As at 31 December RM'000
2019				
Amount due from counterparties	67	(8)	-	59
Islamic financing assets	627	26	-	653
Mortgage assets:				
- Conventional	28,210	6,838	(55)	34,993
- Islamic	24,261	10,823	-	35,084
Hire purchase assets:				
- Conventional	2	-	-	2
- Islamic	15	(3)	-	12
	53,182	17,676	(55)	70,803
2018				
Amount due from counterparties	41	26	-	67
Islamic financing assets	222	405	-	627
Mortgage assets:				
- Conventional	31,116	(2,673)	(233)	28,210
- Islamic	28,116	(3,820)	(35)	24,261
Hire purchase assets:				
- Conventional	2	-	-	2
- Islamic	21	(6)	-	15
	59,518	(6,068)	(268)	53,182

42.3 Amount due from related company

None of these assets are impaired nor past due but not impaired.

42 CREDIT RISK (CONTINUED)

42.4 Credit quality

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

	Group and Company					
	GOM RM'000	AAA RM'000	AA1 to AA2/ AA+ to AA RM'000	No rating RM'000	Total RM'000	Impairment allowance RM'000
2019						
Financial asset at FVOCI						
- Stage 1	514,044	1,459,617	289,788	-	2,263,449	128
- Stage 3	-	45,244	-	-	45,244	-
	514,044	1,504,861	289,788	-	2,308,693	128
Amount due from counterparties						
- Stage 1	-	11,070,691	5,586,522	-	16,657,213	59
Islamic financing assets						
- Stage 1	-	2,268,430	8,574,455	-	10,842,885	653
Mortgage assets:						
- Stage 1	-	-	-	5,388,779	5,388,779	17,640
- Stage 2	-	-	-	20,438	20,438	2,932
- Stage 3	-	-	-	44,932	44,932	14,421
	-	-	-	5,454,149	5,454,149	34,993
Islamic mortgage assets:						
- Stage 1	-	-	-	6,108,068	6,108,068	20,351
- Stage 2	-	-	-	15,575	15,575	2,497
- Stage 3	-	-	-	38,165	38,165	12,236
	-	-	-	6,161,808	6,161,808	35,084
Hire purchase asset						
- Stage 3	-	-	-	2	2	2
Islamic hire purchase asset						
- Stage 1	-	-	-	111	111	-
- Stage 3	-	-	-	36	36	12
	-	-	-	147	147	12

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42 CREDIT RISK (CONTINUED)

42.4 Credit quality (continued)

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

	Group and Company					
	GOM	AAA	AA1 to AA2/ AA+ to AA	No rating	Total	Impairment allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018						
Financial asset at FVOCI						
- Stage 1	1,187,584	941,594	347,107	-	2,476,285	-
Amount due from counterparties						
- Stage 1	-	12,093,144	8,311,847	-	20,404,991	67
Islamic financing assets						
- Stage 1	-	1,918,267	8,112,313	-	10,030,580	627
Mortgage assets:						
- Stage 1	-	-	-	5,992,111	5,992,111	7,687
- Stage 2	-	-	-	12,022	12,022	1,200
- Stage 3	-	-	-	60,609	60,609	19,323
	-	-	-	6,064,742	6,064,742	28,210
Islamic mortgage assets:						
- Stage 1	-	-	-	6,589,742	6,589,742	8,484
- Stage 2	-	-	-	7,723	7,723	775
- Stage 3	-	-	-	46,882	46,882	15,002
	-	-	-	6,644,347	6,644,347	24,261
Hire purchase asset						
- Stage 3	-	-	-	2	2	2
Islamic hire purchase asset						
- Stage 1	-	-	-	740	740	1
- Stage 2	-	-	-	-	-	-
- Stage 3	-	-	-	55	55	14
	-	-	-	795	795	15

42 CREDIT RISK (CONTINUED)

42.5 Offsetting financial instruments

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

	Group and Company					
				Related amounts not set off in the statement of financial position		
	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets set off in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Financial instrument	Cash collateral placed	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019						
Derivatives financial liabilities	(152,309)	-	(152,309)	-	-	(152,309)
2018						
Derivatives financial liabilities	(154,614)	-	(154,614)	-	-	(154,614)

43 LIQUIDITY RISK

43.1 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.

43 LIQUIDITY RISK (CONTINUED)

43.2 Liquidity pool

The liquidity pool comprised the following cash and unencumbered assets:

	Cash and short term funds with licensed financial institutions RM'000	Derivative financial instruments RM'000	Financial asset at FVTPL RM'000	Financial asset at FVOCI RM'000	Mortgage assets RM'000	Islamic mortgage assets RM'000	Amount due from counterparties RM'000	Islamic financing assets RM'000	Other available liquidity RM'000	Total RM'000
Group										
2019	341,307	58,422	141,383	2,308,565	4,836,313	5,510,428	16,657,154	10,842,232	6,905	40,702,709
2018	186,792	362,078	-	2,476,285	5,915,527	5,344,710	20,404,924	10,029,953	5,160	44,725,429
Company										
2019	322,000	58,422	141,383	2,308,565	4,836,313	5,510,428	16,657,154	10,842,232	10,287	40,686,784
2018	172,046	362,078	-	2,476,285	5,915,527	5,344,710	20,404,924	10,029,953	10,515	44,716,038

43 LIQUIDITY RISK (CONTINUED)

43.3 Contractual maturity of financial liabilities

The table below presents the cash flows payable by the Group and the Company under financial liabilities by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are contractual undiscounted cash flow, whereas the Group and the Company manage the liquidity risk based on a different basis, which does not result in a significantly different analysis.

	Contractual maturity dates					
	On demand up to one month	One to three months	Three to twelve months	One to five years	Over five years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2019						
Financial liabilities						
Unsecured bonds and notes	2,568	394,605	8,517,651	9,357,295	4,482,422	22,754,541
Sukuk	-	-	3,637,521	9,660,000	5,017,007	18,314,528
Other liabilities	119,911	1,777	-	-	-	121,688
	122,479	396,382	12,155,172	19,017,295	9,499,429	41,190,757
Assets held for managing liquidity risk	750,286	1,611,943	9,727,322	21,692,305	7,695,756	41,477,612

43 LIQUIDITY RISK (CONTINUED)

43.3 Contractual maturity of financial liabilities (continued)

	Contractual maturity dates					
	On demand up to one month	One to three months	Three to twelve months	One to five years	Over five years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
2018						
Financial liabilities						
Unsecured bonds and notes	8,810	538,482	8,316,995	14,348,653	5,647,895	28,860,835
Sukuk	-	-	2,020,779	9,911,938	5,709,035	17,641,752
Other liabilities	85,407	1,584	-	-	-	86,991
	94,217	540,066	10,337,774	24,260,591	11,356,930	46,589,578
Assets held for managing liquidity risk	1,072,503	2,072,588	6,365,288	26,971,209	8,944,187	45,425,775

43 LIQUIDITY RISK (CONTINUED)

43.3 Contractual maturity of financial liabilities (continued)

	Contractual maturity dates					
	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
Company						
2019						
Financial liabilities						
Unsecured bonds and notes	-	395,000	6,203,375	9,079,958	4,482,422	20,160,755
Sukuk	-	-	3,637,521	9,660,000	5,017,007	18,314,528
Loans/financing from subsidiaries	2,619	-	2,314,921	277,426	-	2,594,966
Other liabilities	119,574	1,777	-	-	-	121,351
	122,193	396,777	12,155,817	19,017,384	9,499,429	41,191,600
Assets held for managing liquidity risk	734,410	1,611,943	9,727,322	21,692,305	7,695,756	41,461,736

43 LIQUIDITY RISK (CONTINUED)

43.3 Contractual maturity of financial liabilities (continued)

	Contractual maturity dates					
	On demand up to one month	One to three months	Three to twelve months	One to five years	Over five years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company						
2018						
Financial liabilities						
Unsecured bonds and notes	-	530,000	6,248,261	11,753,736	5,647,895	24,179,892
Sukuk	-	-	2,020,779	9,911,938	5,709,035	17,641,752
Loans/financing from subsidiaries	9,477	9,073	2,070,748	2,595,500	-	4,684,798
Other liabilities	84,203	1,584	-	-	-	85,787
	93,680	540,657	10,339,788	24,261,174	11,356,930	46,592,229
Assets held for managing liquidity risk	1,063,136	2,072,588	6,365,288	26,971,209	8,944,187	45,416,408

43 LIQUIDITY RISK (CONTINUED)

43.4 Derivative liabilities

The Group's and the Company's derivatives comprise IRS, IPRS and CCS entered by the Group and the Company for which net cash flows are exchanged for hedging purposes. The derivatives held by the Group and the Company are settled on either net or gross basis.

The following table analyses the Group's and the Company's derivatives financial liabilities that will be settled on either net or gross basis 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 and Company					
	On demand up to one month	One to three months	Three to twelve months	One to five years	Over five years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019						
Derivatives held for hedging						
- IRS/IPRS	-	(5,320)	(283)	(26,176)	-	(31,779)
- CCS/ICCS	-	-	(120,530)	-	-	(120,530)
2018						
Derivatives held for hedging						
- IRS/IPRS	-	-	-	(27,263)	-	(27,263)
- CCS/ICCS	-	-	-	(127,351)	-	(127,351)

44 FOREIGN EXCHANGE RISK

The Group and the Company are exposed to translation foreign exchange rate on its PWR assets and unsecured bonds and notes denominated in currencies other than the functional currencies of the Group.

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

44.1 Exposure to foreign currency risk

	Group		
	HKD	USD	SGD
	RM'000	RM'000	RM'000
2019			
Derivatives financial instruments	355,910	1,550,156	694,748
Unsecured bonds and notes	352,201	1,553,180	688,405
2018			
Derivatives financial instruments	359,858	3,594,430	697,796
Unsecured bonds and notes	353,648	3,640,217	687,077

	Company		
	HKD	USD	SGD
	RM'000	RM'000	RM'000
2019			
Derivatives financial instruments	355,910	1,550,156	694,748
Loans/financing from subsidiary	352,503	1,553,622	688,841
2018			
Derivatives financial instruments	359,858	3,594,430	697,796
Loans/financing from subsidiary	354,124	3,642,798	687,875

44 FOREIGN EXCHANGE RISK (CONTINUED)

44.2 Currency risk sensitivity analysis

A 1% weakening of the Ringgit Malaysia against the following currencies as at the date of statement of financial position would have increased equity and profit for the financial year as summarised in table below. The sensitivity analysis is based on foreign currency exchange rate variances that the Group and the Company 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/ICCS.

	Group		Company	
	Equity RM'000	Profit RM'000	Equity RM'000	Profit RM'000
2019				
HKD	28	-	28	-
USD	(25)	-	(25)	-
SGD	45	1	45	1
	48	1	48	1
2018				
HKD	44	-	44	-
USD	(362)	-	(362)	-
SGD	76	5	76	5
	(242)	5	(242)	5

45 FAIR VALUE OF FINANCIAL INSTRUMENTS

45.1 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 derivatives 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 the financial asset at 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 the 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).

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	Group and Company			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Assets				
Financial asset at FVOCI	-	2,308,565	-	2,308,565
Financial asset at FVTPL	-	141,383	-	141,383
Derivatives financial instruments	-	58,422	-	58,422
Liabilities				
Derivatives financial instruments	-	152,309	-	152,309
2018				
Assets				
Financial asset at FVOCI	-	2,476,285	-	2,476,285
Derivatives financial instruments	-	362,078	-	362,078
Liabilities				
Derivatives financial instruments	-	154,614	-	154,614

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

45.2 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 short-term funds

The carrying amount of cash and short-term funds 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 assets. The fair value of other financial assets is estimated at their carrying amount due to short tenure of less than one year.

(c) Amount due from related company and subsidiaries

The fair value of amount due from related company is estimated at their carrying amount due to short tenure of less than one year.

(d) 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.

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

				Group
		2019		2018
	Carrying value	Fair value	Carrying value	Fair value
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Amount due from counterparties	16,657,154	16,928,121	20,404,924	20,425,021
Islamic financing assets	10,842,232	10,913,242	10,029,953	10,015,154
Mortgage assets:				
- Conventional	4,836,313	5,524,220	5,344,710	5,876,416
- Islamic	5,510,428	6,386,388	5,915,527	6,709,264
Islamic hire purchase assets	136	250	781	822
	37,846,263	39,752,221	41,695,895	43,026,677
Financial liabilities				
Unsecured bearer bonds and notes	20,661,027	21,377,151	26,082,391	26,526,636
Sukuk	15,849,883	16,494,980	14,808,472	15,208,248
	36,510,910	37,872,131	40,890,863	41,734,884

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

				Company
		2019		2018
	Carrying value	Fair value	Carrying value	Fair value
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Amount due from counterparties	16,657,154	16,928,121	20,404,924	20,425,021
Islamic financing assets	10,842,232	10,913,242	10,029,953	10,015,154
Mortgage assets:				
- Conventional	4,836,313	5,524,220	5,344,710	5,876,416
- Islamic	5,510,428	6,386,388	5,915,527	6,709,264
Islamic hire purchase assets	136	250	781	822
	37,846,263	39,752,221	41,695,895	43,026,677
Financial liabilities				
Unsecured bearer bonds and notes	18,067,241	18,724,109	21,401,449	21,842,505
Sukuk	15,849,883	16,494,980	14,808,472	15,208,248
Loans/financing from subsidiaries	2,594,966	2,628,073	4,684,797	4,721,641
	36,512,090	37,847,162	40,894,718	41,772,394

45 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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.

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 unsecured bearer bonds and notes and Sukuk are derived at using the present value of future cash flows discounted based on the coupon rate at the statement of financial position date and, is therefore within Level 3 of the fair value hierarchy.

46 SEGMENT REPORTING

The Chief Executive Officer (the chief operating decision maker) of the Company makes strategic decisions and allocation of resources on behalf of the Group and the Company. 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 and the Company purchase 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 and the Company. 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.

46 SEGMENT REPORTING (CONTINUED)

(b) PWOR

Under the PWOR scheme, the Group and the Company purchase 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.

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.

			Group
	PWR	PWOR	Total
	RM'000	RM'000	RM'000
2019			
External revenue	1,313,343	713,207	2,026,550
External interest/profit expense	(1,058,954)	(531,558)	(1,590,512)
Profit from operations	164,724	153,274	317,998
Zakat	(673)	(253)	(926)
Taxation	(50,927)	(25,745)	(76,672)
Profit after taxation and zakat by segment	113,124	127,276	240,400
Segment assets	29,613,843	11,120,827	40,734,670
Segment liabilities	26,280,811	10,527,617	36,808,428
Other information:			
Capital expenditure	2,291	861	3,152
Depreciation and amortisation	4,599	1,728	6,327

46 SEGMENT REPORTING (CONTINUED)

			Group
	PWR	PWOR	Total
	RM'000	RM'000	RM'000
2018			
External revenue	1,321,385	747,962	2,069,347
External interest/profit expense	(1,068,285)	(566,303)	(1,634,588)
Profit from operations	141,366	174,582	315,948
Zakat	(1,156)	(428)	(1,584)
Taxation	(35,274)	(35,361)	(70,635)
Profit after taxation and zakat by segment	104,936	138,793	243,729
Segment assets	32,797,347	11,999,709	44,797,056
Segment liabilities	30,630,143	10,529,673	41,159,816
Other information:			
Capital expenditure	8,104	2,967	11,071
Depreciation and amortisation	3,161	1,157	4,318

CAGAMAS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

46 SEGMENT REPORTING (CONTINUED)

			Company
	PWR	PWOR	Total
	RM'000	RM'000	RM'000
2019			
External revenue	1,313,343	713,207	2,026,550
Internal interest/profit expense	(129,954)	-	(129,954)
External interest/profit expense	(934,100)	(531,558)	(1,465,658)
Total interest/profit expense	(1,064,054)	(531,558)	(1,595,612)
Profit from operations	159,979	153,274	313,253
Zakat	(673)	(253)	(926)
Taxation	(49,756)	(25,746)	(75,502)
Profit after taxation and zakat by segment	109,550	127,275	236,825
Segment assets	29,597,920	11,120,825	40,718,745
Segment liabilities	26,280,483	10,527,617	36,808,100
Other information:			
Capital expenditure	2,291	861	3,152
Depreciation and amortisation	4,599	1,728	6,327

46 SEGMENT REPORTING (CONTINUED)

			Company
	PWR	PWOR	Total
	RM'000	RM'000	RM'000
2018			
External revenue	1,321,385	747,962	2,069,347
Internal interest/profit expense	(136,892)	-	(136,892)
External interest/profit expense	(936,305)	(566,303)	(1,502,608)
Total interest/profit expense	(1,073,197)	(566,303)	(1,639,500)
Profit from operations	137,062	174,582	311,644
Zakat	(1,156)	(428)	(1,584)
Taxation	(35,254)	(35,361)	(70,615)
Profit after taxation and zakat by segment	100,652	138,793	239,445
Segment assets	32,787,979	11,999,706	44,787,685
Segment liabilities	30,632,794	10,529,673	41,162,467
Other information:			
Capital expenditure	8,104	2,967	11,071
Depreciation and amortisation	3,161	1,157	4,318

47 CAPITAL ADEQUACY

The Group's and the Company's objectives when managing capital, which is a broader concept than the "equity" on the face of the statement 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 shareholder 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 comprise of two tiers:

(a) Tier I 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 II 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 I 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.

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
<u>Before deducting proposed final dividend*</u>				
CET I capital ratio	29.3	28.3	29.1	28.2
Tier I capital ratio	29.3	28.3	29.1	28.2
Total capital ratio	30.7	29.9	30.5	29.8
<u>After deducting proposed final dividend*</u>				
CET I capital ratio	29.1	28.1	29.0	28.0
Tier I capital ratio	29.1	28.1	29.0	28.0
Total capital ratio	30.5	29.7	30.4	29.6

** Refers to proposed final dividend which will be declared after the financial year.*

47 CAPITAL ADEQUACY (CONTINUED)

Components of CET I, Tier I and Tier II capital:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CET1/Tier I capital				
Issued capital	150,000	150,000	150,000	150,000
Retained profits	3,731,398	3,520,998	3,715,801	3,508,976
	3,881,398	3,670,998	3,865,801	3,658,976
Financial asset at FVOCI reserves	16,909	878	16,909	878
Deferred tax assets	(17,451)	(29,179)	(17,451)	(29,179)
Less : Regulatory reserves	(109,779)	(144,472)	(109,779)	(144,472)
	3,771,077	3,498,225	3,755,480	3,486,203
Tier II capital				
Allowance for impairment losses	71,037	53,182	71,037	53,182
Add : Regulatory reserves	109,779	144,472	109,779	144,472
Total Tier II capital	180,816	197,654	180,816	197,654
Total capital	3,951,893	3,695,879	3,936,296	3,683,857

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

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Credit risk	12,197,228	11,672,578	12,196,749	11,675,005
Operational risk	694,875	685,542	694,875	685,542
Total risk-weighted assets	12,892,103	12,358,120	12,891,624	12,360,547

48 ISLAMIC OPERATIONS

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Cash and short-term funds	(a)	136,916	44,415	136,900	44,376
Derivative financial instruments		1,711	-	1,711	-
Financial asset at fair value through other comprehensive income (FVOCI)	(b)	461,841	357,129	461,841	357,129
Financing assets	(c)	10,842,232	9,493,458	10,842,232	9,493,458
Mortgage assets	(d)	5,507,533	5,911,950	5,507,533	5,911,950
Hire purchase assets	(e)	132	287	132	287
Tax recoverable		-	18,153	-	18,153
Other assets and prepayments		289,358	289,338	291,756	291,643
TOTAL ASSETS		17,239,723	16,114,730	17,242,105	16,116,996
LIABILITIES					
Sukuk	(f)	15,849,883	14,808,472	15,849,883	14,808,472
Derivative financial instruments		4,369	3,924	4,369	3,924
Deferred taxation		26,238	13,481	26,238	13,481
Provision for taxation		4,168	-	4,168	-
Other liabilities	(g)	9,989	10,459	8,918	9,404
TOTAL LIABILITIES		15,894,647	14,836,336	15,893,576	14,835,281
ISLAMIC OPERATIONS' FUNDS		1,345,076	1,278,394	1,348,529	1,281,715
TOTAL LIABILITIES AND ISLAMIC OPERATIONS' FUNDS		17,239,723	16,114,730	17,242,105	16,116,996

48 ISLAMIC OPERATIONS (CONTINUED)

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Total income attributable		777,833	720,589	777,833	720,589
Income attributable to the Sukuk holders	(h)	(641,755)	(604,387)	(641,755)	(604,391)
Non-profit expense		(2,420)	(5,253)	(2,420)	(5,253)
Total net income attributable	(i)	133,658	110,949	133,658	110,945
Administration and general expenses		(108)	(4,665)	24	(4,456)
(Allowance)/write-back of impairment losses	(j)	(11,001)	3,457	(11,001)	3,457
PROFIT BEFORE TAXATION AND ZAKAT		122,549	109,741	122,681	109,946
Zakat		(926)	(1,584)	(926)	(1,584)
Taxation		(58,946)	(27,287)	(58,946)	(27,287)
PROFIT FOR THE FINANCIAL YEAR		62,677	80,870	62,809	81,075

48 ISLAMIC OPERATIONS (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	62,677	80,870	62,809	81,075
Other comprehensive income:				
Items that may be subsequently reclassified to income statement				
Financial asset at FVOCI				
- Net gain on fair value changes before taxation	4,505	231	4,505	231
- Deferred taxation	(1,082)	(55)	(1,082)	(55)
Cash flow hedge				
- Net gain on cash flow hedge before taxation	766	1,730	766	1,730
- Deferred taxation	(184)	(415)	(184)	(415)
Other comprehensive gain for the financial year net of taxation	4,005	1,491	4,005	1,491
Total comprehensive income for the financial year	66,682	82,361	66,814	82,566

48 ISLAMIC OPERATIONS (CONTINUED)

STATEMENT OF CHANGES IN ISLAMIC OPERATIONS' FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Non-distributable			Distributable	
	Allocated capital funds	Financial asset at FVOCI reserve	Cashflow hedge reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Balance as at 1 January 2019	294,159	484	(2,739)	76,013	910,477	1,278,394
Profit for the financial year	-	-	-	-	62,677	62,677
Other comprehensive income	-	3,423	582	-	-	4,005
Total comprehensive income for the financial year	-	3,423	582	-	62,677	66,682
Transfer to retained profits	-	-	-	(17,452)	17,452	-
Balance as at 31 December 2019	294,159	3,907	(2,157)	58,561	990,606	1,345,076

CAGAMAS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

48 ISLAMIC OPERATIONS (CONTINUED)

STATEMENT OF CHANGES IN ISLAMIC OPERATIONS' FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

		Non-distributable			Distributable	
	Allocated capital funds	Financial asset at FVOCI reserve	Cashflow hedge reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Balance as at 1 January 2018	294,159	308	(4,054)	83,655	821,965	1,196,033
Profit for the financial year	-	-	-	-	80,870	80,870
Other comprehensive income	-	176	1,315	-	-	1,491
Total comprehensive income for the financial year	-	176	1,315	-	80,870	82,361
Transfer to retained profits during the financial year	-	-	-	(7,642)	7,642	-
Balance as at 31 December 2018	294,159	484	(2,739)	76,013	910,477	1,278,394

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

48 ISLAMIC OPERATIONS (CONTINUED)

STATEMENT OF CHANGES IN ISLAMIC OPERATIONS' FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Non-distributable			Distributable	
	Allocated capital funds	Financial asset at FVOCI reserve	Cashflow hedge reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company						
Balance as at 1 January 2019	294,159	484	(2,739)	76,013	913,798	1,281,715
Profit for the financial year	-	-	-	-	62,809	62,809
Other comprehensive Income	-	3,423	582	-	-	4,005
Total comprehensive income for the financial year	-	3,423	582	-	62,809	66,814
Transfer to retained profits	-	-	-	(17,452)	17,452	-
Balance as at 31 December 2019	294,159	3,907	(2,157)	58,561	994,059	1,348,529

48 ISLAMIC OPERATIONS (CONTINUED)

STATEMENT OF CHANGES IN ISLAMIC OPERATIONS' FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Non-distributable			Distributable	
	Allocated capital funds	Financial asset at FVOCI reserve	Cashflow hedge reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company						
Balance as at 1 January 2018	294,159	308	(4,054)	83,655	825,081	1,199,149
Profit for the financial year	-	-	-	-	81,075	81,075
Other comprehensive Income	-	176	1,315	-	-	1,491
Total comprehensive income for the financial year	-	176	1,315	-	81,075	82,566
Transfer to retained profits during the financial year	-	-	-	(7,642)	7,642	-
Balance as at 31 December 2018	294,159	484	(2,739)	76,013	913,798	1,281,715

48 ISLAMIC OPERATIONS (CONTINUED)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
OPERATING ACTIVITIES					
Profit for the financial year		62,677	80,870	62,809	81,075
Adjustments for investment items and items not involving the movement of cash and cash equivalents:					
Amortisation of premium less accretion of discount on:					
- Financial asset at FVOCI		(4,568)	(10,536)	(4,568)	(10,536)
- Sukuk		(13,149)	(17,641)	(13,149)	(17,641)
Accretion of discount on:					
- Mortgage assets		(94,913)	(83,672)	(94,913)	(83,672)
- Hire purchases		-	(1)	-	(1)
Allowance/(write-back) of impairment losses on:					
- Cash and short-term funds		105	-	105	-
- Financial assets at FVOCI		9	-	9	-
- Financing assets		67	364	67	364
- Mortgage assets and hire purchase assets		10,820	(3,821)	10,820	(3,821)
Income from:					
- Financial asset at FVOCI		(10,788)	(12,306)	(10,788)	(12,306)
- Islamic operations		(667,559)	(614,063)	(667,559)	(614,063)
Income from derivatives		(46,307)	(47,221)	(46,307)	(47,221)
Profit attributable to Sukuk holders		641,755	604,387	641,755	604,391
Profit attributable to derivatives		47,423	49,153	47,423	49,153
Gain on disposal of financial asset at FVOCI		(22)	(10)	(22)	(10)
Taxation		58,946	27,287	58,946	27,287
Zakat		926	1,584	926	1,584
Operating loss before working capital changes		(14,578)	(25,626)	(14,446)	(25,417)

48 ISLAMIC OPERATIONS (CONTINUED)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Increase in financing assets		(1,354,168)	(3,927,912)	(1,354,168)	(3,927,912)
Decrease in mortgage assets		494,034	467,538	494,034	467,538
Decrease/(increase) in hire purchase assets		158	(102)	158	(102)
Increase in other assets and prepayments		(786,316)	(98)	(786,409)	(168)
Decrease in deferred financing		-	29	-	-
(Decrease)/increase in derivatives		(3,532)	590,600	(3,532)	590,600
Decrease in other liabilities		(661)	(1,055)	(677)	(1,183)
Cash utilised in operating activities		(1,665,063)	(2,896,626)	(1,665,040)	(2,896,644)
Profit received from assets		1,464,598	599,103	1,464,598	599,103
Profit received from derivatives		49,957	52,593	49,957	52,593
Profit paid on derivatives		(48,042)	(650,638)	(48,042)	(650,638)
Payment of:					
- Taxation		(25,134)	(35,436)	(25,134)	(35,436)
- Zakat		(734)	(927)	(734)	(927)
Net cash utilised in operations		(224,418)	(2,931,931)	(224,395)	(2,931,949)
INVESTING ACTIVITIES					
Purchase of financial asset at FVOCI		(1,110,495)	(2,460,905)	(1,110,495)	(2,460,905)
Net proceed from sale/ redemption of financial asset at FVOCI		1,003,564	2,690,000	1,003,564	2,690,000
Income received from financial asset at FVOCI		11,045	13,321	11,045	13,321
Net cash (generated from)/ utilised in investing activities		(95,886)	242,416	(95,886)	242,416

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

48 ISLAMIC OPERATIONS (CONTINUED)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
FINANCING ACTIVITY					
Proceed from issuance of Sukuk		3,995,000	6,020,000	3,995,000	6,020,000
Redemption of Sukuk		(2,932,000)	(2,812,053)	(2,932,000)	(2,660,000)
Repayment of financing from subsidiary		-	-	-	(152,025)
Profit paid to Sukuk holders		(650,195)	(584,107)	(650,195)	(584,149)
Net cash generated from financing activity		412,805	2,623,840	412,805	2,623,826
Net increase/(decrease) in cash and cash equivalents		92,501	(65,675)	92,524	(65,707)
Effect of foreign exchange translation		-	-	-	-
Cash and cash equivalents as at 1 January		44,415	110,090	44,376	110,083
Cash and cash equivalents as at 31 December		136,916	44,415	136,900	44,376
Analysis of cash and cash equivalents as at 31 December:					
Cash and short-term funds	(a)	136,916	44,415	136,900	44,376
Less: Cash and short-term funds and deposits and placements with banks and other financial institutions with original maturity of more than three months		-	-	-	-
		136,916	44,415	136,900	44,376

48 ISLAMIC OPERATIONS (CONTINUED)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

		Cash changes	Non-cash changes		
	Balance as at the beginning of financial year	Net cash flows from financing activities	Accrued profits	Amortisation/ (accretion)	Balance as at the end of financial year
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2019					
Sukuk	14,808,472	412,805	641,755	(13,149)	15,849,883
2018					
Sukuk	11,597,878	2,623,848	604,387	(17,641)	14,808,472
Company					
2019					
Sukuk	14,808,472	412,805	641,755	(13,149)	15,849,883
Financing from subsidiary	-	-	-	-	-
	14,808,472	412,805	641,755	(13,149)	15,849,883
2018					
Sukuk	11,445,035	2,776,687	604,391	(17,641)	14,808,472
Financing from subsidiary	152,882	(153,454)	572	-	-
	11,597,917	2,623,233	604,963	(17,641)	14,808,472

48 ISLAMIC OPERATIONS (CONTINUED)

(a) *Cash and short-term funds*

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances with bank and other financial institutions	638	156	622	117
Mudharabah money at call and deposit placements maturing within one month	136,383	44,259	136,383	44,259
Less:				
Allowance for impairment losses	(105)	-	(105)	-
	136,916	44,415	136,900	44,376

As at 31 December 2019, the gross carrying value of cash and short term funds and the impairment allowance are within stage 1 allocation (12-months ECL). Movement in impairment allowances that reflects the ECL model on impairment are as follows:

	Group and Company	
	2019 RM'000	2018 RM'000
Stage 1		
At 1 January	-	-
Allowance during the year on new investments	105	-
At 31 December	105	-

There was no ECL made for this category of asset as at 31 December 2018 as the impact was immaterial.

48 ISLAMIC OPERATIONS (CONTINUED)

(b) *Financial asset at FVOCI*

	Group and Company	
	2019	2018
	RM'000	RM'000
At fair value:		
Sukuk	73,908	140,316
Government investment issues	214,409	40,580
Quasi government Sukuk	173,524	176,233
	461,841	357,129
The maturity structure of financial asset at FVOCI as follows:		
Maturing within one year	281,479	127,394
One to three years	81,270	144,208
Three to five years	67,077	75,503
More than five years	32,024	10,024
	461,850	357,129
Less:		
Allowance for impairment losses	(9)	-
	461,841	357,129

As at 31 December 2019, all financial asset at FVOCI balances are within stage 1 allocation (12-months ECL). There was no ECL made for this category of asset as at 31 December 2018 as the impact is immaterial.

48 ISLAMIC OPERATIONS (CONTINUED)

	Group and Company	
	2019	2018
	RM'000	RM'000
(c) Financing assets		
Relating to:		
House financing	10,842,232	9,474,562
Personal financing	-	18,896
	10,842,232	9,493,458

The maturity structure of financing assets are as follows:

	2019 RM'000	2018 RM'000
Maturing within one year	2,513,118	1,298,515
One to three years	5,823,131	4,269,044
Three to five years	2,506,636	3,926,485
	10,842,885	9,494,044
Less:		
Allowance for impairment losses	(653)	(586)
	10,842,232	9,493,458

The gross carrying value of Islamic financing assets and the impairment allowance are within stage 1 allocation (12-months ECL). Movement in impairment allowances that reflects the ECL model on impairment are as follows:

	Group and Company	
	2019	2018
	Stage 1	Stage 1
	RM'000	RM'000
At 1 January	586	222
Allowance during the year on new assets purchased	87	234
Loans derecognized during the period due to maturity of assets	(4)	-
Allowance during the year due to changes in credit risk	(16)	130
At 31 December	653	586

48 ISLAMIC OPERATIONS (CONTINUED)

(d) *Mortgage assets*

	Group and Company 2019 RM'000	Group and Company 2018 RM'000
PWOR	5,507,533	5,911,950

The maturity structure of mortgage assets are as follows:

	2019 RM'000	2018 RM'000
Maturing within one year	731,377	731,760
One to three years	966,315	985,492
Three to five years	904,587	944,252
More than five years	3,556,641	3,979,259
	6,158,920	6,640,763
Less:		
Unaccreted discount	(609,645)	(704,559)
Net advance received	(6,665)	-
Allowance for impairment losses	(35,077)	(24,254)
	5,507,533	5,911,950

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

	Gross carrying value RM'000	Impairment allowance RM'000
By stage of allocation:		
2019		
Stage 1 (12-months ECL; non credit impaired)	6,106,971	20,344
Stage 2 (Lifetime ECL; non credit impaired)	15,036	2,497
Stage 3 (Lifetime ECL; credit impaired)	36,913	12,236
At 31 December	6,158,920	35,077
Impairment allowance over gross carrying value (%)		0.57
2018		
Stage 1 (12-months ECL; non credit impaired)	6,586,158	8,477
Stage 2 (Lifetime ECL; non credit impaired)	7,723	775
Stage 3 (Lifetime ECL; credit impaired)	46,882	15,002
At 31 December	6,640,763	24,254
Impairment allowance over gross carrying value (%)		0.37

48 ISLAMIC OPERATIONS (CONTINUED)

(d) *Mortgage assets*

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

	Group and Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2019				
At 1 January	8,477	775	15,002	24,254
Transfer between stages:				
Transfer to 12 months ECL (Stage 1)	7,951	(2,430)	(5,521)	-
Transfer to ECL not credit impaired (Stage 2)	(298)	648	(350)	-
Transfer to ECL credit impaired (Stage 3)	(6,057)	(72)	6,129	-
Total transfer between stages	1,596	(1,854)	258	-
Financing derecognised during the period (other than write-offs)	(168)	(37)	(2,109)	(2,314)
Allowance/ (write-back) during the year due to changes in credit risk	10,439	3,613	(915)	13,137
At 31 December	20,344	2,497	12,236	35,077

48 ISLAMIC OPERATIONS (CONTINUED)

(d) Mortgage assets (continued)

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

	Group and Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2018				
At 1 January	8,798	3,739	15,571	28,108
Transfer between stages:				
Transfer to 12 months ECL (Stage 1)	5,892	(720)	(5,172)	-
Transfer to ECL not credit impaired (Stage 2)	(2,978)	3,829	(851)	-
Transfer to ECL credit impaired (Stage 3)	(5,299)	(54)	5,353	-
Total transfer between stages	(2,385)	3,055	(670)	-
Financing derecognised during the period (other than write-offs)	(147)	(225)	(1,581)	(1,953)
Allowance/ (write-back) during the year due to changes in credit risk	2,211	(5,794)	1,717	(1,866)
Amount written off	-	-	(35)	(35)
At 31 December	8,477	775	15,002	24,254

48 ISLAMIC OPERATIONS (CONTINUED)

(e) Hire purchase assets

	Group and Company	
	2019	2018
	RM'000	RM'000
PWOR	132	287

The maturity structure of hire purchase assets are as follows:		
Maturing within one year	143	301
Less:		
Allowance for impairment losses	(11)	(14)
	132	287

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

	Gross carrying value	Impairment allowance
	RM'000	RM'000
By stage of allocation:		
2019		
Stage 1 (12-months ECL; non credit impaired)	107	-
Stage 3 (Lifetime ECL; credit impaired)	36	11
At 31 December	143	11
Impairment allowance over gross carrying value (%)		7.7
2018		
Stage 1 (12-months ECL; non credit impaired)	246	-
Stage 3 (Lifetime ECL; credit impaired)	55	14
At 31 December	301	14
Impairment allowance over gross carrying value (%)		4.7

48 ISLAMIC OPERATIONS (CONTINUED)

(e) Hire purchase assets (continued)

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

			Group
	Stage 1 RM'000	Stage 3 RM'000	Total RM'000
2019			
At 1 January	-	14	14
Financing derecognised during the period (other than write-offs)	-	(10)	(10)
Allowance during the year due to changes in credit risk	-	7	7
At 31 December	-	11	11
2018			
At 1 January	1	18	19
Financing derecognised during the period (other than write-offs)	(1)	(4)	(5)
At 31 December	-	14	14

48 ISLAMIC OPERATIONS (CONTINUED)

(f) *Sukuk*

	Group and Company 2019 RM'000	2018 RM'000
Commercial papers	906,587	406,358
Medium-term notes	14,943,296	14,402,114
	15,849,883	14,808,472
The maturity structure of Sukuk are as follows:		
Maturing within one year	3,764,836	2,156,534
One to three years	6,030,000	5,266,938
Three to five years	3,630,000	4,645,000
More than five years	2,425,047	2,740,000
	15,849,883	14,808,472

(g) *Other liabilities*

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Zakat	1,777	1,584	1,777	1,584
Other payables	8,212	8,875	7,141	7,820
	9,989	10,459	8,918	9,404

(h) *Income attributable to the Sukuk holders*

Mortgage assets	248,687	282,334	248,687	282,338
Hire purchase assets	188	214	188	214
Financing assets	392,880	321,839	392,880	321,839
	641,755	604,387	641,755	604,391
Income attributable to Sukuk Holders analysed by concept:				
Bai Al-Dayn	641,755	604,387	641,755	604,391

48 ISLAMIC OPERATIONS (CONTINUED)

(i) *Total net income attributable*

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income from:				
Mortgage assets	98,793	70,070	98,793	70,070
Hire purchase assets	(182)	30	(182)	30
Financing assets	17,792	18,726	17,792	18,722
Financial asset at FVOCI	15,356	27,376	15,356	27,376
Deposit and placements with financial institutions	4,319	-	4,319	-
Non-profit expense	(2,420)	(5,253)	(2,420)	(5,253)
	133,658	110,949	133,658	110,945
Total net income attributable analysed by concept are as follows:				
Ijarah	210	210	210	210
Murabahah	9,953	10,046	9,953	10,046
Bai Al-Dayn	113,983	83,574	113,983	83,570
Mudharabah	3,600	10,547	3,600	10,547
Musyarakah	1,962	1,438	1,962	1,438
Wakalah	1,950	1,950	1,950	1,950
Bai Bithaman Ajil	-	865	-	865
Wadiah Yad Dhamanah	-	1,471	-	1,471
Qard Al-Hasan	2,000	848	2,000	848
	133,658	110,949	133,658	110,945

(j) *Capital adequacy*

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Before deducting proposed final dividend*				
CET I	19.8	21.8	19.8	21.8
Tier I capital ratio	19.8	21.8	19.8	21.8
Total capital ratio	21.2	23.6	21.3	23.7
After deducting proposed* final dividend				
CET I capital ratio	19.8	21.8	19.8	21.8
Tier I capital ratio	19.8	21.8	19.8	21.8
Total capital ratio	21.2	23.6	21.3	23.7

48 ISLAMIC OPERATIONS (CONTINUED)

(k) *Capital adequacy (continued)*

Components of CET I, Tier I and Tier II capital:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CET I/Tier I capital:				
Allocated capital funds	294,159	294,159	294,159	294,159
Retained profits*	1,049,167	986,490	1,052,620	989,811
	1,343,326	1,280,649	1,346,779	1,283,970
Less: Regulatory reserves	(58,561)	(76,013)	(58,561)	(76,013)
Financial asset at FVOCI reserves	1,758	218	1,758	218
Deferred tax assets	(5,985)	(6,850)	(5,985)	(6,850)
Total CET I/Tier I capital	1,280,538	1,198,004	1,283,991	1,201,325
Tier II capital:				
Add: Regulatory reserves	58,561	76,013	58,561	76,013
Allowance for impairment losses	35,864	24,854	35,864	24,854
Total Tier II capital	94,425	100,867	94,425	100,867
Total capital	1,374,963	1,298,871	1,378,416	1,302,192
The breakdown of risk -weighted assets by each major risk category is as follows:				
Credit risk	6,244,654	5,260,917	6,247,049	5,263,214
Operational risk	233,760	238,453	233,760	238,453
Total risk-weighted assets	6,478,414	5,499,370	6,480,808	5,501,667

* *Refers to proposed final dividend which will be declared after the financial year.*

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.

48 ISLAMIC OPERATIONS (CONTINUED)

(l) *Shariah advisor*

The Group and the Company consult an independent Shariah advisor on an ad-hoc basis for all the Islamic products to ensure compliance with Islamic principles. In addition, the Group and the Company are required to obtain the approval of the Shariah Council of the regulatory bodies for the Islamic products.

49 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 April 2020.

CAGAMAS BERHAD
(Incorporated in Malaysia)

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

We, Dato' Bakarudin bin Ishak and Datuk Chung Chee Leong, the two Directors of Cagamas Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 7 to 152 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019 and of the financial performance of the Group and the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting 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 BIN ISHAK
CHAIRMAN

DATUK CHUNG CHEE LEONG
DIRECTOR

Registration No.
198601008739
(157931 A)

CAGAMAS BERHAD
(Incorporated in Malaysia)

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

I, Norazilla Md Tahir, the Officer primarily responsible for the financial management of Cagamas Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 152 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.

NORAZILLA MD TAHIR

Subscribed and solemnly declared by the abovenamed Norazilla Md Tahir at Kuala Lumpur in Malaysia on 29 April 2020.

Before me,
COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
B 532
AMMAR BIN
MOHAMAD DAHALAN
1 OKTOBER 2018
HINGGA
31 DISEMBER 2020
MALAYSIA

No. 43, Kompleks Emporium
Makan Sek 52, Jalan Sultan
46200 Petaling Jaya, Selangor

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS BERHAD
(Incorporated in Malaysia)
(Registration No. 198601008739 (157931 A))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Cagamas Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2019 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 a summary of significant accounting policies, as set out on pages 7 to 152.

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 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Registration No. 198601008739 (157931 A))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Registration No. 198601008739 (157931 A))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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:

(a) 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.

(b) 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 of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 on 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CAGAMAS BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Registration No. 198601008739 (157931 A))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance 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 member 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.

PRICEWATERHOUSECOOPERS PLT	ONG CHING CHUAN
LLP0014401-LCA & AF 1146	02907/11/2021 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
29 April 2020

ISSUER

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Malaysia

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Malaysia

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The Bank of New York Mellon, London Branch
160 Queen Victoria Street
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United Kingdom

Registrar and Transfer Agent (in respect of Notes other than Notes cleared through the CMU, CDP and RENTAS)

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Singapore 039192

RENTAS Fiscal Agent (in respect of Notes cleared through RENTAS)

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Malaysia

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