

MESSAGE FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

The Cagamas Group of Companies (“the Group”) celebrated the 35th anniversary of its main operating entity, Cagamas Berhad (“Cagamas”), in 2022. Cagamas has continued to fulfil its mandate by meeting the needs of the financial markets over the last three decades. Despite the improved business environment in the endemic phase, the transition remains complex and challenging due to economic uncertainties arising from elevated cost pressures and tighter global financial conditions. Nevertheless, the Group continued to demonstrate resilience to deliver a commendable business performance in achieving the targets set under the strategic plan.

The Group, which includes Cagamas, Cagamas MBS Berhad (“CMBS”) and Cagamas SRP Berhad (“Cagamas SRP”), continued to show improvement with a pre-tax profit increase to RM446.3 million, compared with RM427.9 million in 2021. Both Cagamas and CMBS remained as the Group’s main income generators during the year.

The Financial Institutions (“FIs”) sold a total of RM19.3 billion worth of housing mortgages under the Purchase With Recourse (“PWR”) scheme in 2022. This record high acquisition reflects the continued importance of Cagamas’ intermediary role in providing liquidity for FIs at competitive rates. Moving ahead, the Group will continue to be steadfastly focused on its core purpose and looks towards pursuing growth opportunities which are aligned with market needs. This entails reframing the Group’s traditional approach towards liquidity requirements, which include development of alternative liquidity and structured funding solutions for a wider spectrum of counterparties. With these initiatives, the Group hopes to increase its outstanding housing mortgage assets, which currently stand at 4% of a total of RM737.0 billion in the banking system as at December 2022.

In parallel, Cagamas has raised a total fund of RM24.9 billion, with RM22.4 billion from debt securities and RM2.5 billion via interbank transactions. During the year, the Group concluded its first effort to issue Cagamas bonds priced against the Malaysia Overnight Rate (“MYOR”) in support of the adoption of new benchmark rates for financial instruments.

The Group advanced its sustainability agenda, adopted since 2020, with successful issuances totalling RM1.6 billion of social and sustainability-related conventional bonds and sukuk in 2022.

Cagamas continued to tap on the foreign currency (“FCY”) bond market space in 2022. Bonds totalling SGD615.0 million were issued to underscore its presence in this market. All FCY issuances are fully hedged. Going forward, Cagamas will actively capitalise on comparative advantages in emerging market dynamics, in meeting our funding diversification strategy.

In 2022, Cagamas received a positive response to our newly launched product, SSB/ SSB-i with 25 applications approved, valued at RM24.3 million. This product offering is expected to grow further and to achieve this, Cagamas has developed a shariah compliant product option and extended the availability of SSB/ SSB-i to more cities in Malaysia. Cagamas has also facilitated accessibility by providing a web-based application process, in addition to the current arrangements with the Employees Provident Fund (“EPF”) and Agensi Kaunseling dan Pengurusan Kredit (“AKPK”).

A very encouraging development in the Group is the achievement of Cagamas SRP in managing Skim Rumah Pertamaku (“SRP”) and Skim Perumahan Belia (“SPB”). Since inception, these two schemes have resulted in a tremendous positive societal impact, particularly on young Malaysians. These schemes are funded by the government which had allocated RM420.7 million in the form of guarantee fees as at 31 December

2022. In 2022, SRP recorded a significant increase in new approvals for 27,465 households and both schemes have cumulatively helped 99,940 households. An important point to note is that 88.2% of the total households represent the B40 group and 90.5% comprise youth aged 35 years and below. In terms of value, new loans and financing approved in 2022 amounted to RM7.0 billion, and cumulatively totalled RM23.0 billion as at December 2022. In addition, Cagamas SRP participated as a strategic partner under the i-Biaya initiative which was launched by the Ministry of Local Government Development (“KPKT”). Consequently, SRP was showcased across the country, and this coupled with the promotion by the SRP Participating banks, has generated greater public awareness about the scheme.

Over the last 35 years, the long-standing relationships that have been forged with relevant stakeholders have helped the Group refine its strategic priorities, and the Board will continue to ensure an appropriate balance of opportunity and risk to create sustainable value. I also wish to express my deep appreciation to the management and staff for their resilience, professionalism and commitment throughout the year.



Dato' Bakarudin Ishak
Chairman