

MALAYSIA'S CAGAMAS & PHILIPPINES' NHMFC TO PROMOTE HOMEOWNERSHIP



(Seated from left to right) Philippines' National Home Mortgage Finance Corporation (NHMFC) President Felixberto U. Bustos Jr. and Malaysia's Cagamas Berhad President/CEO Datuk Chung Chee Leong.

(Standing from left to right) NHMFC's Ms. Luisa Favila, Vice President Rosabella C. Jose, Executive Vice President Livia Alicia R. Ramos, and Cagamas Berhad's Assistant Vice President Sekaran Chandra Kumar, Senior Vice President Leong See Meng, and Vice President Mandeep Singh Sandhu.

MANILA, Philippines (15 April 2019): Cagamas Berhad (Cagamas), the National Mortgage Corporation of Malaysia and National Home Mortgage Finance Corporation (NHMFC) sealed a Memorandum of Cooperation (MOC) to jointly explore housing financing methods to promote homeownership in their respective countries.

The MOC was inked by Cagamas President/ Chief Executive Officer, Datuk Chung Chee Leong and his Philippines counterpart, NHMFC President, Dr. Felixberto U. Bustos Jr.

Datuk Chung said, “The MOC marks an important milestone in the collaboration between Cagamas and NHMFC. Cagamas welcomes this initiative which aims to enhance the strategic cooperation between Malaysia and Philippines, including amongst others, research and knowledge sharing related to housing finance. This initiative is in line with both institutions’ mandate to develop the secondary mortgage finance market.”

The MOC enables the wealth of domestic experience in housing finance, mortgage and financial instruments to be mutually exchanged between Malaysia and Philippines. This is expected to enhance the stability of housing and mortgage markets, mortgage backed securities (MBS) as well as other funding instruments to leverage private capital to the housing market. A central feature includes identifying and attracting private and public capital investment.

Cagamas is the second largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporation in 1986, Cagamas has cumulatively issued circa RM319.1 billion (US\$96 billion) worth of corporate bonds and sukuk.

“We are more than elated with this new seal of cooperation with NHMFC’s counterpart from our neighbour country, Malaysia’s Cagamas Berhad. This MOC espouses our aim to create a Shari’ah-compliant pool of assets through Islamic Housing Finance,” NHMFC President Dr. Felixberto U. Bustos Jr. said during the event. With the corporation’s impending issuance of sukuk bonds, he requested assistance from Cagamas in initially creating the Shari’ah Council, structuring of the asset for the sukuk issuance, and assistance in terms of marketing the sukuk issuance and later, in strengthening the NHMFC workforce through knowledge sharing, trainings, and marketing partnership. At present, NHMFC has identified five (5) projects that are potential for sukuk issuance.

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About Cagamas Berhad

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

The Cagamas model is well regarded by the World Bank as the most successful secondary mortgage liquidity facility. Cagamas is the second largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporation in 1986, Cagamas has cumulatively issued circa RM319.1 billion worth of corporate bonds and sukuk.

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

About NHMFC

The National Home Mortgage Finance Corporation (NHMFC), one of the Philippines' key shelter agencies, is the government's sole secondary mortgage institution (SMI) mandated to purchase housing receivables from developers, banks and other home lending institutions. The sale and transfer of receivables to NHMFC serves as the asset pool for securitization which effectively recycles funds for the housing sector.

The Housing Loan Receivables Purchase Program (HLRPP7) launched in the last quarter of 2010 continues to be one of the major programs of NHMFC. It is an alternative venue for housing developers, cooperatives, banks, local government units(LGUs) and other financial institutions with housing programs to sell qualified housing receivables directly to NHMFC which will form part of NHMFC's asset pool for securitization. HLRPP has been expanded since 2016 to include socialized housing loans under the Socialized Housing Loan Takeout of Receivable (SHeLTeR) and Reverse Mortgage Program (RMP) also dubbed as the Maginhawang Buhay sa Bahay (MaBuHay). MaBuHay aims to provide senior citizens with liquidity using their residential properties or houses as collateral. In 2016, NHMFC started its venture in Islamic Housing Finance.

CAGAMAS

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