



# Cagamas SRP Berhad

**MAPEX 2019**

## **SKIM RUMAH PERTAMAKU**

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**2 March 2019**



# Contents

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- **Cagamas Background**
- **Skim Rumah Pertamaku**



# *Cagamas Background*



# Cagamas At A Glance

## Background

<b>Entity Name</b>	Cagamas Berhad
<b>Shareholders</b>	Cagamas Holdings Berhad (100%)
<b>Credit Rating</b>	AAA (RAM), AAA (MARC) and A3 (Moody's)
<b>Date of Incorporation</b>	2 December 1986
<b>Objectives</b>	<ul style="list-style-type: none"><li>▪ Established by Bank Negara Malaysia to support the national agenda of increasing <b>home ownership</b> and promoting the development of Malaysia's <b>capital markets</b></li><li>▪ Expanded to also develop and promote <b>Islamic finance</b> within Malaysia</li></ul>
<b>Business Model</b>	<ul style="list-style-type: none"><li>▪ Cagamas funds the purchase of housing loans and house financings through its Purchase With Recourse (<b>PWR</b>) and Purchase Without Recourse (<b>PWOR</b>) schemes via the issuance of conventional and Islamic securities</li><li>▪ Based on this business model, Cagamas is able to provide liquidity to financial institutions at a <b>competitive cost</b>, encouraging them to provide additional housing loans and house financings to new applicants at an affordable price</li><li>▪ PWR and PWOR schemes have now been expanded to include other loans and financings such as hire purchase/leasing receivables and personal loans and financings</li><li>▪ The <b>World Bank</b> has regarded Cagamas Berhad as the <b>largest and most successful liquidity facility</b> in its publication entitled "Housing Finance Policy in Emerging Markets"</li></ul>



# Establishment of Cagamas Berhad

## The market situation in mid 1980's

Funding mismatch in financial institutions resulting in liquidity crunch

Financial institutions were not lending to homebuyers despite their demand

Limited funding source in the market – no bond market



- There was a need in the market for an institution to:-
- Function as intermediary between primary lenders and investors of long term funds; and
  - Take on role of credible issuer of mortgage securities



# Establishment of Cagamas Berhad

As a direct result of the needs of the market, Cagamas was incorporated in December 1986 as the National Mortgage Corporation with the mandate:

1

Promote **home ownership**/home accessibility and affordability in Malaysia

2

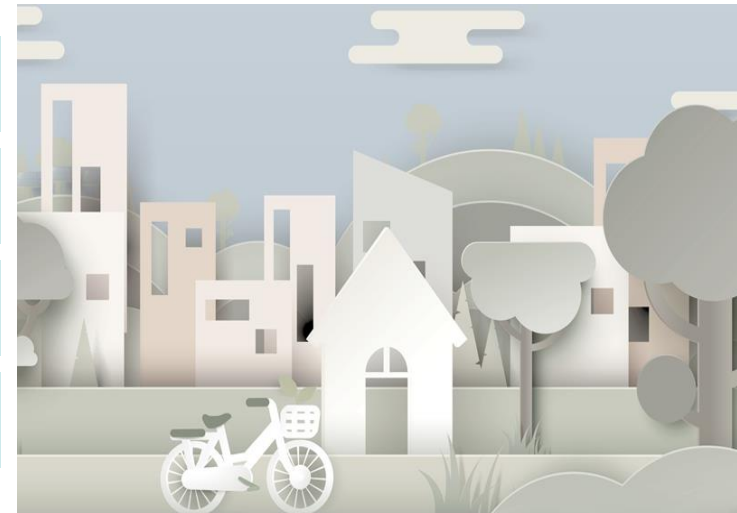
Enhance and support the **stabilisation** of the financial sector in Malaysia

3

Develop the **Islamic financial sector**

4

Develop the **Malaysian capital market**





# *Skim Rumah Pertamaku (SRP)*



# Introduction

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- **Skim Rumah Pertamaku (“SRP” or My First Home Scheme)** was first announced in the 2011 Budget by the Malaysian Government.
- The SRP is a home ownership scheme aimed at assisting **first time house buyers** to own a home.
- The scheme allows eligible house buyers to obtain up to **100% financing** from participating **financial institutions** (Banks), enabling them to own a home without having the need to pay a 10% down payment.
- Cagamas SRP Berhad (“CSRP”) (a wholly owned subsidiary of Cagamas Holdings Berhad) facilitates the financing under its mortgage guarantee programme.





## Introduction (continued)

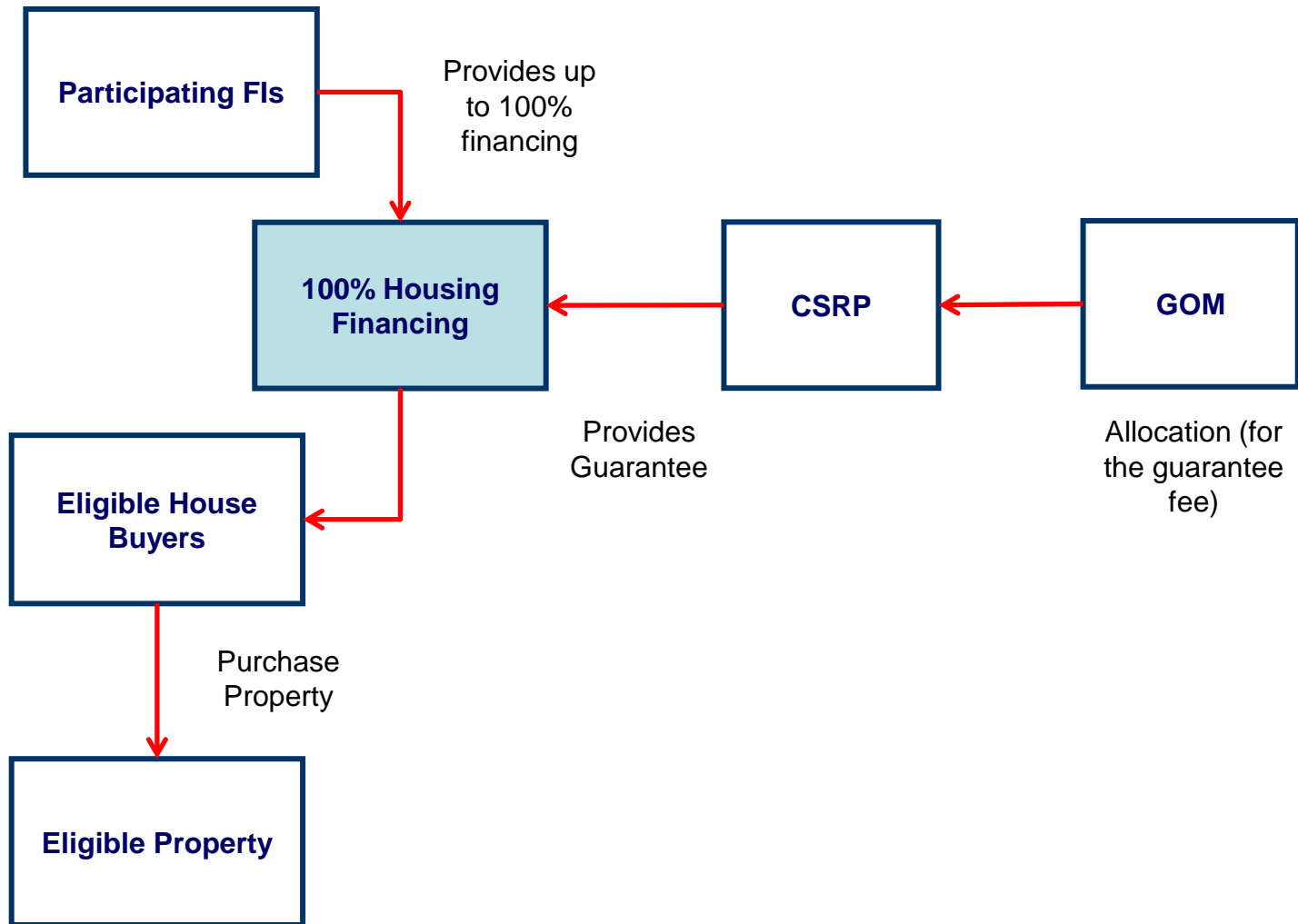
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- As at December 2018, CSRP has provided guarantee for home financing totalling **RM3.7 billion, enabling about 18,000 individuals/households to own their first home. Out of this, 30% were from the B40\* group.**
- With the additional allocation of **RM25 million** as announced in Budget 2019, **the SRP initiative would further assist house buyers to purchase their first homes.**

*\* B40 based on household income ( $\leq$  RM3,000), Source: Report of Household Income And Basic Amenities Survey 2016, Department of Statistics, Malaysia*



# SRP Structure





## Applicable Criteria & Features

	SRP
<b>Gross Monthly Household Income</b>	<ul style="list-style-type: none"><li>• RM5,000 and below (Individual)</li><li>• RM10,000 (Joint but any one applicant's salary should be RM5,000 and below)</li></ul>
<b>Property Price ("PP")</b>	Up to RM500,000
<b>Eligible Applicant</b>	<ul style="list-style-type: none"><li>• Malaysia citizen</li><li>• Salaried worker or self-employed</li><li>• Single or joint applicants</li><li>• No record of impaired financing for the past 12 months</li></ul>
<b>Property Type</b>	Residential properties in primary and secondary market
<b>Maximum Financing to Value ("FTV")</b>	Up to 100%



## Applicable Criteria & Features (continued)

	SRP
<b>Debt Service Ratio (“DSR”)</b>	Must not be more than 60% of the net monthly household income or maximum financing limit of the participating FI, whichever is lower
<b>Financing Tenure</b>	35 years or up to age 70, whichever is shorter
<b>Applicant’s Age</b>	Age limit is subject to financing tenure



## SRP Enhancement

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- In 2019, the SRP is enhanced to assist first time house buyers with gross monthly **household income of not more than RM5,000** to buy **property priced of not more than RM300,000**.
- The enhancement allows borrowers to obtain **home financing up to 110%** based on the affordability assessment by the participating banks.
- Additional terms are imposed in order for this targeted group to obtain up to 110% home financing:
  - ***Mandatory completion of the online financial education module provided by Agensi Kaunseling & Pengurusan Kredit (“AKPK”) to assist potential applicants to understand their financial commitments prior to purchasing a home. The module can be accessed from AKPK’s RumahKu portal at [learn.akpk.org.my](http://learn.akpk.org.my)***
  - ***Moratorium period of 5 years on the sale of the property***



# Participating FIs



# Participating FIs





For more information on SRP, applicants can go to the SRP website:

**[www.srp.com.my](http://www.srp.com.my)**

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# *Questions and Answer*