Press Release

Cagamas HKMC Berhad Launches Mortgage Guarantee Programme

First Islamic Mortgage Guarantee Launched

Newly formed Cagamas HKMC Berhad today launched its maiden product, a Mortgage Guarantee Programme (MGP).

Cagamas HKMC Berhad (Cagamas HKMC) is the joint venture company between Cagamas Holdings Berhad (Cagamas) and the Hong Kong Mortgage Corporation Limited (HKMC) - two reputable and prudent financial institutions involved in reinforcing banking stability, promoting home ownership and debt market development in their respective countries.

The newly launched MGP serves to provide financial institutions (FIs), particularly mortgage originators a mortgage guarantee facility that offers a portfolio and risk management solution to manage the credit risk exposure of their mortgage portfolio, whilst continuing to provide affordable mortgage loans to homebuyers.

Speaking during a briefing, Mr. Steven Choy, Executive Director of Cagamas HKMC said, "This new mortgage guarantee facility covering both conventional and Islamic mortgage finance, provides mortgage originators with a new portfolio and risk management tool. Our MGP is the first Islamic guarantee in the world and sets a new industry standard."

Choy added that the MGP assists in strengthening the banking sector by removing systemic risk from the sector and believes it has great potential in Malaysia and other markets as well.

Essentially, the MGP is aimed at helping financial institutions, particularly mortgage originators, to lower and alleviate sector exposure risk in the financial system. This mortgage guarantee facility not only enhances the safety of mortgage financing in the region but will also help to develop the secondary mortgage market and promote homeownership.

Mr. James H. Lau, Jr., Executive Director of Cagamas HKMC said "The sub-prime crisis in the United States underscored the importance of proper risk management in mortgage lending. The launch of the MGP should help banks to expand mortgage lending business without compromising their prudent underwriting standards, as was the experience in Hong Kong. That the MGP is ready within such a short span of time is a testament to the commitment and dedication shared by Cagamas and the HKMC."

In addition to financial institutions in Malaysia, Cagamas HKMC Berhad is targeting other markets in the ASEAN region and the Middle East. The launch of the MGP is in line with Cagamas' objectives of developing the domestic Islamic capital market and promoting Malaysia as an International Islamic Finance Centre.

Cagamas HKMC Berhad
4 July 2008

About Cagamas HKMC Berhad

Cagamas HKMC Berhad (Cagamas HKMC) was incorporated in Malaysia on 14 April 2008 to develop mortgage guarantee business. Cagamas HKMC is a joint venture between the leading secondary mortgage player in Malaysia and Hong Kong, namely Cagamas Holdings Berhad (50 percent) and The Hong Kong Mortgage Corporation Limited (HKMC) (50 per cent) to make mortgage financing more accessible in the region through a mortgage guarantee programme.

Cagamas HKMC's Mortgage Guarantee Programme (MGP) provides financial institutions, particularly mortgage originators, a mortgage guarantee facility for their conventional and Islamic mortgage finance portfolio. The MGP offers a portfolio and risk management solution to these institutions to manage the credit risk exposure of their mortgage portfolio, whilst continuing to maintain asset growth and provide affordable mortgage loans to homebuyers. In addition, MGP assists in strengthening the banking sector by removing systemic risk from the sector.

Cagamas Berhad's bonds and notes are assigned the highest ratings of AAA and MARC-1 by RAM Rating Services Berhad and the Malaysian Rating Corporation Berhad. The HKMC is the first triple-A rated institution in Hong Kong and its long-term foreign and local currency debt ratings are Aaa (stable outlook) from Moody's and AA (positive outlook) from Standard & Poor's respectively.