

**CAGAMAS BERHAD & JAPAN HOUSING FINANCE AGENCY INK MOC  
TO EXPLORE OPPORTUNITIES FOR HOUSING FINANCE**



*(Standing from left to right): Cagamas Berhad's President/Chief Executive Officer Datuk Chung Chee Leong and Japan Housing Finance Agency's President Mr. Toshio Kato*



*(Standing from left to right): Ministry of Transport Thailand's Permanent Secretary Mr. Chaiwat Thongkamkoon; Cagamas Berhad's Assistant Vice President Ms. Rosnah Samsudin, Senior Vice President Mr. Delvin Chong, President/Chief Executive Officer Datuk Chung Chee Leong; Japan Housing Finance Agency's President Mr. Toshio Kato, Member of the Board and Senior Executive Director Mr. Keizo Ohashi, Director General Mr. Kobayashi Masahiro; Ministry of Land, Infrastructure, Transport and Tourism's Vice-Minister for Land, Hokkaido Development and International Affairs Mr. Takuya Kurita and Deputy Minister for International Projects Dr. Hideki Hirai*

**YOKOHAMA, Japan (10 October 2019)** : Malaysia's Cagamas Berhad (Cagamas) and Japan Housing Finance Agency sealed a Memorandum of Cooperation (MOC) today with the aim of strengthening cooperative relationship for development of housing finance in their respective countries.

The MOC was inked by Cagamas President/ Chief Executive Officer, Datuk Chung Chee Leong and his Japanese counterpart, Mr. Toshio Kato, President, Incorporated Administrative Agency Japan Housing Finance Agency (JHF).

Datuk Chung said, "We look forward to work with JHF in our effort to deepen regional collaborations particularly on developing green housing financial products which can benefit Malaysians thereby promoting sustainable development and address climate change. This collaboration will also serve to reinforce greater global cooperation of our institutions in line with our mandate to develop the secondary mortgage finance market."

Mr. Toshio Kato said, “Cagamas is a globally renowned financial institution and Datuk Chung Chee Leong demonstrated strong leadership as the first Chairman of the International Secondary Mortgage Market Association, the first global association to foster discussion between secondary mortgage markets institutions. With knowledge and experience sharing between JHF and Cagamas, we hope to provide better housing finance services to both Japanese and Malaysian people and contribute to the wellness and prosperity of the communities within the two countries.”

The MOC enables the wealth of domestic experience in housing finance, mortgage and financial instruments to be mutually exchanged between Malaysia and Japan. This is expected to enhance the stability of housing and mortgage markets particularly in the areas of green housing, 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 RM323.5 billion (US\$77 billion) worth of corporate bonds and sukuk.

JHF is the sole Japanese government owned housing loan arm and has been the pioneer in purchasing of green mortgages and issuing of (i) JHF Green Bonds purposed to finance the purchasing of JHF defined green mortgages, and (ii) JHF MBS backed by green and other mortgages. As of end of FY2018, JHF MBS outstanding amounts reached JPY 13.6 trillion (US\$124 billion). JHF issued the first JPY 10 billion (US\$91 million) 20-year Green Bond in January 2019. JHF MBS receives AAA (sf)/AAA ratings and JHF Green Bond receives A+/AA+ ratings from S&P Global Ratings/ Rating and Investment Information, Inc. (R&I)

at the time of 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<sub>IS</sub>/MARC-1<sub>IS</sub> 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.

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## **About JHF**

JHF is an entity fully owned by the Japanese government and focuses on purchasing 35-year fixed rate mortgages, so called "Flat 35". "Flat 35" is originated by partnered private financial institutions and JHF issues JHF MBS and Straight Bonds ("SB"), including JHF Green Bond, to finance the purchasing of "Flat 35". As of end of FY2018, JHF MBS and SB outstanding amounts reached JPY 13.6 trillion (US\$124 billion) and JPY 3.6 trillion (US\$33 billion), respectively, making JHF to be one of the top fixed income bond issuers in Japan other than the Japanese government.

"Flat 35"<sub>S</sub> is a discounted interest rate applied "Flat 35" mortgage eligible to houses having high energy efficiency and/or earthquake resilience and other high performance features. In January 2019, JHF issued its first 20-year JPY 10 billion (US\$91 million) JHF Green Bond purposed to finance JHF's purchasing of "Flat 35"<sub>S</sub> applicable to houses fulfilling the energy saving technical standard and applied to newly built houses.

JHF was awarded the Japan Green Bond Award under the Japan Green Innovation Category from the Ministry of Environment on March 1, 2019. By issuing JHF Green Bonds, JHF aims to proliferate awareness of JHF's activity of promoting energy efficient housing and contribute to further promotion of better quality housing in Japan.

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