

**CAGAMAS HOLDINGS BERHAD ACQUIRES ALL OUTSTANDING SHARES  
OF CAGAMAS HKMC BERHAD**

Kuala Lumpur, 24 December, 2012 – Cagamas Holdings Berhad (“Cagamas”), the holdings company of Cagamas Berhad, Malaysia’s national mortgage corporation, has acquired all outstanding shares representing 50% equity interest in Cagamas HKMC Berhad (“CHKMC”) from its Joint Venture (“JV”) partner, The Hong Kong Mortgage Corporation Limited (“HKMC”), making CHKMC a fully owned subsidiary of Cagamas.

The acquisition underlies the long term interest and commitment of Cagamas in the mortgage guarantee programme (“MGP”), an on-going activity with existing income-generating business transactions. The full acquisition of CHKMC follows HKMC’s exit from the JV, which was established in 2007, as a strategic partnership between the two companies to leverage on the synergy between Cagamas’ knowledge of the Malaysian and Islamic financial markets and HKMC’s expertise with its successful track record of mortgage insurance business in Hong Kong.

With the successful establishment of the MGP in Malaysia, CHKMC complements the Cagamas Group’s other activities and developmental initiatives when the need arises, which includes national service initiatives to continue promoting and providing affordable financing for housing. “Cagamas remains sensitive to market demands as it pursues other developmental roles and broadens its business horizon to suit the constantly evolving market environment,” said Dato’ Ooi Sang Kuang, Cagamas Chairman.

CHKMC pioneered the MGP for both conventional and Shariah-compliant mortgage financing originated by financial institutions in Malaysia. By providing guarantee cover to mortgage originators on a portfolio basis, the MGP offers banks and other financial institutions an effective tool to better manage credit risk exposure for their mortgage lending business.

The HKMC is wholly owned by the Hong Kong SAR Government through the Exchange Fund and pioneered the Hong Kong-based Mortgage Insurance Programme.

“Cagamas will continue to be at the forefront in developing mortgage related products for the financial and capital markets and will continue to explore other future opportunities to work with HKMC,” added Dato’ Ooi.

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## **About Cagamas**

Cagamas Berhad (Cagamas), the National Mortgage Corporation, was established in 1986 to promote the broader spread of house ownership and growth of the secondary mortgage market in Malaysia. It issues debt securities to finance the purchase of housing loans and other consumer receivables from financial institutions, selected corporations and the Government. The provision of liquidity at a reasonable cost to the primary lenders of housing loans encourages further financing of 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 largest issuer of AAA debt securities accounting for 23% of outstanding AAA corporate debt securities. Since commencing operations in 1987, Cagamas has cumulatively issued RM263.5 billion of Conventional and Islamic debt securities.

Cagamas' debt securities continue to be assigned the highest ratings of AAA and P1 by RAM Rating Services Berhad and AAA/AAAID and MARC-1/MARC-1ID by Malaysian Rating Corporation Berhad, denoting its strong credit quality.



## **About the HKMC**

The Hong Kong Mortgage Corporation Limited was incorporated in March 1997 as a public company with limited liability under the Companies Ordinance of Hong Kong. The Corporation is wholly owned by the Hong Kong SAR Government through the Exchange Fund and is designated as a “public sector entity” under the Banking Ordinance of Hong Kong. The HKMC has also been approved by the Insurance Authority of Hong Kong as an Authorised Insurer under the Insurance Companies Ordinance.

The major business activities of the HKMC comprise purchasing mortgage loans and other types of assets in Hong Kong and other countries, issuance of debt securities in local and overseas capital markets, and securitising its portfolio via the issuance of mortgage-backed securities to investors. The HKMC is also the first institution to introduce the mortgage insurance product to Hong Kong in March 1999. Its Mortgage Insurance Programme plays a major role in alleviating the down payment burden of homebuyers and reducing the risk of borrower default borne by the banks.

The HKMC is one of the most active corporate bond issuers in Hong Kong and its credit ratings are AAA (stable) from Standard & Poor’s and Aa1 (positive) from Moody’s respectively.