

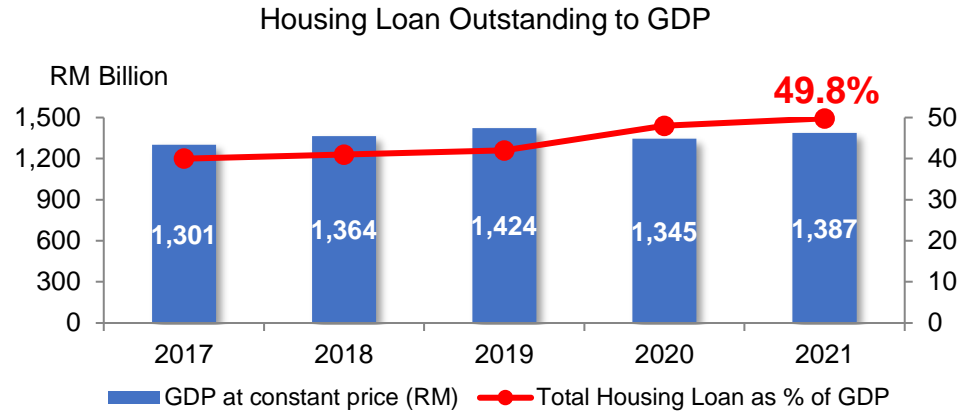
# ADB's 1<sup>st</sup> Asia Pacific Housing Conference 2022

Malaysia's secondary mortgage market and how the various products have been able to serve the urban poor to access affordable housing

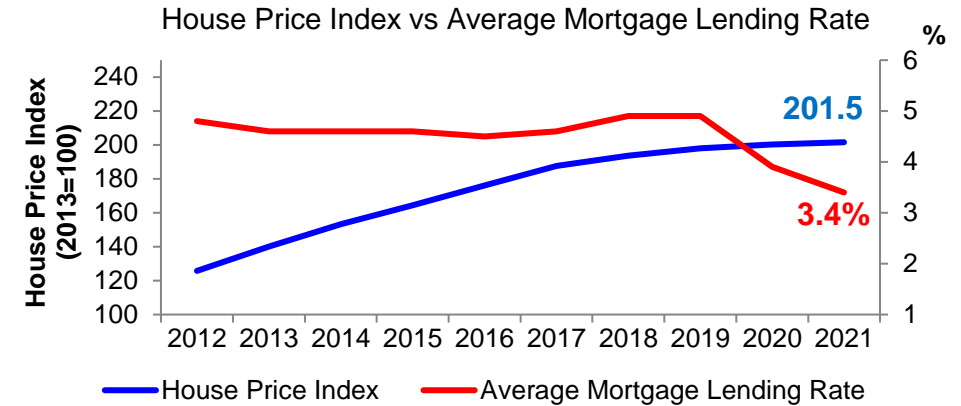
**Datuk Chung Chee Leong**  
President/ CEO Cagamas



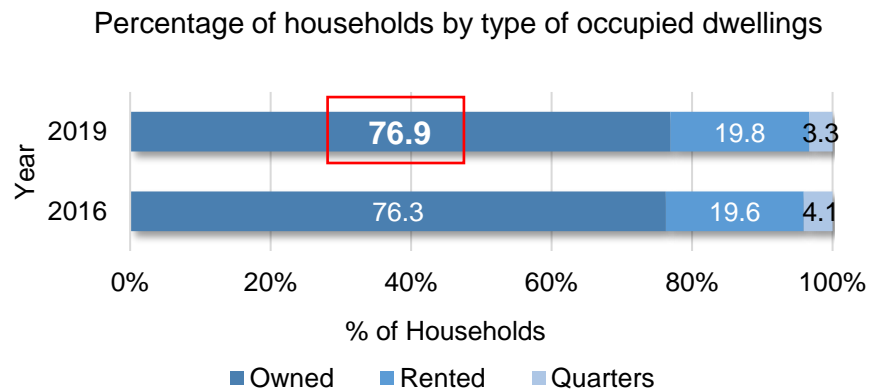
## 1 Housing finance contributes significantly to Malaysia's economy



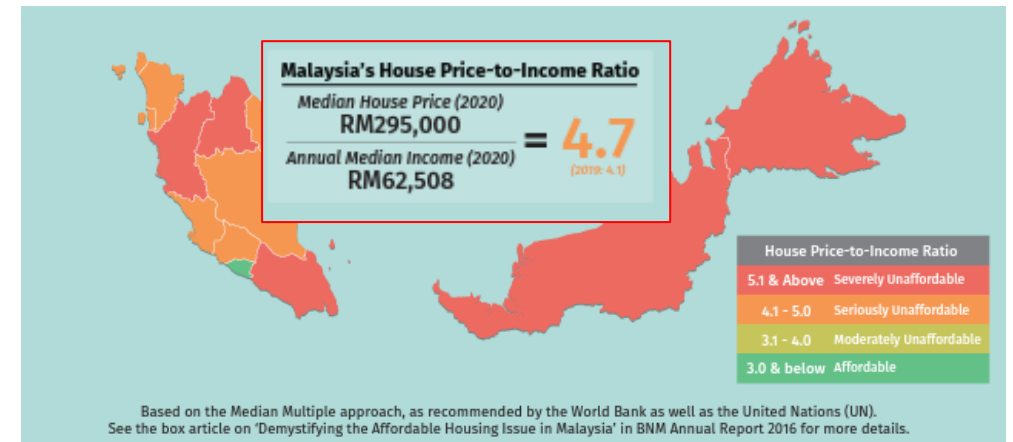
## 2 House prices have been increasing over the past decade but was slightly impacted by the pandemic



## 3 Homeownership rate in 2019 was 76.9%, an increase from 76.3% in 2016



## 4 House prices in Malaysia are seriously unaffordable across most states



# Cagamas plays a key role in facilitating Malaysia's housing finance ecosystem

Establishment of Cagamas Berhad in 1987

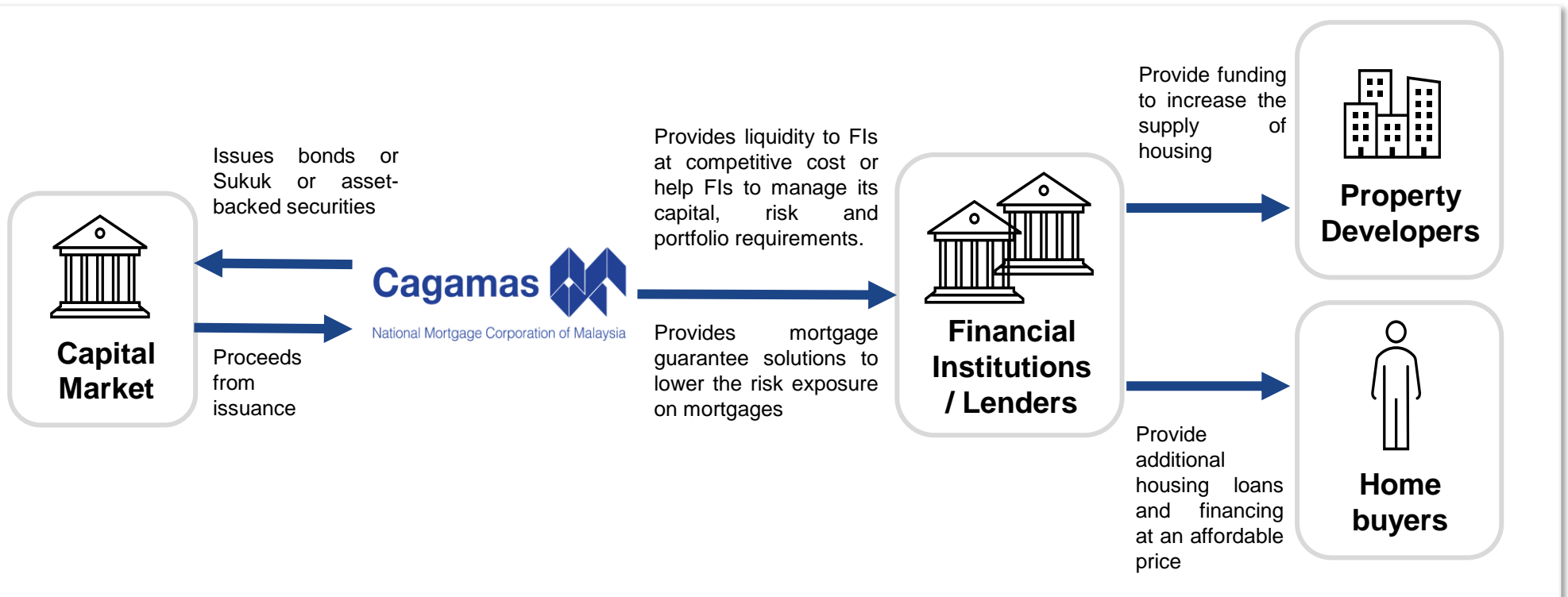
- Creation of a secondary mortgage market as a result of a liquidity crunch in the 1980s and public policy objective of “democratising homeownership”
- The market situation in the mid-1980's:-

✓ Funding mismatch in financial institutions resulting in liquidity crunch

✓ Financial institutions were not lending to homebuyers despite demand

✓ Limited funding source in the market – no bond market

Function as intermediary between primary lenders and investors of long-term funds



## MyFirst Home Scheme ("SRP")



**SKIM RUMAH PERTAMAKU**

- **Launched in March 2011** with the objective of assisting first-time homebuyers to purchase their first home sooner through full financing from the participating banks.
- Collaboration with the **Ministry of Finance, Central Bank of Malaysia and 26 participating Financial Institutions**

## SRP | Benefits to home buyers



### Lower barrier of entry

Enable first-time home buyers among the salaried worker, self employed and gig economy worker to purchase home without the need to pay for down payment



### Higher margin of financing

Home buyers can obtain up to 110% financing from participating banks



### Accessible through most banks

Application can be made through 26 participating banks



### Applicable to various types of properties

Type of residential property includes under construction or completed unit from the primary or secondary market

## SRP | Product Structure



Provides up to 110% financing



Recognise 90% Credit Risk

Provides guarantee up to 20% on 'first loss' basis



Provides allocation for the guarantee fee



# SRP | Latest achievements as of August 2022



**81,933**

Successful applicants under the SRP since 2011



**RM 18.6 bil**

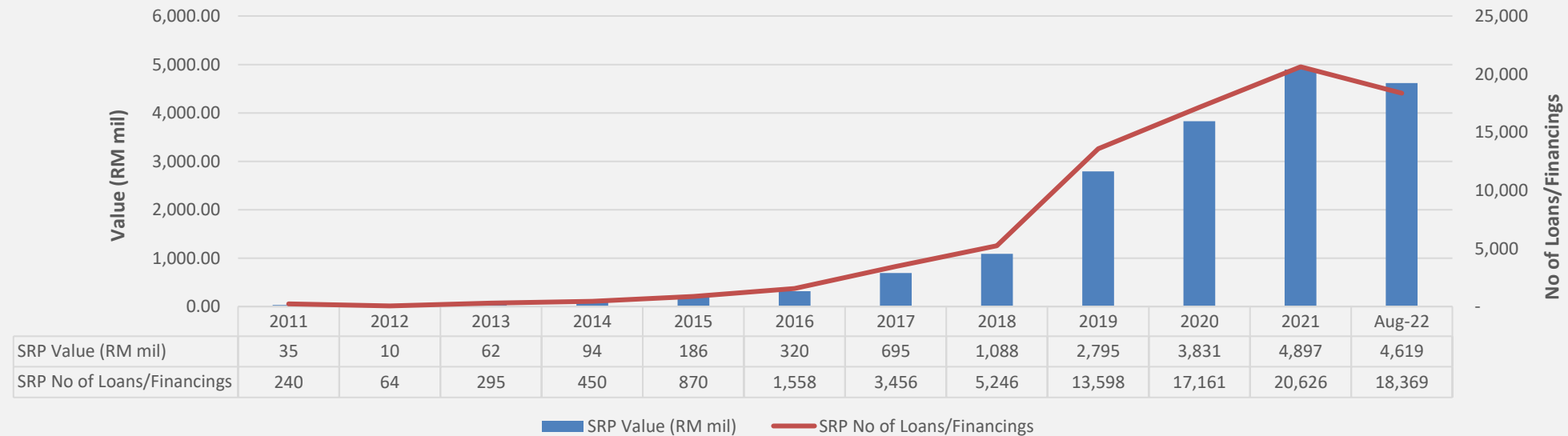
Total financing value approved under the SRP since 2011



**91%**

Applicants from the B40 income group

Loans / Financings Approved under Skim Rumah Pertamaku (SRP)



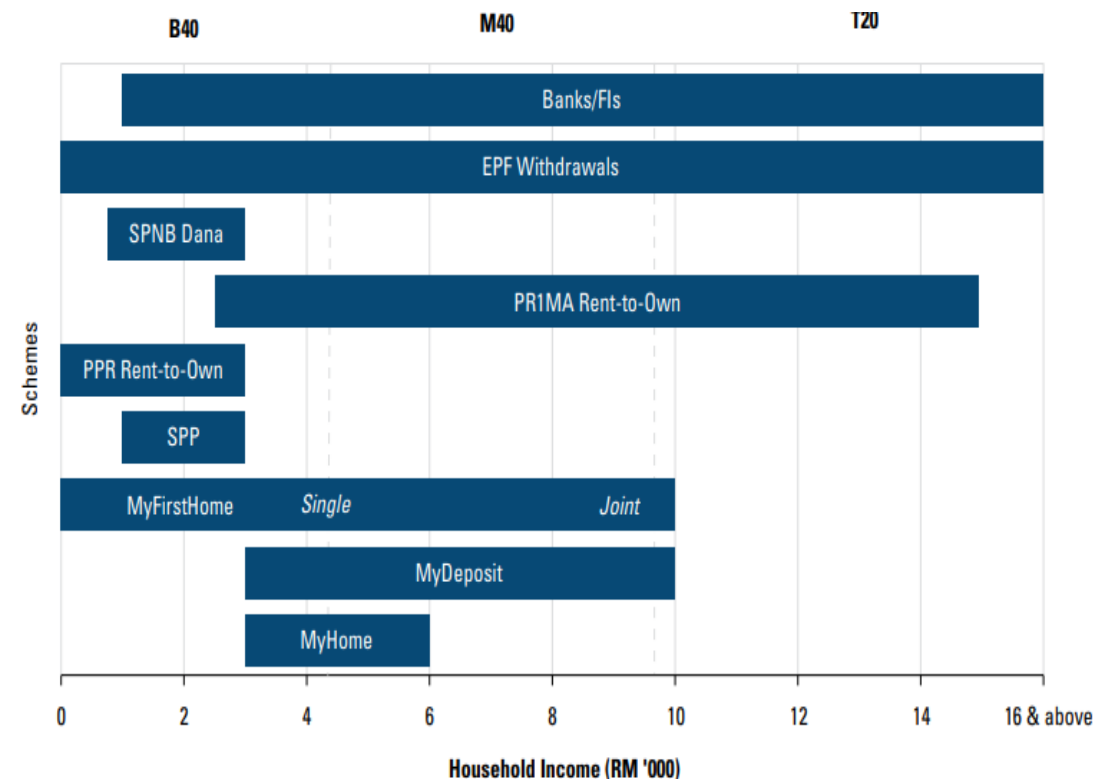


Provision of adequate, affordable and quality houses for all Malaysians in various income levels with the introduction of various targeted housing schemes.

1. Housing Loan Scheme or Skim Pinjaman Perumahan (SPP)
2. Financing under Syarikat Perumahan Negara Berhad (SPNB)
3. MyHome
4. MyDeposit
- 5. MyFirst Home Scheme or Skim Rumah Pertamaku (SRP)\***
6. Rent-to-Own (RTO) for Program Perumahan Rakyat (PRR-RTO)
7. Rent-to-Own for Perumahan Rakyat 1 Malaysia (PRIMA-RTO)
8. Housing Credit Guarantee Scheme or Skim Jaminan Kredit Perumahan (SJKP)
9. EPF Withdrawals
10. i-Biaya (latest home financing umbrella aggregator introduced by the Government in 2022)

\*Mortgage guarantee scheme offered by Cagamas SRP Berhad  
Source : Khazanah Research Institute; BNM

## Schemes based on targeted household income groups



Note: The household income threshold range: B40 below RM4,850 @USD1,025, M40 between RM4,850 @USD1,025 to RM10,959 @USD2,317, T20 RM10,960 @ USD2,317 and above. Rate as of 31 Oct 2022 : USD4.73: RM1









Aligned with local and international principles, standards and guidelines

	<p>International Capital Market Association</p> <ul style="list-style-type: none"> <li>• Green Bond Principles</li> <li>• Social Bond Principles</li> <li>• Sustainability Bond Guidelines</li> </ul>
	<p>Asean Capital Markets Forum</p> <ul style="list-style-type: none"> <li>• ASEAN Green Bond Standards</li> <li>• ASEAN Social Bond Standards</li> <li>• ASEAN Sustainability Bond Standards</li> </ul>
	<p>Securities Commission Malaysia</p> <ul style="list-style-type: none"> <li>• Sustainable and Responsible Investment Sukuk framework</li> </ul>



Use of proceeds to purchase loans/financing/assets related to:

	<p>Renewable energy</p>	<p>SDG 7 AFFORDABLE AND CLEAN ENERGY</p> 
	<p>Energy efficiency</p>	<p>SDG 7 AFFORDABLE AND CLEAN ENERGY</p> 
	<p>Green Buildings</p>	<p>SDG 11 SUSTAINABLE CITIES AND COMMUNITIES</p> 
	<p>Low carbon transportation</p>	<p>SDG 11 SUSTAINABLE CITIES AND COMMUNITIES</p> 
	<p>Affordable housing</p>	<p>SDG 11 SUSTAINABLE CITIES AND COMMUNITIES</p> 
	<p>Sustainable water and wastewater management</p>	<p>SDG 6 CLEAN WATER AND SANITATION</p> 
	<p>Employment generation</p>	<p>SDG 8 DECENT WORK AND ECONOMIC GROWTH</p> 





To-date, Cagamas has issued RM2.49 billion of Sustainability Bond and Sukuk in total which comprises of:

- RM700 million of ASEAN Sustainability Bond
- RM400 million of ASEAN Sustainability SRI Sukuk
- RM455 million of ASEAN Social Bond
- RM935 million of ASEAN Social SRI Sukuk

Proceeds from the issuances were used for the purchase of loans/financing related to:



Affordable Housing



Renewable Energy



Small Medium Enterprises



Wastewater Management





# THANK YOU

**Datuk Chung Chee Leong**  
**President / Chief Executive Officer**

## **Cagamas Berhad**

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