



## **NHB, GENWORTH, ADB, AND IFC JOIN TOGETHER TO FORM THE INDIA MORTGAGE GUARANTEE CORPORATION PVT. LTD.**

### **Joint Venture Introduces Mortgage Guarantee Products In India**

National Housing Bank (NHB), Genworth, Asian Development Bank (ADB), and IFC, a member of the World Bank Group, have together set up a joint venture mortgage guarantee company - **India Mortgage Guarantee Corporation Pvt. Ltd. (IMGC)**. IMGC will offer mortgage guarantees against borrower defaults on housing loans from mortgage lenders, which will help to expand access to housing in India. IMGC will be the first mortgage guarantee company to operate in India. NHB has a shareholding of 38 percent of IMGC, Genworth has a stake of 36 percent, while ADB and IFC, a member of the World Bank Group, have a 13 percent stake each in the joint venture company.

Following registration with the Reserve Bank of India, as a Mortgage Guarantee Company, IMGC will operate under the regulatory guidelines of the Reserve Bank of India for Mortgage Guarantee companies. The initial paid-up capital of the venture is Rs.120 crore, which will be increased to support IMGC's growth over time.

IMGC will operate on a commercial basis and will be dedicated to growing and strengthening of the housing finance system in India. The corporation's primary clients will be Housing Finance Companies (HFCs) and banks that are presently responsible for the majority of mortgage lending in India.

IMGC will provide credit guarantees to banks and HFCs on behalf of the borrowers. The lending institutions, having taken guarantee cover from a mortgage guarantee company, can benefit from capital relief against such guaranteed loans through lower risk weightings.

Mr. R. V. Verma Chairman and Managing Director, of NHB said "Adapting itself to the Indian context with a range of customised products for the Indian lending industry and borrowing community, the Company will operate under the regulatory jurisdiction of the Reserve Bank of India. The Company's operations will bring greater depth and reach in the housing finance market along with stability. NHB has been part of this project through the years and we are glad that the company has been set up now, richer with all the learnings from the recent global experience."

Mr. Stuart Take, Genworth's Global Mortgage Insurance Division New Markets Leader said that, "Genworth is very proud to be part of a joint venture that will allow Indians to accelerate their dream of home ownership."

**India Mortgage Guarantee Corporation Pvt. Ltd.**

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Vice President of Private Sector and Co-financing Operations at ADB, Ms. Lakshmi Venkatachalam, stated that “ADB is extremely pleased to be part of this strong partnership and to help launch this innovative product in India, which will bring not only benefits to banks and HFCs, but also to many new home borrowers.”

IFC Director for South Asia, Thomas Davenport, said, “Addressing the huge unmet demand for housing finance in India is a strategic priority for IFC. Establishing this new company will help expand access to affordable housing finance across income segments and regions.” IFC has been a key contributor in developing India’s housing finance market including playing the role of a founding investor in HDFC.

### **About Mortgage Guarantee**

Mortgage guarantee (MG) enables expansion in the housing finance sector coupled with stability as it involves commercial and supervisory oversight by the MG company, as well as its regulator.

IMGC will have suitable mechanisms and processes for approving the lenders and housing loans to be eligible for its guarantee cover and will thus help in maintaining the asset quality of the lending institutions. Mortgage guarantee eligibility requirements for lenders will, among other things, provide norms and guidelines requiring greater discipline and prudence in the lending industry. MG operations will improve opportunities for home ownership in the country by making home loans more accessible to a larger segment of the population. The increased access will result from lower down payment requirements for borrowers due to additional security provided by the mortgage guarantee. However, the lenders will be required to adhere to prudent appraisal standards for all borrowers covered by the mortgage guarantees to ensure that the loan portfolio quality is always maintained.

IMGC is also expected to provide impetus to residential mortgage-backed securitization and the growth of secondary mortgage market with credit enhancement support that the guarantee will provide resulting in higher protection to investors in residential mortgage-backed securities issued against such loans. It is expected that the MG mechanism will result in expansion of the housing finance market accompanied with stability.



## **About the Joint Venture Partners**

NHB is the apex housing finance institution in India, functioning as the principal agency for promotion, regulation and supervision of the housing finance institutions (at local and regional levels) and providing financial and other support to such institutions. As an apex financial institution, responsible for developing a sound, healthy, viable and cost effective Indian housing finance system, NHB had been working on the project together with the other partners for introduction of mortgage guarantees in India.

Genworth is a leading financial security company dedicated to providing insurance, wealth management, investment and financial solutions to more than 15 million customers, with a presence in more than 25 countries. Genworth's mortgage guarantee business is one of the largest private mortgage guarantee providers in the United States of America and globally. Genworth will contribute to IMGC's operations through its knowledge and experience of successfully establishing and operating mortgage insurance businesses across various jurisdictions.

ADB, based in Manila, is dedicated to reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth and regional integration. Established in 1966, it is owned by 67 members - 48 from the region. In 2011, ADB approvals, including co-financing, totalled \$21.7 billion. For additional information about ADB, please visit [www.adb.org](http://www.adb.org).

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. IFC helps developing countries achieve sustainable growth by financing investment, providing advisory services to businesses and governments, and mobilizing capital in the international financial markets. In fiscal 2011, amid economic uncertainty across the globe, IFC helped clients create jobs, strengthen environmental performance, and contribute to their local communities - all while driving IFC investments to an all-time high of nearly \$19 billion. For more information, visit [www.ifc.org](http://www.ifc.org).

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