

Cagamas MBS bonds rated AAA

by TANU PANDEY

MALAYSIAN Rating Corp Bhd (MARC) has affirmed its AAA rating on Cagamas MBS Bhd's RM2.41 billion bonds with a stable outlook, a rating action that affects the outstanding bonds of RM1.52 billion.

"The stable outlook is premised on the rating agency's expectation that the collateral pool will continue to demonstrate low default, adequate prepayments and stable servic-

ing," the rating agency said in a statement yesterday.

The rating on the residential mortgage-backed bonds continues to be supported by the strong credit enhancement of 143.7% based on the outstanding principal of non-defaulted mortgages of RM1.65 billion and collection account balance of RM530.8 million, MARC pointed out.

Cagamas MBS is a wholly owned special purpose vehicle of Cagamas Holdings Bhd that was formed for issuance of

mortgage-backed securities via the securitisation of eligible government staff housing loans under Islamic and conventional principles.

The collateral pool consists mainly of mortgage loans (Portfolio 2007-2) granted to eligible civil servants and government pensioners.

Based on the servicer's quarterly report for CMBS 2007-2 dated Feb 24, 2014, the outstanding principal of the collateral pool, which includes the defaulted mortgages, declined

to RM1,667.3 million from RM1,884.8 million on the previous reporting date of Feb 22, 2013.

The collateral pool represents 53,004 mortgages with an average size of RM31,455, weighted term to maturity of 11.2 years and weighted average seasoning of 13.2 years.

"As of Feb 24, 2014, the total cash balance of RM530.8 million is sufficient to cover the upcoming RM380 million redemption of CMBS 2007-2 on Aug 22, 2014," it said.