

Caja de Ahorros de Panamá

MIGA-guaranteed Loan

Case Study

The Challenge	Caja de Ahorros de Panama (“Caja”) is a government autonomous entity that operates as an official and independent bank. Caja provides affordable mortgages to support home ownership in Panama. Approximately 65% of its asset portfolio is comprised of residential mortgages, of which ~60% is allocated for a government preferential program for low-income housing. Caja required long-term funding to support its current mortgage portfolio and expand affordable lending in the future.
The Solution	<p>Citi worked with Caja and the Multilateral Investment Guarantee Agency (MIGA) to structure a \$250MM, 15-year loan that was primarily funded in the capital markets through various institutional investors, by repackaging the risk through an SPV (Kairos Global Solutions S.A.). The transaction was divided into multiple asset classes (long, short, clean, covered) to meet investor demands.</p> <p>This innovative solution developed by Citi, and approved by MIGA, was deployed to provide an alternative structure that achieved attractive long tenor financing. By segregating the covered and clean risks and targeting each asset class to the most competitive investors the client was able to obtain very attractive terms in a difficult market environment.</p> <p>Through this unique structure, Citi was also able to embed an interest swap and deliver a competitive fixed-rate, long-term financing without the client having to enter into a derivative and its related complexities.</p>
The Result	Caja was able to access international long-term financing for the first time at lower borrowing costs and longer tenors, during a challenging credit market environment. This financing will help Panamanians access affordable housing, reduce the housing deficit and promote women homeownership, therefore aligning with three of the United Nations Sustainable Development Goals (“SDGs”): No Poverty, Gender Equality and Sustainable Cities and Communities.

