

**M'sia, Thailand Central Banks To Benefit From Cross-border Repurchase Agreement**  
**Bernama**  
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KUALA LUMPUR, Feb 8 (Bernama) -- Malaysia and Thailand central banks will benefit from the cross-border repurchase arrangement signed in a memorandum of understanding on Thursday, says Moody's Investors Service.

It said the arrangement was credit positive for banks operating in the two countries as it strengthens their liquidity by providing them an alternative to obtain Malaysian ringgit and Thailand's baht funding in times of need.

Under the arrangement, eligible financial institutions operating in Malaysia may obtain ringgit liquidity from Bank Negara by pledging baht or baht-denominated sovereign and central banks securities and vice-versa for financial institutions operating in Thailand.

The credit rating, research and risk analysis company said CIMB Bank Bhd and RHB Bank Bhd will benefit from the arrangement as they both have sizeable operations in Thailand.

It said: "Both banks' deposits bases in Thailand are constrained by their limited branch network compared with the four largest domestic incumbents.

"Therefore, they are operating under tighter liquidity conditions in Thailand than at home, which is reflected by the higher loans-to-customer-deposits ratio of their Thai operations relative to their consolidated operations."

As at end of September last year, the ringgit-denominated government securities accounted for 3.6 per cent of CIMB's total assets and 6.4 per cent of RHB's total assets.

Moody's said the new arrangement gives them a new funding option, reduces their need to rely on inter-bank funding, and puts them in a better position to pursue growth opportunities in Thailand.

The same also holds for Thailand-based Bangkok Bank, the only bank it rated with branch presence in Malaysia, which has only five branches in the country and faces similar tightness in its foreign currency-denominated loan portfolio.

"In our view, the bank's limited branch presence in Malaysia hampers the ability to gather ringgit deposits and in turn fund credit growth in the highly competitive Malaysian market," it said.

Moody's said the new liquidity facility helps alleviate funding pressure by providing Bangkok Bank with an alternative source of ringgit funds.

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