

Malaysia pick bankers for railway Islamic bond sale

MALAYSIA appointed Maybank Investment Bank Bhd, CIMB Investment Bank Bhd, RHB Investment Bank Bhd and AmInvestment Bank Bhd to manage a sale of Islamic bonds to partly finance the construction of a mass railway in Kuala Lumpur, three people familiar with the matter said.

Dana Infra Sdn Bhd, a company owned by the finance ministry and created to fund development projects, will sell ringgit-denominated notes as early as the end of this month, said the people, who didn't want to be named because the information is private. The government has yet to set a final amount for the sale and agreed to guarantee RM8 billion in the initial issuance,

which could be as much as RM2 billion, two of the people said.

The Shariah-compliant debt, or sukuk, may be offered to investors and also sold through a private placement, they said. Dana Infra may issue an additional RM30 billion of the securities via a 50-year programme, which will be announced later, the two people said. Deputy Secretary-General to the Treasury Datuk Dr Mohd Irwan Serigar Abdullah wasn't immediately available to comment by telephone yesterday.

The planned offering by Dana Infra follows a RM30.6 billion record issue of Shariah-compliant notes by the nation's toll-road operator PLUS Bhd completed in January.

Malaysian companies issued RM75.6 billion of sukuk last year, an all-time high, with 88% due in less than 10 years, according to data compiled by *Bloomberg*. Sales total RM10.5 billion in 2012.

Dana Infra's Islamic bonds will probably receive top investment-grade status of AAA from local rating companies due to its sovereign backing, Mass Rapid Transit Corp Sdn Bhd (MRT) chief executive officer Datuk Azhar Abdul Hamid said in an interview on Feb 15. State-owned MRT is managing the 156km Kuala Lumpur railway that may cost RM48 billion including rolling stock to build, according to a government estimate in 2010. — *Bloomberg*