

# RM90b sukuk issuance this year

> Bloomberg predicts another year of record sales for Malaysia

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**KUALA LUMPUR:** Malaysia's issuance of corporate Islamic bonds, or sukuk, is expected to grow 20% to RM90 billion this year, driven by a well-developed legal and regulatory framework and a stable Islamic liquidity pool, Association of Islamic Banking Institutions Malaysia (AIBIM) president Datuk Mohd Redza Shah Abdul Wahid said.

"The strong foundation of the (Islamic) legal system in Malaysia has given foreigners a lot of assurance in terms of sukuk issuance and that's the attraction Malaysia brings to the table," he told reporters after the

launch of Bloomberg AIBIM Bursa Malaysia Corporate Sukuk Index by Bank Negara Malaysia deputy governor Muhammad Ibrahim on Monday.

According to data compiled by Bloomberg, Malaysia will witness another record year of corporate sukuk sales in 2012, with potentially about RM20 billion of Shariah-compliant debt in the pipeline. It was reported that Malaysia issued more than 70% of global sukuk in the first six months of this year.

"Global demand for corporate and sovereign sukuk has grown over the last decade and in Malaysia, low borrowing costs continue to drive issuance," said Mohd Redza.

"As a top global sukuk underwriter, we see domestic and foreign issuers actively tapping the Malaysian sukuk market. By providing accurate pricing and benchmarking, the newly launched

index will improve portfolio management and contribute to a more robust bond market," CIMB Islamic Bank Bhd head of Islamic treasury, Datuk Mohamad Zabidi Ahmad, said.

He added that among the larger debt facilities issued recently were Malaysia Airlines' RM2.5 billion worth of sukuk, the National Higher Education Fund Corp RM3.5 billion guaranteed sukuk, RM8 billion sukuk for the Mass Rapid Transit project and Johor Corp's RM3 billion sukuk.

On the Bloomberg AIBIM Bursa Malaysia Corporate Sukuk Index, Bloomberg LP head of sales for Asean, Nitin Jaiswal, said this is the third sukuk index Bloomberg has developed for the Malaysian market in collaboration with Bank Negara, AIBIM and Bursa Securities.

In 2011, Bloomberg launched the AIBIM Bursa Malaysia Sovereign Index and the Malaysia Sukuk Ex-



From left: Mohamad Zabidi, Bursa Malaysia Berhad CEO Datuk Tajuddin Atan, Mohd Redza and Bloomberg Islamic Finance business manager Kamel Hajri during the launch.

MYR Index. Jaiswal said the new index will serve as a benchmark for investors of ringgit-denominated Islamic bonds in Malaysia.

Bloomberg will calculate the index daily, with rates and prices

contributed by member banks of AIBIM, he said, adding that the new index will track and measure the performance of the most liquid and credit-worthy Islamic corporate bonds in Malaysia.