

CIMB to co-manage Qatar global Sukuk bond issue

STAR 18 SEP 2003

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THE government of Qatar has appointed Commerce International Merchant Bankers Bhd (CIMB) as the co-manager for the Far East region of its US\$500mil-US\$700mil first global Islamic Sukuk bond issue.

The book-building process for the seven-year bonds began on Sept 9 and will close at the end of the month. The bonds carry an A+ rating by Standards and Poor's, and can be redeemed after five years. HSBC Bank Plc and Qatar International Islamic Bank are the lead managers for the issue.

A road show to Riyadh, Abu Dhabi, Dubai, Bahrain and Kuwait has just been completed, and the lead and co-managers are meeting institutional investors in Kuala Lumpur today.

CIMB chief executive officer Nazir Razak told *StarBiz* this was the first time a Middle East bond issue was

being promoted in Malaysia; in the past most bond issues were sold to investors in the United States and Europe.

"Middle East issuers are keen to tap the Far East market and want to use Malaysia as a base," he said, adding that this was a recognition of Malaysia's leadership in the area of Islamic finance.

Nazir added that the Qatar government would use the proceeds from the Sukuk issue for general funding purposes.

CIMB, which was listed on the KLSE this year, is a lead player in investment banking in the country. The investment bank launched its Islamic division, CIMB Islamic, only in June. Its appointment as co-manager by the Qatar government is therefore a significant boost to CIMB's aspirations in the Islamic finance arena.

Malaysia made headlines last year when it became the first to launch a

global Islamic Sukuk bond issue. The US\$600mil issue was twice oversubscribed.

Islamic banking is something the government wants strengthened in this country for the potential is vast. It also wants local issuers to be involved in international issues, and by getting involved in this Sukuk bond issue by the Qatar government, CIMB appears to be moving in that direction.

Total assets of the Islamic banking system increased four-fold to RM68mil as at 2002, from RM17.9bil in 1997.

To further stimulate its growth, Prime Minister Datuk Seri Dr Mahathir Mohamad had announced in his budget speech recently that a more comprehensive tax treatment would be provided for Islamic financing instruments. Islamic issuers would no longer have to worry about technical tax issues that used to plague them previously.