

## **Malaysia says US\$1.5b sukuk oversubscribed**

**MalaysiaKini.com**

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**Reuters**

Malaysia said today that it had successfully priced US\$1.5 billion worth of Islamic bonds, or sukuk, which was oversubscribed by 4.2 times, with the bulk of the take-up from Asian accounts.

The sukuk was split between a US\$1 billion 10-year tranche and a US\$500 million 30-year tranche at a rate of 3.179 percent and 4.080 percent respectively, the Finance Ministry said in a statement.

The deal attracted orders of over US\$6.3 billion from a combined investor base of over 195 accounts, the statement said. Asian accounts took two-thirds of the 10-year tranche and over half of the 30-year tranche.

This compares with a similar-sized deal in April of last year which attracted a US\$9 billion order book from 450 accounts.

It is the fifth global sukuk by Malaysia, with previous issuances in 2002, 2010, 2011 and 2015.

The sovereign tested a new sukuk format as well, using non-physical assets to underpin an agency-based transaction known as wakala, instead of the traditional use of physical assets.

The sukuk used vouchers representing entitlement to travel units and sharia-compliant shares, the statement said, without providing further details on those assets.

This could serve as a model for other sovereigns which have previously faced some difficulty in identifying and transferring tangible assets, such as buildings, for use in sukuk.

The deal was priced after a roadshow across global financial centres, including Kuala Lumpur, Hong Kong, Singapore, Abu Dhabi, Dubai, London and New York.

CIMB, HSBC, JP Morgan and Maybank acted as the joint bookrunners and joint lead managers for the offering.

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