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BIMB will use funds for sukuk security

by AZLI JAMIL

BIMB Holdings Bhd announced it has notified Bank Negara Malaysia (BNM) that the security for its proposed sukuk will only comprise the legal assignment over the proceeds from the exercise of its proposed warrants.

It also includes the legal assignment and charge over a sinking fund account into which all proceeds from the exercise of the warrants will be deposited, BIMB said in a filing to the exchange yesterday.

BNM had in early September 2013 said that BIMB could not use Bank Islam Malaysia Bhd shares as security for its

All proceeds from exercise of warrants to be deposited, BIMB tells exchange

proposed sukuk to fund the acquisition of the remaining 49% stake of Bank Islam. BIMB had said that it will consider the option and make the announcement accordingly.

"On behalf of the board of directors of BIMB, Bank Islam wishes to announce that the board of directors of BIMB has deliberated and decided that the Bank Islam shares will not be pledged as security for the proposed sukuk," said BIMB.

In a separate announcement

to the exchange, BIMB said the exchange has approved the listing of new shares, warrants and rights in relation to its proposed purchase of the remaining 49% stake in Bank Islam.

In order to fund its acquisition, BIMB had proposed a renounceable rights issue of 426.71 million new shares with 426.71 million free warrants at RM3.60 per rights share on the basis of two rights shares and two warrants for every five existing BIMB shares held by entitled shareholders.

The exercise would raise about RM1.54 billion to be used for the Bank Islam share purchase.