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PBAPP LAUNCHES RM5 BLN SUKUK TO BOOST PENANG'S WATER INFRASTRUCTURE



GEORGE TOWN, July 8 (Bernama) -- Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) today launched its inaugural RM5 billion Islamic Medium-Term Notes (IMTN) Programme (Sukuk Programme) to support critical water infrastructure development and long-term water security in Penang.

Chief Minister Chow Kon Yeow said the Sukuk Programme, structured under the Shariah-compliant Sukuk Wakalah model, was launched alongside PBAPP's new Sustainable Finance Framework.

Chow, who is also PBAPP chairman, said the Sukuk issuance would strengthen PBAPP's ability to raise long-term capital for water infrastructure development through Shariah-compliant and sustainability-labelled debt instruments.

"This dynamic financing platform would also enable PBAPP to scale up investment in critical water projects while reinforcing the state's commitment to sustainable development.

"The Sukuk Programme has been assigned the highest credit rating of AAA/Stable in Malaysia by RAM Rating Services Bhd, while the Sustainable Finance Framework has received a Gold Sustainable Finance Rating from RAV Sustainability Sdn Bhd," he told a press conference after the launch here today.

United Overseas Bank (UOB) Malaysia and Maybank Investment Bank Bhd (Maybank IB) have been appointed as the joint principal advisers, joint lead arrangers and joint lead managers for the Sukuk issuance.

Maybank IB also serves as the sole sustainability structuring adviser for the Sustainable Finance Framework.

Proceeds from the Sukuk Programme will be used to fund PBAPP's Water Contingency Plan 2030 (WCP 2030), support broader capital and operational expenditures, including refinancing needs, and finance other eligible green and social initiatives in line with its Sustainable Finance Framework.

PBAPP is the first Penang state-linked agency to establish both a Sukuk programme and a Sustainable Finance Framework.

UOB Malaysia country head of wholesale banking, Andy Cheah, said the Sukuk Programme highlights the important role banks play in mobilising capital for sustainable financing and demonstrates how banks leverage their capabilities to deliver real change in public sector infrastructure.

Meanwhile, Maybank IB chief executive officer Michael Oh-Lau said Malaysia's debt capital markets remain one of the most developed and liquid in the region, with over RM120 billion in private debt securities issued annually, alongside steady growth in sustainability-labelled issuances year on year.

"Through this Sukuk Programme, PBAPP is now well-positioned to benefit from deep and diverse investor liquidity, competitive pricing and greater funding flexibility over time," he added.