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Maybank, UOB Malaysia to handle Penang water agency's maiden RM5bil sukuk



KUALA LUMPUR: UOB Malaysia and Maybank Investment Bank Bhd (Maybank IB) have been appointed as joint principal advisers, joint lead arrangers and joint lead managers for Perbadanan Bekalan Air Pulau Pinang Sdn Bhd's (PBAPP) first RM5 billion Islamic medium-term notes.

Maybank IB also acts as the sole sustainability adviser for PBAPP's new sustainable finance framework, developed in line with local and global sustainable finance standards.

UOB Malaysia country head of wholesale banking Andy Cheah said the RM5 billion sukuk will fund critical water projects to ensure long-term water security for Penang, addressing rising demand and challenges such as limited water resources and climate change.

"The sukuk also highlights the important role banks play in mobilising capital for sustainable financing and demonstrates how we leveraged our capabilities to deliver real change in public sector infrastructure," he said in a statement today.

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 coupled with a steady growth of 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.

According to UOB Malaysia, 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.

PBAPP's sukuk programme has received a AAA/Stable credit rating from RAM Rating Services Bhd, reflecting its strong credit fundamentals.

PBAPP plans to issue the sukuk progressively, aligned with actual project requirements and tailored to near-term investment needs.