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UOB Malaysia, Maybank IB back PBAPP's RM5 bil sukuk for Penang water infrastructure



From left: Maybank group CEO of Global Banking Datuk John Chong, CEO of Maybank Investment Bank Bhd Michael Oh-Lau Perbadanan Bekalan Air Holdings Berhad (PBAHB) and PBAPP group CEO Datuk Pathmanathan K, Penang Chief Minister Chow Kon Yeow, UOB Malaysia CEO Ng Wei Wei and UOB Malaysia head of wholesale banking, northern area centre Teoh Soon Beng

KUALA LUMPUR (July 8): UOB Malaysia and Maybank Investment Bank (Maybank IB) said they have been appointed as joint lead arrangers and lead managers for Perbadanan Bekalan Air Pulau Pinang's (PBAPP) RM5 billion sukuk programme to fund Penang's long-term water infrastructure and sustainable development projects.

Maybank IB also served as the sole sustainability structuring adviser for the Penang water supply firm's sustainable finance framework, which aligns with the Securities Commission Malaysia's guidelines and international sustainable finance standards.

PBAPP is a wholly owned subsidiary of PBA Holdings Bhd (KL:PBA), in which the Penang government holds a 55% stake.

The proceeds from the sukuk will finance the projects under the PBAPP's Water Contingency Plan 2030, broader capital and operational expenditures, including refinancing, and eligible green and social projects, said UOB Malaysia and Maybank IB in a joint statement on Tuesday.

"This RM5 billion sukuk programme 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," UOB Malaysia country head of wholesale banking Andy Cheah said in the statement.

Maybank IB CEO Michael Oh-Lau said the dual launch of the sukuk programme and sustainable finance framework marks "a historic first for Penang," setting a strong precedent for other state-linked entities.

"PBAPP is now well-positioned to benefit from deep and diverse investor liquidity, competitive pricing and greater funding flexibility over time," Oh-Lau said.

PBAPP is the first Penang state-linked agency to establish both a sukuk programme and a sustainable finance framework. The RM5 billion sukuk is structured under a shariah-compliant wakalah model, allowing PBAPP to raise medium- to long-term financing through the country's capital markets.

The sukuk programme has also received an AAA/Stable rating from RAM Rating Services Bhd, while the sustainable finance framework earned a gold sustainable finance rating from RAM Sustainability Sdn Bhd, the statement noted.