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Media Release

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Chief Minister of Penang.

STRONG CONFIDENCE IN PBAPP'S PROPOSED SUKUK PROGRAMME AND SUSTAINABLE FINANCE FRAMEWORK

A Milestone in Penang's Infrastructure and Sustainability Journey

PENANG, 8 July 2025 – The Penang State Government is proud to witness a historic milestone today as Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (PBAPP), the state's sole water operator, officially launched its RM5.0 billion Islamic Medium-Term Notes (IMTN) Programme and Sustainable Finance Framework, making it the first State Government-Linked Company in Penang to establish both the Sukuk Programme and a Sustainable Finance Framework.

This strategic initiative will strengthen PBAPP's ability to raise long-term capital to invest in its water infrastructure development through Shariah-compliant and sustainability-labelled debt instruments. This dynamic financing platform enables PBAPP to scale up investment in critical water projects while reinforcing the State's commitment to sustainable development.

PBAPP's Sukuk Programme has been assigned the highest credit rating of AAA/Stable in Malaysia by RAM Rating Services Berhad, while the Sustainable Finance Framework has been awarded a Gold Sustainable Finance Rating by RAM Sustainability Sdn. Bhd., underscoring PBAPP's strong credit standing, governance, and alignment with global best practices.

This is a commendable achievement not just for PBAPP, but for the State of Penang. It reflects our State GLC growing financial sophistication and their ability to pursue responsible, market-based financing anchored in environmental and social accountability.

The Sukuk Programme was launched in collaboration with Maybank Investment Bank Berhad and United Overseas Bank (Malaysia) Berhad, appointed as the Joint Principal Adviser, Joint Lead Arrangers and Joint Lead Managers. Maybank Investment Bank also acted as the sole Sustainable Structuring Adviser for the establishment of PBAPP's Sustainable Finance Framework.

The Penang State Government supports PBAPP's move to diversify its funding sources by tapping into the capital markets. This approach reduces reliance on government loans and grants, while establishing a scalable platform to finance future-ready infrastructure.

PBAPP's inaugural Sukuk issuance, targeted for in 2H2025, will be of benchmark size and will correspond to the company's project funding requirements from time to time. The enlarged programme size serves as a war-chest for PBAPP to support its financing requirements over the long-run.

Notably, the Sukuk proceeds will support:

1. Water Contingency Plan 2030 (WCP 2030), with a projected investment value of RM2.099 billion;
2. Broader capital expenditure (CAPEX) and operating expenditure (OPEX), and refinancing needs;
3. Other eligible green and social initiatives aligned with Penang Green Agenda.

This initiative aligns with the objectives of Penang2030, the state's vision for a family-focused, green and smart state that balances growth with sustainability.

We fully support PBAPP's efforts to build a future-ready and climate-resilient water supply system. The launch of this Sukuk Programme and Sustainable Finance Framework marks a new chapter in how we deliver essential public infrastructure, with accountability, innovation and long-term positive impact.

Second major financial milestone

Today's signing ceremony, which formalised PBAPP's collaboration with Maybank and UOB as Sukuk Programme advisers, represents the second major milestone in PBAPP's financial history.

The first was in 2002, when PBAPP's holdings company, PBA Holdings Bhd (PBAHB), was successfully listed on the Main Board of Bursa Malaysia, raising RM62.3 million for water resource development and infrastructure upgrades across the state.

Another avenue to invest in PBAPP

In 2025, PBAPP plans to issue its first Sustainability Sukuk, with proceeds to be used primarily for Water Contingency Plan 2030 (WCP 2030) and other key water infrastructure projects that will benefit Penang. The Sustainability Sukuk also opens a new avenue for investors seeking stable returns with positive environmental and social impact.

Since its listing, PBAHB has paid dividends to shareholders for 24 consecutive years, reflecting sound financial management and consistent performance.

This track record speaks to PBAPP's long-standing commitment to financial discipline,

public service and value creation. We are confident this Sukuk initiative will further strengthen PBAPP's role as a trusted and sustainable public utility serving the people of Penang.

Thank You.

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