



PRESS RELEASE

World's First Sovereign U.S. Dollar Sustainability Sukuk Issuance by The Government of Malaysia

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MEDIA STATEMENT

MINISTER OF FINANCE MINISTRY OF FINANCE MALAYSIA

Overwhelming interest in Malaysia's first global sukuk issuance since 2016 is a vote of confidence in the country's strong economic fundamentals and Islamic finance leadership

The Government of Malaysia successfully priced the **world's first sovereign U.S. Dollar Sustainability Sukuk**, via the issuance of **USD800 million 10-year Trust Certificates**. In addition, the Government successfully issued **USD500 million 30-year Trust Certificates**. Both tranches have been assigned a rating of **A3 by Moody's Investors Service** and **A- by S&P Global Ratings**.

Investors' confidence was clearly reflected in the offering being **oversubscribed by 6.4 times**. Due to the **overwhelming demand the Government decided to upsize the initial target size of USD1.0 billion to USD1.3 billion**. The strong demand has also resulted in the **lowest ever yield and spread for a US-dollar sukuk issuance by Malaysia, with the 10-year and 30-year Trust Certificates priced at 2.070% [T + 50 basis points] and 3.075% [T + 80 basis points], respectively**. More importantly, this demonstrates the **market's confidence in Malaysia's economic recovery and growth prospects, despite a challenging past year due to the COVID-19 pandemic**.

Malaysia's maiden Sustainability Sukuk is the world's first U.S. Dollar Sustainability Sukuk issued by a sovereign, whereby proceeds will be used for eligible **social and green projects aligned to the United Nation's Sustainable Development Goals (SDG) Agenda**. This will enable Malaysia to not only meet its commitments as a responsible nation and signatory to the Paris Agreement, but also further its efforts to advance its people's socio-economic well-being. It is also a testament to the Government's efforts in combating climate change as well as accelerating the transition towards a more resilient and inclusive economy, in line with the Government's Shared Prosperity Vision 2030.

This Sukuk is also unique as its underlying assets are sustainable assets, being vouchers representing travel entitlement on Malaysia's Light Rail Transit (LRT), Mass Rapid Transit (MRT) and KL Monorail networks. As the first sovereign issuance with such assets in a sukuk structure, **this issuance sets a new benchmark and showcases Malaysia's global leadership in Islamic finance, reinforcing the country's position as the world's largest sukuk market**.

The Minister of Finance, Malaysia, Tengku Datuk Seri Utama Zafrul Aziz said, "We are extremely pleased and honoured by the investors' vote of confidence in our maiden Sustainability Sukuk issuance, which also reflects their belief in Malaysia's strong economic fundamentals and solid prospects for growth. The issuance is not only a global first on many fronts, but also a strong recognition of Malaysia's Islamic finance industry's innovative capabilities in structuring sukuk to help advance Malaysia's SDG-focused policies towards achieving our Shared Prosperity Vision 2030."

The Sustainability Sukuk is issued via a special purpose vehicle, Malaysia Wakala Sukuk Berhad, and based on Malaysia's newly established The Government of Malaysia SDG Sukuk Framework. The Framework was assessed by Sustainalytics¹, which has declared it as being aligned with the four core components of the Social Bond Principles 2020 (SBP), the Green Bond Principles 2018 (GBP), and the ASEAN Sustainability Bond Standards 2018 (ASEAN SUS). Both the Framework and Sustainalytics' Second Party Opinion can be accessed at: www.mof.gov.my/en/economy/sustainability.

Subsequent to a virtual roadshow covering Asia, the Middle East, Europe and the US, the sukuk attracted a diverse group of investors. The allocation was well-spread globally, with 55% of the principal amount of the **10-year Sukuk distributed to investors in Asia, 33% to Europe, Middle-East and Africa (EMEA) and 12% to the United States**, whilst **46% of the principal amount of the 30-year Sukuk was distributed to investors in Asia, 33% to EMEA and 21% to the United States**.

By investor type, the distribution of the 10-year tranche was 67% to fund managers and insurance companies, 18% to central banks and governments, 14% to banks and 1% to others investors while for the 30-year tranche was 83% to fund managers, 10% to banks, 4% to central banks and governments, and 3% to other investors.

CIMB, HSBC, and J.P. Morgan acted as the Joint Bookrunners and Joint Lead Managers on this offering. In addition, HSBC Amanah Malaysia and J.P. Morgan were the Joint SDG Structuring Agents. The Sustainability Sukuk's Shariah structure has been approved by the Board Shariah Committee of CIMB Islamic Bank Berhad and HSBC Global Shariah Supervisory Committee.

Ministry of Finance

Putrajaya

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¹ A global company providing analytical environmental, social and governance (ESG) research, ratings and data to institutional investors and companies.

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