

UOB establishes RM5 billion Islamic debt programme in Malaysia

The programme's debut RM500 million Tier 2 Sukuk Wakalah offering was oversubscribed and achieved the tightest spread ever for a Ringgit Tier 2 deal

Singapore, 25 January 2024 – UOB announced the establishment of its inaugural Islamic debt programme by its subsidiary in Malaysia, UOB Malaysia. This programme allows for up to RM5 billion to be raised in Malaysia under the Shariah principle of *Wakalah Bi Al-Istithmar*.

UOB Malaysia successfully priced its debut Islamic debt, a RM500 million Basel III-compliant Tier 2 subordinated Islamic medium term note (Tier 2 Sukuk *Wakalah*). The Tier 2 Sukuk *Wakalah* is due in February 2034 and callable in February 2029.

During a book-building exercise, the Islamic debt offering received an overwhelming response from the market and was oversubscribed by approximately 3.39 times. The final order book of RM1.7 billion enabled UOB Malaysia to close at a fixed profit rate of 4.01 per cent per annum. At 45 basis points above the benchmark Malaysian Government Securities (MGS), this was the tightest spread ever recorded for a Tier 2 capital instrument in the Ringgit-denominated market.

Ms Ng Wei Wei, Chief Executive Officer, UOB Malaysia, said, “We are pleased that our maiden Sukuk offering was very well received by the market. The oversubscription and the tight pricing achieved reflects investors’ confidence in UOB Malaysia’s solid financial position. The strong demand is also a testament to the liquidity in the local debt capital market and its robustness in supporting local corporates’ financing needs.”

A diverse group of 42 high-quality investors including insurance companies, fund managers, government-linked investment companies, banks and private banks subscribed to the offering.



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The Tier 2 Sukuk *Wakalah* received an AA1 rating by RAM Rating Services, underscoring UOB Malaysia's robust credit profile. The issuance is scheduled on 8 February 2024 and is intended to qualify as UOB Malaysia's Tier 2 Capital on a consolidated basis, adhering to Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components).

CIMB Investment Bank and UOB Malaysia acted as Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers for this transaction.

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About UOB

UOB is a leading bank in Asia. Operating through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, UOB has a global network of around 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. Today, UOB is rated among the world's top banks: Aa1 by Moody's Investors Service and AA- by both S&P Global Ratings and Fitch Ratings.

For nearly nine decades, UOB has adopted a customer-centric approach to create long-term value by staying relevant through its enterprising spirit and doing right by its customers. UOB is focused on building the future of ASEAN – for the people and businesses within, and connecting with, ASEAN.

The Bank connects businesses to opportunities in the region with its unparalleled regional footprint and leverages data and insights to innovate and create personalised banking experiences and solutions catering to each customer's unique needs and evolving preferences. UOB is also committed to help businesses forge a sustainable future, by fostering social inclusiveness, creating positive environmental impact and pursuing economic progress. UOB believes in being a responsible financial services provider and is steadfast in its support of art, social development of children and education, doing right by its communities and stakeholders.

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