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## **HSBC Amanah Malaysia issues world's FIRST United Nations Sustainable Development Goals sukuk**

This landmark sukuk will be the first ever benchmark sustainable sukuk issuance by a financial institution that will be used to support eligible businesses within any of HSBC's selected seven UN SDG

HSBC Amanah Malaysia Berhad (HSBC Amanah) has launched the world's first United Nations (UN) Sustainable Development Goals (SDG) sukuk reflecting HSBC Amanah's commitment to financing projects that benefit communities and the environment in line with HSBC Group's responsibility to help finance global sustainable development.

This is the second SDG issuance from an HSBC entity globally, following HSBC Group's USD1.0 billion SDG Bond in 2017 and is in line with the Group's commitment to provide USD100 billion in sustainable financing and investment by 2025. The goal is one of five new commitments that HSBC has made to tackle climate change and support sustainable growth in the communities where the organisation serves.

"This sukuk is the world's first ever benchmark sustainable sukuk issuance by a financial institution referencing the UN SDGs as use of proceeds. As such, it is a landmark in the MYR and global sukuk market," said Stuart Milne, Group General Manager and Chief Executive Officer HSBC Bank Malaysia Berhad. "HSBC has always been at the forefront of innovation in Islamic financing, having structured and lead managed numerous award winning landmark sukuk transactions on behalf of our clients. This issuance by HSBC Amanah demonstrates our continued commitment to the Government of Malaysia's efforts to promote Malaysia as an Islamic finance hub and is a strong testament to HSBC's leadership in sustainable financing."

"This landmark issuance is in line with the newly developed Value-based Intermediation ("VBI") initiative championed by Bank Negara Malaysia which seeks to shift the focus of the Islamic Finance industry to integrate environmental and social tenets into banking activities," added Arsalaan Ahmed, Chief Executive Officer, HSBC Amanah. "We are pleased with this issuance that is aimed at starting a conversation in Islamic banking around SDGs and thus supporting VBI. This successful issuance also demonstrates our continued leadership in sukuk and contribution to the development of Shariah compliant Debt Capital Markets."

“UNDP welcomes HSBC’s commitment to using funds raised in the capital market to invest in the Sustainable Development Goals,” said Achim Steiner, Administrator of the United Nations Development Programme (UNDP). “A world first, HSBC’s pioneering ‘SDG sukuk’ is a prime example of how to create innovative financing for the Goals, and marks a milestone in aligning Islamic finance with the SDGs. UNDP is growing its work in this exciting area, working both with the private sector and government stakeholders.”

### **About HSBC Amanah’s SDG sukuk**

On 20 September 2018, HSBC Amanah priced an offering of RM500 million for a senior unsecured fixed rate SDG sukuk, due in 2023, from its existing multi-currency sukuk programme of RM3.0 billion. The sukuk is rated AAA by RAM Rating Services Berhad and proceeds will be utilised for working capital in the ordinary course of HSBC Amanah’s Islamic banking business, to finance eligible businesses and projects in accordance with the HSBC Sustainable Development Goal (SDG) Bond Framework.

HSBC Amanah, RHB Islamic Bank Berhad and Maybank Investment Bank Berhad acted as joint lead managers on this transaction while HSBC Amanah acted as the sole lead arranger and sole SDG structuring adviser. The offering received strong investor demand, with final orderbooks in excess of MYR1.4 billion and a bid to cover ratio of 2.85x from 25 accounts across government agencies and pension funds (51%), financial institutions (31%), insurance companies (9%), asset managers (8%), and corporates (1%).

The sukuk priced at the tight end of the final price guidance at a fixed profit rate of 4.30% per annum from an initial price guidance of 4.30%-4.40%. This transaction represents the lowest coupon for a 5-year non-government guaranteed sukuk/bond in the MYR market in 2018 to date as well as the tightest spread over the benchmark Malaysian Government Securities for a financial institution since 2013 and for an Islamic bank in the MYR market since HSBC Amanah’s inaugural MYR sukuk in 2012.

This sukuk was issued based on the existing HSBC Group SDG Bond Framework and proceeds will be used to support projects contributing towards the UN SDGs such as;

- SDG 3 – Good Health and Well-Being
- SDG 4 – Quality Education
- SDG 6 – Clean Water and Sanitation
- SDG 7 – Affordable and Clean Energy
- SDG 9 – Industry, Innovation and Infrastructure
- SDG 11 – Sustainable Cities and Communities
- SDG 13 – Climate Action

For further information on HSBC’s green and sustainability bonds please click [here](#) and to know more about our ESG Updates, please click [here](#).

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[joanne.p.m.wong@hsbc.com.my](mailto:joanne.p.m.wong@hsbc.com.my)**About HSBC in Malaysia**

HSBC Bank Malaysia Berhad was locally incorporated in 1984 and is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited (a company under the HSBC Group). In 2007, HSBC Bank Malaysia was the first locally incorporated international bank to be awarded an Islamic banking subsidiary licence in Malaysia, and HSBC Amanah Malaysia Berhad, a full-fledged Islamic bank wholly owned by HSBC Bank Malaysia, commenced operations in August 2008. HSBC in Malaysia has a network of 68 branches nationwide, of which 26 are HSBC Amanah Malaysia Berhad branches. HSBC Amanah Malaysia Berhad also has offsite ATMs established in 25 locations nationwide.

**The Hongkong and Shanghai Banking Corporation Limited**

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group, which serves our customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. The Group serves customers worldwide from around 3,800 offices in 66 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,607bn at 30 June 2018, HSBC is one of the world's largest banking and financial services organisations.