



**Bank Pembangunan Malaysia Berhad
(BPMB)**

Islamic Structured Finance – Our experience

November 2019

A little bit about us



Part of National Development

Shareholder



Ministry of Finance

Reporting Ministry



Ministry of Economic Affairs

Regulator



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Central Bank of Malaysia



Product of gradual evolution

1970s



Assisting SMEs



1990s



Foray into infrastructure



Today



Provider of patient financing to infrastructure, maritime, technology and O&G sectors



Wide range of solutions

Direct Financing



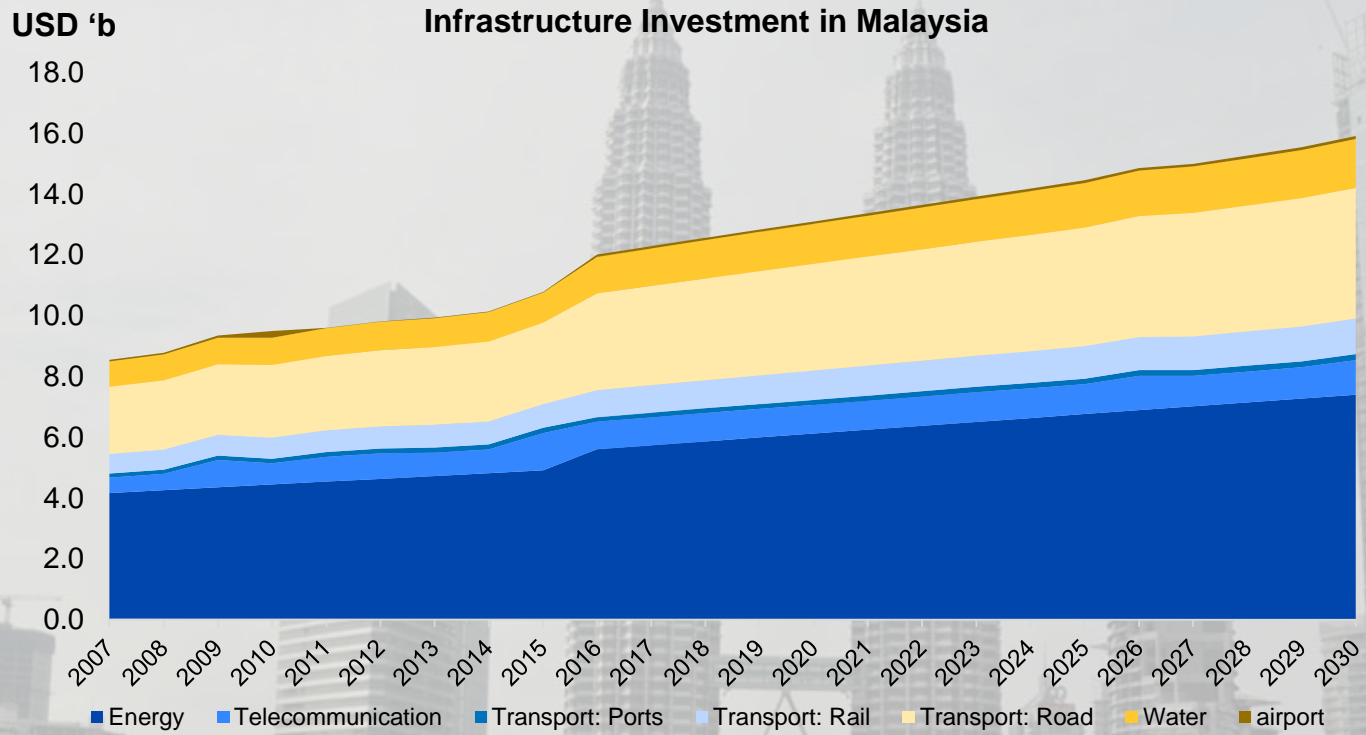
- Financing facilities
- Dedicated funds

Capital Markets



- Sukuk Guarantee
- Financial advisory & distribution

Some Infrastructure Figures



Source: Global Infrastructure Hub

5th

Malaysia's ranking in the Global Infrastructure Investment Index 2016

Source: Arcadis

32nd

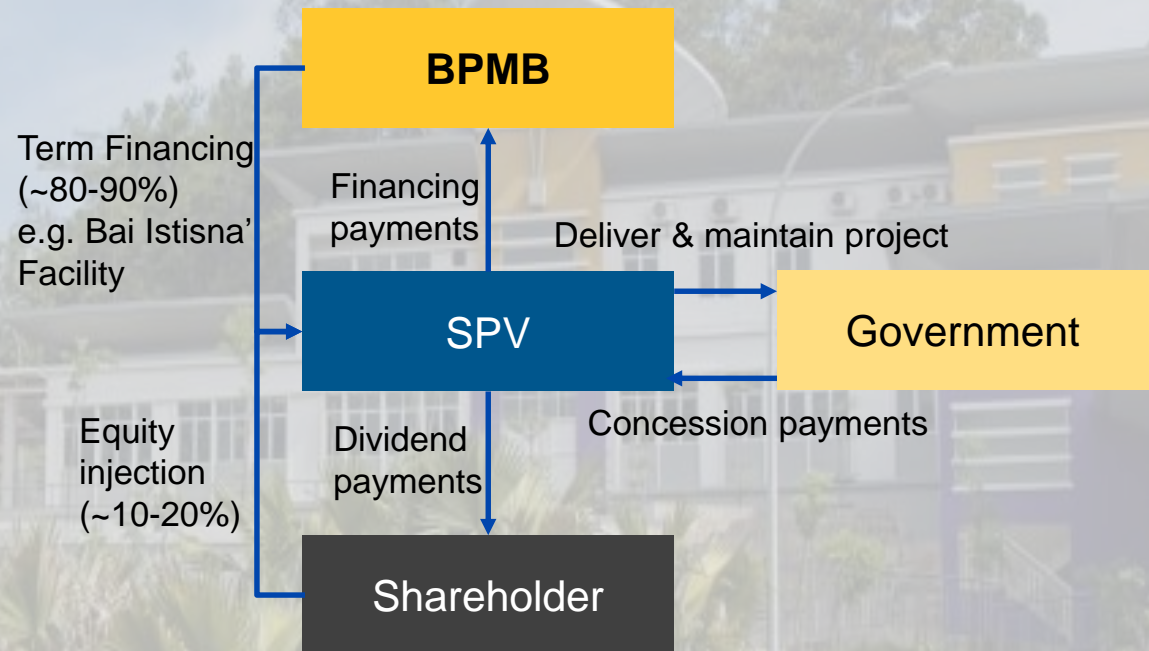
Malaysia's Infrastructure ranking in the Global Competitiveness Report 2018

Source: World Economic Forum

Case Study 1: Private Financing Initiative

University branch campus

- Developed under Private Financing Initiative
- Project involved the planning, design, development, construction and commissioning of campus
- Contractor also tasked with maintaining the campus over concession period
- Government would make payments by way of Availability and Maintenance Charges



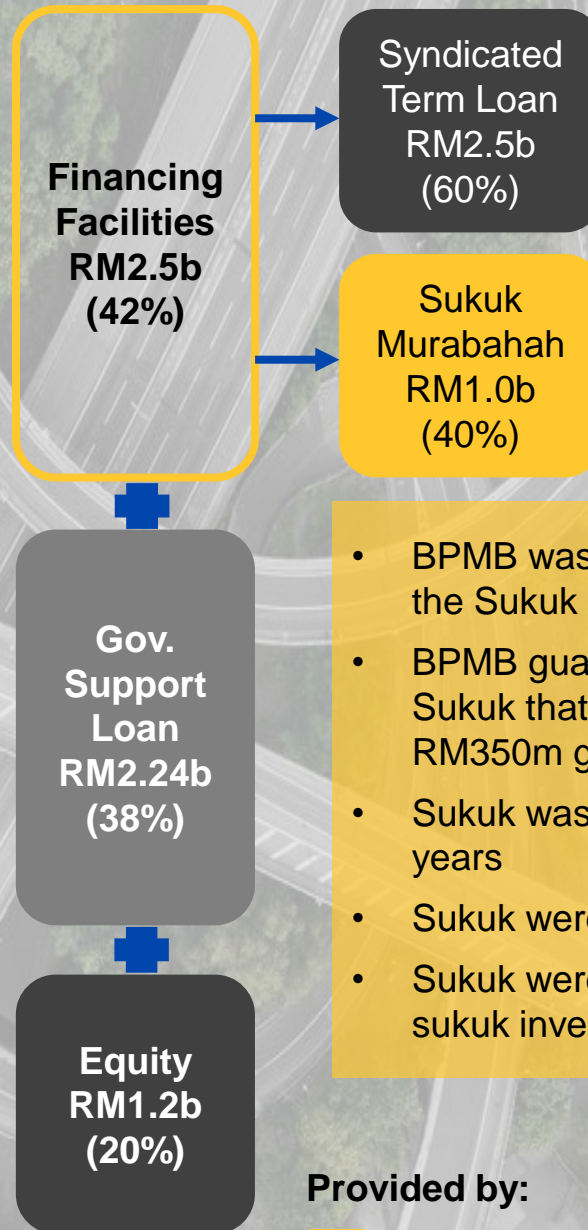
- ✓ BPMB has successfully funded more than 10 university campuses and teaching using variations of the above structure
- ✓ PFI structures are now commonly accepted in the Malaysian market with larger involvement of private financiers
- ✓ BPMB now also takes up selected credit positions to draw in private sector financing e.g. guarantee during construction period

Case Study 2: Diversity of Funding Sources for Highway Project

West Coast Expressway

- Interurban tolled expressway connecting the west coast of Peninsular Malaysia
- Approximately 233km in length
- Constructed by a private concessionaire
- 50 year concession period
- Total funding requirements of **RM5.94 billion**

Patience level of funding source



Syndicated Term Loan
RM2.5b
(60%)

Sukuk Murabahah
RM1.0b
(40%)

- BPMB was one of the lead arrangers for the Sukuk Murabahah
- BPMB guaranteed RM650m of the Sukuk that was issued (remaining RM350m guaranteed by another DFI)
- Sukuk was up to a period of up to 21 years
- Sukuk were rated AAA (local rating)
- Sukuk were subscribed by 3rd party sukuk investors

Provided by:

- DFIs
- Government
- Private

Why Islamic Infrastructure Financing has been Successful in Malaysia



Regulation. Good regulatory planning and guidance supported by appropriate legislation e.g. Islamic Financial Institutions Act.



Standardization. Ensuring consistent application of Shariah contracts which facilitates proliferation of Shariah compliant products.



Policy drive. The availability of tax incentives and increasing focus on Shariah compliant business conduct among Government-controlled entities.



Presence of diverse set of industry players. Developing a good ecosystem of industry players including ancillary service providers.

Our biggest challenge in this new century is to take an
idea that seems abstract
– sustainable development –
and turn it into a reality for all the world's people

KOFI ANNAN



How we see ourselves contributing to sustainable development





Providing solutions to support sustainable and inclusive development with measurable impact while remaining financially sustainable

Promoting Sustainable Development via Impact Driven Financing

Sustainability Indicators

- ✓ Identified SDGs that are relevant for BPMB
- ✓ Guided by regulatory expectations on other indicators

Objective Driven Origination

- ✓ Dual pronged Financing Prioritisation Framework:
 -  Social, Economic and Environmental Indicators
 -  Financial and Efficiency Indicators
- ✓ Develop solutions to promote sustainable development

Monitoring & Review

- ✓ Monitor ongoing transactions using the Performance Measurement Framework
- ✓ Findings to drive discussions with stakeholders and to calibrate Financing Prioritisation Framework

An aerial photograph of a city skyline, featuring the Petronas Twin Towers as the most prominent structures. The towers are white with dark spires. Below them, a large green park area with a winding path and a small pond is visible. The sky is a pale, hazy blue. A dark blue horizontal bar is overlaid on the image, containing the text "Thank You" in white.

Thank You