

## Malaysia Airlines' Receives First MYR1 Billion From MYR2.5 Billion Perpetual Sukuk Programme

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The first pillar of Malaysia Airlines' funding plan to shore up its capital base, as announced on 22 May 2012, is now set with the establishment of the RM 2.5 billion Perpetual Junior Sukuk Programme arranged by Maybank Investment Bank Berhad ("Maybank IB"). The first tranche of RM 1 billion was fully subscribed by Kumpulan Wang Persaraan (Diperbadankan) ('KWAP') and issued today.

Speaking at the signing ceremony for the establishment of the Sukuk Programme today, Malaysia Airlines Group Chief Executive Officer Ahmad Jauhari Yahya said, "We are indeed very grateful to KWAP who is the first subscriber of the Perpetual Sukuk with RM 1 billion. We are also happy to announce that we have obtained firm commitments for the remaining RM 1.5 billion, and thus I am delighted to announce to you that our entire Sukuk Programme is fully subscribed. This firmly secures the first pillar of our funding plans and is testament of the confidence in Malaysia Airlines.

AJ added, "We are also proud to be at the forefront of Islamic Capital Market innovation with this Perpetual Sukuk. I understand it is a world's first for a corporate issuer and also for an airline. The Perpetual Sukuk enables us to improve our Balance Sheet and gearing as it is recognised as equity capital under Malaysian accounting standards, but yet provides a relatively reasonable long-term funding rate of 6.9% p.a. This Perpetual Sukuk is the foundation of our Funding Plan, which in turn would be the bedrock from which Malaysia Airlines would imminently launch its programme of planned operational improvement initiatives, on its route back to sustainable profitability."

The Perpetual Sukuk is considered an appropriate product for Malaysia Airlines as it captures the essence of equity at a relatively lower cost of capital compared to common equity, whilst providing an attractive yield to investors. The Perpetual Sukuk is redeemable at Malaysia Airlines' option after ten years, and on every distribution date thereafter.

There have been a slew of conventional perpetual capital securities being issued by Asian corporates in recent times. However, this Perpetual Sukuk, which is issued under Islamic finance principles, is unparalleled.

Tengku Dato Zafrul Tengku Aziz, Chief Executive Officer of Maybank Investment Bank (Maybank IB) said, "We are proud to stand beside Malaysia Airlines and support their efforts of raising capital and turning around the airline. Together, we are at the leading edge of global Islamic finance solutions, and Maybank IB stand privileged to assist MAS in structuring and arranging their first Perpetual Sukuk. We also hope that it will serve as a catalyst and encourage more issuances of Perpetual Sukuk in Malaysia as well as further broaden and deepen the Malaysian Sukuk market."

"Maybank IB which is amongst the leaders in the global sukuk market, have now developed this product within the Islamic segment, and we see this issuance as another step in strengthening Malaysia's leadership in the Islamic debt capital markets," he added.

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#### About Maybank Investment Bank Berhad

Maybank Investment Bank Berhad (“Maybank IB”), incorporated under the name of Asian & Euro-American Merchant Bankers Malaysia in 1973, was formed to undertake the full range of investment banking services. Maybank IB has one of the most extensive dealing networks in the country, supported by one of the best research houses. It has vast experience in undertaking large Initial Public Offerings of both domestic and international firms, and executing primary/ private placements, share buybacks, and mergers & acquisitions. In addition, Maybank IB has a history of successfully arranging and advising on both conventional and Islamic bond issues. Maybank IB also provides equity and commodity solutions, which serve as a catalyst for product innovation and provide a platform to customise products and solutions for retail, corporate and institutional clients.

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