

## PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSAL

### 1. Background information

#### Issuer

- (i) **Name** : Bank Muamalat Malaysia Berhad ("BMMB" or "Issuer")
- (ii) **Address** : 20<sup>th</sup> Floor, Menara Bumiputra  
Jalan Melaka  
50100 Kuala Lumpur
- (iii) **Business registration number** : 6175-W
- (iv) **Date and place of incorporation** : 1 October 1965 in Malaysia
- (v) **Date of listing, where applicable** : Not applicable
- (vi) **Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company** : Resident controlled company
- (vii) **Principal activities** : Islamic banking business and related financial services
- (viii) **Board of Directors** : The Board of Directors of BMMB as at 31 March 2015 are as follows:
  - (i) Tan Sri Dato' Dr. Mohd Munir Bin Abdul Majid
  - (ii) Dato' Sri Che Khalib Bin Mohamad Noh
  - (iii) Dato' Mohamed Hazlan Bin Mohamed Hussain
  - (iv) Dato' Haji Mohd Redza Shah Bin Abdul Wahid
  - (v) Tuan Haji Mohd Izani Bin Ghani
  - (vi) Tuan Haji Abdul Jabbar Bin Abdul Majid
  - (vii) Tengku Dato' Seri Hasmuddin Bin Tengku Othman
  - (viii) Dato' Azmi Bin Abdullah
  - (ix) Dato' Haji Kamil Khalid Ariff

- (ix) **Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders** : The shareholders and shareholding structure of the Issuer as at 31 March 2015 are listed below:

Shareholders	No. of shares ('000)	Percentage owned (%)
DRB-HICOM Berhad	836,500	70
Khazanah Nasional Berhad	358,500	30

- (x) **Authorised, issued and paid-up capital** : Authorised, issued and paid-up capital of the Issuer as at 31 March 2015:

Authorised Share Capital:

RM4,000,000,000.00 comprising:

- (a) 3,000,000,000 ordinary shares of RM1.00 each; and
- (b) 1,000,000,000 Musharakah Irredeemable Non-Cumulative Convertible Preference Shares (MINCCPS) of RM1.00 each.

Issued and Fully Paid-up Share Capital

RM1,195,000,000.00 comprising 1,195,000,000 ordinary shares of RM1.00 each.

- (xi) **Disclosure of the following:** :

- If the issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of application; and
  - If the issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five
- Neither the Issuer nor its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of application.
- Not applicable

years prior to the date of application.

2. **Principal terms and conditions**

(a) **Names of parties involved in the proposal, where applicable**

- (i) **Joint Principal Advisers ("JPAs")** : Bank Muamalat Malaysia Berhad ("**BMMB**") and OCBC Al-Amin Bank Berhad ("**OCBC Al-Amin**").
- (ii) **Joint Lead Arrangers ("JLAs")** : BMMB and OCBC Al-Amin
- (iii) **Co-arranger** : Not applicable.
- (iv) **Solicitor** : Messrs. Shook Lin & Bok.
- (v) **Financial Adviser** : Not applicable.
- (vi) **Technical Adviser** : Not applicable.
- (vii) **Sukuk Trustee** : Malaysian Trustees Berhad.
- (viii) **Shariah Adviser** : BMMB.
- (ix) **Guarantor** : Not applicable.
- (x) **Valuer** : Not applicable.
- (xi) **Facility Agent** : BMMB.
- (xii) **Primary Subscriber (under a bought-deal arrangement) and amount subscribed** : To be determined prior to each issuance, if applicable.
- (xiii) **Underwriter and amount underwritten** : Not applicable.
- (xiv) **Central Depository** : Bank Negara Malaysia ("**BNM**").
- (xv) **Paying Agent** : BNM.
- (xvi) **Reporting Accountant** : Not applicable.
- (xvii) **Calculation agent** : Not applicable.
- (xviii) **Others (please specify)** : **Joint Lead Managers ("JLMs")**
  - i) For first issuance: BMMB and OCBC Al-Amin.
  - ii) For subsequent issues: BMMB and/or such party(ies) as may be appointed by the Issuer prior to each issuance.

### Joint Bookrunners ("JBRs")

- i) For first issuance: BMMB and OCBC Al-Amin.
- ii) For subsequent issues: BMMB and/or such party(ies) as may be appointed by the Issuer prior to each issuance.

- (b) **Islamic principles used** : Murabahah (via Tawarruq arrangement).
- (c) **Facility description** : Issuance of Subordinated Sukuk Murabahah ("**Proposed Subordinated Sukuk Murabahah**") pursuant to the Subordinated Sukuk Murabahah Programme of up to RM1.0 billion in aggregate nominal value ("**Proposed Subordinated Sukuk Murabahah Programme**").

The Proposed Subordinated Sukuk Murabahah will qualify as Tier 2 capital of the Issuer for purposes of BNM's Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 28 November 2012 in relation to requirements of a Tier 2 capital instrument.

The Proposed Subordinated Sukuk Murabahah shall be issued under the Shariah principle of Murabahah (via Tawarruq arrangement), which is one of the Shariah principles and concept approved by the Securities Commission ("**SC**") Shariah Advisory Council ("**SAC**").

### Underlying Transaction

The issuance of each tranche of the Proposed Subordinated Sukuk Murabahah from time to time under the Proposed Subordinated Sukuk Murabahah Programme shall be effected as follows:

1. The Sukuk Trustee (on behalf of the holders of the Proposed Subordinated Sukuk Murabahah ("**Subordinated Sukukholders**")) and the Issuer shall enter into a Wakalah arrangement via Service Agency Agreement, pursuant to which the Issuer (in its capacity as the "**Agent**") is appointed as the agent of the Subordinated Sukukholders for the purchase and sale of Shariah-compliant commodities ("**Commodities**").
2. (a) The Sukuk Trustee (on behalf of

the Subordinated Sukukholders) and the Issuer (in its capacity as the "**Purchaser**") shall enter into a Commodities Murabahah Master Agreement.

(b) Prior to the date of issuance of the Proposed Subordinated Sukuk Murabahah, the Issuer (in its capacity as the Purchaser) shall issue a purchase order (the "**Purchase Order**") in relation to that issuance to the Sukuk Trustee (on behalf of the Subordinated Sukukholders). In the Purchase Order, the Issuer (acting as the Purchaser for itself) will irrevocably undertake to purchase the Commodities from the Subordinated Sukukholders at a deferred sale price ("**Deferred Sale Price**") which shall be the Purchase Price (as defined below) plus the aggregate Periodic Profit Payments (as defined below).

(c) The Sukuk Trustee (on behalf of the Subordinated Sukukholders) will instruct the Issuer (as the Agent) to buy the Commodities.

3. The Issuer shall issue the Proposed Subordinated Sukuk Murabahah whereby the proceeds shall be used to pay for the Purchase Price of the Commodities. The Proposed Subordinated Sukuk Murabahah shall evidence the Subordinated Sukukholders' ownership of the Commodities and subsequently, once the Commodities are sold to the Issuer (as the Purchaser for itself), the entitlement to receive the Deferred Sale Price.

4. Based on the Purchase Order, the Issuer (as the Agent) (pursuant to the Commodity Trading Participant ("**CTP**") Purchase Agreement entered into between the Issuer (as the Agent) and the CTP) will purchase on a spot basis the Commodities from commodity vendor(s) in the Bursa Suq Al-Sila' commodity market (through a CTP) at a purchase price ("**Purchase**

**Price**") which shall be an amount equivalent to the proceeds of the Proposed Subordinated Sukuk Murabahah.

5. Thereafter, pursuant to the undertaking under the Purchase Order, the Issuer (in its capacity as the Agent for the Sukuk Trustee (on behalf of the Subordinated Sukukholders)) shall sell the Commodities to the Issuer (acting as Purchaser for itself) at the Deferred Sale Price under the Sale and Purchase Agreement.
6. Subsequently thereafter, the Issuer (pursuant to the CTP Sale Agreement entered into between the Issuer (acting as Seller for itself) and the CTP) shall sell the Commodities into the Bursa Suq Al-Sila' commodity market (through the CTP) on a spot basis for a sale price that is an amount equal to the Purchase Price ("**Sale Price**"). The CTP Sale Agreement will provide for the CTP to directly sell the Commodities into the Bursa Suq Al-Sila' commodity market (through a CTP) upon notice by the Issuer (acting as Seller for itself) that the Sale and Purchase Agreement has been completed and executed.
7. During the tenure of the Proposed Subordinated Sukuk Murabahah, the Issuer (in its capacity as the Purchaser) (as part of its obligation to pay the Deferred Sale Price) shall make periodic profit payments ("**Periodic Profit Payments**") to the Subordinated Sukukholders. Upon maturity, the Issuer shall pay all amounts outstanding in respect of the Deferred Sale Price of the relevant Proposed Subordinated Sukuk Murabahah upon which the relevant Proposed Subordinated Sukuk Murabahah will be cancelled. Upon the declaration of an Event of Default or early redemption upon the exercise of a Call Option or occurrence of a Regulatory Redemption or occurrence of a Tax Redemption, subject to clauses 2(v) and 2(x) herein, the Issuer (in its

capacity as the Purchaser) shall pay amounts outstanding in respect of the Deferred Sale Price of the relevant Proposed Subordinated Sukuk Murabahah upon which the relevant Proposed Subordinated Sukuk Murabahah will be cancelled (subject to Ibra' as per clause 2(y)(5) herein).

Upon the occurrence of a Trigger Event (as defined in item 2(y)(3) herein), the Issuer is required to give notice to the Subordinated Sukukholders in accordance with the terms of the Proposed Subordinated Sukuk Murabahah, then as of the relevant write-off date, the write-off shall extinguish the claim under the Proposed Subordinated Sukuk Murabahah in liquidation, which will mean that the Subordinated Sukukholders written-off will irrevocably waive their rights to receive, and no longer have any rights against the Issuer with respect to, payment of the Deferred Sale Price of the respective Proposed Subordinated Sukuk Murabahah written-off and the amount payable when a Call Option is exercised.

The write-off shall be permanent and the Deferred Sale Price of the respective Proposed Subordinated Sukuk Murabahah that is or would be payable upon the relevant maturity date, an early redemption or the occurrence of an Event of Default under item 2(v)(b) herein will automatically be written-off and such Proposed Subordinated Sukuk Murabahah will be immediately and fully cancelled as of such write-off date.

Please refer to Appendix 1 for the illustrative diagram of the Proposed Subordinated Sukuk Murabahah transaction.

- (d) **Identified assets** : Shariah compliant commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver).
- (e) **Purchase and selling price/ rental (where applicable)** : **Purchase Price**  
The Purchase Price in relation to each purchase

of the Commodities shall be equal to the proceeds of the Proposed Subordinated Sukuk Murabahah. The Purchase Price shall comply with the SAC asset pricing requirements ("**Asset Pricing Requirements**") as provided in the SC Guidelines on Sukuk effective 28 August 2014 (as may be amended from time to time) ("**Guidelines on Sukuk**").

#### **Deferred Sale Price**

The Deferred Sale Price shall comprise the Purchase Price plus the aggregate Periodic Profit Payments on a deferred payment basis and will be determined prior to the sale of the Commodities to the Issuer to be evidenced by the issue of the Proposed Subordinated Sukuk Murabahah.

(f) **Issue / Sukuk programme size** : The aggregate nominal value of the outstanding Proposed Subordinated Sukuk Murabahah issued under the Proposed Subordinated Sukuk Murabahah Programme at any point in time shall not exceed RM1.0 billion.

(g) **Tenure of issue / Sukuk programme** : **Tenure of the Proposed Subordinated Sukuk Murabahah Programme**

Up to twenty (20) years from the date of the first issue under the Proposed Subordinated Sukuk Murabahah Programme.

#### **Tenure of the Proposed Subordinated Sukuk Murabahah**

Each issuance of the Proposed Subordinated Sukuk Murabahah shall have a tenure of not less than five (5) years and up to twenty (20) years as the Issuer may select, subject to the Call Option (described below) and provided that the Proposed Subordinated Sukuk Murabahah shall mature on or prior to the expiry of the Proposed Subordinated Sukuk Murabahah Programme.

#### **Call Option**

Each issuance of the Proposed Subordinated Sukuk Murabahah under the Proposed Subordinated Sukuk Murabahah may have a callable option ("**Call Option**") to allow the Issuer to redeem (in whole or in part) that tranche of the Proposed Subordinated Sukuk Murabahah prior to maturity on the Call Date subject to the Redemption Conditions being satisfied (as defined in 2(x)(6) herein).



"**Call Date**" is defined as any Periodic Profit Payment Date after a minimum period of five (5) years from the date of issue of that tranche of Proposed Subordinated Sukuk Murabahah.

- (h) **Availability period of Sukuk programme** : The Proposed Subordinated Sukuk Murabahah Programme shall be available upon completion of documents and compliance of all relevant conditions precedent to the satisfaction of the JPAs/JLAs, until the expiry of the tenure of the Proposed Subordinated Sukuk Murabahah Programme. The first issuance of the Proposed Subordinated Sukuk Murabahah under the Proposed Subordinated Sukuk Murabahah Programme shall be issued within two (2) years from the date of SC's approval.
- (i) **Profit/coupon/rental rate** : The profit rate per annum ("**Profit Rate**") shall be determined prior to each issuance. The Profit Rate herein shall be applicable throughout the tenure of the relevant Proposed Subordinated Sukuk Murabahah.
- For the avoidance of doubt, there is no step-up Profit Rate after the Call Date of the Proposed Subordinated Sukuk Murabahah, in the event the Call Option is not exercised by the Issuer.
- (j) **Profit/coupon/rental frequency payment** : Semi-annual basis or such other period as may be agreed between the JPAs/JLAs and the Issuer prior to the issuance of the Proposed Subordinated Sukuk Murabahah ("**Profit Payment Period**") with the last Profit Payment to be made on the maturity date or upon early redemption, whichever is earlier.
- (k) **Profit/coupon/rental payment basis** : Actual/Actual days.
- (l) **Security/collateral, where applicable** : Clean.
- (m) **Details on utilization of proceeds by issuer/obligor. If proceeds are to be utilised for project or capital expenditure, the description of the project or capital expenditure, where applicable** : The proceeds of the Proposed Subordinated Sukuk Murabahah Programme shall be made available to the Issuer, without limitation, to finance its Islamic banking activities, for its working capital requirements and/or to replace all or part of the Issuer's existing Islamic subordinated sukuk programme of up to RM400.00 Million in nominal value ("**Existing Subordinated Sukuk**").
- The proceeds of the Proposed Subordinated Sukuk Murabahah Programme shall be utilised for Shariah compliant purposes only.
- (n) **Sinking fund and designated accounts, where applicable** : Not applicable

- (o) **Rating** : Preliminary rating: A3
- Name of credit rating agency: RAM Rating Services Berhad ("**RAM**").
- (p) **Mode of Issue** : Book building on a best effort basis and/or private placement on a best effort basis without prospectus.
- For private placement, the Proposed Subordinated Sukuk Murabahah could be placed privately via the Joint Lead Managers on a best effort basis or placed directly to selected investors, at a Profit Rate to be agreed prior to each issuance.
- Issuance of the Proposed Subordinated Sukuk Murabahah shall be in accordance with the (1) Participation and Operation Rules for Payments and Securities Services ("**MyClear Rules**") issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") and (2) the Operational Procedures for Securities Services issued by MyClear ("**MyClear Procedures**"), as amended or substituted from time to time (collectively, "**MyClear Rules and Procedures**"), subject to such variation, amendments or exemptions (if any) from time to time.
- (q) **Selling restriction, including tradability, i.e. whether tradable or non-tradable** : The Proposed Subordinated Sukuk Murabahah may only be issued, offered, sold, transferred or otherwise disposed of directly or indirectly to persons who are residents of Malaysia falling within the categories of persons or in the circumstances specified below:
- At the point of issuance:**  
Schedule 6 (or Section 229(1)(b)) and Schedule 7 (or Section 230(1)(b)), read together with Schedule 9 (or Section 257(3)) of the Capital Markets and Services Act, 2007 ("CMSA"), as amended from time to time.
- After the issuance:**  
Schedule 6 (or Section 229(1)(b)), read together with Schedule 9 (or Section 257(3)) of the CMSA, as amended from time to time.
- Tradability**  
The Proposed Subordinated Sukuk Murabahah are tradable subject to the selling restrictions above.

- (r) **Listing Status and Types of Listing, where applicable** : The Proposed Subordinated Sukuk Murabahah shall not be listed on Bursa Malaysia Securities Berhad or any other stock exchanges.
- (s) **Other Regulatory Approvals required in relation to the Issue, Offer or Invitation to subscribe or purchase Sukuk, and whether or not obtained** : BNM's approval has been obtained on 24 March 2015 for the establishment of the Proposed Subordinated Sukuk Murabahah Programme of up to RM1.0 billion for the issuance of the Proposed Subordinated Sukuk Murabahah Programme.
- (t) **Conditions Precedent** : To include conditions precedent customary for transactions of this nature, including, but not limited to the following (all of which shall be in the form and substance acceptable to the JPAs/JLAs):

**A. Main Documentation**

The relevant transaction documents pertaining to the Proposed Subordinated Sukuk Murabahah Programme (collectively "**Transaction Documents**") have been executed and, where applicable, stamped or endorsed as exempted from stamp duty and presented for registration.

**B. The Issuer**

Receipt by the JPAs/JLAs of the following:

- (i) Certified true copies of all the Certificate(s) of Incorporation, and the latest Memorandum and Articles of Association, of the Issuer;
- (ii) Certified true copies of all the Forms 24, the latest Forms 44 and 49 and the latest Annual Return of the Issuer;
- (iii) A certified true copy of board resolutions of the Issuer authorising, among others, establishment of the Proposed Subordinated Sukuk Murabahah Programme and the execution of the Transaction Documents;
- (iv) A list of the Issuer's authorised signatories for the Proposed Subordinated Sukuk Murabahah Programme and the Transaction Documents and their respective specimen signatures;
- (v) A report of the relevant company search of the Issuer;
- (vi) A report of the relevant winding up

search or the relevant statutory declaration of the Issuer; and

- (vii) A report of the relevant bankruptcy searches on the directors of the Issuer.

C. **General**

Receipt by the JPAs/JLAs of the following:

- (i) Written approval and authorization from BNM and the SC for the establishment of the Proposed Subordinated Sukuk Murabahah Programme;
- (ii) Confirmation that the Proposed Subordinated Sukuk Murabahah has been accorded a minimum rating of A3 by the rating agency;
- (iii) Confirmation from the Shariah Adviser that the structure and mechanism of the Proposed Subordinated Sukuk Murabahah Programme and the Transaction Documents are in compliance with Shariah principles;
- (iv) A legal opinion from the Solicitors addressed to the JPAs/JLAs with respect to, among others, the legality, validity and enforceability of the Transaction Documents and a confirmation addressed to the JPAs/JLAs that all the conditions precedent have been fulfilled or waived, as the case may be;
- (v) Such other conditions precedent as advised by the Solicitors and mutually agreed between the Issuer and JPAs/JLAs.

Conditions precedent for subsequent issuance shall include but are not limited to the following:

- (aa) Evidence that the approval or authorisation from relevant regulatory authorities has been obtained (if applicable);
- (bb) The relevant Transaction Documents for the relevant tranche of the Proposed Subordinated Sukuk Murabahah shall have been duly executed by the parties thereto;
- (cc) Such other conditions as may be provided in the Programme Agreement.

- (u) Representations and Warranties** : Representations and warranties usual and customary for an issuance of such nature, which shall include but are not limited to the following:
- (i) The Issuer (a) has been duly incorporated and validly exists under the Companies Act 1965 of Malaysia, (b) has full power and authority to engage in the business of Islamic banking in Malaysia and each other jurisdiction where it is so engaged and otherwise to own its properties and conduct its business, and (c) is duly qualified to transact business under the laws of Malaysia and each other jurisdiction in which it owns or leases properties, or conduct any business, so as to require such qualification, other than where the failure to be so qualified would not have a Material Adverse Effect (as defined in item 2(y)(10) herein);
  - (ii) The Issuer has the power to enter into, exercise its rights under and perform its obligations under the Transaction Documents, and the Issuer's entry into, exercise of its rights under and performance of the Transaction Documents do not and will not violate any existing law or agreements to which it is a party;
  - (iii) The Proposed Subordinated Sukuk Murabahah Programme has been duly authorised, and the Transaction Documents and the Proposed Subordinated Sukuk Murabahah when issued and delivered pursuant to the Transaction Documents, will have been duly executed, authenticated, issued and delivered and will constitute valid and binding obligations of the Issuer entitled to the benefits provided by the Transaction Documents;
  - (iv) No event has occurred which would constitute an Event of Default under the Proposed Subordinated Sukuk Murabahah Programme or which with the giving of notice or the lapse of time or other condition would constitute an Event of Default;
  - (v) The Issuer is not in breach of the provisions of any law or regulations governing any approvals, consents,

authorisation and/or any licences and, after due and careful consideration, the Issuer is not aware of any reason why any approval, consent, authorisation and/or licence should be withdrawn or cancelled or any conditions attached thereto adversely altered, other than where the absence of such approval, consent, authorisation and/or licence would not have a Material Adverse Effect;

- (vi) There are no legal or governmental proceedings pending or, to the knowledge of the Issuer, threatened, to which the Issuer is or may be a party or to which any property or asset of the Issuer is or may be the subject which, if determined adversely to the Issuer, could individually or in the aggregate reasonably be expected to have a Material Adverse Effect;
- (vii) The Issuer has all licences, permits, authorisations, approvals, orders and other concessions of and from all governmental and regulatory officials and bodies that are necessary to own or lease its properties and conduct its business, other than where the failure to obtain such licences, permits, authorisations, approvals, orders and other concessions would not have a Material Adverse Effect;
- (viii) The written information provided in the Information Memorandum is true, complete, accurate and not misleading and no circumstance or situation has arisen which would materially and adversely affect the condition of the Issuer or the earnings, affairs or business prospects of the Issuer or the success of the issue of the Proposed Subordinated Sukuk Murabahah;
- (ix) The Issuer's audited financial statements are prepared in accordance with applicable approved accounting principles and standards in Malaysia. The financial statements fairly represent the Issuer's financial position as at the date of the financial statements;
- (x) The Issuer and its obligations under the Transaction Documents and the Proposed Subordinated Sukuk

Murabahah Programme are subject to commercial law and to suit in Malaysia and neither the Issuer nor any of its properties, assets or revenues has any rights of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any court, from set off or counterclaim, from the jurisdiction of any court, or other legal process or proceeding for the giving of any relief or for the enforcement of judgment, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Transaction Documents and the Proposed Subordinated Sukuk Murabahah Programme; and

- (xi) Such other representations and warranties as may be advised by the Solicitors to be mutually agreed between the JPAs/JLAs and the Issuer, which shall be in compliance with the SC's Trust Deeds Guidelines issued by the SC effective from 12 July 2011 (including any revisions thereto from time to time) ("**Trust Deeds Guidelines**").

- (v) **Events of default, dissolution event and enforcement event, where applicable** : The Events of Default shall include the following:
  - a) If the Issuer defaults in payment of any principal or profits or any other amount under the Proposed Subordinated Sukuk Murabahah Programme and such default continues for a period of seven (7) business days after the Issuer becoming aware or having been notified by the Trustee of the default, the Trustee may subject to the terms of the Trust Deed, institute proceedings to enforce the payment obligations under the relevant Proposed Subordinated Sukuk Murabahah and may institute proceedings in Malaysia for the winding-up of the Issuer, provided that neither the Trustee nor any of the holders of relevant Proposed Subordinated Sukuk Murabahah shall have the right to accelerate payment of the relevant Proposed Subordinated Sukuk Murabahah in the case of such default in the payment of amount owing under the relevant Proposed Subordinated Sukuk Murabahah or any default in the performance of any condition, provision

or covenant under the Proposed Subordinated Sukuk Murabahah Programme or the Trust Deed.

- b) If a Winding-Up Proceeding occurs in respect of the Issuer or an effective resolution of the shareholders of the Issuer is passed for a Winding-Up Proceeding in respect of the Issuer, the Trustee may, by notice in writing to the Issuer, declare that notwithstanding the maturity date of the Proposed Subordinated Sukuk Murabahah, all principal, profit and any other amounts due from the Issuer on the Proposed Subordinated Sukuk Murabahah shall become and be immediately due and payable.

For the avoidance of doubt, the occurrence of Event of Default (a) above for any tranche of the Proposed Subordinated Sukuk Murabahah will not trigger the Event of Default for other outstanding tranches of the Proposed Subordinated Sukuk Murabahah. However, occurrence of Event of Default (b) above will trigger an Event of Default for all outstanding tranches of the Proposed Subordinated Sukuk Murabahah.

**"Winding-Up Proceedings"** shall mean either of the following:

- (a) a court or agency or supervisory authority in Malaysia having jurisdiction in respect thereof shall have instituted a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities, or similar arrangements involving the Issuer or all or substantially all of its properties, or for the winding up of or liquidation of its affairs and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of sixty (60) days; or
- (b) the Issuer shall file a petition to take advantage of any insolvency statute.

**(w) Covenants**

- : The Issuer shall comply with such applicable covenants as may be advised by the Solicitors and/or which are required in order to comply with the Trust Deeds Guidelines, which shall



include but are not limited to the following:

- i) At all times, maintain its corporate legal existence and exercise reasonable diligence in carrying out its business in a proper and efficient manner and in particular, it will ensure, amongst others, that all necessary approvals or relevant licences are obtained and maintained;
- ii) At all times, execute all such further documents and do all such further acts reasonably necessary at any time or times to give effect to the terms and conditions of the Transaction Documents;
- iii) Promptly perform, comply and carry out at all times all its obligations under all the Transaction Documents (including but not limited to redeeming the Proposed Subordinated Sukuk Murabahah on the relevant maturity date(s) or any other date on which the Proposed Subordinated Sukuk Murabahah are due and payable) and ensure that it shall immediately notify the Trustee in the event that the Issuer is unable to fulfill or comply with any of the provisions of the Transaction Documents;
- iv) Keep proper books and accounts at all times on a basis consistently applied in accordance with the laws of Malaysia and generally accepted accounting principles and standards in Malaysia and ensure the information contained therein gives a true and fair view of the Issuer's operations for the period to which the books and accounts are kept and provide the Trustee and any person appointed by it (e.g. auditors) access to such books and accounts to the extent permitted by law;
- v) At all times maintain a Paying Agent who is based in Malaysia;
- vi) Procure that the Paying Agent notifies the Trustee, through the Facility Agent, in the event that the Paying Agent does not receive payment from the Issuer on the due dates as required under the Trust Deed and the terms and conditions of the Proposed Subordinated Sukuk Murabahah Programme;

- vii) Promptly comply with all applicable provisions of the Islamic Financial Services Act 2013, the CMSA and/or any requirements and rules, regulations, notes, circulars, conditions and/or guidelines issued by BNM and/or the SC from time to time;
- viii) Notify the Trustee immediately in the event that the Issuer becomes aware of the following:
  - a) any Event of Default or the occurrence of any event that has caused or could cause one or more of the following (i) any amount payable under the Proposed Subordinated Sukuk Murabahah becoming immediately payable; (ii) the Proposed Subordinated Sukuk Murabahah becoming immediately enforceable; or (iii) any other rights or remedies under the terms and conditions of the Proposed Subordinated Sukuk Murabahah or the Trust Deed becoming immediately enforceable.
  - b) any circumstance that has occurred which may materially prejudice the Issuer or the ability of the Issuer to perform its obligations under the Proposed Subordinated Sukuk Murabahah Programme;
  - c) any substantial change in the nature of the business of the Issuer;
  - d) any change in the Issuer's withholding tax position or taxing jurisdiction;
  - e) any change in the utilisation of proceeds of the Proposed Subordinated Sukuk Murabahah other than for the purpose stipulated in the Information Memorandum and the Transaction Documents; and
  - f) any other matters that may materially prejudice the interests of the Subordinated Sukukholders;
- ix) Provide, to the extent permitted by all applicable laws, all relevant financial and other information relating to the Issuer's business and its operations on a

continuous basis to the rating agency;

- x) Ensure that the terms in any of the applicable Transaction Documents do not contain any matter which is inconsistent with the provisions of the Information Memorandum issued in relation to the Proposed Subordinated Sukuk Murabahah Programme;
- xi) Deliver to the Trustee annually, no later than one hundred and eighty (180) days after the end of each financial year, a certificate confirming that it has complied with all its obligations under the Transaction Documents and the terms and conditions of the Proposed Subordinated Sukuk Murabahah Programme and that there does not exist or had not existed, from the first issue date of the Proposed Subordinated Sukuk Murabahah Programme or from the date of the previous certificate, as the case may be, any Event of Default, and if such is not the case, to specify the same;
- xii) Deliver to the Trustee the following:
  - (a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each financial year) a copy of its audited consolidated financial statements for that year which shall contain the income statements and balance sheets of the Issuer;
  - (b) as soon as they become available (and in any event within one hundred and twenty (120) days after the end of the each half of its financial year) a copy of its unaudited consolidated financial statements for that period which shall contain the income statements and balance sheets of the Issuer which are duly certified by any one of its directors;
  - (c) promptly, such additional financial or other information relating to the Issuer's affairs which the Trustee may reasonably require in order to discharge its duties and obligations under the Trust Deed to the extent permitted by law; and

(d) a copy of all documents, accounts, reports, notices, statements or circulars dispatched by the Issuer to its shareholders in their capacity as shareholders generally at the same time as the same documents are dispatched to these shareholders;

xiii) Such other covenants which are customary for a programme of this nature and as may be advised by the Solicitors which shall include without limitation to those in compliance with the Trust Deeds Guidelines.

**(x) Provision on buy-back and early redemption of Sukuk**

**1) Buy-back and Cancellation**

: The Issuer or its related corporations or Interested Persons (as defined below) may at any time purchase, subject to the prior approval of BNM where applicable (but which approval shall not be required for a purchase done in the ordinary course of business), the Proposed Subordinated Sukuk Murabahah at any price in the open market or by private treaty provided no Non-Viability Event (as defined in item 2(y)(2) herein) has occurred prior to the date of such purchase. If purchase is made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of the Proposed Subordinated Sukuk Murabahah equally.

Subject to prior approval by BNM (but which approval shall not be required for a purchase done in the ordinary course of business), the Proposed Subordinated Sukuk Murabahah purchased by the Issuer or its subsidiaries or by agents of the Issuer (other than in the ordinary course of business) shall be cancelled and shall not be resold.

The Proposed Subordinated Sukuk Murabahah purchased by related corporations (other than the Issuer's subsidiaries) or any Interested Persons need not be cancelled but they will not entitle such related corporations or Interested Persons to vote under the terms of the Proposed Subordinated Sukuk Murabahah subject to any exceptions in the Trust Deeds Guidelines.

For the avoidance of doubt, the Proposed Subordinated Sukuk Murabahah held by related corporations and Interested Persons of the

Issuer shall not be counted for the purposes of voting subject to any exceptions in the Trust Deeds Guidelines.

For the purpose of this clause:

“related corporation” has the meaning given to it in the Companies Act 1965 of Malaysia.

"ordinary course of business" includes those activities performed by the Issuer or any of its subsidiaries for third parties and excludes those performed for the funds of the Issuer or such subsidiaries.

“Interested Persons” means the Issuer's directors, major shareholders, chief executive or the person connected (as defined in the Bursa Malaysia Securities Berhad's Main Market Listing Requirements) with any of them.

## **2) Call Option**

- : Each issuance of the Proposed Subordinated Sukuk Murabahah may have a Call Option (to be determined prior to each issuance). If the Call Option is applicable, the Issuer shall, subject to the Redemption Conditions being satisfied, have the option to redeem such relevant Proposed Subordinated Sukuk Murabahah (in whole or in part) prior to the maturity on the Call Date.

In the case of a partial redemption of a tranche of the Proposed Subordinated Sukuk Murabahah pursuant to the Call Option, the selection of the Proposed Subordinated Sukuk Murabahah to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) will deem to be fair and appropriate.

The optional redemption of one tranche of the Proposed Subordinated Sukuk Murabahah does not trigger the redemption of other tranche(s) of the Proposed Subordinated Sukuk Murabahah.

## **3) Redemption on Maturity**

Unless previously redeemed on the Call Date (if applicable) or redeemed pursuant to the Regulatory Redemption (as defined in item 2(x)(4) herein) or Tax Redemption (as defined in item 2(x)(5) herein) or purchased from the market and cancelled, the Proposed Subordinated Sukuk Murabahah shall be fully redeemed at the Redemption Amount (as defined in item 2(x)(7) herein) on the respective maturity dates.

#### 4) Regulatory Redemption

The Issuer may, at its option, redeem the Proposed Subordinated Sukuk Murabahah (in whole or in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied if a Regulatory Event (as defined below) occurs.

**"Regulatory Event"** means any time there is more than an insubstantial risk, as determined by the Issuer, that:

- (i) the Proposed Subordinated Sukuk Murabahah (in whole or in part) will, either immediately or with the passage of time or upon either the giving of notice or the fulfillment of a condition, no longer fully qualify as Tier 2 capital of the Issuer for the purposes of BNM's capital adequacy requirements under any applicable regulations; or
- (ii) changes in law will make it unlawful for the Issuer to continue performing its obligations under all or any part of the Proposed Subordinated Sukuk Murabahah.

In the case of a partial redemption of a tranche of the Proposed Subordinated Sukuk Murabahah pursuant to the Regulatory Redemption, the selection of the Proposed Subordinated Sukuk Murabahah to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) will deem to be fair and appropriate.

#### 5) Tax Redemption

The Issuer may, at its option, redeem the Proposed Subordinated Sukuk Murabahah (in whole or in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied if a Tax Event (as defined below) occurs.

**"Tax Event"** means if there is more than an insubstantial risk, as determined by the Issuer, that:

- (i) the Issuer has or will be required to pay any additional taxes, duties, assessments or government charges of whatever nature in relation to the Proposed Subordinated Sukuk Murabahah; or
- (ii) the Issuer will no longer be able to obtain tax deductions for the purposes of Malaysian corporation tax for any payment

in respect of the Proposed Subordinated Sukuk Murabahah;

as a result of a change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date and the Issuer cannot, by taking reasonable measures available to it, avoid such obligations.

In the case of a partial redemption of a tranche of the Proposed Subordinated Sukuk Murabahah pursuant to the Tax Redemption, the selection of the Proposed Subordinated Sukuk Murabahah to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) will deem to be fair and appropriate.

## **6) Redemption Conditions**

Redemption Conditions of the Proposed Subordinated Sukuk Murabahah are as follows:

- (a) the Issuer must have received a written approval from BNM prior to redemption of any tranche of the Proposed Subordinated Sukuk Murabahah;
- (b) the Issuer is solvent at the time of redemption of such tranche of the Proposed Subordinated Sukuk Murabahah and immediately thereafter;
- (c) the Issuer is not in breach of BNM's minimum capital adequacy requirements and capital buffer requirements applicable to the Issuer after redemption of such tranche of the Proposed Subordinated Sukuk Murabahah; and
- (d) in respect of a Call Option only, the Issuer shall:
  - (i) replace the called or redeemed tranche of the Proposed Subordinated Sukuk Murabahah with capital of the same or better quality and the replacement of this capital shall be done at conditions which are sustainable for the income capacity of the Issuer, or
  - (ii) demonstrate to BNM that its capital position is well above the capital adequacy and capital buffer requirements after redemption of such

tranche of the Proposed Subordinated Sukuk Murabahah.

**7) Redemption Amount**

Means the nominal value of the Proposed Subordinated Sukuk Murabahah (subject to item 2(y)(2)) together with any accrued but unpaid Periodic Profit Payments (subject to Ibra', if any).

The Redemption Amount payable by the Issuer on declaration of an Event of Default or on a Call Date (if applicable) or on redemption pursuant to a Regulatory Event or Tax Event, is an amount as determined by the Facility Agent, which shall be calculated in accordance with the above statement.

**(y) Other principal terms and conditions for the proposal**

**1) Status**

: The Proposed Subordinated Sukuk Murabahah will constitute direct, unconditional and unsecured obligations of the Issuer, ranking pari passu among themselves but subordinated in right and priority of payment, to the extent and manner provided for in the Proposed Subordinated Sukuk Murabahah, to all deposit liabilities and other liabilities of the Issuer except those liabilities of the Issuer which by their terms rank pari passu in right and priority of payment with or which are subordinated to the Proposed Subordinated Sukuk Murabahah.

The Proposed Subordinated Sukuk Murabahah will, in the event of a winding-up or liquidation of the Issuer, be subordinated in right of payments to all depositors, all Senior Sukukholders and all other creditors of the Issuer other than those creditors whose claims are expressed to rank pari passu with or subordinated to the claims of the Subordinated Sukukholders.

The Proposed Subordinated Sukuk Murabahah will rank pari passu with all subordinated debt issued, unless the terms of such subordinated debt provide otherwise.

Senior Sukukholders means the holders of the Issuer's Senior Sukuk Programme of up to RM2.0 billion which was authorised by the SC on 9 June 2014.

**2) Contingent Write-Off**

: Upon the occurrence of a Trigger Event (as defined in item 2(y)(3) herein), the Issuer is required to give notice to the holders of the Proposed Subordinated Sukuk Murabahah and the rating agency in accordance with the terms



of the Proposed Subordinated Sukuk Murabahah, then as of the relevant write-off date, the write-off shall extinguish the claim of the Proposed Subordinated Sukuk Murabahah in liquidation, which will mean that the holders of the Proposed Subordinated Sukuk Murabahah written-off will irrevocably waive their rights to receive, and no longer have any rights against the Issuer with respect to, payment of the aggregate principal amount of the respective Proposed Subordinated Sukuk Murabahah written-off, the amount paid when a Call Option is exercised and profit payments on the Proposed Subordinated Sukuk Murabahah written-off.

The write-off shall be permanent and the full principal amount of the Proposed Subordinated Sukuk Murabahah together with all unpaid profits thereon that are or would be payable upon the relevant maturity date, an early redemption or the occurrence of an Event of Default under item 2(v)(b) will automatically be written-off and such Proposed Subordinated Sukuk Murabahah and profits will be immediately and fully cancelled as of such write-off date.

For the avoidance of doubt, (i) the write-off of the respective Proposed Subordinated Sukuk Murabahah shall not constitute an event of default or trigger cross-default clauses; and (ii) BNM and Malaysia Deposit Insurance Corporation ("**PIDM**") shall have the option to require the entire principal amount of the Proposed Subordinated Sukuk Murabahah outstanding, or a part thereof, and all other amount owing under the Proposed Subordinated Sukuk Murabahah, be written-off.

For the avoidance of doubt, the exercise of the loss absorption at the point of non-viability shall not constitute an Event of Default as specified under item 2(v) above or trigger cross-default clauses within the Proposed Subordinated Sukuk Murabahah Programme.

The Proposed Subordinated Sukuk Murabahah will under no circumstances be converted into equity of the Issuer and the holders of the Proposed Subordinated Sukuk Murabahah will have to absorb losses pursuant to the terms specified herein.

### 3) Trigger Event

: A "**Trigger Event**" shall be the earlier of the following:

- i) BNM and PIDM notify the Issuer in writing that BNM and PIDM are of the opinion that a write-off is necessary, without which the Issuer would cease to be viable; or
- ii) BNM and PIDM publicly announce that a decision has been made by BNM, PIDM or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the Issuer would cease to be viable.

In assessing whether the Issuer would cease to be viable, BNM and PIDM may consider, amongst others, any of the following circumstances exist ("**Non-viability Event**") in respect of the Issuer:

- (1) the Issuer fails to follow any directive of compliance issued by BNM, which is necessary to preserve or restore its financial soundness;
- (2) the Issuer fails to meet all or any of its financial obligations as they fall due, that may significantly impair its capital position;
- (3) the capital of the Issuer has reached a level or is eroding in a manner that may detrimentally affect its depositors, creditors or the public, and the Issuer is unable to re-capitalise on its own;
- (4) the Issuer's assets are insufficient to provide protection to its depositors and creditors;
- (5) the Issuer has lost the confidence of depositors and the public; or
- (6) any other state of affairs exists in respect of the Issuer that would put the interest of the depositors or creditors of the Issuer at risk.

For the avoidance of doubt, BNM and PIDM shall have the full discretion to elect not to require a write-off when the Issuer has ceased, or is about to cease, to be viable or when a capital injection or equivalent support has been provided. Even if the option is not exercised, holders of the relevant Proposed Subordinated Sukuk Murabahah may still be exposed to losses from the resolution of the Issuer.

- 4) Ta'widh (Compensation)** : In the event of delay in the payment of the Deferred Sale Price under the Transaction Documents, the Issuer shall pay to the Trustee for the benefit of the Subordinated Sukukholders Ta'widh (compensation) on such overdue amounts at the rate and manner prescribed by the SC's Shariah Advisory Council from time to time.
- 5) Ibra'** : Ibra' refers to an act of releasing absolutely or conditionally one's rights and claims on any obligation against another party which would result in the latter being discharged of his/its obligation or liabilities towards the former. The release may be either partially or in full. For the avoidance of doubt, the Sukukholders in subscribing or purchasing the Proposed Subordinated Sukuk Murabahah consent to grant Ibra' (if any) in the following situations:
- i. If the Proposed Subordinated Sukuk Murabahah is redeemed before the maturity date, upon the declaration of an Event of Default, upon the exercise of a Call Option, upon a Regulatory Redemption or a Tax Redemption (whichever is applicable). In case of the declaration of an Event of Default, the exercise of a Call Option, a Tax Redemption or a Regulatory Redemption (whichever is applicable) the Ibra' shall be the unearned profit due to the Subordinated Sukukholders from the date of redemption of the Proposed Subordinated Sukuk Murabahah upon the declaration of an Event of Default, the exercise of a Call Option, a Tax Redemption or a Regulatory Redemption (whichever is applicable) up to the maturity of the Proposed Subordinated Sukuk Murabahah.
- In respect of a write-off at the point of a Non-Viability Event, the Subordinated Sukukholders release their rights (Ibra') to the payment of the outstanding Deferred Sale Price due from the Purchaser, such amount corresponding to the aggregate principal amount and the Periodic Profit Payments of the Proposed Subordinated Sukuk Murabahah to be written off.
- 6) Form and Denomination** : The Proposed Subordinated Sukuk Murabahah shall have a denomination of nominal value of RM1.0 million or in multiples of RM1.0 million or if required, in such other denomination in accordance with MyClear Rules and Procedures

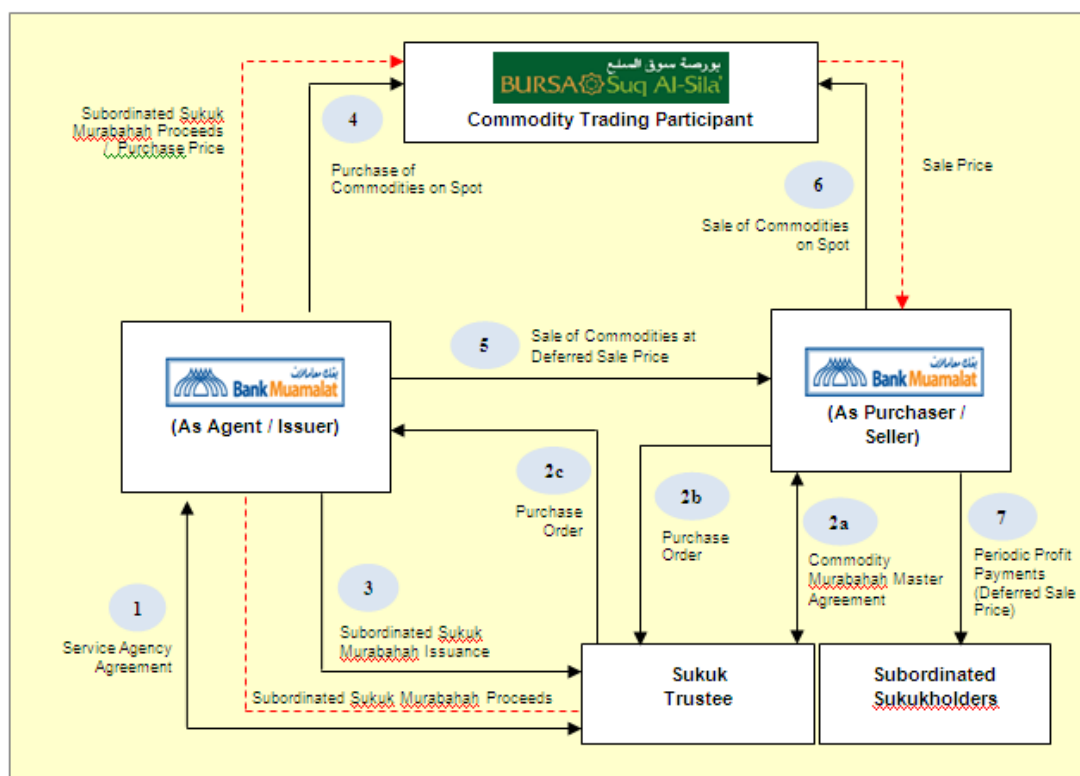
as applicable from time to time.

Each tranche of the Proposed Subordinated Sukuk Murabahah shall be represented by a global certificate in bearer form to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances.

- 7) Taxation** : All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of the Government of Malaysia or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event, the Issuer shall not gross up for any such withholding or deduction.
- 8) No further rights to participate in profits and assets** : The holders of the Proposed Subordinated Sukuk Murabahah shall have no right or claim and not be conferred any right or claim as regards to participation in the profits and assets of the Issuer.
- 9) Voting Rights** : The holders of the Proposed Subordinated Sukuk Murabahah will not be entitled to receive notice of or attend or vote at any meeting of the ordinary shareholders of the Issuer or participate in the management of the Issuer. No company-shareholder relationship is intended or has been contemplated between the Issuer and the holders of the Proposed Subordinated Sukuk Murabahah and as such the relationship between the Issuer and the holders of the Proposed Subordinated Sukuk Murabahah shall not be governed by the Memorandum and Articles of Association of the Issuer.
- 10) Material Adverse Effect** : For the purposes of the Principal Terms and Conditions of the Proposed Subordinated Sukuk Murabahah Programme, the term "material adverse effect" means any material adverse effect on the business or condition (financial or otherwise) or results of the operations of the Issuer or the occurrence of any event which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents.
- 11) Governing Laws** : Laws of Malaysia
- 12) Jurisdiction** : The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

- 13) Transaction Documents** : The Proposed Subordinated Sukuk Murabahah Programme shall be evidenced by, inter alia, the following:
- (a) Programme Agreement;
  - (b) Trust Deed;
  - (c) Securities Lodgement Form;
  - (d) Service Agency Agreement;
  - (e) Commodities Murabahah Master Agreement;
  - (f) Subscription Agreement;
  - (g) Purchase Order;
  - (h) CTP Purchase Agreement;
  - (i) Sale and Purchase Agreement;
  - (j) CTP Sale Agreement; and
  - (k) Any other agreements as may be advised by the Solicitors.
- 14) Trustee's Reimbursement Account** : The Trustee shall open and maintain, throughout the tenure of the Proposed Subordinated Sukuk Murabahah Programme, an account with the sum of RM30,000.00 pursuant to the relevant provision of the Trust Deeds Guidelines.
- 15) Other Conditions** : The Proposed Subordinated Sukuk Murabahah shall at all times be governed by the guidelines issued and to be issued and to be issued from time to time by the SC, BNM and/or MyClear over matters pertaining to the Proposed Subordinated Sukuk Murabahah Programme.

**Murabahah (via Tawarruq arrangement)**



Transaction Steps

1	The Sukuk Trustee (on behalf of the holders of the Proposed Subordinated Sukuk Murabahah (" <b>Subordinated Sukukholders</b> ")) and the Issuer shall enter into a Wakalah arrangement via Service Agency Agreement, pursuant to which the Issuer (in its capacity as the " <b>Agent</b> ") is appointed as the agent of the Subordinated Sukukholders for the purchase and sale of Shariah-compliant commodities (" <b>Commodities</b> ").
2a	The Sukuk Trustee (on behalf of the Subordinated Sukukholders) and the Issuer (in its capacity as the " <b>Purchaser</b> ") shall enter into a Commodities Murabahah Master Agreement.
2b	Prior to the date of issuance of the Proposed Subordinated Sukuk Murabahah, the Issuer (in its capacity as the Purchaser) shall issue a purchase order (the " <b>Purchase Order</b> ") in relation to that issuance to the Sukuk Trustee (on behalf of the Subordinated Sukukholders). In the Purchase Order, the Issuer (acting as the Purchaser for itself) will irrevocably undertake to purchase the Commodities from the Subordinated Sukukholders at a deferred sale price (" <b>Deferred Sale Price</b> ") which shall be the Purchase Price (as defined in (4) below) plus the aggregate Periodic Profit Payments (as defined in (7) below).
2c	The Sukuk Trustee (on behalf of the Subordinated Sukukholders) will instruct the Issuer (as the Agent) to buy the Commodities.
3	The Issuer shall issue the Proposed Subordinated Sukuk Murabahah whereby the proceeds shall be used to pay for the Purchase Price of the Commodities. The Proposed Subordinated Sukuk Murabahah shall evidence the Subordinated Sukukholders' ownership of the Commodities and subsequently, once the Commodities are sold to the Issuer (as the Purchaser for itself), the entitlement to receive the Deferred Sale Price.

4	Based on the Purchase Order, the Issuer (as the Agent) (pursuant to the Commodity Trading Participant (" <b>CTP</b> ") Purchase Agreement entered into between the Issuer (as the Agent) and the <b>CTP</b> ) will purchase on a spot basis the Commodities from commodity vendor(s) in the Bursa Suq Al-Sila' commodity market (through a CTP) at a purchase price (" <b>Purchase Price</b> ") which shall be an amount equivalent to the proceeds of the Proposed Subordinated Sukuk Murabahah.
5	Thereafter, pursuant to the undertaking under the Purchase Order, the Issuer (in its capacity as the Agent for the Sukuk Trustee (on behalf of the Subordinated Sukukholders)) shall sell the Commodities to the Issuer (acting as Purchaser for itself) at the Deferred Sale Price under the Sale and Purchase Agreement.
6	Subsequently thereafter, the Issuer (pursuant to the CTP Sale Agreement entered into between the Issuer (acting as Seller for itself) and the CTP) shall sell the Commodities into the Bursa Suq Al-Sila' commodity market (through the CTP) on a spot basis for a sale price that is an amount equal to the Purchase Price (" <b>Sale Price</b> "). The CTP Sale Agreement will provide for the CTP to directly sell the Commodities into Bursa Suq Al-Sila' commodity market (through a CTP) upon notice by the Issuer (acting as Seller for itself) that the Sale and Purchase Agreement has been completed and executed.
7	<p>During the tenure of the Proposed Subordinated Sukuk Murabahah, the Issuer (in its capacity as the Purchaser) (as part of its obligation to pay the Deferred Sale Price) shall make periodic profit payments ("<b>Periodic Profit Payments</b>") to the Subordinated Sukukholders. Upon maturity, the Issuer shall pay all amounts outstanding in respect of the Deferred Sale Price of the relevant Proposed Subordinated Sukuk Murabahah upon which the relevant Proposed Subordinated Sukuk Murabahah will be cancelled. Upon the declaration of an Event of Default or early redemption upon the exercise of a Call Option or occurrence of Regulatory Redemption or occurrence of a Tax Redemption, subject to clauses 2(v) and 2(x) of the Principal Terms and Conditions of the Proposed Subordinated Sukuk Murabahah ("<b>PTC</b>"), the Issuer (in its capacity as the Purchaser) shall pay amounts outstanding in respect of the Deferred Sale Price of the relevant Proposed Subordinated Sukuk Murabahah upon which the relevant Proposed Subordinated Sukuk Murabahah will be cancelled. (subject to Ibra' as per clause 2(y)(5) of the PTC).</p> <p>Upon the occurrence of a Trigger Event (as defined in item 2(y)(3) of the PTC), the Issuer is required to give notice to the Subordinated Sukukholders in accordance with the terms of the Proposed Subordinated Sukuk Murabahah, then as of the relevant write-off date, the write-off shall extinguish the claim under the Proposed Subordinated Sukuk Murabahah in liquidation, which will mean that the Subordinated Sukukholders written-off will irrevocably waive their rights to receive, and no longer have any rights against the Issuer with respect to, payment of the Deferred Sale Price of the respective Proposed Subordinated Sukuk Murabahah written-off and the amount payable when a Call Option is exercised.</p> <p>The write-off shall be permanent and the Deferred Sale Price of the respective Proposed Subordinated Sukuk Murabahah that is or would be payable upon the relevant maturity date, an early redemption or the occurrence of an Event of Default under item 2(v)(b) of the PTC will automatically be written-off and such Proposed Subordinated Sukuk Murabahah will be immediately and fully cancelled as of such write-off date.</p>