

OCBC AL-AMIN BANK BERHAD
ISSUANCE OF TIER 2 SUBORDINATED SUKUK MURABAHAH OF
RM200 MILLION IN NOMINAL VALUE
("Subordinated Sukuk Murabahah")

PRINCIPAL TERMS AND CONDITIONS

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Principal Terms and Conditions of the Subordinated Sukuk Murabahah

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

- (i) **Issuer** : OCBC Al-Amin Bank Berhad (“**Issuer**”)
- (ii) **Solicitors for the Issuer** : Messrs Rahmat Lim & Partners.
- (iii) **Sole Subscriber and Amount Subscribed** : The Subordinated Sukuk Murabahah (as defined in paragraph (c) (*Facility Description*)) shall be fully subscribed by OCBC Bank (Malaysia) Berhad (“**OCBCM**”), the holding company of the Issuer, acting in its capacity as holder of the Subordinated Sukuk Murabahah (“**Sukukholder**”).
- (iv) **Shariah adviser** : OCBC Al-Amin Bank Berhad (“**OABB**”)
- (b) **Islamic principles used** : Murabahah (via a Tawarruq arrangement).
- (c) **Facility Description** : A one-time issuance of subordinated sukuk of RM200 million in nominal value (“**Subordinated Sukuk Murabahah**”).

The Subordinated Sukuk Murabahah will qualify as Tier 2 Capital of the Issuer in compliance with Bank Negara Malaysia (“**BNM**”)’s Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 13 October 2015 (the “**CAFIB**”).

The Subordinated Sukuk Murabahah will be issued under the Shariah principle of Murabahah based on commodity trading (via a Tawarruq arrangement).

The issuance of the Subordinated Sukuk Murabahah shall be effected as follows:

- 1) The Sukukholder and OABB shall enter into a Service Agency Agreement, pursuant to which OABB (in such capacity, the “**Agent**”) shall be appointed as the agent of the Sukukholder for the purchase and sale of Shariah-compliant commodities (“**Commodities**”).
- 2) Pursuant to a Commodity Murabahah Master Agreement, OABB (in such capacity, the “**Purchaser**”) will irrevocably undertake, based on a unilateral binding promise (*Wa’d*), to purchase the Commodities from the Sukukholder (“**Undertaking to Purchase**”) at a deferred sale price (“**Deferred Sale Price**”) which shall be the Purchase Price (as defined below) plus the disclosed profit margin.
- 3) OABB (acting as the Issuer) shall issue Subordinated Sukuk Murabahah to the Sukukholder to raise proceeds to fund the payment of the Purchase Price. The

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Subordinated Sukuk Murabahah shall evidence, amongst others, the Sukukholder's undivided beneficial ownership of the Commodities and subsequently, once the Commodities are sold to OABB (as the Purchaser for itself), the entitlement to receive the Deferred Sale Price pursuant to the subsequent sale of the Commodities to OABB.

- 4) OABB will purchase on a spot basis the Commodities from commodity vendor(s) ("**Commodity Vendor A**") in the Bursa Suq Al-Sila' commodity market at a purchase price ("**Purchase Price**") which shall be an amount equivalent to the Subordinated Sukuk Murabahah proceeds.
- 5) The proceeds thereof shall be used to pay the Purchase Price of the Commodities.
- 6) Pursuant to the Undertaking to Purchase, OABB (acting as the Agent) shall sell the Commodities to the Purchaser at the Deferred Sale Price.
- 7) Subsequently thereafter, OABB (as the Purchaser for itself) shall sell the Commodities to a commodity vendor (the "**Commodity Vendor B**") in Bursa Suq al-Sila' commodity market on a spot basis for an amount equal to the Purchase Price. Proceeds raised from such sale of Commodities will be retained by OABB and OABB shall utilise such proceeds for Shariah-compliant purposes.
- 8) During the tenor of the Subordinated Sukuk Murabahah, OABB (as part of its obligation to pay the Deferred Sale Price) shall make periodic payments towards the profit portion of the Deferred Sale Price ("**Periodic Profit Payments**") to the Sukukholder. Upon maturity, OABB shall pay all amounts outstanding in respect of the Deferred Sale Price of the Subordinated Sukuk Murabahah whereupon the Subordinated Sukuk Murabahah will be cancelled. Upon the declaration of an Event of Default (as defined in paragraph (t)) or early redemption upon the exercise of Call Option or occurrence of a Tax Redemption or occurrence of a Regulatory Redemption, subject to clauses (t) and (v) below, OABB shall pay amounts outstanding in respect of the Deferred Sale Price (subject to the Rebate (*Ibra'*), where applicable)

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for the redemption of the Subordinated Sukuk Murabahah whereupon the redeemed Subordinated Sukuk Murabahah will be cancelled.

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

(d) Identified assets : Shariah-compliant commodities, which shall include but not be limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through the commodity trading platform, Bursa Suq Al-Sila’.

(e) Purchase and selling price (where applicable) : Purchase Price
The Purchase Price in relation to the purchase of the Commodities shall be equal to the proceeds of the Subordinated Sukuk Murabahah. The Purchase Price shall comply with the Securities Commission’s Shariah Advisory Council (“**SAC**”) asset pricing requirements as provided in the Securities Commission’s (“**SC**”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework effective 15 June 2015 (as may be amended from time to time).

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 Subordinated Sukuk Murabahah.

(f) Issue size : RM200 million in nominal value.

(g) Tenor of issue : 10 years from the date of issue (“**Issue Date**”), subject to a call option (“**Call Option**”) pursuant to the Optional Redemption (as defined in paragraph (v)(2)) to allow the Issuer to redeem (in whole or in part) the Subordinated Sukuk Murabahah on any Call Date (as defined below).

Call Option

The Subordinated Sukuk Murabahah is callable on any Periodic Profit Payment Date (as defined in paragraph (i) (*Profit Payment Frequency*)) after a minimum period of five (5) years from the Issue Date (“**Call Date**”). For the avoidance of doubt, the first Call Date shall fall on the fifth anniversary of the Issue Date.

(h) Profit rate : The profit rate applicable to the Subordinated Sukuk Murabahah (“**Profit Rate**”) shall be 4.8% p.a and the rate shall be applicable throughout the tenure of the Subordinated Sukuk Murabahah.

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For avoidance of doubt, there is no step-up profit rate after the first Call Date of the Subordinated Sukuk Murabahah in the event the Call Option is not exercised by the Issuer.

- (i) **Profit Payment Frequency** : Payable semi-annually in arrears from the Issue Date with the last Periodic Profit Payment to be made on the maturity date of the Subordinated Sukuk Murabahah ("**Maturity Date**") or early redemption upon the exercise of Call Option or occurrence of a Tax Redemption or occurrence of a Regulatory Redemption, whichever is the earlier.
- The date on which the Periodic Profit Payments are to be paid shall be referred to as the "**Periodic Profit Payment Date**".
- (j) **Profit Payment Basis** : Actual number of days over 365 days, from and including the date of issuance of the Subordinated Sukuk Murabahah up to (but excluding) the maturity date or the date of early redemption, upon the exercise of a Call Option or occurrence of a Tax Redemption, whichever is earlier, at the applicable profit rate.
- (k) **Security / Collateral, where applicable** : None.
- (l) **Details on Utilisation of Proceeds by the Issuer** : The proceeds of the Subordinated Sukuk Murabahah shall be made available to the Issuer, without limitation, for its working capital, general banking and other corporate purposes, all of which shall be Shariah-compliant, including for the redemption of the Issuer's existing RM200 million redeemable Tier 2 Islamic subordinated sukuk issued on 1 December 2008.
- (m) **Sinking Fund and Designated Accounts, where applicable** : None.
- (n) **Rating**
- **Credit ratings assigned and whether the rating is final or indicative; and** : Unrated.
 - **Name of credit rating agencies** : Not applicable.
- (o) **Selling restriction, including tradability, i.e. whether tradable or non-tradable** : The Subordinated Sukuk Murabahah shall not be transferable or tradable and shall only be held by the Sukukholder.
- (p) **Listing status and types of listing, where applicable** : The Subordinated Sukuk Murabahah will not be listed on any stock exchange.
- (q) **Other regulatory approvals required in relation to the issue, offer or invitation to** : Nil.

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**subscribe or purchase sukuk,
and whether or not obtained**

- (r) Conditions Precedent** : To include but not limited to the following:
- (i) The Transaction Documents (as defined in paragraph (w)(12)) pertaining to the Subordinated Sukuk Murabahah have been executed and, where applicable, stamped or endorsed and presented for registration with the relevant authorities;
 - (ii) A certified true copy of the board resolution(s) of the Issuer authorising, among others, issuance of the Subordinated Sukuk Murabahah and the execution of the Transaction Documents; and
 - (iii) Written approval of BNM for the classification of the Subordinated Sukuk Murabahah as Tier 2 Capital of the Issuer.
- (s) Representations and Warranties** : To include but not be 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 and finance in Malaysia;
 - (ii) The Issuer has the power to enter into the Transaction Documents and exercise its rights to perform its obligations under the Transaction Documents;
 - (iii) The Memorandum and Articles of Association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Issuer to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
 - (iv) The Issuer's entry into, exercise of its rights under and performance of the Transaction Documents do not and will not violate any existing laws or agreements to which it is a party;
 - (v) Neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date this representation and warranty is made or

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repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, license, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) cause any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its Memorandum and Articles of Association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets;

- (vi) The Issuer has all licenses, 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 licenses, permits, authorisations, approvals, orders and other concessions would not have a Material Adverse Effect (as defined below);
- (vii) The Transaction Documents constitute legal, valid, binding and enforceable obligations which are enforceable on and against the Issuer;
- (viii) The audited financial statements of the Issuer for each financial year are prepared on a basis consistently applied in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia;
- (ix) All registration and payment of any duty or tax or other action which are required or necessary to ensure the legality, validity, enforceability or admissibility in evidence in Malaysia of the Transaction Documents have been duly and unconditionally obtained and remain in full force and effect;
- (x) No event has occurred which would constitute an Event of Default or, which with the giving of notice or the lapse of time or other condition, would constitute an Event of Default;
- (xi) All consents, approvals, authorisations of any regulatory authorities which are required for the issue of the Subordinated Sukuk Murabahah and the performance of the obligations of the Issuer under the Transaction Documents have been obtained and are in full force and effect; and

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- (xii) The Issuer will comply with the conditions (if any) imposed by the relevant regulatory authorities in connection with the issuance of the Subordinated Sukuk.

For the purpose of these principal terms and conditions, “material adverse effect” means the occurrence of any event which materially and adversely affects the ability of the Issuer to perform any of its obligations under any of the Transaction Documents or which materially and adversely affects the business, financial position, shareholders’ funds or operating results of the Issuer.

(t) Events of Default and Enforcement Event, where applicable

: Events of Default shall encompass the following:

- (i) the Issuer defaults in payment of any principal or Periodic Profit Payment under the Subordinated Sukuk Murabahah on the due date and the Issuer does not remedy such default within a period of seven (7) days after the Issuer became aware or having been notified by the Sukukholder of the default; or
- (ii) an order is made for the winding-up of the Issuer and such order is not stayed or set aside within sixty (60) days of such order being made or, where so stayed, such stay lapses, or an effective resolution is passed for the winding-up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation the terms of which have been approved by the Sukukholder.

Upon the occurrence of event (i) above, subject to the terms and conditions of the Subordinated Sukuk Murabahah or the Transaction Documents, the sole remedy of the Sukukholder shall be to institute proceedings in Malaysia for the winding-up of the Issuer, provided that the Sukukholder shall not have the right to enforce payment under or to accelerate payment of the Subordinated Sukuk Murabahah in the case of default in the payment of amounts owing under the Subordinated Sukuk Murabahah or any non-performance of any condition, provision or covenant under the Subordinated Sukuk Murabahah or the Transaction Documents.

Upon the occurrence of event (ii) above, subject to the terms and conditions of the Subordinated Sukuk Murabahah or the Transaction Documents, the Sukukholder may by written notice to the Issuer declare that the Subordinated Sukuk Murabahah together with all other sums payable under the Subordinated Sukuk Murabahah shall immediately become due and payable at its nominal value together with accrued but unpaid Periodic Profit Payments (if any) notwithstanding the stated maturity of the Subordinated Sukuk Murabahah.

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(u) Covenants

: Covenants on the part of the Issuer shall include but are not limited to the following:

- (i) At all times, perform all its obligations and promptly comply with all provisions of the Transaction Documents and the terms and conditions of the Subordinated Sukuk Murabahah and immediately notify the Sukukholder in the event that the Issuer is unable to fulfill or comply with any of the provision of the Transaction Documents;
- (ii) Notify the Sukukholder immediately in the event that the Issuer becomes aware of the following:
 - (a) the occurrence of an Event of Default, or where any other right or remedy under the terms, provisions and covenants of any of the Transaction Documents or the terms and conditions of the Subordinated Sukuk Murabahah becomes immediately enforceable. The Issuer shall take reasonable steps and / or such other steps as may be reasonably requested by the Sukukholder to remedy and / or mitigate the Event of Default;
 - (b) any circumstance that has occurred that would materially prejudice the Issuer or the ability of the Issuer to perform its obligations under the Transaction Documents or in respect of the terms and conditions of the Subordinated Sukuk Murabahah;
 - (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 insofar as it affects the payment obligations of the Issuer; and
 - (e) any other matters that may materially prejudice the interests of the Sukukholder;
- (iii) Keep proper books and accounts at all times in compliance with applicable statutory requirements and in accordance with generally accepted accounting principles in Malaysia;
- (iv) Exercise reasonable diligence in carrying out its business in a proper and efficient manner which shall ensure, among others, that all necessary

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approvals or relevant licenses necessary for such business are obtained and maintained;

- (v) Promptly obtain any further authorisations, consents, rights, licenses, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for the Issuer to enter into or perform its obligations under the Transaction Documents and the terms and conditions of the Subordinated Sukuk Murabahah or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer or the rights of the Sukukholder under the Transaction Documents and the terms and conditions of the Subordinated Sukuk Murabahah;
- (vi) Redeem in full or in part all outstanding Subordinated Sukuk Murabahah if and when they become due to be redeemed in accordance with the terms and conditions of the Subordinated Sukuk Murabahah; and
- (vii) Ensure that any further Tier 2 Capital instruments to be issued by the Issuer ("**New Tier 2 Capital**") (if any) contain a provision for the write-off of the New Tier 2 Capital on a pro rata basis with the Subordinated Sukuk Murabahah (to the extent permitted by applicable law and / or the relevant regulatory authorities) in the event of the occurrence of a Non-Viability Event (as defined in paragraph (w)(6) (*Loss Absorption at Point of Non-Viability Event*)).

(v) Provisions on Buy-Back and Early Redemption of Subordinated Sukuk

- 1) **Buy-back and Cancellation** : Not applicable as the Subordinated Sukuk Murabahah shall not be transferable or tradable and shall only be held by the Sukukholder.
- 2) **Optional Redemption** : The Issuer may at its option and subject to the Redemption Conditions (as defined in paragraph (v)(4)) being satisfied, by written notice to the Sukukholder, exercise the Call Option to redeem in whole or in part, the Subordinated Sukuk Murabahah at the Redemption Amount, on a Call Date.
- 3) **Redemption at maturity** : Unless previously redeemed on a Call Date (if applicable) or redeemed pursuant to a Regulatory Event (as defined in paragraph (v)(5)) or a Tax Event (as defined in paragraph (v)(6)), the Subordinated Sukuk Murabahah will be redeemed by the Issuer at the Redemption Amount (as defined in paragraph (v)(7)) on the Maturity Date.

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- 4) Redemption Conditions** : Redemption conditions of the Subordinated Sukuk Murabahah mean:
- (i) the Issuer is solvent at the time of redemption and immediately thereafter;
 - (ii) the Issuer has obtained the prior written approval of BNM;
 - (iii) the Issuer is not in breach of BNM's minimum capital adequacy requirements and capital buffer requirements applicable to the Issuer after redemption of the Subordinated Sukuk Murabahah; and
 - (iv) in respect of a Call Option only, the Issuer shall:
 - (a) replace the called 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
 - (b) demonstrate to the satisfaction of BNM that its capital position is and can be sustained well above the minimum capital adequacy requirements and capital buffer requirements, as imposed by BNM in the CAFIB, after the Call Option is exercised.
- 5) Regulatory Redemption** : The Issuer may, at its option, by written notice to the Sukukholder, redeem in whole or in part, the Subordinated Sukuk Murabahah at the Redemption Amount, subject to the Redemption Conditions being satisfied if a Regulatory Event (as defined below) occurs. Such notice shall state the date on which the Regulatory Redemption will occur.
- "Regulatory Event"** means any time there is more than an insubstantial risk, as determined by the Issuer that:
- (i) the 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 fulfillment of a condition, no longer 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 the Subordinated Sukuk Murabahah.

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6) Tax Redemption

: The Issuer may at its option, by written notice to the Sukukholder, redeem in whole or in part, the Subordinated Sukuk Murabahah at the Redemption Amount, subject to the Redemption Conditions being satisfied, if a Tax Event (as defined below) occurs. Such notice shall state the date on which the Tax Redemption will occur.

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

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

7) Redemption Amount

: **“Redemption Amount”** means the nominal value of the Subordinated Sukuk Murabahah plus accrued but unpaid Periodic Profits Payments or Deferred Sale Price less the aggregate of Periodic Profit Payments paid (if any). Upon the exercise of a Regulatory Redemption or a Tax Redemption, as the case may be, the Sukukholder shall be entitled to the Periodic Profit Payment for the period commencing from the immediately preceding Periodic Profit Payment Date up to but excluding the date of such Regulatory Redemption or Tax Redemption, as the case may be.

The Redemption Amount payable by the Issuer on the declaration of an Event of Default or on a Call Date (if applicable) or redeemed pursuant to a Regulatory Event or a Tax Event, shall be an amount as determined by the Sukukholder, which shall be calculated in accordance with the above formula. Any such determination by the Sukukholder shall, save for manifest error, be binding and conclusive on the Issuer.

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(w) Other Principal Terms and Conditions for the proposal

- 1) **Issue Price** : The Subordinated Sukuk Murabahah shall be issued at par or at a premium (but not at a discount) to nominal value.
- 2) **Yield to maturity** : To be determined prior to the issue date of the Subordinated Sukuk Murabahah.
- 3) **Compensation (Ta'widh)** : In the event of any overdue payments of the Deferred Sale Price due under the Subordinated Sukuk Murabahah, the Issuer shall pay to the Sukukholder compensation (*Ta'widh*) on such overdue amounts at the rate and manner prescribed by the Shariah Advisory Council of the SC from time to time in accordance with Shariah principles.

Any compensation referred to above which is paid to the Sukukholder, can be treated and / or utilised by the Sukukholder at its absolute discretion in accordance with or determined by Shariah requirements applicable to it, which may include donation to any registered charitable organization or any charitable purposes.

- 4) **Ibra'** : *Ibra'* refers to the 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.

As the Deferred Sale Price is calculated based on the Purchase Price and profit portion up to (and excluding) the Maturity Date, *Ibra'* shall be granted if the Subordinated Sukuk Murabahah is redeemed prior to its Maturity Date upon declaration of an Event of Default or pursuant to an early redemption event, or is written-off upon occurrence of a Non-Viability Event.

The Sukukholder in subscribing or purchasing the Subordinated Sukuk Murabahah consent to grant *Ibra'* (pursuant to a unilateral binding promise (*Wa'd*) provided by the Sukukholder) in the following scenarios:

- (i) Upon declaration of an Event of Default or on exercise of a Call Option or occurrence of a Tax Redemption or occurrence of a Regulatory Redemption. The amount of *Ibra'* in this instance shall be the difference between the aggregate Periodic Profit Payments due to the Sukukholder calculated up to (and excluding) the Maturity Date and the aggregate Periodic Profit Payments due to the Sukukholder calculated up to (and excluding) the date of declaration of any Event of Default or on exercise of a Call Option or occurrence of a Tax Redemption or

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occurrence of a Regulatory Redemption; or

- (ii) Upon the occurrence of a Non-Viability Event. The amount of *Ibra'* shall be the principal amount of the Subordinated Sukuk Murabahah written-off, and all Periodic Profit Payments (including the Periodic Profit Payments accrued but unpaid up to the date of the occurrence of a Non-Viability Event).

5) Status

- : The Subordinated Sukuk Murabahah shall constitute direct and unsecured obligations of the Issuer, subordinated in right and priority of payment (in respect of principal and profit), to depositors and general creditors of the issuer, to the extent and in the manner provided for in the terms and conditions governing the Subordinated Sukuk Murabahah, ranking *pari passu* among themselves.

In the event of a Winding-Up (as defined below) of the Issuer (other than pursuant to a Permitted Reorganisation (as defined below)), the payment obligations of the Issuer under the Subordinated Sukuk Murabahah shall be subordinated in right of payment to all deposit liabilities and other liabilities of the Issuer, except in each case to those liabilities which by their terms rank equally in right of payment with or are subordinated to the Subordinated Sukuk Murabahah. The Subordinated Sukuk Murabahah will rank *pari passu* with all other subordinated sukuk issued by the Issuer that qualifies as Tier 2 Capital (in accordance with the CAFIB or other relevant requirements of BNM).

“Permitted Organisation” means a solvent reconstruction, amalgamation, reorganization, merger or consolidation whereby all or substantially all the business, undertaking and assets of the Issuer are transferred to a successor entity which assumes all the obligations of the Issuer under the Subordinated Sukuk Murabahah.

“Winding-Up” means a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership or similar proceedings in respect of the Issuer.

6) Loss Absorption at Point of Non-Viability Event

- : At the occurrence of a Non-Viability Event (as defined in paragraph (w)(7) below), the Issuer shall irrevocably, with the consent of the Sukukholder, write-off the Subordinated Sukuk Murabahah in whole or in part, if so required by BNM and / or Malaysia Deposit Insurance Corporation (“PIDM”) at their full discretion.

Upon the occurrence of a Non-Viability Event, the Issuer is required to give notice to the Sukukholder in accordance with the terms and conditions of the Subordinated Sukuk Murabahah that as of the relevant

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write-off date:

- (i) the write-off shall reduce:
 - (a) the claim of the Sukukholder in liquidation. The Sukukholder will be automatically deemed to irrevocably waive its right to receive, and no longer have any rights against the Issuer with respect to, payment of the aggregate principal amount of the Subordinated Sukuk Murabahah written-off;
 - (b) the amount to be paid when a Call Option is exercised; and
 - (c) the Periodic Profit Payments on the Subordinated Sukuk Murabahah written off;
- (ii) the write-off shall be permanent and the whole or part (as the case may be) of the principal amount of the Subordinated Sukuk Murabahah together with all unpaid Periodic Profit Payments thereon that are or would be payable on the Maturity Date, an early redemption or the occurrence of an Event of Default of the Subordinated Sukuk Murabahah will automatically be written-off and the whole or part (as the case may be) of the Subordinated Sukuk Murabahah and all unpaid Periodic Profit Payments will be immediately and fully cancelled as of such write-off date; and
- (iii) the write-off of the Subordinated Sukuk Murabahah shall not constitute an Event of Default or trigger cross-default clauses.

The write-off must generate CET1 Capital under the Malaysian Financial Reporting Standards; and the Subordinated Sukuk Murabahah will only receive recognition in Tier 2 Capital (in accordance with the CAFIB) up to the minimum level of CET1 Capital generated by a full write-off of the Subordinated Sukuk Murabahah.

7) Non-Viability Event

: A “**Non-Viability Event**” means the earlier of the following:

- (i) BNM, jointly with PIDM, notifying the Issuer in writing that BNM, jointly with PIDM, are of the opinion that a write-off is necessary, without which the Issuer would cease to be viable; or
- (iii) BNM, jointly with PIDM, publicly announcing 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

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to the Issuer, without which the Issuer would cease to be viable.

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.

- 8) No Equity Conversion** : The Subordinated Sukuk Murabahah shall not entitle the Sukukholder to receive any form of equity interest in the Issuer at any point in time and the Issuer is not obliged to allot or issue any shares to or for the account of the Sukukholder upon the occurrence of a Non-Viability Event or otherwise. The Subordinated Sukuk Murabahah shall not entitle the Sukukholder to participate in any distributions or entitlements to the Issuer's shareholders or to attend or vote at any general meeting of the Issuer.
- 9) 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 be required to gross up for any such withholding or deduction on these payments or distributions.
- 10) No payment of interest** : For the avoidance of doubt and notwithstanding any other provision to the contrary herein, it is hereby agreed and declared that nothing in these principal terms and conditions and the Transaction Documents shall oblige or entitle any party nor shall any party pay or receive or recover interest on any amount due or payable to another party pursuant to the principal terms and conditions or the Transaction Documents and the parties hereby expressly waive and reject any entitlement to recover such interest.
- It is further acknowledged that the principle of the payment of interest is repugnant to Shariah and accordingly, to the extent that any legal system would (but for the provisions of this item) impose (whether by contract, statute or court order) any obligation to pay interest, the relevant parties shall agree to waive and reject any entitlement to recover interest from each other. It is further agreed that any payment pursuant to the principal terms and conditions or the Transaction Documents shall not be construed as payments of interest.
- 11) Governing Laws and Jurisdiction** : The laws of Malaysia and the exclusive jurisdiction of the courts of Malaysia.
- 12) Transaction Documents** : The Subordinated Sukuk Murabahah shall be evidenced, *inter alia*, by the following:

OCBC AL-AMIN BANK BERHAD

Principal Terms and Conditions of the Subordinated Sukuk Murabahah

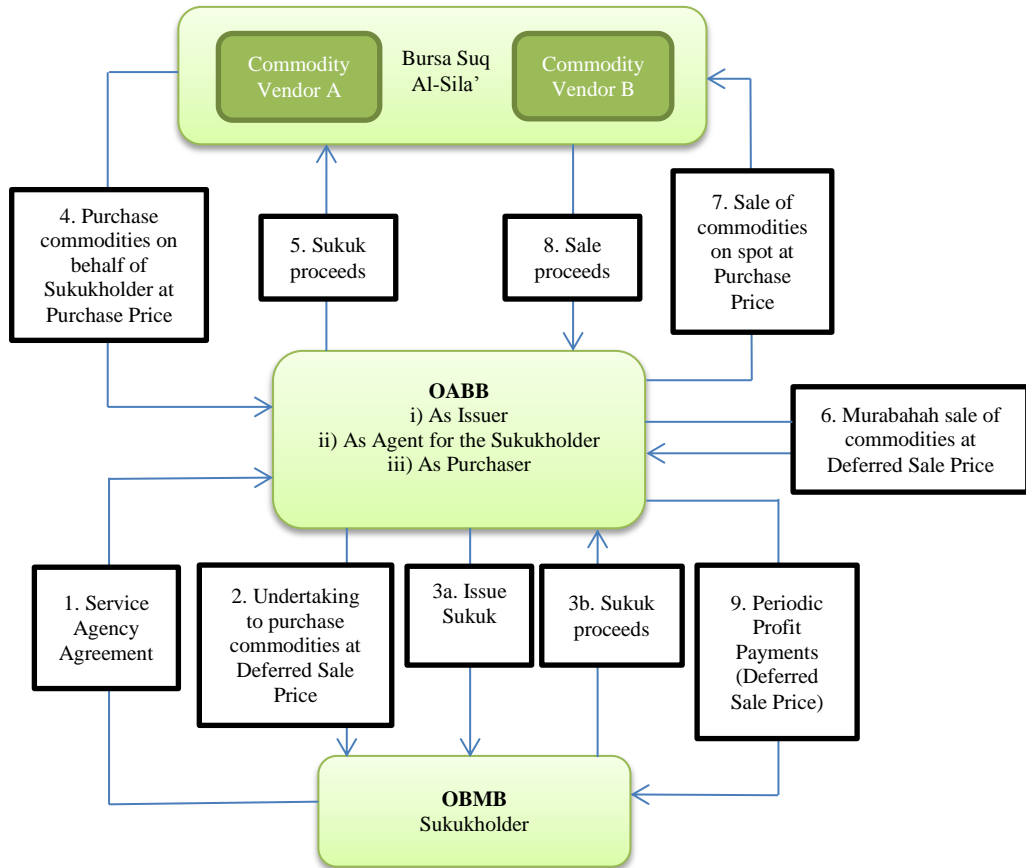
- (a) Subscription Agreement;
- (b) Commodity Murabahah Master Agreement;
- (c) Service Agency Agreement;
- (d) Any other Islamic documents required pursuant to the Shariah principle of Murabahah (via a Tawarruq arrangement);
- (e) Certificate of the Subordinated Sukuk Murabahah; and
- (f) All other documents or agreements to be executed in connection with or pursuant to any of the above documents or otherwise in relation to the Subordinated Sukuk Murabahah, as agreed between the Issuer and the Sukukholder.

13) Other Conditions

- : The Subordinated Sukuk shall at all times be governed by the guidelines issued and to be issued from time to time by the SC (to the extent applicable) and BNM over matters pertaining to the Subordinated Sukuk Murabahah.

Appendix A

Commodity Murabahah Structure



OCBC AL-AMIN BANK BERHAD

Principal Terms and Conditions of the Subordinated Sukuk Murabahah

Steps	Description of the Subordinated Sukuk Murabahah Structure
1	The Sukukholder and OCBC Al-Amin Bank Berhad (“OABB” or the “Issuer”) shall enter into a Service Agency Agreement, pursuant to which OABB (in such capacity, the “Agent”) shall be appointed as the agent of the Sukukholder for the purchase and sale of Shariah-compliant commodities (“Commodities”).
2	Pursuant to a Commodity Murabahah Master Agreement, OABB (in such capacity, the “Purchaser”) will irrevocably undertake, based on unilateral binding promise (<i>Wa’d</i>), to purchase the Commodities from the Sukukholder (“Undertaking to Purchase”) at a deferred sale price (“Deferred Sale Price”) which shall be the Purchase Price (as defined below) plus the disclosed profit margin.
3	OABB (acting as the Issuer) shall issue Subordinated Sukuk Murabahah to the Sukukholder to raise proceeds to fund the payment of the Purchase Price. The Subordinated Sukuk Murabahah shall evidence, amongst others, the Sukukholder’s undivided beneficial ownership of the Commodities and subsequently, once the Commodities are sold to OABB (as the Purchaser for itself), the entitlement to receive the Deferred Sale Price pursuant to the subsequent sale of the Commodities to OABB.
4	OABB will purchase on a spot basis the Commodities from commodity vendor(s) (“Commodity Vendor A”) in the Bursa Suq Al-Sila’ commodity market at a purchase price (“Purchase Price”) which shall be an amount equivalent to the Subordinated Sukuk Murabahah proceeds.
5	The proceeds thereof shall be used to pay the Purchase Price of the Commodities.
6	Pursuant to the Undertaking to Purchase, OABB (acting as the Agent) shall sell the Commodities to the Purchaser at the Deferred Sale Price.
7	Subsequently thereafter, OABB (as the Purchaser for itself) shall sell the Commodities to a commodity vendor (the “Commodity Vendor B”) in Bursa Suq al-Sila’ commodity market on a spot basis for an amount equal to the Purchase Price.
8	Proceeds raised from such sale of Commodities will be retained by OABB and OABB shall utilise such proceeds for Shariah-compliant purposes.
9	During the tenor of the Subordinated Sukuk Murabahah, OABB (as part of its obligation to pay the Deferred Sale Price) shall make Periodic Profit Payments (as defined in paragraph (i) of the Principal Terms and Conditions (“PTC”)) to the Sukukholder. Upon maturity, OABB shall pay all amounts outstanding in respect of the Deferred Sale Price of the Subordinated Sukuk Murabahah whereupon the 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 Tax Redemption or occurrence of a Regulatory Redemption, subject to paragraphs (t) and (v) of the PTC, OABB shall pay all amounts outstanding in respect of the Deferred Sale Price (subject to the Rebate (<i>Ibra’</i>) (as defined in paragraph (w)(4) of the PTC), where applicable) for the redemption of the Subordinated Sukuk Murabahah whereupon the redeemed Subordinated Sukuk Murabahah will be cancelled.