

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

**IMPORTANT: You must read the following before continuing.** The following applies to the offering circular (the “Offering Circular”) following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

The distribution of the Offering Circular in certain jurisdictions may be restricted by law. Persons into whose possession the attached document comes are required by EXIM Sukuk Malaysia Berhad, Export-Import Bank of Malaysia Berhad, BNP Paribas, Hong Kong Branch, BNP Paribas Malaysia Berhad, CIMB Bank (L) Limited, The Hongkong and Shanghai Banking Corporation Limited, HSBC Amanah Malaysia Berhad and Maybank Investment Bank Berhad to inform themselves about, and to observe, any such restrictions.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SUKUK HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, THE SUKUK MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”).

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

UNDER NO CIRCUMSTANCES SHALL THIS OFFERING CIRCULAR CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

**Confirmation of your Representation:** In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act). This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that you are not a U.S. person, the electronic mail address that you gave to us and to which this e-mail has been delivered is not located in the U.S. and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

If you received this Offering Circular by email, you should not reply by email. Any reply email communications, including those you generate by using the “Reply” function on your email software, will be ignored or rejected. If you receive this Offering Circular by email, your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of Export-Import Bank of Malaysia Berhad and EXIM Sukuk Malaysia Berhad in such jurisdiction. This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of EXIM Sukuk Malaysia Berhad, Export-Import Bank of Malaysia Berhad, BNP Paribas, Hong Kong Branch, BNP Paribas Malaysia Berhad, CIMB Bank (L) Limited, The Hongkong and Shanghai Banking Corporation Limited, HSBC Amanah Malaysia Berhad or Maybank Investment Bank Berhad or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from EXIM Sukuk Malaysia Berhad, Export-Import Bank of Malaysia Berhad, BNP Paribas, Hong Kong Branch, BNP Paribas Malaysia Berhad, CIMB Bank (L) Limited, The Hongkong and Shanghai Banking Corporation Limited, HSBC Amanah Malaysia Berhad or Maybank Investment Bank Berhad.



## EXIM SUKUK MALAYSIA BERHAD

(Company Registration Number: 1049534-H)  
(incorporated with limited liability in Malaysia)

### U.S.\$1,000,000,000 Multicurrency Sukuk Issuance Programme

Under its U.S.\$1,000,000,000 Multicurrency Sukuk Issuance Programme (the "**Programme**"), EXIM Sukuk Malaysia Berhad in its capacity as issuer (the "**Issuer**") and in its capacity as trustee (the "**Trustee**") as applicable, subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the "**Sukuk**") denominated in any currency agreed between the Issuer, Export-Import Bank of Malaysia Berhad (the "**Obligor**" or the "**Bank**") and the relevant Dealer (as defined below).

The Sukuk may only be issued in registered form. The maximum aggregate face amount of all Sukuk from time to time outstanding under the Programme will not exceed U.S.\$1,000,000,000 (or its equivalent in other currencies calculated as described under "*General Description of the Programme*", subject to increase as described in the Dealer Agreement).

Each Series (as defined herein) of Sukuk issued under the Programme will be constituted by a master declaration of trust dated 27 September 2013 entered into between the Trustee, the Obligor, TMF Global Services (Malaysia) Sdn Bhd as the trustee administrator (the "**Trustee Administrator**") and The Bank of New York Mellon, London Branch as the Trustee's delegate (the "**Delegate**"), which expression shall include all persons for the time being the delegate or delegates under the declaration of trust (the "**Master Declaration of Trust**") as supplemented by a supplemental declaration of trust entered into on the date of issue of the relevant Sukuk (the "**Issue Date**") in respect of the relevant Series (the "**Supplemental Declaration of Trust**" and, together with the Master Declaration of Trust, the "**Declaration of Trust**"). The Trustee holds the Trust Assets (as defined in the Terms and Conditions of the Sukuk) for each Series upon trust absolutely for and on behalf of the Sukukholders of such Series *pro rata* according to the face amount of Sukuk held by each Sukukholder.

The Sukuk may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Trustee (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an on-going basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Sukuk being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Sukuk.

**The Sukuk will be limited recourse obligations of the Trustee. An investment in Sukuk issued under the Programme involves certain risks. For a discussion of these risks see "*Investment Considerations*". No payment of any amount whatsoever shall be made in respect of the Sukuk except to the extent that funds for that purpose are available from the relevant Trust Assets. Sukukholders will otherwise have no recourse to any assets of the Trustee or the Bank in respect of any shortfall in the expected amounts due under the relevant Trust Assets to the extent that the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished.**

Approval in-principle has been obtained from each of the Labuan International Financial Exchange Inc. ("**LFX**") and Singapore Exchange Securities Trading Limited ("**SGX-ST**") for permission to deal in and provide quotations for any Sukuk that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the LFX and SGX-ST. Such permission will be granted when such Sukuk have been admitted for listing on the LFX and the Official List of the SGX-ST. LFX and SGX-ST take no responsibility for the contents of this document, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, the investors should consult his or her adviser. The approval in-principle from, and the admission of any Sukuk for listing on the LFX and the Official List of the SGX-ST are not to be taken as indications of the merits of the Trustee, the Programme or the Sukuk.

Notice of the aggregate face amount of Sukuk, periodic distribution amounts in respect of the Sukuk, the issue price of the Sukuk and any other terms and conditions not contained herein which are applicable to each Series of Sukuk will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Sukuk to be listed on the SGX-ST, will be delivered to the SGX-ST before the date of listing of the Sukuk of such Series.

The Programme provides that Sukuk may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Trustee, the Bank and the relevant Dealer. The Trustee may also issue unlisted Sukuk.

The submission to the Securities Commission Malaysia in respect of the Programme was made by BNP Paribas Malaysia Berhad, CIMB Investment Bank Berhad, HSBC Amanah Malaysia Berhad and Maybank Investment Bank Berhad. The approval of the Securities Commission Malaysia for the Programme pursuant to applicable Malaysian laws was obtained on 26 September 2013. The approval of the Securities Commission Malaysia shall not be taken to indicate that the Securities Commission Malaysia recommends the subscription or purchase of the Sukuk to be issued under the programme.

The Sukuk will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Sukukholder's entire holding of Sukuk of one Series. Each Series of Sukuk will initially be represented by a global certificate (each a "**Global Certificate**"). A Global Certificate may be deposited on the Issue Date with a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**"), Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**") or, in the case of a Series of Sukuk intended to be cleared through the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**HKMA**") (the "**CMU**"), with a sub-custodian for the CMU. The provisions governing the exchange of interests in a Global Certificate for definitive Sukuk are described in "*Summary of provisions relating to the Sukuk while in global form*".

The Sukuk have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. The Sukuk are being offered and sold outside the United States in reliance on Regulation S and subject to United States tax law requirements. For a description of these and certain further restrictions on offers, sales and transfers of Sukuk and distribution of this Offering Circular see "*Subscription and Sale*". For a description of the manner in which the securities will be issued, see "*Summary of provisions relating to the Sukuk while in global form*".

The Trustee and the Bank may agree with any Dealer that the Sukuk may be issued in a form not contemplated by the Terms and Conditions of the Sukuk herein, in which event (in the case of Sukuk intended to be listed on the SGX-ST) a supplementary offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Sukuk.

The Programme is rated A3 by Moody's Investor Services Limited, A- by Fitch Ratings Ltd and A2(s) by RAM Rating Services Berhad. Sukuk issued under the Programme may be rated or unrated. Where an issue of a certain series of Sukuk is rated, its rating will not necessarily be the same as the rating applicable to the Programme and (where applicable) such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The transaction structure relating to the Sukuk (as described in this Offering Circular) has been approved by the Shari'a Supervisory Committee of BNP Paribas S.A., CIMB Islamic Bank Berhad, the Shari'a Committee of HSBC Amanah Malaysia Berhad and Maybank Islamic Berhad. The Shari'a Supervisory Committee of BNP Paribas S.A., CIMB Islamic Bank Berhad, the Shari'a Committee of HSBC Amanah Malaysia Berhad and Maybank Islamic Berhad do not accept any responsibility for the content of the information included in this Offering Circular, including the accuracy or completeness of such information, nor have they determined whether the Sukuk are Shari'a-compliant. Prospective Sukukholders should not rely on the approval referred to above in deciding whether to make an investment in the Sukuk and should consult their own Shari'a advisers as to whether the proposed transaction is in compliance with their individual standards of compliance with Shari'a principles. The Shari'a Supervisory Committee of BNP Paribas S.A., CIMB Islamic Bank Berhad, the Shari'a Committee of HSBC Amanah Malaysia Berhad and Maybank Islamic Berhad have not assessed the suitability of the Sukuk to which this Offering Circular relates to any particular investor or type of investor. If you do not understand the contents of this Offering Circular or are unsure whether the Sukuk to which this Offering Circular relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

**This Offering Circular is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC, as amended.**

Arrangers

BNP PARIBAS

CIMB

HSBC

MAYBANK

The date of this Offering Circular is 27 September 2013

The Trustee and the Bank accept responsibility for the information contained in this Offering Circular. To the best of each of their knowledge and belief (having made all reasonable enquiries to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything that would make the statements therein, in light of the circumstances which they were made, misleading.

No person is or has been authorised by the Trustee or the Bank to give any information or to make any representations other than those contained in this Offering Circular in connection with the Programme or the Sukuk and, if given or made, such information or representations must not be relied upon as having been authorised by the Trustee, the Bank, BNP Paribas Malaysia Berhad, CIMB Bank (L) Limited, HSBC Amanah Malaysia Berhad or Maybank Investment Bank Berhad (each an “**Arranger**” and together, the “**Arrangers**”) or the Dealers.

None of the Arrangers, the Dealers, the Delegate or the Agents (as defined in “*Terms and Conditions of the Sukuk*”) has separately verified all the information contained in this Offering Circular. None of the Arrangers, the Dealers, the Delegate or the Agents makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. None of the Arrangers, the Dealers, the Delegate or the Agents accepts any responsibility for the contents of this Offering Circular. Each of the Arrangers, the Dealers, the Delegate and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

Neither this Offering Circular nor any financial statements included or incorporated herein are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Trustee, the Bank, the Arrangers, the Dealers, the Delegate or the Agents that any recipient of this Offering Circular or any such financial statements should purchase the Sukuk. Each potential purchaser of Sukuk should determine for itself the relevance of the information contained in this Offering Circular and make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and the Bank and the risks involved. The purchase of Sukuk by investors should be based upon their investigation as they deem necessary.

Sukuk issued under the Programme may be denominated in Renminbi. Renminbi is currently not freely convertible and conversion of Renminbi through banks in Hong Kong, Taiwan and Singapore, is subject to certain restrictions. Investors should be reminded of the conversion risk with Renminbi products. In addition, there is a liquidity risk associated with Renminbi products, particularly if such investments do not have an active secondary market and their prices have large bid/offer spreads. Renminbi products are denominated and settled in Renminbi deliverable in Hong Kong, Taiwan and Singapore, which represents a market which is different from that of Renminbi deliverable in the PRC.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN SHARI’A ADVISER, TAX ADVISER, LEGAL ADVISER, FINANCIAL ADVISER AND BUSINESS ADVISER AS TO SHARI’A, TAX, LEGAL, FINANCIAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF SUKUK. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Sukuk constitutes an offer or invitation by or on behalf of the Trustee, the Bank, the Delegate, the Arrangers, the Dealers, the Delegate or the Agents to any person to subscribe for or to purchase any Sukuk. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Sukuk shall in any circumstances imply that the information contained herein concerning the Trustee or the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the Delegate and the Agents expressly do not undertake

to review the financial condition or affairs of the Trustee or the Bank during the life of the Programme or to advise any investor in the Sukuk of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Sukuk.

**This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Sukuk in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Sukuk may be restricted by law in certain jurisdictions. None of the Trustee, the Bank, the Arrangers or the Dealers represents that this Offering Circular may be lawfully distributed, or that any Sukuk may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Bank, the Arrangers or the Dealers which would permit a public offering of any Sukuk or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Sukuk may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Sukuk may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Sukuk. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Sukuk in the United States, the European Economic Area (including the United Kingdom), Singapore, Japan, Hong Kong, PRC, Malaysia, the Dubai International Financial Centre (“DIFC”), The Kingdom of Saudi Arabia (“Saudi Arabia”), The Kingdom of Bahrain (“Bahrain”), the State of Qatar (“Qatar”) (excluding the Qatar Financial Centre) and the United Arab Emirates (excluding the DIFC). See “*Subscription and Sale*”.**

In accordance with the Capital Markets and Services Act 2007 of Malaysia (the “CMSA”), a copy of this Offering Circular will be deposited with the Securities Commission Malaysia (the “SC”), which takes no responsibility for its contents. The issue, offer or invitation in relation to the Sukuk in this Offering Circular or otherwise are subject to the fulfilment of various conditions precedent including without limitation the applicable approval from the SC. The Programme is approved and authorised by the SC subject to the submission of the relevant documents and information to the SC for the issue, offer or invitation in relation to the Sukuk pursuant to Section 212(4) and Section 212(5) of the CSMA together with this Offering Circular pursuant to the SC’s deemed approval process. The recipient of this Offering Circular acknowledges and agrees that the approval and the authorisation of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Sukuk. The SC shall not be liable for any non-disclosure on the part of the Trustee or the Bank and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.

The Shari’a Supervisory Committee of BNP Paribas S.A., CIMB Islamic Bank Berhad, the Shari’a Committee of HSBC Amanah Malaysia Berhad and Maybank Islamic Berhad have confirmed that the Transaction Documents (as defined below) are, in their opinion, Shari’a-compliant. However, there can be no assurance that the Transaction Documents or any issue and trading of a Series of Sukuk will be deemed to be Shari’a-compliant by any other Shari’a board or Shari’a scholars. None of the Trustee, the Bank, the Delegate, the Agents, any of the Arrangers or any of the Dealers makes any representation as to the Shari’a compliance of any Series of Sukuk and potential investors are reminded that, as with any Shari’a views, differences in opinion are possible. Potential investors should obtain their own independent Shari’a advice as to the compliance of the Transaction Documents and the issue and trading of a Series of Sukuk with their individual standards of compliance with Shari’a principles. Questions as to the Shari’a



permissibility of the structure or the issue and the trading of the Sukuk may limit the liquidity and adversely affect the market value of the Sukuk. See *“Investment Considerations – Investors must make their own determination as to Shari’a Compliance”*.

## CERTAIN DEFINITIONS

Unless otherwise specified or the context requires, references herein to **“U.S. dollars”** and **“U.S.\$”** are to the lawful currency of the United States, references to **“RM”**, **“Malaysian Ringgit”**, **“Ringgit”** and **“sen”** are to the lawful currency of Malaysia, references to **“Thai Baht”** are to the lawful currency of Thailand, references to **“Singapore dollars”** and **“S\$”** are to the lawful currency of Singapore, references to **“Sterling”** and **“£”** are to the lawful currency of the United Kingdom, references to **“CNY”**, **“RMB”** or **“Renminbi”** are to the lawful currency of The People’s Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan (**“PRC”**), references to **“Hong Kong Dollars”** or **“HK\$”** are to the lawful currency of the Hong Kong Special Administrative Region and references to **“EUR”**, **“euro”** and **“€”** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended.

For convenience only and unless otherwise noted, all translations from Malaysian Ringgit into U.S. dollars in this Offering Circular were made at the rate of RM3.058 to U.S.\$1.00. No representation is made that the Malaysian Ringgit amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

## FORWARD-LOOKING STATEMENTS

Each of the Trustee and the Bank has included statements in this Offering Circular which contain words or phrases such as **will, would, aim, aimed, is likely, are likely, believe, expect, expected to, will continue, anticipated, estimate, estimating, intend, plan, seeking to, future, objective, should, can, could, may**, and similar expressions or variations of such expressions, that are “forward-looking statements”. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Trustee’s or the Bank’s expectations with respect to, but not limited to, its ability to successfully implement its strategy, its ability to manage future levels of impaired and/or restructured assets, the adequacy of its provision for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings it is or becomes a party to, the future impact of new accounting standards, its ability to roll over its short-term funding sources and its exposure to operational, market, credit, interest rate and currency risks.

## STABILISATION

In connection with the issue of any Series of Sukuk, the Dealer or Dealers (if any) named as the stabilising manager(s) (the **“Stabilising Manager(s)”**) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over allot Sukuk or effect transactions with a view to supporting the market price of the Sukuk of the Series (as defined below) at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the Issue Date of the relevant Series of Sukuk and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant Series of Sukuk and 60 days after the date of the allotment of the relevant Series of Sukuk. Any stabilisation action must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## **KINGDOM OF SAUDI ARABIA NOTICE**

This Offering Circular may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the “Capital Market Authority”). The Capital Market Authority does not make any representations as to the accuracy or completeness of this Offering Circular, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Circular. Prospective purchasers of the Sukuk issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Sukuk. If a prospective purchaser does not understand the contents of this Offering Circular, he or she should consult an authorised financial adviser.

## **NOTICE TO BAHRAIN RESIDENTS**

A copy of this Offering Circular has been submitted and filed with the Central Bank of Bahrain. Filing of this Offering Circular with the Central Bank of Bahrain does not imply that any Bahraini legal or regulatory requirements have been complied with.

The Central Bank of Bahrain has not in any way considered the merits of the Sukuk to be offered for investment whether in or outside of the Kingdom of Bahrain. Neither the Central Bank of Bahrain nor the licensed exchange assumes responsibility for the accuracy and completeness of the statements and information contained in this Offering Circular and each expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this Offering Circular.

Each of the Trustee and the Bank accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of each of the Trustee and the Bank (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

## **NOTICE TO THE RESIDENTS OF QATAR**

This Offering Circular is not intended to constitute an offer, sale or delivery of the Sukuk under the laws of Qatar and has not been and will not be authorised by the Qatar Financial Markets Authority or the Qatar Central Bank. The Sukuk are not and will not be traded on the Qatar Exchange.

## **NOTICE TO UK RESIDENTS**

Any Sukuk to be issued under the Programme which do not constitute “alternative finance investment bonds” (“AFIBs”) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (the FSMA)) which has not been authorised, recognised or otherwise approved by the Financial Services Authority. Accordingly, this Offering Circular is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Offering Circular, any Pricing Supplement and any other marketing materials relating to the Sukuk is being addressed to, or directed at: (A) if the Sukuk are AFIBs and the distribution is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets

Act 2000 (Financial Promotion) Order 2005 (the “Financial Promotion Order”), (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Sukuk are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “Promotion of CISs Order”), (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Offering Circular, any Pricing Supplement or any other marketing materials in relation to the Sukuk.

Potential investors in the United Kingdom in any Sukuk which are Non-Regulatory AFIBs are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Sukuk and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme. Any individual intending to invest in any investment described in this Offering Circular should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

#### **NOTICE TO RESIDENTS OF MALAYSIA**

The Sukuk may not be offered for subscription or purchase and no invitation to subscribe for or purchase the Sukuk in Malaysia may be made, directly or indirectly, and this Offering Circular or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in 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 Market and Services Act, 2007 of Malaysia. The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or the Bank and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents (including those published or issued from time to time after the date hereof) shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the most recently audited annual financial statements of the Bank (together with the Auditor's reports prepared in connection therewith); and
- (b) all supplements or amendments to this Offering Circular circulated by the Trustee and the Bank from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

The full version of the Bank's annual reports which are published from time to time can be obtained from the Bank's website at [www.exim.com.my](http://www.exim.com.my).

The above website and any other websites referenced in this Offering Circular are intended as guides as to where other public information relating to the Bank may be obtained free of charge. Information appearing in such websites does not form part of this Offering Circular or any relevant Pricing Supplement and none of the Trustee, the Bank or any of their respective Directors, the Arrangers or the Dealers accept any responsibility whatsoever that any information, if available, is accurate and/or up to date. Such information, if available, should not form the basis of any investment decision by an investor to purchase or deal in the Sukuk.

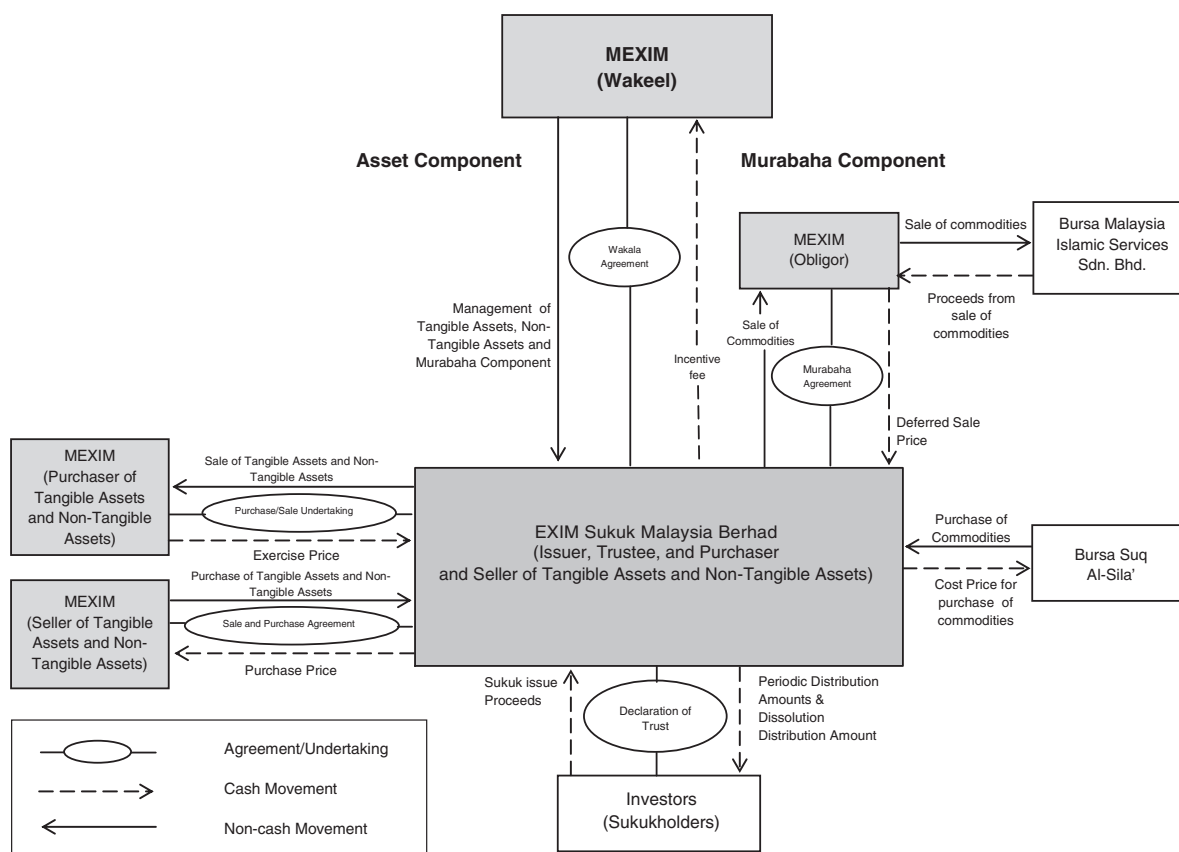
The Bank will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Bank at its office set out at the end of this Offering Circular. In addition, such documents will be available free of charge from the office of The Bank of New York Mellon, London Branch (the "**Principal Paying Agent**") at 40th Floor, One Canada Square, London E14 5AL, United Kingdom. Pricing Supplements relating to unlisted Sukuk will only be available for inspection by a holder of such Sukuk and such holder must produce evidence satisfactory to the Trustee, the Bank or the relevant paying agent (the "**Paying Agent**") as to its holding of such Sukuk and its identity.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

## STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series issued. Potential investors are referred to the Terms and Conditions of the Sukuk and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Offering Circular for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

### STRUCTURE DIAGRAM



### PRINCIPAL CASH FLOWS

#### Payments by the Sukukholders and the Trustee

On the issue date of a Series (the “**Issue Date**”), the Sukukholders will pay the issue price in respect of the Sukuk (the “**Issue Price**”) to the Trustee and the Trustee will use:

- the amount of the Issue Price specified in the applicable Pricing Supplement (the “**Tangible Asset Purchase Price**”), being at least 34 per cent. of the Issue Price, to pay to the Obligor (in its capacity as seller, the “**Seller**”) as the purchase price payable under the relevant Supplemental Purchase Agreement for the purchase of a portfolio of Tangible Assets from the Seller (or the relevant owner);
- the amount of the Issue Price specified in the applicable Pricing Supplement (the “**Non-Tangible Asset Purchase Price**”), being no more than 66 per cent. of the Issue Price:
  - to pay to the Obligor (as Seller) as the purchase price payable under the relevant Supplemental Purchase Agreement for the purchase of a portfolio of Non-Tangible Assets from the Seller (or the relevant owner); and/or

- (ii) to invest an amount (the “**Murabaha Investment Amount**”), pursuant to the Master Murabaha Agreement, in the purchase of Commodities from Bursa Suq Al-Sila’ (the “**Commodity Murabaha Investment**”) and to sell such Commodities to the Obligor (in its capacity as buyer, the “**Buyer**”) on a deferred payment basis for an amount specified in a letter of offer and acceptance (the “**Deferred Sale Price**”) pursuant to a murabaha contract (the “**Murabaha Contract**”),

and such Tangible Assets and (if applicable) Non-Tangible Assets (as may be substituted from time to time), all revenues from them which comprise amounts in the nature of sale, capital or principal payments and all other investments made in accordance with the Transaction Documents and (if applicable) the Commodity Murabaha Investment shall comprise a Wakala Venture in respect of such Series.

### ***Periodic Distribution Payments***

Prior to each Periodic Distribution Date, the Wakeel will record all revenues from the Tangible Assets, the Non-Tangible Assets and the Deferred Sale Price (or, if applicable, the Murabaha Indemnity Amount or the Wakala Indemnity Amount). By no later than the business day prior to each Periodic Distribution Date, the Wakeel shall pay to the Transaction Account from (i) revenues that are not in the nature of sale, capital or principal payments from the Tangible Assets and the Non-Tangible Assets and (ii) amounts paid by the Obligor as part of the Deferred Sale Price (or, if applicable, the Murabaha Indemnity Amount or the Wakala Indemnity Amount), an amount which, in aggregate, is intended to be sufficient to fund the Periodic Distribution Amounts payable by the Trustee under the Sukuk of the relevant Series (the “**Required Amount**”) on the relevant Periodic Distribution Date and shall be applied by the Trustee for that purpose.

If the returns generated by the relevant Wakala Venture are greater than the amount required to be paid by the Trustee on the Periodic Distribution Date, such excess returns shall be credited to a separate account by the Wakeel (such account, the “**Reserve Account**”). If the returns generated by the relevant Wakala Venture are insufficient to fund the amount required to be paid on the Periodic Distribution Date, the Wakeel shall deduct amounts standing to the credit of the Reserve Account towards such shortfall and, if such amounts standing to the credit of the Reserve Account are insufficient, the Wakeel may in its sole discretion provide to the Trustee Shari’a-compliant funding in an amount equal to the shortfall remaining (if any) (a “**Liquidity Facility**”).

### ***Dissolution Payments***

On the business day prior to the relevant Scheduled Dissolution Date in relation to each Series:

- (a) the final payment of the outstanding Deferred Sale Price or, if applicable, the outstanding Murabaha Indemnity Amount or Wakala Indemnity Amount (if any) shall be due and payable; and
- (b) the Trustee will have the right under the Purchase Undertaking to require the Obligor to purchase the Wakala Portfolio (together with all of the Trustee’s rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Portfolio) in consideration for payment by the Obligor of the Exercise Price,

such final payment and the Exercise Price payable by the Obligor under the Purchase Undertaking, are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Sukuk.

The Sukuk in relation to any Series may be redeemed in whole prior to the relevant Scheduled Dissolution Date for the following reasons: (i) redemption following a Dissolution Event, and (ii) an early redemption for tax reasons. In each case, the amounts payable by the Trustee on the due date for dissolution will be funded in the same manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date.

The Sukuk in relation to any Series may also be redeemed in whole or in part prior to the relevant Scheduled Dissolution Date for the following reasons: (i) if so specified in the applicable Pricing Supplement, at the option of the Sukukholders, (ii) if so specified in the applicable Pricing Supplement, following a Change of Control and (iii) if so specified in the applicable Pricing Supplement, at the option of the Obligor. Upon the exercise of such right, the Trustee shall redeem the relevant Sukuk for an amount equal to the sum of the face amounts of such Sukuk and the Periodic Distribution Amounts on such Sukuk (if any) accrued and unpaid to the date of redemption, together with any amounts specified in the relevant Pricing Supplement. Such redemption of the Sukuk will be funded in a similar manner to that described above for the payment of Periodic Distribution Amounts and the Dissolution Distribution Amount through (i) a proportionate amount of all amounts (current and future) of the outstanding Deferred Sale Price becoming immediately due and payable, and (ii) no greater than a proportionate amount of the Tangible Assets and Non-Tangible Assets being sold by the Trustee to the Obligor pursuant to the Purchase Undertaking or the Sale Undertaking at a purchase price such that the aggregate amounts received by the Trustee are sufficient to pay the amount payable in respect of the Sukuk being redeemed.

## GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Trustee may from time to time issue Sukuk denominated in any currency as set out herein. A summary of the terms and conditions of the Programme and the Sukuk appears below. The applicable terms of any Sukuk will be agreed between the Trustee, the Bank and the relevant Dealer prior to the issue of the Sukuk and will be set out in the Terms and Conditions of the Sukuk endorsed on, attached to, or incorporated by reference into, the Sukuk, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Sukuk, as more fully described under “*Summary of provisions relating to the Sukuk while in global form*”.

This Offering Circular and any supplement will only be valid for Sukuk issued under the Programme in an aggregate face amount which, when added to the aggregate face amount then outstanding of all Sukuk previously or simultaneously issued under the Programme, does not exceed U.S.\$1,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate face amount of Sukuk issued under the Programme from time to time the U.S. dollar equivalent of the face amount of Sukuk denominated in a currency other than U.S. dollars shall be determined on the basis of the spot rate for the sale of the U.S. dollar against the purchase of the relevant currency in the London foreign exchange market quoted by any leading bank selected by the Bank at any time selected by the Bank during the five day period ending on the Issue Date (as defined in “*Terms and Conditions of the Sukuk*”) relating to such Sukuk.



## SUMMARY OF THE PROGRAMME

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Series of Sukuk, the applicable Pricing Supplement. Words and expressions defined in “Summary of provisions relating to the Sukuk while in global form” and “Terms and Conditions of the Sukuk” shall have the same meanings in this summary.*

<b>Trustee</b> .....	EXIM Sukuk Malaysia Berhad (Company Registration Number: 1049534-H).
<b>Obligor</b> .....	Export-Import Bank of Malaysia Berhad (Company Registration Number: 357198-K).
<b>Description</b> .....	Multicurrency Sukuk Issuance Programme.
<b>Ownership of the Trustee</b> .....	The authorised share capital of the Trustee is RM2 consisting of 2 shares of RM1 each, of which 2 shares are fully paid up and issued. The Trustee’s entire issued share capital is held by TMF Trustees Malaysia Berhad on trust for charitable purposes.
<b>Administration of the Trustee</b> .	The affairs of the Trustee are managed by TMF Global Services (Malaysia) Sdn Bhd (Company No. 463543-D) (the “ <b>Trustee Administrator</b> ”), who will provide, amongst other things, certain administrative services for and on behalf of the Trustee pursuant to a Corporate Services Agreement dated on or about 27 September 2013 between the Trustee and the Trustee Administrator (the “ <b>Corporate Services Agreement</b> ”). The Trustee Administrator’s registered office is 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.
<b>Arrangers</b> .....	BNP Paribas Malaysia Berhad, CIMB Bank (L) Limited, HSBC Amanah Malaysia Berhad and Maybank Investment Bank Berhad.
<b>Dealers</b> .....	As at the date of this Offering Circular, BNP Paribas, Hong Kong Branch, CIMB Bank (L) Limited, The Hongkong and Shanghai Banking Corporation Limited and Maybank Investment Bank Berhad are the sole dealers appointed by the Trustee. Pursuant to the Dealer Agreement, the Trustee may from time to time appoint such other dealers either in respect of one or more Series or in respect of the whole Programme or terminate the appointment of any dealer under the Programme.
<b>Delegate</b> .....	The Bank of New York Mellon, London Branch. Pursuant to the Master Declaration of Trust, the Trustee shall delegate to the Delegate certain of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee by certain provisions of the Master Declaration of Trust. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or

secured and/or pre-funded to its satisfaction, be obliged to) take enforcement action in the name of the Trustee against the Trustee and the Obligor following a Dissolution Event.

**Registrar and Transfer Agent  
in respect of Sukuk other than  
CMU Sukuk . . . . .**

The Bank of New York Mellon (Luxembourg) S.A.

**Principal Paying Agent,  
Paying Agent and Calculation  
Agent in respect of Sukuk  
other than CMU Sukuk . . . . .**

The Bank of New York Mellon, London Branch.

**CMU Lodging and Paying  
Agent, Registrar, Transfer  
Agent and Calculation Agent  
in respect of CMU Sukuk . . . . .**

The Bank of New York Mellon, Hong Kong Branch.

**Certain Restrictions . . . . .**

Each issue of Sukuk denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*”) including the following restrictions applicable at the date of this Offering Circular: the United States, the United Kingdom, the Public Offer Selling Restriction under the Prospectus Directive (in respect of Sukuk having a specified denomination of less than EUR100,000 or its equivalent in any other currency as at the date of issue of the Sukuk), Japan, Hong Kong, Singapore, PRC, Malaysia, the DIFC, The Kingdom of Saudi Arabia, The Kingdom of Bahrain, Qatar (excluding the Qatar Financial Centre), the United Arab Emirates (excluding the DIFC) and such other restrictions as may be required in connection with a particular issue of Sukuk. See “*Subscription and Sale*”.

**Joint Principal Advisers . . . . .**

For the purposes of submission to the Securities Commission Malaysia in respect of the Programme – BNP Paribas Malaysia Berhad, CIMB Investment Bank Berhad, HSBC Amanah Malaysia Berhad and Maybank Investment Bank Berhad.

**Programme Size . . . . .**

Up to U.S.\$1,000,000,000 (or its equivalent in other currencies outstanding at any time. The Bank may increase the amount of the Programme in accordance with the terms of the Dealer Agreement subject to the necessary regulatory approvals (if any) having been obtained.

**Distribution . . . . .**

Sukuk may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

<b>Currencies</b> . . . . .	Subject to compliance with all applicable laws, regulations and directives, Sukuk may be issued in any currency as may be agreed between the Trustee, the Bank and the relevant Dealer.
<b>Specified Denomination</b> . . . . .	Sukuk will be issued in such denominations as may be agreed between the Trustee, the Bank and the relevant Dealer save that the minimum denomination of each Sukuk will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency provided that the minimum denomination of each Sukuk admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR100,000 (or if the Sukuk are issued in a currency other than euro, the equivalent amount in such currency). For the purposes of the foregoing, “ <b>Prospectus Directive</b> ” means Article 5.4 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area.
<b>Maturities</b> . . . . .	Such maturities as may be agreed between the Trustee, the Bank and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the SC or the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee, the Bank or the relevant Specified Currency.
<b>Issue Price</b> . . . . .	Sukuk may only be issued on a fully-paid basis and at an issue price which is at par.
<b>Form of the Sukuk</b> . . . . .	The Sukuk will be issued in registered form.
<b>Initial Delivery of Sukuk</b> . . . . .	<p>On or before the Issue Date for each Series, the Global Certificate representing the Sukuk may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or deposited with a sub-custodian for the HKMA as operator of the CMU.</p> <p>Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system <b>provided that</b> the method of such delivery has been agreed in advance by the Trustee, the Bank, the Principal Paying Agent and the relevant Dealer and, if applicable, the CMU Lodging and Paying Agent. Sukuk that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.</p>
<b>Method of Issue</b> . . . . .	The Sukuk will be issued in series (each a “ <b>Series</b> ”), the Sukuk of each Series being intended to be interchangeable with all other Sukuk of that Series.

<b>Status of the Sukuk</b> . . . . .	<p>The Sukuk represent an undivided ownership interest in the relevant Trust Assets (as defined below) and are limited recourse obligations of the Trustee. Each Sukuk will constitute unsecured obligations of the Trustee and shall at all times rank <i>pari passu</i> and without any preference or priority with all other Sukuk of the relevant Series. The payment obligations of the Obligor (in any capacity) under the Transaction Documents shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6(b) (<i>Obligor Negative Pledge</i>), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Obligor, present and future. In respect of each Series, the Trustee shall hold the relevant Trust Assets for such Series upon trust absolutely for and on behalf of the Sukukholders of such Series <i>pro rata</i> according to the face amount of Sukuk held by each holder of the relevant Series of Sukuk. The “<b>Trust Assets</b>” of the relevant Series will comprise (i) the interests rights, title, benefits and entitlements, present and future of the Trustee in and to the Wakala Venture from time to time (excluding any representations given by the Obligor to the Trustee and/or the Delegate under any documents constituting the Wakala Venture from time to time); (ii) the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to Clause 17.1 of the Master Declaration of Trust); (iii) all moneys standing to the credit of the Transaction Account from time to time; (iv) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under any other assets, rights, cash or investments as may be specified in the relevant Pricing Supplement, and all proceeds of the foregoing.</p>
<b>Limited Recourse</b> . . . . .	<p>The Sukuk represent limited recourse obligations of the Trustee. No payment of any amount whatsoever shall be made in respect of the Sukuk except to the extent that funds are available therefor from the relevant Trust Assets. Sukukholders will otherwise have no recourse to any assets of the Trustee or the Bank in respect of any shortfall in the expected amounts due under the relevant Trust Assets to the extent that the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished. See Condition 4(b) (<i>Limited Recourse and Agreement of Sukukholders</i>).</p>

<b>Scheduled Dissolution . . . . .</b>	Unless the Sukuk are previously redeemed or purchased and cancelled in full, each Sukuk shall be finally redeemed at its Dissolution Distribution Amount and the Trust in relation to the relevant Series shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Pricing Supplement.
<b>Dissolution Events . . . . .</b>	Upon the occurrence and continuation of any Dissolution Event and following delivery of a Dissolution Notice in accordance with Condition 12 ( <i>Dissolution Events</i> ), the Sukuk shall be redeemed in full at the Dissolution Distribution Amount and the Trust in relation to the relevant Series shall be dissolved by the Trustee on the Dissolution Event Redemption Date. See Condition 12 ( <i>Dissolution Events</i> ).
<b>Early Dissolution for Tax Reasons . . . . .</b>	Where the Trustee has or will become obliged to pay any additional amounts in respect of the Sukuk pursuant to Condition 10 ( <i>Taxation</i> ) or the Obligor has or will become obliged to pay any additional amounts pursuant to a Transaction Document, in each case as a result of a change in, or amendment to, the laws or regulations of Malaysia or a 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 date on which agreement is reached to issue the relevant Series of Sukuk, and such obligation cannot be avoided by the Trustee or the Obligor (as the case may be) taking reasonable measures available to it, the Trustee may, following receipt of an exercise notice from the Obligor under the Sale Undertaking and on giving not less than 30 nor more than 60 days' notice to Sukukholders (which notice shall be irrevocable), redeem the Sukuk in whole but not in part at an amount equal to the relevant Dissolution Distribution Amount on the Early Tax Dissolution Date subject to and in accordance with Condition 8(b) ( <i>Early Dissolution for Taxation Reasons</i> ), and if the Sukuk to be redeemed is a Floating Rate Sukuk, the Early Tax Dissolution Date must be a Periodic Distribution Date.
<b>Dissolution at the Option of the Obligor (Optional Dissolution Right) . . . . .</b>	If so specified in the applicable Pricing Supplement, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than 15 nor more than 30 days' irrevocable notice to the Sukukholders (or such other notice period as may be specified in the applicable Pricing Supplement) redeem all or, if so provided, some of the Sukuk on any Optional Dissolution Date subject to and in accordance with Condition 8(c) ( <i>Dissolution at the Option of the Trustee (Optional Dissolution Right)</i> ). Any such redemption of Sukuk shall be at their Optional Dissolution Distribution Amount.



<b>Dissolution at the Option of Sukukholders (Sukukholder Put Right) . . . . .</b>	If so specified in the applicable Pricing Supplement, the Trustee shall, at the option of the holder of any such Sukuk, upon the holder of such Sukuk giving not less than 15 nor more than 30 days' notice to the Trustee (or such other notice period as may be specified in the applicable Pricing Supplement) redeem such Sukuk on the Sukukholder Put Right Date(s) at its Dissolution Distribution Amount subject to and in accordance with Condition 8(d) ( <i>Dissolution at the Option of Sukukholders (Sukukholder Put Right)</i> ).
<b>Dissolution of the Option of Sukukholders (Change of Control Put Right) . . . . .</b>	If so specified in the applicable Pricing Supplement and a Change of Control occurs, and provided that Sukukholders elect to redeem their Sukuk in accordance with Condition 8(e) ( <i>Dissolution at the Option of the Sukukholders (Change of Control Put Right)</i> ), the Trustee shall redeem such Sukuk on the Change of Control Put Right Date at the Dissolution Distribution Amount. " <b>Change of Control</b> " means the Bank ceasing to be wholly owned by the Government of Malaysia (the " <b>Government</b> "), either through the Minister of Finance (Incorporated) or any other ministry, agency or body of the Government.
<b>Purchase and Cancellation . . . . .</b>	Pursuant to Condition 8(g) ( <i>Purchases</i> ), each of the Obligor and the Obligor's Subsidiaries may at any time purchase Sukuk in the open market or otherwise at any price. Pursuant to Condition 8(h) ( <i>Cancellation</i> ), Sukuk purchased by or on behalf of the Obligor or any of the Obligor's Subsidiaries may be surrendered for cancellation in accordance with the terms of the Declaration of Trust, the Sale Undertaking and the Agency Agreement. Any Sukuk so surrendered for cancellation may not be reissued or resold and the obligations of the Trustee in respect of any such Sukuk shall be discharged.
<b>Asset Substitution . . . . .</b>	The Wakeel may substitute Wakala Assets in accordance with the relevant provisions of the Wakala Agreement and the Substitution Undertaking provided that the aggregate value of any new assets is equal to or greater than the aggregate value of the substituted assets.
<b>Clearing Systems . . . . .</b>	Euroclear, Clearstream, Luxembourg, the CMU and, in relation to any Series, such other clearing system as may be agreed between the Trustee, the Bank, the Principal Paying Agent and the relevant Dealer.
<b>Withholding tax . . . . .</b>	All payments by or on behalf of the Trustee in respect of the Sukuk shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Sukukholders of such amount as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as set out in

Condition 10 (*Taxation*). The Obligor has undertaken in the Wakala Agreement to pay to the Trustee such additional amounts so that the full amount that would otherwise have been due and payable under the Sukuk is received by the Trustee. All payments by the Obligor (in any capacity) under the Purchase Undertaking, the Sale Undertaking, the Wakala Agreement and the Master Murabaha Agreement shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or within Malaysia or any authority therein or thereof having power to tax unless such withholding or deduction is required by law. In that event, the Obligor has agreed to pay such additional amounts so that the Trustee will receive the full amounts that it would have received in the absence of such withholding or deduction.

**Trustee Covenants** . . . . . The Trustee has agreed to certain restrictive covenants as set out in Condition 6(a) (*Trustee Covenants*).

**Ratings**. . . . . The Programme has been rated A3 by Moody's Investors Service Limited, A- by Fitch Ratings Ltd and  $A_{2(s)}$  by RAM Rating Services Berhad.

Each Series of Sukuk issued under the Programme may be rated or unrated. When a Series of Sukuk is rated, its rating will be specified in the relevant Pricing Supplement and its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing** . . . . . Approval in-principle has been obtained from the LFX for the listing of, and permission to deal in, the Sukuk.

Approval in-principle has also been obtained from the SGX-ST for permission to deal in, and for quotation of, any Sukuk which are agreed at the time of issue to be so listed on the SGX-ST. There is no assurance that the application to the SGX-ST will be approved. For so long as any Sukuk are listed on the SGX-ST and the rules of the SGX-ST so require, such Sukuk will be traded on the SGX-ST in a minimum board lot size of S\$200,000 or its equivalent in other currencies. Unlisted Series of Sukuk may also be issued pursuant to the Programme.

The Sukuk may also be listed on such other or further stock exchange(s) as may be agreed between the Trustee, the Bank and the relevant Dealer in relation to each Series of Sukuk.

The Pricing Supplement relating to each Series of Sukuk will state whether or not the Sukuk of such Series will be listed on any stock exchange(s) and, if so, on which stock exchange(s) the Sukuk are to be listed.

<b>Waiver of Immunity</b> . . . . .	The Trustee and the Obligor have irrevocably agreed that no immunity (to the extent that it may now or hereafter exist, whether on the grounds of sovereignty or otherwise) from any proceedings or from execution of judgment shall be claimed by or on behalf of them or with respect to their respective assets, any such immunity being irrevocably waived by the Trustee and the Obligor, and the Trustee and the Obligor have irrevocably consented generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with any such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such Proceedings.
<b>Governing Law</b> . . . . .	The Master Declaration of Trust, the Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Substitution Undertaking and the Master Murabaha Agreement are governed by English law. The Master Purchase Agreement and the Wakala Agreement are governed by Malaysian law.
<b>Transaction Documents</b> . . . . .	The Transaction Documents comprise the relevant Sukuk, the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the Agency Agreement, the Master Purchase Agreement, the Sale Undertaking, the Purchase Undertaking, the Substitution Undertaking, the Wakala Agreement, the Master Murabaha Agreement and any additional documents specified in the applicable Pricing Supplement.

## INVESTMENT CONSIDERATIONS

*Each investor should carefully consider the following investment considerations as well as the other information contained in this Offering Circular prior to making an investment in the Sukuk. In making an investment decision, each investor must rely on its own examination of the Trustee, the Bank and the terms of the offering of the Sukuk, including the merits and risks involved. The risks described below are not the only ones that may affect the Sukuk. Additional risks not currently known to the Trustee and the Bank or factors that the Trustee and the Bank currently deem immaterial may also adversely affect the Trustee's or the Bank's business, financial condition and results of operations.*

### **Considerations relating to the Trustee**

#### ***The Trustee has no operating history and must rely on payments by the Bank***

The Trustee is a newly formed entity and has no operating history. The Trustee will not engage in any business activity other than the issuance of the Sukuk, the acquisition of the Trust Assets as described herein, acting in the capacity as Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee's only material assets, which will be held on trust for Sukukholders, will be the Trust Assets, including the Trustee's interests and rights in the Wakala Venture and payments from the Bank under the Transaction Documents. Therefore, the Trustee is subject to all the risks to which the Bank is subject to the extent that such risks could limit the Bank's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents and the risks relating to the operation of the Wakala Venture. Investors should therefore carefully review the "*Considerations relating to the Bank*" and "*Considerations relating to the Wakala Venture*" below.

The ability of the Trustee to pay amounts due on the Sukuk will primarily be dependent upon receipt by the Trustee of profits from the Wakala Venture and payments from the Bank under the Transaction Documents. In the event of any shortfall in such amounts, the ability of the Trustee to meet its payment obligations under the Sukuk may be adversely affected.

### **Considerations relating to the Bank**

#### ***The business of lending carries the risk of default by borrowers***

Any lending activity is exposed to credit risk arising from the risk of default by borrowers. As at 31 December 2012, 19.2 per cent. of the Bank's total gross loan assets were classified as impaired assets (the "**Impaired Assets**"). Loan-related provisions remain a threat to the Bank's earnings. See "*Asset Quality – Profile of Impaired Assets*".

The Bank's ratio of Impaired Assets to its gross loan assets has declined recently and the Bank has made increased efforts to tighten its credit appraisal systems, credit risk monitoring and management systems and to improve the recovery on existing Impaired Assets. However, while the gross Impaired Assets ratio including the Government's Export Credit Refinancing ("**ECR**") initiative has fallen to 19.2 per cent. as of 31 December 2012, the gross Impaired Assets ratio excluding the ECR remained at 22.2 per cent. as at the same date. Further, there is no assurance that the Bank will continue to be successful in its efforts to reduce levels of Impaired Assets, either including or excluding ECR, or that the overall quality of its loan portfolio will not deteriorate in the future. Furthermore, as of 31 December 2012, the Bank had restructured standard assets amounting to RM160.2 million, which could potentially become Impaired Assets in the future. Although this issue is partially mitigated by the Bank's capitalisation and the Bank has increased its focus on addressing the deteriorating asset quality of some of its loans to improve its risk situation, if the Bank is not able to continue to reduce its existing Impaired Assets, or if there is

a significant increase in the amount of new loans classified as Impaired Assets, the Bank's overall asset quality is likely to deteriorate, its provisioning for probable losses will increase and its business, future financial performance and the trading price of the Sukuk could be adversely affected.

***Significant fraud, or security breaches could materially and adversely impact the Bank's business***

Operational risks and losses can result from fraud, error by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules. Although the Bank has implemented risk control measures through its credit process systems and its existing risk management framework which has, to the some extent, addressed credit, market and operational risk issues, there can be no assurance that such measures will continue to be successful.

A significant fraud or failure in security measures could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects. If there is material non-compliance with its credit risk management policies, the Bank could be required to make additional provisions and write-offs, which may adversely affect its business, financial condition and results of operations. In addition, the Bank's reputation could be adversely affected by significant frauds committed by employees, customers or other third parties. See "*Risk Management*" for a description of the Bank's exposure to operational risks.

***The Government is not under an obligation to provide the Bank with capital support***

The Bank is a development financial institution ("DFI") with 2,708,665,282 ordinary shares and one redeemable preference share held by Minister of Finance (Incorporated) ("MOF Inc."), and one ordinary share held by Malaysia's Federal Lands Commissioner. See "*Capitalisation of the Bank*". The Bank's credit ratings and the financial covenants in its financing agreements are dependent on maintaining its current ownership structure. While the Bank believes that it has a good relationship with the Government of Malaysia (the "Government") and Bank Negara Malaysia ("BNM"), there is no formal undertaking or guarantee from the Government to support the Bank. Any change of ownership or control or deterioration in the relationship between the Bank and the Government or BNM could adversely affect the Bank's business, its future financial performance and the trading price of the Sukuk.

***The success of any long-term project finance cannot be guaranteed***

Long-term project finance assistance, which is mainly delivered as overseas project financing facilities, forms a majority of the Bank's asset portfolio and amounted to RM2.2 billion, representing 52 per cent. of the Bank's total gross loan portfolio with ECR debtors, as at 31 December 2012. The viability of these projects depends upon a number of factors, including completion risk, market demand, the Government's policies and the overall economic environment in Malaysia and international markets, in particular, countries in which the projects are located. The Bank cannot be certain that these projects will perform as anticipated. Over the last few years, a number of loans in the Bank's project finance loan portfolio have been recorded as Impaired Assets. Approximately RM545 million and RM195 million of project finance loans were recorded as new Impaired Assets in 2010 and 2011, respectively, although none of the project finance loans were recorded as new Impaired Assets in 2012.

If a substantial portion of the Bank's current project finance loans were to become impaired, the quality of the Bank's loan portfolio could be adversely affected. Further, if the Bank's project finance portfolio significantly increases, the risk profile of the Bank's overall loan portfolio may be



adversely affected. In addition, there is no assurance that any future credit losses on account of its project finance loans would not have an adverse effect on the Bank's profitability, its future performance and the trading price of the Sukuk.

***The Bank has significant exposure to the credit risk of certain borrowers. If a substantial portion of these loans were to become impaired, the asset quality of the Bank's loan portfolio could be adversely affected***

As at 31 December 2012, the Bank's exposure to credit risk arising from its outstanding gross loans, advances and financing made to customers and amounts due from ECR debtors ("**Credit Exposure**") was RM4.2 billion. As at the same date, the aggregate loans, advances and financing made to the Bank's top 10 borrowers accounted for approximately 17.2 per cent. of the Bank's Credit Exposure. Credit losses on account of these exposures could affect the Bank's future performance, financial condition and the trading price of the Sukuk. If the loans to these borrowers were to become impaired, this could adversely affect the Bank's future financial performance and the trading price of the Sukuk.

***The Bank has exposure to certain industries in its loan portfolio***

The Bank has a particular concentration of loans and greater exposure to the mining, manufacturing and construction industries as Malaysian companies have traditionally been competitive in these areas. As at 31 December 2012, the mining and manufacturing sectors accounted for 21 per cent. of the Bank's Credit Exposure while the construction sector accounted for 27 per cent. of the Bank's Credit Exposure. If any unforeseen circumstances occur and Malaysian companies are involved in fewer mining, manufacturing and construction projects in the future, demand for loans from the Bank could decrease accordingly and this may materially adversely affect the Bank's business, results of operations and financial condition. See "*Description of the Bank – Business of the Bank*".

As a result of the concentration of loans to the mining, manufacturing and construction industries, the Bank is exposed to risks that commonly affect these industries, for example an increase in commodity prices. The occurrence of any such event could affect the business and financial condition of companies within those sectors and hence their ability to repay the loans to the Bank, which could have a materially detrimental effect on the business, results of operations and financial condition of the Bank.

***The Bank's loan allowance may prove inadequate***

The Bank maintains a level of loan allowance that it deems sufficient to absorb the estimated credit losses inherent in its loan portfolio. However, there can be no assurance that the Bank's credit and provisioning policies will be adequate in relation to such risks and this in turn may have an adverse effect on the Bank's business, financial condition, results of operations and prospects.

***The Bank engages in limited activities relating to certain countries and geographical areas which are or may become subject to sanctions under relevant laws and regulations of the United States and other jurisdictions***

The U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") enforces certain laws and regulations ("**OFAC Sanctions**") that impose restrictions upon U.S. persons with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of OFAC Sanctions. Even though non-U.S. persons are not directly bound by OFAC Sanctions, in recent years OFAC has asserted that such non-U.S. persons can be held liable if they "cause" violations by U.S. persons by engaging in transactions completed in part in the United States (such as, for example, wiring an international payment that clears through a bank branch in New York). The European Union (the "**E.U.**") also enforces certain laws and regulations

(“**E.U. Sanctions**”) that impose restrictions upon nationals and entities of, and business conducted in, E.U. member states with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of E.U. Sanctions. The United Nations Security Council and other governmental entities also impose similar sanctions.

The Bank has in the past made loans or guarantees in respect of projects in Syria and Sudan, each of which countries are the subject of OFAC Sanctions and E.U. Sanctions. Although the projects in Syria and Sudan were completed in 2010, the Bank’s reputation, financial condition, future performance and the trading price of the Sukuk could be adversely affected if the U.S. government or the E.U. were to determine that any of its operations, such as the projects in Syria or Sudan, violated OFAC Sanctions or E.U. Sanctions and the Bank is unable to resolve the U.S. government’s or E.U.’s concerns, or if any other government were to determine that the Bank’s activities violate those applicable sanctions of other countries.

***The Bank is exposed to liquidity risk arising out of maturity mismatches***

The Bank’s debt maturities are staggered, with 33.0 per cent. of its debt having a maturity of more than five years. The Bank’s main funding sources are bank loans from other financial institutions and borrowings from the issuance of debt securities in the wholesale capital markets (see “*Capitalisation of the Bank*” below). A significant change in this funding profile or mismatch in the maturity profile of the Bank’s assets and liabilities may adversely affect its future performance and financial results and the trading price of the Sukuk.

***The Bank has contingent liabilities***

As at 31 December 2012, the Bank has contingent liabilities of approximately RM3.8 billion on account of guarantees, letters of credit, outstanding forward exchange contracts, claims arising from the Bank’s credit insurance products and services, claims against the Bank not acknowledged as debt and disputed tax and legal claims and operational capital commitments. If the Bank’s contingent liabilities crystallise, this may have an adverse effect on the Bank’s future financial performance and the trading price of the Sukuk.

***Risks associated with the trade credit insurance business***

The Bank’s trade credit insurance business, which includes selling cover to Malaysian entities venturing overseas, also carries commercial and political risks. The Bank employs stringent internal guidelines on underwriting and further mitigates its risks by reinsuring the insured amount with foreign insurers. Thus, the risk involving trade credit insurance as a whole is mitigated by carrying out stringent checks on the relevant buyers as well as through reinsurance. Nevertheless, there can be no assurance that the Bank’s guidelines will be effective in all situations. Furthermore, the availability, amount and cost of reinsurance depends on general market conditions and may vary significantly. The Bank may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect the ability to underwrite future business. The Bank may experience an increased incidence of claims that could affect the current and future profitability of the insurance business and a prolonged economic recession could result in lower sales figures in the future. Any potential claim arising from underwriting policies will expose the Bank to possible losses. Insurance risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrence or other matters that is publicly available or otherwise accessible to the Bank. This information may not always be accurate, complete, up-to-date or properly evaluated. The occurrence of a natural or man-made catastrophe could also result in losses for the Bank.

***Certain covenants relating to the borrowings of the Bank are restrictive***

Certain of the agreements relating to the borrowings of the Bank contain restrictive covenants which preclude the Bank from undertaking any form of transfer of assets, merger or consolidation without the consent of the relevant lenders. Further, certain covenants also require the Government to hold a specified percentage of shareholding in the Bank. Although the covenants in these agreements generally include carve outs for the normal business arrangements of the Bank, a breach of any covenants without such a carve out may constitute an event of default triggering acceleration of the loan and the cross-default provisions under the various loan agreements. Any event which may result in the acceleration and prepayment of the facilities granted under the loan agreements prior to their maturity may have an adverse effect on the financial condition and future performance of the Bank and the trading price of the Sukuk.

***The Bank depends on the recruitment and retention of qualified personnel and any failure to attract and retain such personnel could affect the Bank's business***

The Bank's success depends on the ability and experience of its directors, senior management and other key employees. Competition for qualified personnel is intense and the Bank may not be successful in attracting or retaining qualified personnel. The loss of any director, senior management personnel or key employees, the Bank's inability to recruit or to attract qualified and adequately trained employees or any delay in hiring key personnel could affect the Bank's ability to operate its business or to compete effectively. As part of its overall strategy, the Bank has a programme in place to train its employees in the products offered by the Bank and the systems and processes related to the Bank's business. If the training programme is insufficient or fails to prepare employees appropriately, then this could also affect the Bank's ability to operate its business or to compete effectively and may have an adverse effect on the financial condition and future performance of the Bank.

***The Bank's risk management policies and procedures may leave the Bank exposed to unidentified or unanticipated risks, which could negatively affect business or result in losses***

The Bank continues to improve and strengthen its risk management framework and practice. Nevertheless, the Bank's risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events and the Bank's policies and procedures may not be fully effective in this respect.

***Developments in Asia may negatively impact the Bank and affect the Bank's ability to make payments due under the Sukuk***

In mid-1997, following the substantial depreciation of the Thai Baht, many countries in Asia, including Malaysia, experienced a significant economic downturn and related economic, financial and social difficulties. As a result of the decline in value of a number of the region's currencies, many Asian governments and companies had difficulty in servicing foreign currency-denominated debt and many corporate customers defaulted on their debt repayments. As the economic crisis spread across the region, governments raised interest rates to defend weakening currencies, which adversely impacted domestic growth rates. In addition, liquidity was substantially reduced as foreign investors withdrew or reduced investment in the region and banks in the region

restricted additional lending activity. The currency fluctuations, as well as higher interest rates and other factors, had materially and adversely affected the economies of many countries in Asia. While Asia still accounts for the major share of Malaysia's total trade, adverse economic developments in Asia could recur in future and could have an adverse effect on Malaysia and its economy and consequently on the Bank's business, financial condition and results of operations, given that trade with Asia accounts for 71.7 per cent. of Malaysia's total trade in 2012. In addition, other adverse changes in trends or a general economic slowdown as a result of changes in labour costs, inflation, interest rates, taxation or other political or economic developments in Malaysia could adversely affect the business, financial condition and results of operations of the Bank and ultimately the ability of the Bank to make the payments due under the Sukuk. See "*Risk Management*".

***Global or regional developments may have a material adverse impact on the Bank***

Exports play an important role in driving Malaysia's economic growth, as demonstrated by the consistently high percentage of exports/gross domestic product for the economy over the past decade. The Ministry of International Trade and Industry, Malaysia ("**MITI**") announced in February 2013 that Malaysian exports grew to RM702.2 billion in 2012, an increase of 0.6 per cent. on the previous year. The Bank is expected to play an important role in Malaysia's "New Economic Plan" through its central role in promoting exports. The Bank's largest and second largest geographic exposures are to East Asia and South Asia which accounts for 30.6 per cent. and 12.6 per cent. of its combined on-and off-balance sheet credit exposure as of 31 December 2012, respectively. Although the world economy and financial markets rebounded in 2010 from the global financial crisis and the recession in 2008 and 2009 with signs of steady growth momentum in early-2011, the growth performance differs markedly across the regions and market conditions deteriorated in the second half of 2011 and in 2012. As at the date of this Offering Circular, the global economy has yet to return to its pre-crisis growth path and recovery in global output remains small. The effects of the financial crisis and global recession continue to be felt.

The Malaysian economy is influenced by the global economic and market conditions, including, but not limited to, the conditions in the United States, in Europe and in certain emerging market countries. The global financial, credit and currency markets have, since the second half of 2008, experienced, and may continue to experience substantial dislocations, liquidity disruptions and market corrections. These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States and global credit and financial markets.

The conditions in the global economy remain uncertain and recovery is likely to be slow, as predicted by the International Monetary Fund, World Bank and other organisations. High levels of debt in advanced economies are a key risk to economic recovery. A worsening debt situation in the United States or Europe or any other country may adversely impact the global economy. In the latest Federal Open Market Committee ("**FOMC**") statement delivered on 19 September 2013, the Federal Reserve chose to delay the tapering of its Quantitative Easing Programme due to the mixed economic data, low inflation, tighter financial conditions and near-term fiscal policy risks. In assessing the outlook for growth, unemployment, and inflation in the near term, the Federal Reserve also emphasised the risks posed by federal fiscal policy in the near term. Negotiations are underway in Washington over the required legislation for the financial year 2014 budget starting in October 2013 and the need to raise the Treasury debt limit. A failure to agree on the budget or to increase the debt limit could cause economic and financial market disruptions.

Given these economic circumstances the Bank has been focusing on business partners in countries with which the Bank is more familiar. However, there is no assurance that such economic problems will not persist or that financial instability or significant loss of investor confidence may not recur in the future. Any such widespread financial instability or a significant

loss of investor confidence may materially and adversely affect the Malaysian economy, which could likewise affect the Bank's business, financial condition, results of operations and ultimately the ability of the Bank to make the payments due under the Sukuk.

#### ***Limitations on development of Islamic financing business***

The Bank aims to increase the scale of its Islamic financing business significantly in the next few years. However, the Bank may encounter certain difficulties in developing its Islamic financing business in some of its target countries. For instance, tax or other regulatory issues may exist in some countries which make it less economic to conduct business in a Shari'a-compliant manner. Furthermore, interpretations of Shari'a may be slightly different in certain jurisdictions, which may make some of the Bank's Islamic products less attractive to potential customers in such jurisdictions. The presence of any such tax or regulatory issues or differences in the interpretation of Shari'a in such jurisdictions could have an impact on the ability of the Bank to grow its business in such jurisdictions in accordance with its growth strategy. Although a number of jurisdictions have introduced, or are in the course of introducing, legislation to accommodate Islamic financing by removing some of these obstacles, there may be jurisdictions in which the Bank seeks to operate but in which some of these issues still remain. The presence of any such issues may hinder the rate of growth of the Bank's Islamic financing strategy, which may adversely affect the Bank's business, financial condition, results of operations and prospects.

#### ***A decline in the value of the collateral securing the Bank's loans and its inability to realise full collateral value may adversely affect the Bank's credit portfolio***

As of 31 December 2012, approximately 70 per cent. of the Bank's outstanding loans were secured by real estate, properties and machinery located in five countries including Malaysia, the values of which may fluctuate or decline due to factors such as developments affecting the economies of such countries and the respective governments' initiatives to curb real estate speculation. The Bank cannot assure investors that collateral values will not decline in the future, in particular as a result of adverse domestic and global economic conditions and various government measures, or that they will be sufficient to cover amounts that cannot be collected in respect of its secured loans. Any future declines in the value of the Bank's collateral or inability to obtain additional collateral may require the Bank to reclassify the relevant loans and take additional loan loss provisions.

#### **Considerations relating to Malaysia**

##### ***Malaysian Ringgit may be subject to exchange rate fluctuations***

BNM has in the past intervened in the foreign exchange market to stabilise the Ringgit, and had, on 2 September 1998, maintained a fixed exchange rate of RM3.80 to U.S.\$1.00. Subsequently on 21 July 2005, BNM adopted a managed float system for the Ringgit exchange rate, which benchmarked the Ringgit to a currency basket to ensure that the Ringgit remains close to its fair value. However, there can be no assurance that BNM will, or would be able to intervene in the foreign exchange market in the future or that any such intervention or fixed exchange rate would be effective in achieving the objective of BNM's policy. The Bank revalues its foreign currency borrowings and assets on its balance sheet to account for changes in currency rates and recognises the resulting gains or losses in its income statement.

As a result, fluctuations in the value of the Ringgit against other currencies can have a direct effect on the Bank's results of operations and may adversely affect the Bank's business, financial condition, results of operations and prospects.



***Developments in the social, political, regulatory and economic environment in Malaysia may have a material adverse impact on the Bank***

The Bank's business, prospects, financial condition and results of operations may be adversely affected by social, political, regulatory and economic developments in Malaysia. Such political and economic uncertainties include, but are not limited to, the risks of war, terrorism, nationalism, nullification of contracts, changes in interest rates and imposition of capital controls and methods of taxation. For additional information on the Government, economic policies and performance, financial system and exchange control policies of Malaysia, see "*Regulation and Supervision*".

Negative developments in Malaysia's socio-political environment may adversely affect the business, financial condition, results of operations and prospects of the Bank. The Malaysian economy registered a growth of 4.3 per cent. in the second quarter of 2013, driven by domestic demand amid slowing external demand. Although the overall Malaysian economic environment (in which the Bank predominantly operates) appears to be positive, there can be no assurance that this will continue to prevail in the future.

***The Government does not guarantee the Sukuk***

Although the Bank is jointly owned by MOF Inc. and the Federal Lands Commissioner and the Government has provided financial resources at times when the Bank's credit profile deteriorated, neither the Sukuk nor the Bank's obligations under the Transaction Documents are guaranteed by the Government. The Government does not guarantee the obligations of the Bank under the Transaction Documents nor the Issuer's obligations under the Sukuk.

***Outbreaks of infectious diseases in Asia and elsewhere could adversely affect the Bank's business, financial condition, results of operations or prospects***

The outbreak or re-emergence of an infectious disease such as Influenza A (H1N1 and H5N1), avian influenza or Severe Acute Respiratory Syndrome in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia. The World Health Organisation ("**WHO**") and other agencies issue warnings of a potential avian influenza pandemic if there are sustained human-to-human transmissions or concerns of future possible outbreaks (including, for example, the announcement by the WHO in April 2013 regarding the detection of the Influenza (H7N9) virus). There can be no assurance that any precautionary measures taken against infectious diseases would be effective. Such outbreaks or the perception that an outbreak may occur could thereby adversely impact the Issuer's business, financial condition and results of operations.

***Considerations relating to Malaysian Banking Industry Regulatory Environment***

The Bank is regulated and supervised under the Development Financial Institutions Act 2002 (the "**DFIA**") and BNM respectively and is also subject to relevant banking, securities and other laws of Malaysia. These differ in certain material respects from those in effect in certain other countries. BNM has extensive powers to regulate Malaysian development financial institutions under DFIA. This includes the power to establish caps on lending to certain sectors of the Malaysian economy. BNM also has broad investigative and enforcement powers. Accordingly, potential investors should be aware that BNM could, in the future, restrict credit in a way which may be adverse to the operations, financial condition or asset quality of banks and financial institutions in Malaysia, including the Bank, and may otherwise significantly restrict the activities of the Bank and development of Malaysian financial institutions generally.

***Certain foreign judgments may not be enforceable against the Trustee or the Bank in Malaysia***

Foreign judgments obtained in the superior courts of reciprocating countries as listed in the First Schedule of the Reciprocal Enforcement of Judgment Act 1958 (the “**REJA**”) (other than a judgment of such a court given on appeal from a court which is not a superior court) in respect of any sum payable by the Trustee or the Bank can be recognised and enforced in Malaysia by applying to register the said foreign judgment with the Malaysian courts. This process of registration of foreign judgment dispenses the need to re-litigate or re-examine the issues in dispute, so long as the judgment: (a) is not contrary to public policy in Malaysia; (b) was not given or obtained by fraud or in a manner contrary to natural justice; (c) is not directly or indirectly for the payment of taxes or other charges of a similar nature or of a fine or other penalty; (d) was by a court of competent jurisdiction in such jurisdiction and the judgment debtor being the defendant in the original court received notice of those proceedings in sufficient time to enable it to defend the proceedings; (e) has not been wholly satisfied; (f) is final and conclusive between the parties; (g) is for a fixed sum; (h) is not directly or indirectly intended to enforce the penal laws or sanctions imposed by the authorities of such jurisdiction; (i) is not preceded by a final and conclusive judgment by a court having jurisdiction in that matter; (j) is vested in the person by whom the application for registration was made; and (k) is registered with the Malaysian courts in accordance with the provisions of the REJA within six years after the date of the judgment or, where there have been proceedings by way of appeal against the judgment, after the date of the last judgment given in those proceedings. However, a person who has obtained a judgment against the Trustee or the Bank in a court which is not listed in the First Schedule of the REJA will have to rely entirely on the principles of common law to enforce the judgment, that is, by instituting a fresh suit in Malaysia based either on the judgment or on the original cause of action.

**Considerations relating to the Sukuk**

***The Sukuk are limited recourse obligations***

The Sukuk are not debt obligations of the Trustee. Instead, each Sukuk represents solely an undivided ownership interest in the Trust Assets relating to that Series. Recourse to the Trustee is limited to the Trust Assets of the relevant Series and the proceeds of the Trust Assets of the relevant Series are the sole source of payments on the Sukuk of that Series. Upon receipt by the Trustee of a Dissolution Notice in accordance with the terms of Condition 12, the sole rights of each of the Trustee and/or the Delegate (acting on behalf of the Sukukholders), will be (subject to Condition 13) against the Bank to perform its obligations under the Transaction Documents to which it is a party.

No Sukukholder shall be entitled to proceed directly against the Trustee or the Obligor unless the Delegate, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. Under no circumstances shall the Delegate or any Sukukholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Sukukholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.

Following the enforcement, realisation and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Sukuk of the relevant Series to the Sukukholders in accordance with the Conditions and the Declaration of Trust, the Trustee shall not be liable for any further sums in respect of such Series and, accordingly, Sukukholders may not take any action against the Trustee, the Delegate or any other person (including the Obligor) to recover any such sum in respect of the Sukuk or the relevant Trust Assets.

After enforcing the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 5(b), the obligations of the Trustee in respect of the Sukuk shall be satisfied and no Sukukholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Sukuk and the right to receive any such sums unpaid shall be extinguished. In particular, no Sukukholder shall be entitled in respect thereof to petition or to take any other steps for the winding up of the Trustee.

#### ***No third-party guarantees***

Investors should be aware that no guarantee is or will be given in relation to the Sukuk by the Obligor or any other person.

#### ***Ability of defined majorities to bind all Sukukholders***

The Master Declaration of Trust contains provisions for calling meetings of Sukukholders of a Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Sukukholders of such a Series including Sukukholders who did not attend and vote at the relevant meeting and Sukukholders who voted in a manner contrary to the majority.

#### ***The Terms and Conditions of the Sukuk, the Declaration of Trust and other Transaction Documents may be modified without notice to Sukukholders***

The Master Declaration of Trust provides that the Delegate may, without the consent of the Sukukholders (i) agree to any modification of any of the provisions of the Declaration of Trust or the Transaction Documents that is of a formal, minor or technical nature or is made to correct a manifest error, or (ii) (A) agree to any other modification (except as mentioned in the Declaration of Trust), or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Declaration of Trust or the Transaction Documents or (B) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided that such modification, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Sukukholders and is other than in respect of a matter listed in Conditions 14(a)(i) to 14(a)(ix) and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of a Series of Sukuk.

#### ***The Delegate may request the Sukukholders to provide an indemnity and/or security and/or prefunding to its satisfaction***

In certain circumstances, including without limitation the giving of a notice pursuant to Condition 12 of the Terms and Conditions of the Sukuk and the taking of action to enforce or realise any relevant Trust Assets or steps against the Trustee or the Obligor under the relevant Transaction Documents pursuant to Condition 13 of the Terms and Conditions of the Sukuk, the Delegate may (at its sole discretion) request the holders of the relevant Sukuk to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of the holders of such Sukuk. The Delegate shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Delegate may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms and conditions governing the relevant Sukuk or the relevant Transaction Documents and/or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the relevant Sukuk to take such actions directly.

***The Sukuk may not be a suitable investment for all investors***

Each potential investor in the Sukuk must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk, the merits and risks of investing in the Sukuk and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk and the impact the Sukuk will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Sukuk, including where the currency for the face amount or any periodic distribution payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Sukuk and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Sukuk are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Sukuk which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Sukuk will perform under changing conditions, the resulting effects on the value of the Sukuk and the impact this investment will have on the potential investor's overall investment portfolio.

***The Sukuk are unsecured obligations, the repayment of which may be jeopardised in certain circumstances***

Because the Sukuk and the Bank's payment obligations under the Transaction Documents are unsecured obligations, their payment may be compromised if:

- the Bank enters into bankruptcy, liquidation, reorganisation or other winding-up procedures;
- there is a default in payment under the Bank's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Bank's indebtedness.

If any of these events occurs, the Bank's assets may not be sufficient to pay amounts due under the Transaction Documents which in turn may result in the Trustee having insufficient funds to pay amounts due in respect of any of the Sukuk.

***The Sukuk may be subject to early dissolution by the Trustee***

In certain circumstances, the Sukuk may be subject to early dissolution by the Trustee. If the Trustee has or will become liable to pay additional amounts in respect of the Sukuk and/or the Bank is required to pay additional amounts pursuant to certain Transaction Documents, in each

case as a result of certain changes affecting taxation in Malaysia or any political subdivision or any authority thereof or therein having power to tax, the Trustee may redeem all but not some only of the Sukuk upon giving notice in accordance with the Terms and Conditions of the Sukuk.

If the Optional Dissolution Right is specified in the applicable Pricing Supplement, the Bank may exercise its option under the Sale Undertaking to procure the Trustee to redeem the Sukuk in whole or in part on the relevant Optional Dissolution Date at the relevant Optional Dissolution Amount as specified in the applicable Pricing Supplement.

In each case, dissolution will take place in accordance with the Terms and Conditions of the Sukuk. An early dissolution feature of any Sukuk is likely to limit its market value. During any period when the Bank may require the Trustee to redeem any Sukuk, the market value of those Sukuk generally may not rise substantially above the dissolution amount payable.

## **Considerations relating to the Wakala Assets**

### ***Ownership of the Wakala Assets***

In order to comply with the requirements of Shari'a, an interest in the Wakala Assets of each Series will pass to the Trustee under the relevant Master Purchase Agreement, as supplemented by the Supplemental Purchase Agreement. The Trustee will declare a trust in respect of its ownership interest in such Wakala Assets and the other relevant Trust Assets in favour of the Sukukholders of the relevant Series pursuant to the Master Declaration of Trust, as supplemented by the relevant Supplemental Declaration of Trust. Accordingly, Sukukholders will have beneficial ownership interests in the relevant Wakala Assets unless transfer of the Wakala Assets is prohibited by, or ineffective under, any applicable law (see "*Transfer of the Wakala Assets*" below).

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Wakala Assets. Only limited representations will be obtained from the Obligor in respect of the Wakala Assets of a Series. In particular, the precise terms of such Wakala Assets or the nature of the assets sold or held will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by the Obligor to give effect to the transfer of the ownership interest in the Wakala Assets). No steps will be taken to perfect the transfer of the ownership interest in any Wakala Assets or otherwise give notice to any obligor in respect thereof. The obligors in respect of such Wakala Assets may have rights of set off or counterclaim against the Obligor in respect of such Wakala Assets.

In addition, if and to the extent that a third party is able to establish a direct claim against the Trustee, the Delegate or any relevant Sukukholders on the basis of legal or beneficial ownership of any Wakala Assets, the Obligor has agreed in the Declaration of Trust to indemnify the Trustee, the Delegate and the Sukukholders against any such liabilities. If the Obligor is unable to meet any such claims then the relevant Sukukholders may suffer losses in excess of the original face amount invested.

### ***Transfer of the Wakala Assets***

No investigation has been or will be made as to whether any interest in any Wakala Assets may be transferred as a matter of the law governing the contracts, the law of the jurisdiction where such assets are located or any other relevant law. No investigation will be made to determine if any Supplemental Purchase Agreement will have the effect of transferring an ownership interest in the relevant Wakala Assets. The Master Purchase Agreement is, and each Supplemental Purchase Agreement will be, governed by Malaysian law and, to the extent that such laws are applied in relation to any dispute, there are doubts whether an ownership interest in certain assets



(in particular receivable assets such as ijara or murabaha contracts) can be effectively transferred without notice of the transfer being given to the obligor. Accordingly, no assurance is given that any ownership interest in any Wakala Assets will be transferred to the Trustee.

The Obligor has agreed in the Purchase Undertaking to indemnify the Trustee for the purposes of redemption in full of the outstanding Sukuk in the event that any transfer of an ownership interest in any Wakala Assets is found to be ineffective. In addition, the Obligor has agreed in the Purchase Undertaking that, to the extent that the sale and purchase or transfer of any ownership interest in any Wakala Assets is not (or is alleged not to be) effective in any jurisdiction for any reason, it will make payment of an amount equal to the relevant exercise price.

In the event that the Wakala Assets of any Series are not repurchased by the Obligor for any reason, the Delegate will seek to enforce the above provisions of the Purchase Undertaking. To the extent that it obtains an English judgment in its favour, it may seek to enforce that judgment or award in a Malaysian court.

### **Risks relating to Sukuk denominated in Renminbi**

A description of risks which may be relevant to an investor in Sukuk denominated in Renminbi (“**Renminbi Sukuk**”) are set out below.

#### ***Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Sukuk***

Renminbi is not freely convertible at present. The government of the PRC (the “**PRC Government**”) continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong, Singapore and Taiwan have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes.

However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items is developing gradually.

On 12 October 2011, the Ministry of Commerce of the PRC (“**MOFCOM**”) promulgated the “Circular on Certain Issues Concerning Direct Investment Involving Cross-border Renminbi” (商务部关于跨境人民币直接投资有关问题的通知) (the “**MOFCOM Circular**”). Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts were authorised to approve Renminbi foreign direct investments (“**FDI**”) with certain exceptions based on, amongst others, the size and industry of the investment. The MOFCOM Circular also stipulates that the proceeds of FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in domestic companies listed in the PRC through private placements or share transfers by agreement.

On 13 October 2011, the People’s Bank of China (the “**PBoC**”) promulgated the “Administrative Measures on Renminbi Settlement of Foreign Direct Investment” (外商直接投资人民币结算业务管理办法) (the “**PBoC FDI Measures**”) as part of the implementation of the PBoC’s detailed FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14



June 2012, the PBoC further issued the implementing rules for the PBoC FDI Measures. Under the PBoC FDI Measures, special approval for FDI and shareholder loans from the PBoC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBoC is still necessary.

As the MOFCOM Circular and the PBoC FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC Government will continue to gradually liberalise control over crossborder remittance of Renminbi in the future, that the pilot schemes introduced in Hong Kong, Singapore and Taiwan will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Trustee to source Renminbi to finance its obligations under Sukuk denominated in Renminbi.

***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Sukuk and the Trustee's ability to source Renminbi outside the PRC to service Renminbi Sukuk***

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. As of 31 July 2013, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately RMB695 billion. As of 31 August 2013, the total amount of Renminbi deposits held by Taiwan foreign exchange banks and offshore banking units amount to RMB85 billion.

While the PBoC has established Renminbi clearing and settlement mechanisms for participating banks in Hong Kong, Singapore and Taiwan through settlement agreements on the clearing of Renminbi business (the “**Settlement Agreements**”) with Bank of China (Hong Kong) Limited in Hong Kong, Industrial and Commercial Bank of China, Singapore Branch in Singapore and Bank of China, Taipei Branch in Taiwan (each, a “**Renminbi Clearing Bank**”), PBoC has provided several restrictions over business scope of offshore participating banks in respect of cross-border Renminbi settlement (e.g., related to direct transactions with PRC enterprises), which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers.

Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Sukuk. To the extent the Trustee is required to source Renminbi outside the PRC to service the Renminbi Sukuk, there is no assurance that the Trustee will be able to source such Renminbi on satisfactory terms, if at all.

***Investment in the Renminbi Sukuk is subject to exchange rate risks***

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The Trustee will make all payments of Dissolution Distribution Amount, Periodic Distribution Amount or other amount with respect to the Renminbi Sukuk in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Sukuk in that foreign currency will decline.

***Investment in the Renminbi Sukuk is subject to currency risk***

If the Trustee is not able, or it is impracticable for it, to satisfy its obligation to pay any Dissolution Distribution Amount, Periodic Distribution Amount or any other amount on the Renminbi Sukuk as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Trustee shall be entitled, on giving not less than five or more than 30 days' irrevocable notice to the Sukukholders prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such Dissolution Distribution Amount, Periodic Distribution Amount or other amount, as the case may be.

***Payments with respect to the Renminbi Sukuk may be made only in the manner designated in the Renminbi Sukuk***

All payments to Sukukholders in respect of the Renminbi Sukuk will be made solely (i) for so long as the Renminbi Sukuk are represented by global certificates held with the common depositary for Clearstream Banking *société anonyme* and Euroclear Bank SA/NV or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank operates, if so specified in the Pricing Supplement, (ii) for so long as the Renminbi Sukuk are represented by global certificates lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or (iii) for so long as the Renminbi Sukuk are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank operates, if so specified in the Pricing Supplement in accordance with prevailing rules and regulations. The Trustee cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

***Gains on the transfer of the Renminbi Sukuk may become subject to income taxes under PRC tax laws***

Under the PRC Enterprise Income Tax Law and its implementation rules which took effect on 1 January 2008, any gain realised on the transfer of Renminbi Sukuk by non-resident enterprise Holders may be subject to enterprise income tax if such gain is income derived from sources within the PRC. However, uncertainty remains as to whether the gain realised from the transfer of the Renminbi Sukuk would be treated as income derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law and its implementation rules. According to the arrangement between the PRC and Hong Kong, residents of Hong Kong, including enterprise holders and individual holders, will not be subject to PRC tax on any capital gains derived from a sale or exchange of the Renminbi Sukuk.

Therefore, if non-resident enterprise Holders are required to pay PRC income tax on gains on the transfer of the Renminbi Sukuk (such enterprise income tax is currently levied at the rate of 10 per cent. of gains realised, unless there is an applicable tax treaty between PRC and the jurisdiction

in which such non-resident enterprise holders of Renminbi Sukuk reside that reduces or exempts the relevant tax), the value of their investment in the Renminbi Sukuk may be materially and adversely affected.

### **Considerations related to Sukuk generally**

Set out below is a brief description of certain risks relating to the Sukuk generally:

#### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to an issue of Sukuk. The ratings may not reflect the potential impact of all risks that may affect the value of the Sukuk including those relating to the structure of the Sukuk, market conditions and the factors discussed above. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time.

#### ***A downgrade in ratings may affect the market price of the Sukuk***

Sukuk issued under the Programme may be rated or unrated. There can be no assurance that the ratings of the Bank, the Programme or any issue of Sukuk (if rated) will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgement, circumstances so warrant. A downgrade in the ratings of the Bank, the Programme or any issue of Sukuk (if rated) may affect the market price of the Sukuk.

#### ***There is no active trading market for the Sukuk***

The Sukuk may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Sukuk easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Sukuk that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Sukuk generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of the Sukuk.

#### ***Definitive Sukuk may not be available in certain denominations***

In relation to any issue of Sukuk which are tradeable in clearing systems in amounts other than integral multiples of the relevant minimum or specified denomination, should definitive Sukuk be required to be issued, a holder who does not have such integral multiple in his account with the relevant clearing system, at the relevant time, may not receive all of his entitlement in the form of definitive Sukuk unless and until such time as his holding becomes an integral multiple thereof.

#### ***Reliance on procedures of clearing systems***

Sukuk issued under the Programme will be represented on issue by one or more Global Certificates that may be deposited with a common depositary for Euroclear, Clearstream, Luxembourg or deposited with a sub-custodian for CMU (the “**Clearing Systems**”). Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Sukuk in definitive form. Each relevant Clearing System and their respective direct and indirect participants (if any) will maintain records of the beneficial interests in each Global Certificate held through it. While the Sukuk are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants (if any).

While the Sukuk are represented by Global Certificates, the Trustee will discharge its payment obligations in respect of the Sukuk by making payments through the relevant Clearing System. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing System and its participants (if any) to receive payments under the Sukuk. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Sukuk so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing System and its participants to appoint appropriate proxies.

### ***Investors must make their own determination as to Shari'a compliance***

Members of the Shari'a Supervisory Committee of BNP Paribas S.A., CIMB Islamic Bank Berhad, the Shari'a Committee of HSBC Amanah Malaysia Berhad and Maybank Islamic Berhad have confirmed that, in their opinion, the Sukuk and the Transaction Documents are in compliance with Shari'a principles. However, there can be no assurance as to the Shari'a permissibility of the Transaction Documents or any issue and the trading of a Series of Sukuk will be deemed to be Shari'a-compliant by any other Shari'a board or Shari'a scholars. None of the Trustee, the Bank (including its Shari'a Committee, a description of which can be found in "*Management – Shari'a Committee*"), the Delegate, the Agents, the Arrangers and the Dealers makes any representation as to the Shari'a compliance of any Series of Sukuk. Investors are reminded that, as with any Shari'a views, differences in opinion are possible. Investors are advised to obtain their own independent Shari'a advice as to whether the structure and the Transaction Documents meet their individual standards of compliance and make their own determination as to the future tradeability of the Sukuk on any secondary market. Questions as to the Shari'a permissibility of the structure or the issue and the trading of the Sukuk may limit the liquidity and adversely affect the market value of the Sukuk.

### ***Shari'a requirements in relation to interest awarded by a court***

In accordance with applicable Shari'a principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any court in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment given against the Obligor, judgment interest may accrue in respect of that delay and, as a result of the waiver referred to above, Sukukholders will not be entitled to receive any part of such interest.

### ***U.S. Foreign Account Tax Compliance Withholding***

Whilst the Sukuk are in global form and held within the Clearing Systems, in all but the most remote circumstances, it is not expected that FATCA (as defined in "*Taxation – FATCA Withholding*") will affect the amount of any payment received by the Clearing Systems (see "*Taxation – FATCA Withholding*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed

explanation of FATCA and how FATCA may affect them. The Trustee's obligations under the Sukuk are discharged once it has paid the common depositary for the Clearing Systems (as registered holder of the Sukuk) and the Trustee has therefore no responsibility for any amount thereafter transmitted through hands of the Clearing Systems and custodians or intermediaries. Please see "*Taxation – FATCA Withholding*" for more information on this legislation.

### ***EU Savings Directive***

EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment to an individual were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any law implementing or complying with, or introduced in order to conform to, the Savings Directive, neither the Trustee nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Sukuk as a result of the imposition of such withholding tax. The Trustee is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive or any law implementing or complying with, or introduced in order to conform to, the Savings Directive.



## TERMS AND CONDITIONS OF THE SUKUK

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Sukuk in definitive form (if any) issued in exchange for the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Sukuk in definitive form. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Sukuk in definitive form. References in the Conditions to “Sukuk” are to the Sukuk of one Series only, not to all Sukuk that may be issued under the Programme.*

EXIM Sukuk Malaysia Berhad (in its capacity as issuer and in its capacity as trustee, as applicable, the “**Trustee**”) has established a multicurrency sukuk issuance programme (the “**Programme**”) for the issuance of trust certificates (the “**Sukuk**”) in a maximum aggregate face amount of U.S.\$1,000,000,000 (or the equivalent in other currencies calculated as described in the dealer agreement between the Trustee, Export-Import Bank of Malaysia Berhad (the “**Obligor**”) and the Dealers named therein dated 27 September 2013 (the “**Dealer Agreement**”)), or such other maximum aggregate face amount as increased in accordance with the terms of the Dealer Agreement.

The Sukuk are constituted by a master declaration of trust dated 27 September 2013 between the Trustee, the Obligor, TMF Global Services (Malaysia) Sdn Bhd as the trustee administrator (the “**Trustee Administrator**”) and The Bank of New York Mellon, London Branch as the Trustee’s delegate (the “**Delegate**”, which expression shall include all persons for the time being the delegate or delegates under the Declaration of Trust) (the “**Master Declaration of Trust**”) as supplemented by a supplemental declaration of trust entered into on the date of issue of the relevant Sukuk (the “**Issue Date**”) in respect of the relevant Series (the “**Supplemental Declaration of Trust**” and, together with the Master Declaration of Trust, the “**Declaration of Trust**”).

An Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 27 September 2013 has been entered into in relation to the Sukuk between the Trustee, the Obligor, the Delegate, The Bank of New York Mellon, London Branch as initial principal paying agent, paying agent and calculation agent and The Bank of New York Mellon (Luxembourg) S.A. as initial registrar and transfer agent (in the case of Sukuk (other than Sukuk to be cleared through the CMU (as defined below) (“**CMU Sukuk**”)), The Bank of New York Mellon, Hong Kong Branch as initial CMU lodging and paying agent, calculation agent, registrar and transfer agent (in the case of CMU Sukuk) and the other agents named in it. The principal paying agent, the CMU lodging and paying agent, the other paying agents, the registrars, the transfer agents and the calculation agents for the time being (if any) are referred to below respectively as the “**Principal Paying Agent**”, the “**CMU Lodging and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Principal Paying Agent and the CMU Lodging and Paying Agent), the “**Registrars**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agents**”, and together the “**Agents**”. For the purposes of these terms and conditions (the “**Conditions**”), all references to the Principal Paying Agent shall with respect to a Series of Sukuk to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**HKMA**”) (the “**CMU**”), be deemed to be a reference to the CMU Lodging and Paying Agent.

These Conditions include summaries of, and are subject to, the detailed provisions of the Declaration of Trust, which includes the form of Certificate referred to below, the Agency Agreement and the remaining Transaction Documents (as defined below). The Sukukholders are



bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents. Copies of the Transaction Documents are available for inspection during usual business hours at the principal office of the Delegate, the Principal Paying Agent and the CMU Lodging and Paying Agent.

Each initial Sukukholder, by its acquisition and holding of its interest in a Sukuk, shall be deemed to authorise and direct the Trustee, on behalf of the Sukukholders: (a) to apply the proceeds of the issue of the Sukuk towards the purchase of Tangible Assets and (if applicable to the relevant Series) the purchase of Non-Tangible Assets and/or the entry into of a Commodity Murabaha Investment (in the proportions to be determined prior to the relevant Issue Date and otherwise in accordance with the provisions of the Transaction Documents), and (b) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Declaration of Trust and these Conditions.

## 1. Interpretation

Unless defined herein or the context otherwise requires, capitalised words and expressions used but not defined herein or hereon shall have the meaning given to them in the Declaration of Trust and the Agency Agreement. In addition, for the purposes of these Conditions, the following expressions have the following meanings:

**“Broken Amount”** means the amount specified as such in the applicable Pricing Supplement;

**“Business Day”** has the meaning given in Condition 7(h);

**“Calculation Amount”** means the amount specified as such in the applicable Pricing Supplement;

**“Cancellation Notice”** means a cancellation notice given pursuant to the terms of the Sale Undertaking;

**“Change of Control”** means the Obligor ceasing to be wholly owned by the Government of Malaysia, either through the Minister of Finance (Incorporated) or any other ministry or Government agency or body;

**“Change of Control Exercise Notice”** has the meaning given to it in Condition 8(e);

**“Change of Control Notice”** has the meaning given to it in Condition 8(e);

**“Change of Control Put Period”** has the meaning give to it in Condition 8(e);

**“Change of Control Put Right”** means the right specified in Condition;

**“Change of Control Put Right Date”** shall be the tenth Business Day after the expiry of the Change of Control Put Period;

**“Commodity Murabaha Investment”** means, if applicable to a Series, the sale of Shari’a-compliant commodities by the Trustee to the Obligor, initially purchased by the Trustee using a proportion of the proceeds of the issue of the Sukuk, pursuant to the Master Murabaha Agreement;

**“Corporate Services Agreement”** means the corporate services agreement entered into between the Trustee and the Trustee Administrator dated on or about 27 September 2013;

**“Day Count Fraction”** has the meaning given to it in Condition 7(h);

**“Deferred Sale Price”** means the deferred sale price payable by the Obligor to the Trustee in respect of the Commodity Murabaha Investment, if applicable to a Series;

**“Delegation”** has the meaning given to it in Condition 15(a);

**“Dissolution Date”** means, as the case may be:

- (a) the Scheduled Dissolution Date;
- (b) any Early Tax Dissolution Date;
- (c) any Optional Dissolution Date;
- (d) any Sukukholder Put Right Date;
- (e) any Change of Control Put Right Date;
- (f) any Dissolution Event Redemption Date; or
- (g) such other date as specified hereon for the redemption of Sukuk and dissolution of the Trust in whole or in part prior to the Scheduled Dissolution Date;

**“Dissolution Distribution Amount”** means:

- (a) the sum of:
  - (i) the outstanding face amount of such Sukuk; and
  - (ii) any due and unpaid Periodic Distribution Amounts for such Sukuk; or
- (b) such other amount specified hereon as being payable upon any Dissolution Date;

**“Dissolution Event”** means a Trustee Event or an Obligor Event;

**“Dissolution Event Redemption Date”** has the meaning given to it in Condition 12(a);

**“Dissolution Notice”** has the meaning given to it in Condition 12(a);

**“Early Tax Dissolution Date”** has the meaning given to it in Condition 8(b);

**“Euro-zone”** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

**“Exercise Notice”** means an exercise notice given pursuant to the terms of the Purchase Undertaking and/or the Sale Undertaking (as the case may be);

**“Expected Wakala Portfolio Income Revenues Amount”** has the meaning given to it in the Wakala Agreement;

**“Extraordinary Resolution”** has the meaning given to it in the Declaration of Trust;

**“Fixed Amount”** means the amount specified as such in the applicable Pricing Supplement;

**“Fixed Rate Sukuk”** means a Series in respect of which Fixed Periodic Distribution Amounts are specified as applicable hereon;

**“Floating Rate Sukuk”** means a Series in respect of which Floating Periodic Distribution Amounts are specified as applicable hereon;

**“ISDA Definitions”** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

**“Liability”** means any loss, damage, cost, charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation in respect of taxes) and including any value added tax or similar tax charged or chargeable in respect thereof and legal or other fees and expenses on a full indemnity basis and references to “Liabilities” shall mean all of these;

**“Master Murabaha Agreement”** means the master murabaha agreement dated 27 September 2013 between the Trustee, the Obligor and CIMB Islamic Bank Berhad in its capacity as commodity trading participant;

**“Master Purchase Agreement”** means the master purchase agreement dated 27 September 2013 between the Trustee and the Obligor;

**“Non-Tangible Assets”** has the meaning given to it in the Master Purchase Agreement;

**“Obligor Event”** means any of the following events:

- (a) **Non-payment:** the Obligor (acting in any capacity) fails to pay any amount in the nature of principal or profit payable by it on the due day pursuant to any Transaction Document to which it is a party and the failure continues for a period of seven Business Days; or
- (b) **Breach of Other Obligations:** the Obligor (acting in any capacity) does not perform or comply with any one or more of its other obligations in the Transaction Documents to which it is a party which default is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not, in the opinion of the Delegate, remedied within the period of 30 days after written notice of such failure shall have been given to the Obligor by the Trustee (or the Delegate) requiring the same to be remedied; or
- (c) **Cross Default:** (A) any other present or future indebtedness of the Obligor or any of its Subsidiaries for or in respect of moneys financed, borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or (C) the Obligor or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys financed, borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) shall have occurred and be continuing equals or exceeds U.S.\$25,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph (c) operates); or
- (d) **Insolvency:** the Obligor or any of its Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a

particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant financiers or creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Obligor or any of its Subsidiaries; or

- (e) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Obligor or any of its Subsidiaries, or the Obligor or any of its Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation: (A) on terms approved by an Extraordinary Resolution of the Sukukholders; or (B) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Obligor or another of its Subsidiaries; or
- (f) **Authorisations and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (A) to enable the Obligor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Transaction Documents to which it is a party; (B) to ensure that those obligations are legally binding and enforceable; or (C) to make the Transaction Documents to which it is a party admissible in evidence in the courts of Malaysia is not taken, fulfilled or done; or
- (g) **Illegality:** it is or will become unlawful for the Obligor (acting in any capacity) to perform or comply with any one or more of its obligations under any of the Transaction Documents to which it is a party; or
- (h) **Analogous Effect:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

References in paragraph (c) (*Cross Default*) and (d) (*Insolvency*) above of this definition to “indebtedness” and “debts”, respectively, shall be deemed to include any debt or other financing arrangement issued (or intended to be issued) in compliance with the principles of Shari’a, whether entered into directly or indirectly by the Obligor or a Subsidiary, as the case may be.

“**Optional Dissolution Date**” means, in relation to any exercise of the Optional Dissolution Right, the date(s) specified as such hereon and which must (if this Sukuk is a Floating Rate Sukuk) be a Periodic Distribution Date;

“**Optional Dissolution Right**” means the right specified in Condition 8(c);

“**outstanding**” shall have the meaning given to it in the Declaration of Trust;

“**Periodic Distribution Amount**” has the meaning given to it in Condition 7;

“**Periodic Distribution Date**” means the date or dates specified as such in the applicable Pricing Supplement;

“**Periodic Distribution Period**” means the period beginning on and including the Profit Commencement Date and ending on but excluding the first Periodic Distribution Date and each successive period beginning on and including a Periodic Distribution Date and ending on but excluding the next succeeding Periodic Distribution Date;

**“Potential Dissolution Event”** means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing) would constitute a Dissolution Event;

**“Proceedings”** has the meaning given to it in Condition 19(b);

**“Profit Amount”** means:

- (a) in respect of a Return Accumulation Period, the amount of profit payable per Calculation Amount for that Return Accumulation Period and which, in the case of Fixed Rate Sukuk, and unless otherwise specified hereon, shall mean the Fixed Amount or Broken Amount specified hereon as being payable on the Periodic Distribution Date ending the Periodic Distribution Period of which such Return Accumulation Period forms part; and
- (b) in respect of any other period, the amount of profit payable per Calculation Amount for that period;

**“Profit Commencement Date”** means the Issue Date or such other date as may be specified hereon;

**“Profit Period Date”** means each Periodic Distribution Date unless otherwise specified hereon;

**“Profit Rate”** means the profit rate payable from time to time in respect of the Sukuk and that is either specified hereon or calculated in accordance with the provisions hereof;

**“Profit Rate Determination Date”** means, with respect to a Profit Rate and Return Accumulation Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Return Accumulation Period if the Specified Currency is Sterling or Hong Kong Dollars or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Return Accumulation Period if the Specified Currency is neither Sterling nor euro nor Hong Kong Dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Return Accumulation Period if the Specified Currency is euro;

**“Purchase Undertaking”** means the purchase undertaking dated 27 September 2013 and granted by the Obligor for the benefit of the Trustee and the Delegate;

**“Record Date”** has the meaning given to it in Condition 9(a);

**“Reference Banks”** means, (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market; (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and (iii) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Calculation Agent or as specified hereon;

**“Reference Rate”** means the rate specified as such hereon;

**“Register”** has the meaning given to it in Condition 2;

**“Relevant Date”** has the meaning given to it in Condition 10;

**“Relevant Indebtedness”** means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which (i) for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and (ii) are payable in a currency other than Malaysian Ringgit or are denominated in Malaysian Ringgit and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside Malaysia by, or with the authorisation of, the Obligor;

**“Relevant Powers”** has the meaning given to it in Condition 15(a);

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified hereon;

**“Relevant Sukuk Obligation”** means any undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of Shari’a, whether or not in return for consideration of any kind, which for the time being are, or are intended to be, or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

**“Return Accumulation Period”** means the period beginning on (and including) the Profit Commencement Date and ending on (but excluding) the first Profit Period Date and each successive period beginning on (and including) a Profit Period Date and ending on (but excluding) the next succeeding Profit Period Date;

**“Sale Undertaking”** means the sale undertaking dated 27 September 2013 and granted by the Trustee for the benefit of the Obligor;

**“Scheduled Dissolution Date”** means the date specified as such in the applicable Pricing Supplement;

**“Series”** means a series of Sukuk which are identical in all respects;

**“SIBOR Sukuk”** has the meaning given to it in Condition 7;

**“Specified Currency”** means the currency specified as such hereon or, if none is specified, the currency in which the Sukuk are denominated;

**“Specified Denominations”** means the amount(s) specified as such in the applicable Pricing Supplement;

**“Subsidiary”** means any entity (i) whose affairs and policies the Obligor controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of such entity or otherwise; or (ii) whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Obligor;

**“Substitution Undertaking”** means the substitution undertaking dated 27 September 2013 and granted by the Trustee for the benefit of the Obligor;

**“Sukukholder”** or **“holder”** has the meaning given to it in Condition 2;

**“Sukukholder Put Exercise Notice”** has the meaning given to it in Condition 8(d);

**“Sukukholder Put Right”** means the right specified in Condition 8(d);



**“Sukukholder Put Right Date”** means, in relation to any exercise of the Sukukholder Put Right, the date(s) specified as such hereon and which must (if this Sukuk is a Floating Rate Sukuk) be a Periodic Distribution Date;

**“Supplemental Purchase Agreement”** means the supplemental purchase agreement to be dated the Issue Date of the relevant Series between the Trustee and the Obligor (or such other person named therein as the seller of the assets which are the subject of such agreement) for purchase of the Tangible Assets and (if applicable for that Series) the Non-Tangible Assets;

**“Swap Rate Sukuk”** has the meaning given to it in Condition 7;

**“Tangible Assets”** has the meaning given to it in the Master Purchase Agreement;

**“TARGET Business Day”** has the meaning given to it in Condition 7(h);

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

**“Transaction Account”** means, in relation to each Series, the account in the Trustee’s name held with The Bank of New York Mellon, London Branch and into which the Obligor will deposit all amounts due to the Trustee under the Transaction Documents, details of which are specified hereon;

**“Transaction Documents”** means, in relation to each Series:

- (i) the relevant Sukuk;
- (ii) the Master Declaration of Trust as supplemented by the Supplemental Declaration of Trust;
- (iii) the Agency Agreement;
- (iv) the Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement;
- (v) the Sale Undertaking (together with each relevant sale agreement or transfer agreement executed upon exercise of the Sale Undertaking);
- (vi) the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking);
- (vii) the Substitution Undertaking (together with each relevant sale agreement executed upon exercise of the Substitution Undertaking);
- (viii) the Wakala Agreement;
- (ix) if applicable to a Series, the Master Murabaha Agreement (together with all offers, acceptances and confirmations delivered pursuant thereto in connection with the relevant Series); and
- (x) any additional documents specified hereon;

**“Trust”** means, in respect of a Series, the trust created by the Trustee over the Trust Assets pursuant to the Declaration of Trust;

**“Trust Assets”** has the meaning given to it in Condition 5(a);

**“Trustee Event”** means any of the following events:

- (a) **Non-Payment:** default is made for more than seven Business Days in the payment of any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) due to be made on the Sukuk following the due date for payment thereof; or
- (b) **Breach of Other Obligations:** the Trustee does not perform or comply with any one or more of its other duties, obligations or undertakings in the Sukuk or the Transaction Documents to which it is a party which failure is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not, in the opinion of the Delegate, remedied within the period of 30 days after written notice of such failure shall have been given by the Delegate to the Trustee requiring the same to be remedied; or
- (c) **Enforcement Proceedings:** any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 90 days; or
- (d) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Trustee becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or
- (e) **Insolvency:** the Trustee is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant financiers or creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Trustee; or
- (f) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution; or
- (g) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (x) to enable the Trustee lawfully to enter into, exercise its rights and perform and comply with its obligations under the Sukuk and the Transaction Documents to which it is a party; (y) to ensure that those obligations are legally binding and enforceable; or (z) to make the Sukuk and the Transaction Documents to which it is a party admissible in evidence in the courts of Malaysia, is not taken, fulfilled or done; or

- (h) **Illegality:** it is or will become unlawful for the Trustee to perform or comply with any one or more of its obligations under any of the Sukuk or the Transaction Documents to which it is a party; or
- (i) **Repudiation:** the Trustee repudiates any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document to which it is a party; or
- (j) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs of this definition.

For the purpose of paragraph (a) above of this definition, all amounts payable in respect of the Sukuk shall be considered due and payable (including any amounts expressed to be payable under Condition 7) notwithstanding that the Trustee has at the relevant time insufficient funds or relevant Trust Assets to pay such amounts (whether as a result of the application of Condition 5(b) or otherwise);

**“Wakala Agreement”** means the wakala agreement dated 27 September 2013 between the Trustee and the Obligor;

**“Wakala Asset Obligor”** has the meaning given to it in the Wakala Agreement;

**“Wakala Portfolio”** has the meaning given to it in the Wakala Agreement;

**“Wakala Portfolio Revenues”** has the meaning given to it in the Wakala Agreement;

**“Wakala Venture”** means the Tangible Assets and (if applicable to a Series) the Non-Tangible Assets and/or the Commodity Murabaha Investment, and all other investments made in accordance with the Transaction Documents in respect of a Series; and

**“Wakeel”** means the Obligor acting in its capacity as wakeel under the Wakala Agreement.

All references to the “face amount” of a Sukuk shall be deemed to include the relevant Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 10 and any other amount in the nature of face amounts payable pursuant to these Conditions.

All references to “Periodic Distribution Amounts” shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 10 and any other amount in the nature of a profit distribution payable pursuant to these Conditions.

All references to “ISDA” and related terms are only included for the purposes of benchmarking.

## 2. **Form, Denomination and Title**

The Sukuk are issued in registered form in the Specified Denomination(s) shown hereon.

Sukuk are represented by registered certificates (**“Certificates”**) and, save as provided in Condition 3(c), each Certificate shall represent the entire holding of Sukuk by the same holder.

Title to the Sukuk shall pass by registration in the register that the Trustee shall procure to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement (the “**Register**”). Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the registered holder of any Sukuk shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder. The registered holder of a Sukuk will be recognised by the Trustee as entitled to his Sukuk free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Sukuk.

In these Conditions, “**Sukukholder**” or “**holder**” means the person in whose name a Sukuk is registered and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Sukuk.

*Upon issue, the Sukuk will be represented by a Global Certificate which will be deposited with, and registered in the name of (i) a nominee for, a common depositary for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) or (ii) the HKMA and lodged with a sub-custodian for the CMU, as the case may be. Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and/or the CMU (as applicable), and their respective participants. The Conditions are modified by certain provisions contained in the Global Certificate.*

*Except in limited circumstances, owners of interests in the Global Certificate will not be entitled to receive definitive Certificates representing their holdings of Sukuk. See “Summary of Provisions Relating to the Sukuk while in Global Form”.*

### 3. **Transfers**

- (a) **Transfer of Sukuk:** Subject to Condition 3(e), one or more Sukuk may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Sukuk to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Trustee), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of part only of a holding of Sukuk represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Sukuk to a person who is already a holder of Sukuk, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Sukuk and entries on the Register will be made subject to the detailed regulations concerning transfers of Sukuk scheduled to the Agency Agreement. The regulations may be changed by the Trustee, with the prior written approval of the Registrar and the Delegate or by the Registrar with the prior written approval of the Delegate, provided that any such change is not materially prejudicial to the interests of the Sukukholders. A copy of the current regulations will be made available by the Registrar to any Sukukholder upon request.

- (b) **Exercise of Options or Partial Dissolution in Respect of Sukuk:** In the case of an exercise of the Obligor's or a Sukukholders' option in respect of, or a partial redemption of, a holding of Sukuk represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.
- (c) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 3(a) or 3(b) shall be available for delivery within three business days of receipt of the form of transfer or Sukukholder Put Exercise Notice and surrender of the Certificate for exchange. Delivery of the new Certificate shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Sukukholder Put Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Sukukholder Put Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance or takaful as it may specify. In this Condition 3(c), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (d) **Transfers Free of Charge:** Transfers of Sukuk on registration, transfer, exercise of an option or partial dissolution shall be effected without charge by or on behalf of the Trustee, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security as the Registrar or the relevant Transfer Agent may require).
- (e) **Closed Periods:** No Sukukholder may require the transfer of a Sukuk to be registered (i) during the period of 15 days ending on the due date for payment of any Dissolution Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of that Sukuk falls due, (ii) during the period of 15 days prior to any date on which Sukuk may be called for redemption by the Trustee at its option pursuant to Condition 8(c), (iii) after any such Sukuk has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

#### 4. Status

- (a) **Status of Sukuk:** The Sukuk represent an undivided beneficial ownership interest in the relevant Trust Assets and are limited recourse obligations of the Trustee. Each Sukuk will constitute unsecured obligations of the Trustee and shall at all times rank pari passu and without any preference or priority with all other Sukuk of the relevant Series. The payment obligations of the Obligor (in any capacity) under the Transaction Documents shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6(b), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Obligor, present and future.
- (b) **Limited Recourse and Agreement of Sukukholders:** Save as provided in this Condition 4(b), the Sukuk do not represent an interest in or obligation of any of the Trustee, the Delegate, the Obligor, any of the Agents or any of their respective affiliates.

The proceeds of the relevant Trust Assets are the sole source of payments on the Sukuk of each Series. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Sukuk. Subject to Condition 12, Sukukholders, by subscribing for or acquiring the Sukuk, acknowledge that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

- (i) no payment of any amount whatsoever shall be made by the Trustee or the Delegate or any directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the relevant Trust Assets and further acknowledge and agree that no recourse shall be had for the payment of any amount due and owing hereunder or under any Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;
- (ii) the Trustee may not sell, transfer, assign or otherwise dispose of the Wakala Venture or any part thereof (save as permitted pursuant to the Sale Undertaking, the Purchase Undertaking and the Substitution Undertaking) to a third party, and may only realise its interests, rights, title, benefits and entitlements, present and future, in, to and under the Wakala Venture in the manner expressly provided in the Transaction Documents;
- (iii) if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the Sukuk, Sukukholders will have no recourse to any assets of the Trustee (and/or its directors, officers or shareholders in their capacity as such) (other than the relevant Trust Assets) or the Delegate or the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in respect of any shortfall or otherwise;
- (iv) no Sukukholders will be able to petition for, institute, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee (and/or its directors), the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates as a consequence of such shortfall or otherwise;
- (v) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Declaration of Trust by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent or director in their capacity as such for any breaches by the Trustee or Delegate and any and all personal liability of every such shareholder, officer, employee, agent or director in their capacity as such for any breaches by the Trustee or the Delegate of any such duty, obligation or undertaking is expressly waived and excluded to the extent permitted by law. The obligations of the Trustee under the Declaration of Trust are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents or directors of the Trustee (in their capacity as such), save in the case of their gross negligence, wilful misconduct or fraud. Reference in these Conditions to gross negligence, wilful misconduct or fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party;



- (vi) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Sukuk. No collateral is or will be given for the payment obligations under the Sukuk (without prejudice to the negative pledge provisions described in Condition 6(b)); and
- (vii) the Wakala Agreement provides that the Expected Wakala Portfolio Income Revenues Amount is an indicative amount only, and that neither the Wakeel nor any other party gives any guarantee of (a) any payment by a Wakala Asset Obligor or (b) the Wakala Portfolio Revenues that will be received in respect of the Wakala Assets, save that it is also acknowledged that if there is a shortfall between the Wakala Portfolio Revenues and the Periodic Distribution Amount payable on the immediately following Periodic Distribution Date, the Wakeel shall use amounts standing to the credit of the reserve account established pursuant to the Wakala Agreement, and the Wakeel may provide Shari'a-compliant funding to the Trustee pursuant to the Wakala Agreement to fund any further shortfall and, if there remains a shortfall after that time, and the Issuer does not pay the amount in full due on the immediately following Periodic Distribution Date, such non-payment shall constitute a Dissolution Event (subject to the grace period described in paragraph (a) of the definition of Trustee Event).

Pursuant to the terms of the Transaction Documents, the Obligor is obliged to make payments under the relevant Transaction Documents to which it is a party directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4(b). Such right of the Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 6(b)) constitute an unsecured claim against the Obligor. None of the Sukukholders, the Trustee and the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Obligor in connection with the enforcement of any such claim.

## 5. The Trust

- (a) **Trust Assets:** Pursuant to the Declaration of Trust, the Trustee holds the Trust Assets for each Series upon trust absolutely for and on behalf of the Sukukholders of such Series pro rata according to the face amount of Sukuk held by each holder. The term **"Trust Assets"** in respect of each Series means the following:
  - (i) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Venture from time to time (excluding any representations given by the Obligor to the Trustee and/or the Delegate under any documents constituting the Wakala Venture from time to time);
  - (ii) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to Clause 17.1 of the Master Declaration of Trust);
  - (iii) all moneys standing to the credit of the Transaction Account from time to time;

- (iv) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under any other assets, rights, cash or investments as may be specified hereon,

and all proceeds of the foregoing.

*See “Summary of Principal Transaction Documents” appearing elsewhere in this Offering Circular for more information on the Trust Assets, the Wakala Venture and the Transaction Documents.*

- (b) **Application of Proceeds from Trust Assets:** On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the relevant Transaction Account in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):
  - (i) **first**, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate (including any amounts owing to the Delegate in respect of its Appointees (as defined in the Master Declaration of Trust)) and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Declaration of Trust;
  - (ii) **second**, only if such payment is due on a Periodic Distribution Date (to the extent not previously paid) to pay pro rata and pari passu (i) the Trustee in respect of all properly incurred and documented (each in the opinion of the Delegate) amounts owing to it under the Transaction Documents in its capacity as Trustee; (ii) the Trustee Administrator in respect of all amounts owing to it under the Transaction Documents and the Corporate Services Agreement in its capacity as trustee administrator; and (iii) each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges and expenses and the payment or satisfaction of any Liability incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;
  - (iii) **third**, to the Principal Paying Agent or the CMU Lodging and Paying Agent, as the case may be, for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;
  - (iv) **fourth**, only if such payment is due on a Dissolution Date, to the Principal Paying Agent or the CMU Lodging and Paying Agent, as the case may be, for application in or towards payment *pari passu* and rateably of the relevant Dissolution Distribution Amount; and
  - (v) **fifth**, only on the Scheduled Dissolution Date (or any earlier date on which the Sukuk are redeemed in full) and provided that all amounts required to be paid on the Sukuk hereunder have been discharged in full, in payment of any residual amount to the Obligor in its capacity as Wakeel as an incentive fee for its performance under the Wakala Agreement.
- (c) **Transaction Account:** The Trustee will establish a Transaction Account in respect of each Series by no later than the relevant Issue Date. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee for the benefit of Sukukholders into which the Obligor will deposit all amounts payable by it to the Trustee pursuant to the terms of the Transaction Documents.

## 6. Covenants

- (a) **Trustee Covenants:** The Trustee covenants that for so long as any Sukuk is outstanding, it shall not (without the prior written consent of the Delegate):
- (i) incur any indebtedness in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of Shari'a or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;
  - (ii) secure any of its present or future indebtedness by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);
  - (iii) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;
  - (iv) except as provided in Condition 14, amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;
  - (v) except as provided in the Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Sukukholders;
  - (vi) have any subsidiaries or employees;
  - (vii) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
  - (viii) use the proceeds of the issue of the Sukuk for any purpose other than as stated in the Transaction Documents;
  - (ix) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
  - (x) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:
    - (A) as contemplated, provided for or permitted in the Transaction Documents;
    - (B) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
    - (C) such other matters which are incidental thereto.

- (b) **Obligor Negative Pledge:** The Obligor undertakes that, so long as any Sukuk remains outstanding, it will not, and will ensure that none of its Subsidiaries will, create or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, without (i) at the same time or prior thereto securing equally and rateably therewith its obligations under the Transaction Documents to which it is party (in whatever capacity) or (ii) providing such other security for those obligations as shall be approved by an Extraordinary Resolution.
- (c) **Use of Proceeds:** The Obligor also undertakes that, so long as any Sukuk remains outstanding:
  - (i) it will only use the proceeds of issue of the Sukuk for Shari'a-compliant purposes as endorsed by the Obligor's internal Shari'a committee; and
  - (ii) it will ensure that its internal Shari'a committee conducts a periodic review to verify that the proceeds of issue of the Sukuk have been or (as the case may be) are being used for Shari'a-compliant purposes.

## 7. Periodic Distribution Amounts

- (a) **Fixed Rate Sukuk:** Each Fixed Rate Sukuk bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable shall be determined in accordance with Condition 7(e). Each such amount of profit is referred to in these Conditions as a "**Periodic Distribution Amount**". Periodic Distribution Amounts shall be distributed to Sukukholders by the Principal Paying Agent or the CMU Lodging and Paying Agent, as the case may be on behalf of the Trustee, pro rata to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5(b) and Condition 9.
- (b) **Floating Periodic Distribution Amounts:**
  - (i) *Periodic Distribution Dates:* Each Floating Rate Sukuk bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable shall be determined in accordance with Condition 7(e). Each such amount of profit is referred to in these Conditions as a "**Periodic Distribution Amount**". Such Periodic Distribution Date(s) is/are either shown hereon as Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown hereon, Periodic Distribution Date shall mean each date which falls the number of months or other period shown hereon as the Periodic Distribution Period after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Profit Commencement Date. Periodic Distribution Amounts shall be distributed to Sukukholders by the Principal Paying Agent or the CMU Lodging and Paying Agent, as the case may be, on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5(b) and Condition 9.

- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Profit Rate for Floating Rate Sukuk*: The Profit Rate in respect of Floating Rate Sukuk for each Return Accumulation Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Sukuk

Where ISDA Determination is specified hereon as the manner in which the Profit Rate is to be determined, the Profit Rate for each Return Accumulation Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for a Return Accumulation Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon
- (y) the Designated Maturity is a period specified hereon and
- (z) the relevant Reset Date is the first day of that Return Accumulation Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Sukuk where the Reference Rate is specified as being LIBOR, EURIBOR or HIBOR

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Profit Rate is to be determined, the Profit Rate for each Return Accumulation Period will, subject as provided below, be either:
  - (1) the offered quotation; or
  - (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Profit Rate Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Sukuk is specified hereon as being other than LIBOR, EURIBOR or HIBOR, the Profit Rate in respect of such Sukuk will be determined as provided hereon (save that if the Reference Rate is SIBOR or SOR the Profit Rate will be determined as provided in paragraph (C) below).

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Profit Rate Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Profit Rate for such Return Accumulation Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Profit Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Profit Rate Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the



case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Profit Rate Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Delegate and the Trustee suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Profit Rate cannot be determined in accordance with the foregoing provisions of this paragraph (z), the Profit Rate shall be determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum or Minimum Profit Rate relating to that last preceding Return Accumulation Period).

(C) Screen Rate Determination for Floating Rate Sukuk where the Reference Rate is specified as being SIBOR or SOR

- (x) where the Reference Rate is specified as being SIBOR (in which case such Sukuk will be a “**SIBOR Sukuk**”) or SOR (in which case such Sukuk will be a “**Swap Rate Sukuk**”) the Profit Rate will be determined by reference to a benchmark as specified hereon or in any case such other benchmark as specified hereon;
- (y) the Profit Rate payable from time to time in respect of each Floating Rate Sukuk under this Condition 7(b)(iii)(C) will be determined by the Calculation Agent on the basis of the following provisions:

(1) In the case of Floating Rate Sukuk which are SIBOR Sukuk:

- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Profit Rate Determination Date in respect of each Return Accumulation Period, determine the Profit Rate for such Return Accumulation Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Return Accumulation Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME” and the column headed “SGD SIBOR/USD” (or such other Relevant Screen Page);

- (bb) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof), the Calculation Agent will, at or about the Relevant Time on such Profit Rate Determination Date, determine the Profit Rate for such Return Accumulation Period which shall be the rate which appears on the Reuters Screen SIBP Page under the caption "SINGAPORE DOLLAR INTER-BANK OFFERED RATES – 11:00 A.M." and the row headed "SIBOR SGD" (or such other replacement page thereof), being the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Return Accumulation Period;
- (cc) if no such rate appears on the Reuters Screen SIBP Page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen SIBP Page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore Dollars are offered by it at approximately the Relevant Time on the Profit Rate Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Return Accumulation Period commencing on such Profit Period Date in an amount comparable to the aggregate face amount of the relevant Floating Rate Sukuk. The Profit Rate for such Return Accumulation Period shall be the arithmetic mean (rounded, if necessary, to the nearest four decimal places) of such offered quotations, as determined by the Calculation Agent;
- (dd) if on any Profit Rate Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Profit Rate for the relevant Return Accumulation Period shall be determined in accordance with paragraph (cc) of this Condition 7(b)(iii)(C) on the basis of the quotations of those Reference Banks providing such quotations; and
- (ee) if on any Profit Rate Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Profit Rate for the relevant Return Accumulation Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded, if necessary, to the nearest four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Profit Rate Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Return Accumulation Period, an amount equal to the aggregate face amount of the relevant Floating Rate Sukuk for such Return Accumulation Period by whatever means they determine to

be most appropriate or if on such Profit Rate Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Profit Rate Determination Date;

(2) In the case of Floating Rate Sukuk which are Swap Rate Sukuk:

(aa) the Calculation Agent will, at or about the Relevant Time on the relevant Profit Rate Determination Date in respect of each Return Accumulation Period, determine the Profit Rate for such Return Accumulation Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" under the column headed "SGD SWAP OFFER" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Profit Rate Determination Date and for a period equal to the duration of such Return Accumulation Period;

(bb) if on any Profit Rate Determination Date, no such rate is quoted on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Profit Rate (which shall be rounded up, if necessary, to the nearest five decimal places) for such Return Accumulation Period in accordance with the following formula:

In the case of Premium:

$$\text{Profit Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{\text{Spot Rate}} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Profit Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Discount})}{\text{Spot Rate}} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears under the caption "SINGAPORE INTERBANK OFFER RATES (DOLLAR DEPOSITS) AT 11:00 A.M." and the row headed "SIBOR USD" on the Reuters Screen SIBO Page of the Reuters Monitor Money Rates Service (or such other page as may replace the Reuters Screen SIBO Page for the purpose of displaying Singapore interbank U.S. Dollar offered rates of leading reference

banks) at or about the Relevant Time on the relevant Profit Rate Determination Date for a period equal to the duration of the Return Accumulation Period concerned;

Spot Rate = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" and the column headed "SPOT" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Profit Rate Determination Date for a period equal to the duration of the Return Accumulation Period concerned;

Premium or Discount = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Return Accumulation Period concerned which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Profit Rate Determination Date for a period equal to the duration of the Return Accumulation Period concerned; and

T = the number of days in the Return Accumulation Period concerned;

- (cc) if on any Profit Rate Determination Date any one of the components for the purposes of calculating the Profit Rate under this Condition 7(b)(iii)(C) is not quoted on the relevant Reuters Screen Page (or such other replacement page as aforesaid) or the relevant Reuters Screen Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotations of their Swap Rates for the Return Accumulation Period concerned at or about the Relevant Time on that Profit Rate Determination Date and the Profit Rate for such Return Accumulation Period shall be the rate

per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the Swap Rates quoted by the Reference Banks to the Calculation Agent. The “Swap Rate” of a Reference Bank means the rate at which that Reference Bank can generate Singapore Dollars for the Return Accumulation Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Profit Rate Determination Date and shall be determined as follows:

$$\text{Profit Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{\text{Spot Rate}} \times \frac{365}{360}$$

$$\text{Profit Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Discount})}{\text{Spot Rate}} \times \frac{365}{360}$$

where:

SIBOR = the rate per annum at which U.S. Dollar deposits for a period equal to the duration of the Return Accumulation Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about the Relevant Time on the relevant Profit Rate Determination Date;

Spot Rate = the rate at which that Reference Bank sells U.S. Dollars spot in exchange for Singapore Dollars in the Singapore inter-bank market at or about the Relevant Time on the relevant Profit Rate Determination Date;

Premium or Discount = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Return Accumulation Period concerned which appear on the Reuters Screen ABSIRFIX06 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE” (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Profit Rate Determination Date for a period equal to the duration of the Return Accumulation Period concerned; and

T = the number of days in the Return Accumulation Period concerned;

(dd) if on any Profit Rate Determination Date one only or none of the Reference Banks provides the Calculation Agent with quotations of their Swap Rate(s), the Profit Rate shall be

determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Profit Rate Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding an amount equal to the aggregate face amount of the relevant Floating Rate Sukuk for such Return Accumulation Period by whatever means they determine to be most appropriate, or if on such Profit Rate Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Profit Rate for the relevant Return Accumulation Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest five decimal places) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Profit Rate Determination Date.

- (c) **Entitlement to Profit:** Profit shall cease to accumulate in respect of each Sukuk on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event profit shall, subject to the terms of the Transaction Documents, continue to accumulate (both before and after judgment) at the Profit Rate in the manner provided in this Condition 7 to the Relevant Date.
- (d) **Margin, Maximum Profit Rates/Minimum Profit Rates and Rounding:**
  - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Return Accumulation Periods), an adjustment shall be made to all Profit Rates, in the case of (x), or the Profit Rates for the specified Return Accumulation Periods, in the case of (y), calculated in accordance with Condition 7(b) by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
  - (ii) If any Maximum Profit Rate or Minimum Profit Rate is specified hereon, then any Profit Rate shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.
- (e) **Calculations:** The amount of profit payable per Calculation Amount in respect of any Sukuk for any Return Accumulation Period shall be equal to the product of the Profit Rate, the Calculation Amount specified hereon, and the Day Count Fraction for such Return Accumulation Period, unless a Profit Amount (or a formula for its calculation) is



applicable to such Return Accumulation Period, in which case the amount of profit payable per Calculation Amount in respect of such Sukuk for such Return Accumulation Period shall equal such Profit Amount (or be calculated in accordance with such formula). Where any Periodic Distribution Period comprises two or more Return Accumulation Periods, the amount of profit payable per Calculation Amount in respect of such Periodic Distribution Period shall be the sum of the Profit Amounts payable in respect of each of those Return Accumulation Periods. In respect of any other period for which profit is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which profit is required to be calculated.

- (f) **Determination and Publication of Profit Rates, Profit Amounts and Dissolution Distribution Amounts:** The Calculation Agent shall, as soon as practicable on each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Profit Amounts for the relevant Return Accumulation Period, calculate the relevant Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Profit Amounts for each Return Accumulation Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount to be notified to the Delegate, the Trustee, the Obligor, each of the Paying Agents, the Sukukholders, any other Calculation Agent appointed in respect of the Sukuk that is to make a further calculation upon receipt of such information and, if the Sukuk are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Periodic Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Profit Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Periodic Distribution Date or Profit Period Date is subject to adjustment pursuant to Condition 7(b)(ii), the Profit Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the Periodic Distribution Period. If the Sukuk become due and payable under Condition 12, the accrued profit and the Profit Rate payable in respect of the Sukuk shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Profit Rate or the Profit Amount so calculated need be made unless the Delegate otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (g) **Determination or Calculation by the Delegate:** If the Calculation Agent does not at any time for any reason determine or calculate the Profit Rate for a Return Accumulation Period or any Profit Amount or Dissolution Distribution Amount, the Delegate shall do so or shall appoint an agent on behalf of the Trustee to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Delegate or, as the case may be, such agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

- (h) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Business Day”** means:

- (i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or
- (iv) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

**“Day Count Fraction”** means, in respect of the calculation of an amount of profit on any Sukuk for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Periodic Distribution Period or a Return Accumulation Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual”** or **“Actual/Actual – ISDA”** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if **“Actual/365 (Fixed)”** is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if **“Actual/365 (Sterling)”** is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366
- (iv) if **“Actual/360”** is specified hereon, the actual number of days in the Calculation Period divided by 360
- (v) if **“30/360”**, **“360/360”** or **“Bond Basis”** is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**“Y1”** is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30

- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date or (ii) such number would be 31, in which case D2 will be 30

(viii) if “**Actual/Actual-ICMA**” is specified hereon,

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
  - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Periodic Distribution Date(s).

- (i) **Calculation Agent:** The Trustee shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Sukuk is outstanding. Where more than one Calculation Agent is appointed in respect of the Sukuk, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Profit Rate for a Return Accumulation Period or to calculate any Profit Amount or any Dissolution Distribution Amount, as the case may be, or to comply with any other requirement, the Trustee shall (with the prior approval of the Delegate)

appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 8. Redemption and Dissolution of the Trust

- (a) **Dissolution on the Scheduled Dissolution Date:** Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Sukuk shall be finally redeemed at its Dissolution Distribution Amount and the Trust shall be dissolved by the Trustee on the Scheduled Dissolution Date specified hereon following the payment of all such amounts in full and the execution of a sale agreement pursuant to the Purchase Undertaking.
- (b) **Early Dissolution for Taxation Reasons:** The Sukuk may be redeemed at the option of the Trustee in whole, but not in part, on any Periodic Distribution Date (if this Sukuk is a Floating Rate Sukuk) or at any time (if this Sukuk is a Fixed Rate Sukuk) (such dissolution date being an “**Early Tax Dissolution Date**”), on giving not less than 30 nor more than 60 days’ notice to the Sukukholders (which notice shall be irrevocable) at their Dissolution Distribution Amount if the Trustee satisfies the Delegate immediately before the giving of such notice that:
  - (i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or, in each case, 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 date on which agreement is reached to issue the relevant Series, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
  - (ii) (A) the Obligor has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or, in each case, 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 date on which agreement is reached to issue the relevant Series, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it,

provided that in either case, (x) no such notice of dissolution shall be given to Sukukholders unless a duly completed Exercise Notice has been received by the Trustee from the Obligor pursuant to the Sale Undertaking; and (y) no such notice of dissolution may be given earlier than 90 days prior to the earliest date on which the Trustee or the Obligor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Sukuk (in the case of the Trustee) or pursuant to any Transaction Document (in the case of the Obligor) then due.

Prior to the publication of any notice of dissolution pursuant to this Condition 8(b), the Trustee shall deliver to the Delegate:

- (aa) a certificate signed by two Directors of the Trustee (in the case of Condition 8(b)(i)) or the Obligor (in the case of Condition 8(b)(ii)) stating that the obligation referred

to in Condition 8(b)(i) or 8(b)(ii), as the case may be, cannot be avoided by the Trustee or the Obligor, as the case may be, taking reasonable measures available to it; and

- (bb) an opinion of independent legal advisers of recognised standing to the effect that the Trustee or the Obligor, as the case may be, has or will become obliged to pay additional amounts as a result of such change or amendment,

and the Delegate shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 8(b)(i) or, as the case may be, Condition 8(b)(ii) above, in which event it shall be conclusive and binding on Sukukholders.

Upon expiry of any such notice given in accordance with this Condition 8(b), payment in full of the Dissolution Distribution Amount to Sukukholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trustee shall be bound to dissolve the Trust.

- (c) **Dissolution at the Option of the Obligor (Optional Dissolution Right):** If Optional Dissolution Right is specified hereon, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than 15 nor more than 30 days' irrevocable notice to the Sukukholders (or such other notice period as may be specified hereon) redeem all or, if so specified in the relevant Exercise Notice, some of the Sukuk on any Optional Dissolution Date. Any such redemption of Sukuk shall be at their Dissolution Distribution Amount. Any such redemption or exercise must relate to Sukuk of a nominal amount at least equal to the Minimum Optional Dissolution Amount to be redeemed specified hereon and no greater than the Maximum Optional Dissolution Amount to be redeemed specified hereon.

All Sukuk in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 8(c). If all (and not some only) of the Sukuk are to be redeemed on any Optional Dissolution Date in accordance with this Condition 8(c), upon payment in full of the Dissolution Distribution Amount to all Sukukholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trustee shall be bound to dissolve the Trust.

In the case of a partial redemption, the notice to Sukukholders shall also specify the nominal amount of Sukuk drawn and the holder(s) of such Sukuk to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (d) **Dissolution at the Option of Sukukholders (Sukukholder Put Right):** If Sukukholder Put Right is specified hereon, the Trustee shall, at the option of the holder of any Sukuk, upon the holder of such Sukuk giving not less than 15 nor more than 30 days' notice to the Trustee (or such other notice period as may be specified hereon), redeem such Sukuk on the Sukukholder Put Right Date at its Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to the Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Sukuk are to be redeemed on any Sukukholder Put Right Date in accordance with this Condition 8(d), upon payment in full of the Dissolution Distribution Amount to all Sukukholders and execution of a sale agreement pursuant to the Purchase Undertaking, the Trustee shall be bound to dissolve the Trust.



To exercise such option the holder must deposit the Certificate representing such Sukuk with the Registrar or any Transfer Agent at its specified office, together with a duly completed Sukukholder put right exercise notice ("**Sukukholder Put Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Certificate so deposited and right exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee and the Obligor.

- (e) **Dissolution at the Option of the Sukukholders (Change of Control Put Right):** The Obligor has agreed in the Purchase Undertaking to notify the Trustee and the Delegate forthwith upon the occurrence of a Change of Control and to provide a description of the Change of Control. The Trustee, upon receipt of such notice from the Obligor or otherwise upon becoming aware of the occurrence of a Change of Control, shall promptly give notice (a "**Change of Control Notice**") of the occurrence of a Change of Control to the Sukukholders in accordance with these Conditions. The Change of Control Notice shall provide a description of the Change of Control and shall require, provided Change of Control Put Right is specified as applicable hereon, Sukukholders to elect within 30 days of the date on which the Change of Control Notice is given (the "**Change of Control Put Period**") if they wish all or any of their Sukuk to be redeemed.

If Change of Control Put Right is specified as applicable hereon and a Change of Control occurs, and provided that Sukukholders elect to redeem their Sukuk in accordance with this Condition 8(e), the Trustee shall redeem such Sukuk on the Change of Control Put Right Date at the Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to the Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Sukuk are to be redeemed on any Change of Control Put Right Date in accordance with this Condition 8(e), upon payment in full of the Dissolution Distribution Amount to all Sukukholders and execution of a sale agreement pursuant to the Purchase Undertaking, the Trustee shall be bound to dissolve the Trust.

To elect to redeem all or any of its Sukuk in accordance with this Condition 8(e), a Sukukholder must deposit its Certificate with the Registrar or any Transfer Agent at its specified office, together with a duly completed change of control right exercise notice (a "**Change of Control Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Change of Control Put Period. No Certificate so deposited and right exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee and the Obligor.

- (f) **Dissolution following a Dissolution Event:** Upon the occurrence of a Dissolution Event, the Sukuk may be redeemed at the Dissolution Distribution Amount and the Trustee may be required to dissolve the Trust, in each case as more particularly described in Condition 12.
- (g) **Purchases:** Each of the Obligor and the Obligor's Subsidiaries may at any time purchase Sukuk in the open market or otherwise at any price.
- (h) **Cancellation:** All Sukuk purchased by or on behalf of the Obligor or any of the Obligor's Subsidiaries shall be surrendered for cancellation by surrendering the Certificate representing such Sukuk to the Registrar and by the Obligor delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Sale Undertaking. Any Certificate so surrendered shall be cancelled forthwith and may not be reissued or resold and the obligations of the Trustee in respect of any such Sukuk shall

be discharged. If all (and not some only) of the Sukuk are cancelled in accordance with this Condition 8(h), and upon execution of a transfer agreement pursuant to the Sale Undertaking, the Trustee shall be bound to dissolve the Trust.

- (i) **No other Dissolution:** The Trustee shall not be entitled to redeem the Sukuk or dissolve the Trust other than as provided in this Condition 8 and Condition 12. Upon payment in full of all amounts due in respect of the Sukuk of any Series and the subsequent dissolution of the Trust as provided in this Condition 8 and/or Condition 12 (as the case may be), the Sukuk shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

## 9. Payments

- (a) **Method of Payment:** Payments of the Dissolution Distribution Amount shall be made against presentation and surrender of the relevant Certificate at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

Payments of Periodic Distribution Amounts in respect of each Sukuk shall be paid to the person shown on the Register at the close of business on the fifth (in the case of Renminbi) and (in the case of a currency other than Renminbi) the fifteenth day before the due date for payment thereof (the “**Record Date**”).

Payments on each Sukuk shall be made:

- (a) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Sukuk at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment may be made by transfer to an account in the relevant currency maintained by the payee with a bank; and
- (b) in the case of Renminbi, by transfer to the registered account of the Sukukholder.

In this Condition 9(a), “registered account” means the Renminbi account maintained by or on behalf of the Sukukholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

Payments of Periodic Distribution Amounts and the Dissolution Distribution Amount in respect of each Sukuk shall be made in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System, as notified by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date.

*In respect of a Global Certificate held through the CMU, any payments of Dissolution Distribution Amount, Periodic Distribution Amount (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Certificate are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU) at the close of business on the Clearing System Business Day immediately before the due date for payment and, save in the case of final payment, no presentation of the relevant Global Certificate shall be required for such purpose.*

- (b) **Payments subject to Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 10) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Sukukholders in respect of such payments.
- (c) **Appointment of Agents:** The Principal Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agents initially appointed by the Trustee and their respective specified offices are listed below. The Principal Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agents act solely as agents of the Trustee and do not assume any obligation or relationship of agency or trust for or with any Sukukholder. The Trustee reserves the right at any time with the prior written approval of the Delegate to vary or terminate the appointment of the Principal Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, any Registrar, any Transfer Agent or any Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Trustee shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent having a specified office in at least one major European city, (vi) a CMU Lodging and Paying Agent in relation to Sukuk accepted for clearance through the CMU, (vii) such other agents as may be required by any stock exchange on which the Sukuk may be listed, in each case as approved by the Delegate and (viii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

Notice of any such change or any change of any specified office shall promptly be given by the Trustee to the Sukukholders.

- (d) **Non-Business Days:** If any date for payment in respect of any Sukuk is not a business day, the holder shall not be entitled to payment until the next following business day nor to any profit or other sum in respect of such postponed payment. In this Condition 9(d), “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
- (i) (in the case of a payment in a currency other than euro or Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency;
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
  - (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

- (e) **Payment of U.S. Dollar Equivalent:** Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Trustee is not able to satisfy payments of any Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) in respect of the Sukuk when due in Renminbi in Hong Kong, the Trustee may be, on giving not less than five nor more than 30 days' irrevocable notice to the Sukukholders prior to the due date for payment, settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant Dissolution Distribution Amount, any Periodic Distribution Amount or any other amount (whether in the nature of principal or otherwise) in respect of the Sukuk shall be made by a U.S. dollar denominated cheque drawn on a bank in New York City and mailed to the holder (or to the first named of joint holders) of the Sukuk at its address appearing in the Register, or, upon application by the holder of the Sukuk to the specified office of the Registrar or any Transfer Agent before the Record Date, by transfer to a U.S. dollar denominated account maintained by the payee with a bank in New York City.

In this Condition:

**"Determination Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and in New York City;

**"Determination Date"** means the day which is two Determination Business Days before the due date of the relevant amount under these Conditions;

**"Governmental Authority"** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

**"Illiquidity"** means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Trustee cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal in respect of the Sukuk as determined by the Trustee in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers;

**"Inconvertibility"** means the occurrence of any event that makes it impossible (where it had previously been possible) for the Trustee to convert any amount due in respect of the Sukuk in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation);

**"Non-transferability"** means the occurrence of any event that makes it impossible for the Trustee to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Trustee to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Trustee, due to an event beyond its control, to comply with such law, rule or regulation);

**“Renminbi Dealer”** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

**“Spot Rate”**, means the Renminbi/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available Renminbi/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 9(e) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Trustee, the Obligor, the Paying Agents and all Sukukholders; and

**“U.S. Dollar Equivalent”** means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date.

## 10. Taxation

All payments in respect of the Sukuk shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Sukukholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Sukuk:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Sukuk by reason of his having some connection with Malaysia other than the mere holding of the relevant Sukuk; or
- (b) **Surrender more than 30 days after the Relevant Date:** if the relevant Sukuk is surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Sukuk for payment on the last day of such period of 30 days irrespective of whether that day is a business day (as defined in Condition 9(d)); or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.



As used in these Conditions, “**Relevant Date**” in respect of any Sukuk means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Sukukholders that, upon further presentation of the Sukuk being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to “**Periodic Distribution Amounts**” and the “**Dissolution Distribution Amount**” shall be deemed to include any additional amounts that may be payable under this Condition 10 or any undertaking given in addition to or in substitution for it under the Declaration of Trust.

*The Transaction Documents each provide that payments thereunder by the Obligor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law and, in such case, provide for the payment by the Obligor of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.*

*Further, the Obligor has undertaken in the Wakala Agreement to pay such additional amounts as may be necessary pursuant to this Condition 10 so that the full amount due and payable by the Trustee in respect of the Sukuk to the Sukukholders is received by the Trustee for the purposes of payment to the Sukukholders in accordance with and subject to the provisions of this Condition 10.*

## 11. **Prescription**

Claims against the Trustee for payment in respect of the Sukuk shall be prescribed and become void unless made within 10 years (in the case of the Dissolution Distribution Amount) or five years (in the case of Periodic Distribution Amounts) from the appropriate Relevant Date in respect of them.

## 12. **Dissolution Events**

(a) **Dissolution Event:** Upon the occurrence of a Dissolution Event:

- (i) the Delegate, upon receiving written notice thereof under the Declaration of Trust or otherwise upon becoming actually aware of a Dissolution Event, shall (subject to it being indemnified, secured and/or pre-funded to its satisfaction, if required by the Delegate in the circumstances) promptly give notice of the occurrence of the Dissolution Event to the Sukukholders in accordance with Condition 17 with a request to Sukukholders to indicate to the Trustee and the Delegate if they wish the Sukuk to be redeemed and the Trust to be dissolved; and
- (ii) the Delegate in its sole discretion may, and shall if so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Series of Sukuk outstanding or if so directed by an Extraordinary Resolution, subject in each case to being indemnified, secured and/or prefunded to its satisfaction, give notice (a “**Dissolution Notice**”) to the Trustee, the Obligor and the Sukukholders in accordance with Condition 17 that the Sukuk are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable. A Dissolution Notice may be given pursuant to this Condition 12(a)(ii) whether or not notice has been given to Sukukholders as provided in Condition 12(a)(i).



Upon receipt of such Dissolution Notice, the Trustee (failing which the Delegate) shall (x) deliver an Exercise Notice to the Obligor under the Purchase Undertaking and thereafter execute the relevant sale agreement for purchase of the Wakala Portfolio and (y) if applicable to a Series, notify the Obligor that the outstanding Deferred Sale Price is immediately due and payable under the terms of the Master Murabaha Agreement. The Trustee (failing which the Delegate) shall use the proceeds thereof to redeem the Sukuk at the Dissolution Distribution Amount on the date specified in the relevant Dissolution Notice (the relevant “**Dissolution Event Redemption Date**”) and the Trust shall be dissolved on the day after the last outstanding Sukuk has been so redeemed in full.

Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Sukuk shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

- (b) **Enforcement and Exercise of Rights:** Upon the occurrence of a Dissolution Event, to the extent that any amount payable in respect of the Sukuk of the relevant Series has not been paid in full (notwithstanding the provisions of Condition 12(a)), the Trustee or the Delegate, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, may (acting for the benefit of the Sukukholders) take one or more of the following steps:
  - (i) enforce the provisions of the Purchase Undertaking and, if applicable to a Series, the Master Murabaha Agreement against the Obligor and/or
  - (ii) take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Sukukholders.

### 13. Realisation of Trust Assets

- (a) The Delegate shall not be bound in any circumstances to take any action to enforce or to realise the relevant Trust Assets or take any action or steps or proceedings against the Trustee and/or the Obligor under any Transaction Document to which either of the Trustee or the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Series of Sukuk and in either case then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.
- (b) No Sukukholder shall be entitled to proceed directly against the Trustee or the Obligor unless the Delegate, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. Under no circumstances shall the Delegate or any Sukukholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Sukukholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.
- (c) Following the enforcement, realisation and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Sukuk of the relevant Series to the Sukukholders in accordance with these Conditions and the Declaration of Trust, the Trustee shall not be liable for any further sums in respect of such Series and,

accordingly, Sukukholders may not take any action against the Trustee, the Delegate or any other person (including the Obligor) to recover any such sum in respect of the Sukuk or the relevant Trust Assets.

- (d) Conditions 13(a), 13(b) and 13(c) are subject to this Condition 13(d). After enforcing or realising the relevant Trust Assets in respect of the Sukuk of the relevant Series and distributing the net proceeds of the relevant Trust Assets in respect of the Sukuk of the relevant Series in accordance with Condition 5(b), the obligations of the Trustee in respect of the Sukuk of the relevant Series shall be satisfied and no Sukukholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Sukuk of the relevant Series and the right to receive from the Trustee any such sums remaining unpaid shall be extinguished. In particular, no Sukukholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

#### 14. Meetings of Sukukholders, Modification, Waiver and Substitution

- (a) **Meetings of Sukukholders:** The Declaration of Trust contains provisions for convening meetings of Sukukholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Declaration of Trust) of a modification of any of these Conditions or any provisions of the Declaration of Trust. Such a meeting may be convened by Sukukholders holding not less than 10 per cent. in face amount of the Sukuk for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing not less than 50 per cent. in face amount of the Sukuk for the time being outstanding, or at any adjourned meeting two or more persons being or representing Sukukholders whatever the nominal amount of the Sukuk held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend any Dissolution Date in respect of the Sukuk or any date for payment of Periodic Distribution Amounts on the Sukuk, (ii) to reduce or cancel the face amount of, or any premium payable on redemption of, the Sukuk, (iii) to reduce the rate or rates of profit in respect of the Sukuk or to vary the method or basis of calculating the rate or rates or amount of profit or the basis for calculating any Profit Amount in respect of the Sukuk, (iv) if a Minimum Profit Rate and/or a Maximum Profit Rate is shown hereon, to reduce any such Minimum Profit Rate and/or Maximum Profit Rate, (v) to vary any method of, or basis for, calculating the Dissolution Distribution Amount, (vi) to vary the currency of payment or denomination of the Sukuk, (vii) to modify the provisions concerning the quorum required at any meeting of Sukukholders or the majority required to pass an Extraordinary Resolution, (viii) to modify or cancel the payment obligations of the Obligor (in any capacity) and/or the Trustee under the Transaction Documents and/or the Sukuk (as the case may be) or (ix) to amend any of the Obligor's covenants included in the Purchase Undertaking, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in face amount of the Sukuk for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Sukukholders (whether or not they were present at the meeting at which such resolution was passed).

The Declaration of Trust provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in face amount of the Sukuk outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Sukukholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Sukukholders.

- (b) **Modification of the Declaration of Trust or any Transaction Document:** The Delegate may (but shall not be obliged to), without the consent of the Sukukholders, (i) agree to any modification of any of the provisions of the Declaration of Trust or the Transaction Documents that is of a formal, minor or technical nature or is made to correct a manifest error, or (ii) (A) agree to any other modification (except as mentioned in the Declaration of Trust), or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Declaration of Trust or the Transaction Documents or (B) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such provided that such modification, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Sukukholders and is other than in respect of a matter listed in Conditions 14(a)(i) to 14(a)(ix) (both inclusive) and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the outstanding aggregate face amount of that Series. Any such modification, authorisation, determination or waiver shall be binding on the Sukukholders and, unless the Delegate agrees otherwise, such modification shall be notified by the Trustee to the Sukukholders in accordance with Condition 17 as soon as practicable.
- (c) **Entitlement of the Delegate:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Delegate shall have regard to the interests of the Sukukholders as a class and shall not have regard to the consequences of such exercise for individual Sukukholders and the Delegate shall not be entitled to require, nor shall any Sukukholder be entitled to claim, from the Trustee, the Obligor or the Delegate any indemnification or payment in respect of any tax consequence of any such exercise upon individual Sukukholders.

## 15. Delegate

- (a) **Delegation of Powers:** The Trustee will in the Declaration of Trust irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), trusts, rights, authorities (including, but not limited to, the authority to request directions from any Sukukholders and the power to make any determinations to be made under the Declaration of Trust) and discretions vested in the Trustee by the Declaration of Trust, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, exercise all of the rights of the Trustee under the Transaction Documents and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust, provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation (together the “**Delegation**” of the “**Relevant Powers**”), provided that in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust the relevant Trust Assets and provided further that such Delegation and the Relevant Powers shall not include any duty, power, trust, authority or discretion to hold any of the relevant Trust Assets, to dissolve any of the trusts constituted by the Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Master Declaration of Trust.

The appointment of a delegate by the Trustee is intended to be in the interests of the Sukukholders and does not affect the Trustee's continuing role and obligations as sole trustee.

- (b) **Indemnification:** The Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction. In particular, but without limitation, in connection with the exercise of any of its rights in respect of the relevant Trust Assets or any other right it may have pursuant to the Declaration of Trust or the other Transaction Documents, the Delegate shall in no circumstances be bound to take any action unless directed to do so in accordance with Conditions 12 or 13, and then only if it shall also have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (c) **No Liability:** The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Obligor or the Trustee under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Sukukholders in respect of any payments which should have been paid by the Obligor but are not so paid and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.
- (d) **Reliance on Certificates and/or Reports:** The Delegate may rely on any certificate or report of the auditors or insolvency officials (as applicable) of the Trustee, the Obligor or any other person called for by or provided to the Delegate (whether or not addressed to the Delegate) in accordance with or for the purposes of the Declaration of Trust or the other Transaction Documents and such certificate or report may be relied upon by the Delegate as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate in connection therewith contains a monetary or other limit on the liability of the auditors of the Trustee, the Obligor or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.
- (e) **Proper performance of duties:** Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of the Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful misconduct or fraud of which either of them may be guilty in relation to their duties under the Declaration of Trust.

- (f) **Notice of events:** The Delegate shall not be responsible for monitoring or ascertaining whether or not a Dissolution Event, Potential Dissolution Event or Change of Control has occurred or exists and, unless and until it shall have received express written notice to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to Sukukholders or any other person for so doing).

#### 16. **Replacement of Certificates**

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Trustee for the purpose and notice of whose designation is given to Sukukholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Trustee on demand the amount payable by the Trustee in respect of such Certificate) and otherwise as the Trustee may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

#### 17. **Notices**

Notices to the holders of Sukuk shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

The Trustee shall also ensure that notices are duly given in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Sukuk are for the time being listed. Any notices shall be deemed to have been given on the fourth day (being a day other than a Saturday or a Sunday) after being so mailed (or on the date of publication, or if so published more than once or on different dates, on the date of the first publication).

*So long as the Sukuk are represented by a Global Certificate and such Global Certificate is held (i) on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system, (except as provided in (ii) below) notices to the holders of Sukuk of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing as required by Condition 17 or (ii) on behalf of the CMU, notices to the holders of Sukuk of that Series may be given by delivery of the relevant notice to the persons shown in a CMU instrument position report issued by the CMU on the business day preceding the date of despatch of such notice as holding interests in the relevant Global Certificate.*

#### 18. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Sukuk under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## 19. Governing Law and Jurisdiction

- (a) **Governing Law:** The Declaration of Trust (including these Conditions), the Agency Agreement and the Sukuk and any non-contractual obligations arising out of or in connection with the same are and shall be governed by, and construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Sukuk (including any dispute relating to any non-contractual obligations arising out of or in connection with any Sukuk) and accordingly any legal action or proceedings arising out of or in connection with any Sukuk (including any dispute relating to any non-contractual obligations arising out of or in connection with any Sukuk) (the “**Proceedings**”) may be brought in such courts. The Trustee irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Delegate and each of the holders of the Sukuk and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Service of Process:** The Trustee and the Obligor have in the Declaration of Trust irrevocably appointed Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London, EC2V 7EX, United Kingdom as their agent in England to receive, for them and on their behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Trustee or the Obligor, as the case may be). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Trustee and the Obligor have irrevocably agreed to appoint a substitute process agent and immediately to notify Sukukholders of such appointment in accordance with Condition 17. Nothing shall affect the right to serve process in any manner permitted by law.
- (d) **Waiver of immunity:** The Trustee and the Obligor have in the Declaration of Trust irrevocably agreed that no immunity (to the extent that it may now or hereafter exist, whether on the grounds of sovereignty or otherwise) from any Proceedings or from execution of judgment shall be claimed by or on behalf of them or with respect to their respective assets, any such immunity being irrevocably waived by the Trustee and the Obligor, and the Trustee and the Obligor have irrevocably consented generally in respect of any such Proceedings to the giving of any relief or the issue of any process in connection with any such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such Proceedings.
- (e) **Waiver of Interest:**
  - (i) Each of the Trustee, the Delegate and the Obligor has irrevocably agreed in the Declaration of Trust that no interest will be payable or receivable under or in connection therewith and if it is determined that any interest is payable or receivable in connection therewith by a party, whether as a result of any judicial award or by operation of any applicable law or otherwise, such party has agreed to waive any rights it may have to claim or receive such interest and has agreed that if any such interest is actually received by it, it shall hold such amount in a suspense account and promptly donate the same to a registered or otherwise officially recognised charitable organisation.



- (ii) For the avoidance of doubt, nothing in this Condition 19(e) shall be construed as a waiver of rights in respect of Periodic Distribution Amounts payable under the Sukuk, Deferred Sale Price payable under the Master Murabaha Agreement (if applicable to a Series), Wakala Portfolio Revenues (as defined in the Wakala Agreement) or profit of any kind howsoever described payable by the Obligor (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Conditions, howsoever such amounts may be described or re-characterised by any court.

## SUMMARY OF PROVISIONS RELATING TO THE SUKUK WHILE IN GLOBAL FORM

### 1. Initial Issue of Sukuk

Each Series of Sukuk will initially be represented by a Global Certificate in registered form. Global Certificates will be delivered on or prior to the issue date of the Series to a Common Depositary. Upon the initial deposit of a Global Certificate with a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) or with a sub-custodian for the CMU or registration of Sukuk in the name of (i) any nominee for a Common Depositary or (ii) the Hong Kong Monetary Authority as operator or the CMU and delivery of the relevant Global Certificate to the Common Depositary or the sub-custodian for the CMU (as the case may be), Euroclear or Clearstream, Luxembourg or the CMU (as the case may be) will credit each subscriber with a face amount of Sukuk equal to the face amount thereof for which it has subscribed and paid.

Sukuk that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Sukuk that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### 2. Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (“**Alternative Clearing System**”) as the holder of a Sukuk represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Trustee to the bearer of such Global Certificate or the holder of the underlying Sukuk, as the case may be, and in relation to all other rights arising under the Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Trustee in respect of payments due on the Sukuk for so long as the Sukuk are represented by such Global Certificate and such obligations of the Trustee will be discharged by payment to the holder of the underlying Sukuk, as the case may be, in respect of each amount so paid.

If a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Certificate are credited as being held in the CMU in accordance with the rules of the CMU as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled to receive payments in respect of Sukuk represented by such Global Certificate and the Trustee will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU as the holder of a particular principal amount of Sukuk represented by such Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Trustee in respect of such Global Certificate, and the obligations of the Trustee to make each such payment will be discharged upon payment of the same by the CMU Lodging and Paying Agent to each such holder.

### 3. **Exchange**

#### 3.1 **Global Certificates**

The following will apply in respect of transfers of Sukuk held in Euroclear, Clearstream, Luxembourg, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Sukuk within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Sukuk may be withdrawn from the relevant clearing system.

Transfers of the holding of Sukuk represented by a Global Certificate pursuant to Condition 3(a) of the Terms and Conditions of the Sukuk may only be made in part:

3.1.1 if the Sukuk represented by a Global Certificate are held on behalf of Euroclear, Clearstream, Luxembourg, the CMU or any Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or the relevant accountholder in the CMU has notified the Trustee that it is unable or unwilling to act as depositary for the Sukuk and to continue performing its duties as set out in its terms and conditions for the provision of depositary services, supplements thereto and/or restatements thereof from time to time and no successor or alternative clearing system satisfactory to the Trustee is available; or

3.1.2 if a Dissolution Event has occurred,

provided that, in the case of the first transfer of part of a holding as contemplated above, the holder of the Sukuk represented by a Global Certificate has given the Registrar not less than 30 days' notice at its Specified Office of such holder's intention to effect such transfer.

### 4. **Amendment to Conditions**

The Global Certificates contain provisions that apply to the Sukuk that they represent, some of which modify the effect of the terms and conditions of the Sukuk set out in this Offering Circular. The following is a summary of certain of those provisions:

#### 4.1 **Payments**

All payments in respect of Sukuk represented by a Global Certificate (except with respect to a Global Certificate held through the CMU) will be made against presentation and, if no further payment falls to be made in respect of the Sukuk, surrender of that Global Certificate to or to the order of the Registrar or such other Paying Agent as shall have been notified to the Sukukholders for such purpose. All payments in respect of Sukuk represented by a Global Certificate (except with respect to a Global Certificate held through the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January. For the purposes of payments made in respect of a Global Certificate, the words "on which banks and foreign markets are open for business in the relevant place of presentation" shall not apply in the definition of "business day" in Condition 9(d).

In respect of a Global Certificate held through the CMU, any payments of Dissolution Distribution Amount, Periodic Distribution Amount (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Certificate are credited (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) at the close of business on the Clearing System Business Day immediately before the due date for payment and, save in the case of final payment, no presentation of the relevant Global Certificate shall be required for such purpose.

A record of each payment made will be noted on the relevant Register which shall be *prima facie* evidence that such payment has been made in respect of the Sukuk.

#### **4.2 Prescription**

Claims against the Trustee for payment in respect of the Sukuk shall be prescribed and become void unless made within 10 years (in the case of the Dissolution Distribution Amount) or five years (in the case of Periodic Distribution Amounts) from the appropriate Relevant Date (as defined in Condition 10 (*Taxation*)) in respect of them.

#### **4.3 Meetings**

The holder of Sukuk represented by a Global Certificate shall (unless such Global Certificate represents only one Sukuk) be treated as being two persons for the purposes of any quorum requirements of a meeting of Sukukholders. All holders of Sukuk are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Sukuk comprising such Sukukholder's holding, whether or not represented by a Global Certificate.

#### **4.4 Cancellation**

Cancellation of any Sukuk represented by a Global Certificate that is surrendered for cancellation (other than upon its redemption) will be effected by reduction in the aggregate face amount of the relevant Series of Sukuk in the Register.

#### **4.5 Optional Dissolution**

In the event that any early dissolution right of the Trustee is exercised in respect of some but not all of the Sukuk of any Series, the rights of accountholders with a clearing system in respect of the Sukuk will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, the CMU or any other clearing system (as the case may be).

#### **4.6 Sukukholders' Dissolution Right**

Any early dissolution right of the Sukukholders provided for in the Conditions of any Sukuk while such Sukuk are represented by a Global Certificate may be exercised by the holder of the Sukuk in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg, CMU or any other clearing system (as the case may be).

#### 4.7 **Notices**

So long as the Sukuk are represented by a Global Certificate and such Global Certificate is held (i) on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system, (except as provided in (ii) below) notices to the holders of Sukuk of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing as required by the Conditions or (ii) on behalf of the CMU, notices to the holders of Sukuk of that Series may be given by delivery of the relevant notice to the persons shown in a CMU instrument position report issued by the CMU on the business day preceding the date of despatch of such notice as holding interests in the relevant Global Certificate.

## **USE OF PROCEEDS**

The proceeds of each Series of Sukuk issued under the Programme will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents to acquire Eligible Tangible Assets from the Bank (or the relevant owner), and may be applied in part by the Trustee pursuant to the terms of the relevant Transaction Documents to (a) acquire Eligible Non-Tangible Assets from the Bank (or the relevant owner) and/or (b) acquire Commodities to be sold to the Bank, in each case as specified in the Pricing Supplement for the relevant Series, such assets to form part of the Trust Assets for the relevant Series.

The proceeds of each Series of Sukuk subsequently received by the Bank in consideration for the transactions entered into with the Trustee as set out above, as applicable, including with respect to (b) the proceeds received from the on-sale of the Commodities by the Bank, will be applied by the Bank for its Shari'a-compliant working capital, general banking and financing activities as well as for other Shari'a-compliant corporate purposes.



## DESCRIPTION OF THE TRUSTEE

### Overview

The Trustee was incorporated in Malaysia by the name of EXIM Sukuk Malaysia Berhad on 11 June 2013 as a special purpose company under the Companies Act 1965. The Trustee's company registration number is 1049534-H and its registered office as at the date of this Offering Circular is at 10th Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

### Business of the Trustee

The Trustee's principal activities are to issue the Sukuk and to enter into the Transaction Documents. Other than any Sukuk to be issued under the Programme, the Trustee does not have any outstanding financial liabilities.

The Trustee has no subsidiaries.

### Shareholding and Capital

As at the date of this Offering Circular, the issued and fully paid up share capital of the Trustee is RM2.00 comprising 2 ordinary shares.

The Trustee's entire issued share capital is held by TMF Trustees Malaysia Berhad under the terms of a charitable purpose trust dated the date of this Offering Circular under which TMF Trustees Malaysia Berhad holds the shares of the Trustee on trust until the trust is dissolved in accordance with the terms of the charitable purpose trust.

It is not anticipated that any distribution will be made from the charitable purpose trust whilst any Sukuk is outstanding. Following the dissolution date of the charitable purpose trust, TMF Trustees Malaysia Berhad (as trustee of the shares in the Trustee) will wind up the trust and make a final distribution to charity. TMF Trustees Malaysia Berhad (as trustee of the shares in the Trustee) has no beneficial interest in and derives no benefit (other than its fee for acting as trustee of the shares in the Trustee) from its holding of the shares in the Trustee.

### Corporate Administration

TMF Global Services (Malaysia) Sdn Bhd (company registration number: 463543-D) (the "**Trustee Administrator**") will act, or procure that a subsidiary acts, as the corporate service provider of the Trustee. The Trustee Administrator's registered address is at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

### Directors

As at the date of this Offering Circular, the directors of the Trustee are:

1. Lim Lee Kuan (NRIC No. 711203-10-5656)
2. Mohammed Izad Bin Ariffin (NRIC No. 850708-12-5441)

No director listed above has any interest in the promotion of, or any property acquired or proposed to be acquired by, the Trustee and no director has any conflict of interest and/or any potential conflict of interest between any of its duties to the Trustee and its private interests and/or other duties.

### Management and Employees

The Trustee has no employees and is not expected to have any employees in the future.

## CAPITALISATION OF THE BANK

As at 31 December 2012, the Bank had an authorised share capital of RM3,000,000,001 divided into 3,000 million ordinary shares and one redeemable preference share of par value RM1.00 each, and an issued and paid-up share capital of RM2,708,665,284 comprising the following:

- (1) 2,708,665,282 ordinary shares owned by MOF Inc.;
- (2) 1 ordinary share owned by Malaysia's Federal Lands Commissioner; and
- (3) 1 redeemable preference share owned by MOF Inc.

The following table sets forth the short-term and long-term liabilities and shareholders' equity of the Bank as at 31 December 2012 and is derived from the audited financial statements of the Bank as at 31 December 2012:

	<b>31 December 2012<sup>(1)</sup></b>
	<i>(RM millions)</i>
<b>Short-Term Debt<sup>(2)</sup>:</b>	
Borrowings (less than one year) in RM	—
Borrowings (less than one year) in Foreign Currencies	998.6
<b>Total Short-term Debt</b>	<b>998.6</b>
<b>Long-term Debt<sup>(2)</sup>:</b>	
Borrowings (more than one year) in RM	1,170.1
Borrowings (more than one year) in Foreign Currencies	334.5
Medium Term Notes <sup>(3)</sup>	1,714.3
<b>Total Long-term Debt</b>	<b>3,218.9</b>
<b>Total Debt</b>	<b>4,217.5</b>
<b>Capital and Reserves:</b>	
Paid-up Capital	2,708.7
Reserves	0.7
Retained Profits/(Accumulated Losses)	131.5
<b>Total Capital and Reserve</b>	<b>2,840.9</b>
<b>Total Capitalisation</b>	<b>7,058.4</b>

**Notes:**

- (1) Except as described in this Offering Circular, there has been no material adverse change in the Bank's capitalisation since 31 December 2012.
- (2) The Bank's borrowings in foreign currencies as of 31 December 2012 have been translated into RM at the rate of RM3.058 to U.S.\$1.00, which was the exchange rate as announced by the BNM, on 30 December 2012.
- (3) The outstanding U.S.\$500 million 2.875% notes due 2017 and U.S.\$63 million 3.509% notes due 2022 were issued under the Bank's U.S.\$1.5 billion Multi-currency Medium Term Notes Programme established in June 2012.

## SELECTED FINANCIAL INFORMATION OF THE BANK

The following tables present summary audited financial information for each of the financial years ended 31 December 2011 and 31 December 2012 for the Bank. The Bank's annual audited financial information below has been derived from, and should be read in conjunction with, the Bank's historical audited financial statements and their related notes incorporated by reference into this Offering Circular. The Bank's financial statements are reported in Ringgit Malaysia and presented in accordance with the provisions of the Companies Act, 1965 of Malaysia and applicable Malaysian Financial Reporting Standards as modified by BNM Guidelines.

	<b>Audited</b>	
	<b>For the financial year ended 31 December</b>	
	<b>2011</b>	<b>2012</b>
	<i>(RM million)</i>	
<b>Statement of Income</b>		
Operating revenue	171.6	185.2
Interest income	205.0	217.2
Interest expense	(33.0)	(67.8)
Net interest income	172.0	149.4
Underwriting results.	31.3	(1.4)
Income from Islamic business	8.0	21.4
Other income	16.5	75.6
Net income	227.8	245.0
Overhead expenses	(43.3)	(59.6)
Operating profit	184.5	185.4
Allowance for losses on loans, advances and financing	(38.1)	(15.7)
Profit before taxation and zakat	146.4	169.7
Net profit for the year	200.5	123.8
Net dividends per share (sen)	0.26	0.51
Basic earnings per share (sen)	7.40	4.57

	Audited	
	As at 31 December	
	2011	2012
	(RM million)	
Statement of Financial Position		
Assets		
Cash and bank balances	60.7	43.7
Deposits and placements with banks and other financial institutions	2,539.8	2,961.9
Investment securities	449.1	248.1
Amount due from ECR debtors	977.9	572.6
Loans, advances and financing	1,943.8	3,151.1
Insurance receivables	1.4	0.9
Derivative financial instruments	–	20.9
Other assets	107.1	127.9
Deferred tax assets	58.8	31.0
Investment in subsidiaries	64.2	64.2
Investment properties	0.5	0.5
Intangible assets	1.3	0.8
Property and equipment	99.7	99.1
Total assets	6,304.3	7,322.7
Liabilities		
Borrowings	3,360.5	4,217.5
Other payables and accruals	117.6	167.2
Deferred income	13.0	13.5
Provision for guarantee and claims	24.4	20.3
Amount due to subsidiaries	64.2	64.2
Total liabilities	3,579.5	4,482.7
Share capital	2,708.7	2,708.7
Reserves	1.2	0.7
(Accumulated losses)/Retained profits	14.9	131.5
Shareholder's funds	2,724.8	2,840.9
Takaful participant funds	–	(0.9)
Total liabilities, shareholders' fund and Takaful funds	6,304.3	7,322.7
Commitments and contingencies	1,395.8	3,832.3

The following financial ratios are audited:

	<b>Audited</b>	
	<b>As at 31 December</b>	
	<b>2011</b>	<b>2012</b>
	<b>(%)</b>	
<b>Financial Ratios</b>		
Net impaired loans as a percentage of gross loans, advances and financing (with ECR debtors)	12.9	9.7
Net impaired loans as a percentage of gross loans, advances and financing (without ECR debtors)	18.1	11.2
Gross impaired loans as a percentage of gross loans, advances and financing (with ECR debtors)	25.5	19.2
Gross impaired loans as a percentage of gross loans, advances and financing (without ECR debtors)	35.6	22.2
Risk-weighted capital ratio	64.5	42.1

The following financial ratios are unaudited:

	<b>Unaudited</b>	
	<b>As at 31 December</b>	
	<b>2011</b>	<b>2012</b>
	<b>(%)</b>	
<b>Financial Ratios</b>		
Return on assets	3.2	1.7
Return on equity	7.4	4.4
Net interest margin	2.9	2.2
Allowance for impaired loans/impaired loans	59.6	63.0
Cost to income	19.0	24.3

## DESCRIPTION OF THE BANK

### Introduction

The Bank's legal and commercial name is Export-Import Bank of Malaysia Berhad. The registered office of the Bank is Level 16, EXIM Bank Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia. The Bank was initially established as the "International Division" of Bank Industri Malaysia Berhad ("**BIM**") before it became a subsidiary of BIM when it was incorporated on 29 August 1995 as a government-owned DFI under the Companies Act, 1965 of Malaysia. As a DFI, the Bank is governed by DFIA. The Bank was subsequently spun off as an independent institution in 2005 to function as an independent DFI focused on export credit. On 30 December 2005, the Bank merged with Malaysia Export Credit Insurance Berhad, retaining the name Export-Import Bank of Malaysia Berhad.

As at 31 December 2012, the Bank had an authorised share capital of RM3,000,000,001 divided into 3,000 million ordinary shares and one redeemable preference share of par value RM1.00 each and an issued and paid-up share capital of RM2,708,665,284 comprising the following:

- (1) 2,708,665,282 ordinary shares owned by MOF Inc.;
- (2) 1 ordinary share owned by Malaysia's Federal Lands Commissioner; and
- (3) 1 redeemable preference share owned by MOF Inc.

MOF Inc., as the holder of the redeemable preference share, has the right to appoint no more than four members out of the maximum 11 members to the Bank's board of directors (the "**Board**"). As at the date of this Offering Circular, there is one representative from MOF Inc. on the Board. Any appointment to the Board and of the Managing Director/Chief Executive Officer of the Bank is subject to the approval by MOF Inc. The Bank's board currently comprises the Chairman, Managing Director/Chief Executive Officer, a Board representative from MOF Inc. and six independent non-executive directors.

### ***Vision and Mission***

The Bank's vision is to be a leading financial institution for Malaysian cross-border ventures. The Bank strives to be the preferred financial institution for Malaysian businesses seeking financing facilities, insurance cover and advisory services when conducting business abroad.

As a DFI, the Bank strives to facilitate Malaysian-owned businesses by providing banking and credit insurance products and services as well as developmental advisory services with a view to nurture Malaysian cross-border business ventures.

### **Business of the Bank**

The Bank is the only DFI in Malaysia dedicated to promoting the development of cross-border transactions mainly through the provision of both conventional and Islamic loan facilities and insurance and takaful coverage to Malaysian entities venturing overseas for their businesses. As an agency under the purview of MOF Inc., the Bank's mandated role as specified by the Government is to provide credit facilities to finance and support exports and imports of capital goods, services, infrastructure projects and value-added manufacturing to facilitate the entry of Malaysian companies into new markets abroad with an emphasis on non-traditional markets, as well as the provision of export credit insurance services, export financing insurance, overseas investments insurance and guarantee facilities.



The Bank operates its business mainly from its headquarters in Kuala Lumpur and also from its two representative offices in Pulau Pinang and Johor Bahru, which cater to clients in northern and southern Malaysia, respectively. The Bank's clientele consists of locally incorporated corporations and small and medium enterprises ("SMEs") as well as foreign companies and selected foreign governments which fall under the Bank's mandated role. The Bank is a member of the Berne Union, an international organisation for Export Credit Agencies, a member of Asian EXIM Banks Forum, an association of nine EXIM Banks in Asia, the Aman Union and Association of Development Financial Institutions in Asia and the Pacific.

The Bank in its export promotion efforts also collaborates with the Government's agencies including MITI, Malaysia External Trade Development Corporation, Malaysian Investment Development Authority, Small and Medium Enterprise Corporation Malaysia and Construction Industry Development Board Malaysia.

The facilities offered by the Bank fall into two principal categories: banking facilities and credit insurance facilities. The Bank offers both conventional and Islamic variations of these products. Whereas at 31 December 2012, the Bank's Islamic finance business only represented 15 per cent. of the Bank's overall business, the Bank intends to focus further on its Islamic finance business going forward in order to significantly increase the size of its Islamic banking business relative to its conventional business.

### ***Banking Facilities***

The Bank offers a wide range of conventional and Islamic banking facilities.

One of the most notable differences between conventional and Islamic banking facilities is that there is no restriction on interest payments under conventional banking facilities whereas the payment of interest is prohibited under Islamic banking facilities. In order to achieve a similar economic return to the interest income earned on conventional banking facilities and in order to ensure compliance with the principles of Shari'a, the Bank adopts one or more of the Shari'a-compliant structures described further below for its Islamic banking facilities according to specific business considerations.

The conventional and Islamic banking facilities offered by the Bank are classified into three key categories-term financing, trade finance and guarantees.

- ***Term financing***

The Bank provides overseas project and contract financing facilities to companies engaging in the purchase and supply of Malaysian goods and services. These facilities support Malaysian exporters or contractors which undertake projects overseas, such as manufacturing, infrastructure and other developmental projects. Loan disbursements are generally made directly to the Malaysian exporters or contractors.

Buyer credit facilities are offered by the Bank to provide opportunities to Malaysian exporters and contractors in bidding for overseas jobs and contracts. The loan is extended directly to a foreign buyer or a lending institution to facilitate the import of Malaysian goods and services.

Further, the Bank provides export of services facilities to facilitate Malaysian companies in exporting their professional services overseas which are typically in the form of consultancy in areas like information technology, construction, telecommunications, management or other technical services. Loan disbursements are generally made directly to the Malaysian companies.

Malaysiakitchen financing facilities are also offered by the Bank to assist Malaysian entrepreneurs in obtaining credit or financing facilities for the purpose of setting up or expanding existing Malaysian restaurants overseas. Loan disbursements are generally made directly to the Malaysian entrepreneurs.

As of 31 December 2012, the Bank's total loans outstanding relating to term financing (including both conventional and Islamic banking facilities) amounted to approximately RM3.3 billion.

- *Trade finance*

The Bank makes available various facilities in support of trade finance. Malaysian manufacturers, exporters and suppliers of Malaysian-made goods can also take advantage of the trade finance facilities offered by the Bank to boost their exports into international markets through working capital financing under the supplier credit or financing facilities.

Import financing facilities assist Malaysian companies with the import of strategic goods which promotes the socio-economic development of Malaysia.

The Bank also makes available competitively priced short-term trade finance facilities to direct exporters and indirect exporters to promote the export of manufactured products, agricultural products and primary commodities under the ECR scheme. The ECR scheme allows the financing of exports at competitive rates. Financing is categorised under pre-shipment ECR and post-shipment ECR. Pre-shipment ECR is an advance to facilitate the production of goods prior to shipment. Post-shipment ECR is an advance to exporters to finance the export of goods after shipment.

As at 31 December 2012, the Bank's total loans outstanding relating to trade finance (including both conventional and Islamic facilities) amounted to approximately RM0.9 billion.

- *Guarantees*

Guarantees are made available by the Bank to facilitate the issuance of advance payment bonds, performance bonds and standby letters of credit required by overseas contracts undertaken by Malaysian contractors. Such guarantees may also be offered to Malaysian investors seeking to raise funds overseas.

The Bank facilitates the import of goods through the issuance of letters of credit and offers forward foreign exchange facilities which allows customers to hedge against adverse fluctuations in the exchange rate.

The Bank's EXIM Overseas Guarantee Facilities assist Malaysian contractors in obtaining financing for overseas projects from commercial banks through guarantees provided by the Bank. This facility helps Malaysian companies bidding for, or which have secured, overseas contracts, to obtain credit facilities from participating financial institutions, in consideration for the Bank providing the guarantees to cover the exposure.

As of 31 December 2012, the Bank's total guarantees outstanding amounted to approximately RM2.2 billion.

### ***Trade credit insurance and takaful facilities***

The Bank offers conventional short-term trade credit insurance and medium-to long-term trade credit insurance as well as Islamic takaful variations of certain of these products.

- *Short-term trade credit insurance and takaful products*

Short-term trade credit insurance/takaful covers export and domestic trade transaction with a policy term of less than one year. The facilities provide “umbrella” cover for exporters who make regular exports to overseas importers and domestic buyers on credit for up to 180 days. The facilities also provide cover for exports directly from third-country suppliers to their destination overseas without passing through Malaysia.

The Bank provides bank letter of credit insurance policies covering Malaysian banks against the risk of non-payment of irrevocable letters of credit issued by overseas banks in respect of Malaysian exports.

The Bank also provides a multi-currency trade finance scheme which is an insurance policy covering participating Malaysian commercial banks against losses on advances made to their trade finance customers in respect of their working capital financing for exports. The aim of this scheme is to assist SME exporters in financing the production of goods or rendering services against letters of credit issued by overseas issuing banks. The scheme covers pre-shipment risk relating to non shipment of goods and post-shipment risk in circumstances when letters of credit are not honoured by the overseas issuing banks. The SME exporters are not required to provide any collateral.

The Bank offers insurance cover against insolvency or payment default to SMEs operating in the manufacturing, primary agriculture and services industries, against default by their direct exporters via the indirect exporter’s financing scheme policy. The indirect exporter’s financing scheme is a non-recourse financing scheme for SMEs which are indirect exporters, whereby, participating commercial banks discount commercial documents arising from the supply of goods and/or services to direct exporters and insurance cover is provided by the Bank to such participating commercial banks.

The Bank also provides Shari’a-compliant takaful facilities under Exporters Trade Credit Takaful to cover similar commercial short-term credit risk.

As of 31 December 2012, the Bank’s total exposure under short-term trade credit insurance and comprehensive takaful shipment amounted to approximately RM1.4 billion.

- *Medium-to long-term trade credit insurance and takaful products*

Medium-to long-term trade credit insurance is insurance which has a policy term of more than one year and is offered by the Bank to enable Malaysian companies to venture into new and unfamiliar markets. The Bank provides specific insurance policies to cover the export of capital goods or services with lengthy manufacturing and/or payment periods and high contract values.

Political risk insurance policies are provided to cover overseas investments against certain risks such as losses arising from transfer restrictions, expropriation, wars and civil disturbances and breaches of contract by counterparties.

The Bank also issues buyer credit guarantees which guarantee the repayment of fixed or floating rate loans lent to foreign buyers of Malaysian goods.

The Bank also offers bond risk insurance policies which cover the risk of any calling of surety bonds by principals or contract awarders of contractors who are required to provide surety bonds to their principals or contract awarder when undertaking overseas projects and

overseas investment insurance to cover non-commercial risks of loss to the investment or business established overseas by Malaysian enterprises such as transfer restriction, expropriation, war and civil disturbances and breach of contract.

The Bank also offers specific takaful products to provide medium-to long-term Shari'a-compliant coverage for one-off projects/contracts which are non-repetitive and lengthy in terms of the manufacturing/project period.

As of 31 December 2012, the Bank's total exposure under medium-to long-term trade credit insurance and specific takaful amounted to approximately RM0.1 billion.

### ***Shari'a concepts adopted in the Bank's Islamic financing products***

The Bank adopts one or more of the following Shari'a-compliant concepts in its Islamic banking and takaful products in order to achieve a similar commercial outcome to its conventional banking and insurance products:

- *Bai' Al Dayn*: A contract of debt trading from a Shari'a-compliant business activity and the provision of financial resources through the sale of debt. It is a short-term contract with a year or less maturity period. Only documents evidencing debts arising from bona fide commercial transactions can be traded.
- *Ijarah*: A lease contract between the lessor and lessee whereby the lessee has the right to the usufruct (benefit) of an asset owned by the lessor in consideration for rental payment for a specific rental period.
- *Istisna'*: A sale by order where the customer who has a contract to deliver an asset/project in the future, requests the financier to undertake and complete the asset/project according to the specification. The financier will appoint a third party or the customer to construct the project on his behalf. The financier then delivers the completed asset/project to the customer.
- *Kafalah*: A Shari'a principle governing guarantees. It applies to an obligation or other business contracts in which the bank acts as surety and guarantees the beneficiary on the execution of the performance of the obligor.
- *Mudarabah*: An agreement between an investor and the entrepreneur in a Shari'a-compliant business venture in which the investor provides the capital whilst the entrepreneur manages the business. The profit is shared in accordance with a pre-agreed profit sharing ratio.
- *Tawarruq*: The purchase of a commodity by the bank at cost and its subsequent sale to the customer at cost plus profit on deferred payment terms. The subsequent sale by the customer to any third party other than the original seller for the purpose of raising the financing.
- *Wakalah*: An agency contract in which a party appoints another party as his agent to perform a particular task.

### ***Interaction with Government Agencies***

The Bank interacts closely with other agencies of the Government in its efforts to promote exports. It regularly participates in trade missions and exhibitions organised by the MITI and Malaysia External Trade Development Corporation. The MITI aims to make Malaysia a preferred investment destination and among the most globally competitive trading nations while the Malaysia External Trade Development Corporation is actively involved in assisting foreign companies in sourcing suppliers of Malaysian products and services. The Bank works with the Malaysian Industrial

Development Authority, which aims to promote the manufacturing and services sectors in Malaysia, with the promotion of investment initiatives and facilitating the implementation of manufacturing and related services for overseas projects financed by the Bank. The Bank also works with the Construction Industry Development Board Malaysia to elevate the awareness of the Bank's facilities to its registered members.

### ***Strategic Alliances with Other Financial Entities***

The Bank was the first local bank in Malaysia to participate in the Asian Development Bank Trade Finance Program. Under the Asian Development Bank Trade Finance Program, the Asian Development Bank provides guarantees to the Bank and other participants to guarantee letters of credit issued by participating banks from 16 Asian countries. The guarantees on the letters of credit are available to Malaysian-incorporated companies which wish to export goods to the 43 Asian Development Bank member countries.

The Bank has also formed alliances with financial entities in other countries such as ICICI Bank Limited and Yes Bank Ltd and recently established 20 new correspondence banking relationships worldwide to facilitate the expansion of Malaysian businesses' global footprint. In addition, it has established a total credit limit of RM250 million with financial institutions in India and Turkey.

### ***Corporate Improvement Programme***

The Bank implemented a "Corporate Improvement Programme" from 2008 to 2010 to position itself to successfully deliver on its mandate as a DFI and to be a leading financial institution for Malaysian cross-border ventures. The Corporate Improvement Programme focused on six key areas to restructure its operating structure and establish a platform for future growth, including:

- balance sheet recapitalisation and restructuring;
- realignment of its business model and strategies;
- developing human capital;
- improving specific business processes to enhance efficiency;
- enhancing governance framework; and
- establishing various business enablers such as IT infrastructure and management systems.

Under the Corporate Improvement Programme, the Bank strengthened its balance sheet when it converted its ECR RM1,980 million loan from the Government into equity. The Bank reviewed its business functions to focus on specific target markets and to streamline its marketing approach. A Productivity and Quality Management Department was set up to drive a review of operational processes and drive improvement initiatives to enhance efficiency, especially those which involve customer experience. In order to develop its human capital, the Bank recruited relevant personnel to improve its management, marketing and research capabilities and introduced a performance-driven remuneration system.

To enhance its governance framework, the Bank reviewed its internal audit function to ensure the adequacy of its scope and the completeness of the internal audit processes. The Bank reviewed existing audit policies, following which new procedures and guidelines were established to address any gaps. The Bank also reviewed the terms of reference of its Board and Management Committees.

## ***New Business Model***

Following the completion of the Corporate Improvement Programme, the Bank introduced a new business model in 2011 (the “**Business Model**”). Under the Business Model, the Bank recognises that the Government’s mandate and the market needs of Malaysian businesses are the two core drivers of the Bank’s business. To ensure business sustainability, the Bank strives to balance these two drivers with sound risk management practices which it has implemented under the Corporate Improvement Programme.

Further to the introduction of the Business Model, the Bank has seen an improvement in its business. In 2012, the Bank recorded a total disbursement of RM3.1 billion, being an increase of approximately 158 per cent. from RM1.2 billion in 2011. Apart from improvement in the approval rate of loan applications, the Bank has also seen an improvement in its asset quality. For the year of 2012, 80 per cent. of newly approved financings were of a higher credit quality in accordance with the Bank’s internal credit ratings.

## **Strengths**

The Bank’s key strengths include the following:

- ***The Bank’s role as a key policy bank with Government support***

The Bank’s strength as a key policy bank with a high degree of Government support is reflected by MOF Inc. and Federal Lands Commissioner’s ownership of the Bank’s entire share capital and the history of support by way of capital injection, direct funding support and loan guarantees from the Government and BNM.

- ***The Bank’s strong capital and the turnaround in its asset quality***

The Bank has recently increased asset diversification towards low risk counterparties through active marketing strategies which has contributed to its strong capital position and turnaround in asset quality. The Bank’s Impaired Assets recorded on an annual basis have seen a significant decline since the implementation of the Bank’s new risk governance framework under the Corporate Improvement Programme.

- ***The Bank’s experienced and committed senior management***

The Bank appointed new Board members in 2008 to implement the Corporate Improvement Programme. Further Board members were appointed in 2011 and 2012 to strengthen the Board’s composition as the directors have significant relevant experience in their respective fields of expertise, and have a mandate to develop a sustainable business model for the Bank. The Board is complemented by an experienced management team.

- ***The Bank has established systems and prudent risk management***

Risk management is a critical part of the Bank’s operating model. The Bank’s established and prudent risk management approach forms an integral part of the Bank’s management and decision-making process at all levels.

- ***The Bank offers a broad spectrum of conventional and Islamic financing products***

The Bank offers a broad spectrum of conventional and Islamic financing products to meet the diverse needs for financing of Malaysian importers and exporters and to adapt to the ever changing operating environment of global financial market. The Bank maintains a dedicated



Shari'a Committee, comprised by reputable Shari'a scholars in Malaysia, to advise the Board of Directors on Shari'a matters and oversee the compliance by the Bank's Islamic products with Shari'a principles.

## **Business Strategies**

The Bank's efforts are focused on pursuing the following objectives:

- ***Building high quality assets***

As part of its on-going efforts to attract high quality assets, the Bank has identified different sectors and borrowers which the Bank believes will ensure the sustainable growth of its business.

The Bank will continue to attract government-linked companies, publicly-listed companies and state-owned companies as borrowers through competitive pricing and by increasing its exposure to these companies through its marketing efforts. The Bank has identified business opportunities in sectors such as commodities (including palm oil, rubber and timber) and infrastructure projects (including transportation, telecommunications, power and water), amongst others, and intends to attract customers from such sectors.

Against the backdrop of Malaysia emerging as one of the most active trading nations in Southeast Asia, the Bank also focuses on providing more trade finance loans as this will further improve the Bank's liquidity. The Bank set up the Trade Services and Financial Institution Department in 2011 to build its trade finance portfolio.

Further, as part of the Bank's risk management strategy and response to the global uncertainty concerning Europe and the Middle East, the Bank increases its focus on providing project finance loans to borrowers such as government-linked companies and publicly-listed companies in lower-risk countries in Southeast Asia. As such borrowers are based in jurisdictions which are geographically closer to the Bank's home jurisdiction, the Bank is more familiar with the regulatory environment in which such borrowers operate and has greater ability to monitor their performances and compliance with the terms and conditions of the financing facilities.

- ***Building Islamic finance business***

The Bank will increase the size of its Islamic finance business significantly in the next few years. Where a customer is ambivalent as to whether to enter into an Islamic or conventional product and unless there is a material reason for entering into a conventional product, the Bank will seek to offer the customer an Islamic financing product where possible in the future.

- ***Building branding and awareness***

The Bank will further improve its branding and increase awareness of its areas of business such as the provision of financing facilities relating to the export of goods, export of services and overseas investments, financing facilities relating to imports of intermediary and capital goods and other strategic imports, as well as advisory services for Malaysian exporters.

- ***Sufficient liquidity of funds***

The Bank will continue to diversify its financing arrangements by accessing the conventional and Islamic debt markets as and when appropriate. Further, the Bank explores other funding opportunities by building strategic alliances with suitable international financial institutions. In this connection, the Bank is in the process of building strong alliances with other Asian

Export and Import Banks (the “**Asian EXIM Banks**”) and international organisations such as the Berne Union and the Asian EXIM Banks Forum to expand its cross-border business, enhance international trade and facilitate transactions which are too large for a single Asian EXIM Bank.

- ***Developing and retaining talent***

The Bank will continue to instill a high performance culture by implementing training and development programmes for its employees with a focus on credit and risk management. The Bank undertakes regular employment surveys with a view to applying meaningful key performance indicators and to undertake commensurate salary review exercises to boost productivity. The Bank has also adopted a succession planning and strategic leadership development model to ensure the continued success of the Bank.

## **Government Supervision and Support**

DFIs are specialised financial institutions established by the Government with a specific mandate to develop and promote key sectors that are considered to be of strategic importance to the overall socio-economic development objectives of the country. These strategic sectors include agriculture, maritime, the export-oriented sector as well as capital-intensive and high-technology industries.

As specialised institutions, DFIs provide a range of specialised financial products and services to suit the specific needs of the targeted strategic sectors. Ancillary services in the form of consultation and advisory services are also provided by DFIs to nurture and develop the identified sectors. DFIs therefore complement the banking institutions and act as a strategic conduit to bridge the gaps in the supply of financial products and services to the identified strategic areas for the purpose of long-term economic development.

The Bank is the only DFI in Malaysia dedicated to promoting the development of cross-border transactions mainly through the provision of loan facilities and insurance coverage to Malaysian entities venturing overseas in their businesses. The strategic function assigned to the Bank is financing and credit insurance coverage for exports and imports.

The Bank’s performance is regularly monitored by MOF Inc. and BNM. MOF Inc. reviews quarterly management and key performance indicator reports submitted by the Bank and assesses the Bank’s performance based on key performance indicators including the Bank’s contribution to national development, compliance with statutory and regulatory requirements, value creation, fiscal performance and growth and Government and stakeholder management. The annual accounts of the Bank are approved by MOF Inc., which has the authority to conduct an audit on the Bank. The Bank submits quarterly financial reports to BNM. The Bank is also obliged to undertake monthly statistical reporting to BNM. BNM has specific guidelines in respect of governance, capital and risk management which the Bank must observe as a DFI. BNM also has the authority to conduct an audit of the Bank.

In 2007, MOF Inc. granted a RM100 million grant to the Bank to strengthen the Bank’s balance sheet position. In 2008, MOF Inc. entered into a debt for equity swap for a RM1.98 billion loan granted to the Bank under the ECR scheme in order to strengthen the Bank’s capital base. The purpose of this loan was to promote Malaysian exports by offering competitive rates to banks participating in the export credit refinancing scheme for on-lending to exporters.

The Bank has received funding from the Government to support specific causes considered to be of strategic importance to Malaysia’s economic development. BNM disbursed a RM1 billion loan due 2021 to the Bank in support of the EXIM overseas guarantee facility scheme in 2006 to assist Malaysian companies which are bidding for or have secured overseas contracts to obtain credit

facilities from financial institutions. The Bank has also managed funds amounting to RM170 million from the Government for the Bank's Malaysiakitchen financing facility scheme since its inception in 2007. The Malaysiakitchen financing facility scheme serves to promote and export Malaysian cuisine, agricultural produce and developing international Malaysian franchises. The funds intended for disbursement under the Bank's Malaysiakitchen financing facility scheme are due to be returned to the Government in 2022.

The Government has provided guarantees for some of the Bank's borrowings, such as the U.S.\$200 million and U.S.\$300 million term loans obtained in 1999, both of which were subsequently repaid in 2009.

### **Subsidiaries and Affiliates**

The following is a description of the Bank's subsidiaries as at 31 December 2012:

<b>Name of company</b>	<b>Principal activities</b>	<b>Country of incorporation</b>	<b>Effective ownership interest (%)</b>	
			<b>2012</b>	<b>2011</b>
Malaysia Export Credit Insurance Berhad	Dormant	Malaysia	100	100
Pengkalan Megaria Sdn Bhd	Dormant	Malaysia	100	100
Morning Glory Company Limited	Dormant	Laos	100	–

Malaysia Export Credit Insurance Berhad, a wholly-owned subsidiary of the Bank, was formerly engaged in the provision of export and domestic credit insurance facilities and guarantees. The company is currently dormant.

Pengkalan Megaria Sdn Bhd, a wholly-owned subsidiary of the Bank, was set up to act as a trustee for a vessel which was previously assigned as collateral for a financing given by the Bank to a borrower. The company is currently dormant.

Morning Glory Company Limited, a wholly-owned subsidiary of the Bank, was established as a special purpose vehicle in Laos to act as a trustee to hold certain assets on behalf of the Bank. The company is currently dormant.

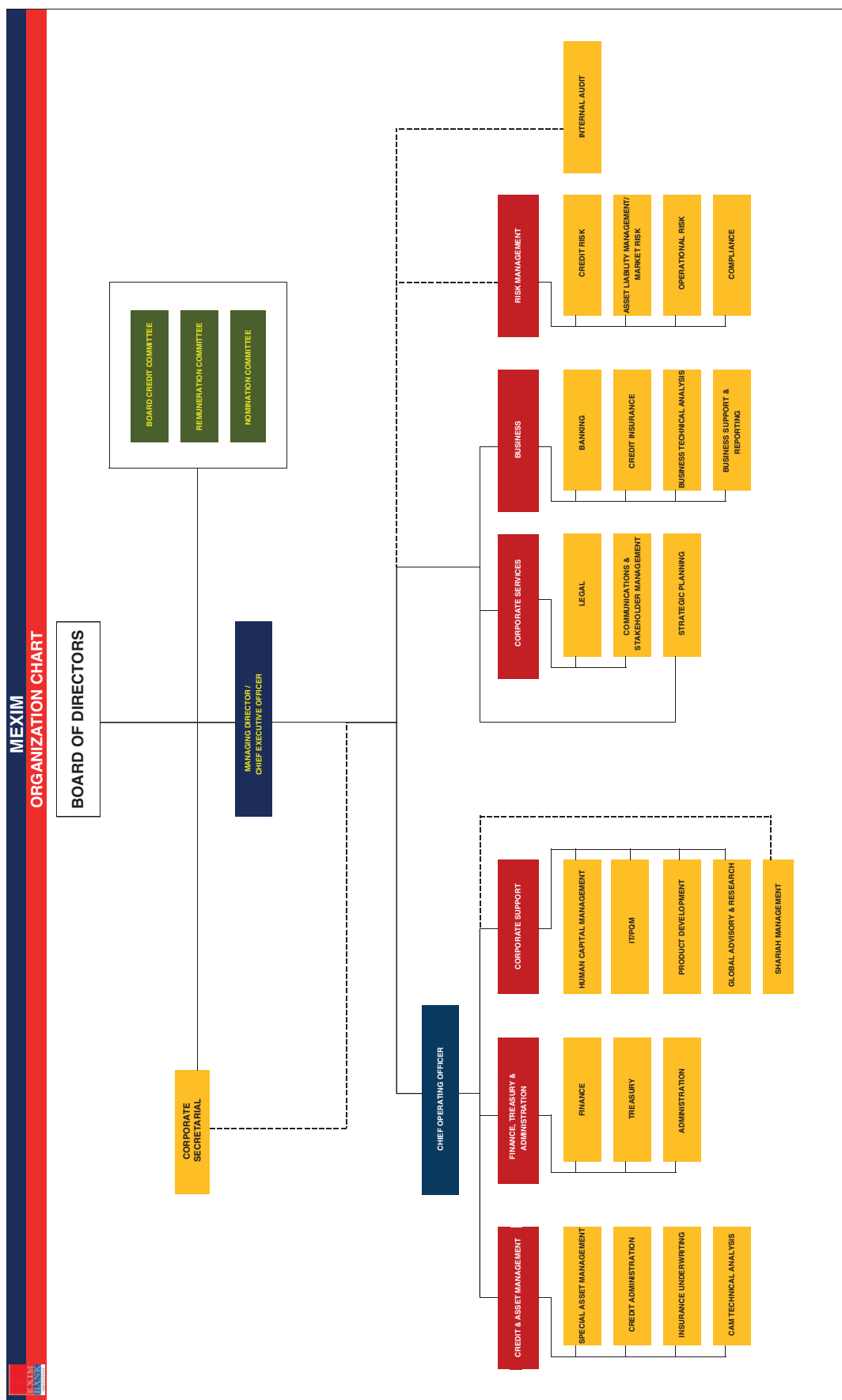
### **Legal Proceedings**

The Bank may from time to time be involved in a number of legal proceedings and regulatory relationships in the ordinary course of its business. The Bank is not aware of any governmental, legal or arbitration proceedings which may have a significant effect on the Bank's financial position and the Bank is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware) which may have or have had in the recent past a significant effect on the Bank's financial position.

### **Employees**

As of 31 December 2012, the Bank had 278 employees.

# ORGANISATION CHART



## FUNDING AND CAPITAL ADEQUACY

### Funding

The Bank had shareholders equity of RM2,840,898,000 as at 31 December 2012. The Bank does not accept deposits and instead raises funds via other financial institutions as well as from the wholesale capital market. These borrowings are usually in the form of term loans, revolving loans or bonds (whether publicly offered or privately placed) denominated in U.S. dollars and other major international currencies. In June 2012, the Bank established a U.S.\$1.5 billion (approximately RM4,587 million) Multi-currency Medium Term Notes programme. Under the programme, the Bank may from time to time issue notes in series or tranches, which may be denominated in U.S. dollars or any other currency deemed appropriate at the time. The Bank has also received funding from the Government to support specific causes considered by the Government to be of strategic importance to Malaysia's economic development. See *"Business of the Issuer – Government Supervision and Support"*.

In contrast to commercial banks, there are no regulatory requirements issued by BNM which require the Bank to maintain a minimum level of liquidity. Nevertheless, the Bank recorded a loan-to-borrowed funds ratio of 104.5 per cent. and 113.8 per cent. as at 31 December 2011 and 31 December 2012, respectively. The Bank has a reasonably diversified debt maturity structure with 33 per cent. of total borrowings having a maturity beyond five years and ensures that the majority of the Bank's investments is maintained in liquid and quality fixed income securities. See *"Asset Quality – Loan Maturity Profile"*.

### Capital Adequacy

As at 31 December 2011 and 31 December 2012, the Bank's RWCR (the ratio of capital base to total risk-weighted assets) was 64.5 per cent. and 42.1 per cent., respectively, which were well above the minimum requirements set by BNM of 8.0 per cent. for DFIs.

The Bank's computation of capital follows the capital adequacy framework provided in BNM's Guideline on Capital Framework for Development Financial Institutions updated on 4 April 2008 which comprises three broad categories, namely:

- (a) General capital adequacy requirements;
- (b) Components of eligible regulatory capital; and
- (c) Risk Weighted Assets ("**RWA**").

As at 31 December 2012, the entire tier 1 capital of the Bank was in the form of core equity with no hybrid forms of capital.

## ASSET QUALITY

### Loan Portfolio

As at 31 December 2011 and 2012, the Bank's total gross outstanding loans were RM2,467,622,000 and RM3,662,828,000 respectively, which represented 39.1 per cent. and 50.0 per cent. of the Bank's total assets as at the same dates.

The composition of the Bank's loan portfolio as at 31 December 2011 and 31 December 2012 is set out below.

### *Gross loans, advances and financing*

	2011	2012
	<i>RM'000</i>	
Loans, advances and financing	2,444,891	3,637,766
Loans under Malaysiakitchen Financing Facility Scheme	16,929	21,474
Staff loans and advances	5,802	3,588
	<b>2,467,622</b>	<b>3,662,828</b>

### *Gross loans, advances and financing analysed by facility*

	2011	2012
	<i>RM'000</i>	
Buyer credit	657,592	760,225
Overseas contract financing	331,129	313,890
Overseas project financing	1,023,687	1,890,765
Supplier credit	81,134	146,651
Export finance	5,338	2,563
Supplier financing- <i>i</i>	131,110	214,216
Overseas contract financing- <i>i</i>	8,764	2,156
Overseas project financing- <i>i</i>	206,137	307,300
Malaysiakitchen Financing Facility Scheme	16,929	21,474
Staff loans and advances	5,802	3,588
	<b>2,467,622</b>	<b>3,662,828</b>

As at 31 December 2012, loan exposure to the construction sector made up 31.1 per cent., while the mining and manufacturing sectors made up 23.7 per cent. of the Bank's total loans, advances and financing, respectively.



### **Exposures to credit risks**

The Bank monitors country exposures and manages its country risk by undertaking, on a regular basis, analysis of the political, economic, financial and social developments of each country where it has significant exposures and by setting a specific country limit.

The table below shows the Bank's exposures to on-balance sheet credit risk by geographical regions. On-balance sheet exposure includes deposits and placements with banks and other financial institutions, investment securities and amounts due from ECR debtors, as well as loans, advances and financing.

	<b>2011</b>	<b>2012</b>
	<i>RM'000</i>	
Malaysia	4,506,944	4,458,692
East Asia	1,113,086	1,473,575
South Asia	199,077	225,713
Central Asia	–	198,704
Middle East	186,170	389,254
Africa	165,059	161,911
Europe	160,090	316,091
America	25,242	22,987
Oceania	59,747	219,380
	<b>6,415,415</b>	<b>7,466,307</b>

The table below shows the Bank's exposures to off-balance sheet credit risk by geographical regions. Off-balance sheet exposure includes banking operation commitments as well as short-and medium-or long-term insurance operations.

	<b>2011</b>	<b>2012</b>
	<i>RM'000</i>	
Malaysia	208,510	984,443
East Asia	422,379	991,022
South Asia	67,076	790,859
Central Asia	–	48,900
Middle East	72,284	71,828
Africa	48,926	32,581
Europe	273,275	323,648
America	126,348	110,131
Oceania	154,520	460,596
	<b>1,373,318</b>	<b>3,814,008</b>

The table below shows the percentages of the Bank's exposure to on-balance sheet credit risk by industry.

	<b>2011</b>	<b>2012</b>
	<b>(%)</b>	
Finance, insurance, real estate and business activities	61.2	49.7
Construction	16.4	16.1
Government	7.4	6.9
Mining and manufacturing	7.3	11.6
Wholesale and retail trade restaurants and hotels	3.6	5.0
Transport, storage and communication	1.9	1.7
Agriculture, hunting and forestry	1.2	3.9
Electricity, gas and water	0.3	5.0
Others	0.7	0.1
	<b>100.0</b>	<b>100.0</b>

The table below shows the percentages of the Bank's exposure to off-balance sheet credit risk by industry.

	<b>2011</b>	<b>2012</b>
	<b>(%)</b>	
Manufacturing	38.2	24.7
Construction	28.1	14.7
Wholesale and retail trade and restaurant and hotels	13.7	2.3
Transport, storage and communication	7.3	2.5
Government	1.3	2.9
Others	11.4	52.9
	<b>100.0</b>	<b>100.0</b>

### **Loan Maturity Profile**

As at 31 December 2012, loans maturing in less than one year constituted 29.7 per cent. of the Bank's gross loans, 10.4 per cent. of gross loans had maturities of one to three years, 22.0 per cent. of gross loans had maturities of three to five years and 38.0 per cent. of gross loans had maturities of more than five years.

Loans with maturities within one year consist entirely of short-term trade finance facilities.

The following table sets out the breakdown of the Bank's gross loan portfolio by remaining maturity as at 31 December 2012:

	2011	2012
	<i>RM'000</i>	
Within one year	336,461	1,086,367
One year to three years	208,468	380,310
Three years to five years	420,919	804,633
<b>Over five years</b>	1,501,774	1,391,517
	<b>2,467,622</b>	<b>3,662,827</b>

## **Implementation of MFRS139**

### ***Impairment losses on loans, advances and financing***

The Bank reviews its individually significant loans, advances and financing as at the date of each statement of financial position to assess whether an impairment loss should be recorded in the income statement. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgments about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances. Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes into account data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios, etc.), concentrations of risks and relevant economic data.

### ***Classification of loans, advances and financing as impaired***

Upon the adoption of MFRS139 as at 1 January 2010, loans are classified as impaired when objective evidence of impairment exists.

### ***Interest and Profit Income and Expense Recognition***

For all financial instruments measured at amortised cost and interest or profit bearing financial assets classified as Available-for-Sale Securities, interest or profit income or expense is recorded using the effective interest rate (the "EIR") or effective profit rate (the "EPR"), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR or the EPR, but not future credit losses.

For impaired financial assets where the value of the financial asset has been written down as a result of an impairment loss, interest or financing income continues to be recognised using the EIR or EPR for the purpose of measuring the impairment loss.

## Write-Off Policies

As a general policy, the unsecured portion of Impaired Assets aged two years and above are to be written off irrespective of the status of ongoing recovery actions/repayment. In this respect, in the event the Impaired Assets are secured against real property, there will be a partial write-off of the Impaired Assets. Secured Impaired Assets aged seven years and above will be fully written off. Impaired Assets which are written off in such cases, are maintained in a memorandum account for further follow-up actions as if the debt has not been written off.

## Profile of Impaired Assets

As at 31 December 2012, the Bank's Impaired Assets amounted to approximately RM812.3 million and the ratio of gross and net Impaired Assets to total gross loans was 19.2 per cent. and 9.7 per cent. respectively. The components of the Bank's Impaired Assets as at 31 December 2012 which were approved since 2010 are significantly less than the components of the Bank's Impaired Assets as at 31 December 2012 which were approved prior to 2010, with the components of the Bank's Impaired Assets as at 31 December 2012 which were approved between 2010 to 2012 accounting for only approximately 7.1 per cent. of the Bank's Impaired Assets as at 31 December 2012. This can be largely attributed to the implementation of the Bank's new risk governance framework under the Corporate Improvement Programme.

The table below shows the percentages of gross impaired loans and net impaired loans (including ECR) against gross loans, advances and financing in 2011 and 2012.

	2011	2012
Gross impaired loans as a percentage of gross loans, advances and financing (with ECR debtors)	25.5	19.2
Net impaired loans as a percentage of gross loans, advances and financing (with ECR debtors)	12.9	9.7

The table below shows the percentages of gross impaired loans and net impaired loans (excluding ECR) against gross loans, advances and financing in 2011 and 2012.

	2011	2012
Gross impaired loans as a percentage of gross loans, advances and financing (without ECR debtors)	35.6	22.2
Net impaired loans as a percentage of gross loans, advances and financing (without ECR debtors)	18.1	11.2

The table below shows the impaired loans coverage ratio (ratio of allowance for probable losses on impaired loans to total gross impaired loans) in 2011 and 2012.

	2011	2012
Impaired loans coverage ratio (%)	47.8	49.3

Intensive loan rehabilitation and aggressive recovery efforts have enabled the Bank to contain down-side risks and ring-fence its loan portfolio from further deterioration. Progress has been made in restructuring and recovering the Bank's Impaired Assets in recent years, with the amount of Net Impaired Assets recovered increasing from RM19 million in 2007 to RM44.3 million in 2012. Recovery has improved through enhancing the quality of collateral, such as perfecting securities placed as collateral with the Bank. Impaired Assets amounting to RM86.1 million and RM2.9

million have been restructured and reclassified as performing in 2011 and 2012, respectively. The Bank intends to continue focusing on recovery and rehabilitation efforts, which may include the appointment of third party service providers to expedite its recovery exercise.

The table below shows the amount of Impaired Assets which were reclassified as performing in each year, in 2011 and 2012.

	<b>2011</b>	<b>2012</b>
Impaired Assets reclassified (RM'000)	62,151	2,856

The table below shows the amount of the Bank's Impaired Assets recovered in 2011 and 2012.

	<b>2011</b>	<b>2012</b>
Impaired Assets recovered (RM'000)	114,289	36,624

## **Securities Portfolio**

### ***Securities Held-for-Trading***

The Bank does not have any securities classified as Held-for-Trading.

### ***Securities Available-for-Sale***

The Available-for-Sale portfolio covers the holding of approved securities that are not classified as Held-for-Trading or Held-to-Maturity investments. Available-for-Sale securities are measured at fair value and are considered as quasi-trading positions. Unquoted shares in organisations set up for socio-economic purposes and equity instruments received as a result of loan restructuring or loan conversion are also classified as Available-for-Sale securities. As at 31 December 2012, Available-for-Sale securities constituted 3.3 per cent. of the Bank's total assets. The Bank's Available-for-Sale portfolio as at 31 December 2012 consisted exclusively of unquoted debt securities.

### ***Securities Held-to-Maturity***

These are financial assets with fixed or determinable payments and fixed maturity that the Bank intends to hold until maturity. As at 31 December 2012, Held-to-Maturity securities constituted 0.1 per cent. of the Bank's total assets. The Bank's Held-to-Maturity portfolio as at 31 December 2012 consisted exclusively of unquoted debt securities.

## **Investment Policy**

The purpose of the Bank's investment policy is to provide a broad framework and guiding principles for cash placements and securities investment related activities of the Bank's excess funds, and to establish adequate control mechanisms that are maintained by the respective committees and senior management of the Bank.

The main objectives of the Bank's investment activities are to:

- (a) ensure that all the principal and interest payments are protected from all investment exposures;

- (b) maintain an adequate level of liquidity so that the Bank is able to meet its financial obligations as and when they arise, such as following the crystallisation of claims from the Bank's trade credit insurance and guarantee operations and from expenses arising from business operations;
- (c) optimise returns from investment activities by simultaneously pricing-in safety levels in respect of the Bank's future cash flow needs;
- (d) manage credit and interest rate risks and their potential impact on the Bank's earnings and the market values of its assets; and
- (e) maintain an adequate level of liquid assets which can be used or readily converted into cash where such a need arises or which can be pledged to the Bank's lending entities as collateralised loans for funding.



## RISK MANAGEMENT

The Bank is faced with many different types of risk including operational risks and credit risks. These risks, which present themselves on a number of fronts, demand a coordinated and systematic approach towards response and management. Risk management is a critical part of the Bank's operating model, and has become an integral part of the Bank's management and decision-making at all levels. The Bank's risk management initiatives are formulated based on the objective of protecting the Bank's capital from potential losses through effective management of risks which arise from fulfilling its vision of becoming a leading financial institution for Malaysia's cross-border ventures.

### Risk Management Framework

The Bank's risk management framework, which governs its risk management initiatives, is comprised of four elements:

- (a) **Strategy** refers to clear risk management strategies that enable the Bank to control and manage its risks.
- (b) **Organisation** refers to a risk based organisation structure with appropriate checks and balances and focus on responsibilities in relation to risk management.
- (c) **Processes and Enablers** refer to common, continuous and consistent application of a standard risk management process across all levels within the Bank's organisation. Enablers are operational and management tools that are established to support and monitor the effectiveness of the risk management processes.
- (d) **Measurement and Control** refers to comprehensive measurement of risks undertaken by the Bank with risk control mechanisms that act to limit the effect of the measured risks.

### Risk Management Strategies

The Bank's risk management strategies were formulated based on the objective of protecting its capital from potential losses through effective management of risks which arise from fulfilling its vision to become a leading financial institution for Malaysia's cross-border ventures. In order to achieve the above objective, the Bank has identified the following risk strategies:

#### (a) **Clear Responsibilities for Risk Management**

The Bank clearly defines the roles and responsibilities of parties involved in the entire risk management process. The ultimate responsibility for understanding the risks run by the Bank and ensuring that they are properly managed lies with the Board. The Bank's management team (the "**Management**") is responsible for overseeing day-to-day management of risk.

#### (b) **Integrate Risk Management in all Decision-making Processes**

As risk management is an essential component of good management, the Bank integrates risk management into its existing strategic management and operational processes.

(c) ***Comprehensive Assessment of Risks on all Activities***

All material risks faced by the Bank are assessed. Risk assessment is conducted based on consistent application of the following process: identification of risk, measurement of risk and evaluation of risk.

(d) ***Effective Risk Control Mechanisms***

Risk control mechanisms include policies, guidelines, procedures and risk limits. Each risk control ensures that each risk has a process or measure to help contain or control that risk and that such process or measure is being applied and works as intended. The Bank ensures that a proper risk control mechanism is established for each of its key risk areas.

(e) ***Adequate System for Monitoring and Reporting***

The Bank ensures the adequacy of its systems for monitoring and reporting risk exposures by assessing how the Bank's changing risk profile affects the need for capital. The Board and Management receive reports on the Bank's risk profile and capital needs on a regular basis.

(f) ***Effective Internal Control Review***

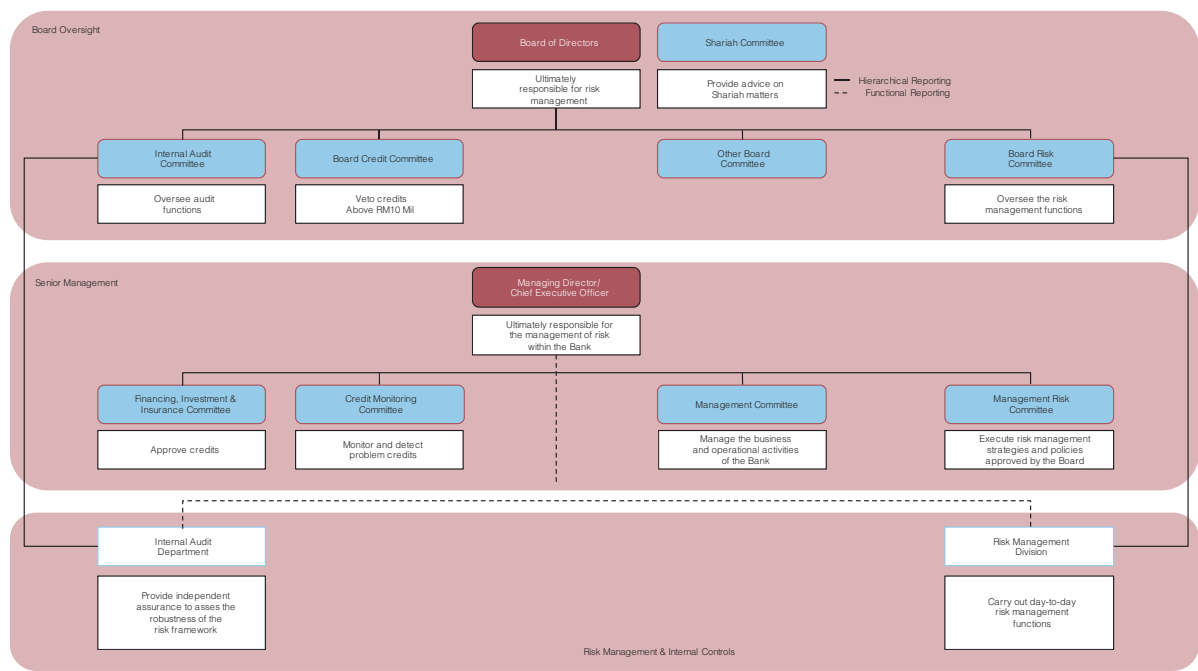
The Bank has established an effective internal control review system to support its risk management process. Effective control of the risk management processes includes an independent review and, where appropriate, the involvement of internal or external audits.

**Risk Management Organisation**

The Bank's risk management organisation structure has the following characteristics:

- (a) clear roles and responsibilities of the Board and Management in managing risks;
- (b) clear roles and responsibilities of various committees and line management that support the Bank's risk management initiatives;
- (c) an independent risk management function with sufficient authority, independence, resources and access to the Board which is able to provide an independent view of the Bank's risk positions; and
- (d) a strong risk management culture which manifests itself through the understanding of risks across every level of the organisation and which ensures that decisions on business and activities are in line with the Bank's risk management strategies and appetite.

The following table shows the risk governance structure of the Bank:



The Board aims to ensure that risks are managed effectively and at acceptable levels through effective oversight of the Management. The Board is assisted by the following Board committees in its overall responsibility for risk oversight:

- (a) Board Risk Committee;
- (b) Board Credit Committee; and
- (c) Internal Audit Committee.

The Board Risk Committee oversees risk management functions while the Internal Audit Committee oversees audit functions. The Board Credit Committee has the power to veto proposed unsecured loans above RM10 million and proposed secured loans above RM15 million. The Management seeks to ensure that business activities are consistent with the Board’s directions, particularly in respect of approved business and operational strategies and pre-determined levels of risk appetite. At the Management level, risk matters are managed by the Management Risk Committee, which executes risk management strategies and policies approved by the Board; the Financing, Investment and Insurance Committee, which approves credit transactions; and the Credit Monitoring Committee, which monitors and detects problem credits. The Management Risk Committee, Financing, Investment and Insurance Committee and the Credit Monitoring Committee report to the Managing Director/Chief Executive Officer, who is ultimately responsible for the management of risk within the Bank.

The Internal Audit Department of the Bank (the “**Internal Audit Department**”) assesses the robustness of the Bank’s risk framework to provide independent assurance to the Internal Audit Committee. The Internal Audit Department provides the assurance that appropriate processes are being adhered to and deficiencies are being identified for corrective actions. The Risk Management Division of the Bank (the “**Risk Management Division**”) carries out day-to-day risk management functions and reports to the Board Risk Committee.

## **Operational Risk Management**

Operational risk is the risk of loss arising from inadequate or failed internal processes, inefficient management of personnel, or fault in operating systems or external events that may be beyond the control of the Bank.

The Bank has established operational risk management processes which enable the Bank to identify, measure, evaluate and manage operational risks inherent in all activities, processes and systems. Such management processes include:

- (a) establishing a risk assessment process which reviews new products, activities, processes and systems before they are introduced or undertaken by the Bank and a consistent new product introduction process to ensure that all material risks and issues have been addressed before the new products are offered;
- (b) establishing a primary database to record all loss events related to operational risk and to this end, the Bank requires all departments to register any incidences of loss events to the Risk Analysis Department for its consolidation; and
- (c) establishing a business continuity management and disaster recovery plan which comprises appropriate business continuity strategies for all of its critical business functions to ensure the continuity or recovery of essential services within an acceptable timeframe.

## **Credit Risk Management**

Credit risk arises as a result of customers or counterparties not being able or willing to fulfill their obligations to repay their loans or settle financial contracts.

The Business Division is responsible for evaluating new clients in line with the Bank's credit risk policies and knock-out guidelines which set out relevant thresholds for accepting loan applications. The Business Division also evaluates and prepares the credit proposal in compliance with prudential limits and submits this to the approving authority of the Bank for approval. The Risk Management Division concurrently provides independent credit risk assessment, due diligence and risk rating. In doing so, technical risk and country risk assessments are procured from the Business Technical Analysis Department and the Global Advisory and Research Department of the Bank. Documentation processes are independently led by the Credit and Asset Management Division and the Legal Department of the Bank. The Board Risk Committee adopts a policy-driven approach in managing the development of the Bank's portfolio and thus engages a strategy to proactively diversify the Bank's portfolio risk through monitoring of the credit concentration risks in business segments, customer groups, economic sectors, loan maturities, loan sizes, geographic locations, collateral categories, product types and off-balance sheet transactions.

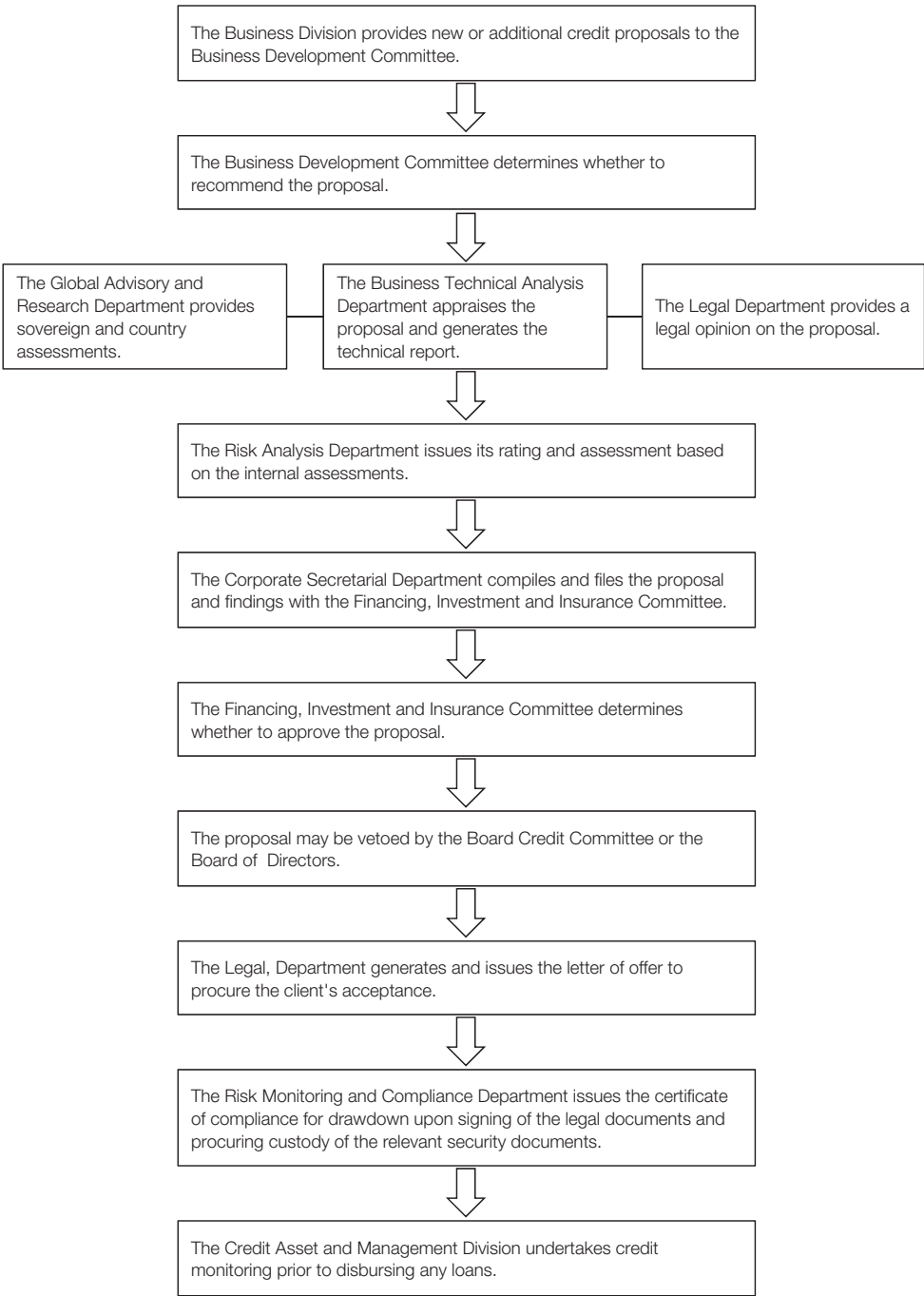
A facility is disbursed only upon the issuance of the technical certification by the Technical Analysis Department and the certificate of compliance by the Risk Monitoring and Compliance Department of the Bank. A dedicated collection and monitoring function is undertaken by the Credit and Asset Management Division, which is independent from business origination. A "Watch-list indicator" check is subsequently conducted during credit review.

## **Credit Approval Process**

The Bank's credit approval process emphasises independent credit risk management. The credit approval function is performed by a committee comprised of full-time executive personnel, namely the Financing, Investment and Insurance Committee. Although not involved in the approval process, both the Board Credit Committee and the Board have veto power to reject proposed

loans or modify the terms of credit which have been approved by the Financing, Investment and Insurance Committee should the majority of the Board Credit Committee or the Board be of the opinion that the proposed loan would expose the Bank to undue risk.

The chart below shows the summary of the Bank’s credit approval process:



The Business Division provides new or additional credit proposals to the Business Development Committee for its recommendation and concurrence. The proposal is then transmitted to the Global Advisory and Research Department to provide a sovereign and country assessment and to the Business Technical Analysis Department to appraise the proposal before generating the technical report and then to the Legal Department to obtain a legal opinion. Based on the assessments and legal opinion provided by the Global Advisory and Research Department, Business Technical Analysis Department and the Legal Department, the Risk Analysis Department will issue its rating and assessment before the Corporate Secretarial Department proceeds to

compile and file the proposal and findings with the Financing, Investment and Insurance Committee for its approval. The Financing, Investment and Insurance Committee's approval can be vetoed by the Board Credit Committee or the Board.

Once the proposal for credit is approved by the Financing, Investment and Insurance Committee, the Legal Department shall generate and issue the letter of offer to procure the clients' acceptance. The approval evaluation is completed when the Risk Monitoring and Compliance Department issues the certificate of compliance for drawdown upon signing of the legal documents and procuring the custody of the relevant security documents while the Credit Asset and Management Division undertakes credit monitoring prior to disbursing any loans.

### **Credit Recovery**

The Bank has a dedicated independent Recovery Department focusing on monitoring, restructuring and rehabilitating impaired loans in respect of banking services as well as adjudicating claims and making recoveries in respect of credit insurance facilities. The Bank has management policies for prevention, remedying and recovery of Impaired Assets.

The Recovery Department first reviews and evaluates each impaired loan to identify suitable recovery methods. A distinction is made between viable and non-viable loans.

Borrowers with viable businesses are given a chance to rehabilitate loans according to the proposed Recovery Guidelines and Principles. The Recovery Department employs five methods for loan rehabilitation of viable loans, namely: loan restructuring; loan rescheduling; loan settlement; redemption of collateral and schemes of arrangement. Loan restructuring may include a change in the type or structure of facilities such as the conversion of a short term financing to long term financing while loan rescheduling generally involves extension of a repayment tenure to facilitate the borrower's repayment over time. Loan settlement occurs when borrowers opt for a one-time or a quick settlement for the loans, involving a settlement period of not more than six months. In other instances, borrowers may opt for redemption of collateral where the borrower is allowed to redeem the collateral, and the redemption must be done at or above realisable value of the collateral. Finally, borrowers may enter into a scheme of arrangement which is a voluntary scheme formulated and agreed by both borrower and creditor to repay the Impaired Asset.

For non-viable loans, the Recovery Department may opt for foreclosure which involves the sale of assets such as property, ships or shares pledged as security for the loans. Alternatively, the Recovery Department may turn to partial resolution, liquidation of companies and appointment of receivers or judicial managers over companies or assets. When all other recovery methods have been exhausted, the Recovery Department may recommend that the Bank proceed with legal action to recover the impaired loan.



## MALAYSIAN ECONOMY AND BANKING INDUSTRY

*The following information regarding Malaysia is included for information purposes only and has not been independently verified by the Issuer, the Trustee, the Bank, any of the Arrangers or Dealers or any of their respective affiliates or advisers. All the data and information contained below has been obtained from publicly available official sources in Malaysia and neither the Issuer, the Trustee, the Bank nor any of the Arrangers or Dealers takes any responsibility for the accuracy of such information.*

### **The Malaysian Economic and Financial Developments**

*Firm domestic demand continued to support growth amid weaker external demand*

The global economy continued to experience modest growth in the second quarter of 2013. The U.S. economy expanded at a moderate pace, while economic activity in the Eurozone area remained weak amid austerity measures and ongoing sovereign debt concerns. In Asia, growth of several economies moderated in the second quarter, as the prolonged weakness in the external environment had begun to affect domestic economic activity, particularly in the more open economies. While domestic demand in the Malaysian economy has remained strong, the overall growth performance was affected by the weak external sector. In the second quarter, the Malaysian economy expanded by 4.3 per cent. (1Q 2013: 4.1 per cent.). While domestic demand remained firm, growing by 7.3 per cent. (1Q 2013: 8.2 per cent.), exports registered a larger decline, amid weakness across most export products. On the supply side, the major economic sectors expanded further in the second quarter, supported by the continued strength in domestic demand.

On a quarter-on-quarter seasonally adjusted basis, the economy recorded a growth of 1.4 per cent. (1Q 2013:-0.4 per cent.).

Private consumption expanded by 7.2 per cent., supported by stable employment conditions and sustained wage growth in the domestic-oriented sectors. Public consumption growth improved to 11.1 per cent. (1Q 2013: 0.1 per cent.), reflecting mainly higher Government spending on supplies and services, and sustained spending on emoluments.

Gross fixed capital formation continued to expand (6 per cent.; 1Q 2013: 13.1 per cent.), reinforced by private sector capital spending. Private investment grew by 12.7 per cent., supported by capital spending in the consumer-related services subsectors, the ongoing implementation of infrastructure projects and capacity expansion in the oil and gas sector. Meanwhile, public investment declined by 6.4 per cent. (1Q 2013: 17.3 per cent.). Continued expansion in capital spending by public enterprises, particularly in the oil and gas, telecommunications and utilities sectors, was outweighed by lower Federal Government development expenditure.

On the supply side, the services and manufacturing sectors continued to expand, driven largely by sub-sectors catering to the domestic market. Growth of the mining sector rebounded following higher production of both natural gas and crude oil. However, the agriculture sector moderated, weighed down by a sharp reduction in natural rubber output and slower growth in crude palm oil production. In the construction sector, growth remained firm, led by the civil engineering and residential sub-sectors.

The headline inflation rate, as measured by the annual change in the Consumer Price Index, was higher at 1.8 per cent. in the second quarter (1Q 2013: 1.5 per cent.), attributable mainly to price increases in the food and nonalcoholic beverages and housing, water, electricity, gas, and other fuels categories.

In the external sector, the current account surplus amounted to RM2.6 billion in the second quarter, equivalent to 1.1 per cent. of gross national income (“**GNI**”), due to a lower goods surplus, as well as sustained services deficit and outflows in the income accounts. The financial account recorded a net inflow of RM5.2 billion (1Q 2013: RM1 billion), largely reflecting banking inflows amid sustained direct investment by foreign multinational corporations. During the quarter, Malaysian residents continued to build direct investment and portfolio assets abroad. The overall balance of payments registered a surplus of RM1.5 billion (1Q 2013: RM4 billion).

The international reserves of Bank Negara Malaysia amounted to RM432.8 billion (equivalent to U.S.\$136.1 billion) as at 28 June 2013. This reserves level has taken into account the quarterly adjustment for foreign exchange revaluation changes. As at 31 July 2013, the reserves position amounted to RM438.3 billion (equivalent to U.S.\$137.8 billion), sufficient to finance 9.7 months of retained imports and is 3.8 times the short-term external debt.

#### *Interest rates remained stable*

The Overnight Policy Rate (“**OPR**”) was maintained at 3.00 per cent. during the second quarter. At the prevailing level of the OPR, monetary conditions remain supportive of economic activity.

Reflecting the unchanged OPR, the average interbank rate of all maturities was relatively stable. In terms of retail interest rates, the average quoted fixed deposit rates of commercial banks were relatively unchanged. The average base lending rate of commercial banks remained unchanged at 6.53 per cent., while the weighted average lending rate on loans outstanding continued its gradual moderating trend (end-June 2013: 5.42 per cent.; end-March 2013: 5.50 per cent.).

Total gross financing raised by the private sector through the banking system and the capital market amounted to RM250.6 billion in the second quarter (1Q 2013: RM244.8 billion). Banking system loans outstanding expanded at an annual growth rate of 9.1 per cent. as at the end of June (as at the end of March 2013: 10.6 per cent.), while net funds raised in the capital market had moderated to RM13.9 billion in the second quarter (1Q 2013: RM16.7 billion).

The monetary aggregates continued to experience positive growth during the second quarter. M1, or narrow money, increased by RM4.9 billion. On an annual basis, M1 expanded by 12.5 per cent. as at the end of June (as at the end of March: 12.7 per cent.). M3, or broad money, increased by RM23.3 billion on a quarter-on-quarter basis to record an annual growth rate of 8.5 per cent. as at the end of June (as at the end of March: 9.1 per cent.). The expansion of M3 was mainly on account of net disbursements of loans by the banking system to the private sector.

The Ringgit strengthened against most regional and major currencies earlier in the quarter as the announcement of further monetary easing in Japan led to increased investor interest towards regional financial assets and contributed to the strengthening of regional currencies. The Ringgit also strengthened following the conclusion of the general elections in Malaysia. Nevertheless, the discussions on the possible scale back of the quantitative easing (“**QE**”) in the U.S. and the concerns over the PRC’s growth trajectory in the latter part of the quarter led to a reversal in the flow of funds in the regional financial markets. During the quarter, the Ringgit depreciated by 2.8 per cent. against the U.S. dollar. The Ringgit also depreciated against the euro (-4.6 per cent.) and Sterling (-3.2 per cent.), but appreciated against the Japanese yen (2.0 per cent.). The Ringgit had a mixed performance against regional currencies.

Between 1 July and 20 August 2013, the Ringgit further depreciated against the U.S. dollar by 3.7 per cent. The Ringgit also depreciated against the Sterling (-6.0 per cent.), euro (-5.7 per cent.) and Japanese yen (-4.9 per cent.). Against regional currencies, the Ringgit strengthened against the Indonesian rupiah (1.9 per cent.), but depreciated against other currencies by between 2.1 per cent. and 5.5 per cent.

### *Financial stability continued to be preserved*

The domestic financial system remained resilient throughout the second quarter amid episodes of higher volatility in the global and domestic financial markets. Domestic financial intermediation continued to be well-supported by sound financial institutions, orderly financial market conditions and sustained confidence in the financial system.

The banking system remained well-capitalised, with the common equity tier 1 capital ratio, tier 1 capital ratio and total capital ratio remaining well above the Basel III requirements at 11.7 per cent., 12.6 per cent. and 13.8 per cent., respectively. Similarly, the capital adequacy ratio of the insurance sector remained strong at 220.8 per cent. (1Q 2013: 221.6 per cent.), with an excess capital buffer of more than RM20 billion.

### *Domestic demand will continue to be supportive of growth*

Going forward, the global economy continues to face downside risks, emanating from developments in several major economies. Policy uncertainty surrounding the QE programme in the U.S. and European sovereign debt concerns are expected to weigh on market sentiment and growth prospects. While overall growth performance in most emerging economies, including in Asia, will be affected by these developments, domestic demand will continue to support the overall growth performance. The growth prospects are also being augmented by targeted policy measures.

For the Malaysian economy, the prolonged weakness in the external environment has affected the overall growth performance of the economy going forward. While domestic demand is expected to remain firm, supported by sustained private consumption, capital spending in the domestic-oriented industries and the ongoing implementation of infrastructure projects, the weak external sector in the first half of this year will affect our overall growth performance for the year. The overall growth of the economy for this year has now been revised to 4.5 to 5.0 per cent.. Going forward, domestic demand is expected to remain on its steady growth trajectory and will continue to be supported by an accommodative monetary policy.

*(Source: Bank Negara Malaysia Quarterly Bulletin – Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2013, released on 21 August 2013)*

## **Malaysian Banking Sector**

### *Banking system remains resilient*

The banking system remained resilient and well-capitalised with the new Basel III capital requirements during the second quarter of 2013. As at the end of June 2013, the common equity tier 1 capital ratio recorded 11.7 per cent., tier 1 capital ratio at 12.6 per cent. and total capital ratio at 13.8 per cent., well above the minimum regulatory levels (as at the end of March 2013: 12.3 per cent.; 13.2 per cent.; 14.6 per cent.). The banking system recorded a pre-tax profit of RM7 billion (Q1 2013: RM6.7 billion) comprising mainly income from financing activities as well as higher trading and investment gains. The quality of loans in the banking system continued to improve with the net impaired loans ratio at 1.3 per cent. as at the end of June 2013 (as at the end of March 2013: 1.4 per cent.).

Notwithstanding the relatively sizeable foreign claims on Malaysia based on the Bank for International Settlements statistics (19.7 per cent. of GOP as at the end of 2011), the risk to the domestic economy and financial system from deleveraging by European banks is limited. In the unlikely event of a massive retreat by European banks from Malaysia, domestic financial intermediation could be sufficiently supported by Malaysian-owned banks and other non-European banks, given the strong capitalisation and liquidity position of these banks.

Meanwhile, a new foreign commercial bank which was awarded a licence in 2010 commenced operations in July 2012. In addition, a foreign commercial bank from India had its commercial banking licence reinstated under a bilateral arrangement and has recommenced operations in July 2012. Given the strong global network of these new foreign commercial banks, their presence is expected to harness the large untapped potential of specialised areas of business and further strengthen Malaysia's linkages with international economies.

A total of 14 new locally incorporated foreign banks ("**LIFBs**") branches were established across Malaysia since 2009 following greater operational flexibilities accorded to LIFBs, of which two commenced operations in July 2012. This development augurs well towards promoting financial inclusion while also enhancing the ability of LIFBs to play a more effective intermediation role in the domestic economy. Existing financial institutions will also enjoy greater operational flexibility to establish new delivery channels. This expanded outreach will be implemented along with measures to accelerate the development of alternative delivery channels, while maintaining a balanced distribution of branch locations to support the needs of underserved areas and further promote financial inclusion.

Further liberalisation of the financial services sector to foreign investment will be guided by two key considerations as stated in the Financial Sector Blueprint 2011–2020 of the Bank Negara Malaysia. The first consideration is the prudential criteria which relates to the financial strength, business record, experience, character and integrity of the foreign investor; the soundness and feasibility of the business plans for the institution in Malaysia; transparency and complexity of the group structure that will not impede effective regulation and supervision; and the nature and extent of home country supervision. The second consideration will take into account the effect of the foreign investment on economic activity in Malaysia, particularly in catalysing new high value-added economic activities; contribution towards enhancing international trade and investment linkages; and impact on financial stability.

#### *Widening Outreach of Development Financial Institutions ("**DFIs**")*

The DFIs continued to support the development of strategic sectors of the economy as reflected by the favourable growth in financing. During the first seven months of 2012, total financing outstanding of DFIs expanded 8.6 per cent. to RM106.5 billion as at the end of July 2012 (end of 2011: 7.1 per cent.; RM100.9 billion). This was caused by increased financing for consumption credit as well as the transport and communication, construction, and business services sectors. In the light of sustained consumer demand, financing for consumption credit remained the largest portion of total financing provided by DFIs, with an annual growth of 11.2 per cent. and total financing outstanding of RM53.8 billion as at the end of July 2012 (end of 2011: 10.6 per cent.; RM50.2 billion). Financing to the transport and communication sector turned around to record a favourable growth of 7 per cent. to RM5.9 billion, attributed mainly to higher financing for the purchase of transport equipment (end of 2011: -5.4 per cent.; RM5.4 billion). Meanwhile, financing to the construction sector grew 9 per cent. to RM16.4 billion as at the end of July 2012, reflecting higher financing for property development and overseas construction-related projects (end of 2011: 14.4 per cent.; RM15.9 billion). Similarly, financing to the finance, insurance and business services sector grew strongly by 27.4 per cent. to RM2.6 billion due mainly to higher financing extended for cooperatives and trade activities (end of 2011: 38.4 per cent.; RM2.3 billion). Of the total financing outstanding, 11.5 per cent. or RM12.2 billion was accounted by loans to SMEs, particularly those in the agriculture and construction sector (end of 2011: 12 per cent.; RM12.1 billion).

In the first seven months of 2012, policy efforts remained focused on enhancing the effectiveness and efficiency of DFIs with several policies and new products introduced to ensure the DFIs continue to provide support to their respective targeted sectors. The Blueprint emphasised the significant role of stronger and financially sustainable DFIs with economies of scale as well as wider outreach in supporting Malaysia's economic transformation.

Given the importance of sound liquidity management, the Guidelines on Liquidity Management Framework for DFIs were further extended to Bank Pembangunan Malaysia Berhad, Small Medium Enterprise Development Bank Malaysia Berhad and Bank Pertanian Malaysia Berhad on 17 May 2012. The guidelines specify the minimum liquidity level to be maintained by DFIs in line with sound liquidity management practices.

*(Source: Economic Report 2012/2013 (released on 28 September 2012) and Malaysian Economy Second Quarter 2013 – Ministry of Finance Malaysia)*

## MANAGEMENT

### Board of Directors

The Board has the responsibility to periodically review and approve the overall strategies, business and organisation, and significant policies of the Bank. The Board also sets the Bank's core values and adopts proper standards to ensure that the Bank operates with integrity and complies with the relevant rules and regulations. The Board is also responsible for reviewing and approving the strategic business plans for the Bank, identifying and managing principal risks affecting the Bank, reviewing the adequacy and integrity of the Bank's internal control system, overseeing the conduct and the performance of the Bank's business, approving the appointment and compensation of senior management staff, approving new policies pertaining to staff salary and benefits, approving the appointment of Directors and Directors' emoluments and benefits in accordance with relevant statutes and approving policies relating to public and investor relations.

As of the date of this Offering Circular, the Bank's Board consisted of nine directors, of which eight are non-executive directors including the Chairman. The Bank adopts the Principles and Best Practices in Corporate Governance as set out in the BNM's Guidelines on Corporate Governance for Development Financial Institutions (BNM/RH/GL 005-14). Under the BNM's Guidelines, the Bank's Board is required to have a minimum of seven directors. At a minimum, three directors, excluding the Chief Executive Officer, must have banking or accounting experience. Directors are nominated by MOF Inc., acting on behalf of the Government, and consented to by the Shareholders of the Bank. Currently, there is one director on the Bank's Board which is representative from MOF Inc., acting on behalf of the Government.

Under the Bank's Articles of Association, the Bank's Board must consist of a minimum of two directors and a maximum of 11. As prescribed by the Companies Commission of Malaysia, all of the Directors have attended the Corporate Directors' Training Programme. The Bank considers that all the Directors have the skills and experience in their respective areas of expertise, which have contributed significantly to the decision-making process of the Board.

Under the Bank's Articles of Association, one third (or the nearest to one third) of the directors of the Bank shall retire every year. Retiring directors shall be eligible for reappointment. The structure of the Bank provides a clear separation of functions, roles and responsibilities between the Chairman and the Managing Director/Chief Executive Officer.

As of the date of this Offering Circular, the Directors of the Bank were as follows:

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Date of Appointment</b>
Datuk Mohd Hashim bin Hassan	Chairman and Non-Executive Director	68	2 May 2008
Dato' Adissadikin bin Ali	Managing Director/Chief Executive Officer	43	28 September 2010
Zakaria bin Ismail	Non-Executive Director	62	24 September 2008
Dato' Rosli bin Mohamed Nor	Non-Executive Director	54	2 September 2009
Dato' Dr. Mohmad Isa bin Hussain	Non-Executive Director	55	3 May 2011
Nik Najib bin Hussain	Non-Executive Director	65	20 June 2011
Dato' Md Agil bin Mohd Natt	Non-Executive Director	62	2 February 2012
Ismail bin Mahbob	Non-Executive Director	62	10 August 2012
Wong Seng Foo	Non-Executive Director	56	23 October 2012



The business address for the Directors is Level 1, EXIM Bank, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia.

The Board meets at least once a month, with additional meetings convened as and when urgent issues and important decisions are required to be taken between the scheduled meetings.

Information on the relevant business and financial experience of the Directors is set out below:

***Datuk Mohd Hashim bin Hassan – Chairman and Non-Executive Director***

Datuk Mohd Hashim bin Hassan is the Chairman of the Bank since 2008. Prior to joining the Bank he had spent 15 years of his working career with Malaysian Agricultural Research and Development Institute (MARDI). He commenced his career as a Food Technology Officer and held various positions before his final appointment as Director of the Food Technology Division.

He joined Kumpulan FIMA Berhad for 5 years, where he served as the General Manager and thereafter appointed as the Executive Director of Fima Metal Box in 1990. From 1993 to 1996, he served the Kedah State Development Corporation as Chief Executive Officer. At the same time, he was appointed as the Managing Director of Kulim Technology Park Corporation from 1994 to 1996 and as the Executive Chairman of Bina Darulaman Berhad until 1997.

Datuk Mohd Hashim bin Hassan then joined Putrajaya Holdings Sdn Bhd, first as its Chief Executive Officer and later as Director in 1996 and was appointed as Chairman of the company in 2003. He was also appointed as Chairman of Padiberas Nasional Berhad from 2004 to 2006 and Chairman of Juta Asia Properties Sdn. Bhd. from 2005 to 2009. He was a member of the Investment Committee and subsequently Director of Employees Provident Fund Board from 2005 to 2008 and Amanah Raya Berhad from 2005 to 2011. He was appointed as a Chairman of Amanah Raya Development Sdn Bhd from 2005 to 2012 and Amanah Raya Hartanah Sdn Bhd. since 2007 till 2012. He has considerable experience with other listed, private and government link companies.

Datuk Mohd Hashim bin Hassan graduated from the University of Malaya with a Bachelor's degree in Agricultural Science (Honors) and earned his Masters degree in Food Science from the Michigan State University, United States. He is also a Masters degree holder in Business Administration from the Ohio University, United States.

***Dato' Adissadikin bin Ali – Managing Director/Chief Executive Officer***

Dato' Adissadikin bin Ali holds a Masters Degree in Business Administration (Finance) from University of Malaya, Kuala Lumpur, a Bachelor Degree in Business (Banking & Finance) from Monash University, Melbourne, Australia and Diploma in Investment Analysis, UiTM, Shah Alam.

Dato' Adissadikin bin Ali started his career as the Management Trainee Executive with Renong Berhad in 1995. During his four-year tenor with the Group, he served various departments within a few subsidiaries of the Group namely Prolink Development Sdn Bhd, HBN Management Sdn Bhd and Projek Lebuhraya Utara Selatan Berhad in the areas of corporate finance, internal audit, sales and marketing and project management.

In April 1999, he joined Pengurusan Danaharta Nasional Berhad and served the national asset management corporation for four years in the areas of Non-Performing Loans (NPLs) Recovery and Corporate Recovery & Reconstruction. In March 2003, Dato' Adissadikin bin Ali joined Bank Muamalat Malaysia Berhad as the Special Assistant to the Chief Executive Officer and later became the Head of Corporate Planning in January 2005.

In June 2005, he joined Bank Islam Malaysia Berhad as Assistant General Manager, Managing Director's Office. In 2006, he was promoted to assume the position of Chief Financial Officer cum General Manager, Special Projects. He was responsible for managing NPL carving-out and bank-wide cost rationalisation programme in Bank Islam.

Prior to his appointment as the Managing Director/Chief Executive Officer of the Bank in September 2010, Dato' Adissadikin bin Ali was the Chief Operating Officer of the Bank since 2008. Currently, he is also a Director of Malaysia External Trade Development Corporation (MATRADE), Malaysia Export Credit Insurance Berhad (MECIB), Pengkalan Megaria Sdn Bhd, Morning Glory Co. Ltd and Masceana Co. Ltd.

#### ***Zakaria bin Ismail – Non-Executive Director***

Zakaria bin Ismail holds a Master of Arts in Economics and Master in Business Administration from Boston University, United States. He graduated with a Bachelor of Economics (Honours) from University of Malaya, he is also an Associate of the Institute of Bankers, London. Beginning his career in 1974 with Bank Negara Malaysia in the Banking Supervision Department, he was temporarily attached to the South-East Asia Group International Monetary Fund, Washington DC, United States as Assistant to the Executive Director between 1984 to 1986.

Between 1986 and 2002, he assumed various positions at various departments within Bank Negara Malaysia from Economics, Banking, Investment, Insurance Supervision and Insurance Regulation, holding positions from Manager, Deputy Director and Director. He was also a Director of Credit Guarantee Corporation Malaysia Berhad from 1995 to 1996 and the Malaysian Insurance Institute from 1999 to 2001. From 2002 to 2004, he was seconded as Managing Director for the Entrepreneurs Rehabilitation Fund, a fund established by Bank Negara Malaysia to assist small and medium entrepreneurs. Subsequently, he was seconded as Director of Training and Administration for the South East Asia Central Bank Training and Research Centre (The SEACEN Centre) until November 2007. Zakaria bin Ismail was appointed as a Director of the Bank in September 2008. Currently he is also a director of Syarikat Takaful Malaysia Berhad.

#### ***Dato' Rosli bin Mohamed Nor – Non-Executive Director***

Dato' Rosli bin Mohamed Nor holds a Bachelor of Science in Civil Engineering from Brighton University, United Kingdom. He started his career as a Design Engineer with Engineering and Environmental Consultants Sdn Bhd. in 1982. He held various positions in the design firm before joining United Engineers (M) Bhd in 1988 as a Senior Manager.

In 1992, Dato' Rosli bin Mohamed Nor started his own construction business by forming Benar Antara Sdn Bhd, a PKK Class A, CIDB G7 registered Bumiputera Contractor. The company undertook various projects that include highways, LRT tunnels, water reservoirs, rail lines and many others. The company has since been sold to a public listed company, but he remained as their Managing Director until 2000.

Then onwards, Dato' Rosli bin Mohamed Nor moved on to develop new businesses, of which he has shareholdings in KMK Plus Sdn Bhd (construction), Landas Idaman Sdn Bhd (property development), Guomara Sdn Bhd (coal trader) and a few others.

Presently, Dato' Rosli bin Mohamed Nor is also the Business Development Director of a company wholly owned by TRC Synergy Berhad, listed on Bursa Malaysia.

Dato' Rosli bin Mohamed Nor was appointed as a Director of the Bank in September 2009.

***Dato' Dr. Mohmad Isa bin Hussain – Non-Executive Director***

Dato' Dr. Mohmad Isa bin Hussain graduated with a PhD in Finance from University Putra Malaysia. He also holds an MBA in Finance from the University Kebangsaan Malaysia, Bachelor of Economics (Honours) (Applied Statistics) from the University of Malaya and a Diploma in Public Management from National Institute of Public Administration.

He commenced his career as Assistant Director in the Prime Minister's Department in 1983 before serving as Assistant Director in the Economic Planning Unit of Pahang in 1985. He has held various positions in the Ministry of Finance, including Assistant Secretary in the Government Procurement Division in 1990, Senior Assistant Director of the Budget Management Division in 1995 and Deputy Undersecretary of Investment, MOF (Inc.) and Privatisation Division in 2004. He moved to the Ministry of Transport Malaysia in 2008 as Deputy Secretary General (Operation) before he was appointed as Head of the Public Land Transportation Commission in 2009. Currently, he is the Deputy Under Secretary of Investment, MOF (Inc.) and Privatisation Division in the Ministry of Finance Malaysia.

Currently, he is also a Director of Felcra Bhd, Permodalan Felcra Sdn Bhd, K.L International Airport Bhd, Penang Port Holdings Bhd, Pelaburan Hartanah Bhd, Syarikat Jaminan Pembiayaan Perniagaan Bhd, Syarikat Jaminan Kredit Perumahan Bhd, Dana Infra Nasional Bhd, Prokhas Sdn Bhd, Danaharta Hartanah Sdn Bhd, NECC Sdn Bhd and Turus Pesawat Sdn Bhd.

Dato' Dr. Mohmad Isa bin Hussain was appointed as a Director of the Bank in May 2011.

***Nik Najib bin Hussain – Non-Executive Director***

Nik Najib bin Husain holds B. A. Econs. (Hons) from University of Malaya and Masters in Public Administration from University of Wisconsin-Madison, USA.

He started his career in the Economic and Finance Divisions in the Federal Treasury, Ministry of Finance, Malaysia from 1973 to 1990. He then served Malayan Banking Berhad (Maybank) in its Corporate Banking and International Banking Departments from 1990 to 1999.

Beginning May 1999, Nik Najib bin Hussain worked in the Trade Finance and Promotion Department of the Jeddah-based Islamic Development Bank (IDB) and was later appointed as Advisor to the CEO, International Islamic Trade Finance Corporation (subsidiary of the IDB Group). He retired in December 2008.

He was appointed as a Director of the Bank in June 2011.

***Dato' Md Agil bin Mohd Natt – Non-Executive Director***

Dato' Md Agil bin Mohd Natt graduated with a Bachelor of Science in Economics (Hons) degree from Brunel University, London. He obtained a Master of Science in Finance degree from the CASS Business School, London. He also attended the Advanced Management Program, Harvard Business School in the United States of America.

He started his career in 1977 as Corporate Finance Manager with Bumiputra Merchant Bankers Berhad before serving as Senior General Manager (Finance) at Island & Peninsular Bhd in 1982.

Dato' Md Agil bin Mohd Natt has extensive experience in various capacities in senior management positions during his tenure with Maybank Group, including Senior General Manager, Corporate Banking, Chief Executive Officer of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and Executive Director/Deputy President of Maybank. Prior to joining Maybank, he was the Regional Chief Representative of Kleinwort Benson Ltd.

From 2006 until his retirement in 2011, Dato' Md Agil bin Mohd Natt served as President and Chief Executive Officer of the International Centre for Education in Islamic Finance (INCEIF), The Global University of Islamic Finance, set up by Bank Negara Malaysia.

He currently sits on the Boards of Cagamas Berhad, Manulife Insurance Berhad, Manulife Asset Management Services Berhad, Themed Attractions Berhad and Sogo (KL) Department Store Sdn Bhd. He is also a Member of the Board of Trustees of Yayasan Tun Abdul Razak.

Dato' Md Agil bin Mohd Natt was appointed as a Director of the Bank in February 2012.

***Ismail bin Mahbob – Non-Executive Director***

Ismail bin Mahbob holds a Diploma in Marketing from Chartered Institute of Marketing and an Associate Chartered Islamic Finance Professionals (ACIFP), Malaysia.

Ismail bin Mahbob's working experience evolved around the insurance industry both in Malaysia and overseas covering the main sectors of broking, retail insurance, reinsurance and retakaful. His career in insurance started in 1977 as a broker. In 1979 he joined Progressive Insurance Sdn. Bhd. where he served at various managerial positions till 1988 after which he moved to American Malaysian Insurance as an Assistant General Manager overseeing the company's branch operations nationwide. In 1990, Ismail bin Mahbob left for Malene CSB Insurance Brokers as a Senior Broker where he headed the non-energy section for six years. He moved to Labuan Reinsurance (L) Ltd. in 1997 as a Senior Vice President. At Labuan Reinsurance, Ismail bin Mahbob was entrusted with developing new markets covering countries in Africa, the MENA region (Middle East & North Africa) including Turkey, the Indian Sub-Continent and some countries of South-East Asia. He also headed its retakaful operation and oversaw the Company's business participation at Lloyd's of London. In 2007 Ismail bin Mahbob joined the first Malaysian retakaful company, MNRB Retakaful Berhad as its President/Chief Executive Officer until his retirement in mid 2012.

Ismail bin Mahbob was appointed as a Director of the Bank in August 2012 and a Director of Saudi Reinsurance Company, Saudi Arabia in January 2013. He was also appointed an Adjunct Fellow of College of Business, University Utara Malaysia, Malaysia in March 2013. Ismail bin Mahbob also contributed in the production of a book by The World Bank on takaful and mutual insurance.

***Wong Seng Foo – Non-Executive Director***

Wong Seng Foo has been the Senior Director of Economic and Trade Relations Division of Ministry of International Trade and Industry (MITI) since 2009. Prior to his current position in MITI, he was also Senior Director of Trade Policy and FTA Negotiations Coordination, Principal Assistant Director of Multilateral Trade Relations in which he was responsible for WTO/GATT affairs.

As Assistant Director in the International Trade Division, as well as in the Industrial Development Division respectively he worked on Malaysia's participation in intra-ASEAN economic cooperation initiatives.

Wong Seng Foo holds a Masters of Business Administration (MBA) from Henley Management College/Brunel University, United Kingdom. He is also a graduate from University of Malaya and holds a Diploma in Marketing from Chartered Institute, Marketing (UK).

Wong Seng Foo was appointed as a Director of the Bank in October 2012.

## **Board Audit Committee**

The Board Audit Committee reviews the financial condition of the Bank, its internal controls, performance and findings of the internal auditors, and recommends appropriate remedial action regularly through its meeting, preferable at least once in three months.

The Board Audit Committee comprises Nik Najib bin Hussain, Dato' Md Agil bin Mohd Natt, Dato' Rosli bin Mohamed Nor, Zakaria bin Ismail and Ismail bin Mahbob, and is chaired by Nik Najib bin Hussain.

The Board Audit Committee is responsible for the performance of the following duties and responsibilities:

### **(a) External Audit**

- Review with the external auditors, the scope of their audit plan, the system of internal accounting controls, the audit reports, the assistance given by the management and its staff to the auditors and any findings and actions to be taken. The Board Audit Committee should also select external auditors for appointment by the Board each year and to review their compensation, the scope and quality of their work and their discharge or resignation.
- Ensure co-ordination where more than one audit firm is involved.

### **(b) Internal Audit**

- Oversee the functions of the internal audit department and ensure compliance with BNM/RH/GL 013-4 (Guidelines on Internal Audit Function of Licensed Institutions, UPW/GP1 (Standard Guidelines on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT), BNM/RH/GL-012-3 (Shari'a Governance Framework for Islamic Financial Institutions) and the requirement of the relevant laws and regulations of others supervisory authority.
- Review internal controls, including the scope of the internal audit programme, the internal audit findings, and recommend action to be taken by management. The reports of internal auditors and Board Internal Audit Committee should not be subject to the clearance of the chief executive officer or executive directors.
- Approve the Audit Charter before being endorsed by the Board, so that the internal audit function may be effectively discharged.
- Approve the audit plan for the internal audit, which should be flexible to respond to changing priorities and needs.
- Ensure that adequate and appropriate resources are made available to the internal audit function and the compensation scheme of internal auditors are consistent with the objectives and demands of internal audit function.
- Ensure that the continuing professional development for internal audit staff and to ensure that they have sufficient up to date knowledge of auditing and the activities of the Bank.

(c) Financial Reporting

- Ensure that the accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against contingencies, and bad and doubtful debts. Review the balance sheet and profit and loss account for submission to the full board of directors and ensure the prompt publication of annual accounts.

(d) Related Party Transaction

- Review any related party transactions that may arise within the Group.

**Board Risk Committee**

The Board Risk Committee is responsible for effective functioning of the Bank's risk management function.

The Board Risk Committee comprises Dato' Md Agil bin Mohd Natt, Dato' Rosli bin Mohamed Nor, Zakaria bin Ismail, Nik Najib bin Hussain and Ismail bin Mahbob, and is chaired by Dato' Md Agil bin Mohd Natt.

The Board Risk Committee is responsible for the performance of the following duties and responsibilities:

***Strategy and Policy***

- (a) Reviewing and recommending risk management philosophy and strategy to the Board for the Board's approval;
- (b) Reviewing and approving the risk management policies, controls and systems of the Bank in line with the Board approved risk management philosophy and strategy;
- (c) Reviewing and proposing the setting of the risk appetite/tolerance of the Bank at enterprise and at strategic business unit levels to the Board;
- (d) Approving new products/services, which are fundamentally different from the Bank's existing products/services, based on advice from the Management Risk Committee and Risk Management Division. In case of approval being granted, to notify the Board of the same in accordance with local regulatory requirements; and
- (e) Maintaining continued awareness of any changes in the Bank's risk profile to ensure that the Bank's business activities are in line with the overall risk strategy.

***Organisation***

- (a) Overseeing the overall management of all risks including market risk management, asset and liability management, credit risk management, country risk management and operational risk management;
- (b) Ensuring that there are clear and independent reporting lines and responsibilities for the overall business activities and risk management functions and recommending risk management derived organisational alignments to the Board where necessary;
- (c) Cultivating a proactive risk management culture within the Bank so that risk management processes are applied in the day-to-day business and activities; and



- (d) Appropriating independent review of the Bank's risk management infrastructure, capabilities, environment and processes where necessary.

### ***Measurement***

- (a) Approving risk methodologies for measuring and managing risks arising from the Bank's business and operational activities;
- (b) Ensuring the appropriateness of the risk measurement methodologies (including assumptions made within the methodologies) under the prevailing business environment;
- (c) Engaging external and independent reviewers for the validation of risk measurement methodologies and outputs;
- (d) Reviewing and recommending broad-based risk limits to the Board for approval and ensuring the risk limits are appropriate for the Bank's business activities; and
- (e) Approving risk limits based on broad-based risk limits as approved by the Board and ensuring the risks limits are appropriate for the Bank's business activities.

### ***Processes and Technology Enabler***

- (a) Ensuring sufficient internal controls to detect any deficiencies in the internal control environment in a timely manner; reviewing the independence and robustness of risk management processes and internal controls throughout the Bank; and approving the Bank's key risk control and mitigation processes;
- (b) Periodically reviewing risk exposures of the Bank in line with its risk strategy and objectives;
- (c) Determining and empowering (to the Management Risk Committee or members of management) the authority to approve deviations from limits and the extent of deviations from limits;
- (d) Approving the contingency plan for dealing with various extreme internal/external events or disasters;
- (e) Ensuring the adequacy of tools, systems and resources for the successful operation of the risk management functions within the Bank; and
- (f) Reviewing the progress of all core risk management initiatives within the Bank.

### **Remuneration Committee**

The Remuneration Committee aims to provide a formal and transparent procedure for developing a remuneration policy for Directors, Managing Director/Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Business Officer, Chief Risk Officer and Chief Credit Officer and ensuring that compensation is competitive and consistent with the Bank's culture, objectives and strategies.

The Remuneration Committee comprises Dato' Rosli bin Mohamed Nor, Dato' Dr. Mohmad Isa bin Hussain, Dato' Md Agil bin Mohd Natt, Zakaria bin Ismail and Nik Najib bin Hussain and is chaired by Dato' Rosli bin Mohamed Nor.

The Remuneration Committee is responsible for the performance of the following duties and responsibilities:

- (a) Proposing and recommending to the Board the remuneration policy and guidelines for the Directors, Managing Director/Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Business Officer, Chief Risk Officer and Chief Credit Officer of the Bank. The remuneration policy should:
- Be documented and approved by the board and any changes thereto should be subject to the endorsement of the board;
  - Be competitive and align to market to ensure its sufficient to attract and retain key talents within the organisation and the need to manage the Bank successfully;
  - Be reflective of its accountability and job descriptions in carrying out their duties as senior management members of the Bank; and
  - Be balanced against the need to ensure that the funds of the Bank are not used to subsidise excessive remuneration packages and to ensure that remuneration is in line with the current industry best practices.
- (b) Proposing or reviewing and recommending to the Board the specific remuneration packages for the Directors, Managing Director/Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Business Officer, Chief Risk Officer and Chief Credit Officer of the Bank. The remuneration packages should:
- Be based on objective considerations and approved by the Board;
  - Reflect the experience and level of responsibility borne by individual Directors, Managing Director/Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Business Officer, Chief Risk Officer and Chief Credit Officer;
  - Take due consideration of the assessments of the nominating committee of the effectiveness and contribution of the Director, Managing Director/Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Business Officer, Chief Risk Officer and Chief Credit Officer concerned;
  - Not be decided by the exercise of sole discretion of any one individual or restricted group of individual; and
  - Be competitive and consistent with the Bank's culture, objective and strategy; and
- (c) Recommending to the Board with regards to the payment guideline for staff bonuses and any annual salary increment of employees.

### **Nomination Committee**

The aim of the Nomination Committee is to establish a documented, formal and transparent procedure for the appointment of Directors, Managing Director/Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Business Officer, Chief Risk Officer and Chief Credit Officer (or their equivalents) and to assess the effectiveness of individual directors, the Board as a whole and the various committees of the Board and the Managing Director/Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Business Officer, Chief Risk Officer and Chief Credit Officer.

The Nomination Committee comprises Zakaria bin Ismail, Dato' Dr. Mohmad Isa bin Hussain, Dato' Md Agil bin Mohd Natt, Dato' Rosli bin Mohamed Nor and Nik Najib bin Hussain, and is chaired by Zakaria bin Ismail.

The Nomination Committee is responsible for the performance of the following duties and responsibilities:

- (a) Establishing minimum requirements for the Board and the Managing Director/Chief Executive Officer to perform their responsibilities effectively. It is also responsible for overseeing the overall composition of the Board in terms of the appropriate size and skills, the balance between Executive Directors, Non-Executive and Independent Directors, and mix of skills and other core competencies required, through annual reviews;
- (b) Recommending and assessing the nominees for directorship, the directors to fill Board committees, as well as nominees for Managing Director/Chief Executive Officer. This includes assessing the Directors and Managing Director/Chief Executive Officer proposed for reappointment, before an application for verification is submitted to BNM;
- (c) Establishing a mechanism for formal assessment and assessing the effectiveness of the Board as a whole, the contribution by each director to the effectiveness of the Board, the contribution of the Board's various committees and the performance of the Board's various committees;
- (d) Making recommendations to the Board for the removal of a Director if he is ineffective, errant or negligent in discharging his responsibilities;
- (e) Ensuring that all Directors undergo appropriate induction programmes and receive continuous training;
- (f) Overseeing the appointment, management succession planning and performance evaluation of Managing Director/Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Business Officer, Chief Risk Officer and Chief Credit Officer (or their equivalents), and making recommendations to the Board for their removal if they are ineffective, errant and negligent in discharging their responsibilities; and
- (g) Formulating, reviewing and recommending to the Board in respect of human resource development (training) policies and human resource management policies, including the terms & conditions of service of the company.

### **Directors' Interests**

None of the Directors holds any of the Bank's equity shares or is related to a substantial shareholder of the Bank. There are no conflicts of interest between the duties of the persons listed above to the Bank and their private interests or other duties.

### **Shari'a Committee**

The Shari'a Committee oversees all Shari'a matters relating to the Bank's Islamic business and operations and activities to ensure that matters are carried out in accordance with Shari'a principles.

The Shari'a Committee is responsible for the performance of the following duties and responsibilities:

- (a) responsible and accountable for all Shari'a decisions, opinions and views provided by them;
- (b) advising the Board and providing input to the Bank on Shari'a matters to ensure that the Bank complying with Shari'a principles at all times; and
- (c) approving the terms and conditions contained in the forms, contracts, agreements or other legal documentation used in executing the transactions, the product manual, marketing advertisement, sales illustrations and brochures used to describe the product to ensure that the products of the Bank comply with Shari'a principles.

The Shari'a Committee comprises Dato' Dr. Mohd Ali bin Haji Baharum, Abd Rasid bin Abd Kadir, Dr. Suhaimi bin Ab Rahman, Dr. Zulkifli bin Hasan, Assoc. Prof. Dr. Mek Wok binti Mahmud, Dr. Sharifah Faigah binti Syed Alwi and Dr. Zaharuddin bin Abdul Rahman and is chaired by Dato' Dr. Mohd Ali bin Haji Baharum.

The following table sets out information regarding the Bank's Shari'a Committee as at the date of this Offering Circular.

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Date of Appointment</b>
Dato' Dr. Mohd Ali bin Haji Baharum	Chairman	62	4 March 2013
Abd Rasid bin Abd Kadir	Member	62	8 October 2008
Dr. Suhaimi bin Ab Rahman	Member	45	16 September 2011
Dr. Zulkifli bin Hasan	Member	36	7 December 2012
Dr. Sharifah Faigah binti Syed Alwi	Member	42	7 December 2012
Assoc. Prof. Dr. Mek Wok binti Mahmud	Member	50	7 December 2012
Dr. Zaharuddin bin Abdul Rahman	Member	38	2 April 2013

Information on the relevant experience of members of the Shari'a Committee is set out below:

***Dato' Dr. Mohd Ali bin Haji Baharum***

Dato' Dr. Mohd Ali bin Haji Baharum holds a Ph.D (Law) from University of Essex, England. He also holds a Masters in Law (LLM) from University of Malaya and a Degree in Islamic Studies (Hons) from University Kebangsaan Malaysia. He has been awarded a Diploma of Translation and Diploma in Arabic from Islamic Africa Centre Sudan, Master's Degree in Business Administration from Universiti Kebangsaan Malaysia and Diploma of English from Stamford College. Dr. Mohd Ali bin Haji Baharum's portfolio includes being the Operator and the Panel for Shari'a of banks and trust funds vis-à-vis Bank Negara Malaysia, Securities Commission Malaysia, Bank Pertanian Malaysia Berhad, Hong Leong Bank Berhad, The Royal Bank of Scotland, RHB Capital Berhad, Permodalan Unit Trust Terengganu Berhad, Apex Investment Services Berhad, Opus Asset Management Sdn Bhd and in addition being a member of the Board of Director for Maktab Kerjasama Malaysia and Kanz Holding Sdn Bhd. He was appointed as the Chairman of the Bank's Shari'a Committee on 4 March 2013. Presently, he is also a Shari'a Advisor for BNP Paribas.

***Abd Rasid bin Abd Kadir***

Abd Rasid bin Abd Kadir holds a Master's Degree in Business Administration, a Bachelor's Degree of Arts (Honours) in Economics and Diploma in Education and Islamic Studies from the National University of Malaysia. He also obtained a professional qualification in Islamic Financial Planning

(Professional) from Islamic Banking and Finance Institute Malaysia, a programme jointly conducted with the Financial Planning Association of Malaysia. He has been a member of the Bank's Shari'a Committee since 2008. He worked for Bank Bumiputra Malaysia Berhad and Bank Muamalat Malaysia Berhad, collectively for 30 years. His last appointment was as the Executive Vice President, Consumer Banking Division at Bank Muamalat Malaysia Berhad. He is currently attached to the International Center of Education on Islamic Finance as a Teaching Fellow.

***Dr. Suhaimi bin Ab. Rahman***

Dr. Suhaimi bin Ab Rahman holds a Doctorate in Law from University of Wales and a Master's Degree in Comparative Law from International Islamic University Malaysia. He also holds a Bachelor of Islamic Law (Honours) from Al-Azhar University. He was appointed to the Bank's Shari'a Committee in 2011. Currently, he is holding a position of Senior Lecturer/Head of Laboratory of Policy and Management, HALAL Product Research Institute and Universiti Putra Malaysia. He has written no less than 30 journals on various topics particularly relating to Halal development and rainwater sustainability. He has also presented approximately 26 working papers in seminars of various topics involving the Halal consumer products and services. He actively participates in Shari'a-compliant consumerism movements.

***Dr. Zulkifli bin Hasan***

Dr. Zulkifli bin Hasan holds a PhD in Islamic Finance from Durham University, UK. He also holds a Master of Comparative Laws from International Islamic University of Malaysia where he also obtained his LLB (Bachelor of Laws) and LLB.S (Bachelor of Shari'a) as his first degree. He was appointed as the Bank's Shari'a Committee member on 7 December 2012. He also sits on the Shari'a panel for the Institute of Fatwa Management and Research, Universiti Sains Islam Malaysia as well as editor and reviewer for various journals such as the Malaysian Journal of Shari'a and Law, the International Journal of Business and Finance Research, Shari'a Law Reports and the Global Islamic Finance Magazine. He is also a member of the Shari'a Committee of Affin Islamic Bank Berhad. He has also published numerous articles in various academic journals and presented many papers in various conferences both locally and abroad. He is currently a senior lecturer at the Faculty of Shari'a and Law, Islamic Science University of Malaysia.

***Dr. Sharifah Faigah binti Syed Alwi***

Dr. Sharifah Faigah binti Syed Alwi holds a PhD in Islamic Banking and Finance from International Islamic University Malaysia. She also holds Master in Shari'a (Islamic Banking) from University of Malaya where she also obtained her BA (Hons) Shari'a (Economics). She is a senior lecturer with the Islamic Banking Department at the Faculty of Business Management, University Technology MARA. Her lectures cover among others *Usul Fiqh* (Islamic Jurisprudence), *Fiqh Muamalat* (Islamic Law of Transaction), Islamic Finance as well as Islamic Financial Framework Regulations and Governance. She was appointed as a member of the Shari'a Committee of the Bank on 7 December 2012. She has presented many papers, particularly on Trade Finance in various seminars and conferences.

***Assoc. Prof. Dr. Mek Wok binti Mahmud***

Assoc. Prof. Dr. Mek Wok binti Mahmud holds a Ph.D in Shari'a/Islamic Law from International University of Africa, Sudan, and a Master Degree in Islamic Revealed Knowledge, International Islamic University of Malaysia where she also obtained her Bachelor of laws (LLB) as her first degree. At present, she is the Deputy Dean Postgraduate & Research, Kuliyyah of Islamic Revealed Knowledge, International Islamic University Malaysia. She was appointed as a member

of EXIM Bank's Shari'a Committee on 7 Dec 2012. She is also the member of Shari'a Committee of Bank of Tokyo Mitsubishi UFJ (M) Berhad. She has published numerous journals on various Shari'a issues and actively presented many papers in various local conferences and seminars.

#### ***Dr. Zaharuddin bin Abdul Rahman***

Dr. Zaharuddin bin Abdul Rahman holds a Ph.D in Islamic Studies and Finance from the University of Wales, United Kingdom. He also holds a Master in *Fiqh and Usul al-Fiqh* from Al-Yarmouk University, Jordan and Bachelor of Arts (Hons) in Usuluddin from University of Malaya. He is one of the few Shari'a scholars in Islamic Banking and Finance who possess both strong academic research background and hands on Islamic finance application in Islamic banks. He was appointed as the Bank's Shari'a Committee member on 2 April 2013. He has written numerous books and hundreds of articles on Islamic Jurisprudence and Islamic Banking and other Shari'a journals, including local and international magazines. He frequently appears on local television and radio lecturing on various Shari'a issues especially with regard to Islamic commercial transactions. He also advises several corporate companies in Malaysia and abroad. He is currently serves as an Assistant Professor at the Kulliyah of Economics, International Islamic University of Malaysia.

#### **Key Management Personnel**

The Bank's key management personnel are responsible for the day-to-day management of the Bank's operations and implementation of the Bank's business strategies, major plans and projects in accordance with the vision and mission guided by the direction and approval of the Board.

The following table sets out information regarding the Bank's key management personnel as at the date of this Offering Circular.

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Date of Joining</b>	<b>Date of Appointment</b>
Dato' Adissadikin bin Ali	Managing Director and Chief Executive Officer	43	1 June 2008	28 September 2010
Wan Zalizan bin Wan Jusoh	Chief Operating Officer	41	5 January 2012	5 January 2012
Md Harris Md Taib	Chief Business Officer	44	5 June 2012	5 June 2012
Norlela binti Sulaiman	Chief Financial Officer	39	17 November 2008	2 January 2013
Norzilah binti Mohammed	Chief Risk Officer	47	1 December 2008	1 December 2008
Thariq Abdullah	Head, MD/CEO Office	43	1 December 2008	1 December 2008
Aminuddin Bin Bashah	Chief Credit Officer	57	15 February 2006	1 January 2013
Julina Mohd Salleh	Company Secretary	45	1 March 2006	1 March 2006

None of the Bank's key management holds one per cent. or more of the Bank's equity shares or is related to a substantial shareholder of the Bank.

Information on the relevant experience of members of the Bank's key management is set out below:

#### ***Dato' Adissadikin bin Ali – Managing Director and Chief Executive Officer***

Details of Dato' Adissadikin bin Ali are set out above under "*Board of Directors*".

***Wan Zalizan bin Wan Jusoh – Chief Operating Officer***

Wan Zalizan bin Wan Jusoh holds a Bachelor of Science Degree in Business Administration (Finance) from the University of Nebraska-Lincoln, United States. He also holds a Diploma in Banking Studies from Universiti Teknologi MARA. He has more than 18 years of experience in the banking industry which includes serving the Maybank Group for 15 years in various areas including Islamic banking, strategy and corporate planning, corporate banking, finance, performance management, international banking, business development and marketing communications. Wan Zalizan bin Wan Jusoh was also instrumental in the setting-up of Iskandar Regional Development Authority (IRDA) in 2007 after a short stint in the Office of the MD/CEO of Pos Malaysia Berhad.

***Md Harris Md Taib – Chief Business Officer***

Md Harris Md Taib holds a Bachelor's Degree in Business Studies from Greenwich University, London, the United Kingdom with qualifications from the Chartered Institute of Management Accountants. He has over 18 years of experience in corporate finance, debt restructuring, corporate banking, offshore banking and debt capital markets through working for Malayan Banking Berhad and Maybank Investment Bank, Pengurusan Danaharta, Affin Investment Bank Berhad and Mizuho Corporate Bank Labuan Branch. In June 2012, Md Harris Md Taib joined the Bank as the Chief Business Officer.

***Norlela binti Sulaiman – Chief Financial Officer***

Norlela binti Sulaiman holds a Bachelor's Degree in Accounting (Honours) from the De Montfort University, Leicester, the United Kingdom. Prior to joining the Bank, she served Pengurusan Danaharta Nasional Berhad for eight years in its Financial Services Division and headed the Finance & Treasury Unit and Special Projects Department of Prokhas Sdn Bhd for three years. She is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

***Norzilah binti Mohammed – Chief Risk Officer***

Norzilah binti Mohammed holds a Bachelor of Science Degree in Business Administration (Accounting) from California State University, Sacramento, California, United States. Prior to joining the Bank, she undertook corporate and commercial banking at Bank Bumiputera Malaysia Berhad where she served for nine years. She also served in Pengurusan Danaharta Nasional Berhad for five years where she specialised in corporate debt restructuring and rehabilitation of distressed loan assets and served at Prokhas Sdn Bhd as its Deputy Head/Senior Manager Credit Operations for three years.

***Thariq Abdullah – Head, MD/CEO Office***

Thariq Abdullah did his LL.B (Honours) at the International Islamic University Malaysia and subsequently did his LL.M at Queen Mary Westfield College, University of London. He had nearly 20 years of working experience, mostly in corporate legal practice. He also had a stint at the Securities Commission Malaysia. Currently he is the Head of Corporate Service and the MD/CEO Office, handling the legal and corporate communications matters of the Bank.

***Aminuddin Bin Bashah – Chief Credit Officer***

Aminuddin bin Bashah holds a B. Economics (Hons) from the University Malaya, Malaysia. Aminuddin Bashah has the benefit of working exposure in various aspects of banking and insurance especially in trade commercial and corporate finance operations. He started his carrier in 1980 with Bank Bumiputra Malaysia Berhad and rose to the position of Branch Manager before



he left the Bank in 2006 to join Bank Industri as the Head of Treasury Department. He was then been appointed as the MD/CEO of City Savings and Investment Bank (CSIB) Namibia from 1998 until 2000. Upon his return to Malaysia, he was appointed as the Acting General Manager of Malaysian Export Credit Insurance Berhad (MECIB) until it was merged with the Bank in 2005.

***Julina Mohd Salleh – Company Secretary***

Julina Mohd Salleh was appointed as Company Secretary of the Bank on 1 September 2005 and currently heads the Corporate Secretarial Department. She has more than 15 years' experience in company secretarial practice. She started her career in Permodalan Nasional Berhad and later joined HeiTech Padu Berhad, a public listed company, as a Joint Company Secretary where she was involved in the listing of the company. Then she joined Bank Pembangunan Malaysia Berhad prior to joining the Bank. She holds a Bachelor of Business Administration from University of New Brunswick, Canada and is a licensed company secretary. She is also a member of the Alliance of Approved Company Secretaries.

## SHAREHOLDERS OF THE BANK

The shareholders of the Bank as at the date of this Offering Circular are as follows:

Name	Number of shares held	Percentage of shareholding
		(%)
Minister of Finance (Incorporated)	2,708,665,283 <sup>(1)</sup>	99.9
Federal Lands Commissioner	1	0.1

**Note:**

(1) Comprising 2,708,665,282 ordinary shares and 1 redeemable preference share.

## REGULATION AND SUPERVISION

The Bank is regulated by BNM, which was established on 26 January 1959 pursuant to the Central Bank of Malaya Ordinance, 1958 (now the Central Bank of Malaysia Act, 1958 (the “**1958 Act**”)) as the Central Bank of Malaysia. BNM is directly involved in the regulation and supervision of Malaysia’s financial system. Its principal objectives are to: (i) act as a banker and financial adviser to the Government; (ii) issue currency and keep reserves to safeguard the value of the currency; (iii) promote monetary stability and a sound financial structure and (iv) influence the credit situation to the advantage of Malaysia.

BNM and the Minister of Finance of Malaysia (the “**Minister**”) have extensive powers under DFIA, which is the principal statute that sets out the laws for the regulation and supervision of development financial institutions and for matters connected therewith. In addition to DFIA, Malaysian development financial institutions are subject to guidelines issued by BNM from time to time. The following discussion sets out information with respect to the regulation of the banking industry by BNM.

### Licensing and Limitation of Business Activities of Development Financial Institutions

Under DFIA, “**development financial institution**” means an institution which carries on any activity, whether for profit or otherwise, with or without any Government’s funding, with the purpose of promoting development in the industrial, agricultural, commercial or other economic sector, including the provision of capital or other credit facility; whereby “**development**” includes the commencement of any new industrial, agricultural, commercial or other economic venture or the expansion or improvement of any such existing venture. Also under DFIA, “**business**” means any activity carried on for the purpose of gain or profit and includes all property derived from, or used in, or for the purpose of, carrying on such activity and all rights and liabilities arising from such activity. Further under DFIA, “**prescribed institutions**” are development financial institutions prescribed by the Minister by order published in the *Gazette*.

Prescribed institutions are also subject to a number of other restrictions on the operation of their business. In particular, a prescribed institution may not: (i) pay any dividend on its shares until all of its capitalised expenditures (including preliminary expenses, organisation expenses, shares selling commission, brokerage, amount of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off and the prior approval of BNM in respect of the amount proposed to be declared has been obtained; (ii) grant any credit facilities to any of its directors or officers except as permitted under DFIA; (iii) accept its own shares or shares of its holding company as security; (iv) carry out any activity in or outside Malaysia, otherwise than in connection with or for the purposes of carrying on of its business unless the approval of BNM has been obtained in writing or (v) establish or acquire any subsidiary in or outside Malaysia unless the approval of BNM has been obtained in writing.

### Statutory Reserves

Under DFIA, Malaysian development financial institutions may be required by BNM to maintain a statutory reserves fund. BNM has not to date required the Bank to maintain a statutory reserves fund.

### Capital Adequacy Requirements

With effect from 1 September 1989, capital adequacy regulations implementing the agreement reached by the Basel Committee on Banking Regulations and Supervision Practices in July 1988 were introduced into the Malaysian banking system. These regulations specify a minimum capital of RM300,000,000.00 and a risk-weighted capital ratio of 8.0 per cent.

Risk-weighted capital ratio is the ratio of capital base to total risk-weighted assets. Capital base represents resources that can be used to absorb current losses, while leaving the development financial institutions with the ability to continue operating as a going concern, and is the sum of eligible Tier I capital and eligible Tier II capital less any other deductions from total capital. Tier I capital includes paid-up ordinary share capital, share premium, statutory reserves fund, general reserves fund, retained profit less accumulated loss. Tier II capital includes government grants and subsidies, subordinated term debt subject to prescribed limit and reserves arising from revaluation surpluses.

Risk-weighted assets is the sum of (i) the credit risk weights of all the different categories of on-balance sheet assets; and (ii) the credit risk weights of off-balance sheet exposures after applying credit conversion factors to the types of off-balance sheet instrument. The credit risk weights and the credit conversion factors are provided in the BNM guidelines.

### **Single Customer Limit**

Prescribed institutions are prohibited from extending credit facilities to any customer in excess of the prescribed percentage as prescribed by BNM, subject to certain exemptions.

### **Qualifications of Directors; Power to Remove Directors**

Under DFIA, a person cannot be appointed as a director of a prescribed institution if, for example, that person has been declared bankrupt or has compounded with his creditors, whether in or outside of Malaysia; or if convicted of a criminal offence relating to dishonesty, fraud or violence under any written law punishable with imprisonment for one year or more, whether by itself, or in lieu of, or in addition to, a fine; or has been convicted of any offence under DFIA; or if there has been any order of detention, supervision, restricted residence, banishment or deportation made against him; or if there has been imposed on him any form of restriction or supervision, by bond or otherwise, under any law relating to prevention of crime, or preventive detention for the prevention of crime or drug trafficking, or restricted residence, or banishment or immigration; or if that person has been a director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or any authority competent to do so in or outside Malaysia. The appointment of directors and chief executive officer of a prescribed institution is subject to the verification of BNM. The appointment of a director and the chief executive officer of a prescribed institution is subject to renewal every two years upon re-assessment by BNM pursuant to an application submitted by the prescribed institution for the re-appointment.

BNM's guideline regarding directorships in a prescribed institution stipulates that (i) the board of directors of a prescribed institution have a minimum of seven directors and at least two members of the board of a DFI should be qualified in finance-related discipline and have a minimum of five years of working experience at managerial level in these disciplines; (ii) a maximum of two senior officers may be allowed to serve on the board of directors; (iii) the chief executive officer may hold directorship for more than five subsidiaries and associate companies of the DFI, subject to a maximum number of five directorship at a time; (iv) the nominating committee is required to carry out an annual assessment to evaluate the effectiveness of each individual director in developing the DFIs, and regular assessment on the required mix of skills, experience and core competencies within the board as well as to ascertain the "fit and proper" criteria of each director as defined under the Schedule of the DFI; and (v) the nominating committee of a DFI is required to ensure that the board members receive continuous training programmes.

BNM is also empowered under DFIA to remove any director of a prescribed institution with the consent of the Minister if, *inter alia*, it is satisfied that the prescribed institution is carrying on its business in a manner detrimental to the interests of its stakeholders or the public generally or is

insolvent or is likely to become unable to meet all or any of its obligations or is about to suspend payment to any extent or has contravened any provision of DFIA or any provision of any written law, regardless that there has been no criminal prosecution in respect of the contravention.

### **Powers of Enforcement**

BNM has broad powers to enforce DFIA. In particular, where a prescribed institution is insolvent or has become or is likely to become unable to meet all or any of its obligations or is about to suspend payment to any extent, BNM may, with the prior concurrence of the Minister, remove from office, with effect from such date as may be set out in the order, any director of the prescribed institution or appoint any person as a director of the prescribed institution, or appoint a person to advise the prescribed institution in relation to the proper conduct of its business or, alternatively or in addition to the foregoing, may recommend that the Minister place the prescribed institution under the control of BNM or authorise BNM to make a court application to appoint a receiver or manager to manage the affairs of the prescribed institution or authorise BNM to present a petition for winding up of the prescribed institution.

### **Inspections by BNM**

BNM is empowered under DFIA to examine from time to time, with or without any prior notice, the books or other documents, accounts and transactions of a prescribed institution and any of its offices in or outside Malaysia and may be directed by the Minister to do so in the event the Minister suspects that such prescribed institution is carrying on its business in a manner which is, or which is likely to be, detrimental to the interests of its stakeholders or has insufficient assets to cover its liabilities to the public or is contravening any provisions of DFIA or any other written law.

## SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

*The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions). Defined terms used below have the meaning given to them in the Terms and Conditions and the glossary of defined terms set out below (see “– Defined Terms”).*

### Master Purchase Agreement

The Master Purchase Agreement will be entered into on 27 September 2013 between the Trustee (in its capacity as “**Purchaser**”) and the Obligor (in its capacity as “**Seller**”) and will be governed by the laws of Malaysia. A Supplemental Purchase Agreement between the same parties will be entered into on the Issue Date of each Series and will also be governed by the laws of Malaysia.

Pursuant to the Master Purchase Agreement, the Seller will sell, transfer and convey to the Purchaser, and the Purchaser will agree to purchase and accept the transfer and conveyance from the Seller of, certain Tangible Assets and (if applicable in the context of the issue of the Series) certain Non-Tangible Assets, in each case together with all of the Seller’s interests, rights, title, benefits and entitlements in, to and under such assets for the Purchase Price specified in the applicable Pricing Supplement, which will be payable on the Issue Date of the relevant Series. The Purchaser will use no less than 34 per cent. of the proceeds of issue of a Series to purchase Eligible Tangible Assets pursuant to the Master Purchase Agreement. The Tangible Assets and (if applicable) Non-Tangible Assets will be identified in the applicable Pricing Supplement and will also be set out in the schedule to the relevant Supplemental Purchase Agreement.

The proportion of the Purchase Price payable in respect of each such Wakala Asset shall be an amount in the Specified Currency equal to the Value of that Wakala Asset.

### Wakala Agreement

The Wakala Agreement will be entered into on 27 September 2013 between the Trustee and Export-Import Bank of Malaysia Berhad (in its capacity as Wakeel) and will be governed by Malaysian law.

Pursuant to the Wakala Agreement, the Trustee will appoint the Wakeel to manage the Wakala Portfolio relating to each Series. In particular, the Wakeel, in relation to each Series:

- (a) shall manage the Wakala Portfolio in accordance with the investment plan in the form set out in the schedule to the Wakala Agreement and scheduled to the relevant Supplemental Purchase Agreement, which will include an annual expected income revenue amount for the relevant Wakala Portfolio (the “**Expected Wakala Portfolio Income Revenues Amount**”);
- (b) shall use its reasonable endeavours to ensure that, on the Issue Date of a Series and at all times thereafter, the Value of the Eligible Tangible Assets in the Wakala Portfolio shall be equal to no less than 33 per cent. of the Value of the Wakala Venture (the “**Tangible Ratio Requirement**”) and if, at any time, the Tangible Ratio Requirement is not satisfied, shall use its reasonable endeavours as soon as reasonably practicable thereafter to purchase, as agent of the Trustee, Eligible Tangible Assets from Export-Import Bank of Malaysia Berhad using the Wakala Portfolio Principal Revenues or the proceeds of sale and/or liquidation of some or all of the Shari’a-Compliant Investments or substitute any Wakala Asset that is not an Eligible Tangible Asset for an Eligible Tangible Asset, such that after such purchase or substitution, the Tangible Ratio Requirement is satisfied;

- (c) shall use reasonable endeavours to apply all Tangible Asset Principal Revenues in (A) purchasing, as agent of the Trustee, additional Eligible Tangible Assets (i) the Value of which is not less than the purchase price of such assets and (ii) in respect of which the same representations and warranties can be given by Export-Import Bank of Malaysia Berhad as those given under clause 5.3 of the Master Purchase Agreement and/or (B) investing in Shari'a-Compliant Investments, and, in each case, such additional Eligible Tangible Assets and Shari'a-Compliant Investments shall be included in the Wakala Portfolio;
- (d) shall do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) that it considers reasonably necessary to ensure the assumption of, and compliance by each Wakala Asset Obligor with its covenants, undertakings or other obligations in respect of the Wakala Assets in accordance with applicable law and the terms of the Wakala Asset;
- (e) shall discharge or procure the discharge of all obligations to be discharged by the Trustee in respect of any of the Wakala Assets, it being acknowledged that the Wakeel may appoint one or more agents to discharge these obligations on its behalf;
- (f) shall pay on behalf of the Trustee any costs, expenses, losses and taxes which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Portfolio;
- (g) shall use reasonable endeavours to ensure the timely receipt of all Wakala Portfolio Revenues (free and clear of, and without withholding or deduction for, Taxes), investigate non-payment of Wakala Portfolio Revenues and generally make all reasonable efforts to collect or enforce the collection of such Wakala Portfolio Revenues as and when the same shall become due;
- (h) shall use its reasonable endeavours to ensure that the Wakala Portfolio Income Revenues are at least equal to the Expected Wakala Portfolio Income Revenues Amount;
- (i) shall maintain the Collection Accounts and the Reserve Account in accordance with the terms of the Wakala Agreement;
- (j) shall obtain and maintain all necessary authorisations in connection with any of the Wakala Assets and its obligations under or in connection with the Wakala Agreement;
- (k) may provide a Liquidity Facility in the circumstances and on the terms described below; and
- (l) shall carry out any incidental matters relating to any of the above.

Pursuant to the Wakala Agreement the Wakeel undertakes, in relation to each Series in respect of which the Trustee and the Wakeel agree that a Commodity Murabaha Investment is to be included in the Wakala Venture, to acquire Commodities, to sell such Commodities to Export-Import Bank of Malaysia Berhad and to use all reasonable endeavours to ensure the timely receipt of the Deferred Sale Price (free and clear of, and without withholding or deduction for, Taxes), as more particularly described in the Wakala Agreement. The Wakeel acknowledges in the Wakala Agreement that, if it fails effectively to acquire and subsequently to on-sell the required Commodities in the amount and in the manner contemplated in the Wakala Agreement and the Master Murabaha Agreement, it will have failed to comply with its obligations under the Wakala Agreement and will irrevocably and unconditionally undertake to indemnify the Trustee for such amount of Deferred Sale Price as would otherwise have been payable to the Trustee under the relevant Murabaha Contract on the date(s) on which such amount(s) would otherwise have been payable, provided that such amounts shall not in aggregate exceed the Murabaha Investment



Amount (the “**Wakala Indemnity Amount**”) (without double counting any amount in respect of the Wakala Indemnity Amount which is actually received pursuant to the Sale Undertaking or the Purchase Undertaking).

The Wakeel shall perform its duties under the Wakala Agreement in accordance with all applicable laws and regulations and with the degree of skill and care that it would exercise in respect of its own assets.

Export-Import Bank of Malaysia Berhad shall be entitled to receive a fee for acting as Wakeel which will comprise a fixed fee of U.S.\$100 (the receipt and adequacy of which is acknowledged by the Wakeel under the Wakala Agreement) and may also receive incentive payments as described below.

In the Wakala Agreement, the Trustee and the Wakeel agree, in relation to each Series, that, provided no Dissolution Event has occurred and is continuing, Export-Import Bank of Malaysia Berhad may at any time exercise its rights under the Substitution Undertaking to substitute (and shall use all reasonable endeavours to so substitute, upon any default in respect of any Wakala Asset) any one or more of the Wakala Assets as the Wakeel may select (subject to any Wakala Asset(s) to be substituted being the defaulting Wakala Asset(s), if applicable). The substitute Wakala Asset shall be of a Value not less than the Value of the Wakala Asset(s) to be substituted and any such substitution shall otherwise be undertaken on the terms and subject to the conditions of the Wakala Agreement and the Substitution Undertaking.

The Wakeel will maintain, in relation to each Series, five book-entry ledger accounts (referred to as the “**Tangible Asset Income Collection Account**”, the “**Tangible Asset Principal Collection Account**”, the “**Non-Tangible Asset Income Collection Account**”, the “**Non-Tangible Asset Principal Collection Account**” (together, the “**Collection Accounts**”) and the “**Reserve Account**”), each of which shall be denominated in the Specified Currency.

All Wakala Portfolio Revenues relating to a Series will be recorded as follows:

- (a) if any such amounts comprise Tangible Asset Income Revenues, in the Tangible Asset Income Collection Account;
- (b) if any such amounts comprise Tangible Asset Principal Revenues, in the Tangible Asset Principal Collection Account;
- (c) if any such amounts comprise Non-Tangible Asset Income Revenues, in the Non-Tangible Asset Income Collection Account; and
- (d) if any such amounts comprise Non-Tangible Asset Principal Revenues, in the Non-Tangible Asset Principal Collection Account.

All amounts of Deferred Sale Price and (if applicable) any Wakala Indemnity Amount and/or Murabaha Indemnity Amount in relation to such Series (if any) will be recorded in the Non-Tangible Asset Income Collection Account.

In relation to each Series, amounts standing to the credit of the Tangible Asset Income Collection Account and the Non-Tangible Asset Income Collection Account will be applied by the Wakeel on the Business Day immediately preceding each Periodic Distribution Date in the following order of priority:

- (a) first, in payment into the Transaction Account an amount equal to the Required Amount payable on that Periodic Distribution Date;

- (b) second, in repayment to the Wakeel of any amounts advanced by it by way of a Liquidity Facility;
- (c) third, in repayment to the Wakeel of any Wakeel Liabilities Amounts for the period corresponding to the Return Accumulation Period ending on that Periodic Distribution Date and (if applicable) any Wakeel Liabilities Amounts for any previous period that remains unpaid; and
- (d) fourth to the Reserve Account.

If there is a shortfall at any relevant time in relation to a Series between the amounts standing to the credit of the Transaction Account (after payment to the Transaction Account as set out above) and the Required Amount payable on the immediately following Periodic Distribution Date, amounts standing to the credit of the Reserve Account shall be applied towards such shortfall. Following such application, the Wakeel may also advance amounts to the Trustee by way of a Liquidity Facility to ensure the Trustee receives the Required Amount on such Periodic Distribution Date to pay the relevant Periodic Distribution Amount, by paying the amounts so advanced into the Transaction Account on the Business Day immediately preceding the relevant Periodic Distribution Date. Any Liquidity Facility shall be provided on terms that it is repayable from Wakala Portfolio Income Revenues in accordance with paragraph (b) above or on the Dissolution Date.

The Wakeel will be entitled to deduct amounts standing to the credit of the Reserve Account at any time and use such amounts for its own account, provided that such amounts shall be immediately repaid by it if so required to fund any shortfall as described above.

The Wakeel shall use its reasonable endeavours to keep detailed records of all movements in the Collection Accounts for each Series and, if so requested, provide the Trustee with copies of such records and any other information or details in relation to the Collection Accounts as the Trustee may request. Following payment of all amounts due and payable under the Sukuk of a Series on its Dissolution Date, the Wakeel shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account for that Series for its own account as an incentive payment for acting as Wakeel.

The Wakeel will agree in the Wakala Agreement that all payments by it under the Wakala Agreement will be made without any deduction or withholding for or on account of Taxes unless required by law and without set-off or counterclaim of any kind and, if there is any deduction or withholding, the Wakeel shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. The payment obligations of the Wakeel under the Wakala Agreement in relation to a Series will be direct, unconditional, unsecured and general obligations which rank at least *pari passu* with all other unsecured, unsubordinated and general obligations of the Wakeel, present and future.

### **Purchase Undertaking**

The Purchase Undertaking will be executed as a deed on 27 September 2013 by Export-Import Bank of Malaysia Berhad as obligor and will be governed by English law.

Export-Import Bank of Malaysia Berhad will, in relation to each Series, irrevocably undertake in favour of the Trustee and the Delegate to purchase all of the Wakala Portfolio (together with all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Wakala Portfolio) on the Scheduled Dissolution Date or any earlier due date for dissolution following the occurrence of a Dissolution Event, as the case may be, at the Exercise Price by entering into a sale agreement.

If the Delegate exercises its option prior to the Scheduled Dissolution Date of the relevant Series, an exercise notice will be required to be delivered by the Delegate under the Purchase Undertaking.

In relation to each Series, the Trustee will also be entitled to exercise the Purchase Undertaking following any exercise by the Sukukholders of their right to require the Trustee to redeem their Sukuk following the occurrence of a Change of Control, in which case Export-Import Bank of Malaysia Berhad will be required to purchase Wakala Assets in a proportion of the Wakala Portfolio not exceeding such proportion as is determined by dividing (i) the aggregate outstanding face amount of Sukuk to be redeemed pursuant to the exercise of the Change of Control Put Right by (ii) the aggregate outstanding face amount of the Sukuk of the relevant Series, at the Change of Control Exercise Price.

In relation to each Series, the Trustee will also be entitled to exercise the Purchase Undertaking following any exercise by the Sukukholders of their right to require the Trustee to redeem their Sukuk on a Sukukholder Put Right Date, in which case Export-Import Bank of Malaysia Berhad will be required to purchase Wakala Assets in a proportion of the Wakala Portfolio not exceeding such proportion as is determined by dividing (i) the aggregate outstanding face amount of Sukuk to be redeemed pursuant to the exercise of the Sukukholder Put Right by (ii) the aggregate outstanding face amount of the Sukuk of the relevant Series, at the Sukukholder Put Right Exercise Price.

Export-Import Bank of Malaysia Berhad will agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made without any deduction or withholding for or on account of tax unless required by law and without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, Export-Import Bank of Malaysia Berhad shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. The payment obligations of the Wakeel under the Wakala Agreement in relation to a Series will be direct, unconditional, unsecured and general obligations of Export-Import Bank of Malaysia Berhad which rank at least *pari passu* with all other unsecured, unsubordinated and general obligations of Export-Import Bank of Malaysia Berhad.

In the Purchase Undertaking, Export-Import Bank of Malaysia Berhad will undertake to comply with all provisions of the Conditions and the Transaction Documents to which it is a party and which are expressed to be applicable to it including, without limitation the negative pledge provisions described in Condition 6(b) and the use of proceeds provisions described in Condition 6(c).

If (i) less than the entire Wakala Portfolio is to be sold to Export-Import Bank of Malaysia Berhad following delivery of an exercise notice in relation to a Change of Control or a Sukukholder Put Right (as the case may be) and (ii) an Outstanding Amount remains at the time of such delivery, then one or more additional Wakala Assets having an aggregate Value not exceeding the Outstanding Amount may be sold to Export-Import Bank of Malaysia Berhad pursuant to the relevant sale agreement (such additional Wakala Assets being “**Further Assets**”).

### **Sale Undertaking**

The Sale Undertaking will be executed as a deed on 27 September 2013 by the Trustee and will be governed by English law.

Pursuant to the Sale Undertaking, the Trustee will irrevocably grant to Export-Import Bank of Malaysia Berhad the right:

- (a) on the conditions described in Condition 8(b), to require the Trustee to sell to Export-Import Bank of Malaysia Berhad on the Early Tax Dissolution Date the Wakala Portfolio (together with all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under it) at the Exercise Price by executing a sale agreement;
- (b) if and to the extent that any Sukuk have been purchased and are to be cancelled pursuant to Condition 8(g) and 8(h), to require the Trustee to transfer and convey to Export-Import Bank of Malaysia Berhad Wakala Assets (together with all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under them) in a proportion of the Wakala Portfolio not exceeding such proportion as is determined by dividing (i) the aggregate outstanding face amount of Sukuk to be cancelled pursuant to Condition 8(g) and Condition 8(h) by (ii) the aggregate outstanding face amount of the Sukuk of the relevant Series by executing a transfer agreement; and
- (c) provided that Optional Dissolution Right is specified as applicable in the relevant Pricing Supplement and Export-Import Bank of Malaysia Berhad has exercised the Optional Dissolution Right in accordance with the Conditions, to require the Trustee to sell to Export-Import Bank of Malaysia Berhad Wakala Assets (together with all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under them) in a proportion of the Wakala Portfolio not exceeding such proportion as is determined by dividing (i) the aggregate outstanding face amount of Sukuk to be redeemed pursuant to the exercise of the Optional Dissolution Right by (ii) the aggregate outstanding face amount of the Sukuk of the relevant Series, at the Exercise Price by executing a sale agreement.

If (i) less than the entire Wakala Portfolio is to be sold or transferred and conveyed to Export-Import Bank of Malaysia Berhad following delivery of an exercise notice in relation to an exercise of an Optional Dissolution Right or a cancellation notice (as the case may be) and (ii) an Outstanding Amount remains at the time of such delivery, then one or more additional Wakala Assets having an aggregate Value not exceeding the Outstanding Amount may be sold or transferred and conveyed to Export-Import Bank of Malaysia Berhad pursuant to the relevant sale agreement or transfer agreement (such additional Wakala Assets being "**Further Assets**").

### **Substitution Undertaking**

The Substitution Undertaking will be executed on 27 September 2013 by the Trustee as a deed and will be governed by English law.

Pursuant to the Substitution Undertaking, the Trustee will grant to Export-Import Bank of Malaysia Berhad the right to require the Trustee to sell any and all of the Wakala Assets of a Wakala Portfolio (together with all of EXIM Sukuk Malaysia Berhad's interests, rights, title, benefits and entitlements, present and future, in, to and under them) (the "**Substituted Assets**") to it in exchange for new assets of a Value which is equal to or greater than the Value of the Substituted Assets, and provided that the new assets are Eligible Tangible Assets and/or Eligible Non-Tangible Assets (the "**New Assets**"). The substitution of the Substituted Assets with the New Assets will become effective on the date specified in the substitution notice to be delivered by Export-Import Bank of Malaysia Berhad in accordance with the Substitution Undertaking, by the Trustee and Export-Import Bank of Malaysia Berhad entering into a transfer agreement. Each transfer agreement will (i) effect the transfer of ownership rights in the Substituted Assets from the Trustee to Export-Import Bank of Malaysia Berhad and (ii) effect the transfer of rights in the New Assets from Export-Import Bank of Malaysia Berhad to the Trustee.

The New Assets and any Wakala Assets not replaced on the Substitution Date will constitute the Wakala Portfolio for the relevant Series for the purposes of the Wakala Agreement.

### **Master Murabaha Agreement**

In connection with each Series of Sukuk, the Trustee may desire to enter into a Commodity Murabaha Investment with Export-Import Bank of Malaysia Berhad (in its capacity as the “**Buyer**”) using no more than 66 per cent. of the issue proceeds of the Series.

Pursuant to the Master Murabaha Agreement, the Trustee undertakes that, on receipt of a purchase order from the Buyer, the Trustee (acting through the Wakeel as agent) shall on the Issue Date for the relevant Series procure that the Commodity Trading Participant will enter into purchase transactions no later than the Issue Date with commodity suppliers admitted as a participant of Bursa Malaysia Islamic Services Sdn Bhd to purchase Commodities at the Commodity Purchase Price for and on behalf of the Trustee and notify the Trustee of the purchase of such Commodities.

Following the purchase of the Commodities by the Commodity Trading Participant for and on behalf of the Trustee and notification of such purchase by the Commodity Trading Participant to the Trustee, and provided that the Trustee (or the Commodity Trading Participant and the Wakeel acting in their capacities as agents or sub-agents, as the case may be, of the Trustee) has acquired title to, and possession of, the Commodities, the Trustee (acting through the Wakeel as agent) shall deliver no later than the Issue Date a letter of offer and acceptance to the Buyer indicating the Trustee’s acceptance of the terms of the purchase order made by the Buyer and detailing the terms of the offer for the sale of the Commodities to the Buyer from the Trustee no later than the Issue Date.

Pursuant to the Master Murabaha Agreement, the Buyer irrevocably and unconditionally undertakes to accept the terms of, countersign and deliver to the Wakeel (as agent for the Trustee) any letter of offer and acceptance delivered to it in accordance with the Master Murabaha Agreement and (as a result of the Trustee having acted on the request of the Buyer set out in the purchase order) purchase the Commodities acquired by the Trustee (or acquired by the Commodity Trading Participant or the Wakeel acting in their capacities as agents or sub-agents, (as the case may be) of the Trustee), in each case no later than the Issue Date, and the Trustee shall sell the Commodities to the Buyer.

As soon as the Buyer has countersigned the Letter of Offer and Acceptance, a Murabaha Contract shall be created between the Trustee and the Buyer upon the terms of the Letter of Offer and Acceptance and incorporating the terms and conditions set out in the Master Murabaha Agreement, and ownership of and all risks in and to the relevant Commodities shall immediately pass to and be vested in the Buyer, together with all rights and obligations relating thereto.

Pursuant to the Master Murabaha Agreement, the Buyer irrevocably and unconditionally undertakes that following the purchase of the Commodities by the Buyer, and provided that the Buyer has acquired title to, and possession of, the Commodities, it will immediately thereafter authorise the Commodity Trading Participant to enter into a sale transaction, on behalf of the Buyer, no later than the Issue Date through the Bursa Commodity House System for the Commodity Sale Price.

Pursuant to the Master Murabaha Agreement, the Buyer acknowledges that if it fails to purchase the relevant Commodities from the Trustee for the Deferred Sale Price it will have failed to comply with its undertaking, the Trustee will have incurred losses in an amount equal to the Commodity Purchase Price (the “**Murabaha Indemnity Amount**”), and it will irrevocably and unconditionally undertake to indemnify the Trustee (on an after Tax basis) for such amount of Deferred Sale Price as would otherwise have been payable to the Trustee under the relevant Murabaha Contract on

the date(s) on which such amount(s) would otherwise have been payable thereunder, provided that such amounts shall not in aggregate exceed the Murabaha Indemnity Amount (without double counting any amount in respect of the Murabaha Indemnity Amount which is actually received pursuant to the Sale Undertaking or the Purchase Undertaking).

The Commodity Trading Participant shall be entitled to receive a fee from the Trustee for acting as agent for the Trustee which will comprise a fee of U.S.\$20 in respect of each U.S.\$1,000,000 of Commodities transacted on any Issue Date. The Commodity Trading Participant shall be entitled to receive a fee from Export-Import Bank of Malaysia Berhad for acting as agent for Export-Import Bank of Malaysia Berhad which will comprise a fee of U.S.\$20 in respect of each U.S.\$1,000,000 of Commodities transacted on any Issue Date.

**The Master Declaration of Trust, as supplemented by each Supplemental Declaration of Trust**

The Master Declaration of Trust will be entered into on 27 September 2013 between the Trustee, the Obligor, the Delegate and the Trustee Administrator and will be governed by English law. A Supplemental Declaration of Trust between the same parties will be entered into on the Issue Date of each Series of Sukuk and will also be governed by English law.

Upon issue of the Global Certificate initially representing the Sukuk of any Series, the Master Declaration of Trust and the relevant Supplemental Declaration of Trust shall together constitute the trust over the relevant Trust Assets declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Sukuk comprise (unless otherwise specified in the relevant Supplemental Declaration of Trust), amongst other things, the cash proceeds of the issue of the Sukuk, the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Venture from time to time (other than in relation to any representations given by the Obligor to the Trustee and/or the Delegate under any documents constituting the Wakala Venture from time to time) and any amounts standing to the credit of the relevant Transaction Account, as more particularly described in Condition 5(a).

Pursuant to the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the Trustee will, in relation to each Series of Sukuk, *inter alia*:

- (a) hold the relevant Trust Assets on trust absolutely for the holders of the Sukuk as beneficiaries in respect of that Series only; and
- (b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust.

The Trustee irrevocably and unconditionally appoints the Delegate to be its attorney and to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), trusts, authorities and discretions vested in the Trustee by the Master Declaration of Trust that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event or a Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, to (i) exercise all of the rights of the Trustee under the Purchase Undertaking and any of the other Transaction Documents and (ii) make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust. The appointment of such delegate is intended to be in the interests of the Sukukholders and does not affect the Trustee's continuing role and obligations as sole trustee.



The Master Declaration of Trust will specify that the rights of recourse in respect of Sukuk shall be limited to the amounts from time to time available and comprising the relevant Trust Assets of that Series. The Sukukholders have no claim or recourse against the Trustee to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

A non-interest bearing Transaction Account will be established in respect of each Series of Sukuk. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise revenues from the Tangible Assets and the Non-Tangible Assets other than in the nature of sale, capital or principal payments, and amounts of the Deferred Sale Price paid by the Obligor pursuant to a Commodity Murabaha Investment (see “*Summary of the Principal Transaction Documents – Wakala Agreement*” and “*Summary of the Principal Transaction Documents – Master Murabaha Agreement*”). The Master Declaration of Trust provides that all monies credited to the Transaction Account in respect of each Series will be applied in the order of priority set out in Condition 5(b).

### Defined Terms

“**Business Day**” means, in respect of each Sukuk, (i) a day, other than a Saturday or Sunday, on which (in the case of non-CMU Sukuk) Euroclear and Clearstream, Luxembourg and (in the case of CMU Sukuk) the CMU are operating and (ii) a day on which banks and foreign exchange markets are open for general business (in the case of non-CMU Sukuk) in the city of the Principal Paying Agent’s Specified Office or (in the case of CMU Sukuk) in the city of the CMU Lodging and Paying Agent’s Specified Office and (iii) (if a payment is to be made on that day) a day on which banks and foreign exchange markets are open for general business in the principal financial centre for the Specified Currency or, in the case of Euro, a day on which the TARGET System is operating or, in the case of Renminbi, a day on which commercial banks in Hong Kong are open for general business and settle Renminbi payments in Hong Kong;

“**Change of Control Exercise Price**” means, in relation to each Series:

- (a) the aggregate outstanding face amount of the Sukuk being redeemed pursuant to the Change of Control Put Right for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Sukuk being redeemed; plus
- (c) if all of the Sukuk of a Series are being redeemed, an amount equal to the Outstanding Liquidity Amount (if any); plus
- (d) if all of the Sukuk of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by EXIM Sukuk Malaysia Berhad (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Wakeel Liabilities Amounts and any other Priority Amounts which remain outstanding as at the Change of Control Put Right Date); plus
- (e) any other amounts payable in relation to the Sukuk being redeemed on the exercise of the Change of Control Put Right as specified in the applicable Pricing Supplement; less
- (f) (if a Commodity Murabaha Investment forms part of the Wakala Venture for the Series) all amounts in respect of Deferred Sale Price and (if applicable) any Wakala Indemnity Amount and/or Murabaha Indemnity Amount which have been paid into the Transaction Account and which remain available to pay a proportion of the aggregate amounts payable on redemption of the Sukuk following exercise of the Change of Control Put Right;



**“Commodities”** means any Shari’a-compliant commodities (excluding currencies, gold and silver, that are each used as a medium of exchange); or, for the purposes of the description of the Master Murabaha Agreement above, means any Shari’a-compliant commodities that are traded on the Market (excluding currencies, gold and silver, that are each used as a medium of exchange);

**“Commodity Trading Participant”** means CIMB Islamic Bank Berhad in its capacity as commodity trading participant under the Master Murabaha Agreement;

**“Differential Amount”** has the meaning given to it in the Sale Undertaking or the Purchase Undertaking (as applicable);

the **“Eligibility Criteria”** in respect of any Tangible Assets and/or Non-Tangible Assets, as the case may be, shall be satisfied if the relevant Tangible Asset or Non-Tangible Asset (as applicable) is an asset:

- (i) which, except in the case of Commodities, constitutes legal, valid, binding and enforceable obligations of the obligor thereof in the jurisdiction in which such obligor is located and (in the case of an Ijara Contract) in the jurisdiction in which any related asset in respect of such Ijara Contract is located;
- (ii) in respect of which, except in the case of Commodities, no additional steps are required to be undertaken by the Seller in order to make any amounts due under and in respect thereof payable to the Purchaser;
- (iii) in respect of which the Seller is entitled to receive all payments or proceeds of sale (as the case may be);
- (iv) which was originated and/or acquired by the Seller in a manner consistent with its usual credit and origination and/or investment policies;
- (v) which is free from any adverse interest which may affect the rights of the Purchaser thereto or in respect of any payments to be made thereunder or in respect thereof;
- (vi) in respect of which, except in the case of Commodities, there has not occurred any event of default or analogous event nor any event which is subsisting and which, following the giving of any applicable notice and/or the lapse of any applicable grace period and/or the making of any determination and/or the giving of any certificate, would constitute an event of default or analogous event under any relevant documentation;
- (vii) which is capable of being transferred to the Purchaser by the Seller in accordance with the terms set out in the Master Purchase Agreement and which does not and will not contravene any applicable law, rule or regulation (including any applicable law, rule or regulation of Malaysia); and
- (viii) which is not a Real Estate Asset;

**“Eligible Non-Tangible Assets”** means any Non-Tangible Assets which comply with the Eligibility Criteria;

**“Eligible Tangible Assets”** means any Tangible Assets which comply with the Eligibility Criteria;

**“Exercise Price”** means, in relation to each Series:

- (a) the aggregate face amount of Sukuk then outstanding for the relevant Series; plus

- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Sukuk; plus
- (c) an amount equal to the Outstanding Liquidity Amount (if any); plus
- (d) without duplication or double counting, an amount representing any amounts payable by EXIM Sukuk Malaysia Berhad (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Wakeel Liabilities Amounts and any other Priority Amounts which remain outstanding as at the Dissolution Event Redemption Date or Scheduled Dissolution Date (as the case may be)); plus
- (e) any other amounts payable on redemption of the Sukuk as specified in the applicable Pricing Supplement; less
- (f) (if a Commodity Murabaha Investment forms part of the Wakala Venture for the Series) all amounts in respect of Deferred Sale Price and (if applicable) any Wakala Indemnity Amount and/or Murabaha Indemnity Amount which have been paid into the Transaction Account and which remain available to pay a proportion of the aggregate amounts payable on redemption of the Sukuk;

**“Ijara Contract”** means contracts where a lessor leases property to a lessee and in respect of which regular payments are due from the lessee;

**“Initial Wakala Portfolio”** means, in relation to a Series, the Wakala Assets described in the relevant Supplemental Purchase Agreement;

**“Joint Shari’a Advisers”** means the Shari’a Supervisory Committee of BNP Paribas S.A., CIMB Islamic Bank Berhad, HSBC Amanah and Maybank Islamic Berhad and/or such other reputable independent Shari’a adviser(s) as may be appointed by the Trustee for such purpose in connection with a Series;

**“Market”** means the commodity market operated by Bursa Malaysia Islamic Services Sdn Bhd for the trading of commodities;

**“Murabaha Receivable”** means the receivable under a Shari’a-compliant sale contract whereby the purchase price is determined on the basis of cost plus a pre-determined profit and such purchase price is payable either by instalments or through a single payment;

**“Non-Tangible Asset Income Revenues”** means all revenues in respect of the Non-Tangible Assets and which comprise amounts other than Non-Tangible Asset Principal Revenues;

**“Non-Tangible Asset Principal Revenues”** means all revenues in respect of the Non-Tangible Assets and which comprise amounts in the nature of sale, capital or principal payments;

**“Non-Tangible Assets”** means one or more Murabaha Receivables and/or Other Shari’a-Compliant Assets which do not comprise Tangible Assets;

**“Other Shari’a-Compliant Assets”** means any Shari’a-compliant asset as approved by the Joint Shari’a Advisers income generating asset (other than an Ijara Contract, Murabaha Receivable, Qualifying Sukuk or Real Estate Asset) and including the income generated therefrom;

**“Outstanding Amount”** means the amount (if any) in the Specified Currency equal to (i) the Differential Amount less (ii) the aggregate Value of all Further Assets (if any) which have been sold or transferred to the Obligor pursuant to the Purchase Undertaking the Sale Undertaking during the period from and including the Issue Date of the relevant Series to but excluding the date of delivery of the relevant exercise notice or cancellation notice;

**“Outstanding Liquidity Amount”** means the amount (if any) of funding provided under a liquidity facility pursuant to the terms of the Wakala Agreement and which has not been repaid in accordance with the provisions of the Wakala Agreement;

**“Priority Amounts”** means any amounts described in Condition 5(b)(i) and/or (ii);

**“Purchase Agreement”** means, in respect of a Series, the Master Purchase Agreement as supplemented by the relevant Supplemental Purchase Agreement;

**“Purchase Price”** means the purchase price payable by the purchaser in respect of any Wakala Assets which are the subject of a Purchase Agreement, as set out in the relevant Supplemental Purchase Agreement;

**“Qualifying Sukuk”** means sukuk certificates that are based on either an ijara or wakala bil istithmar structure, in each case having at least 33 per cent. underlying tangible assets (as determined by the Joint Shari’a Advisers, acting reasonably), and which are owned by or on behalf of the Seller;

**“Real Estate Asset”** means any right or interest in real estate or any agreement of which the subject matter is real estate or related to real estate;

**“Shari’a-Compliant Investment”** means (i) an investment product which is structured to comply with Shari’a as advised to the Wakeel by the Joint Shari’a Advisers and (ii) any investment deposit with a Shari’a-compliant financial institution;

**“Sukukholder Put Right Exercise Price”** means, in relation to each Series:

- (a) the aggregate outstanding face amount of the Sukuk being redeemed pursuant to the Sukukholder Put Right for the relevant Series; plus
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Sukuk being redeemed; plus
- (c) if all of the Sukuk of a Series are being redeemed, an amount equal to the Outstanding Liquidity Amount (if any); plus
- (d) if all of the Sukuk of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by EXIM Sukuk Malaysia Berhad (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any unpaid Wakeel Liabilities Amounts and any other Priority Amounts which remain outstanding as at the Sukukholder Put Right Date); plus
- (e) any other amounts payable in relation to the Sukuk being redeemed on the exercise of the Sukukholder Put Right as specified in the applicable Pricing Supplement; less
- (f) (if a Commodity Murabaha Investment forms part of the Wakala Venture for the Series) all amounts in respect of Deferred Sale Price and (if applicable) any Wakala Indemnity Amount

and/or Murabaha Indemnity Amount which have been paid into the Transaction Account and which remain available to pay a proportion of the aggregate amounts payable on redemption of the Sukuk following exercise of the Sukukholder Put Right;

**“Supplemental Purchase Agreement”** means, in respect of a Series, an agreement substantially in the Form set out in Schedule 1 of the Master Purchase Agreement;

an asset meets the **“Tangibility Criteria”** if has been approved by the Joint Shari’a Advisers, acting reasonably, as being based on a sufficient amount or percentage of tangible assets for the purposes of inclusion in the Wakala Portfolio;

**“Tangible Asset Income Revenues”** means all revenues in respect of the Tangible Assets other than Tangible Asset Principal Revenues;

**“Tangible Asset Principal Revenues”** means all revenues in respect of the Tangible Assets and which comprise amounts in the nature of sale, capital or principal payments;

**“Tangible Assets”** means one or more Ijara Contracts (together with the relevant underlying assets) and/or Qualifying Sukuk and/or Commodities and/or Other Shari’a-Compliant Assets (which, in the case of Other Shari’a-Compliant Assets only, comply with the Tangibility Criteria);

**“Taxes”** means any tax, levy, impost, duty or other charge or withholding of a similar nature;

**“Value”** means, on any date, the amount in the Specified Currency determined by the Wakeel on the relevant date as being equal to:

- (a) in respect of a Wakala Venture, the aggregate of (i) the Value of each Wakala Asset in the Wakala Portfolio and (ii) the Value of the Commodity Murabaha Investment (if any);
- (b) in respect of each Wakala Asset in a Wakala Portfolio, the amount determined as follows:
  - (i) in the case of an Ijara Contract, the aggregate of all outstanding amounts payable by the lessee or other equivalent amounts payable by the relevant obligor in respect of the relevant asset, on or after the relevant date;
  - (ii) in the case of a Qualifying Sukuk, the aggregate of the outstanding amounts payable on or after the relevant date in respect of such Qualifying Sukuk;
  - (iii) in the case of a Murabaha Receivable, the aggregate of the outstanding amounts payable on or after the relevant date in respect of such Murabaha Receivable;
  - (iv) in the case of any Wakala Portfolio Principal Revenues, the amount of such Wakala Portfolio Principal Revenues held by the Wakeel on the relevant date;
  - (v) in the case of any Shari’a-Compliant Investments, the aggregate amount of cash held on deposit on the relevant date or (in the case of an investment product) the net asset value of the relevant investment as notified to the Wakeel by the provider of the relevant investment product;
  - (vi) in the case of a share (including, without limitation, any distributions or dividends in the form of shares):

- (A) which is not listed on any stock exchange on the relevant date, the fair market value of such share calculated by dividing the net tangible assets of the relevant company as derived from its most recent available audited accounts by the number of shares of the relevant company in issue; or
- (B) which is listed on a stock exchange on the relevant date, the fair market value of such share calculated by reference to the volume weighted average price of such shares for a period of 20 trading days ending on the trading day falling immediately prior to the relevant date;
- (vii) in the case of a Commodity, (A) the price for which such Commodity may be sold pursuant to an option granted to Export-Import Bank of Malaysia Berhad or (B) if no such option exists, the fair market value of such Commodity calculated by reference to the volume weighted average price of such Commodity on a recognised commodity exchange for a period of 20 trading days ending on the trading day falling immediately prior to the relevant date;
- (viii) in the case of an asset of a type other than those described in paragraphs (b)(i) to (b)(vii) (both inclusive) above of this definition, or which cannot otherwise be ascribed a Value by reference to the valuation methodologies described above, the fair market value of such Wakala Asset determined by the Wakeel acting in good faith by reference to one or more valuation methodologies customarily adopted in respect of assets of a similar nature and approved by the Joint Shari'a Advisers; and
- (c) in respect of a Commodity Murabaha Investment, the aggregate of all outstanding amounts of Deferred Sale Price, Murabaha Indemnity Amount or Wakala Indemnity Amount (as applicable, and without double counting) remaining to be paid in respect of such Commodity Murabaha Investment on or after the relevant date,

and for such purposes, any amounts not expressed in the Specified Currency shall be converted (for the purposes of this determination only) into the Specified Currency at the Wakala Exchange Rate;

**"Wakala Asset"** means, in relation to a Series, each asset constituting the relevant Wakala Portfolio, and **"Wakala Assets"** shall be construed accordingly;

**"Wakala Asset Obligor"** means, the entity or entities obliged to make payments in respect of a Wakala Asset in accordance with all applicable laws and the terms of the Wakala Asset;

**"Wakala Exchange Rate"** has the meaning given to it in the Wakala Agreement;

**"Wakala Portfolio"** means, in relation to each Series (i) the Initial Wakala Portfolio related to that Series, (ii) from the time of any acquisition of a Wakala Asset on the Trustee's behalf or substitution of a Wakala Asset in accordance with the Wakala Agreement or the Substitution Undertaking, shall include the Eligible Tangible Asset(s) and Eligible Non-Tangible Asset(s) so acquired or substituted for the relevant Wakala Asset and shall cease to include the Wakala Asset so substituted, but shall not include in the case of (i) or (ii) above any obligations or liabilities of Export-Import Bank of Malaysia Berhad in respect of any such assets, (iii) from the time of any other transfer of a Wakala Asset to Export-Import Bank of Malaysia Berhad in accordance with the Sale Undertaking or purchase of a Wakala Asset by Export-Import Bank of Malaysia Berhad pursuant to the Purchase Undertaking, shall cease to include the Wakala Asset so transferred or purchased and (iv) the Wakala Portfolio Principal Revenues;

**"Wakala Portfolio Income Revenues"** means, in relation to a Series, all Tangible Asset Income Revenues and all Non-Tangible Asset Income Revenues;

**“Wakala Portfolio Principal Revenues”** means, in relation to a Series, all Tangible Asset Principal Revenues and all Non-Tangible Asset Principal Revenues;

**“Wakala Portfolio Revenues”** means, in relation to a Series, all Wakala Portfolio Income Revenues and all Wakala Portfolio Principal Revenues; and

**“Wakeel Liabilities Amount”** means, in relation to each Series, the amount of any claims, losses, costs and expenses properly incurred or suffered by the Wakeel or other payments made by the Wakeel on behalf of the Trustee, in each case in providing the services under the Wakala Agreement (excluding any amount due to the Wakeel in respect of any Liquidity Facility).

## BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg and the CMU (together, the “**Clearing Systems**”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that each of the Trustee and the Bank believes to be reliable, but neither the Trustee, the Bank nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Trustee, the Bank nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Sukuk held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

### **Book-entry Systems**

#### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Distributions of dissolution amounts with respect to book-entry interests in the Sukuk held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System as the holder of a Sukuk represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the underlying Sukuk and in relation to all other rights arising under the Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Trustee in respect of payments due on the Sukuk for so long as the Sukuk are represented by such Global Certificate and such obligations of the Trustee will be discharged by payment to the holder of the underlying Sukuk, as the case may be, in respect of each amount so paid.

Beneficial ownership in Sukuk will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.



The aggregate holdings of book-entry interests in the Sukuk in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Sukuk, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interest in the Sukuk. The Paying Agent will be responsible for ensuring that payments received by it from the Trustee for holders of interests in the Sukuk holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Trustee will not impose any fees in respect of the Sukuk, however, holders of book entry interests in the Sukuk may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

### ***The CMU***

The CMU is a central depository service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the “**HKMA**”) for the safe custody and electronic trading between the members of this service (“**CMU Members**”) of capital markets instruments (“**CMU Instruments**”) which are specified in the CMU Service Reference Manual as capable of being held within the CMU.

The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and “*authorised institutions*” under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike Euroclear and Clearstream, Luxembourg), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments under, or notices pursuant to the notice provisions of, the CMU Instruments. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Sukuk held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

### **Book-Entry Ownership**

The Trustee has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Sukuk to be represented by a Global Certificate. The Trustee may also apply to have Sukuk accepted for clearance through the CMU. Each Global Certificate will have an International Securities Identification Number and a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number. Investors in Sukuk of such Series may hold their interests in a Global Certificate only through Euroclear, Clearstream, Luxembourg or the CMU.

### ***Transfers of Sukuk Represented by Global Certificates***

Transfers of any interests in Sukuk represented by a Global Certificate within Euroclear, Clearstream, Luxembourg or the CMU will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System. Euroclear, Clearstream, Luxembourg and the CMU have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among accountholders of Euroclear, Clearstream, Luxembourg and the CMU, as the case may be. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Trustee, the Paying Agents, the Registrar and the Dealers will be responsible for any performance by Euroclear, Clearstream, Luxembourg or the CMU or their respective accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to, or payments made on account of, beneficial interests in the Sukuk represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## TAXATION

*The statements herein regarding taxation are based on the laws in force as at the date of this document and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Sukuk and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers or certain professional investors) may be subject to special rules. Investors should consult their own tax advisers regarding the tax consequences of an investment in the Sukuk.*

### Malaysia Taxation

All payments by the Trustee in respect of the Sukuk shall be made free and clear of, and without withholding or deduction for or on account of any present or future tax, duty or charge of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts (the “**Additional Amounts**”) as will result in receipt by the Sukukholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Sukuk:

- (a) to or on behalf of a Sukukholder who is treated as a resident of Malaysia or a permanent establishment in Malaysia for tax purposes;
- (b) to or on behalf of a Sukukholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Sukuk by reason of his having some connection with Malaysia other than a mere holding of such Sukuk; and
- (c) presented for payment by or on behalf of a Sukukholder who would not be liable or subject to such withholding or deduction by making a declaration of residence in Malaysia or other similar claim for exemption to the relevant tax authority and has failed to do so within the time prescribed by law or at all.

Pursuant to Paragraph 33B of the Schedule 6 of the Income Tax Act, 1967 of Malaysia the payment of periodic distributions by the Issuer on the Sukuk to any person, whether Malaysian resident or non-Malaysian resident is exempt from income tax.

### Foreign Account Tax Compliance Act

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”), non-U.S. financial institutions that enter into agreements with the IRS (“**IRS Agreements**”) or become subject to provisions of local law intended to implement an intergovernmental agreement (“**IGA legislation**”) entered into pursuant to FATCA, may be required to identify “financial accounts” held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable laws in its jurisdiction, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information or documentation made on or after (i) July 1, 2014 in respect of certain US source payments, (ii) January 1, 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce US source interest or dividends and (iii) January 1, 2017 (at the earliest) in respect of “foreign passthru payments” and then only on “obligations” that are not treated as equity for U.S. federal income tax purposes and that are issued or materially modified on or after (a) July 1, 2014, and (b) if later, in the case of an obligation that pays only foreign passthru payments, the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the Federal Register.

Whilst the Sukuk are in global form and held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Sukuk by the Trustee, any paying agent and the Common Depositary, given that each of the entities in the payment chain beginning with the Trustee and ending with the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive Sukuk will only be printed in remote circumstances.

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

#### **EU Directive on the Taxation of Savings Income**

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

#### **The Proposed EU Directive for a Financial Transactions Tax**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**Participating Member States**”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Sukuk (including secondary market transactions) in certain circumstances. The issuance and subscription of Sukuk should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Sukuk where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Sukuk are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in a dealer agreement (the “**Dealer Agreement**”) between the Trustee, the Bank, the Arrangers and the Dealers, the Sukuk will be offered on a continuous basis by the Trustee to the Dealers. The Sukuk may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Sukuk may also be sold by the Trustee through the Dealers, acting as agents of the Trustee. The Dealer Agreement also provides for Sukuk to be issued in syndicated Series that are subscribed for by two or more Dealers.

Each of the Arrangers and the relevant Dealers and their respective affiliates may engage in transactions with, and perform services for, the Bank or its group companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Bank or its group companies or affiliates, for which they have received, and may in the future receive, compensation.

### **Selling Restrictions**

#### ***United States***

The Sukuk have not been and will not be registered under the Securities Act and are being offered outside the United States in reliance on Regulation S. Subject to certain exceptions, the Sukuk may not be offered, sold or delivered within the United States or to U.S. persons. Each Dealer has represented and agreed that it has not offered or sold, and shall not offer or sell, any Sukuk constituting part of its allotment within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Sukuk. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable series of such Sukuk, an offer or sale of Sukuk within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

This Offering Circular has been prepared by the Trustee for use in connection with the offer and sale of the Sukuk to non-U.S. persons outside the United States in reliance on Regulation S. The Trustee and the Dealers reserve the right to reject any offer to purchase the Sukuk, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Trustee of any of its contents to any such U.S. person or other person within the United States is prohibited.

#### ***United Kingdom***

Each Dealer has represented and agreed that and each further Dealer appointed under the Programme will be required to represent and agree:

- (a) in relation to any Sukuk which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Sukuk other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or

dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Sukuk would otherwise constitute a contravention of section 19 of the FSMA by the Trustee;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Sukuk in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Sukuk in, from or otherwise involving the United Kingdom.

#### ***Public Offer Selling Restriction Under the Prospectus Directive***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Sukuk which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Sukuk to the public in that Relevant Member State:

- (a) if the Pricing Supplement in relation to the Sukuk specify that an offer of those Sukuk may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Sukuk which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Trustee has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Sukuk referred to in (b) to (d) above shall require the Trustee or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Sukuk to the public**” in relation to any Sukuk in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Sukuk to be offered so as to enable an investor to decide to purchase or subscribe the Sukuk, as the same may be varied in



that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented to the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

### ***Japan***

The Sukuk have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Sukuk in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

### ***Hong Kong***

In relation to each Series of Sukuk issued by the Trustee, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Sukuk other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Sukuk, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Sukuk which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance.

### ***Singapore***

Each Dealer acknowledges and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Sukuk or caused such Sukuk to be made the subject of an invitation for subscription or purchase and will not offer or sell such Sukuk or cause such Sukuk to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Sukuk, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), (ii) to a relevant person

pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Sukuk are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Sukuk pursuant to an offer made under Section 275 of the SFA except:

- (c) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (d) where no consideration is or will be given for the transfer;
- (e) where the transfer is by operation of law;
- (f) as specified in Section 276(7) of the SFA; or
- (g) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### **PRC**

Each Dealer has represented and agreed that the Sukuk are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

### **Malaysia**

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the SC under the Capital Markets and Services Act, 2007 (the "**CMSA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Sukuk have not been and will not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to the persons falling within any one of the categories of persons specified under 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 CMSA, subject to any law, order, regulation or official directive of BNM, SC and/or any other regulatory authority from time to time.

Prospective investors should note that residents of Malaysia may be required to obtain regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Sukuk. The onus is on the residents of Malaysia concerned to obtain such regulatory approvals and none of the Dealers or the Trustee is responsible for any invitation, offer, sale or purchase of the Sukuk as aforesaid without the necessary approvals being in place.

#### ***United Arab Emirates (excluding the Dubai International Financial Centre)***

Each Dealer has represented and agreed, and each future Dealer will be required to represent and agree that the Sukuk to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

#### ***Dubai International Financial Centre***

Each Dealer has represented and agreed, and each future Dealer will be required to represent and agree that it has not offered and will not offer the Sukuk to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the “**DFSA**”); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

#### ***Kingdom of Saudi Arabia***

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Sukuk. Any investor in the Kingdom of Saudi Arabia (a “**Saudi Investor**”) who acquires Sukuk pursuant to any offering should note that the offer of Sukuk is being made as a private placement by way of an “offer restricted to sophisticated investors” pursuant to Article 10 of the “Offer of Securities Regulations” as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the “**KSA Regulations**”), through a person authorised by the Capital Markets Authority (“**CMA**”) to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Sukuk may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “sophisticated investors” under Article 10 of the KSA Regulations. Each Dealer has represented, warranted and undertaken and each further Dealer appointed under the Programme will be required to represent, acknowledge and undertake that any offer of Sukuk to a Saudi Investor will comply with the KSA Regulations.

Investors are informed that Article 17 of the KSA Regulations place restrictions on secondary market activity with respect to the Sukuk, including as follows:

- (a) a Saudi Investor (referred to as a “**transferor**”) who has acquired Sukuk pursuant to a private placement may not offer or sell Sukuk to any person (referred to as a “**transferee**”) unless the offer or sale is made through an authorised person where one of the following requirements is met:
  - (i) the price to be paid for the Sukuk in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;

- (ii) the Sukuk are offered or sold to a sophisticated investor; or
- (iii) the Sukuk are being offered or sold in such other circumstances as the CMA may prescribe for these purposes;
- (b) if the requirement of paragraph (a)(i) above cannot be fulfilled because the price of the Sukuk being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Sukuk to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;
- (c) if the requirement in paragraph (b) above cannot be fulfilled, the transferor may offer or sell Sukuk if he/she sells his/her entire holding of Sukuk to one transferee; and
- (d) the provisions of paragraphs (a), (b) and (c) (inclusive) above shall apply to all subsequent transferees of the Sukuk

### ***Kingdom of Bahrain***

This Offering Circular does not constitute an offer to: (i) the Public (as defined in Articles 142-146 of the Commercial Companies Law (Decree Law No. 21/2001 of the Kingdom of Bahrain)) in the Kingdom of Bahrain; or (ii) any person in the Kingdom of Bahrain who is not an accredited investor.

For this purpose, an accredited investor means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Each Dealer has represented and agreed and each future Dealer will be required to represent and agree that it has not offered, and will not offer, Sukuk (i) to the Public in the Kingdom of Bahrain except pursuant to the provisions of Articles 80-85 of the Central Bank of Bahrain and Financial Institutions Law and (ii) except on a private placement basis to persons in the Kingdom of Bahrain who are accredited investors.

### ***Qatar (Excluding the Qatar Financial Centre)***

Each Dealer represents and agrees, and each future Dealer will be required to represent and agree that it has not offered or sold, and will not offer or sell, directly or indirectly, any Sukuk in the State of Qatar, except (i) in compliance with all applicable laws and regulations of the State of Qatar; and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

## **General**

These selling restrictions may be supplemented or modified by the agreement of the Trustee, the Bank and any relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Sukuk to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Sukuk, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each relevant Dealer will be required to agree that, it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Sukuk or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement therefore in all cases at its own expense.

## FORM OF PRICING SUPPLEMENT

### Pricing Supplement dated [●] EXIM SUKUK MALAYSIA BERHAD

Company Registration Number: 1049534-H

*Issue of [Aggregate Face Amount of Series][Title of Sukuk]  
under the U.S.\$1,000,000,000 Multicurrency Sukuk Issuance Programme*

This document constitutes the Pricing Supplement relating to the issue of Sukuk described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 27 September 2013 [and the supplemental [Offering Circular] dated [●]] the “**Offering Circular**”. This Pricing Supplement contains the final terms of the Sukuk and must be read in conjunction with such Offering Circular [as so supplemented].

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]*

- |                                     |  |
|-------------------------------------|--|
| 1. Trustee:                         | EXIM Sukuk Malaysia Berhad                       |
| 2. Obligor:                         | Export-Import Bank of Malaysia Berhad            |
| 3. Series Number:                   | [●]  |
| 4. Specified Currency:              | [●]  |
| 5. Aggregate Face Amount of Series: | [●]  |
| 6. Issue Price:                     | 100 per cent. of the Aggregate Face Amount       |
| (i) Net proceeds:                   | [[●] ( <i>Required only for listed issues</i> )] |
| 7. (i) Specified Denominations:     | [●]  |

*If the specified denomination is expressed to be  
€100,000 or its equivalent and multiples of a  
lower principal amount (for example €1,000),  
insert the following:*

*€100,000 and integral multiples of [€1,000] in  
excess thereof up to and including [€199,000].  
No Sukuk in definitive form will be issued with a  
denomination above [€199,000]*

- |                                |                                       |
|--------------------------------|---------------------------------------|
| (ii) Calculation Amount:       | [●]                                   |
| 8. (i) Issue Date:             | [●]                                   |
| (ii) Profit Commencement Date: | [Specify/Issue Date/Not Applicable]   |
| (iii) Profit Period Dates:     | [Each Periodic Distribution Date]/[●] |

9. Scheduled Dissolution Date: *[specify date or (for Floating Rate Sukuk) Periodic Distribution Date falling in or nearest to the relevant month and year/None]*
- Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Sukuk where the Periodic Distribution Dates are subject to modification it will be necessary to specify the Periodic Distribution Date falling in or nearest to the relevant month and year.*
10. Periodic Distribution Amount Basis: *[[●] per cent. Fixed Periodic Distribution Amount]*
- [[specify reference rate] +/-[●] per cent.*
- Floating Periodic Distribution Amount]*
- (further particulars specified below)*
11. Dissolution Basis: Dissolution at par
12. Change of Periodic Distribution Basis: *[Specify details of any provision for convertibility of Sukuk into another periodic distribution basis]*
- [Not Applicable]*
13. Put/Call Options: *[Not Applicable] [Optional Dissolution Right]*
- [Sukukholder Put Right] [Change of Control Put Right]*
- [(further particulars specified below)]*
14. Status of the Sukuk: Senior
15. Listing: *[SGX-ST/LFX/(specify)/None]*
16. Method of distribution: *[Syndicated/Non-syndicated]*

#### **PROVISIONS RELATING TO PERIODIC DISTRIBUTION AMOUNTS PAYABLE**

17. Fixed Periodic Distribution Amounts: *[Applicable/Not Applicable]*
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Profit Rate: *[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/specify other] in arrear]*
- (ii) Periodic Distribution Date(s): *[●] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"/not adjusted] (N.B. This will need to be amended in the case of long or short return accumulation periods)]*



(iii) Fixed Amount[(s)]:	<p>[●] per Calculation Amount</p> <p><i>For Renminbi or Hong Kong dollar denominated Fixed Rate Sukuk where the Periodic Distribution Dates are subject to modification, the following alternative wording is appropriate “Each Fixed Amount shall be calculated by multiplying the product of the Profit Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure, in the case of Renminbi denominated Fixed Rate Sukuk, to the nearest CNY0.01, CNY0.005 being rounded upwards or, in the case of Hong Kong dollar denominated Fixed Rate Sukuk, to the nearest HK\$0.01, HK\$0.005 being rounded upwards.”</i></p>
(iv) Broken Amount(s):	[●] per Calculation Amount, payable on the Periodic Distribution Date falling on [●] [Not Applicable] (Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 17(iii))
(v) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA Actual/365(Fixed) <sup>(1)</sup> /other]
(vi) Profit Rate Determination Dates:	[●] in each year <i>(insert regular periodic distribution dates, ignoring issue date or scheduled dissolution date in the case of a long or short first or last return accumulation period)</i> N.B. This will need to be amended in the case of regular periodic distribution dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)
(vii) Other terms relating to the method of calculating Periodic Distribution Amounts for Fixed Rate Sukuk:	[Not Applicable/give details]
18. Floating Periodic Distribution Amounts:	<p>[Applicable/Not Applicable]</p> <p><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p>
(i) Specified Periodic Distribution Dates:	[●] [Not Applicable] <i>(Periodic Distribution Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert “Not Applicable”)</i>
(ii) Periodic Distribution Period:	[●] [Not Applicable]

<sup>(1)</sup> Applicable to Hong Kong dollar-denominated Fixed Rate Sukuk and Renminbi-denominated Fixed Rate Sukuk.

*(Period Distribution Period and Specified Periodic Distribution Dates are alternatives. A Periodic Distribution Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable")*

- (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (iv) Business Centre(s): [●]
- (v) Manner in which the Profit Rate is to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
- (vi) Party responsible for calculating the Profit Rate(s) and Profit Amount(s) (if not the Calculation Agent): [●]
- (vii) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [●] month [currency] [LIBOR/EURIBOR/SIBOR/SOR/HIBOR/specify other]
  - Profit Rate Determination Date(s): [●]
  - Relevant Screen Page: [●]
  - Relevant Time: [●]
- (viii) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
- (x) Margin(s): [ +/- ][●] per cent. per annum
- (xi) Minimum Profit Rate: [●] per cent. per annum
- (xii) Maximum Profit Rate: [●] per cent. per annum
- (xiii) Day Count Fraction: [●]

- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Sukuk, if different from those set out in the Conditions: [●]

## PROVISIONS RELATING TO DISSOLUTION

19. Optional Dissolution Right: [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Dissolution Date(s): [Any Periodic Distribution Date] [specify other]
- (ii) Dissolution Distribution Amount(s) of each Sukuk and specified denomination and method, if any, of calculating such amount(s): [●] per Calculation Amount [Note: This must be no less than par]

- (iii) If redeemable in part:

- Minimum Optional Dissolution Amount: [●] per Calculation Amount
- Maximum Optional Dissolution Amount: [●] per Calculation Amount

- (iv) Notice period (if other than as set out in Conditions): [●] (N.B. If setting notice periods which are different to those provided in the Conditions, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Principal Paying Agent or, if applicable, the CMU Lodging and Paying Agent or the Delegate)

20. Sukukholder Put Right: [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Sukukholder Put Right Date(s): [●]
- (ii) Dissolution Distribution Amount(s) of each Sukuk and method, if any, of calculation of such amount(s): [●] per Calculation Amount [Note: This must be no less than par]

- (iii) Notice period (*if other than as set out in Conditions*): [●] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Principal Paying Agent or, if applicable, the CMU Lodging and Paying Agent or the Delegate*)
21. Change of Control Put Right [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Dissolution Distribution Amount of each Sukuk and method, if any, of calculation of such amount(s): [●] per Calculation Amount [*Note: This must be no less than par*]
- (ii) Any other provisions relating to the Change of Control Put Right: [Not Applicable/*give details*]
- (iii) Notice period (*if other than as set out in Conditions*): [●] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Principal Paying Agent or, if applicable, the CMU Lodging and Paying Agent or the Delegate*)
22. Dissolution Distribution Amount on Scheduled Dissolution Date: [●] per Calculation Amount [*Note: This must be no less than par*]
23. Dissolution Distribution Amount of each Sukuk payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●] per Calculation Amount [*Note: This must be no less than par*]

#### **GENERAL PROVISIONS APPLICABLE TO THE SUKUK**

24. Form of Sukuk: Global Certificate exchangeable for Sukuk in definitive registered form in the limited circumstances specified in the Global Certificate
25. Financial Centre(s): [Not Applicable/*give details*] [*Note: This paragraph relates to the date and place of payment*]
26. Other terms or special conditions: [Not Applicable/*give details*]

## PROVISIONS IN RESPECT OF THE TRUST ASSETS

27. Wakala Venture on the Issue Date: The Tangible Assets [and the Non-Tangible Assets] as set out in the Supplemental Purchase Agreement specified below, a copy of which is set out in Annex 1 hereto, [and a Commodity Murabaha Investment with a Deferred Sale Price of [●]]
28. Trust Assets on the Issue Date: [Condition 5.1 applies] [*specify other*]
29. Details of Transaction Account: [●]
30. Other Transaction Document Information:
- (i) Supplemental Declaration of Trust: Supplemental Declaration of Trust dated [●] between (among others) the Trustee, the Bank and the Delegate
- (ii) Supplemental Purchase Agreement: Supplemental Purchase Agreement dated [●] between the Trustee (as Purchaser) and the Bank (as Seller), a copy of which is appended as Annex 1

## DISTRIBUTION

31. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager (if any): [Not Applicable/*give name*]
32. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
33. Additional selling restrictions: [Not Applicable/*give details*]

## OPERATIONAL INFORMATION

34. ISIN Code: [●]
35. Common Code: [●]
36. CMU Instrument Number: [●]
37. Any clearing system(s) other than Euroclear Clearstream, Luxembourg or the CMU and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
38. Delivery: Delivery [against/free of] payment
39. Additional Paying Agent(s) (if any): [Not Applicable/*give name and address*]

## GENERAL

40. Governing Law: English

41. [Ratings: The Sukuk to be issued have been rated:  
[S&P:[●]] [Moody's: [●]] [RAM: [●]] [Other:[●]] (The  
above disclosure should reflect the rating  
allocated to Sukuk of the type being issued under  
the Programme generally or, where the issue has  
been specifically rated, that rating)]

## PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Singapore Exchange Securities Trading Limited of the Sukuk described herein pursuant to the U.S.\$1,000,000,000 Multicurrency Sukuk Issuance Programme of EXIM Sukuk Malaysia Berhad.

## RESPONSIBILITY

Each of the Trustee and Export-Import Bank of Malaysia Berhad accepts responsibility for the information contained in this Pricing Supplement.

The LFX assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The approval in-principle from, and the admission of the Sukuk to the LFX are not to be taken as indications of the merits of the Trustee, the Programme or the Sukuk.

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The approval in-principle from, and the admission of the Sukuk to the Official List of, the SGX-ST are not to be taken as indications of the merits of the Trustee, Export-Import Bank of Malaysia Berhad, the Programme or the Sukuk.

Signed on behalf of  
EXIM Sukuk Malaysia Berhad

By: .....  
Duly authorised

Signed on behalf of  
Export-Import Bank of Malaysia Berhad

By: .....  
Duly authorised

**ANNEX 1**  
**SUPPLEMENTAL PURCHASE AGREEMENT**

*[To be inserted upon completion of Pricing Supplement]*



## GENERAL INFORMATION

1. The Trustee has, under a deemed approval process, applied for the approval of the Programme by the SC pursuant to the Capital Markets and Securities Act, 2007 of Malaysia. Save as aforesaid, the Trustee has obtained all necessary consents, approvals and authorisations in Malaysia in connection with the establishment of the Programme. The establishment of the Programme and the issue of Sukuk under the Programme have been duly authorised by resolutions of the Board of the Trustee dated 11 June 2013 and the entry into and performance of the obligations under the Transaction Documents has been duly authorised by the resolutions of the Board of the Bank dated 11 June 2013.
2. Approval in-principle has been obtained from each of the LFX and the SGX-ST for permission to deal in and provide quotations for any Sukuk that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the LFX and SGX-ST. Such permission will be granted when such Sukuk have been admitted to the LFX and the Official List of the SGX-ST. For so long as any Sukuk are listed on the SGX-ST and the rules of the SGX-ST so require, the Trustee shall appoint and maintain a paying agent in Singapore, where such Sukuk may be presented or surrendered for payment or redemption, in the event that any of the Global Certificate representing such Sukuk is exchanged for definitive Sukuk. In addition, in the event that any of the Global Certificates is exchanged for definitive Sukuk, an announcement of such exchange will be made by or on behalf of the Trustee through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Sukuk, including details of the paying agent in Singapore.
3. The Sukuk to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and International Securities Identification Number for each Series of Sukuk allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. The Trustee may also apply to have Sukuk accepted for clearance through the CMU. The relevant CMU instrument number will be set out in the applicable Pricing Supplement. If the Sukuk are to clear through an additional or Alternative Clearing System the appropriate information will be specified in the applicable Pricing Supplement.
4. There has been no material adverse change in the financial position of the Trustee since date of incorporation and there has been no material adverse change in the financial position of the Bank since 31 December 2012.
5. Each of the Trustee and the Bank is not involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which any of them is aware) which may have or have had in the 12 months preceding the date of this document a significant and material effect on the financial position of either the Trustee or the Bank.
6. The independent auditors of the Bank are Ernst & Young.
7. The financial statements of the Bank as at and for the year ended 31 December 2012, which are included elsewhere or incorporated by reference in this Offering Circular, have been audited by Ernst & Young, independent auditors, as stated in their reports incorporated by reference.
8. So long as Sukuk are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Trustee and from the specified offices of the Principal Paying Agent and the CMU Lodging and Paying

Agent for the time being (being at the date of this Offering Circular, 40th Floor, One Canada Square, London E14 5AL, United Kingdom and 24th Floor, Three Pacific Place, Queen's Road East, Hong Kong):

- (a) the constitutional documents of the Trustee and the Bank;
- (b) the audited financial statements of the Bank in respect of the financial year ended 31 December 2012 (in each case together with the audit reports in connection therewith). the Bank currently prepares audited accounts on an annual basis;
- (c) the Transaction Documents and the form of the Global Certificate;
- (d) a copy of this Offering Circular; and
- (e) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Sukuk will only be available for inspection by a holder of such Sukuk and such holder must produce evidence satisfactory to the Trustee and the relevant Paying Agent as to its holding of Sukuk and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

## **ISSUER AND TRUSTEE**

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## **OBLIGOR**

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