

**ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM5.0 BILLION IN NOMINAL VALUE FOR THE ISSUANCE OF SENIOR ISLAMIC MEDIUM TERM NOTES AND/OR BASEL III-COMPLIANT TIER 2 SUBORDINATED ISLAMIC MEDIUM TERM NOTES**

**- OTHER TERMS & CONDITIONS**

---

- (i) Details on utilisation of proceeds by Issuer : The proceeds of the Sukuk Wakalah shall be made available for the following purposes:
- 1) general banking and other corporate purposes in relation to the Islamic banking business of the Issuer's SPI and/or the Islamic banking business of its subsidiaries (if any), which includes the payment of fees and expenses in relation to the Sukuk Wakalah Programme;
  - 2) refinancing of any outstanding financing which may be undertaken by the Islamic banking business of the Issuer's SPI and/or the Islamic banking business of its subsidiaries (if any);
  - 3) payment of salaries to dedicated staff who handle Islamic operations under the Islamic banking window of the Issuer's SPI and/or the Islamic banking business of its subsidiaries (if any); and
  - 4) payment of management fees to UOBM which shall comprise all general cost and expenses incurred pursuant to the use of shared resources by the Issuer's SPI and/or the Islamic banking business of its subsidiaries (if any).

For the avoidance of doubt, the proceeds to be raised from the issuance of the Sukuk Wakalah will only be utilised for Shariah compliant purposes and will not be used for any shared infrastructures (including but not limited to buildings and core banking systems) between the conventional and Islamic banking business of the Issuer's SPI and/or the Islamic banking business of its subsidiaries (if any).

- (ii) Identified asset or Trust asset : **Trust Assets**
- The Trust Assets shall comprise:
- (i) the Sukuk Proceeds;
  - (ii) the relevant Wakalah Investments; and
  - (iii) the rights, title, interest, entitlement and benefit of the Sukukholders in, to and under the relevant Transaction Documents.
- (iii) Tenure of the Sukuk Wakalah : **Tenure of T2 Sukuk Wakalah**
- The tenure of each T2 Sukuk Wakalah to be issued under the Sukuk Wakalah Programme shall have a tenure of not less than five (5) years from the issue date, as may be determined by the Issuer prior to each issuance.

**ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM5.0 BILLION IN NOMINAL VALUE FOR THE ISSUANCE OF SENIOR ISLAMIC MEDIUM TERM NOTES AND/OR BASEL III-COMPLIANT TIER 2 SUBORDINATED ISLAMIC MEDIUM TERM NOTES**

**- OTHER TERMS & CONDITIONS**

---

**Tenure of Senior Sukuk Wakalah**

The tenure of each Senior Sukuk Wakalah to be issued under the Sukuk Wakalah Programme shall have a tenure of at least one (1) year from the issue date, as may be determined by the Issuer prior to each issuance.

- (iv) Purchase and selling price or rental, where applicable – compliance with asset pricing requirements : **Commodity Purchase Price**

In respect of the Commodity Murabahah Investment, the Commodity Purchase Price shall be determined prior to the issuance of the Sukuk Wakalah. The Commodity Purchase Price shall be in line with the asset pricing requirements stipulated under the Guidelines on Islamic Capital Market Products and Services first issued by the SC on 28 November 2022 (as amended from time to time).

**Deferred Sale Price**

In relation to the Commodity Murabahah Investment, the Deferred Sale Price shall be determined prior to the issuance of the Sukuk Wakalah and shall comprise the Commodity Purchase Price plus the aggregate profit margin and shall be payable on deferred payment basis. For the avoidance of doubt, the Deferred Sale Price shall be equal to the sum of the aggregate Expected Periodic Distribution Amount and 100% of the nominal value of the relevant Sukuk Wakalah.

- (v) Profit/Distribution payment frequency : For Sukuk Wakalah with Periodic Distributions, payable semi-annually in arrears from the issue date or such other frequency as may be agreed to between the Issuer and the joint lead managers prior to the issuance of the relevant Sukuk Wakalah with the last distribution payment to be made on the Scheduled Dissolution Date or upon the early redemption (as described in paragraph entitled “Provisions on early redemption, if applicable” above), whichever is the earlier.
- (vi) Profit/Distribution payment basis : For Sukuk Wakalah with Periodic Distributions, the Expected Periodic Distribution Amount shall be calculated based on the actual/ 365 days basis.
- (vii) Profit/Distribution rate (fixed or floating) : The Sukuk Wakalah may be issued with or without Periodic Distribution.

In respect of each issuance of the Senior Sukuk Wakalah and T2 Sukuk Wakalah with Periodic Distribution, the expected periodic distribution rate (“**Periodic Distribution Rate**”) shall be based on a fixed rate applicable throughout the tenure of the relevant Senior Sukuk Wakalah or T2 Sukuk Wakalah and shall be determined prior to each issuance of the Senior Sukuk Wakalah or T2 Sukuk Wakalah.

For the avoidance of doubt, there is no step-up of the Periodic Distribution Rate after the Optional Redemption Date of the relevant

ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM5.0 BILLION IN NOMINAL VALUE FOR THE ISSUANCE OF SENIOR ISLAMIC MEDIUM TERM NOTES AND/OR BASEL III-COMPLIANT TIER 2 SUBORDINATED ISLAMIC MEDIUM TERM NOTES

- OTHER TERMS & CONDITIONS

---

T2 Sukuk Wakalah in the event the optional redemption is not exercised by the Issuer on the Optional Redemption Date.

(viii) Status : **T2 Sukuk Wakalah**

The T2 Sukuk Wakalah will constitute direct, unconditional and unsecured obligations of the Issuer and subordinated in right and priority of payment, to the extent and in the manner provided in the T2 Sukuk Wakalah, and shall at all times, rank *pari passu* and rateably, without discrimination, preference or priority amongst themselves. The T2 Sukuk Wakalah shall rank above the share capital of the Issuer (including Tier 1 capital instruments) but the claims of the holders of the T2 Sukuk Wakalah shall, in the event of a winding up or liquidation of the Issuer, be subordinated in right and priority of payment to the claims of Senior Creditors.

“**Senior Creditors**” means depositors and general creditors of the Issuer other than those creditors whose claims are expressed to rank *pari passu* with or subordinated to the claims of the holders of the T2 Sukuk Wakalah.

**Senior Sukuk Wakalah**

The Senior Sukuk Wakalah will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* without any preference amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, except those preferred by law.

(ix) Issue Price : The Senior Sukuk Wakalah and the T2 Sukuk Wakalah shall be issued at par, at a premium or at a discount to the nominal value (to be determined prior to each issuance). The issue price shall be calculated in accordance with the Participation Rules and Procedures (as defined below).

(x) Transaction Documents : Such documentation shall include, but are not limited to the following:

- (a) the T2 Sukuk Wakalah (in the form of global certificates and/or definitive certificates);
- (b) the Senior Sukuk Wakalah (in the form of global certificates and/or definitive certificates);
- (c) the Securities Lodgement Form;
- (d) the Programme Agreement;
- (e) the Trust Deeds;
- (f) the Subscription Agreement(s);

ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM5.0 BILLION IN NOMINAL VALUE FOR THE ISSUANCE OF SENIOR ISLAMIC MEDIUM TERM NOTES AND/OR BASEL III-COMPLIANT TIER 2 SUBORDINATED ISLAMIC MEDIUM TERM NOTES

- OTHER TERMS & CONDITIONS

---

(g) the relevant Islamic documents; and

(h) all other documents relating to the Senior Sukuk Wakalah and/or the T2 Sukuk Wakalah as may be mutually agreed between the JLA and the Issuer.

The above documents shall collectively be referred to as “**Transaction Documents**”.

(xi) Taxation : All payments by the Issuer shall be made subject to withholding or deductions for or on account of any present or future tax, duty, or charge of whatsoever nature imposed or levied by or on behalf of the Government of Malaysia, or any authority thereof having power to tax, and the Issuer shall be required to gross up in connection with such withholding or deduction on these payments or distributions.

(xii) Redemption : Unless previously redeemed pursuant to paragraph entitled “*Provisions on early redemption, if applicable*” above, purchased from the market or otherwise satisfied by the Issuer and cancelled, the Sukuk Wakalah will be redeemed at the relevant Dissolution Distribution Amount on their respective Scheduled Dissolution Dates.

(xiii) Form and Denomination : The issuance of the Sukuk Wakalah shall be in accordance with:

- (a) the Participation Rules for Payments and Securities Services issued by BNM or its successor-in-title or successor in such capacity (as amended and/or substituted from time to time);
- (b) the Operational Procedures for Securities Services and Operational Procedures for Malaysian Ringgit Settlement in the Real Time Electronic Transfer of Funds and Securities System issued by BNM or its successor-in-title or successor in such capacity (as amended and/or substituted from time to time); and
- (c) any other procedures/guidelines/rules issued by the relevant authorities from time to time (as the same may be amended and/or substituted from time to time),

(collectively, the “**Participation Rules and Procedures**”).

Each tranche of the Sukuk Wakalah shall be represented by a global certificate in bearer form to be deposited with BNM, and is exchangeable for definitive certificate in bearer form only in certain limited circumstances as provided in the Transaction Documents. The denomination of the Sukuk Wakalah shall be RM10,000.00 or in multiples of RM10,000.00 at the time of issuance.

(xiv) Listing Status or Type of Listing : The Sukuk Wakalah will not be listed.

ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM5.0 BILLION IN NOMINAL VALUE FOR THE ISSUANCE OF SENIOR ISLAMIC MEDIUM TERM NOTES AND/OR BASEL III-COMPLIANT TIER 2 SUBORDINATED ISLAMIC MEDIUM TERM NOTES

- OTHER TERMS & CONDITIONS

---

- (xv) No Equity Conversion : The Sukuk Wakalah shall not entitle the holders of the Sukuk Wakalah to receive any form of equity interest in the Issuer at any point in time and the Issuer is not obliged to allot or issue any shares to or for the account of the holders of the Sukuk Wakalah upon the occurrence of a Non-Viability Event or otherwise. The holders of the Sukuk Wakalah shall not be entitled to participate in any distributions or entitlements to the Issuer's shareholders or to attend or vote at any general meeting of the Issuer.
- (xvi) Waiver of Set-Off Right (applicable to the T2 Sukuk Wakalah only) : No holder of the T2 Sukuk Wakalah may exercise, claim or plead any right of set-off, counter-claim, deduction, withholding or retention in respect of any amount owed to it by the Issuer arising under or in connection with the T2 Sukuk Wakalah, and no holder of the T2 Sukuk Wakalah shall set-off, deduct, withhold or retain any amount owing by it to the Issuer against any amount owing to it by the Issuer under the T2 Sukuk Wakalah. Each holder of the T2 Sukuk Wakalah, by his acceptance and holding of the T2 Sukuk Wakalah, shall be deemed to have waived all such rights of set-off, counter-claim, deduction, withholding or retention to the fullest extent permitted by law. If at any time any holder of the T2 Sukuk Wakalah receives payment or benefit of any sum in respect of the T2 Sukuk Wakalah as a result of the exercise or carrying into effect of any such set-off, counterclaim, deduction, withholding or retention (whether or not such exercise or carrying into effect is mandatory under applicable law), or if at any time any holder of the T2 Sukuk Wakalah receives payment or benefit of any sum in respect of the T2 Sukuk Wakalah other than in accordance with the provisions described above under "*Events of default or enforcement events, where applicable, including recourse available to investors*", the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such holder of the T2 Sukuk Wakalah, by acceptance and holding of any T2 Sukuk Wakalah, shall agree as a separate and independent obligation that any such sum or benefit so received shall be paid or returned by such holder of the T2 Sukuk Wakalah to the Issuer upon demand by the Issuer, or, in the event of the winding-up of the Issuer, the liquidator of the Issuer, whether or not such payment or receipt shall have been deemed void hereunder. Any sum so paid or returned shall then be treated for purposes of the Issuer's obligations as if it had not been paid by the Issuer, and its original payment or the original benefit previously received by the relevant holder of the T2 Sukuk Wakalah as a result of any such set-off, counterclaim, deduction, withholding or retention shall be deemed not to have discharged any of the obligations of the Issuer under the T2 Sukuk Wakalah.
- (xvii) Non-Viability Event Loss Absorption (applicable to the T2 Sukuk Wakalah only) : Following the occurrence of any of the following non-viability events (each a "**Non-Viability Event**"), whichever is earlier:
- (a) the Relevant Malaysian Authority (as defined below) notifies the Issuer in writing that the Relevant Malaysian Authority is of the

**ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM5.0 BILLION IN NOMINAL VALUE FOR THE ISSUANCE OF SENIOR ISLAMIC MEDIUM TERM NOTES AND/OR BASEL III-COMPLIANT TIER 2 SUBORDINATED ISLAMIC MEDIUM TERM NOTES**

**- OTHER TERMS & CONDITIONS**

---

opinion that the principal write-off of the T2 Sukuk Wakalah is necessary, without which the SPI and/or the Issuer would cease to be viable; or

- (b) the Relevant Malaysian Authority publicly announces that a decision has been made by BNM, the Malaysia Deposit Insurance Corporation ("**PIDM**") or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the SPI and/or the Issuer, without which the SPI and/or the Issuer would cease to be viable,

the Relevant Malaysian Authority shall have the full discretion to require a write-off of the entire principal outstanding or such portion thereof and all other amount owing under the T2 Sukuk Wakalah.

If the Relevant Malaysian Authority elects to exercise such option, subject to and as of the date of the occurrence of the Non-Viability Event, any principal under the T2 Sukuk Wakalah that has been written off will be extinguished and will not be restored in any circumstances. No holder of the T2 Sukuk Wakalah may exercise, claim or plead any right to any amount written off, and each of the holders of the T2 Sukuk Wakalah hereby irrevocably waives its right to receive repayment of the principal amount of the T2 Sukuk Wakalah so written off and also irrevocably waives its right to any distribution of the T2 Sukuk Wakalah so written off (including Expected Periodic Distribution Amount accrued but unpaid up to the date of the occurrence of a Non-Viability Event).

For the avoidance of doubt:

- (i) upon the occurrence of a Non-Viability Event, where the Issuer is required by the Relevant Malaysian Authority to write-off or convert a portion of all the Tier 2 Instruments and Tier 1 Instruments of the Issuer which, pursuant to their terms or by operation of law, are capable of being converted into equity or written off at that time, the Issuer shall first convert or write-off the relevant Tier 1 Instruments, to be followed by the write-off or conversion (if applicable) of the relevant Tier 2 Instruments on a *pari passu* basis; and
- (ii) upon the occurrence of a Non-Viability Event, where the Issuer is required by the Relevant Malaysian Authority to write-off the entire principal outstanding or such portion thereof and all other amount owing under the T2 Sukuk Wakalah, the Issuer may, in its discretion, write-off the T2 Sukuk Wakalah in the manner as prescribed in this paragraph.

A Non-Viability Event shall be deemed to have occurred on the day on which the Issuer received, as the case may be, the notification from or public announcement by the Relevant Malaysian Authority, where the

**ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM5.0 BILLION IN NOMINAL VALUE FOR THE ISSUANCE OF SENIOR ISLAMIC MEDIUM TERM NOTES AND/OR BASEL III-COMPLIANT TIER 2 SUBORDINATED ISLAMIC MEDIUM TERM NOTES**

**- OTHER TERMS & CONDITIONS**

---

Issuer shall immediately inform the Sukuk Trustee and the credit rating agency of the same and that as of the relevant write-off date:

- (a) the write-off shall reduce:
  - (i) the claim of the T2 Sukuk Wakalah in liquidation. The holders of the T2 Sukuk Wakalah will be automatically deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer with respect to, any repayment of principal amount of the T2 Sukuk Wakalah, in whole or in part (as the case may be) which is to be written-off;
  - (ii) the amount to be re-paid when any redemption is exercised pursuant to the early redemption of the T2 Sukuk Wakalah; and
  - (iii) the Expected Periodic Distribution Amount on the T2 Sukuk Wakalah.
- (b) the write-off shall be permanent and the write-off amount will not be restored in any circumstances including where the trigger event ceases to operate, and the full or part (as the case may be) of the principal amount of the T2 Sukuk Wakalah will automatically be written-off to zero and the whole or part (as the case may be) of the T2 Sukuk Wakalah will be cancelled; and
- (c) the write-off of the T2 Sukuk Wakalah shall not constitute a Dissolution Event or an Enforcement Event, nor would it trigger a cross-default under any other outstanding Senior Sukuk Wakalah and/or T2 Sukuk Wakalah issued under the Sukuk Wakalah Programme.

For the avoidance of doubt, the loss absorption feature of the T2 Sukuk Wakalah (1) will cease to be effective if BNM's capital adequacy rules no longer require a loss absorption feature to be included for the T2 Sukuk Wakalah to qualify as Tier 2 capital or (2) shall be amended accordingly if BNM's capital adequacy rules have materially changed.

**"Relevant Malaysian Authority"** means:

- (i) where the Issuer is a Member Institution (as defined in the Malaysia Deposit Insurance Corporation Act 2011), BNM jointly with PIDM; or
- (ii) where the Issuer is not a Member Institution, BNM.

**"Tier 1 Instruments"** mean, at any time, any instrument issued directly or indirectly by the Issuer, other than the ordinary shares, which are eligible to qualify as Tier 1 capital or Additional Tier 1 capital pursuant to the rules and regulations of BNM.

**ISLAMIC MEDIUM TERM NOTES PROGRAMME OF UP TO RM5.0 BILLION IN NOMINAL VALUE FOR THE ISSUANCE OF SENIOR ISLAMIC MEDIUM TERM NOTES AND/OR BASEL III-COMPLIANT TIER 2 SUBORDINATED ISLAMIC MEDIUM TERM NOTES**

**- OTHER TERMS & CONDITIONS**

---

**“Tier 2 Instruments”** mean, at any time, any instrument issued directly or indirectly by the Issuer, other than the T2 Sukuk Wakalah, which are eligible to qualify as Tier 2 capital pursuant to the rules and regulations of BNM.

- (xviii) Jurisdiction : The Issuer irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Malaysia.
- (xix) Sukuk Trustee's Reimbursement Account : **T2 Sukuk Wakalah**

The Sukuk Trustee shall, open for and on behalf of the Issuer or, assist the Issuer to open, and maintain, as long as there is amount outstanding under the T2 Sukuk Wakalah, a trustees' reimbursement account for sukukholders' actions (the **“T2 Sukuk Trustee's Reimbursement Account”**) and the credit balance of the T2 Sukuk Trustee's Reimbursement Account must be no less than RM100,000.00 at all times.

**Senior Sukuk Wakalah**

The Sukuk Trustee shall, open for and on behalf of the Issuer or, assist the Issuer to open, and maintain, as long as there is amount outstanding under the Senior Sukuk Wakalah, a trustees' reimbursement account for sukukholders' actions (the **“Senior Sukuk Trustee's Reimbursement Account”**) and the credit balance of the Senior Sukuk Trustee's Reimbursement Account must be no less than RM100,000.00 at all times.

The T2 Sukuk Trustee's Reimbursement Account and the Senior Sukuk Trustee's Reimbursement Account shall collectively be referred to as **“Sukuk Trustee's Reimbursement Accounts”**.

The Sukuk Trustee's Reimbursement Accounts shall be operated solely by the Sukuk Trustee and the money shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of any Enforcement Event or Dissolution Event in the manner as provided in the Transaction Documents.

Any unutilised monies in the Sukuk Trustee's Reimbursement Accounts shall be returned to the Issuer if no Enforcement Event or Dissolution Event takes place upon the termination or cancellation of the Sukuk Wakalah Programme.

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