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ATTACHED IS AN ELECTRONIC COPY OF THE INFORMATION MEMORANDUM DATED 14 NOVEMBER 2014 ("INFORMATION MEMORANDUM"), IN RELATION TO THE PROPOSED ISSUANCE OF ISLAMIC COMMERCIAL PAPERS ("SUKUK CAGAMAS") PURSUANT TO AN ISLAMIC COMMERCIAL PAPERS ISSUANCE PROGRAMME ("ICP PROGRAMME") AND CONVENTIONAL COMMERCIAL PAPERS ("CCPS") PURSUANT TO A CONVENTIONAL COMMERCIAL PAPERS ISSUANCE PROGRAMME ("CCP PROGRAMME"), BOTH WITH AN AGGREGATE COMBINED LIMITED OF RM 20.0 BILLION BY CAGAMAS BERHAD (COMPANY NO. 157931-A) ("ISSUER"). THE ICP PROGRAMME AND THE CCP PROGRAMME SHALL COLLECTIVELY BE REFERRED TO AS THE "PROGRAMMES" AND THE SUKUK CAGAMAS AND THE CCPS SHALL COLLECTIVELY BE REFERRED TO AS THE "NOTES".

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CAGAMAS BERHAD

(Company No. 157931-A)

INFORMATION MEMORANDUM

in relation to the proposed issuance of Islamic commercial papers pursuant to an Islamic commercial papers issuance programme and conventional commercial papers pursuant to a conventional commercial papers issuance programme, both with an aggregate combined limit of RM20.0 billion in nominal value

Joint Lead Arrangers for the Islamic commercial papers issuance programme



CIMB Investment Bank Berhad
(Company No. 18417-M)



HSBC Amanah Malaysia Berhad
(Company No. 807705-X)

Joint Lead Arrangers for the conventional commercial papers issuance programme



CIMB Investment Bank Berhad
(Company No. 18417-M)



HSBC Bank Malaysia Berhad
(Company No. 127776-V)

THIS INFORMATION MEMORANDUM IS DATED 14 NOVEMBER 2014

IMPORTANT NOTICE

Responsibility Statements

This information memorandum (the "**Information Memorandum**") has been approved by the directors of Cagamas Berhad (Company No. 157931-A) ("**Issuer**" or "**Cagamas**") and the Issuer accepts full responsibility for the accuracy of the information contained in this Information Memorandum. The Issuer, after having made all reasonable enquiries and to the best of its information and belief, confirms that this Information Memorandum contains all information with respect to the Issuer which is material in the context of the proposed issuance of Islamic commercial papers ("**Sukuk Cagamas**") pursuant to an Islamic commercial papers issuance programme ("**ICP Programme**") and conventional commercial papers ("**CCPs**") pursuant to a conventional commercial papers issuance programme ("**CCP Programme**"), both with an aggregate combined limit of RM20.0 billion in nominal value. The ICP Programme and the CCP Programme shall collectively be referred to as the "**Programmes**" and the Sukuk Cagamas and the CCPs shall collectively be referred to as the "**Notes**". The opinions and intentions expressed in this Information Memorandum in relation to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and there are no other facts in relation to the Issuer or the Notes the omission of which would, in the context of any Notes issuance, make any statement in this Information Memorandum misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. No representation or warranty, expressed or implied, is made such that the information remains unchanged in any respect as of any date or dates after those stated herein, with respect to any matter concerning the Issuer or any statement made in this Information Memorandum.

Important Notice and General Statement of Disclaimer

This Information Memorandum is being furnished on a private and confidential basis solely for the purpose of enabling prospective investors to consider the purchase of the Notes to be issued pursuant to the Programmes. This Information Memorandum is not and is not intended to be a prospectus.

No application is being made to list the Notes on any stock exchange, nor is any such application contemplated.

The ICP Programme has been accorded indicative ratings of P1 and MARC-1_{ID} by RAM Rating Services Berhad ("**RAM**") and Malaysian Rating Corporation Berhad ("**MARC**"), respectively (collectively, RAM and MARC are referred to as the "**Rating Agencies**") while the CCP Programme has been accorded indicative ratings of P1 and MARC-1 by RAM and MARC, respectively. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the Rating Agencies.

None of the information or data contained in this Information Memorandum has been independently verified by CIMB Investment Bank Berhad and HSBC Amanah Malaysia Berhad as the joint principal advisers/joint lead arrangers of the ICP Programme and CIMB Investment Bank Berhad and HSBC Bank Malaysia Berhad as the joint principal advisers/joint lead arrangers of the CCP Programme (collectively, the "**Joint Principal Advisers**" or "**Joint Lead Arrangers**"). Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed by the Joint Principal Advisers/Joint Lead Arrangers as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. The Joint Principal Advisers/Joint Lead Arrangers have not accepted and will not accept any responsibility for the information and data contained in this Information Memorandum or otherwise in relation to the Programmes and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum except as provided by Malaysian laws.

It is to be noted that although the Issuer has sought the advice of CIMB Islamic Bank Berhad and HSBC Amanah Malaysia Berhad ("**Joint Shariah Advisers**") with regards to the conformity of the ICP Programme and the structure and mechanism as described in the Principal Terms and Conditions of the ICP Programme, no representation, warranty or undertaking, express or implied, is given by the Issuer or the Joint Principal Advisers/Joint Lead Arrangers as to Shariah permissibility of the structure or the issue and trading of the Sukuk Cagamas and the Issuer, the Joint Principal Advisers/Joint Lead Arrangers and the Joint Shariah Advisers shall not be liable for any consequences of such reliance and/or assumption of any such compliance. Each recipient should perform and is deemed to have consulted its own professional advisers and obtained independent Shariah advice on the Shariah permissibility of the structure or the issue and trading of the Sukuk Cagamas. Any non-compliance with Shariah principles may have legal consequences.

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This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Notes is not, and should not be construed as, a recommendation by the Issuer and/or the Joint Principal Advisers/Joint Lead Arrangers to subscribe or purchase the Notes. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Notes and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof. Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Notes shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programmes is correct as of any time subsequent to the date indicated in the document containing the same. Neither the Joint Principal Advisers/Joint Lead Arrangers nor any other advisers to the Programmes undertake to review the financial condition or affairs of the Issuer or to advise any investor of the Notes of any information coming to their attention.

This Information Memorandum includes forward-looking statements and reflects projections of future events which may or may not prove to be correct. All of these statements are based on estimates and assumptions made by the Issuer and its advisers and although believed to be reasonable, are subject to risks and uncertainties that may cause actual events or future results to be materially different than expected or indicated by such statements and estimates, and no assurance can be given that any such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer, its advisers or any other persons that the future events as anticipated by the Issuer will occur. Any such statements are not guarantees of performance and involve risks and uncertainties many of which are beyond the control of the Issuer.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the material businesses which the Issuer operates and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources.

Acknowledgement

The Issuer hereby acknowledges that it has authorised the Joint Principal Advisers/Joint Lead Arrangers to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of, the Notes to prospective investors and that no further evidence of authorisation is required.

Statements of Disclaimer by the Securities Commission Malaysia

A copy of this Information Memorandum will be deposited with the Securities Commission Malaysia ("**SC**"), which takes no responsibility for its contents.

The issue, offer or invitation to subscribe or purchase the Notes in this Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent including without limitation the approval and authorisation of the SC.

Applications for the approval and authorisation of the SC in respect of the Programmes were made on 3 June 2014 and the SC has approved and authorised the Programmes on 17 October 2014 pursuant to the CMSA.

However, please note that the approval and authorisation of the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Notes. Further, the SC takes no responsibility for the contents of this Information Memorandum.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

EACH ISSUE OF NOTES UNDER EACH OF THE PROGRAMMES WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH ISSUE OF NOTES BASED ON ITS MERITS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE NOTES.

Documents Incorporated by Reference

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (i) the most recently published audited annual financial statements and, if published later, the most recently published interim financial statements of the Issuer (if any); and
- (ii) all supplements or amendments to this Information Memorandum circulated by the Issuer, if any, 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 Information Memorandum 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 Information Memorandum.

CONFIDENTIALITY

To the recipient of this Information Memorandum:

This Information Memorandum and its contents are strictly confidential and are made strictly on the basis that they will remain confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is submitted to prospective investors specifically in reference to the Notes and may not be reproduced or used, in whole or in part, for any purpose, nor furnished to any person other than those to whom copies have been sent by the Joint Principal Advisers/Joint Lead Arrangers.

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DEFINITIONS

In this Information Memorandum, the following words or expressions shall have the following meanings except where the context otherwise requires:

ASEAN	:	Association of Southeast Asian Nations
AIBB	:	AmInvestment Bank Berhad (Company No. 23742-V)
BNM	:	Bank Negara Malaysia
Board	:	The Board of Directors of Cagamas
Bursa Malaysia	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
Cagamas or Issuer	:	Cagamas Berhad (Company No. 157931-A)
Cagamas Group	:	Cagamas Holdings Berhad and its subsidiaries
CIMB	:	CIMB Investment Bank Berhad (Company No. 18417-M)
CMSA	:	The Capital Markets and Services Act 2007, as amended from time to time
CCPs	:	The conventional commercial papers to be issued from time to time pursuant to the CCP Programme
CCP Programme	:	The conventional commercial papers programme, which together with the ICP Programme have an aggregate combined limit of RM20.0 billion in nominal value
Facility Agent	:	Cagamas
FYE	:	Financial year ended 31 December
Government or GOM	:	Government of Malaysia
HLBB	:	Hong Leong Bank Berhad (Company No. 97141-X)
HSBC Amanah	:	HSBC Amanah Malaysia Berhad (Company No. 807705-X)
HSBC Bank	:	HSBC Bank Malaysia Berhad (Company No. 127776-V)
ICP Programme	:	The Islamic commercial papers programme, which together with the CCP Programme have an aggregate combined limit of RM20.0 billion in nominal value
Joint Lead Arrangers	:	Collectively, CIMB and HSBC Amanah (in respect of the ICP Programme) and CIMB and HSBC Bank (in respect of the CCP Programme)
Joint Lead Managers	:	Collectively: (a) in respect of the ICP Programme: (i) AIBB; (ii) CIMB; (iii) HLBB; (iv) HSBC Amanah; (v) MIBB; (vi) SCB; (vii) RHB; and (viii) RHB Islamic; (b) in respect of the CCP Programme: (i) AIBB; (ii) CIMB; (iii) HLBB; (iv) HSBC Bank;

- (v) MIBB;
- (vi) SCB; and
- (vi) RHB,

and any other financial institutions as Cagamas may appoint from time to time

Joint Shariah Advisers	:	Collectively, CIMB Islamic Bank Berhad and HSBC Amanah
MARC	:	Malaysian Rating Corporation Berhad (Company No. 364803-V)
MIBB	:	Maybank Investment Bank Berhad (Company No. 15938-H)
Noteholders	:	The holders of the Sukuk Cagamas and the CCPs, as the case may be
Notes	:	Collectively, the Sukuk Cagamas and the CCPs
Programmes	:	Collectively, the ICP Programme and the CCP Programme
RAM	:	RAM Rating Services Berhad (Company No. 763588-T)
RHB	:	RHB Investment Bank Berhad (Company No. 19663-P)
RHB Islamic	:	RHB Islamic Bank Berhad (Company No. 680329-V)
Ringgit/RM and sen	:	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
SC	:	Securities Commission Malaysia
SCB	:	Standard Chartered Bank Malaysia Berhad (Company No. 115793-P)
Sukuk Cagamas	:	The Islamic commercial papers to be issued from time to time pursuant to the ICP Programme
Trustee	:	PB Trustee Services Berhad (Company No. 7968-T)
Transaction Documents	:	The transaction documents for the Programmes

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SECTION 1.0 INTRODUCTION

This summary is qualified by and must be read in conjunction with the more detailed information and financial statements appearing elsewhere in this Information Memorandum. Each investor should read this entire Information Memorandum carefully, including the Appendix attached.

1.1 *Brief background of Cagamas*

Cagamas was incorporated in Malaysia on 2 December 1986 under the Companies Act, 1965 as a public company limited by shares. The registered office of Cagamas is at Level 32, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal activity of Cagamas consists of the purchase of mortgage loans, personal loans and hire purchase and leasing debt from primary lenders approved by Cagamas and the issue of bonds and notes to finance these purchases. Cagamas also purchases Islamic financing facilities such as home financing, personal financing and hire purchase financing and funded by issuance of Sukuk.

1.2 *Brief description of the ICP Programme*

The ICP Programme for the issue of Sukuk Cagamas, which together with the CCP Programme for the issue of CCPs shall have an aggregate combined limit of RM20.0 billion in nominal value. The tenure of the ICP Programme will be for a period of seven (7) years from the date of the first issue under the ICP Programme, provided that the first issue of Sukuk Cagamas under the ICP Programme shall be made within two (2) years from the date of approval and authorisation of the SC.

The Sukuk Cagamas may be issued at par or at a discount, with or without a profit rate and may be issued via competitive tender, direct placement, through a book running or book building process or on a bought deal basis, as determined by the Issuer.

The Issuer may issue Sukuk Cagamas based on but not limited to any one of the following Shariah principles:

- (a) *Murabahah (via a Tawarruq arrangement);*
- (b) *Musharakah;*
- (c) *Mudharabah;*
- (d) *Ijarah; and*
- (e) *Wakalah Bil Istithmar.*

All capitalised terms herein are defined in *Section 2.0 Principal Terms and Conditions of the ICP Programme*.

Murabahah (via a Tawarruq arrangement)

1. From time to time, Cagamas (on behalf of the holders of the Sukuk Cagamas ("**Sukukholders**")) shall enter into an Agency Agreement, pursuant to which Cagamas (in such capacity, the "**Agent**") is appointed as the wakeel of the Sukukholders for the purchase of Shariah-compliant Commodities ("**Commodities**").

2. Pursuant to a Commodity Murabahah Master Agreement between Cagamas as purchaser for itself (in such capacity, the "**Purchaser**"), the Agent and the Sukuk Trustee (acting on behalf of the Sukukholders), Cagamas as Purchaser shall issue a purchase order (the "**Purchase Order**") to the Agent to purchase Commodities on the terms as specified therein. In the Purchase Order, Cagamas as Purchaser will irrevocably undertake to purchase the Commodities from the Sukukholders via the Sukuk Trustee at a deferred sale price ("**Deferred Sale Price**") which shall be the Murabahah Purchase Price (as defined below) plus the applicable profit margin i.e. the aggregate periodic payments based on a profit rate to be agreed at the time of issuance (applicable for Sukuk Cagamas with periodic payments) and, in respect of Sukuk Cagamas issued at a discount, plus the Discounted Amount (as defined below) calculated as at the issue date of each relevant Sukuk Cagamas issuance.

"**Discounted Amount**" means the difference between the nominal value of the relevant Sukuk Cagamas and the relevant Murabahah Purchase Price (as defined below) in the case of Sukuk Cagamas issued at a discount.

3. Pursuant to the Purchase Order, the Agent (as Wakeel to the Sukukholder) will purchase on a spot basis the Commodities from Commodity Broker A at a purchase price which shall be an amount equivalent to the Sukuk Cagamas proceeds ("**Murabahah Purchase Price**").
4. Cagamas (acting as the Issuer) shall issue Sukuk Cagamas to the Sukukholders whereby the Sukuk Cagamas proceeds shall be used to pay the Murabahah Purchase Price of the Commodities. The Sukuk Cagamas shall evidence, amongst others, the Sukukholders' ownership of the Commodities and subsequently, once the Commodities are sold to Cagamas (as Purchaser), the entitlement to receive the Deferred Sale Price.
5. Thereafter, pursuant to the undertaking under the Purchase Order, the Sukuk Trustee (acting on behalf of the Sukukholders) shall sell the Commodities to Cagamas (as Purchaser) via Cagamas (as Agent for the Sukukholders) at the Deferred Sale Price under a sale and purchase agreement.
6. Subsequently, Cagamas (acting as itself) shall sell the Commodities on a spot basis to Commodity Broker B for an amount equal to the Murabahah Purchase Price. However, Commodities received may be used by Cagamas to facilitate its Islamic operations by acting as an agent before the onward sale to Commodity Broker B. In such arrangement, Cagamas purchases debt based financings from the approved seller ("**Approved Seller**") and will pay the purchase value of the debt by way of an exchange of Commodities with the Approved Seller. Subsequently, the Approved Seller appoints Cagamas as its agent to onsell the Commodities to Commodity Broker B for an amount equal to the Murabahah Purchase Price. The proceeds received from the sale will be accounted for/paid to the Approved Seller. Commodity Broker A and Commodity Broker B could either be the Bursa Suq Al-Sila' commodity market or an independent licensed commodity broker.
7. During the tenure of the Sukuk Cagamas, Cagamas (as Purchaser) as part of its obligation to pay the Deferred Sale Price shall make periodic payments ("**Murabahah Periodic Payments**") (if any) to the Sukukholders.

On the respective maturity date(s) ("**Murabahah Maturity Date**") or upon the declaration of an Event of Default ("**Murabahah Event of Default**"), Cagamas (as Purchaser) shall pay all amounts outstanding in respect of the Deferred Sale Price (subject to the Ibra'), upon which the relevant Sukuk Cagamas will be cancelled.

The Deferred Sale Price payable shall be:

In the case of Sukuk Cagamas with Murabahah Periodic Payments:

- (i) On the Murabahah Maturity Date:
The Deferred Sale Price at issue date less the aggregate Murabahah Periodic Payments paid (if any);
- (ii) Upon the declaration of a Murabahah Event of Default:
The Deferred Sale Price at issue date less (a) the aggregate Murabahah Periodic Payments paid (if any); and (b) Ibra' (if applicable).

In the case of Sukuk Cagamas without Murabahah Periodic Payments:

- (i) On the Murabahah Maturity Date:
The Deferred Sale Price at issue date;
- (ii) Upon the declaration of a Murabahah Event of Default:
The Deferred Sale Price at issue date less Ibra' (if applicable).

Ibra'

The Sukukholders in subscribing to the Sukuk Cagamas issued under the Shariah principle of Murabahah hereby consent to grant such Ibra' if the Sukuk Cagamas issued under the Shariah principle of Murabahah are redeemed before the Murabahah Maturity Date or upon the declaration of a Murabahah Event of Default.

The Ibra' shall be calculated as follows:

- (i) In the case of Sukuk Cagamas with Murabahah Periodic Payments and issued at a discount

The aggregate of unearned Murabahah Periodic Payments.

- (ii) In the case of Sukuk Cagamas without Murabahah Periodic Payments and issued at a discount

No Ibra' will be provided.

- (iii) In the case of Sukuk Cagamas with Murabahah Periodic Payments and issued at par

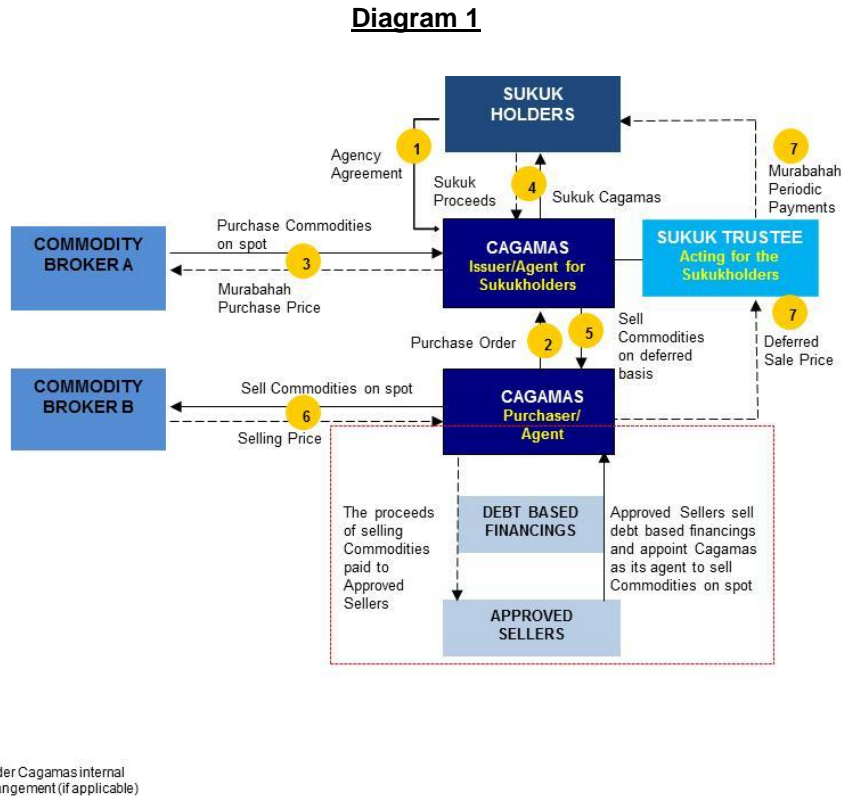
The unearned Murabahah Periodic Payments.

- (iv) In the case of Sukuk Cagamas without Murabahah Periodic Payments and issued at par

No Ibra' will be provided.

The Ibra' in relation to (i) and (iii) above shall be calculated from the date of declaration of a Murabahah Event of Default up to the respective Murabahah Maturity Date(s).

The transaction structure is depicted in Diagram 1 below.



Musharakah

Under the Musharakah transaction, the Sukukholders shall from time to time, form a partnership amongst themselves for the purpose of undertaking a venture (the "**Musharakah Venture**") consisting of an investment in Shariah-compliant assets, i.e. asset based financings arising from Shariah principles of Ijarah and/or Musharakah Mutanaqisah and/or any other acceptable Shariah-compliant assets ("**Musharakah Assets**") to be identified and held on trust by the Issuer on behalf of the Sukukholders, whereby the Sukukholders contribute capital in the form of cash through the subscription of Sukuk Cagamas.

The Sukukholders (through the Sukuk Trustee) shall appoint the Issuer as the manager ("**Manager**") for each Musharakah Venture upon the terms and subject to the conditions of a Musharakah agreement.

The Issuer shall issue Sukuk Cagamas to the Sukukholders, in consideration of their capital contribution ("**Musharakah Capital**"). The Musharakah Capital shall be invested with the Issuer (in its capacity as Manager) for the purposes of undertaking the Musharakah Venture. The Sukuk Cagamas comprise certificates representing the Sukukholders' undivided beneficial interest in the Musharakah Venture and any funds held by the Manager on account of the Sukukholders in the Musharakah Profit Reserve

Account (as defined below). Any profit derived from the Musharakah Venture will be distributed based on the ratio of capital contribution among the Sukukholders and losses will also be shared based on the Sukukholders' ratio of capital contribution.

The Sukuk Cagamas shall entitle the Sukukholders the rights to share any income generated from the relevant Musharakah Venture in proportion to each Sukukholders' respective capital contribution of the Musharakah Capital payable either in periodic payments ("**Musharakah Periodic Payments**") in respect of Sukuk Cagamas with a profit rate or on a one-off basis ("**Musharakah One-off Payment**") for Sukuk Cagamas without a profit rate. For the avoidance of doubt, income may be distributed semi-annually or on such other periodic basis as determined prior to the issuance of such Sukuk Cagamas with a profit rate ("**Musharakah Periodic Payment Date**") or for such Sukuk Cagamas without a profit rate on one-off basis on the Musharakah Maturity Date (as defined below) or the date of declaration of an event which dissolves the corresponding Musharakah Venture ("**Musharakah Dissolution Event**"), whichever is earlier.

The return expected ("**Musharakah Expected Return**") by the Sukukholders from the corresponding Musharakah Venture shall be the yield of the respective Sukuk Cagamas up to the respective maturity dates of the Sukuk Cagamas ("**Musharakah Maturity Date**") or the date of a Musharakah Dissolution Event ("**Musharakah Dissolution Date**"), whichever is applicable.

The Sukukholders shall also agree upfront that they shall receive profits, if any, up to the Musharakah Expected Return. For Sukuk Cagamas with Musharakah Periodic Payments, if the profits generated from the Musharakah Venture ("**Profits**") are in excess of the Musharakah Expected Return to be made in respect of the applicable Musharakah Periodic Payment Date, Profits up to the Musharakah Expected Return will be distributed to the Sukukholders and any excess shall be credited by the Manager to a reserve account ("**Musharakah Profit Reserve Account**") on behalf of the Sukukholders on a custody basis which may be used to fund future Musharakah Periodic Payments or Musharakah One-off Payment, where applicable.

Any amounts standing to the credit of the Musharakah Profit Reserve Account on the Musharakah Dissolution Date will be due and payable to the Manager as an incentive fee for managing the Musharakah Venture.

The Manager may at any time prior to the Musharakah Dissolution Date utilise the amounts standing to the credit of the Musharakah Profit Reserve Account ("**Musharakah Advance Incentive Fee**") so long as any amounts deducted from the Musharakah Profit Reserve Account prior to the Musharakah Dissolution Date are re-credited to fund any shortfall in the amount of the Musharakah Periodic Payments or Musharakah One-off Payment, where applicable.

If the amounts standing to the credit of the Musharakah Profit Reserve Account are insufficient to meet the Musharakah Periodic Payments or Musharakah One-off Payment, where applicable, in full ("**Musharakah Shortfall**"), the Manager may provide a Shariah-compliant liquidity facility ("**Musharakah Liquidity Facility**") whereby it shall advance to the Sukuk Trustee (on behalf of the Sukukholders) on a qardh basis an amount sufficient to make up the Musharakah Shortfall (adjusted accordingly pursuant to any utilisation of the Musharakah Profit Reserve Account as referred to above, if applicable), in order to enable the Issuer to make payment. For the avoidance of doubt, any Musharakah

Liquidity Facility made by the Manager shall be off-set against the Musharakah Exercise Price (as defined below) pursuant to the exercise of the Musharakah Purchase Undertaking (as defined below) payable on the Musharakah Maturity Date or the Musharakah Dissolution Date.

Cagamas (in its capacity as the Obligor) shall also grant to the Sukuk Trustee (acting on behalf of the Sukukholders) a purchase undertaking ("**Musharakah Purchase Undertaking**") in respect of each Musharakah Dissolution Date or each Musharakah Maturity Date, whereby the Obligor shall undertake to purchase such portion of the Sukukholders' undivided beneficial interest in the Musharakah Venture from the Sukuk Trustee at the relevant Musharakah Exercise Price (as defined below), on the Musharakah Maturity Date or the Musharakah Dissolution Date, whichever is earlier.

The Sukuk Trustee shall provide a substitution undertaking ("**Substitution Undertaking**") to the Manager under which the Manager shall have the right to substitute, via execution of an exchange agreement, certain Musharakah Assets from time to time throughout the tenure of the Sukuk Cagamas with other qualified Musharakah Assets with the same or higher value, provided that no Musharakah Dissolution Event has occurred.

In relation to the Musharakah Purchase Undertaking, the "**Musharakah Exercise Price**" for purchase of the Sukukholders' undivided proportionate interest in the Musharakah Venture under the relevant Sukuk Cagamas shall be determined based on the following formula as follows:

In the case of Sukuk Cagamas issued at par or at a discount with Musharakah Periodic Payments:

On the Musharakah Maturity Date:

Musharakah Exercise Price = Musharakah Capital plus accrued but unpaid expected Musharakah Periodic Payments plus Musharakah Liquidity Facility.

On the Musharakah Dissolution Date:

Musharakah Exercise Price = Musharakah Capital plus accrued but unpaid expected Musharakah Periodic Payments up to the Musharakah Dissolution Date and such calculation of the Musharakah Exercise Price shall be in accordance with MyClear Rules and Procedures plus Musharakah Liquidity Facility.

In the case of Sukuk Cagamas issued at par or at a discount without Musharakah Periodic Payments:

On the Musharakah Maturity Date:

Musharakah Exercise Price = Musharakah Capital plus Musharakah One-off Payment (if applicable) plus Musharakah Liquidity Facility.

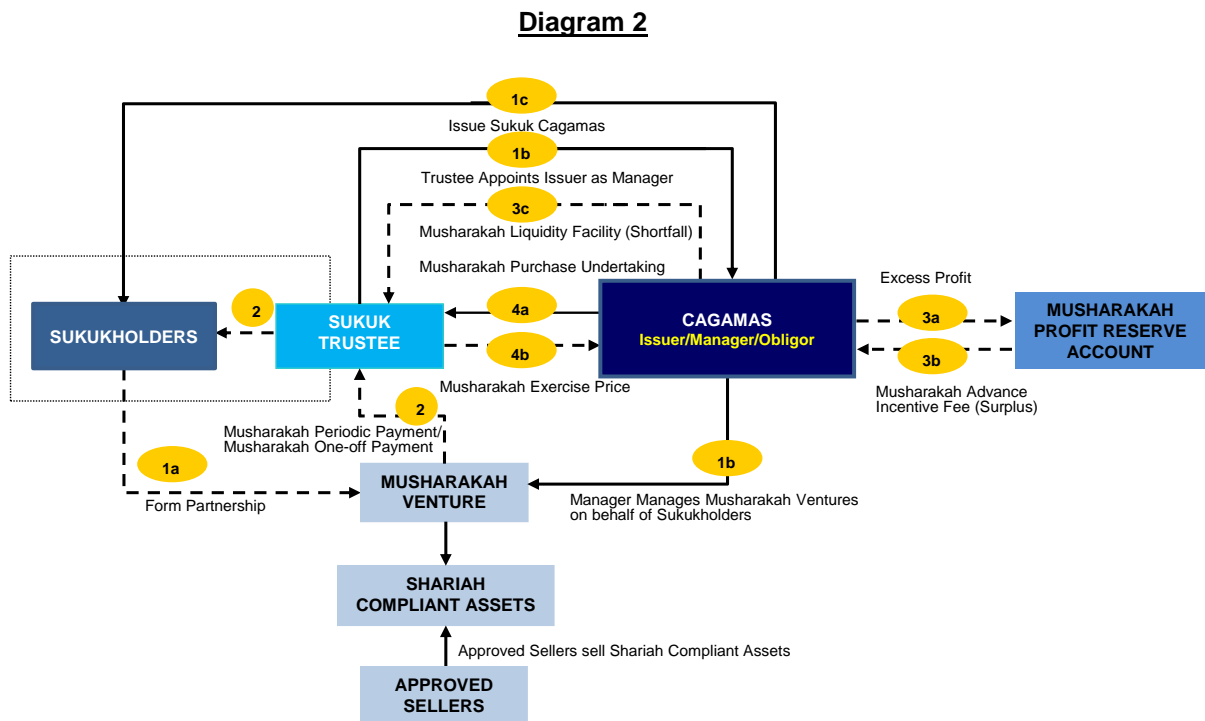
On the Musharakah Dissolution Date:

Musharakah = Musharakah Capital plus Musharakah One-off Payment (if Exercise Price applicable) plus Musharakah Liquidity Facility.

The Musharakah Exercise Price due from the Obligor to the Sukuk Trustee (on behalf of the Sukukholders) shall be set-off against the aggregate amount of the Musharakah Liquidity Facility.

Upon exercise of the Musharakah Purchase Undertaking and the payment of the Musharakah Exercise Price, the relevant Musharakah Venture and the trust in respect of the Musharakah Assets will be dissolved and the relevant Sukuk Cagamas held by the Sukukholders will be cancelled.

The transaction structure is depicted in Diagram 2 below.



Mudharabah

Under the Mudharabah transaction, the Sukukholders as the Rabb al-Mal shall from time to time contribute capital in the form of cash ("**Mudharabah Capital**") by subscribing the Sukuk Cagamas for the purpose of investment in a venture (the "**Mudharabah Venture**"). The Mudharabah Venture shall consist of an investment in Shariah-compliant assets, i.e. asset based financings arising from Shariah principles of Ijarah and/or Musharakah Mutanaqisah and/or any other acceptable Shariah-compliant assets ("**Mudharabah Assets**") to be identified and held on trust by the Issuer on behalf of the Sukukholders, whereby the Sukukholders contribute capital in the form of cash through the subscription of Sukuk Cagamas.

Pursuant to the Mudharabah agreement, the Issuer as the entrepreneur ("**Mudharib**") of each Mudharabah Venture shall have the absolute entrepreneurial authority to manage the Mudharabah Venture and administer the collection of income from the Mudharabah Venture.

The Sukuk Cagamas shall represent the Sukukholders' undivided beneficial interest in the Mudharabah Venture and any funds held by the Mudharib in the Mudharabah Profit Reserve Account (as defined below) on account of the Sukukholders. The Mudharib shall distribute profits generated by the Mudharabah Venture to both the Rabb al-Mal and Mudharib in accordance with a pre-agreed profit sharing percentage or ratio. Losses, if any, shall be borne by the Rabb al-Mal.

The profit portion, if any, generated from the relevant Mudharabah Venture shall be payable either in periodic payments ("**Mudharabah Periodic Payments**") in respect of Sukuk Cagamas with a profit rate or on a one-off basis ("**Mudharabah One-off Payment**") for Sukuk Cagamas without a profit rate. For the avoidance of doubt, income may be distributed semi-annually or such other periodic basis as determined prior to the issuance of such Sukuk Cagamas with a profit rate ("**Mudharabah Periodic Payment Date**") or for such Sukuk Cagamas without a profit rate on one-off basis on the Mudharabah Maturity Date (as defined below) or the date of declaration of an event which dissolves the corresponding Mudharabah Venture ("**Mudharabah Dissolution Event**"), whichever is earlier.

The return expected ("**Mudharabah Expected Return**") by the Sukukholders from the corresponding Mudharabah Venture shall be the yield of the respective Sukuk Cagamas up to the respective maturity dates of the Sukuk Cagamas ("**Mudharabah Maturity Date**") or the date of a Mudharabah Dissolution Event ("**Mudharabah Dissolution Date**"), whichever is applicable.

The Sukukholders shall also agree upfront that they shall receive profits, if any, up to the Mudharabah Expected Return. For issuance with Mudharabah Periodic Payments, any amounts in excess of the Mudharabah Expected Return shall be credited by the Mudharib to a reserve account ("**Mudharabah Profit Reserve Account**") which may be used to fund future Mudharabah Periodic Payments or Mudharabah One-off Payment, where applicable.

Any amounts standing to the credit of the Mudharabah Profit Reserve Account on the Mudharabah Dissolution Date will be retained by the Mudharib as an incentive fee for managing the Mudharabah Venture.

The Mudharib may at any time prior to the Mudharabah Dissolution Date utilise the amounts standing to the credit of the Mudharabah Profit Reserve Account ("**Mudharabah Advance Incentive Fee**") so long as any amounts deducted from the Mudharabah Profit Reserve Account prior to the Mudharabah Dissolution Date are re-credited to fund any shortfall in the amount of the Mudharabah Periodic Payment or Mudharabah One-off Payment, where applicable.

If the amounts standing to the credit of the Mudharabah Profit Reserve Account are insufficient to meet the Mudharabah Periodic Payment or Mudharabah One-off Payment, where applicable, in full ("**Mudharabah Shortfall**"), the Mudharib may provide a Shariah-compliant liquidity facility ("**Mudharabah Liquidity Facility**") whereby it shall advance to the Sukuk Trustee (on behalf of the Sukukholders) on a qardh basis an amount sufficient

to make up the Mudharabah Shortfall (adjusted accordingly pursuant to any utilisation of the Mudharabah Profit Reserve Account as referred to above, if applicable), in order to enable the Issuer to make payment. For the avoidance of doubt, any Mudharabah Liquidity Facility made by the Mudharib shall be off-set against the Mudharabah Exercise Price (as defined below) pursuant to the exercise of the Mudharabah Purchase Undertaking (as defined below) payable on the Mudharabah Maturity Date or the Mudharabah Dissolution Date.

Cagamas (in its capacity as the Obligor) shall also grant to the Sukuk Trustee (acting on behalf of the Sukukholders) a purchase undertaking ("**Mudharabah Purchase Undertaking**") in respect of each Mudharabah Dissolution Date or each Mudharabah Maturity Date, whereby the Obligor shall undertake to purchase such portion of the Sukukholders' undivided beneficial interest in the Mudharabah Venture from the Sukuk Trustee at the relevant Mudharabah Exercise Price, on the Mudharabah Maturity Date or the Mudharabah Dissolution Date, whichever is earlier.

The Sukuk Trustee shall provide a substitution undertaking ("**Substitution Undertaking**") to the Mudharib under which the Mudharib shall have the right to substitute, via execution of an exchange agreement, certain Mudharabah Assets from time to time throughout the tenure of the Sukuk Cagamas with other qualified Mudharabah Assets with the same or higher value, provided that no Mudharabah Dissolution Event has occurred.

In relation to the Mudharabah Purchase Undertaking, the "**Mudharabah Exercise Price**" for purchase of the Sukukholders' undivided proportionate interest in the Mudharabah Venture under the relevant Sukuk Cagamas shall be determined based on the following formula as follows:

In the case of Sukuk Cagamas issued at par or at a discount with Mudharabah Periodic Payments:

On the Mudharabah Maturity Date:

Mudharabah Exercise Price = Mudharabah Capital plus accrued but unpaid expected Mudharabah Periodic Payments plus Mudharabah Liquidity Facility.

On the Mudharabah Dissolution Date:

Mudharabah Exercise Price = Mudharabah Capital plus accrued but unpaid expected Mudharabah Periodic Payments up to the Mudharabah Dissolution Date plus Mudharabah Liquidity Facility.

In the case of Sukuk Cagamas issued at par or at a discount without Mudharabah Periodic Payments:

On the Mudharabah Maturity Date:

Mudharabah Exercise Price = Mudharabah Capital plus Mudharabah One-off Payment (if applicable) plus Mudharabah Liquidity Facility.

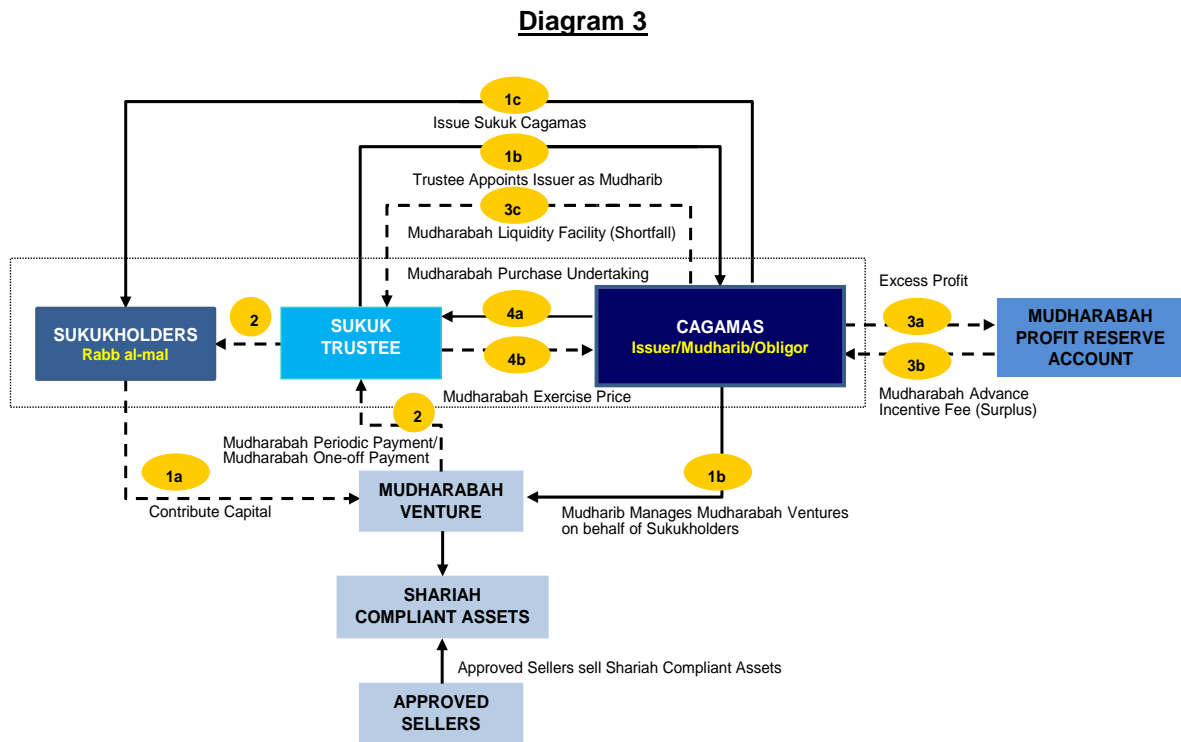
On the Mudharabah Dissolution Date:

Mudharabah = Mudharabah Capital plus Mudharabah One-off Payment (if Exercise Price applicable) plus Mudharabah Liquidity Facility.

The Mudharabah Exercise Price due from the Obligor to the Sukuk Trustee (on behalf of the Sukukholders) shall be set-off against the aggregate amount of the Mudharabah Liquidity Facility.

Upon exercise of the Mudharabah Purchase Undertaking and the payment of the Mudharabah Exercise Price, the relevant Mudharabah Venture and the trust in respect of the Mudharabah Assets will be dissolved and the relevant Sukuk Cagamas held by the Sukukholders will be cancelled.

The transaction structure is depicted in Diagram 3 below.



Ijarah

Under the Ijarah transaction, the Sukuk Trustee, on behalf of the Sukukholders shall from time to time, purchase Shariah-compliant leaseable assets, i.e. the identified untenanted units and/or building parcels pursuant to buildings or properties acquired by Cagamas in the ordinary course of its business and/or properties, vehicles, machineries, equipments, provided there are no existing tenancy or lease agreements ("**Ijarah Assets**"), by way of transfer of beneficial ownership and interest from Cagamas (as the seller ("**Seller**")), at the asset purchase price ("**Ijarah Asset Purchase Price**") pursuant to an asset purchase agreement ("**Asset Purchase Agreement**"). The Ijarah Asset Purchase Price will be equivalent to the Sukuk Cagamas proceeds.

The Sukuk Trustee (acting on behalf of the Sukukholders), in its capacity as the lessor ("**Lessor**") under an Ijarah agreement ("**Ijarah Agreement**") to be entered into for each series of Sukuk Cagamas under the principle of Ijarah, shall then lease the Ijarah Assets to Cagamas in its capacity as the lessee ("**Lessee**"), for a pre-determined rental amount ("**Lease Rental**") payable throughout a lease period equivalent to the period commencing from the date of issuance of the relevant Sukuk Cagamas up to the maturity date of the relevant Sukuk Cagamas ("**Ijarah Maturity Date**") ("**Lease Period**"), to be paid on a periodic basis ("**Ijarah Periodic Payments**") in respect of Sukuk Cagamas with profit rate or on a one-off basis ("**Ijarah One-off Rental**") for Sukuk Cagamas without profit rate. For the avoidance of doubt, income may be distributed semi-annually or on such other periodic basis as determined prior to the issuance of such Sukuk Cagamas with a profit rate ("**Ijarah Periodic Payment Date**") or for such Sukuk Cagamas without a profit rate on one-off basis on the Ijarah Maturity Date or the Ijarah Dissolution Date which dissolves the corresponding Trust Assets (as defined below) and the termination of the Ijarah Agreement ("**Ijarah Dissolution Event**"), whichever is earliest.

Cagamas shall declare a trust over the Ijarah Assets and the rights and interest under the relevant transaction documents and the Sukuk Cagamas proceeds of the foregoing ("**Trust Assets**"), for the benefit of the Sukukholders. Cagamas, in its capacity as the Issuer, shall issue the Sukuk Cagamas to represent the Sukukholders' undivided and proportionate beneficial ownership and interest over the Trust Assets.

Pursuant to the Ijarah Agreement, the Lessee shall pay Lease Rental in respect of the Ijarah Assets during the Lease Period on the relevant Ijarah Periodic Payment Date in respect of Sukuk Cagamas with a profit rate or on a one-off basis on the Ijarah Maturity Date or the Ijarah Dissolution Date (as defined below) in respect of Sukuk Cagamas without profit rate. The Lease Rental payable is equivalent to the periodic distribution rate, if any, on the nominal value of the respective Sukuk Cagamas up to the respective Ijarah Maturity Date or the date of an Ijarah Dissolution Event ("**Ijarah Dissolution Date**"), whichever is applicable.

Under the terms of a servicing agency agreement, Cagamas (as Lessee) shall be appointed as the servicing agent ("**Servicing Agent**") by the Lessor. As Servicing Agent, the Lessee will be undertaking the responsibilities, on behalf of the Lessor, for the performance and/or maintenance and/or structural repair of the Ijarah Assets and/or the related payment and/or ownership expenses in respect of the Ijarah Assets ("**Ownership Expenses**"). The Ownership Expenses, which are to be reimbursed by the Sukuk Trustee to Cagamas, will be off-set against the Ijarah Exercise Price (as defined below) payable by the Issuer to the Sukuk Trustee pursuant to the Ijarah Purchase Undertaking (as defined below) on the Ijarah Maturity Date or the Ijarah Dissolution Date, whichever is applicable.

During the Lease Period, the Servicing Agent is also responsible for making payments of the relevant takaful contribution or insurance premium for the Ijarah Assets and to ensure that the takaful/insurance for the Ijarah Assets is sufficient for a covered/insured amount at all times.

Upon the occurrence of a total loss or destruction of, or damage to the whole (and not part only) of the Ijarah Assets or any event or occurrence that renders the whole (and not part only) of the Ijarah Assets permanently unfit for any economic use and the repair or remedial work in respect thereof is wholly uneconomical ("**Total Loss Event**") in a

particular Ijarah Agreement (unless the Servicing Agent is substituting the Ijarah Assets with qualified leasable assets as approved by the Joint Shariah Advisers within a stipulated timeframe pursuant to the Substitution Undertaking (as defined below)), the Ijarah Agreement will be terminated and the proceeds from the takaful/insurance shall be used to redeem the Sukuk Cagamas.

If the takaful/insurance proceeds are insufficient to cover the redemption amount due under the Sukuk Cagamas and Ownership Expenses (if any) under a Total Loss Event, the Servicing Agent shall be liable to make good the difference. Any excess from the takaful/insurance proceeds over the amount required to redeem the relevant Sukuk Cagamas and Ownership Expenses shall be paid to the Servicing Agent as an incentive fee.

The Sukuk Trustee shall provide a substitution undertaking ("**Substitution Undertaking**") to the Issuer under which the Issuer shall have the right to substitute, via execution of an exchange agreement, certain Ijarah Assets from time to time throughout the tenure of the Sukuk Cagamas, including if the Ijarah Assets are partially damaged or upon a Total Loss Event, as the case may be, with qualified leasable asset(s) of equal or greater value that is/are Shariah-compliant and approved by the Joint Shariah Advisers ("**Replacement Assets**"). The Replacement Assets shall then form part of the Trust Assets.

Cagamas, as the Obligor, shall grant a purchase undertaking ("**Ijarah Purchase Undertaking**") to the Sukuk Trustee (acting for and on behalf of the Sukukholders), under which Cagamas undertakes to purchase the Ijarah Assets from the Sukuk Trustee by way of entering into a purchase agreement ("**Purchase Agreement**") by way of transfer of the beneficial ownership and interest of the Ijarah Assets from the Sukuk Trustee to the Obligor/Issuer; and will take place on the earlier of (i) the Ijarah Maturity Date or (ii) the Ijarah Dissolution Date, at a pre-determined Ijarah Exercise Price.

In relation to the Ijarah Purchase Undertaking, the "**Ijarah Exercise Price**" for purchase of the Sukukholders' undivided proportionate interest in the Ijarah Assets under the relevant Sukuk Cagamas shall be determined based on the following formula as follows:

In the case of Sukuk Cagamas issued at par or at a discount with Ijarah Periodic Payments:

On the Ijarah Maturity Date:

Ijarah Exercise Price = nominal value of the Sukuk Cagamas plus the accrued but unpaid Lease Rental accrued to the Ijarah Maturity Date plus Ownership Expenses.

On the Ijarah Dissolution Date:

Ijarah Exercise Price = nominal value of the Sukuk Cagamas plus; the accrued but unpaid Lease Rental accrued to the Ijarah Dissolution Date plus Ownership Expenses.

In the case of Sukuk Cagamas issued at par or at a discount without Ijarah Periodic Payments:

On the Ijarah Maturity Date:

Ijarah Exercise Price = nominal value of the Sukuk Cagamas plus Ownership Expenses.

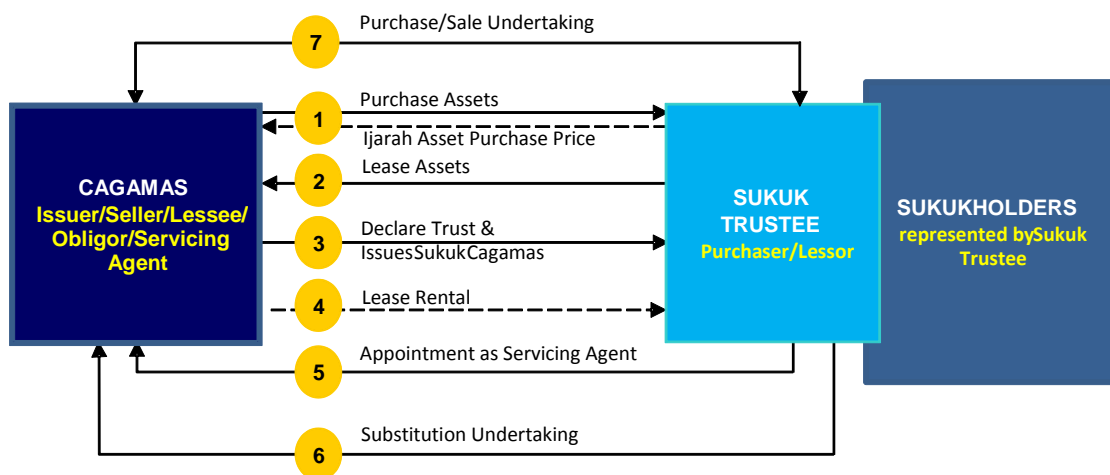
On the Ijarah Dissolution Date:

Ijarah Exercise Price = nominal value of the Sukuk Cagamas plus Ownership Expenses.

The Ijarah Exercise Price due from the Obligor to the Sukuk Trustee (on behalf of the Sukukholders) shall be off-set against reimbursement of the Ownership Expenses. Upon full settlement of the Ijarah Exercise Price pursuant to the exercise of the Ijarah Purchase Undertaking, the Ijarah Agreement will be terminated and the trust created under the declaration of trust will also be dissolved subsequently, and neither the Sukuk Trustee nor the Sukukholders shall thereafter have further rights and/or obligations in respect of the Trust Assets.

The transaction structure is depicted in Diagram 4 below.

Diagram 4



Wakalah Bil Istithmar

In respect of the Wakalah Bil Istithmar transaction, the Sukuk Trustee (on behalf of the Sukukholders) will appoint Cagamas as Wakeel under a wakalah agreement, entered into between Cagamas and the Sukuk Trustee ("**Wakalah Agreement**") to collect proceeds of the Sukuk Cagamas and invest the proceeds in Istithmar Portfolio (as defined below). The Wakeel shall declare a trust on the proceeds of the Sukuk Cagamas, for the benefit of the Sukukholders.

Cagamas (as Issuer) will issue Sukuk Cagamas to the Sukukholders to evidence the Sukukholders' undivided and proportionate interest in the Istithmar Portfolio (as defined below).

Cagamas, in the capacity of Wakeel to the Sukukholders who are represented by the Sukuk Trustee, will receive cash from the Sukukholders. The cash will be placed by Cagamas (as Wakeel) in a Sukuk investment trust ("**Sukuk Trust**") held in trust by the Sukuk Trustee on behalf of the Sukukholders. The Sukuk Trust will be utilised for purposes of (i) investment in Shariah-compliant tangible assets which include Equity Assets (as described below) and/or Shariah-compliant assets, i.e. asset based financings arising from Shariah principles of Ijarah and/or Musharakah Mutanaqisah and/or any other acceptable Shariah-compliant assets ("**Istithmar Assets**") and (ii) commodity murabahah investment via a Tawarruq arrangement ("**Murabahah**").

Investment") (collectively known as "**Istithmar Portfolio**"). The amount invested in the Istithmar Assets shall at all times be at least 30% of the value of the Istithmar Portfolio.

In determining the value of the Istithmar Portfolio at any given time, the amount attributed to the Istithmar Assets shall be equal to the nominal value of such Istithmar Assets and the amount attributed to the outstanding Murabahah Deferred Sale Price (as hereinafter defined) pursuant to the Murabahah Investment.

*Note: Shariah-compliant commodities would exclude ribawi items in the category of medium of exchange such as currency, gold and silver ("**Commodities**").

Istithmar Assets

Equity Assets

Cagamas (as Wakeel to the Sukukholders who are the Rabb al-Mal) will place an amount of the cash in the Sukuk Trust as placement with Cagamas (acting for itself as Mudharib) at an agreed profit sharing ratio ("**PSR**") and tenure to create a Mudharabah Interbank Investment ("**MII**") as part of the Istithmar Assets under the Istithmar Portfolio. Cagamas (as Mudharib), in turn, will use the proceeds from the MII to invest in Islamic investment products e.g MII certificates issued by Islamic banks, Government Investment Issues certificates, etc. A MII certificate shall be issued to evidence the Mudharabah arrangement between Cagamas as Wakeel and Cagamas as Mudharib. Any losses in investment in Islamic investment products shall be borne by the Rabb al-Mal.

Other Assets

Tangible Shariah-compliant assets which will comprise any or all of the following:

- (a) asset based financing contracts based on Ijarah or Musharakah Mutanaqisah which have been acquired by Cagamas from Islamic financial institutions and/or its Approved Sellers;
- (b) sukuk that are based on either an Ijarah or Wakalah Bil Istithmar structure or such other structure approved by the Joint Shariah Advisers, in each case having at least 30% underlying tangible assets, and which are owned by Cagamas prior to the sale to the Sukuk Trustee; and
- (c) any other Shariah-compliant tangible assets, as approved by the Joint Shariah Advisers prior to the issuance of each Sukuk Cagamas.

The Wakeel shall provide a substitution undertaking ("**Substitution Undertaking**") to the Issuer under which the Issuer shall have the right to substitute, via execution of an exchange agreement, certain Istithmar Assets from time to time throughout the tenure of the Sukuk Cagamas, if any of the Istithmar Assets based on financing contracts are early settled or the Istithmar Assets are no longer Shariah compliant, as the case may be, with qualified asset(s) of equal or greater value that is/are Shariah-compliant and approved by the Joint Shariah Advisers ("**Replacement Assets**"). The Replacement Assets shall then form part of the Istithmar Assets. The Wakeel may replace the Istithmar Assets provided no Istithmar Dissolution Event has occurred.

Murahahah Investment

Cagamas (as Wakeel) shall use the remaining amount of the cash in the Sukuk Trust) to invest into the Murabahah Investment (via a Tawarruq arrangement) which involves the purchase of Commodities from Commodity Broker A on a spot basis at a purchase price

equal to the amount of such cash ("**Istithmar Purchase Price**"). By the terms of the Sukuk Cagamas, the Sukuk Trustee is appointed as agent for the Sukukholders to sell the Commodities. By the terms of the Sukuk Cagamas, the Wakeel will also agree and acknowledge that the Sukukholders have authorised the Sukuk Trustee (acting for the Sukukholders) to sell the Commodities.

The Sukuk Trustee (as agent for the Sukukholders) shall sell the Commodities to Cagamas (as Purchaser) at the Istithmar Purchase Price and a mark-up (profit) which in aggregate would be equivalent to 100% of the nominal value of the Sukuk Cagamas plus profit (if applicable) under the Sukuk Cagamas payable on a deferred payment basis ("**Murabahah Deferred Sale Price**").

Subsequently, Cagamas (acting as itself) shall sell the Commodities on a spot basis to Commodity Broker B for a cash consideration (Selling Price) which is equal to the Istithmar Purchase Price. However, Commodities received may be used by Cagamas to facilitate its Islamic operations by acting as agent before onward sale to Commodity Broker B. In such arrangement, Cagamas purchases debt based financings from the Approved Seller and will pay the purchase value of the debt by way of an exchange of Commodities with the Approved Seller. Subsequently, the Approved Seller appoints Cagamas as its agent to onsell the Commodities to Commodity Broker B for an amount equal to the Istithmar Purchase Price. The proceeds received from the sale will be accounted for/paid to the Approved Seller. Commodity Broker A and Commodity Broker B could either be the Bursa Suq Al-Sila' commodity market or an independent licensed commodity broker.

Cagamas, in its capacity as the Issuer, makes periodic distributions ("**Periodic Distribution Amount**") (if any) semi-annually or such other periodic basis ("**Istithmar Periodic Payments**") as determined prior to the issuance of such Sukuk Cagamas with a profit rate or for such Sukuk Cagamas without a profit rate on one-off basis, to the Sukuk Trustee on account of its obligation to pay the Murabahah Deferred Sale Price and income generated from the Istithmar Assets (if any). Each such payment shall pro tanto reduce the obligation of the Issuer on the Sukuk Cagamas issued. On the date of maturity of the Sukuk Cagamas ("**Istithmar Maturity Date**") or upon the occurrence of an event of default ("**Istithmar Event of Default**"), whichever is earlier, all amounts then outstanding on the Murabahah Deferred Sale Price shall be paid by Cagamas to the Sukuk Trustee.

Cagamas (in its capacity as the Obligor) shall also grant to the Sukuk Trustee (acting on behalf of the Sukukholders) a purchase undertaking ("**Istithmar Purchase Undertaking**") in respect of each Istithmar Event of Default Date or each Istithmar Maturity Date, whereby the Obligor shall undertake to purchase such portion of the Sukukholders' undivided beneficial interest in the Istithmar Assets which may include any outstanding Equity Assets and/or Other Assets from the Sukuk Trustee at the relevant Istithmar Exercise Price (as defined below), upon the Istithmar Maturity Date or the date of an Istithmar Event of Default ("**Istithmar Event of Default Date**"), whichever is earlier.

For avoidance of doubt, the Istithmar Exercise Price (as defined below) payable together with the outstanding amounts of the Deferred Sale Price shall be equivalent to the redemption amount payable on the Istithmar Maturity Date or on the Istithmar Dissolution Date, as the case may be.

The Istithmar Exercise Price (as defined below) for the purchase of the Sukukholders' undivided proportionate interest in the Istithmar Assets under the relevant Sukuk Cagamas shall be equivalent to the face amount of the Sukuk Cagamas plus all accrued and unpaid Istithmar Periodic Distribution Amounts due on redemption of the Sukuk Cagamas, less the amount of the Murabahah Deferred Sale Price actually received ("**Istithmar Exercise Price**").

Upon exercise of the Istithmar Purchase Undertaking and the payment of the Istithmar Exercise Price and the outstanding Murabahah Deferred Sale Price, the relevant trust in respect of the Istithmar Assets will be dissolved and the relevant Sukuk Cagamas held by the Sukukholders will be cancelled.

For Sukuk Cagamas issued at par or at a discount with Istithmar Periodic Payments, the redemption amount shall consist of:

On the Istithmar Maturity Date:

- (1) the nominal value of the Sukuk Cagamas; and
- (2) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Istithmar Maturity Date,

On the Istithmar Event of Default Date:

- (1) the nominal value of the Sukuk Cagamas; and
- (2) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Istithmar Dissolution Date.

For Sukuk Cagamas issued at par or at a discount without Istithmar Periodic Payments, the redemption amount consist of:

On the Istithmar Maturity Date:

- (1) the nominal value of the Sukuk Cagamas.

On the Istithmar Dissolution Date:

- (1) the nominal value of the Sukuk Cagamas.

Incentive Fee

Provided that the income generated from the Istithmar Portfolio is sufficient to satisfy all payments under the Sukuk Cagamas, any excess income generated from the Istithmar Portfolio shall be credited by the Wakeel, on behalf of the Issuer, to a reserve account ("**Istithmar Reserve Account**"). Following redemption in full, any balance in the Reserve Account shall be retained by the Wakeel as an incentive fee for the performance of its obligations under the Wakalah Agreement.

The Sukukholders in subscribing or purchasing the Sukuk Cagamas consent to grant Ibra' on the Murabahah Deferred Sale Price under the Murabahah Investment if the Murabahah Deferred Sale Price is due and payable on the Istithmar Event of Default Date.

Ibra'

The Sukukholders in subscribing to the Sukuk Cagamas issued under the Shariah principle of Wakalah Bil Istithmar hereby consent to grant such Ibra' if the Sukuk Cagamas issued under the Shariah principle of Wakalah Bil Istithmar are redeemed before the Istithmar Maturity Date, upon the declaration of an Istithmar Event of Default.

For avoidance of doubt, Ibra' will be applicable only to the Murabahah Investment portion of the Istithmar Portfolio, i.e. the Murabahah Deferred Sale Price only.

The Ibra' shall be calculated as follows:

- (i) In the case of Sukuk Cagamas with Istithmar Periodic Payments and issued at a discount

The aggregate of unearned Istithmar Periodic Payments.

- (ii) In the case of Sukuk Cagamas without Istithmar Periodic Payments and issued at a discount

No Ibra' will be provided.

- (iii) In the case of Sukuk Cagamas with Istithmar Periodic Payments and issued at par

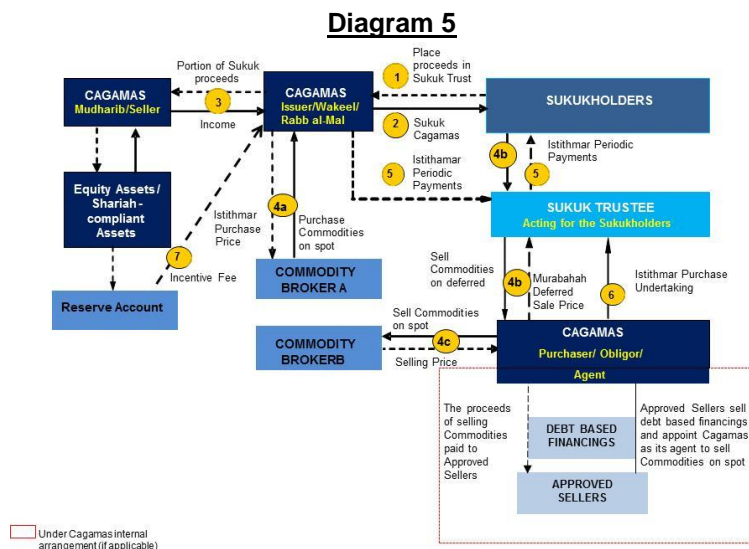
The unearned Periodic Payments.

- (iv) In the case of Sukuk Cagamas without Istithmar Periodic Payments and issued at par

No Ibra' will be provided.

The Ibra' in relation to (i) and (iii) above shall be calculated from the Istithmar Dissolution Date up to the respective Istithmar Maturity Date(s).

The transaction structure is depicted in Diagram 5 below.



1.3 Brief description of the CCP Programme

The CCP Programme for the issue of CCPs, which together with the ICP Programme for the issue of Sukuk Cagamas shall have an aggregate combined limit of RM20.0 billion in nominal value. The tenure of the CCP Programme will be for a period of seven (7) years from the date of first issue under the CCP Programme, provided that the first issue of CCPs under the CCP Programme shall be made within two (2) years from the date of approval and authorization of the SC.

The CCPs may be issued at par or at a discount, with or without a coupon rate and may be issued via competitive tender, direct placement, through a book running or book building process or on a bought deal basis, as determined by the Issuer.

1.4 Utilisation of proceeds

(a) ICP Programme

The proceeds raised from the issuance of the Sukuk Cagamas shall be utilised by Cagamas as part of its working capital, for its general corporate purposes and to refinance any Sukuk Cagamas on its respective expected maturity dates in a Shariah-compliant manner.

(b) CCP Programme

The proceeds raised from the issuance of the CCPs shall be utilised by Cagamas as part of its working capital, for its general corporate purposes and to refinance any CCPs on its respective expected maturity dates.

1.5 Rating

(a) ICP Programme

The ICP Programme has been accorded an indicative rating of P1 and MARC-1_{ID} by RAM and MARC, respectively, pursuant to RAM's letter and MARC's letter to Cagamas dated 15 May 2014 and 7 May 2014, respectively.

(b) CCP Programme

The CCP Programme has been accorded an indicative rating of P1 and MARC-1 by RAM and MARC, respectively, pursuant to RAM's letter and MARC's letter to Cagamas dated 15 May 2014 and 7 May 2014, respectively.

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1.6 Key Financial Highlights

Summary of the key financial highlights of Cagamas for the FYE 2011, FYE2012, FYE2013 and the six months ended 30 June 2014 are set out below:

STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	(audited)	(audited)	(audited)	(unaudited)
	RM '000			
ASSETS				
Cash and short-term funds	355,299	370,939	592,956	1,184,326
Derivative financial instruments.....	—	1,115	7,286	7,116
Available-for-sale investment securities	596,599	1,165,983	1,587,058	1,496,485
Amount due from counterparties.....	4,307,044	3,696,142	3,825,726	3,478,395
Islamic financing assets.....	6,879,635	8,076,861	6,107,933	5,809,673
Mortgage assets				
— Conventional	6,578,196	6,093,780	7,846,587	7,561,644
— Islamic	3,918,909	3,828,813	7,582,923	7,425,319
Hire purchase assets				
— Conventional	52	9	4	4
— Islamic	21,221	15,937	11,196	8,555
Amount due from related company and SPE.....	976	829	751	708
Amount due from ultimate holding company	2	—	—	—
Other assets	5,646	11,053	9,788	10,034
Property and equipment	4,311	4,363	4,019	3,648
Intangible assets.....	11,796	9,552	9,873	9,030
Deferred taxation	9,194	9,231	8,929	8,842
TOTAL ASSETS	22,688,880	23,284,607	27,595,029	27,003,779
LIABILITIES				
Unsecured bearer bonds and notes.....	9,868,021	9,217,450	11,521,708	11,061,768
Sukuk.....	10,585,467	11,707,559	13,403,003	13,163,812
Derivative financial instruments.....	58,278	53,741	35,898	34,960
Provision for taxation	12,279	18,699	41,941	47,567
Other liabilities	63,463	62,772	65,337	64,359
TOTAL LIABILITIES	20,587,508	21,060,221	25,067,887	24,372,466
Share capital.....	150,000	150,000	150,000	150,000
Reserves.....	1,951,372	2,074,386	2,377,142	2,481,313
SHAREHOLDER'S FUNDS ..	2,101,372	2,224,386	2,527,142	2,631,313
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS	22,688,880	23,284,607	27,595,029	27,003,779
NET TANGIBLE ASSETS PER SHARE (RM)	13.93	14.77	16.78	17.48

INCOME STATEMENT

	For the year ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
			RM '000		
Interest income	681,926	662,560	721,595	316,295	370,177
Interest expense	(451,555)	(442,687)	(431,441)	(207,966)	(250,703)
Income from Islamic operations	107,486	101,412	181,882	52,865	73,283
Non-interest income/(expense)	3,342	4,973	255	(652)	(720)
	<u>341,199</u>	<u>326,258</u>	<u>472,291</u>	<u>160,542</u>	<u>192,037</u>
Administration and general expenses	(18,915)	(19,965)	(20,135)	(10,599)	(12,907)
Personnel costs	(18,020)	(18,376)	(20,839)	(9,551)	(10,585)
Write-back (allowance) for impairment losses	—	5,127	(6,536)	—	—
PROFIT BEFORE TAXATION AND ZAKAT	304,264	293,044	424,781	140,392	168,545
Taxation	(75,559)	(72,963)	(104,180)	(35,098)	(42,136)
Zakat	(2,260)	(1,118)	(2,028)	—	—
PROFIT FOR THE FINANCIAL YEAR/PERIOD	226,445	218,963	318,573	105,294	126,409
EARNINGS PER SHARE (SEN)	150.96	145.98	212.38	140.39	168.54
DIVIDEND PER SHARE (SEN)	20.00	88.00	20.00	15.00	15.00

STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2011	2012	2013	2013	2014
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
			RM '000		
Profit for the financial year/period	226,445	218,963	318,573	105,294	126,409
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to profit or loss					
Available-for-sale investment securities					
— Net gain/(loss) on fair value changes before taxation	1,448	(1,356)	(15,009)	(3,414)	(391)
— Deferred taxation	(362)	339	3,752	853	99
Cash flow hedge					
— Net (loss)/gain on cash flow hedge before taxation	(15,274)	5,425	23,920	6,479	740
— Deferred taxation	3,602	(1,357)	(5,980)	(1,620)	(186)
Other comprehensive (loss)/income for the financial year/period, net of taxation	(10,586)	3,051	6,683	2,298	262
Total comprehensive income for the financial year/period	215,859	222,014	325,256	107,592	126,671

SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE ICP PROGRAMME

Words and expressions used and defined in this Section 2.0 shall, in the event of any inconsistency with the definition section of this Information Memorandum, only be applicable for this Section 2.0.

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

(i)	Principal adviser	CIMB Investment Bank Berhad (" CIMB ") and HSBC Amanah Malaysia Berhad (" HSBC Amanah ") as joint principal advisers (" JPs ").
(ii)	Lead arranger	CIMB and HSBC Amanah as joint lead arrangers (" JLAs ").
(iii)	Co-arranger	Not applicable.
(iv)	Solicitor	Messrs. Zaid Ibrahim & Co.
(v)	Financial adviser	Not applicable.
(vi)	Technical adviser	Not applicable.
(vii)	Sukuk trustee	PB Trustee Services Berhad (" Sukuk Trustee ").
(viii)	Shariah adviser	CIMB Islamic Bank Berhad and HSBC Amanah as the joint Shariah Advisers (" Joint Shariah Advisers ").
(ix)	Guarantor	Not applicable.
(x)	Valuer	Not applicable.
(xi)	Facility agent	Cagamas.
(xii)	Primary subscriber (under a bought-deal arrangement) and amount subscribed	If applicable, to be determined at the point of issuance.
(xiii)	Underwriter and amount underwritten	The Islamic commercial papers (" Sukuk Cagamas ") will not be underwritten.
(xiv)	Central depository	Bank Negara Malaysia (" BNM ").
(xv)	Paying agent	BNM.
(xvi)	Reporting accountant	Not applicable.
(xvii)	Calculation agent	Not applicable.
(xviii)	Others (please specify)	<u>Tender Panel Members ("TPMs")</u>

Persons to whom an issue of, or an offer or invitation to subscribe, the Sukuk Cagamas would fall within Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) of the Capital Markets and Services Act 2007 as amended from time to time ("**CMSA**"), read together with Schedule 9 or Section 257(3) of the CMSA.

Joint Lead Managers

In relation to each issue of Sukuk Cagamas, any of the following financial institutions may be appointed to manage such issue:

- a. AmInvestment Bank Berhad
- b. Maybank Investment Bank Berhad
- c. CIMB
- d. Hong Leong Bank Berhad
- e. HSBC Amanah
- f. Standard Chartered Bank Malaysia Berhad.
- g. RHB Investment Bank Berhad
- h. RHB Islamic Bank Berhad

In the event any of the foregoing financial institutions decline to act in relation to any issue of Sukuk Cagamas, Cagamas may appoint other financial institutions to manage such issue. The financial institutions managing an issue being hereinafter referred to as "**JLMs**".

In addition, the Issuer may, from time to time appoint any financial institution as a JLM to arrange and manage any issue of Sukuk Cagamas and such financial institution if so appointed shall thereupon be a JLM for all purposes of the ICP Programme (as defined in item 2(c)). Similarly, a JLM may cease to be a JLM for the ICP Programme.

(b) Islamic principles used

Each issue of Sukuk Cagamas will be based on but not limited to any one of the following Shariah principles as agreed between the Joint Shariah Advisers and the Issuer prior to each issuance:

- (i) Murabahah (via a Tawarruq arrangement);
- (ii) Musharakah;
- (iii) Mudharabah;
- (iv) Ijarah; and
- (v) Wakalah Bil Istithmar.

Where it is proposed to issue any Sukuk Cagamas based on a Shariah principle which is not listed above, the prior approval of the Securities Commission Malaysia ("**SC**") will be sought.

(c) Facility description

An Islamic commercial papers programme ("**ICP Programme**") for the issue of Islamic commercial papers ("**Sukuk Cagamas**"), which together with a conventional commercial papers programme ("**CCP Programme**") for the issue of conventional commercial papers ("**CCP**") shall have an aggregate combined limit of RM20.0 billion in nominal value. The ICP Programme and the CCP Programme are collectively referred to as the "**CP Programmes**").

The principal terms and conditions of the CCP Programme are the subject of a separate term sheet.

The Issuer may issue Sukuk Cagamas based on but not limited to any one of the following Shariah principles:

- (a) Murabahah (via a Tawarruq arrangement);
- (b) Musharakah;
- (c) Mudharabah;
- (d) Ijarah; and
- (e) Wakalah Bil Istithmar.

Murabahah (via a Tawarruq arrangement)

8. From time to time, Cagamas (on behalf of the holders of the Sukuk Cagamas ("**Sukukholders**")) shall enter into an Agency Agreement, pursuant to which Cagamas (in such capacity, the "**Agent**") is appointed as the wakeel of the Sukukholders for the purchase of Shariah-compliant Commodities ("**Commodities**").
9. Pursuant to a Commodity Murabahah Master Agreement between Cagamas as purchaser for itself (in such capacity, the "**Purchaser**"), the Agent and the Sukuk Trustee (acting on behalf of the Sukukholders), Cagamas as Purchaser shall issue a purchase order (the "**Purchase Order**") to the Agent to purchase Commodities on the terms as specified therein. In the Purchase Order, Cagamas as Purchaser will irrevocably undertake to purchase the Commodities from the Sukukholders via the Sukuk Trustee at a deferred sale price ("**Deferred Sale Price**") which shall be the Murabahah Purchase Price (as defined below) plus the applicable profit margin i.e. the aggregate periodic payments based on a profit rate to be agreed at the time of issuance (applicable for Sukuk Cagamas with periodic payments) and, in respect of Sukuk Cagamas issued at a discount, plus the Discounted Amount (as defined below) calculated as at the issue date of each relevant Sukuk Cagamas issuance.

"Discounted Amount" means the difference between the nominal value of the relevant Sukuk Cagamas and the relevant Murabahah Purchase Price (as defined below) in the case of Sukuk Cagamas issued at a discount.

10. Pursuant to the Purchase Order, the Agent (as Wakeel to the Sukukholder) will purchase on a spot basis the Commodities from Commodity Broker A at a purchase price which shall be an amount equivalent to the Sukuk Cagamas proceeds ("**Murabahah Purchase Price**").
11. Cagamas (acting as the Issuer) shall issue Sukuk Cagamas to the Sukukholders whereby the Sukuk Cagamas proceeds shall be used to pay the Murabahah Purchase Price of the Commodities. The Sukuk Cagamas shall evidence, amongst others, the Sukukholders' ownership of the Commodities and subsequently, once the Commodities are sold to Cagamas (as Purchaser), the entitlement to receive the Deferred Sale Price.
12. Thereafter, pursuant to the undertaking under the Purchase Order, the Sukuk Trustee (acting on behalf of the Sukukholders) shall sell the Commodities to Cagamas (as Purchaser) via Cagamas (as Agent for the Sukukholders) at the Deferred Sale Price under a sale and purchase agreement.
13. Subsequently, Cagamas (acting as itself) shall sell the Commodities on a spot basis to Commodity Broker B for an amount equal to the Murabahah Purchase Price. However, Commodities received may be used by Cagamas to facilitate its Islamic operations by acting as an agent before the onward sale to Commodity Broker B. In such arrangement, Cagamas purchases debt based financings from the approved seller ("**Approved Seller**") and will pay the purchase value of the debt by way of an exchange of Commodities with the Approved Seller. Subsequently, the Approved Seller appoints Cagamas as its agent to onsell the Commodities to Commodity Broker B for an amount equal to the Murabahah Purchase Price. The proceeds received from the sale will be accounted for/paid to the Approved Seller. Commodity Broker A and Commodity Broker B could either be the Bursa Suq Al-Sila' commodity market or an independent licensed commodity broker.
14. During the tenure of the Sukuk Cagamas, Cagamas (as Purchaser) as part of its obligation to pay the

Deferred Sale Price shall make periodic payments ("**Murabahah Periodic Payments**") (if any) to the Sukukholders.

On the respective maturity date(s) ("**Murabahah Maturity Date**") or upon the declaration of an Event of Default ("**Murabahah Event of Default**"), Cagamas (as Purchaser) shall pay all amounts outstanding in respect of the Deferred Sale Price (subject to the Ibra'), upon which the relevant Sukuk Cagamas will be cancelled.

The Deferred Sale Price payable shall be:

In the case of Sukuk Cagamas with Murabahah Periodic Payments:

- (i) On the Murabahah Maturity Date:
The Deferred Sale Price at issue date less the aggregate Murabahah Periodic Payments paid (if any);
- (ii) Upon the declaration of a Murabahah Event of Default:
The Deferred Sale Price at issue date less (a) the aggregate Murabahah Periodic Payments paid (if any); and (b) Ibra' (if applicable).

In the case of Sukuk Cagamas without Murabahah Periodic Payments:

- (i) On the Murabahah Maturity Date:
The Deferred Sale Price at issue date;
- (ii) Upon the declaration of a Murabahah Event of Default:
The Deferred Sale Price at issue date less Ibra' (if applicable).

Ibra'

The Sukukholders in subscribing to the Sukuk Cagamas issued under the Shariah principle of Murabahah hereby consent to grant such Ibra' if the Sukuk Cagamas issued under the Shariah principle of Murabahah are redeemed before the Murabahah Maturity Date or upon the declaration of a Murabahah Event of Default.

The Ibra' shall be calculated as follows:

- (i) In the case of Sukuk Cagamas with Murabahah Periodic Payments and issued at a discount

The aggregate of unearned Murabahah Periodic Payments.

- (ii) In the case of Sukuk Cagamas without Murabahah Periodic Payments and issued at a discount

No Ibra' will be provided.

- (iii) In the case of Sukuk Cagamas with Murabahah Periodic Payments and issued at par

The unearned Murabahah Periodic Payments.

- (iv) In the case of Sukuk Cagamas without Murabahah Periodic Payments and issued at par

No Ibra' will be provided.

The Ibra' in relation to (i) and (iii) above shall be calculated from the date of declaration of a Murabahah Event of Default up to the respective Murabahah Maturity Date(s).

The transaction structure is depicted in Appendix 1.

Musharakah

Under the Musharakah transaction, the Sukukholders shall from time to time, form a partnership amongst themselves for the purpose of undertaking a venture (the "**Musharakah Venture**") consisting of an investment in Shariah-compliant assets, i.e. asset based financings arising from Shariah principles of Ijarah and/or Musharakah Mutanaqisah and/or any other acceptable Shariah-compliant assets ("**Musharakah Assets**") to be identified and held on trust by the Issuer on behalf of the Sukukholders, whereby the Sukukholders contribute capital in the form of cash through the subscription of Sukuk Cagamas.

The Sukukholders (through the Sukuk Trustee) shall appoint the Issuer as the manager ("**Manager**") for each Musharakah Venture upon the terms and subject to the conditions of a Musharakah agreement.

The Issuer shall issue Sukuk Cagamas to the Sukukholders, in consideration of their capital contribution ("**Musharakah Capital**"). The Musharakah Capital shall be invested with the Issuer (in its capacity as Manager) for the purposes of undertaking the Musharakah Venture. The Sukuk Cagamas comprise certificates representing the Sukukholders' undivided beneficial interest in the Musharakah Venture and any funds held by the Manager

on account of the Sukukholders in the Musharakah Profit Reserve Account (as defined below). Any profit derived from the Musharakah Venture will be distributed based on the ratio of capital contribution among the Sukukholders and losses will also be shared based on the Sukukholders' ratio of capital contribution.

The Sukuk Cagamas shall entitle the Sukukholders the rights to share any income generated from the relevant Musharakah Venture in proportion to each Sukukholders' respective capital contribution of the Musharakah Capital payable either in periodic payments ("**Musharakah Periodic Payments**") in respect of Sukuk Cagamas with a profit rate or on a one-off basis ("**Musharakah One-off Payment**") for Sukuk Cagamas without a profit rate. For the avoidance of doubt, income may be distributed semi-annually or on such other periodic basis as determined prior to the issuance of such Sukuk Cagamas with a profit rate ("**Musharakah Periodic Payment Date**") or for such Sukuk Cagamas without a profit rate on one-off basis on the Musharakah Maturity Date (as defined below) or the date of declaration of an event which dissolves the corresponding Musharakah Venture ("**Musharakah Dissolution Event**"), whichever is earlier.

The return expected ("**Musharakah Expected Return**") by the Sukukholders from the corresponding Musharakah Venture shall be the yield of the respective Sukuk Cagamas up to the respective maturity dates of the Sukuk Cagamas ("**Musharakah Maturity Date**") or the date of a Musharakah Dissolution Event ("**Musharakah Dissolution Date**"), whichever is applicable.

The Sukukholders shall also agree upfront that they shall receive profits, if any, up to the Musharakah Expected Return. For Sukuk Cagamas with Musharakah Periodic Payments, if the profits generated from the Musharakah Venture ("**Profits**") are in excess of the Musharakah Expected Return to be made in respect of the applicable Musharakah Periodic Payment Date, Profits up to the Musharakah Expected Return will be distributed to the Sukukholders and any excess shall be credited by the Manager to a reserve account ("**Musharakah Profit Reserve Account**") on behalf of the Sukukholders on a custody basis which may be used to fund future Musharakah Periodic Payments or Musharakah One-off Payment, where applicable.

Any amounts standing to the credit of the Musharakah Profit Reserve Account on the Musharakah Dissolution Date will be due and payable to the Manager as an incentive fee for managing the Musharakah Venture.

The Manager may at any time prior to the Musharakah Dissolution Date utilise the amounts standing to the credit of the Musharakah Profit Reserve Account ("**Musharakah Advance Incentive Fee**") so long as any amounts deducted from the Musharakah Profit Reserve Account prior to the Musharakah Dissolution Date are re-credited to fund any shortfall in the amount of the Musharakah Periodic Payments or Musharakah One-off Payment, where applicable.

If the amounts standing to the credit of the Musharakah Profit Reserve Account are insufficient to meet the Musharakah Periodic Payments or Musharakah One-off Payment, where applicable, in full ("**Musharakah Shortfall**"), the Manager may provide a Shariah-compliant liquidity facility ("**Musharakah Liquidity Facility**") whereby it shall advance to the Sukuk Trustee (on behalf of the Sukukholders) on a qardh basis an amount sufficient to make up the Musharakah Shortfall (adjusted accordingly pursuant to any utilisation of the Musharakah Profit Reserve Account as referred to above, if applicable), in order to enable the Issuer to make payment. For the avoidance of doubt, any Musharakah Liquidity Facility made by the Manager shall be off-set against the Musharakah Exercise Price (as defined below) pursuant to the exercise of the Musharakah Purchase Undertaking (as defined below) payable on the Musharakah Maturity Date or the Musharakah Dissolution Date.

Cagamas (in its capacity as the Obligor) shall also grant to the Sukuk Trustee (acting on behalf of the Sukukholders) a purchase undertaking ("**Musharakah Purchase Undertaking**") in respect of each Musharakah Dissolution Date or each Musharakah Maturity Date, whereby the Obligor shall undertake to purchase such portion of the Sukukholders' undivided beneficial interest in the Musharakah Venture from the Sukuk Trustee at the relevant Musharakah Exercise Price (as defined below), on the Musharakah Maturity Date or the Musharakah Dissolution Date, whichever is earlier.

The Sukuk Trustee shall provide a substitution undertaking ("**Substitution Undertaking**") to the Manager under which the Manager shall have the right to substitute, via execution of an exchange agreement, certain Musharakah Assets from time to time throughout the tenure of the Sukuk Cagamas with other qualified Musharakah Assets with the same or higher value, provided that no Musharakah Dissolution Event has occurred.

In relation to the Musharakah Purchase Undertaking, the

"Musharakah Exercise Price" for purchase of the Sukukholders' undivided proportionate interest in the Musharakah Venture under the relevant Sukuk Cagamas shall be determined based on the following formula as follows:

In the case of Sukuk Cagamas issued at par or at a discount with Musharakah Periodic Payments:

On the Musharakah Maturity Date:

Musharakah Exercise Price = Musharakah Capital plus accrued but unpaid expected Musharakah Periodic Payments plus Musharakah Liquidity Facility.

On the Musharakah Dissolution Date:

Musharakah Exercise Price = Musharakah Capital plus accrued but unpaid expected Musharakah Periodic Payments up to the Musharakah Dissolution Date and such calculation of the Musharakah Exercise Price shall be in accordance with MyClear Rules and Procedures plus Musharakah Liquidity Facility.

In the case of Sukuk Cagamas issued at par or at a discount without Musharakah Periodic Payments:

On the Musharakah Maturity Date:

Musharakah Exercise Price = Musharakah Capital plus Musharakah One-off Payment (if applicable) plus Musharakah Liquidity Facility.

On the Musharakah Dissolution Date:

Musharakah Exercise Price = Musharakah Capital plus Musharakah One-off Payment (if applicable) plus Musharakah Liquidity Facility.

Facility.

The Musharakah Exercise Price due from the Obligor to the Sukuk Trustee (on behalf of the Sukukholders) shall be set-off against the aggregate amount of the Musharakah Liquidity Facility.

Upon exercise of the Musharakah Purchase Undertaking and the payment of the Musharakah Exercise Price, the relevant Musharakah Venture and the trust in respect of the Musharakah Assets will be dissolved and the relevant Sukuk Cagamas held by the Sukukholders will be cancelled.

The transaction structure is depicted in Appendix 2.

Mudharabah

Under the Mudharabah transaction, the Sukukholders as the Rabb al-Mal shall from time to time contribute capital in the form of cash ("**Mudharabah Capital**") by subscribing the Sukuk Cagamas for the purpose of investment in a venture (the "**Mudharabah Venture**"). The Mudharabah Venture shall consist of an investment in Shariah-compliant assets, i.e. asset based financings arising from Shariah principles of Ijarah and/or Musharakah Mutanaqisah and/or any other acceptable Shariah-compliant assets ("**Mudharabah Assets**") to be identified and held on trust by the Issuer on behalf of the Sukukholders, whereby the Sukukholders contribute capital in the form of cash through the subscription of Sukuk Cagamas.

Pursuant to the Mudharabah agreement, the Issuer as the entrepreneur ("**Mudharib**") of each Mudharabah Venture shall have the absolute entrepreneurial authority to manage the Mudharabah Venture and administer the collection of income from the Mudharabah Venture.

The Sukuk Cagamas shall represent the Sukukholders' undivided beneficial interest in the Mudharabah Venture and any funds held by the Mudharib in the Mudharabah Profit Reserve Account (as defined below) on account of the Sukukholders. The Mudharib shall distribute profits generated by the Mudharabah Venture to both the Rabb al-Mal and Mudharib in accordance with a pre-agreed profit sharing percentage or ratio. Losses, if any, shall be borne by the Rabb al-Mal.

The profit portion, if any, generated from the relevant Mudharabah Venture shall be payable either in periodic payments ("**Mudharabah Periodic Payments**") in respect

of Sukuk Cagamas with a profit rate or on a one-off basis ("**Mudharabah One-off Payment**") for Sukuk Cagamas without a profit rate. For the avoidance of doubt, income may be distributed semi-annually or such other periodic basis as determined prior to the issuance of such Sukuk Cagamas with a profit rate ("**Mudharabah Periodic Payment Date**") or for such Sukuk Cagamas without a profit rate on one-off basis on the Mudharabah Maturity Date (as defined below) or the date of declaration of an event which dissolves the corresponding Mudharabah Venture ("**Mudharabah Dissolution Event**"), whichever is earlier.

The return expected ("**Mudharabah Expected Return**") by the Sukukholders from the corresponding Mudharabah Venture shall be the yield of the respective Sukuk Cagamas up to the respective maturity dates of the Sukuk Cagamas ("**Mudharabah Maturity Date**") or the date of a Mudharabah Dissolution Event ("**Mudharabah Dissolution Date**"), whichever is applicable.

The Sukukholders shall also agree upfront that they shall receive profits, if any, up to the Mudharabah Expected Return. For issuance with Mudharabah Periodic Payments, any amounts in excess of the Mudharabah Expected Return shall be credited by the Mudharib to a reserve account ("**Mudharabah Profit Reserve Account**") which may be used to fund future Mudharabah Periodic Payments or Mudharabah One-off Payment, where applicable.

Any amounts standing to the credit of the Mudharabah Profit Reserve Account on the Mudharabah Dissolution Date will be retained by the Mudharib as an incentive fee for managing the Mudharabah Venture.

The Mudharib may at any time prior to the Mudharabah Dissolution Date utilise the amounts standing to the credit of the Mudharabah Profit Reserve Account ("**Mudharabah Advance Incentive Fee**") so long as any amounts deducted from the Mudharabah Profit Reserve Account prior to the Mudharabah Dissolution Date are re-credited to fund any shortfall in the amount of the Mudharabah Periodic Payment or Mudharabah One-off Payment, where applicable.

If the amounts standing to the credit of the Mudharabah Profit Reserve Account are insufficient to meet the Mudharabah Periodic Payment or Mudharabah One-off Payment, where applicable, in full ("**Mudharabah Shortfall**"), the Mudharib may provide a Shariah-compliant liquidity facility ("**Mudharabah Liquidity**"),

Facility") whereby it shall advance to the Sukuk Trustee (on behalf of the Sukukholders) on a qardh basis an amount sufficient to make up the Mudharabah Shortfall (adjusted accordingly pursuant to any utilisation of the Mudharabah Profit Reserve Account as referred to above, if applicable), in order to enable the Issuer to make payment. For the avoidance of doubt, any Mudharabah Liquidity Facility made by the Mudharib shall be off-set against the Mudharabah Exercise Price (as defined below) pursuant to the exercise of the Mudharabah Purchase Undertaking (as defined below) payable on the Mudharabah Maturity Date or the Mudharabah Dissolution Date.

Cagamas (in its capacity as the Obligor) shall also grant to the Sukuk Trustee (acting on behalf of the Sukukholders) a purchase undertaking ("**Mudharabah Purchase Undertaking**") in respect of each Mudharabah Dissolution Date or each Mudharabah Maturity Date, whereby the Obligor shall undertake to purchase such portion of the Sukukholders' undivided beneficial interest in the Mudharabah Venture from the Sukuk Trustee at the relevant Mudharabah Exercise Price, on the Mudharabah Maturity Date or the Mudharabah Dissolution Date, whichever is earlier.

The Sukuk Trustee shall provide a substitution undertaking ("**Substitution Undertaking**") to the Mudharib under which the Mudharib shall have the right to substitute, via execution of an exchange agreement, certain Mudharabah Assets from time to time throughout the tenure of the Sukuk Cagamas with other qualified Mudharabah Assets with the same or higher value, provided that no Mudharabah Dissolution Event has occurred.

In relation to the Mudharabah Purchase Undertaking, the "**Mudharabah Exercise Price**" for purchase of the Sukukholders' undivided proportionate interest in the Mudharabah Venture under the relevant Sukuk Cagamas shall be determined based on the following formula as follows:

In the case of Sukuk Cagamas issued at par or at a discount with Mudharabah Periodic Payments:

On the Mudharabah Maturity Date:

$$\begin{array}{l} \text{Mudharabah} \\ \text{Exercise Price} \end{array} = \begin{array}{l} \text{Mudharabah Capital plus} \\ \text{accrued but unpaid expected} \\ \text{Mudharabah Periodic} \\ \text{Payments plus Mudharabah} \end{array}$$

Liquidity Facility.

On the Mudharabah Dissolution Date:

Mudharabah Exercise Price = Mudharabah Capital plus accrued but unpaid expected Mudharabah Periodic Payments up to the Mudharabah Dissolution Date plus Mudharabah Liquidity Facility.

In the case of Sukuk Cagamas issued at par or at a discount without Mudharabah Periodic Payments:

On the Mudharabah Maturity Date:

Mudharabah Exercise Price = Mudharabah Capital plus Mudharabah One-off Payment (if applicable) plus Mudharabah Liquidity Facility.

On the Mudharabah Dissolution Date:

Mudharabah Exercise Price = Mudharabah Capital plus Mudharabah One-off Payment (if applicable) plus Mudharabah Liquidity Facility.

The Mudharabah Exercise Price due from the Obligor to the Sukuk Trustee (on behalf of the Sukukholders) shall be set-off against the aggregate amount of the Mudharabah Liquidity Facility.

Upon exercise of the Mudharabah Purchase Undertaking and the payment of the Mudharabah Exercise Price, the relevant Mudharabah Venture and the trust in respect of the Mudharabah Assets will be dissolved and the relevant Sukuk Cagamas held by the Sukukholders will be cancelled.

The transaction structure is depicted in Appendix 3.

Ijarah

Under the Ijarah transaction, the Sukuk Trustee, on behalf of the Sukukholders shall from time to time, purchase Shariah-compliant leaseable assets, i.e. the identified untenanted units and/or building parcels pursuant to buildings or properties acquired by Cagamas in the

ordinary course of its business and/or properties, vehicles, machineries, equipments, provided there are no existing tenancy or lease agreements ("**Ijarah Assets**"), by way of transfer of beneficial ownership and interest from Cagamas (as the seller ("**Seller**")), at the asset purchase price ("**Ijarah Asset Purchase Price**") pursuant to an asset purchase agreement ("**Asset Purchase Agreement**"). The Ijarah Asset Purchase Price will be equivalent to the Sukuk Cagamas proceeds.

The Sukuk Trustee (acting on behalf of the Sukukholders), in its capacity as the lessor ("**Lessor**") under an Ijarah agreement ("**Ijarah Agreement**") to be entered into for each series of Sukuk Cagamas under the principle of Ijarah, shall then lease the Ijarah Assets to Cagamas in its capacity as the lessee ("**Lessee**"), for a pre-determined rental amount ("**Lease Rental**") payable throughout a lease period equivalent to the period commencing from the date of issuance of the relevant Sukuk Cagamas up to the maturity date of the relevant Sukuk Cagamas ("**Ijarah Maturity Date**") ("**Lease Period**"), to be paid on a periodic basis ("**Ijarah Periodic Payments**") in respect of Sukuk Cagamas with profit rate or on a one-off basis ("**Ijarah One-off Rental**") for Sukuk Cagamas without profit rate. For the avoidance of doubt, income may be distributed semi-annually or on such other periodic basis as determined prior to the issuance of such Sukuk Cagamas with a profit rate ("**Ijarah Periodic Payment Date**") or for such Sukuk Cagamas without a profit rate on one-off basis on the Ijarah Maturity Date or the Ijarah Dissolution Date which dissolves the corresponding Trust Assets (as defined below) and the termination of the Ijarah Agreement ("**Ijarah Dissolution Event**"), whichever is earliest.

Cagamas shall declare a trust over the Ijarah Assets and the rights and interest under the relevant transaction documents and the Sukuk Cagamas proceeds of the foregoing ("**Trust Assets**"), for the benefit of the Sukukholders. Cagamas, in its capacity as the Issuer, shall issue the Sukuk Cagamas to represent the Sukukholders' undivided and proportionate beneficial ownership and interest over the Trust Assets.

Pursuant to the Ijarah Agreement, the Lessee shall pay Lease Rental in respect of the Ijarah Assets during the Lease Period on the relevant Ijarah Periodic Payment Date in respect of Sukuk Cagamas with a profit rate or on a one-off basis on the Ijarah Maturity Date or the Ijarah Dissolution Date (as defined below) in respect of Sukuk Cagamas without profit rate. The Lease Rental payable is equivalent to the periodic distribution rate, if any, on the

nominal value of the respective Sukuk Cagamas up to the respective Ijarah Maturity Date or the date of an Ijarah Dissolution Event ("**Ijarah Dissolution Date**"), whichever is applicable.

Under the terms of a servicing agency agreement, Cagamas (as Lessee) shall be appointed as the servicing agent ("**Servicing Agent**") by the Lessor. As Servicing Agent, the Lessee will be undertaking the responsibilities, on behalf of the Lessor, for the performance and/or maintenance and/or structural repair of the Ijarah Assets and/or the related payment and/or ownership expenses in respect of the Ijarah Assets ("**Ownership Expenses**"). The Ownership Expenses, which are to be reimbursed by the Sukuk Trustee to Cagamas, will be off-set against the Ijarah Exercise Price (as defined below) payable by the Issuer to the Sukuk Trustee pursuant to the Ijarah Purchase Undertaking (as defined below) on the Ijarah Maturity Date or the Ijarah Dissolution Date, whichever is applicable.

During the Lease Period, the Servicing Agent is also responsible for making payments of the relevant takaful contribution or insurance premium for the Ijarah Assets and to ensure that the takaful/insurance for the Ijarah Assets is sufficient for a covered/insured amount at all times.

Upon the occurrence of a total loss or destruction of, or damage to the whole (and not part only) of the Ijarah Assets or any event or occurrence that renders the whole (and not part only) of the Ijarah Assets permanently unfit for any economic use and the repair or remedial work in respect thereof is wholly uneconomical ("**Total Loss Event**") in a particular Ijarah Agreement (unless the Servicing Agent is substituting the Ijarah Assets with qualified leasable assets as approved by the Joint Shariah Advisers within a stipulated timeframe pursuant to the Substitution Undertaking (as defined below)), the Ijarah Agreement will be terminated and the proceeds from the takaful/insurance shall be used to redeem the Sukuk Cagamas.

If the takaful/insurance proceeds are insufficient to cover the redemption amount due under the Sukuk Cagamas and Ownership Expenses (if any) under a Total Loss Event, the Servicing Agent shall be liable to make good the difference. Any excess from the takaful/insurance proceeds over the amount required to redeem the relevant Sukuk Cagamas and Ownership Expenses shall be paid to the Servicing Agent as an incentive fee.

The Sukuk Trustee shall provide a substitution undertaking ("**Substitution Undertaking**") to the Issuer under which the Issuer shall have the right to substitute, via execution of an exchange agreement, certain Ijarah Assets from time to time throughout the tenure of the Sukuk Cagamas, including if the Ijarah Assets are partially damaged or upon a Total Loss Event, as the case may be, with qualified leasable asset(s) of equal or greater value that is/are Shariah-compliant and approved by the Joint Shariah Advisers ("**Replacement Assets**"). The Replacement Assets shall then form part of the Trust Assets.

Cagamas, as the Obligor, shall grant a purchase undertaking ("**Ijarah Purchase Undertaking**") to the Sukuk Trustee (acting for and on behalf of the Sukukholders), under which Cagamas undertakes to purchase the Ijarah Assets from the Sukuk Trustee by way of entering into a purchase agreement ("**Purchase Agreement**") by way of transfer of the beneficial ownership and interest of the Ijarah Assets from the Sukuk Trustee to the Obligor/Issuer; and will take place on the earlier of (i) the Ijarah Maturity Date or (ii) the Ijarah Dissolution Date, at a pre-determined Ijarah Exercise Price.

In relation to the Ijarah Purchase Undertaking, the "**Ijarah Exercise Price**" for purchase of the Sukukholders' undivided proportionate interest in the Ijarah Assets under the relevant Sukuk Cagamas shall be determined based on the following formula as follows:

In the case of Sukuk Cagamas issued at par or at a discount with Ijarah Periodic Payments:

On the Ijarah Maturity Date:

Ijarah Exercise Price = nominal value of the Sukuk Cagamas plus the accrued but unpaid Lease Rental accrued to the Ijarah Maturity Date plus Ownership Expenses.

On the Ijarah Dissolution Date:

Ijarah Exercise Price = nominal value of the Sukuk Cagamas plus; the accrued but unpaid Lease Rental accrued to the Ijarah Dissolution Date plus Ownership Expenses.

In the case of Sukuk Cagamas issued at par or at a discount without Ijarah Periodic Payments:

On the Ijarah Maturity Date:

Ijarah Exercise Price = nominal value of the Sukuk

Cagamas plus Ownership Expenses.

On the Ijarah Dissolution Date:

Ijarah Exercise Price = nominal value of the Sukuk Cagamas plus Ownership Expenses.

The Ijarah Exercise Price due from the Obligor to the Sukuk Trustee (on behalf of the Sukukholders) shall be off-set against reimbursement of the Ownership Expenses. Upon full settlement of the Ijarah Exercise Price pursuant to the exercise of the Ijarah Purchase Undertaking, the Ijarah Agreement will be terminated and the trust created under the declaration of trust will also be dissolved subsequently, and neither the Sukuk Trustee nor the Sukukholders shall thereafter have further rights and/or obligations in respect of the Trust Assets.

The transaction structure is depicted in Appendix 4.

Wakalah Bil Istithmar

In respect of the Wakalah Bil Istithmar transaction, the Sukuk Trustee (on behalf of the Sukukholders) will appoint Cagamas as Wakeel under a wakalah agreement, entered into between Cagamas and the Sukuk Trustee ("**Wakalah Agreement**") to collect proceeds of the Sukuk Cagamas and invest the proceeds in Istithmar Portfolio (as defined below). The Wakeel shall declare a trust on the proceeds of the Sukuk Cagamas, for the benefit of the Sukukholders.

Cagamas (as Issuer) will issue Sukuk Cagamas to the Sukukholders to evidence the Sukukholders' undivided and proportionate interest in the Istithmar Portfolio (as defined below).

Cagamas, in the capacity of Wakeel to the Sukukholders who are represented by the Sukuk Trustee, will receive cash from the Sukukholders. The cash will be placed by Cagamas (as Wakeel) in a Sukuk investment trust ("**Sukuk Trust**") held in trust by the Sukuk Trustee on behalf of the Sukukholders. The Sukuk Trust will be utilised for purposes of (i) investment in Shariah-compliant tangible assets which include Equity Assets (as described below) and/or Shariah-compliant assets, i.e. asset based financings arising from Shariah principles of Ijarah and/or Musharakah Mutanaqisah and/or any other acceptable Shariah-compliant assets ("**Istithmar Assets**") and (ii) commodity murabahah investment via a Tawarruq arrangement ("**Murabahah Investment**") (collectively known as "**Istithmar Portfolio**"). The amount invested in the Istithmar Assets shall at all times be at least 30% of

the value of the Istithmar Portfolio.

In determining the value of the Istithmar Portfolio at any given time, the amount attributed to the Istithmar Assets shall be equal to the nominal value of such Istithmar Assets and the amount attributed to the outstanding Murabahah Deferred Sale Price (as hereinafter defined) pursuant to the Murabahah Investment.

*Note: Shariah-compliant commodities would exclude ribawi items in the category of medium of exchange such as currency, gold and silver ("**Commodities**").

Istithmar Assets

Equity Assets

Cagamas (as Wakeel to the Sukukholders who are the Rabb al-Mal) will place an amount of the cash in the Sukuk Trust as placement with Cagamas (acting for itself as Mudharib) at an agreed profit sharing ratio ("**PSR**") and tenure to create a Mudharabah Interbank Investment ("**MII**") as part of the Istithmar Assets under the Istithmar Portfolio. Cagamas (as Mudharib), in turn, will use the proceeds from the MII to invest in Islamic investment products e.g MII certificates issued by Islamic banks, Government Investment Issues certificates, etc. A MII certificate shall be issued to evidence the Mudharabah arrangement between Cagamas as Wakeel and Cagamas as Mudharib. Any losses in investment in Islamic investment products shall be borne by the Rabb al-Mal.

Other Assets

Tangible Shariah-compliant assets which will comprise any or all of the following:

- (d) asset based financing contracts based on Ijarah or Musharakah Mutanaqisah which have been acquired by Cagamas from Islamic financial institutions and/or its Approved Sellers;
- (e) sukuk that are based on either an Ijarah or Wakalah Bil Istithmar structure or such other structure approved by the Joint Shariah Advisers, in each case having at least 30% underlying tangible assets, and which are owned by Cagamas prior to the sale to the Sukuk Trustee; and
- (f) any other Shariah-compliant tangible assets, as approved by the Joint Shariah Advisers prior to the issuance of each Sukuk Cagamas.

The Wakeel shall provide a substitution undertaking ("**Substitution Undertaking**") to the Issuer under which the Issuer shall have the right to substitute, via execution of an exchange agreement, certain Istithmar Assets from time to time throughout the tenure of the Sukuk Cagamas, if any of the Istithmar Assets based on financing contracts are early settled or the Istithmar Assets are no longer Shariah compliant, as the case may be, with qualified asset(s) of equal or greater value that is/are Shariah-compliant and approved by the Joint Shariah Advisers ("**Replacement Assets**"). The Replacement Assets shall then form part of the Istithmar Assets. The Wakeel may replace the Istithmar Assets provided no Istithmar Dissolution Event has occurred.

Murabahah Investment

Cagamas (as Wakeel) shall use the remaining amount of the cash in the Sukuk Trust) to invest into the Murabahah Investment (via a Tawarruq arrangement) which involves the purchase of Commodities from Commodity Broker A on a spot basis at a purchase price equal to the amount of such cash ("**Istithmar Purchase Price**"). By the terms of the Sukuk Cagamas, the Sukuk Trustee is appointed as agent for the Sukukholders to sell the Commodities. By the terms of the Sukuk Cagamas, the Wakeel will also agree and acknowledge that the Sukukholders have authorised the Sukuk Trustee (acting for the Sukukholders) to sell the Commodities.

The Sukuk Trustee (as agent for the Sukukholders) shall sell the Commodities to Cagamas (as Purchaser) at the Istithmar Purchase Price and a mark-up (profit) which in aggregate would be equivalent to 100% of the nominal value of the Sukuk Cagamas plus profit (if applicable) under the Sukuk Cagamas payable on a deferred payment basis ("**Murabahah Deferred Sale Price**").

Subsequently, Cagamas (acting as itself) shall sell the Commodities on a spot basis to Commodity Broker B for a cash consideration (Selling Price) which is equal to the Istithmar Purchase Price. However, Commodities received may be used by Cagamas to facilitate its Islamic operations by acting as agent before onward sale to Commodity Broker B. In such arrangement, Cagamas purchases debt based financings from the Approved Seller and will pay the purchase value of the debt by way of an exchange of Commodities with the Approved Seller. Subsequently, the Approved Seller appoints Cagamas as its agent to onsell the Commodities to Commodity Broker B for an amount equal to the Istithmar Purchase Price. The proceeds received from the sale will be accounted for/paid to the Approved Seller. Commodity Broker A and

Commodity Broker B could either be the Bursa Suq Al-Sila' commodity market or an independent licensed commodity broker.

Cagamas, in its capacity as the Issuer, makes periodic distributions ("**Periodic Distribution Amount**") (if any) semi-annually or such other periodic basis ("**Istithmar Periodic Payments**") as determined prior to the issuance of such Sukuk Cagamas with a profit rate or for such Sukuk Cagamas without a profit rate on one-off basis, to the Sukuk Trustee on account of its obligation to pay the Murabahah Deferred Sale Price and income generated from the Istithmar Assets (if any). Each such payment shall pro tanto reduce the obligation of the Issuer on the Sukuk Cagamas issued. On the date of maturity of the Sukuk Cagamas ("**Istithmar Maturity Date**") or upon the occurrence of an event of default ("**Istithmar Event of Default**"), whichever is earlier, all amounts then outstanding on the Murabahah Deferred Sale Price shall be paid by Cagamas to the Sukuk Trustee.

Cagamas (in its capacity as the Obligor) shall also grant to the Sukuk Trustee (acting on behalf of the Sukukholders) a purchase undertaking ("**Istithmar Purchase Undertaking**") in respect of each Istithmar Event of Default Date or each Istithmar Maturity Date, whereby the Obligor shall undertake to purchase such portion of the Sukukholders' undivided beneficial interest in the Istithmar Assets which may include any outstanding Equity Assets and/or Other Assets from the Sukuk Trustee at the relevant Istithmar Exercise Price (as defined below), upon the Istithmar Maturity Date or the date of an Istithmar Event of Default ("**Istithmar Event of Default Date**"), whichever is earlier.

For avoidance of doubt, the Istithmar Exercise Price (as defined below) payable together with the outstanding amounts of the Deferred Sale Price shall be equivalent to the redemption amount payable on the Istithmar Maturity Date or on the Istithmar Dissolution Date, as the case may be.

The Istithmar Exercise Price (as defined below) for the purchase of the Sukukholders' undivided proportionate interest in the Istithmar Assets under the relevant Sukuk Cagamas shall be equivalent to the face amount of the Sukuk Cagamas plus all accrued and unpaid Istithmar Periodic Distribution Amounts due on redemption of the Sukuk Cagamas, less the amount of the Murabahah Deferred Sale Price actually received ("**Istithmar Exercise Price**").

Upon exercise of the Istithmar Purchase Undertaking and the payment of the Istithmar Exercise Price and the outstanding Murabahah Deferred Sale Price, the relevant trust in respect of the Istithmar Assets will be dissolved and the relevant Sukuk Cagamas held by the Sukukholders will be cancelled.

For Sukuk Cagamas issued at par or at a discount with Istithmar Periodic Payments, the redemption amount shall consist of:

On the Istithmar Maturity Date:

- (3) the nominal value of the Sukuk Cagamas; and
- (4) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Istithmar Maturity Date,

On the Istithmar Event of Default Date:

- (1) the nominal value of the Sukuk Cagamas; and
- (2) the accrued but unpaid Periodic Distribution Amount (if any), accrued up to the Istithmar Dissolution Date.

For Sukuk Cagamas issued at par or at a discount without Istithmar Periodic Payments, the redemption amount consist of:

On the Istithmar Maturity Date:

- (1) the nominal value of the Sukuk Cagamas.

On the Istithmar Dissolution Date:

- (1) the nominal value of the Sukuk Cagamas.

Incentive Fee

Provided that the income generated from the Istithmar Portfolio is sufficient to satisfy all payments under the Sukuk Cagamas, any excess income generated from the Istithmar Portfolio shall be credited by the Wakeel, on behalf of the Issuer, to a reserve account ("**Istithmar Reserve Account**"). Following redemption in full, any balance in the Reserve Account shall be retained by the Wakeel as an incentive fee for the performance of its obligations under the Wakalah Agreement.

The Sukukholders in subscribing or purchasing the Sukuk Cagamas consent to grant Ibra' on the Murabahah Deferred Sale Price under the Murabahah Investment if the Murabahah Deferred Sale Price is due and payable on

the Istithmar Event of Default Date.

Ibra'

The Sukukholders in subscribing to the Sukuk Cagamas issued under the Shariah principle of Wakalah Bil Istithmar hereby consent to grant such Ibra' if the Sukuk Cagamas issued under the Shariah principle of Wakalah Bil Istithmar are redeemed before the Istithmar Maturity Date, upon the declaration of an Istithmar Event of Default.

For avoidance of doubt, Ibra' will be applicable only to the Murabahah Investment portion of the Istithmar Portfolio, i.e. the Murabahah Deferred Sale Price only.

The Ibra' shall be calculated as follows:

- (i) In the case of Sukuk Cagamas with Istithmar Periodic Payments and issued at a discount

The aggregate of unearned Istithmar Periodic Payments.

- (ii) In the case of Sukuk Cagamas without Istithmar Periodic Payments and issued at a discount

No Ibra' will be provided.

- (iii) In the case of Sukuk Cagamas with Istithmar Periodic Payments and issued at par

The unearned Periodic Payments.

- (iv) In the case of Sukuk Cagamas without Istithmar Periodic Payments and issued at par

No Ibra' will be provided.

The Ibra' in relation to (i) and (iii) above shall be calculated from the Istithmar Dissolution Date up to the respective Istithmar Maturity Date(s).

The transaction structure is depicted in Appendix 5.

Murabahah Assets, Musharakah Assets, Mudharabah Assets, Ijarah Assets and Istithmar Assets are collectively known as the "**Assets**".

Murabahah Events of Default, Musharakah Events of Default, Mudharabah Events of Default, Ijarah Events of Default and Istithmar Events of Default are collectively known as the "**Events of Default**".

(d)	Identified assets	The Assets will be identified at the point of issuance and the SC will be notified accordingly of the same.
(e)	Purchase and selling price / rental (where applicable)	To be determined upon determination of the Assets. However, to the extent applicable, the purchase of the Ijarah Assets/Commodities at which any sale and purchase transaction is undertaken will be in compliance with asset pricing requirements stipulated under the SC's Guidelines on Sukuk (revised and effective on 8 January 2014) as may be amended from time to time (" Guidelines on Sukuk ").
(f)	Issue / sukuk programme size	The aggregate outstanding nominal value of the CCPs and the Sukuk Cagamas issued under the CP Programmes shall not at any point in time exceed RM20.0 billion in nominal value.
(g)	Tenure of issue / sukuk programme	<p><u>Tenure of the ICP Programme</u></p> <p>The tenure of the ICP Programme is seven (7) years from the date of the first issue under the ICP Programme.</p> <p><u>Tenure of the Sukuk Cagamas</u></p> <p>Sukuk Cagamas issued under the ICP Programme may have tenures of any period above one (1) month and not exceeding one (1) year. Any Sukuk Cagamas issued must mature within the tenure of the ICP Programme.</p> <p>The first issuance of the Sukuk Cagamas shall be made within two (2) years from the date of approval and authorisation of the SC.</p>
(h)	Availability period of sukuk programme	Upon completion of documentation and, unless waived by the JLAs, compliance of all conditions precedent and other applicable conditions to the satisfaction of the JLAs until the maturity date of the ICP Programme.
(i)	Profit / coupon / rental rate	The Sukuk Cagamas will be issued at par or at a discount and with or without a profit rate (for Murabahah via a Tawarruq arrangement), expected profit rate (for Musharakah, Mudharabah and Wakalah Bil Istithmar) or rental rate (for Ijarah). The profit rate/expected profit rate/rental rate (if applicable, and which may be fixed or floating) will be determined prior to each issuance of Sukuk Cagamas.
(j)	Profit / coupon / rental payment frequency	<p><u>With periodic distribution</u></p> <p>Payable on a semi-annual basis or such other periodic basis as determined prior to the issuance of such Sukuk Cagamas.</p>

	<u>Without periodic distribution</u> Not applicable
(k) Profit / coupon / rental payment basis	<u>With periodic distribution</u> As calculated on actual/actual basis or on actual/365 basis, subject always to the MyClear Rules and Procedures (as defined in item 2(y)(i)).
	<u>Without periodic distribution</u> Not applicable
(l) Security / collateral, where applicable	Unsecured.
(m) Details on utilisation of proceeds by issuer/obligor. If proceeds are to be utilised for project or capital expenditure, description of the project or capital expenditure, where applicable	The proceeds raised from the issuance of Sukuk Cagamas shall be utilised by Cagamas as part of its working capital, for its general corporate purposes and to refinance any Sukuk Cagamas on its respective expected maturity dates in a Shariah-compliant manner.
(n) Sinking fund and designated accounts, where applicable	None.
(o) Rating	
- Credit ratings assigned and whether the rating is final or indicative. In the case of a sukuk programme where the credit rating is not assigned for the full amount, disclosures set out in paragraph 9.04 of these Guidelines must be made; and	The indicative ratings for the ICP Programme are P1 and MARC-1 _{ID} .
- Name of credit rating agencies	RAM Rating Services Berhad (" RAM ") and Malaysian Rating Corporation Berhad (" MARC ") (collectively, the " Rating Agencies ").
(p) Mode of issue	The Sukuk Cagamas may be issued through any of the following modes as determined by the Issuer: <ul style="list-style-type: none"> (i) by competitive tender by TPMs, (ii) by direct private placement, (iii) through a book running or a book building process,

(iv) on a bought deal basis.

Issuance of the Sukuk Cagamas under the ICP Programme shall be in accordance with the MyClear Rules and Procedures (as defined in item 2(y)(i)), subject to such exemptions (if any) granted from time to time.

- (q) Selling restriction, including tradability, i.e. whether tradable or non-tradable
- The Sukuk Cagamas are tradable subject to the following restrictions:
- (i) At the point of issuance
- The Sukuk Cagamas may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the Sukuk Cagamas and to whom the Sukuk Cagamas are issued would fall within Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA.
- (ii) After issuance
- The Sukuk Cagamas may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to purchase the Sukuk Cagamas would fall within Schedule 6 or Section 229(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA.
- (r) Listing status and types of listing, where applicable
- The Sukuk Cagamas will not be listed on Bursa Malaysia Securities Berhad or any other stock exchanges.
- (s) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase sukuk, and whether or not obtained
- None.
- (t) Conditions precedent
- To include but not limited to the following (all have to be in form and substance acceptable to the JLAs and as may be waived by the JLAs):
- A. Main Documentation
- (i) The documents for the establishment of the ICP Programme **Transaction Documents** (as defined in item 2(y)(ix)) have been executed and endorsed as being exempt from stamp duty.

B. Issuer

- (i) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer.
- (ii) Certified true copies of the latest Forms 24 and 49 of the Issuer.
- (iii) A certified true copy of board resolutions of the Issuer authorising, among others, the execution of the Transaction Documents.
- (iv) A list of the Issuer's authorised signatories and their respective specimen signatures.
- (v) A report of the relevant company search of the Issuer.
- (vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer.

C. General

- (i) The approval and authorisation from the SC and, where applicable, all other regulatory authorities.
- (ii) The ICP Programme shall have been rated P1 (or its equivalent).
- (iii) Evidence of confirmation from the Joint Shariah Advisers that the structure and the mechanism of the ICP Programme and the Transaction Documents are in compliance with Shariah principles.
- (iv) Evidence that all transaction fees, costs and expenses have been or will be paid in full.
- (v) The JLAs have received from the Solicitor a legal opinion in a form satisfactory to the JLAs addressed to them and the Sukuk Trustee advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents and a confirmation addressed to the JLAs that all the conditions precedent have been fulfilled.

Such other conditions precedent as advised by the Solicitor and agreed to by the Issuer.

(u) Representations and

To include but not limited to the following:

warranties

- (i) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has power to carry on its business and to own its property and assets;
- (ii) the Issuer is authorised to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
- (iii) neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents (a) contravene or constitute a default under any provision contained in any agreement, law, judgment, licence, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) cause any limitation on the Issuer or the powers of its directors to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets;
- (iv) each of the Transaction Documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with its terms;
- (v) the audited financial statements of the Issuer have been prepared on a basis consistently applied and in accordance with approved accounting standards in Malaysia;
- (vi) no litigation or claim which is likely to by itself or together with any other such proceedings or claims have a material adverse effect is presently in progress or pending in relation to which the Issuer has not taken any action in good faith to set aside or defend;
- (vii) the Issuer is unaware that an event has occurred which constitutes a contravention of, or default under, any agreement or instrument by which the Issuer or any of its assets are bound or affected, being a contravention or default which is likely to have a material adverse effect;

- (viii) the Issuer is in compliance and will comply with any applicable laws and regulations; and
 - (ix) any other representations and warranties as advised by the Solicitor and mutually agreed between the JLAs and the Issuer.
- (v) Events of default, dissolution event and enforcement event, where applicable
- Standard events of default for a facility of this nature including but not limited to:
- (i) the Issuer fails to pay any amount due from it under any of the Transaction Documents on the due date or, if so payable, on demand;
 - (ii) any representation made by the Issuer in the information memorandum, Transaction Documents, or in any notice or other document, certificate or statement delivered by it pursuant thereto or in connection therewith is certified by the Sukuk Trustee to have been incorrect or misleading in a material respect;
 - (iii) the Issuer fails to observe or perform its obligations under any of the Transaction Documents or the Sukuk Cagamas or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (i) above, and such failure has a material adverse effect, and in the case of such failure which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of fourteen (14) days after the Issuer having been notified by the Sukuk Trustee of the failure;
 - (iv) any indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called and such declaration of indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged within a period of fourteen (14) days from the date of such declaration or call, or any security created to secure such indebtedness becomes enforceable;
 - (v) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar

- officer is appointed in respect of the whole or substantial part of the business or assets of the Issuer;
- (vi) the Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and in the reasonable opinion of the Sukuk Trustee such event has a material adverse effect;
 - (vii) proceedings or steps taken for the winding-up of the Issuer and in the reasonable opinion of the Sukuk Trustee, such event has a material adverse effect;
 - (viii) a scheme of arrangement under section 176 of the Companies Act 1965 has been instituted by or against the Issuer;
 - (ix) where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Sukuk Trustee is likely to have a material adverse effect;
 - (x) the Issuer is deemed unable to pay any of its debts or becomes unable to pay any of its debts as they fall due or suspend or threaten to suspend making payments with respect to all or any class of its debts;
 - (xi) any creditor of the Issuer exercises a contractual right to take over the financial management of the Issuer and such event in the opinion of the Sukuk Trustee may have a material adverse effect;
 - (xii) the Issuer changes the nature or scope of its business, suspends, ceases or threatens to suspend or cease a substantial part of its business operations;
 - (xiii) it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under the Sukuk Cagamas or any Transaction Document or any of the obligations of the Issuer thereunder are not, or cease to be legal, valid and binding;
 - (xiv) the Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;

- (xv) all or a substantial portion of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Sukuk Trustee is likely to have a material adverse effect; or
- (xvi) such other event as may be advised by the Solicitor and mutually agreed with the Issuer.

Upon the declaration of an Event of Default, the Sukuk Trustee may or shall (if directed to do so by a special resolution of the Sukukholders) declare that the Sukuk Cagamas together with all other sums payable under the Sukuk Cagamas shall become immediately due and payable in accordance with the respective Islamic principles. Thereafter, the Sukuk Trustee may take proceedings against the Issuer as it may think fit to enforce immediate payment of the Sukuk Cagamas. Please refer to the Facility Description in relation to the recourse of the Sukukholders under each Islamic principle.

(w) Covenants

(i) Information covenants

Standard covenants for a facility of this nature including but not limited to:

- (i) the Issuer shall provide to the Sukuk Trustee, a certificate confirming that it has complied with all its obligations under the Transaction Documents and the terms and conditions of the Sukuk Cagamas;
- (ii) the Issuer shall deliver to the Sukuk Trustee the following:
 - (a) within nine (9) months of the expiration of each financial year, the annual audited consolidated accounts of the Issuer for that financial year and any other accounts, report, notice, statement or circular issued to the shareholders;
 - (b) within thirty (30) days after its annual general meeting, a copy of its consolidated balance sheet and consolidated income statements adopted at the annual general meeting and certified by the auditors of the Issuer and a copy of such auditors' report thereon as well as any other accounts, report, notice, statement or circular issued to shareholders within thirty (30) days of the

- same being issued to the shareholders;
- (c) within ninety (90) days after the end of the first half of its financial year) copies of its unaudited half yearly consolidated financial statements for that period which shall contain the consolidated income statements and consolidated balance sheets of the Issuer which are duly certified by any one of its directors;
 - (d) promptly, such additional financial or other information relating to the Issuer's business and its operations as the Sukuk Trustee may from time to time reasonably request; and
 - (e) promptly, all notices or other documents received by the Issuer from any of its shareholders or its creditors which contents may materially and adversely affect the interests of the Sukukholders, and a copy of all documents despatched by the Issuer to its shareholders (or any class of them),
- (iii) the Issuer shall promptly notify the Sukuk Trustee of any change in its board of directors and/or substantial shareholders;
 - (iv) the Issuer shall promptly notify the Sukuk Trustee and the Rating Agencies of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents;
 - (vi) the Issuer shall promptly give notice to the Sukuk Trustee and the Rating Agencies of the occurrence of any Event of Default or any potential Event of Default forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Sukuk Trustee to remedy and/or mitigate the effect of the Event of Default or the potential Event of Default;
 - (vii) the Issuer shall promptly give notice to the Sukuk Trustee if there is a change in the utilisation of proceeds under the Sukuk Cagamas from the specific purpose as stated in the information memorandum or any agreement entered into by

the Issuer in connection with the issue of the Sukuk Cagamas; and

- (vii) any other covenants as advised by the Solicitor and mutually agreed between the JLAs and the Issuer including but not limited to the requirements under the SC's Trust Deeds Guidelines (revised on 12 July 2011 and effective on 12 August 2011) issued by the SC as may be replaced, substituted or revised from time to time (the "**Trust Deeds Guidelines**").

(ii) Positive covenants Standard undertakings (subject to exceptions and compliance periods to be agreed to between the parties during documentation) for a facility of this nature including but not limited to:

- (i) the Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits which is or may become necessary;
- (ii) the Issuer shall at all times on demand, execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;
- (iii) the Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;
- (iv) the Issuer shall promptly perform and carry out all its obligations under all the Transaction Documents and ensure that it shall immediately notify the Sukuk Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;
- (v) the Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;
- (vi) the Issuer shall keep proper books and accounts at all times and to provide the Sukuk Trustee and any person appointed by it access to such books

- (vii) and accounts to the extent permitted by law; the Issuer shall maintain a paying agent or its equivalent, who is based in Malaysia and the Issuer shall procure that the paying agent shall notify the Sukuk Trustee, through the facility agent, if the paying agent does not receive payment from the Issuer on the due dates as required under the Transaction Documents and the Sukuk Cagamas;
 - (viii) the Issuer shall promptly comply with all applicable laws including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by SC from time to time;
 - (ix) the Issuer shall ensure the terms in the trust deed do not contain any matter which is inconsistent with the provisions of an information memorandum relating to the Sukuk Cagamas; and
 - (x) any other covenants as may be advised by the Solicitor and to be mutually agreed by the Issuer and the JLAs including but not limited to the requirements under the Trust Deeds Guidelines.
- (iii) Negative covenants Standard undertakings (subject to exceptions and compliance periods to be agreed to between the parties during documentation) for a facility of this nature including but not limited to:
- (i) save in the ordinary course of its business or in connection with the raising of funds in accordance with Shariah principles, under the terms of which the Issuer has the right to acquire back any undertakings or assets disposed, the Issuer shall not dispose of the whole or a material part of its undertakings or assets;
 - (ii) the Issuer shall not use the proceeds of the ICP Programme except for the purposes set out herein;
 - (iii) the Issuer shall not enter into a transaction whether directly or indirectly with interested persons (including a director, major shareholders and chief executive or persons connected with them) unless such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons and the Issuer certifies the

- (iv) same to the Sukuk Trustee on an annual basis; the Issuer shall not permit any amendment, supplement or variation to the Memorandum and Articles of Association in a manner which may be materially prejudicial to the Sukukholders' interest unless required by law or any applicable regulation; and
- (v) any other covenants as may be advised by the Solicitor of the JLAs and to be mutually agreed between the Issuer and the JLAs including but not limited to the requirements under the Trust Deeds Guidelines.

- (x) Provisions on buy-back and early redemption of sukuk

Repurchase and Cancellation

The Issuer or its subsidiary(ies) or agent(s) may at any time purchase the Sukuk Cagamas at any price in the open market or by private treaty. Such Sukuk Cagamas purchased by the Issuer or its subsidiary(ies) or agent(s) shall be cancelled and cannot be reissued or resold. The Sukuk Cagamas purchased by its related corporations (other than its subsidiaries) and interested persons (as defined in the Trust Deeds Guidelines) need not be cancelled but they will not entitle such related corporations or interested persons to vote at any meeting of the Sukukholders.

Redemption

Unless previously repurchased and cancelled, the Sukuk Cagamas will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates. The Sukuk Cagamas redeemed by the Issuer shall be cancelled and cannot be reissued or resold.

Early Redemption

Not applicable.

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

- (i) Issue price

The Sukuk Cagamas will be issued at par or at a discount in accordance with (1) the "Participation and Operation Rules for Payment and Securities Services" ("**MyClear Rules**") issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") and (2) the "Operational Procedures for Securities Services" issued by MyClear, ("**MyClear Procedures**") as amended or substituted from time to time (collectively the "**MyClear Rules and Procedures**").

The issue price of the Sukuk Cagamas will be determined prior to each issuance.

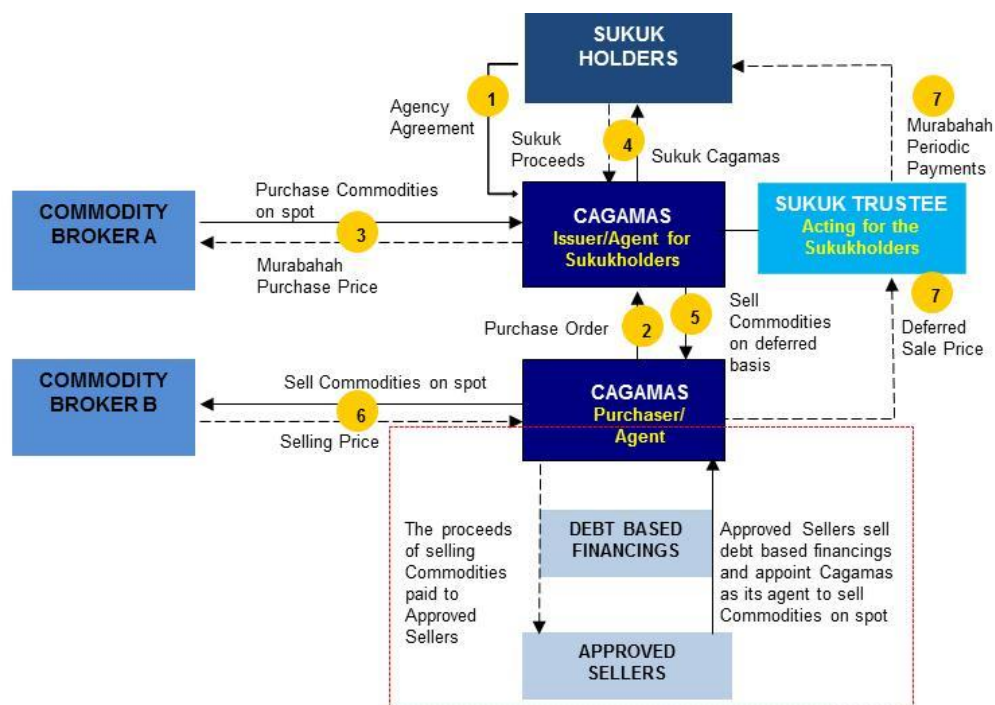
- (ii) Form and denomination The Sukuk Cagamas shall be issued in accordance with MyClear Rules and Procedures. Each tranche of the Sukuk Cagamas shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances. The denomination of the Sukuk Cagamas shall be RM1,000 or in multiples of RM1,000 at the time of issuance.
- (iii) Status The Sukuk Cagamas will constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law or the Transaction Documents.
- (iv) Compensation ("Ta'widh") There will be no provision in the documentation relating to the Sukuk Cagamas for compensation to be paid on any overdue payments of any amounts due under the Sukuk Cagamas.
- (v) Ibra' Ibra' refers to an act of releasing absolutely or conditionally the Sukukholders' rights and claims on any obligation against the Issuer which would result in the latter being discharged of its obligations or liabilities towards the former. The release may be either partially or in full. With respect to the Murabahah contract, Ibra' refers to release of rights on debts/amount due and payable under the said contract. The Sukukholders in subscribing to the Sukuk Cagamas issued under the Shariah principles of Murabahah and Wakalah Bil Istithmar hereby consent to grant such Ibra' if the Sukuk Cagamas issued under the Shariah principles of Murabahah and Wakalah Bil Istithmar are redeemed before the maturity date and/or upon the declaration of an Event of Default.
- For avoidance of doubt, Ibra' will be applicable only to the Murabahah Investment portion of the Istithmar Portfolio, i.e. the Murabahah Deferred Sale Price only.
- (vi) Trustees' Reimbursement Account for Sukukholders' Action The Issuer shall set up a Shariah-compliant "Trustees' Reimbursement Account for Sukukholders' Actions" ("**Account**") with a sum of RM30,000.00 (which shall be maintained at all times throughout the tenure of the ICP Programme) from the proceeds received by the Issuer when the Sukuk Cagamas are issued. The Account shall be operated 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 Event of Default which are to be provided in the relevant Transaction Documents.


- | | | |
|--------|-----------------------|--|
| (vii) | Taxation | All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In the event of any withholding or deduction required by law, the Issuer shall not be required to make payment of any additional amount on account of such withholding or deduction. |
| (viii) | Other conditions | The Sukuk Cagamas shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM, and/or MyClear having jurisdiction over matters pertaining to the Sukuk Cagamas. |
| (ix) | Transaction Documents | <p>The transaction documents for the ICP Programme include the following documents:</p> <ul style="list-style-type: none"> (i) Programme Agreement; (ii) Trust Deed; (iii) Common Terms Deed; (iv) Tender Panel Agreements, if applicable; (v) Issuance Agreements, if applicable; (vi) Securities Lodgement Form; (vii) the Islamic transaction documents entered into in accordance with the applicable Islamic principles; and (viii) any other agreements in connection with the issuance of the Sukuk Cagamas, <p>(collectively, the "Transaction Documents").</p> |
| (x) | Governing law | Laws of Malaysia. |
| (xi) | Jurisdiction | The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia. |

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APPENDIX 1

Murabahah (via Tawarruq arrangement) – Transaction Steps and Diagram



 Under Cagamas internal arrangement (if applicable)

1. From time to time, Cagamas (on behalf of the holders of the Sukuk Cagamas ("**Sukukholders**")) shall enter into an Agency Agreement, pursuant to which Cagamas (in such capacity, the "**Agent**") is appointed as the wakeel of the Sukukholders for the purchase of Shariah-compliant Commodities ("**Commodities**").
2. Pursuant to a Commodity Murabahah Master Agreement between Cagamas as purchaser for itself (in such capacity, the "**Purchaser**"), the Agent and the Sukuk Trustee (acting on behalf of the Sukukholders), Cagamas as Purchaser shall issue a purchase order (the "**Purchase Order**") to the Agent to purchase Commodities on the terms as specified therein. In the Purchase Order, Cagamas as Purchaser will irrevocably undertake to purchase the Commodities from the Sukukholders via the Sukuk Trustee at a deferred sale price ("**Deferred Sale Price**") which shall be the Murabahah Purchase Price (as defined below) plus the applicable profit margin i.e. the aggregate periodic payments based on a profit rate to be agreed at the time of issuance (applicable for Sukuk Cagamas with periodic payments) and, in respect of Sukuk Cagamas issued at a discount, plus the Discounted Amount (as defined below) calculated as at the issue date of each relevant Sukuk Cagamas issuance.

"**Discounted Amount**" means the difference between the nominal value of the relevant Sukuk Cagamas and the relevant Murabahah Purchase Price (as defined below) in the case of Sukuk Cagamas issued at a discount.

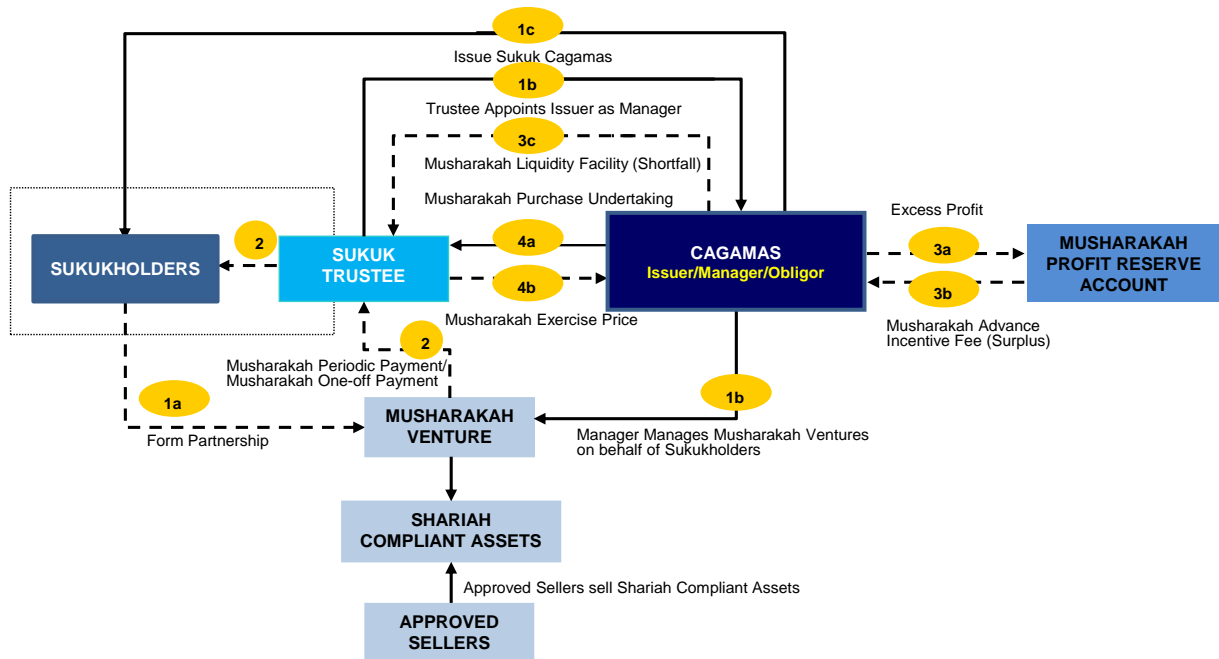
3. Pursuant to the Purchase Order, the Agent (as Wakeel to the Sukukholder) will purchase on a spot basis the Commodities from Commodity Broker A at a purchase price which shall be an amount equivalent to the Sukuk Cagamas proceeds ("**Murabahah Purchase Price**").
4. Cagamas (acting as the Issuer) shall issue Sukuk Cagamas to the Sukukholders whereby the Sukuk Cagamas proceeds shall be used to pay the Murabahah Purchase Price of the Commodities. The Sukuk Cagamas shall evidence, amongst others, the Sukukholders' ownership of the Commodities and subsequently, once the Commodities are sold to Cagamas (as Purchaser), the entitlement to receive the Deferred Sale Price.
5. Thereafter, pursuant to the undertaking under the Purchase Order, the Sukuk Trustee (acting on behalf of the Sukukholders) shall sell the Commodities to Cagamas (as Purchaser) via Cagamas (as Agent for the Sukukholders) at the Deferred Sale Price under a sale and purchase agreement.
6. Subsequently, Cagamas (acting as itself) shall sell the Commodities on a spot basis to Commodity Broker B for an amount equal to the Murabahah Purchase Price. However, Commodities received may be used by Cagamas to facilitate its Islamic operations by acting as an agent before the onward sale to Commodity Broker B. In such arrangement, Cagamas purchases debt based financings from the Approved Seller and will pay the purchase value of the debt by way of an exchange of Commodities with the Approved Seller. Subsequently, the Approved Seller appoints Cagamas as its agent to onsell the Commodities to Commodity Broker B for an amount equal to the Murabahah Purchase Price. The proceeds received from the sale will be accounted for/paid to the Approved Seller. Commodity Broker A and Commodity Broker B could either be the Bursa Suq Al-Sila' commodity market or an independent licensed commodity broker.
7. During the tenure of the Sukuk Cagamas, Cagamas (as Purchaser) as part of its obligation to pay the Deferred Sale Price shall make periodic payments ("**Murabahah Periodic Payments**") (if any) to the Sukukholders.

On the respective maturity date(s) or upon the declaration of an Event of Default ("**Murabahah Event of Default**"), Cagamas (as Purchaser) shall pay all amounts outstanding in respect of the Deferred Sale Price (subject to the Ibra'), upon which the relevant Sukuk Cagamas will be cancelled.

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APPENDIX 2

Musharakah – Transaction Steps and Diagram



Step 1

- a) Under the Musharakah transaction, the Sukukholders shall from time to time, form a partnership amongst themselves for the purpose of undertaking a venture (the "**Musharakah Venture**") consisting of an investment in Shariah-compliant assets, i.e. asset based financings arising from Shariah principles of Ijarah and/or Musharakah Mutanaqisah and/or any other acceptable Shariah-compliant assets ("**Musharakah Assets**") to be identified and held on trust by the Issuer on behalf of the Sukukholders, whereby the Sukukholders contribute capital in the form of cash through the subscription of Sukuk Cagamas.
- b) The Sukukholders (through the Sukuk Trustee) shall appoint the Issuer as the manager ("**Manager**") for each Musharakah Venture upon the terms and subject to the conditions of a Musharakah agreement.
- c) The Issuer shall issue Sukuk Cagamas to the Sukukholders, in consideration of their capital contribution ("**Musharakah Capital**"). The Musharakah Capital shall be invested with the Issuer (in its capacity as Manager) for the purposes of undertaking the Musharakah Venture. The Sukuk Cagamas comprise certificates representing the Sukukholders' undivided beneficial interest in the Musharakah Venture and any funds held by the Manager on account of the Sukukholders in the Musharakah Profit Reserve Account (as defined below). Any profit derived from the Musharakah Venture will be distributed based on the ratio of capital contribution among the Sukukholders and losses will also be shared based on the Sukukholders' ratio of capital contribution.

Step 2:

- a) The Sukuk Cagamas shall entitle the Sukukholders the rights to share any income generated from the relevant Musharakah Venture in proportion to each Sukukholders' respective capital contribution of the Musharakah Capital payable either in periodic payments ("**Musharakah Periodic Payments**") in respect of Sukuk Cagamas with a profit rate or on a one-off basis ("**Musharakah One-off Payment**") for Sukuk Cagamas without a profit rate. For the avoidance of doubt, income may be distributed semi-annually or such other periodic basis as determined prior to the issuance of such Sukuk Cagamas with a profit rate ("**Musharakah Periodic Payment Date**") or for such Sukuk Cagamas without a profit rate on one-off basis on the Musharakah Maturity Date (as defined below) or the date of declaration of an event which dissolves the corresponding Musharakah Venture ("**Musharakah Dissolution Event**"), whichever is earlier.
- b) The return expected ("**Musharakah Expected Return**") by the Sukukholders from the corresponding Musharakah Venture shall be the yield of the respective Sukuk Cagamas up to the respective maturity dates of the Sukuk Cagamas ("**Musharakah Maturity Date**") or the date of a Musharakah Dissolution Event ("**Musharakah Dissolution Date**"), whichever is applicable.

Step 3

- a) The Sukukholders shall also agree upfront that they shall receive profits, if any, up to the Musharakah Expected Return. For Sukuk Cagamas with Musharakah Periodic Payments, if the profits generated from the Musharakah Venture ("**Profits**") are in excess of the Musharakah Expected Return to be made in respect of the applicable Musharakah Periodic Payment Date, Profits up to the Musharakah Expected Return will be distributed to the Sukukholders and any excess shall be credited by the Manager to a reserve account ("**Musharakah Profit Reserve Account**") on behalf of the Sukukholders on a custody basis which may be used to fund future Musharakah Periodic Payments or Musharakah One-off Payment, where applicable.
- b) Any amounts standing to the credit of the Musharakah Profit Reserve Account on the Musharakah Dissolution Date will be due and payable to the Manager as an incentive fee for managing the Musharakah Venture. The Manager may at any time prior to the Musharakah Dissolution Date utilise the amounts standing to the credit of the Musharakah Profit Reserve Account ("**Musharakah Advance Incentive Fee**") so long as any amounts deducted from the Musharakah Profit Reserve Account prior to the Musharakah Dissolution Date are re-credited to fund any shortfall in the amount of the Musharakah Periodic Payments or Musharakah One-off Payment, where applicable.
- c) If the amounts standing to the credit of the Musharakah Profit Reserve Account are insufficient to meet the Musharakah Periodic Payments or Musharakah One-off Payment, where applicable, in full ("**Musharakah Shortfall**"), the Manager may provide a Shariah-compliant liquidity facility ("**Musharakah Liquidity Facility**") whereby it shall advance to the Sukuk Trustee (on behalf of the Sukukholders) on a qardh basis an amount sufficient to make up the Musharakah Shortfall (adjusted accordingly pursuant to any utilisation of the Musharakah Profit Reserve Account as referred to above, if applicable), in order to enable the Issuer to make payment. For the avoidance of doubt, any Musharakah Liquidity Facility made by the Manager shall be off-set against the Musharakah Exercise Price (as defined below) pursuant to the exercise of the Musharakah Purchase Undertaking (as defined below) payable on the Musharakah Maturity Date or the Musharakah Dissolution Date.

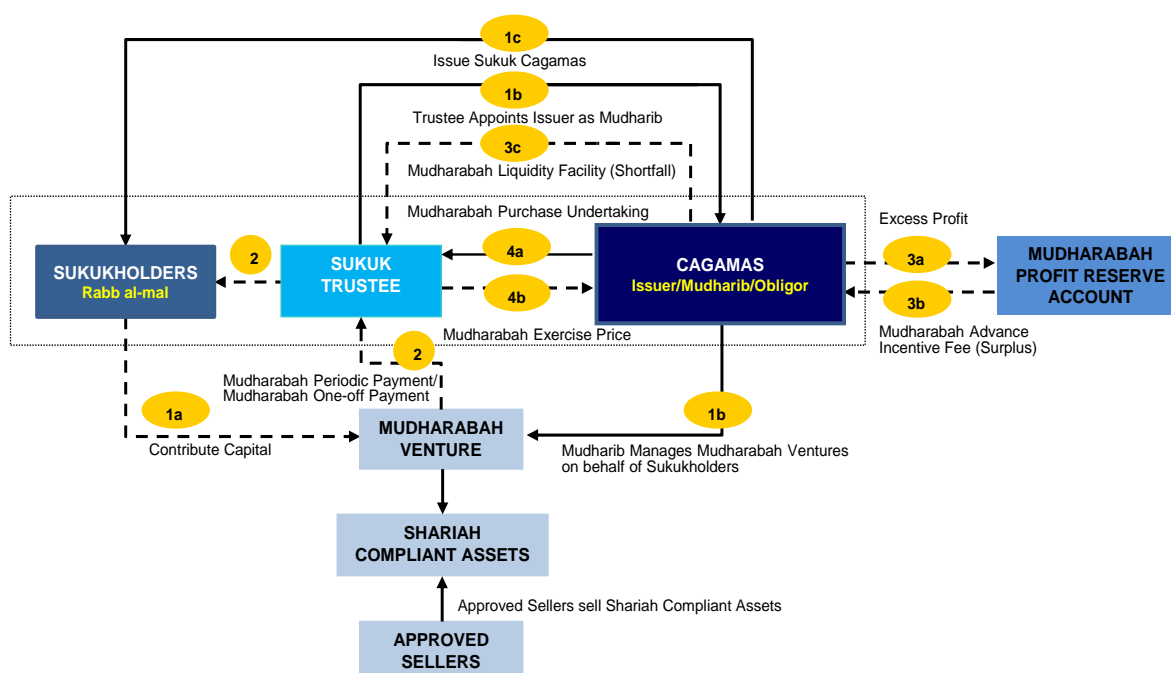
Step 4

- a) Cagamas (in its capacity as the Obligor) shall also grant to the Sukuk Trustee (acting on behalf of the Sukukholders) a purchase undertaking ("**Musharakah Purchase Undertaking**") in respect of each Musharakah Dissolution Date or each Musharakah Maturity Date, whereby the Obligor shall undertake to purchase such portion of the Sukukholders' undivided beneficial interest in the Musharakah Venture from the Sukuk Trustee at the relevant Musharakah Exercise Price, on the Musharakah Maturity Date or the Musharakah Dissolution Date, whichever is earlier. The Sukuk Trustee shall provide a substitution undertaking ("**Substitution Undertaking**") to the Manager under which the Manager shall have the right to substitute, via execution of an exchange agreement, certain Musharakah Assets from time to time throughout the tenure of the Sukuk Cagamas with other qualified Musharakah Assets with the same or higher value, provided that no Musharakah Dissolution Event has occurred.
- b) Upon exercise of the Musharakah Purchase Undertaking and the payment of the Musharakah Exercise Price, the relevant Musharakah Venture and the trust in respect of the Musharakah Assets will be dissolved and the relevant Sukuk Cagamas held by the Sukukholders will be cancelled.

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APPENDIX 3

Mudharabah – Transaction Steps and Diagram



Step 1:

- Under the Mudharabah transaction, the Sukukholders as the Rabb al-Mal shall from time to time contribute capital in the form of cash ("**Mudharabah Capital**") by subscribing the Sukuk Cagamas for the purpose of investment in a venture (the "**Mudharabah Venture**"). The Mudharabah Venture shall consist of an investment in Shariah-compliant assets, i.e. asset based financings arising from Shariah principles of Ijarah and/or Musharakah Mutanaqisah and/or any other acceptable Shariah-compliant assets ("**Mudharabah Assets**") to be identified and held on trust by the Issuer on behalf of the Sukukholders, whereby the Sukukholders contribute capital in the form of cash through the subscription of Sukuk Cagamas.
- Pursuant to the Mudharabah agreement, the Issuer as the entrepreneur ("**Mudharib**") of each Mudharabah Venture shall have the absolute entrepreneurial authority to manage the Mudharabah Venture and administer the collection of income from the Mudharabah Venture.
- The Sukuk Cagamas shall represent the Sukukholders' undivided beneficial interest in the Mudharabah Venture and any funds held by the Mudharib in the Mudharabah Profit Reserve Account (as defined below) on account of the Sukukholders. The Mudharib shall distribute profits generated by the Mudharabah Venture to both the Rabb al-Mal and Mudharib in accordance with a pre-agreed profit sharing percentage or ratio. Losses, if any, shall be borne by the Rabb al-Mal.

Step 2:

- The profit portion, if any, generated from the relevant Mudharabah Venture shall be payable either in periodic payments ("**Mudharabah Periodic Payments**") in respect of Sukuk Cagamas with a profit rate or on a one-off basis ("**Mudharabah One-off Payment**") for

Sukuk Cagamas without a profit rate. For the avoidance of doubt, income may be distributed semi-annually or such other periodic basis as determined prior to the issuance of such Sukuk Cagamas with a profit rate ("**Mudharabah Periodic Payment Date**") or for such Sukuk Cagamas without a profit rate on one-off basis on the Mudharabah Maturity Date (as defined below) or the date of declaration of an event which dissolves the corresponding Mudharabah Venture ("**Mudharabah Dissolution Event**"), whichever is earlier.

- b) The return expected ("**Mudharabah Expected Return**") by the Sukukholders from the corresponding Mudharabah Venture shall be the yield of the respective Sukuk Cagamas up to the respective maturity dates of the Sukuk Cagamas ("**Mudharabah Maturity Date**") or the date of a Mudharabah Dissolution Event ("**Mudharabah Dissolution Date**"), whichever is applicable.

Step 3:

- a) The Sukukholders shall also agree upfront that they shall receive profits, if any, up to the Mudharabah Expected Return. For issuance with Mudharabah Periodic Payments, any amounts in excess of the Mudharabah Expected Return shall be credited by the Mudharib to a reserve account ("**Mudharabah Profit Reserve Account**") which may be used to fund future Mudharabah Periodic Payments or Mudharabah One-off Payment, where applicable.
- b) Any amounts standing to the credit of the Mudharabah Profit Reserve Account on the Mudharabah Dissolution Date will be retained by the Mudharib as an incentive fee for managing the Mudharabah Venture. The Mudharib may at any time prior to the Mudharabah Dissolution Date utilise the amounts standing to the credit of the Mudharabah Profit Reserve Account ("**Mudharabah Advance Incentive Fee**") so long as any amounts deducted from the Mudharabah Profit Reserve Account prior to the Mudharabah Dissolution Date are re-credited to fund any shortfall in the amount of the Mudharabah Periodic Payment or Mudharabah One-off Payment, where applicable.
- c) If the amounts standing to the credit of the Mudharabah Profit Reserve Account are insufficient to meet the Mudharabah Periodic Payment or Mudharabah One-off Payment, where applicable, in full ("**Mudharabah Shortfall**"), the Mudharib may provide a Shariah-compliant liquidity facility ("**Mudharabah Liquidity Facility**"), whereby it shall advance to the Sukuk Trustee (on behalf of the Sukukholders) on a qardh basis an amount sufficient to make up the Mudharabah Shortfall (adjusted accordingly pursuant to any utilisation of the Mudharabah Profit Reserve Account as referred to above, if applicable), in order to enable the Issuer to make payment. For the avoidance of doubt, any Mudharabah Liquidity Facility made by the Mudharib shall be off-set against the Mudharabah Exercise Price pursuant to the exercise of the Mudharabah Purchase Undertaking payable on the Mudharabah Maturity Date or the Mudharabah Dissolution Date.

Step 4:

- a) Cagamas (in its capacity as the Obligor) shall also grant to the Sukuk Trustee (acting on behalf of the Sukukholders) a purchase undertaking ("**Mudharabah Purchase Undertaking**") in respect of each Mudharabah Dissolution Date or each Mudharabah Maturity Date, whereby the Obligor shall undertake to purchase such portion of the Sukukholders' undivided beneficial interest in the Mudharabah Venture from the Sukuk Trustee at the relevant Mudharabah Exercise Price, on the Mudharabah Maturity Date or the Mudharabah Dissolution Date, whichever is earlier. The Sukuk Trustee shall provide a substitution undertaking ("**Substitution Undertaking**") to the Mudharib under which the

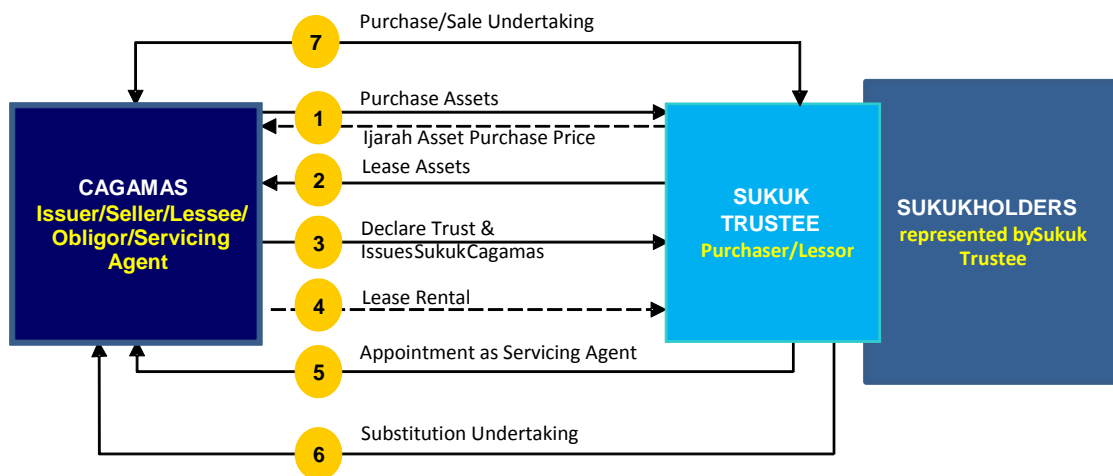
Mudharib shall have the right to substitute, via execution of an exchange agreement, certain Mudharabah Assets from time to time throughout the tenure of the Sukuk Cagamas with other qualified Mudharabah Assets with the same or higher value, provided that no Mudharabah Dissolution Event has occurred.

- b) Upon exercise of the Mudharabah Purchase Undertaking and the payment of the Mudharabah Exercise Price, the relevant Mudharabah Venture and the trust in respect of the Mudharabah Assets will be dissolved and the relevant Sukuk Cagamas held by the Sukukholders will be cancelled.

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APPENDIX 4

Ijarah – Transaction Steps and Diagram



Step 1

Under the Ijarah transaction, the Sukuk Trustee, on behalf of the Sukukholders shall from time to time, purchase Shariah-compliant leaseable assets, i.e. the identified untenanted units and/or building parcels pursuant to buildings or properties acquired by Cagamas in the ordinary course of its business and/or properties, vehicles, machineries, equipments provided there are no existing tenancy or lease agreements ("**Ijarah Assets**"), by way of transfer of beneficial ownership and interest from Cagamas (as the seller ("**Seller**")), at the asset purchase price ("**Ijarah Asset Purchase Price**") pursuant to an asset purchase agreement ("**Asset Purchase Agreement**"). The Ijarah Asset Purchase Price will be equivalent to the Sukuk Cagamas proceeds.

Step 2

The Sukuk Trustee (acting on behalf of the Sukukholders), in its capacity as the lessor ("**Lessor**") under an Ijarah agreement ("**Ijarah Agreement**") to be entered into for each series of Sukuk Cagamas under the principle of Ijarah, shall then lease the Ijarah Assets to Cagamas in its capacity as the lessee ("**Lessee**"), for a pre-determined rental amount ("**Lease Rental**") payable throughout a lease period equivalent to the period commencing from the date of issuance of the relevant Sukuk Cagamas up to the maturity date of the relevant Sukuk Cagamas ("**Lease Period**") ("**Ijarah Maturity Date**"), to be paid on a periodic basis ("**Ijarah Periodic Payments**") in respect of Sukuk Cagamas with profit rate or on a one-off basis ("**Ijarah One-off Rental**") for Sukuk Cagamas without profit rate. For the avoidance of doubt, income may be distributed semi-annually or such other periodic basis as determined prior to the issuance of such Sukuk Cagamas with a profit rate ("**Ijarah Periodic Payment Date**") or for such Sukuk Cagamas without a profit rate on one-off basis on the Ijarah Maturity Date or the date of declaration of an event which dissolves the corresponding Trust Assets and the termination of the Ijarah Agreement ("**Ijarah Dissolution Event**"), whichever is earliest.

Step 3

Cagamas shall declare a trust over the Ijarah Assets and the rights and interest under the relevant transaction documents and the Sukuk Cagamas proceeds of the foregoing ("**Trust Assets**"), for the benefit of the Sukukholders. Cagamas, in its capacity as the Issuer, shall issue the Sukuk Cagamas to represent the Sukukholders' undivided and proportionate beneficial ownership and interest over the Trust Assets.

Step 4

Pursuant to the Ijarah Agreement, the Lessee shall pay Lease Rental in respect of the Ijarah Assets during the Lease Period on the relevant Ijarah Periodic Payment Date in respect of Sukuk Cagamas with a profit rate or on a one-off basis on the Ijarah Maturity Date or the Ijarah Dissolution Date in respect of Sukuk Cagamas without profit rate. The Lease Rental payable is equivalent to the periodic distribution rate, if any, on the nominal value of the respective Sukuk Cagamas up to the respective Ijarah Maturity Date or the date of an Ijarah Dissolution Event ("**Ijarah Dissolution Date**"), whichever is applicable.

Step 5

Under the terms of a servicing agency agreement, Cagamas (as Lessee) shall be appointed as the servicing agent ("**Servicing Agent**") by the Lessor. As Servicing Agent, the Lessee will be undertaking the responsibilities, on behalf of the Lessor, for the performance and/or maintenance and/or structural repair of the Ijarah Assets and/or the related payment and/or ownership expenses in respect of the Ijarah Assets ("**Ownership Expenses**"). The Ownership Expenses, which are to be reimbursed by the Sukuk Trustee to Cagamas, will be off-set against the Ijarah Exercise Price payable by the Issuer to the Sukuk Trustee pursuant to the Ijarah Purchase Undertaking (as defined below) on the Ijarah Maturity Date or the Ijarah Dissolution Date, whichever is applicable.

During the Lease Period, the Servicing Agent is also responsible for making payments of the relevant takaful contribution or insurance premium for the Ijarah Assets and to ensure that the takaful/insurance for the Ijarah Assets is sufficient for a covered/insured amount at all times.

Upon the occurrence of a total loss or destruction of, or damage to the whole (and not part only) of the Ijarah Assets or any event or occurrence that renders the whole (and not part only) of the Ijarah Assets permanently unfit for any economic use and the repair or remedial work in respect thereof is wholly uneconomical ("**Total Loss Event**") in a particular Ijarah Agreement (unless the Servicing Agent is substituting the Ijarah Assets with qualified leasable assets as approved by the Joint Shariah Advisers within a stipulated timeframe pursuant to the Substitution Undertaking (as defined below)), the Ijarah Agreement will be terminated and the proceeds from takaful/insurance shall be used to redeem the Sukuk Cagamas.

If the takaful/insurance proceeds are insufficient to cover the redemption amount due under the Sukuk Cagamas and Ownership Expenses (if any) under a Total Loss Event, the Servicing Agent shall be liable to make good the difference. Any excess from the takaful/insurance proceeds over the amount required to redeem the relevant Sukuk Cagamas and Ownership Expenses shall be paid to the Servicing Agent as an incentive fee.

Step 6

The Sukuk Trustee shall provide a substitution undertaking ("**Substitution Undertaking**") to the Issuer under which the Issuer shall have the right to substitute, via execution of an exchange agreement, certain Ijarah Assets from time to time throughout the tenure of the Sukuk Cagamas including if the Ijarah Assets are partially damaged or upon a Total Loss Event, with qualified leasable asset(s) of equal or greater value that is/are Shariah-compliant and approved by the Joint Shariah Advisers ("**Replacement Assets**"). The Replacement Assets shall then form part of the Trust Assets.

Step 7

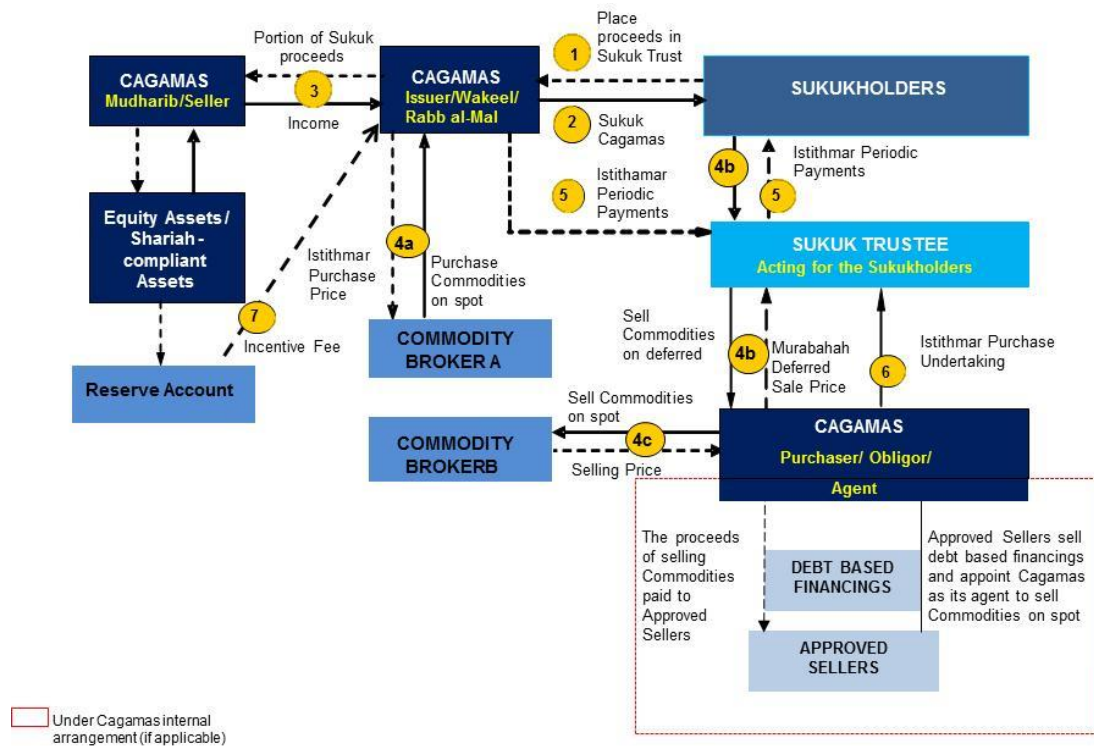
Cagamas, as the Obligor, shall grant a purchase undertaking ("**Ijarah Purchase Undertaking**") to the Sukuk Trustee (acting for and on behalf of the Sukukholders), under which Cagamas undertakes to purchase the Ijarah Assets from the Sukuk Trustee by way of entering into a purchase agreement ("**Purchase Agreement**") by way of transfer of the beneficial ownership and interest of the Ijarah Assets from the Sukuk Trustee to the Obligor/Issuer; and will take place on the earlier of (i) the Ijarah Maturity Date or (ii) the Ijarah Dissolution Date, at a pre-determined Ijarah Exercise Price.

The Ijarah Exercise Price due from the Obligor to the Sukuk Trustee (on behalf of the Sukukholders) shall be off-set against reimbursement of the Ownership Expenses. Upon full settlement of the Ijarah Exercise Price pursuant to the exercise of the Ijarah Purchase Undertaking, the Ijarah Agreement will be terminated and the trust created under the declaration of trust will also be dissolved subsequently, and neither the Sukuk Trustee nor the Sukukholders shall thereafter have further rights and/or obligations in respect of the Trust Assets.

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APPENDIX 5

Wakalah Bil Istithmar – Transaction Steps and Diagram



Step 1

In respect of the Wakalah Bil Istithmar transaction, the Sukuk Trustee (on behalf of the Sukukholders) will appoint Cagamas as Wakeel under a wakalah agreement entered into between Cagamas and the Sukuk Trustee, ("**Wakalah Agreement**") to collect proceeds of the Sukuk Cagamas and invest the proceeds in Istithmar Portfolio (as defined below). The Wakeel shall declare a trust on the proceeds of the Sukuk Cagamas, for the benefit of the Sukukholders.

Step 2

Cagamas (as Issuer) will issue Sukuk Cagamas to the Sukukholders to evidence the Sukukholders' undivided and proportionate interest in the Istithmar Portfolio.

Cagamas, in the capacity of Wakeel to the Sukukholders who are represented by the Sukuk Trustee, will receive cash from the Sukukholders. The cash will be placed by Cagamas (as Wakeel) in a Sukuk investment trust ("**Sukuk Trust**") held in trust by the Sukuk Trustee on behalf of the Sukukholders. The Sukuk Trust will be utilised for purposes of (i) investment in Shariah-compliant tangible assets which include Equity Assets (as described below) and/or Shariah-compliant assets, i.e. asset based financings arising from Shariah principles of Ijarah and/or Musharakah Mutanaqisah and/or any other acceptable Shariah-compliant assets ("**Istithmar Assets**") and (ii) commodity murabahah investment via a Tawarruq arrangement ("**Murabahah Investment**") (collectively known as "**Istithmar Portfolio**"). The amount invested in the Istithmar Assets shall at all times be at least 30% of the value of the Istithmar Portfolio.

In determining the value of the Istithmar Portfolio at any given time, the amount attributed to the Istithmar Assets shall be equal to the nominal value of such Istithmar Assets and the outstanding Murabahah Deferred Sale Price (as hereinafter defined) pursuant to the Murabahah Investment.

*Note: Shariah-compliant commodities would exclude ribawi items in the category of medium of exchange such as currency, gold and silver ("**Commodities**").

Step 3

Istithmar Assets

Equity Assets

Cagamas (as Wakeel to the Sukukholders who are the Rabb al-Mal) will place an amount of the cash in the Sukuk Trust as placement with Cagamas (acting for itself as Mudharib to the Wakeel) at an agreed profit sharing ratio ("**PSR**") and tenure to create a Mudharabah Interbank Investment ("**MII**") as part of the Istithmar Assets under the Istithmar Portfolio. Cagamas (as the Mudharib), in turn, will use the proceeds from the MII to invest in Islamic investment products e.g. MII certificates issued by Islamic banks, Government Investment Issues certificates, etc. A MII certificate shall be issued to evidence the Mudharabah arrangement between Cagamas as Wakeel and Cagamas as Mudharib to the Wakeel. Any losses in investment in Islamic investment products shall be borne by the Rabb al-Mal.

Other Assets

Tangible Shariah-compliant assets which will comprise any or all of the following:

- a) asset based financing contracts based on Ijarah or Musharakah Mutanaqisah which have been acquired by Cagamas from Islamic financial institutions and/or its Approved Sellers;
- b) sukuk that are based on either an Ijarah or Wakalah Bil Istithmar structure or such other structure approved by the Joint Shariah Advisers, in each case having at least 30% underlying tangible assets, and which are owned by Cagamas prior to the sale to the Sukuk Trustee; and
- c) any other Shariah-compliant tangible assets, as approved by the Joint Shariah Advisers prior to the issuance of each Sukuk Cagamas.

The Wakeel shall provide a substitution undertaking ("**Substitution Undertaking**") to the Issuer under which the Issuer shall have the right to substitute, via execution of an exchange agreement, certain Istithmar Assets from time to time throughout the tenure of the Sukuk Cagamas, if any of the Istithmar Assets based on financing contracts are early settled or the Istithmar Assets are no longer Shariah compliant, as the case may be, with qualified asset(s) of equal or greater value that is/are Shariah-compliant and approved by the Joint Shariah Advisers ("**Replacement Assets**"). The Replacement Assets shall then form part of the Istithmar Assets. The Wakeel may replace the Istithmar Assets provided no Istithmar Dissolution Event has occurred.

Step 4

Murabahah Investment

- a) Cagamas (as Wakeel) shall use the remaining amount of the cash in the Sukuk Trust) to invest into the Murabahah Investment (via a Tawarruq arrangement) which involves the purchase of Commodities from Commodity Broker A on spot basis at a purchase price equal to the amount of such cash ("**Istithmar Purchase Price**"). By the terms of the Sukuk Cagamas, the Sukuk Trustee is appointed as agent for the Sukukholders to sell the Commodities. By the terms of the Sukuk Cagamas, the Wakeel will also agree and acknowledge that the Sukukholders have authorised the Sukuk Trustee (acting for the Sukukholders) to sell the Commodities.
- b) The Sukuk Trustee (as agent for the Sukukholders) shall sell the Commodities to Cagamas (as Purchaser) at the Istithmar Purchase Price and a mark-up (profit) which in aggregate would be equivalent to 100% of the nominal value of the Sukuk Cagamas plus profit (if applicable) under the Sukuk Cagamas payable on a deferred payment basis ("**Murabahah Deferred Sale Price**").
- c) Subsequently, Cagamas (acting as itself) shall sell the Commodities on a spot basis to Commodity Broker B for a cash consideration (Selling Price) which is equal to the Istithmar Purchase Price. However, Commodities received may be used by Cagamas to facilitate its Islamic operations by acting as agent before onward sale to Commodity Broker B. In such arrangement, Cagamas purchases debt based financings from the Approved Seller and will pay the purchase value of the debt by way of an exchange of Commodities with the Approved Seller. Subsequently, the Approved Seller appoints Cagamas as its agent to onsell the Commodities to Commodity Broker B for an amount equal to the Istithmar Purchase Price. The proceeds received from the sale will be accounted for/paid to the Approved Seller. Commodity Broker A and Commodity Broker B could either be the Bursa Suq Al-Sila' commodity market or an independent licensed commodity broker.

Step 5

Cagamas, in its capacity as the Issuer, makes periodic distributions ("**Periodic Distribution Amount**") (if any) semi-annually or such other periodic basis ("**Istithmar Periodic Payments**") as determined prior to the issuance of such Sukuk Cagamas with a profit rate or for such Sukuk Cagamas without a profit rate on one-off basis, to the Sukuk Trustee on account of its obligation to pay the Murabahah Deferred Sale Price and income generated from the Istithmar Assets (if any). Each such payment shall pro tanto reduce the obligation of the Issuer on the Sukuk Cagamas issued. On the date of maturity of the Sukuk Cagamas ("**Istithmar Maturity Date**") or upon the occurrence of an event of default ("**Istithmar Event of Default**"), whichever is earlier, all amounts then outstanding on the Murabahah Deferred Sale Price shall be paid by Cagamas to the Sukuk Trustee.

Step 6

Cagamas (in its capacity as the Obligor) shall also grant to the Sukuk Trustee (acting on behalf of the Sukukholders) a purchase undertaking ("**Istithmar Purchase Undertaking**") in respect of each Istithmar Event of Default Date or each Istithmar Maturity Date, whereby the Obligor shall undertake to purchase such portion of the Sukukholders' undivided beneficial interest in the Istithmar Assets from the Sukuk Trustee at the relevant Istithmar Exercise Price (as defined

below), upon the Istithmar Maturity Date or the Istithmar Event of Default Date, whichever is earlier in respect of Sukuk Cagamas.

For avoidance of doubt, the Istithmar Exercise Price (as defined below) payable together with the outstanding amounts of the Deferred Sale Price shall be equivalent to the redemption amount payable on the Istithmar Maturity Date or on the Istithmar Dissolution Date, as the case may be.

The Istithmar Exercise Price for the purchase of the Sukukholders' undivided proportionate interest in the Istithmar Assets under the relevant Sukuk Cagamas shall be equivalent to the face amount of the Sukuk Cagamas plus all accrued and unpaid Istithmar Periodic Distribution Amounts due on redemption of the Sukuk Cagamas, less the amount of the Murabahah Deferred Sale Price actually received paid ("**Istithmar Exercise Price**").

Upon exercise of the Istithmar Purchase Undertaking and the payment of the Istithmar Exercise Price and the outstanding Murabahah Deferred Sale Price, the relevant trust in respect of the Istithmar Assets will be dissolved and the relevant Sukuk Cagamas held by the Sukukholders will be cancelled.

Step 7

Incentive Fee

Provided that the income generated from the Istithmar Portfolio is sufficient to satisfy all payments under the Sukuk Cagamas, any excess income generated from the Istithmar Portfolio shall be credited by the Wakeel, on behalf of the Issuer, to the Istithmar Reserve Account. Following redemption in full, any balance in the Reserve Account shall be retained by the Wakeel as an incentive fee for the performance of its obligations under the Wakalah Agreement.

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SECTION 3.0 PRINCIPAL TERMS AND CONDITIONS OF THE CCP PROGRAMME

Words and expressions used and defined in this Section 3.0 shall, in the event of any inconsistency with the definition section of this Information Memorandum, only be applicable for this Section 3.0.

(i) Principal adviser	CIMB Investment Bank Berhad (" CIMB ") and HSBC Bank Malaysia Berhad (" HSBC ") as joint principal advisers (" JPs ").
(ii) Lead arranger	CIMB and HSBC as joint lead arrangers (" JLAs ").
(iii) Co-arranger	Not applicable.
(iv) Solicitor	Messrs. Zaid Ibrahim & Co.
(v) Financial adviser	Not applicable.
(vi) Technical adviser	Not applicable.
(vii) Bond trustee	PB Trustee Services Berhad (" Bond Trustee ").
(viii) Guarantor	Not applicable.
(ix) Valuer	Not applicable.
(x) Facility agent	Cagamas.
(xi) Primary subscriber (under a bought-deal arrangement) and amount subscribed	If applicable, to be determined at the point of issuance.
(xii) Underwriter and amount underwritten	The conventional commercial papers (" CCPs ") will not be underwritten.
(xiii) Central depository	Bank Negara Malaysia (" BNM ").
(xiv) Paying agent	BNM.
(xv) Reporting accountant	Not applicable.
(xvi) Calculation agent	Not applicable.
(xvii) Others (please specify)	<u>Tender Panel Members ("TPMs")</u> Persons to whom an issue of, or an offer or invitation to subscribe, the CCPs would fall within Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) of the Capital Markets and Services Act 2007 as amended from time to time (" CMSA "), read together with Schedule 9 or Section 257(3) of the CMSA.

Joint Lead Managers

In relation to each issue of CCPs, any of the following financial institutions may be appointed to manage such issue:

- a. AmInvestment Bank Berhad
- b. Maybank Investment Bank Berhad
- c. CIMB
- d. Hong Leong Bank Berhad
- e. HSBC
- f. Standard Chartered Bank Malaysia Berhad.
- g. RHB Investment Bank Berhad

In the event any of the foregoing financial institutions decline to act in relation to any issue of CCPs, Cagamas may appoint other financial institutions to manage such issue. The financial institutions managing an issue being hereinafter referred to as "**JLMs**".

In addition, the Issuer may, from time to time appoint any financial institution as a Joint Lead Manager to arrange and manage any issue of CCPs and such financial institution if so appointed shall thereupon be a Joint Lead Manager for all purposes of the CCP Programme (as defined in item 2(b)). Similarly, a Joint Lead Manager may cease to be a Joint Lead Manager for the CCP Programme.

(b) Facility description

A conventional commercial papers programme ("**CCP Programme**") for the issue of CCPs, which together with an Islamic commercial papers programme ("**ICP Programme**") for the issue of Islamic commercial papers ("**Sukuk Cagamas**") shall have an aggregate combined limit of RM20.0 billion in nominal value. The CCP Programme and the ICP Programme are collectively referred to as the "**CP Programmes**").

The principal terms and conditions of the ICP Programme are the subject of a separate termsheet.

(c) Issue / debt programme size

The aggregate outstanding nominal value of the CCPs and the Sukuk Cagamas issued under the CP Programmes shall not at any point in time exceed RM20.0 billion in nominal value.

(d) Tenure of issue / debt programme

Tenure of the CCP Programme

The tenure of the CCP Programme is seven (7) years from the date of the first issue under the CCP

Programme.

Tenure of the CCPs

The CCPs issued under the CCP Programme may have tenures of any period above one (1) month and not exceeding one (1) year. Any CCPs issued must mature within the tenure of the CCP Programme.

The first issuance of the CCPs shall be made within two (2) years from the date of approval and authorisation of the Securities Commission Malaysia ("SC").

- | | |
|--|---|
| (e) Availability period of debt programme | Upon completion of documentation and, unless waived by the JLAs, compliance of all conditions precedent and other applicable conditions to the satisfaction of the JLAs until the maturity date of the CCP Programme. |
| (f) Interest / coupon rate | The CCPs will be issued at par or at a discount and with or without a coupon rate. The coupon rate (if applicable, and which may be fixed or floating) will be determined prior to each issuance of CCPs. |
| (g) Interest / coupon payment frequency | In respect of the CCPs which are issued with a coupon rate, the coupon is payable on a semiannual basis or such other periodic basis as determined prior to the issuance of such CCPs. |
| (h) Interest / coupon payment basis | The coupon payments are to be calculated on actual/365 basis, subject always to the MyClear Rules and Procedures (as defined in item 2(v)(i)). |
| (i) Security / collateral, where applicable | Unsecured. |
| (j) Details on utilisation of proceeds by issuer/obligor. If proceeds are to be utilized for project or capital expenditure, description of the project or capital expenditure, where applicable | The proceeds raised from the issuance of CCPs shall be utilised by Cagamas as part of its working capital, for its general corporate purposes and to refinance any CCPs on its respective expected maturity dates. |
| (k) Sinking fund and designated accounts, where applicable | None. |
| (l) Rating | |
| - Credit ratings assigned and whether the rating is final or | The indicative ratings for the CCP Programme are P1 and MARC-1. |

indicative. In the case of a debt programme where the credit rating is not assigned for the full amount, disclosures set out in paragraph 4.04 of these Guidelines must be made; and

- Name of credit rating agencies
RAM Rating Services Berhad ("**RAM**") and Malaysian Rating Corporation Berhad ("**MARC**") (collectively, the "**Rating Agencies**").

- (m) Mode of issue
The CCPs may be issued through any of the following modes as determined by the Issuer:
 - (i) by competitive tender by TPMs,
 - (ii) by direct private placement,
 - (iii) through a book running or a book building process,
 - (iv) on a bought deal basis.Issuance of the CCPs under the CCP Programme shall be in accordance with the MyClear Rules and Procedures (as defined in item 2(v)(i)), subject to such exemptions (if any) granted from time to time.

- (n) Selling restriction, including tradability, i.e. whether tradable or non-tradable
The CCPs are tradable subject to the following restrictions:
 - (i) At the point of issuance
The CCPs may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the CCPs and to whom the CCPs are issued would fall within Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA.
 - (ii) After issuance
The CCPs may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to purchase the CCPs would fall within Schedule 6 or Section 229(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA.

- | | |
|---|---|
| (o) Listing status and types of listing, where applicable | The CCPs will not be listed on Bursa Malaysia Securities Berhad or any other stock exchanges. |
| (p) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase PDS, and whether or not obtained | None. |
| (q) Conditions precedent | <p>To include but not limited to the following (all have to be in form and substance acceptable to the JLAs and as may be waived by the JLAs):</p> <p>A. <u>Main Documentation</u></p> <p>(i) The Transaction Documents (as defined in item 2(v)(viii)) have been executed and endorsed as being exempt from stamp duty.</p> <p>B. <u>Issuer</u></p> <p>(i) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer.</p> <p>(ii) Certified true copies of the latest Forms 24 and 49 of the Issuer.</p> <p>(iii) A certified true copy of board resolutions of the Issuer authorising, among others, the execution of the Transaction Documents.</p> <p>(iv) A list of the Issuer's authorized signatories and their respective specimen signatures.</p> <p>(v) A report of the relevant company search of the Issuer.</p> <p>(vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer.</p> <p>C. <u>General</u></p> <p>(i) The approval and authorisation from the SC and, where applicable, all other regulatory authorities.</p> <p>(ii) The CCP Programme shall have been rated P1 (or its equivalent).</p> |

- (iii) Evidence that all transaction fees, costs and expenses have been or will be paid in full.
- (iv) The JLAs have received from the Solicitor a legal opinion in a form satisfactory to the JLAs addressed to them and the Bond Trustee advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents and a confirmation addressed to the JLAs that all the conditions precedent have been fulfilled.

Such other conditions precedent as advised by the Solicitor and agreed to by the Issuer.

(r) Representations and warranties To include but not limited to the following:

- (i) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has power to carry on its business and to own its property and assets;
- (ii) the Issuer is authorised to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
- (iii) neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents (a) contravene or constitute a default under any provision contained in any agreement, law, judgment, licence, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) cause any limitation on the Issuer or the powers of its directors to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets;
- (iv) each of the Transaction Documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with its terms;

- (v) the audited financial statements of the Issuer have been prepared on a basis consistently applied and in accordance with approved accounting standards in Malaysia;
- (vi) no litigation or claim which is likely to by itself or together with any other such proceedings or claims have a material adverse effect is presently in progress or pending in relation to which the Issuer has not taken any action in good faith to set aside or defend;
- (vii) the Issuer is unaware that an event has occurred which constitutes a contravention of, or default under, any agreement or instrument by which the Issuer or any of its assets are bound or affected, being a contravention or default which is likely to have a material adverse effect;
- (viii) the Issuer is in compliance and will comply with any applicable laws and regulations; and
- (ix) any other representations and warranties as advised by the Solicitor and mutually agreed between the JLAs and the Issuer.

(s) Events of default and enforcement event, where applicable Standard events of default for a facility of this nature including but not limited to:

- (i) the Issuer fails to pay any amount due from it under any of the Transaction Documents on the due date or, if so payable, on demand;
- (ii) any representation made by the Issuer in the information memorandum, Transaction Documents, or in any notice or other document, certificate or statement delivered by it pursuant thereto or in connection therewith is certified by the Bond Trustee to have been incorrect or misleading in a material respect;
- (iii) the Issuer fails to observe or perform its obligations under any of the Transaction Documents or the CCPs or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (i) above, and such failure has a material adverse effect, and in the case of such failure which in the opinion of the Bond Trustee is capable of being remedied, the Issuer does not remedy the

failure within a period of fourteen (14) days after the Issuer having been notified by the Bond Trustee of the failure;

- (iv) any indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called and such declaration of indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged within a period of fourteen (14) days from the date of such declaration or call, or any security created to secure such indebtedness becomes enforceable;
- (v) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or substantial part of the business or assets of the Issuer;
- (vi) the Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and in the reasonable opinion of the Bond Trustee such event has a material adverse effect;
- (vii) proceedings or steps taken for the winding-up of the Issuer and in the reasonable opinion of the Bond Trustee, such event has a material adverse effect;
- (viii) a scheme of arrangement under section 176 of the Companies Act 1965 has been instituted by or against the Issuer;
- (ix) where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Bond Trustee is likely to have a material adverse effect;
- (x) the Issuer is deemed unable to pay any of its debts or becomes unable to pay any of its debts as they fall due or suspend or threaten to suspend making payments with respect to all or any class of its debts;
- (xi) any creditor of the Issuer exercises a contractual right to take over the financial

management of the Issuer and such event in the opinion of the Bond Trustee may have a material adverse effect;

- (xii) the Issuer changes the nature or scope of its business, suspends, ceases or threatens to suspend or cease a substantial part of its business operations;
- (xiii) it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under the CCPs or any Transaction Document or any of the obligations of the Issuer thereunder are not, or cease to be legal, valid and binding;
- (xiv) the Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;
- (xv) all or a substantial portion of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Bond Trustee is likely to have a material adverse effect; or
- (xvii) such other event as may be advised by the Solicitor and mutually agreed with the Issuer.

Upon the declaration of an Event of Default, the Bond Trustee may or shall (if directed to do so by a special resolution of the CCP-holders) declare that the CCPs together with all other sums payable under the CCPs shall become immediately due and payable. Thereafter, the Bond Trustee may take proceedings against the Issuer as it may think fit to enforce immediate payment of the CCPs.

(t) Covenants

(i) Information covenants

Standard covenants for a facility of this nature including but not limited to:

- (i) the Issuer shall provide to the Bond Trustee, a certificate confirming that it has complied with all its obligations under the Transaction Documents and the terms and conditions of the CCPs;
- (ii) the Issuer shall deliver to the Bond Trustee the following:

- (a) within nine (9) months of the expiration of each financial year, the annual audited consolidated accounts of the Issuer for that financial year and any other accounts, report, notice, statement or circular issued to the shareholders;
 - (b) within thirty (30) days after its annual general meeting, a copy of its consolidated balance sheet and consolidated income statements adopted at the annual general meeting and certified by the auditors of the Issuer and a copy of such auditors' report thereon as well as any other accounts, report, notice, statement or circular issued to shareholders within thirty (30) days of the same being issued to the shareholders;
 - (c) within ninety (90) days after the end of the first half of its financial year) copies of its unaudited half yearly consolidated financial statements for that period which shall contain the consolidated income statements and consolidated balance sheets of the Issuer which are duly certified by any one of its directors;
 - (d) promptly, such additional financial or other information relating to the Issuer's business and its operations as the Bond Trustee may from time to time reasonably request; and
 - (e) promptly, all notices or other documents received by the Issuer from any of its shareholders or its creditors which contents may materially and adversely affect the interests of the holders of the CCPs ("**CCPholders**"), and a copy of all documents despatched by the Issuer to its shareholders (or any class of them),
- (iii) the Issuer shall promptly notify the Bond Trustee of any change in its board of directors and/or substantial shareholders;
 - (iv) the Issuer shall promptly notify the Bond Trustee and the Rating Agencies of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer which may materially and adversely affect the ability of the Issuer to perform any of

its obligations under any of the Transaction Documents;

- (v) the Issuer shall promptly give notice to the Bond Trustee and the Rating Agencies of the occurrence of any Event of Default or any potential Event of Default forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Bond Trustee to remedy and/or mitigate the effect of the Event of Default or the potential Event of Default;
- (vi) the Issuer shall promptly give notice to the Bond Trustee if there is a change in the utilisation of proceeds under the CCPs from the specific purpose as stated in the information memorandum or any agreement entered into by the Issuer in connection with the issue of the CCPs; and
- (vii) any other covenants as advised by the Solicitor and mutually agreed between the JLAs and the Issuer including but not limited to the requirements under the SC's Trust Deeds Guidelines (revised on 12 July 2011 and effective on 12 August 2011) issued by the SC as may be replaced, substituted or revised from time to time (the "**Trust Deeds Guidelines**").

(ii) Positive covenants

Standard undertakings (subject to exceptions and compliance periods to be agreed to between the parties during documentation) for a facility of this nature including but not limited to:

- (i) the Issuer shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits which is or may become necessary;
- (ii) the Issuer shall at all times on demand, execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;
- (iii) the Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with

sound financial and commercial standards and practices;

- (iv) the Issuer shall promptly perform and carry out all its obligations under all the Transaction Documents and ensure that it shall immediately notify the Bond Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;
- (v) the Issuer shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and shall disclose or provide against all liabilities (actual or contingent) of the Issuer;
- (vi) the Issuer shall keep proper books and accounts at all times and to provide the Bond Trustee and any person appointed by it access to such books and accounts to the extent permitted by law;
- (vii) the Issuer shall maintain a paying agent or its equivalent, who is based in Malaysia and the Issuer shall procure that the paying agent shall notify the Bond Trustee, through the facility agent, if the paying agent does not receive payment from the Issuer on the due dates as required under the Transaction Documents and the CCPs;
- (viii) the Issuer shall promptly comply with all applicable laws including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by SC from time to time;
- (ix) the Issuer shall ensure the terms in the trust deed do not contain any matter which is inconsistent with the provisions of an information memorandum relating to the CCPs; and
- (x) any other covenants as may be advised by the Solicitor and to be mutually agreed by the Issuer and the JLAs including but not limited to the requirements under the Trust Deeds Guidelines.

(iii) Negative covenants

Standard undertakings (subject to exceptions and compliance periods to be agreed to between the parties during documentation) for a facility of this nature including but not limited to:

- (i) save in the ordinary course of its business or in connection with the raising of funds in accordance with Shariah principles, under the

terms of which the Issuer has the right to acquire back any undertakings or assets disposed, the Issuer shall not dispose of the whole or a material part of its undertakings or assets;

- (ii) the Issuer shall not use the proceeds of the CCP Programme except for the purposes set out herein;
- (iii) the Issuer shall not enter into a transaction whether directly or indirectly with interested persons (including a director, major shareholders and chief executive or persons connected with them) unless such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons and the Issuer certifies the same to the Bond Trustee on an annual basis;
- (iii) the Issuer shall not permit any amendment, supplement or variation to the Memorandum and Articles of Association in a manner which may be materially prejudicial to the CCPholders' interest unless required by law or any applicable regulation; and
- (v) any other covenants as may be advised by the Solicitor of the JLAs and to be mutually agreed between the Issuer and the JLAs including but not limited to the requirements under the Trust Deeds Guidelines.

- (u) Provisions on buy-back and early redemption of PDS

Repurchase and Cancellation

The Issuer or its subsidiary(ies) or agent(s) may at any time purchase the CCPs at any price in the open market or by private treaty. Such CCPs purchased by the Issuer or its subsidiary(ies) or agent(s) shall be cancelled and cannot be reissued or resold. The CCPs purchased by its related corporations (other than its subsidiaries) and interested persons (as defined in the Trust Deeds Guidelines) need not be cancelled but they will not entitle such related corporations or interested persons to vote at any meeting of the CCPholders.

Redemption

Unless previously repurchased and cancelled, the CCPs will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates. The CCPs redeemed by the Issuer shall be

cancelled and cannot be reissued or resold.

Early Redemption

Not applicable.

(v) Other principal terms and conditions for the proposal

- (i) Issue price
- The CCPs will be issued at par, premium or at a discount in accordance with (1) the "Participation and Operation Rules for Payment and Securities Services" ("**MyClear Rules**") issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") and (2) the "Operational Procedures for Securities Services" issued by MyClear ("**MyClear Procedures**") as amended or substituted from time to time (collectively the "**MyClear Rules and Procedures**"). The issue price of the CCPs will be determined prior to each issuance.
- (ii) Form and denomination
- The CCPs shall be issued in accordance MyClear Rules and Procedures. Each tranche of the CCPs shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances. The denomination of the CCPs shall be RM1,000 or in multiples of RM1,000 at the time of issuance.
- (iii) Status
- The CCPs will constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law or the Transaction Documents.
- (iv) Default Interest
- There will be no provision in the documentation relating to the CCPs for default interest to be paid on overdue amounts.
- (v) Trustees' Reimbursement Account for CCPholders' Action
- The Issuer shall set up a "Trustees' Reimbursement Account for CCPholders' Actions" ("**Account**") with a sum of RM30,000.00 (which shall be maintained at all times throughout the tenure of the CCP Programme) from the proceeds received by the Issuer when the CCPs are issued. The Account shall be operated by the Bond Trustee and the money shall only be used strictly by the Bond Trustee in carrying out its duties in relation to the occurrence of Event of Default which are to be provided in the relevant Transaction Documents.

(vi) Taxation	All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In the event of any withholding or deduction required by law, the Issuer shall not be required to make payment of any additional amount on account of such withholding or deduction.
(vii) Other conditions	The CCPs shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM, and/or MyClear having jurisdiction over matters pertaining to the CCPs.
(viii) Transaction Documents	<p>The transaction documents for the CCP Programme include the following documents:</p> <ul style="list-style-type: none"> (i) Programme Agreement; (ii) Trust Deed; (iii) Common Terms Deed; (iv) Tender Panel Agreements, if applicable; (v) Subscription Agreements, if applicable; (vi) Securities Lodgement Form; and (vii) any other agreements in connection with the issuance of the CCPs, <p>(collectively, the "Transaction Documents").</p>
(ix) Governing law	Laws of Malaysia.
(x) Jurisdiction	The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

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SECTION 4.0 BACKGROUND INFORMATION OF CAGAMAS

4.1 Overview

Cagamas, the National Mortgage Corporation of Malaysia was incorporated in Malaysia under the Companies Act, 1965 on 2 December 1986, as a public limited company. Cagamas has its registered office located at Level 32, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

Cagamas is the main operating company of a group of companies held by Cagamas Holdings Berhad ("**Cagamas Holdings**"). Incorporated in 2007, Cagamas Holdings is the holding company for Cagamas, Cagamas MBS Berhad ("**Cagamas MBS**"), Cagamas SME Berhad ("**Cagamas SME**"), BNM Sukuk Berhad ("**BNM Sukuk**"), Cagamas SRP Berhad ("**Cagamas SRP**") and Cagamas MGP Berhad ("**Cagamas MGP**"). Cagamas SME has been dormant since October 2012 and Cagamas MGP's business has been undertaken by Cagamas SRP since 1 January 2014.

Cagamas was established by BNM with the objectives of supporting the national agenda of increasing home ownership and promoting the development of Malaysia's capital markets. As part of its development, Cagamas has expanded the scope of its initial objectives to encompass the development and promotion of Islamic finance within Malaysia. Through the issuance of conventional and Islamic securities ("**Sukuk**"), Cagamas is able to fund the purchase of housing loans and house financings from financial institutions and non-financial institutions (collectively, referred to as the "**Selling Institutions**") through its purchase with recourse ("**PWR**") and purchase without recourse ("**PWOR**") schemes. In purchasing housing loans and house financings, Cagamas is able to provide liquidity to financial institutions at a competitive cost, encouraging them to provide additional housing loans and house financings to new applicants at an affordable price and thus assist with the continued expansion of home ownership within Malaysia. The PWR and PWOR schemes have now been expanded to include other loans and financings such as hire purchase/ leasing receivables and personal loans and financings (see *Section 6.1.1 Business Overview — Cagamas* for additional information).

In addition to its PWR and PWOR schemes, Cagamas Group:

- (a) purchases staff housing loans and house financings (both conventional and Islamic) from GOM, funded through the issuance of residential mortgage-backed securities and Islamic mortgage-backed securities by Cagamas MBS; and
- (b) provides guarantees to mortgage providers/financiers via Cagamas SRP under the mortgage guarantee programme including the GOM-initiated "My First Home Scheme".

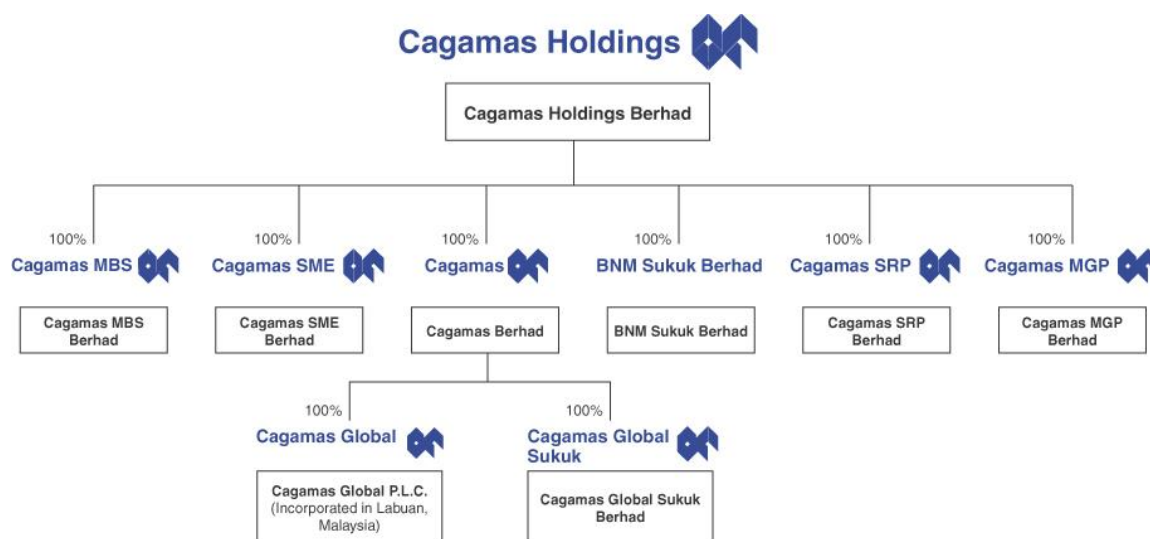
Since its incorporation in 1986 up to 30 September 2014, Cagamas has issued, in aggregate, RM267.7 billion of conventional debt securities and Sukuk out of a total of RM277.9 billion of conventional debt securities and Sukuk issued by the Cagamas Group. Cagamas is the largest issuer of private debt securities in Malaysia and the second largest issuer of debt securities in Malaysia after the GOM as of 30 September 2014, based on total nominal value issued as calculated by Bloomberg.

Cagamas has received numerous awards as issuer of conventional debt securities and Sukuk, including Most Outstanding Securitisation House in the Kuala Lumpur Islamic

Finance Forum 2013, Highly Commended/Innovative Deal in the Asset Triple A Awards 2013, Best Islamic Commodity-linked Murabaha, Best Islamic Deal, Malaysia, Islamic Deal of the Year, Sukuk Issuer of the Year, Islamic Issue of the Year in the Asset Triple A Awards 2011.

In addition to recent awards, Cagamas has consistently been recognised as a pioneer within the Malaysian capital markets arena and beyond, having achieved prominence for being the first issuer to undertake several innovative transactions and structures. Such transactions include the first and largest residential mortgage backed securities transaction in Malaysia with a value of RM1.55 billion (2004), the first rated Sukuk Musharakah residential mortgage backed securities transaction in the world (2005), the largest debt programme in the ASEAN region with a programme limit of RM60 billion (2007) and the first Sukuk al-Amanah Li al-Istithmar transaction in the world (2010).

Below is a diagram setting out the structure of the Cagamas Group:



4.2 Share capital

The authorised issued and paid-up share capital of Cagamas as at 30 September 2014 are as follows:

(a) Authorised share capital

Type of Shares	No. of shares	Par Value (RM)	Total (RM)
Ordinary	500,000,000	1.00	500,000,000.00

(b) Issued and paid-up share capital

Type of Shares	No. of shares	Par Value (RM)	Total (RM)
Ordinary	150,000,000	1.00	150,000,000.00

4.3 Shareholders

Cagamas is a wholly-owned subsidiary of Cagamas Holdings.

The following table sets out the number of shareholders constituting each of the three classes of institutional shareholders, and their total shareholding as a class within Cagamas Holdings as at 30 September 2014.

Institution of Shareholders	Shareholding Percentage (%)	Number of Shareholders	Range of Shareholding (%)
Central Bank of Malaysia	20.0	1	20.0
Commercial Banks	71.4	18	0.2 - 16.5
Investment Banks	8.6	6	0.3 - 3.9
Total	100.0	25	-

The following table sets out the individual shareholders in Cagamas Holdings as at 30 September 2014.

Name of Shareholder	Total Number of Shares Held	Shareholding Percentage (%)
Bank Negara Malaysia	30,000,000	20.0
CIMB Bank Berhad	24,684,000	16.5
Maybank Group	21,279,000	14.2
Malayan Banking Berhad.....	19,179,000	12.8
Maybank Investment Bank Berhad.....	2,100,000	1.4
RHB Bank Group	12,932,400	8.6
RHB Bank Berhad.....	11,732,400	7.8
RHB Investment Bank Berhad.....	1,200,000	0.8
AmBank Group	12,066,000	8.0
AmBank(M) Berhad	6,177,000	4.1
AmInvestment Bank Berhad	5,889,000	3.9
Public Bank Group	10,485,600	7.0
Public Bank Berhad	9,885,600	6.6
Public Investment Bank Berhad.....	600,000	0.4
Hong Leong Bank Berhad	8,958,000	6.0
HSBC Bank Malaysia Berhad	6,201,000	4.1
Alliance Bank Group	5,583,000	3.7
Alliance Bank Malaysia Berhad	3,183,000	2.1

Name of Shareholder	Total Number of Shares Held	Shareholding Percentage (%)
Alliance Investment Bank Berhad.....	2,400,000	1.6
Standard Chartered Bank Malaysia Berhad.....	4,590,000	3.1
Affin Bank Group	4,410,000	2.9
Affin Bank Berhad	3,660,000	2.4
Affin Investment Bank Berhad	750,000	0.5
United Overseas Bank (Malaysia) Berhad.....	3,330,000	2.2
OCBC Bank (Malaysia) Berhad.....	2,997,000	2.0
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad	738,000	0.5
SIBB Berhad	450,000	0.3
Bangkok Bank Berhad	369,000	0.3
The Bank of Nova Scotia Berhad	327,000	0.2
The Royal Bank of Scotland Berhad.....	300,000	0.2
Deutsche Bank (Malaysia) Berhad	300,000	0.2

4.4 Subsidiaries and related companies

The subsidiaries and related companies of Cagamas as at 30 September 2014 are as follows:

Name	Country of Incorporation	Effective equity interest held by Cagamas (%)
Subsidiaries		
Cagamas Global P.L.C.	Malaysia	100
Cagamas Global Sukuk Berhad	Malaysia	100
Related Companies		
BNM Sukuk	Malaysia	-
Cagamas MBS	Malaysia	-
Cagamas MGP	Malaysia	-
Cagamas SME	Malaysia	-
Cagamas SRP	Malaysia	-

Cagamas Global P.L.C.

Cagamas Global P.L.C. was incorporated on 4 April 2014 in the Federal Territory of Labuan under the Labuan Companies Act, 1990 of Malaysia. It is a special purpose vehicle and has been formed for the purpose of establishing a multi-currency medium term note programme of USD2.5 billion in nominal value (or its equivalent in other currencies) which has been established on 29 August 2014.

Cagamas Global Sukuk Berhad (“Cagamas Global Sukuk”)

Cagamas Global Sukuk was incorporated on 5 May 2014 under the Companies Act, 1965. It is a special purpose vehicle and has been formed for the purpose of establishing a multi-currency Sukuk programme under the Shariah principle of Wakala.

BNM Sukuk

BNM Sukuk was incorporated on 18 January 2006 for the purpose of undertaking the issuance of Islamic investment securities, namely BNM Sukuk Ijarah (“**BSI**”) and BNM Sukuk Murabahah (“**BSM**”) based on Shariah principles of Ijarah (leasing) and Murabahah (cost-plus sale). Issuances of BSI are used to facilitate the financing of BNM activities, namely the purchase of the beneficial interest in land and buildings from BNM and, thereafter to lease back the same land and buildings to BNM for a contractual period similar in tenure to the BSI. Issuances of BSM are based on a Murabahah contract which refers to a mark-up sale transaction. BSM is essentially a certificate of indebtedness arising from a deferred mark-up sale transaction to BNM of an asset, such as a commodity (mainly crude palm oil), which complies with Shariah principles.

Cagamas MBS

Cagamas MBS was incorporated on 8 June 2004 for the purpose of purchasing staff housing loans and house financings from the GOM and the issuance of residential mortgage-backed securities and Islamic residential mortgage-backed securities to finance the purchases.

Since its incorporation up to 30 September 2014, the Cagamas Group had issued RM10.2 billion of residential mortgage-backed securities (“**RMBS**”) and Islamic residential mortgage backed securities (“**IRMBS**”).

Cagamas MGP

Cagamas MGP was incorporated on 14 April 2008 to provide financial institutions with mortgage guarantee facilities for their conventional and Islamic mortgage finance portfolios. Cagamas MGP also provided a mortgage indemnity scheme and other form of credit protection.

Cagamas MGP was originally named Cagamas HKMC Berhad and was set up as a joint venture with the Hong Kong Mortgage Corporation Limited. Cagamas HKMC Berhad became a wholly-own subsidiary of Cagamas Holdings on 20 December 2012.

Cagamas MGP transferred its mortgage guarantee and mortgage indemnity business to Cagamas SRP with effect from 1 January 2014.

Cagamas SME

Cagamas SME was incorporated on 17 February 2006 to undertake the purchase of small and medium enterprise loans and/or structured product transactions via cash or synthetic securitisations or a combination of both and the issuance of bonds to finance the purchases. Cagamas SME also entered into credit default swap transactions with financial institutions as counterparty, and issued fixed-rate credit linked notes in a synthetic securitisation transaction.

Cagamas SRP

Cagamas SRP was incorporated on 7 January 2011 to undertake the guarantee of residential mortgages under the Skim Rumah Pertamaku or "My First Home Scheme" (the "**SRP**") announced by the GOM in the 2011 Malaysian Budget. The SRP was launched in March 2011 to assist young urban adults in Malaysia to purchase their first home in Malaysia. The scheme is only eligible to those adults earning less than RM5,000 per month (or RM10,000 per month for joint applicants), and allows the applicants to purchase a house without the usual deposit requirement of 10 per cent. Cagamas SRP guarantees the first 10 per cent. of a mortgage to a mortgage provider on a "first-loss" basis, in which case the guarantee fee is borne by the GOM. SRP applies to both housing loans and house financings. The guarantee will only take effect on a full disbursement by a mortgage provider. Further, the guarantee will lapse upon the occurrence of any outstanding principal balance falling below 90 per cent., or following the applicant's non-compliance with any representation, warranty and eligibility criteria, or the payment of a claim amount.

In addition to providing the SRP, since 1 January 2014, the business operations of Cagamas MGP have also been transferred to Cagamas SRP.

Prior to 1 January 2014, Cagamas MGP was responsible for providing financial institutions with a mortgage guarantee facility for their conventional and Islamic mortgage finance portfolio on a "first loss" basis, whilst allowing the mortgage assets to remain on the mortgage provider's books. This scheme is now provided by Cagamas SRP. The scheme acts as a portfolio and risk management solution allowing financial institutions to improve their risk weighted capital ratio by reducing the mortgage provider's credit risk on a mortgage loan/financing portfolio, whilst continuing to maintain asset growth and provide affordable mortgage loans and financings to homebuyers. Accordingly, the provision of MGP by Cagamas SRP assists in strengthening the banking sector by removing systemic risk from the sector.

The guarantees provided to financial institutions under the SRP and MGP schemes are aimed at encouraging mortgage providers to lend to deserving applicants, as the transfer of credit risk helps facilitate the management of portfolios. This is intended to further enhance the objective of the Cagamas Group to promote home ownership in Malaysia.

4.5 Profile of Directors

As at 30 September 2014, the Board consists of seven Non-Executive Directors and one Executive Director.

The eight members constituting the Board as at 30 September 2014, are set out in the table below:

Name	Nationality	Designation
Dato' Ooi Sang Kuang	Malaysian	Chairman, Non-Executive Director
Dato' Albert Yeoh Beow Tit	Malaysian	Non-Executive Director
Mr. Tang Wing Chew	Malaysian	Non-Executive Director
Dato' Halipah binti Esa	Malaysian	Non-Executive Director
Dr. Roslan bin A. Ghaffar	Malaysian	Non-Executive Director
Dato' Md Agil bin Mohd Natt	Malaysian	Non-Executive Director
Mr. Philip Tan Puay Koon	Malaysian	Non-Executive Director
Mr. Chung Chee Leong	Malaysian	President/Chief Executive Officer Executive Director

The directors of Cagamas and their respective profiles as at 30 September 2014 are as follows:

- (a) Dato' Ooi Sang Kuang
(Chairman of the Board, Non-Executive Director)

Dato' Ooi Sang Kuang, Malaysian, aged 67, was appointed to the Board of Directors on 4 July 2002 as a Non-Executive Director. In October 2002, he was elected as Chairman of the Company. He is the Chairman of the Board Executive Committee.

Dato' Ooi Sang Kuang chairs the Boards of Cagamas Holdings, Cagamas MBS, Cagamas SRP and Cagamas MGP. Dato' Ooi is currently the Chairman of the Board of Directors of Xeraya Capital Sdn. Bhd. and Xeraya Capital Labuan Ltd. Dato' Ooi is also the Chairman of OCBC Bank (Malaysia) Berhad and OCBC Al-Amin Bank Berhad and sits on the board of Oversea Chinese Banking Corporation Limited, Singapore ("**OCBC**") and has assumed the role of Chairman of the Board of OCBC on 1 September 2014.

Dato' Ooi Sang Kuang was a Special Adviser in Bank Negara Malaysia from July 2010 to December 2011. As Special Adviser, Dato' Ooi chaired the Executive Committee and all the Working Committees to craft Malaysia's Financial Sector Blue Print 2011-2020. Prior to that, he was Deputy Governor of Bank Negara Malaysia (BNM) and a member of the Board of Directors of Bank Negara Malaysia from June 2002 to June 2010. As Deputy Governor, he was responsible for the sectors covering Economic and Monetary Assessment, Reserves Management and Monetary Operations, and Finance and Operational Support. He was a member of the Monetary Policy Committee, the Risk Management Committee, the Financial Stability Committee and the Reserve Management Committee of BNM. At the Asian regional level, Dato' Ooi represented BNM and Malaysia in a number of Asian Regional Taskforces and Regional Policy Committees. He co-chaired the high-level Monetary Policy and Financial Stability Committee of EMEAP (Executive Committee of East Asia and Pacific) Central Banks, the Asean +3 (China, Japan and Korea) Finance and Central Bank Deputies Meeting and the High Level Task Force on Asean Financial Integration.

Dato' Ooi joined the Economics Department of Bank Negara Malaysia in 1971 and held various senior positions in the Department before leaving in 1984 to join the private sector. He held a number of senior management responsibilities

across the financial services sector while in the private sector. He was Chief Executive Officer of a finance company in Malaysia, after which he assumed the post of Chief Economist, Asia-Pacific, in the Asian Regional Office of Standard Chartered Bank, Singapore. In 1994, he was appointed Managing Director of Warburg Asset Management Pte. Ltd., Singapore where he led a team to manage a sizeable number of portfolios covering Asian equities. From January 1996, Dato' Ooi was with the RHB Group covering ASEAN regional equities as Managing Director and Regional Research Director of RHB Research Institute. At the RHB Group, he was a member of the Board of Directors of Rashid Hussain Berhad, RHB Investment Bank Berhad and Deputy Chairman of Rashid Hussain Asset Management Berhad. Dato' Ooi was a member of the Board of Directors of Great Eastern Life Assurance (Malaysia) Berhad and Overseas Assurance Corporation (Malaysia) Berhad from April 2012 to December 2013 and Chairman of the Board of Directors of the Malaysian Electronic Clearing Corporation Sdn. Bhd. (MyClear) from January 2009 to February 2014.

Dato' Ooi received a Bachelor of Economics (Hons) degree from University of Malaya and Master of Arts (Development Finance) from Boston University, USA. Dato' Ooi is a Fellow Member of the Institute of Bankers Malaysia.

(b) Dato' Albert Yeoh Beow Tit
(*Non-Executive Director*)

Dato' Albert Yeoh Beow Tit, Malaysian, aged 65, was appointed to the Board on 16 September 2003 as a Non-Executive Director. He is also the Chairman of the Board Risk Committee.

Dato' Yeoh graduated with a Bachelor of Economics (Double Major in Economics and Operations Research) from Monash University, Australia in 1972 before obtaining his Master of Science in Management from University of Salford, Manchester, England in 1975. He was conferred Fellow to the Institute of Bankers Malaysia by the Governor of BNM in April 2002.

He was the Director of the Corporate Banking Group of Citibank Berhad before joining OCBC Bank (Malaysia) Berhad in March 1996 as the Chief Executive Officer and has held various senior positions within the company. His other directorships in public companies include Great Eastern Life Assurance (Malaysia) Berhad, Overseas Assurance Corporation (Malaysia) Berhad and Danajamin Nasional Berhad.

(c) Mr. Tang Wing Chew
(*Non-Executive Director*)

Mr. Tang Wing Chew, Malaysian, aged 70, was appointed to the Board on 3 January 2006 as a Non-Executive Director. He is the Chairman of the Board Staff Compensation and Organisation Committee and also a member of the Board Risk Committee.

Mr. Tang graduated with a Bachelor of Arts (Hons) degree from the University of Malaya. He has more than 46 years' experience in the financial services industry. He joined BNM in 1966 as an Assistant Economist in the Economic Research Department. During his 18 years of service with BNM, he also served as

Manager (Penang Branch), Principal (BNM Staff Training Centre) and Manager (Operational Planning Division).

Mr. Tang had working experience in two finance companies, where he was the Chief Executive Officer and General Manager (Operations). Mr. Tang had also served as an Executive Adviser and the Chief Executive Officer with an insurance company.

At Board level, Mr. Tang also served as an Independent Non-Executive Director in two general insurance companies and a leasing and credit company.

Mr. Tang was a director of Cagamas Holdings Berhad and a member of the Group Board Audit Committee from April 2008 until August 2011. His other directorships in public companies include Public Bank Berhad, Public Investment Bank Berhad, Public Islamic Bank Berhad, Public Financial Holdings Limited, Public Bank (Hong Kong) Limited and Public Finance Limited.

(d) Dato' Halipah binti Esa
(*Non-Executive Director*)

Dato' Halipah binti Esa, Malaysian, aged 65, was appointed to the Board on 27 March 2013 as a Non-Executive Director. She is also a member of the Board Staff Compensation and Organisation Committee.

Dato' Halipah binti Esa received her Bachelor of Arts (honours) degree in Economics and a Master of Economics from the University of Malaya. She also holds Certificates in Economic Management from the IMF Institute, Washington, USA and the Kiel Institute for World Economics, Germany as well as an Advanced Management Programme certificate from Adam Smith Institute, London.

She started her career with the Administrative and Diplomatic Services in 1973 in the Economic Planning Unit ("**EPU**") of the Prime Minister's Department. During her tenure in the EPU, she served in various capacities in the areas of infrastructure, water supply, energy, health, housing, telecommunications, urban services, human resource development, macro economy, international economy, environment, regional development and distribution. She held various senior positions in the EPU and retired as the Director General in 2006. She had also served in the Ministry of Finance as Deputy Secretary General.

Currently, she serves on the Board of Directors of MISC Berhad, KLCC Property Holdings Berhad, Malaysia Marine and Heavy Engineering Holdings Berhad, NCB Holdings Berhad, Malaysia Deposit Insurance Corporation and the Securities Industry Dispute Resolution Centre.

She was previously Chairman of Pengurusan Aset Air Berhad, Chairman of Cagamas SME, and also served on the Board of Directors of Petroleum Nasional Berhad, Employees Provident Fund, Inland Revenue Board, FELDA and UDA Holdings Berhad. She was a consultant to the World Bank and United Nations Development Programme in advising the Royal Kingdom of Saudi Arabia on economic planning, and had also provided technical advice to planning agencies in Vietnam, Cambodia, Indonesia and several African countries.

(e) Dr. Roslan Bin A Ghaffar
(*Non-Executive Director*)

Dr. Roslan bin A. Ghaffar, Malaysian, aged 62, was appointed to the Board on 14 April 2009 as a Non-Executive Director. He is also a member of the Board Risk Committee.

He holds a Bachelor of Science degree from Louisiana State University, Baton Rouge, USA, and obtained his Ph.D. at the University of Kentucky, Lexington, USA. He has over 27 years of experience in the areas of economics, finance and investment.

Dr. Roslan was attached to University Putra Malaysia as a lecturer in 1984 and Associate Professor in 1991. In the 1992-93 academic year, Dr. Roslan was with the University of Kentucky, Lexington as Visiting Professor. On various occasions while at the University Putra Malaysia, he had served as consultant to various international and national organisations which included the World Bank, Asian Development Bank, Winrock International and the Economic Planning Unit of the Prime Minister's Department.

In 1994, Dr. Roslan was appointed as Director of Investment and Economic Research of the Employees Provident Fund. He was promoted to the position of Senior Director in 1996 and later held the position of Deputy Chief Executive Officer of the Fund until his retirement in 2007.

He is currently the Chairman of Kuala Lumpur Sentral Sdn Bhd and sits on boards of Straits International Education Group Sdn Bhd and the Board of its subsidiary companies and Permodalan Felcra Sdn Bhd. He also sits on the boards of SYF Resources Berhad. He is the Chairman of the Rating Committee of MARC. He has also served as director of Bumiputra Commerce Holdings Berhad and CIMB Group Berhad and as commissioner of PT Bank Niaga, TBK, Indonesia.

(f) Dato' Md Agil Bin Mohd Natt
(*Non-Executive Director*)

Dato' Md Agil bin Mohd Natt, Malaysian, aged 63, was appointed to the Board on 12 August 2011 as a Non-Executive Director. He is a member of the Board Executive Committee and the Board Staff Compensation and Organisation Committee.

Dato' Agil holds a Bachelor of Science in Economics (Hons) degree from Brunel University, United Kingdom and a Master of Science (Finance) degree from the Cass Business School, London. He also attended the Advance Management Program at Harvard Business School in the USA.

He started his career as Corporate Finance Manager with Bumiputra Merchant Bankers Berhad in 1977 before serving as Senior General Manager with Island & Peninsular Berhad. He was also the Chief Representative of Kleinwort Benson Limited before joining the Maybank Group in 1995 where he served as Senior General Manager of Corporate Banking, Chief Executive Officer of Aseambankers Berhad, and Deputy President/Executive Director of Maybank. From 2006 until 2011, he was the President and Chief Executive Officer of The

International Centre for Education in Islamic Finance (INCEIF), the Global University of Islamic Finance established by BNM.

In addition to his current Directorship in Cagamas, Dato' Agil is also an independent Non-Executive Chairman of the Board of Directors of Manulife Insurance Berhad and Chairman of the Credit Guarantee Corporation Malaysia Berhad. He is also an independent Non-Executive Director of Manulife Asset Management Services Berhad, Export- Import Bank of Malaysia Berhad, Sogo (KL) Sdn Bhd and Sogo (KL) Department Store Sdn Bhd. He also sits on the board of directors of Trustees of Yayasan Tun Abdul Razak.

(g) Mr. Philip Tan Puay Koon
(*Non-Executive Director*)

Mr. Philip Tan Puay Koon, Malaysian, aged 57, was appointed to the Board on 12 August 2011 as a Non-Executive Director. He is also a member of the Board Executive Committee.

Mr. Tan holds an Honours Degree in Business Studies majoring in Accounting and Finance from North-East London Polytechnic, United Kingdom.

Mr. Tan has more than 24 years of experience in the field of banking and finance, principally in the areas of treasury and risk management. He was formerly a Managing Director and Chief Financial Officer of Emerging Market Sales and Trading, Asia-Pacific of Citigroup. He was also the Country Treasurer and Financial Markets Head of Citibank Berhad from 1999 to 2001.

Mr. Tan is a director of Danajamin Nasional Berhad, Malaysian Electronic Clearing Corporation Sdn Bhd and MIDF Amanah Investment Bank Berhad.

(h) Mr. Chung Chee Leong
(*President/Chief Executive Officer and Executive Director*)

Mr. Chung Chee Leong, Malaysian, aged 54, was appointed to the Board on 27 March 2013 as an Executive Director.

Mr. Chung joined Cagamas as the President/Chief Executive Officer on April 1, 2012. He also sits on the board of directors of Cagamas MBS, Cagamas SME, Cagamas SRP, Cagamas MGP, BNM Sukuk, Cagamas Global P.L.C. and Cagamas Global Sukuk. Mr. Chung has 29 years' experience in central banking, focusing mainly on the financial system stability and the financial sector. Prior to his appointment, Mr. Chung has served as Director of BNM's Banking Supervision Department as well as Risk Management Department. He was involved in the development of the Financial Sector Blue Print, establishment of the deposit insurance scheme and the Malaysian Cooperative Commission.

During his service with BNM, he carried out assignments for the International Monetary Fund and the Islamic Financial Services Board. He was also a member of the Board of Directors of Credit Guarantee Corporation Berhad and its Board Audit Committee. Mr. Chung currently sits on the Small Debt Resolution Committee which was established by BNM for the resolution of non-performing loans. Mr. Chung is also a member of the Advisory board of the Asia Pacific Union for Housing Finance.

Mr. Chung holds a Bachelor of Economic (Honours) Degree majoring in Business Administration from the University of Malaya.

4.6 **Senior management of Cagamas**

The senior management of Cagamas and their respective profiles as at 30 September 2014 are as follows:

Name	Nationality	Designation
Mr. Chung Chee Leong	Malaysian	President/Chief Executive Officer and Executive Director
Ms. Norazilla Md Tahir	Malaysian	Chief Financial Officer
Ms. Audrey Wong	Malaysian	Chief Risk Officer
Mr. Azizi Ali	Malaysian	Senior Vice President, Islamic Business
Mr. Simon Kew	Malaysian	Senior Vice President, Treasury and Capital Markets
Mr. Badrulnizam Bahaman	Malaysian	Senior Vice President, Core Business
Mr. S. Shanmuganathan	Malaysian	Senior Vice President, Operations and Services
Ms. Mazlina Saidi	Malaysian	Senior Vice President, Human Capital and Administration
Ms. Sarah Abdul Aziz	Malaysian	Company Secretary
Mr. Muhamed Noh Kaderan	Malaysian	Vice President/Head, Internal Audit

The biographies of the management are set forth below:

- (a) Mr. Chung Chee Leong
President/Chief Executive Officer, Executive Director

Please refer to the biography of Mr. Chung Chee Leong set out above.

- (b) Ms. Norazilla Md Tahir
Chief Financial Officer

Ms. Norazilla Md Tahir is the Chief Financial Officer and oversees the Finance Department and the Corporate Strategy Department.

Prior to joining Cagamas, Ms. Norazilla was the Head of Finance at RHB Islamic Bank Berhad and was the Finance Director of several multinational corporations. With over 22 years of professional experience, Ms. Norazilla has had extensive experience throughout her career in audit and finance.

Ms. Norazilla is a qualified chartered accountant and holds an Accounting degree from the University of Stirling, Scotland. She is an Associate Member of the Institute of Chartered Accountants in England and Wales.

- (c) Ms. Audrey Wong
Chief Risk Officer

Ms. Audrey Wong is the Chief Risk Officer and oversees the Risk Management Department.

Ms. Wong has more than 20 years of banking experience in areas including portfolio risk management, credit underwriting, Basel II implementation, Islamic finance and remedial management. She headed risk management in OCBC Al-Amin Bank Berhad prior to joining Cagamas.

Ms. Wong holds a Bachelor of Economics with Honours degree from University Kebangsaan Malaysia.

- (d) Mr. Azizi Ali
Senior Vice President, Islamic Business

Mr. Azizi Ali, Senior Vice President, Islamic Business, oversees the Islamic Business Department and Securitisation Department. He also sits on the board of Cagamas SME, Cagamas Global P.L.C. and Cagamas Global Sukuk.

Mr. Azizi has over 25 years of experience in finance, treasury, structured finance and debt capital markets, and was part of the team that established Cagamas' Islamic business in 1994 with the issuance of Malaysia's first Sukuk Mudharabah. He was the Head of Accounts and the Head of Treasury before being appointed as the Senior Vice President, Islamic Business in 2005.

Mr. Azizi holds a Master of Science (Accounting) degree from Roosevelt University, USA and a Bachelor of Business Administration degree in Accounting Information Systems from Idaho State University, USA and is a member of the Malaysian Institute of Accountants.

- (e) Mr. Simon Kew
Senior Vice President, Treasury and Capital Markets

Mr. Simon Kew is the Senior Vice President, Treasury and Capital Markets. He oversees the Treasury and Capital Markets Department.

Mr. Kew has more than 20 years of experience in banking and capital markets, particularly in treasury, debt capital market and equities. Prior to joining Cagamas, Mr. Kew was the Senior Manager of Treasury for Maxis Berhad.

Mr. Kew holds a Master of Business Administration in Finance degree from the University of Hull, England and a Bachelor of Arts degree in Accounting and Finance from the University of Manchester, England.

- (f) Mr. Badrulnizam Bahaman
Senior Vice President, Core Business

Mr Badrulnizam Bahaman is the Senior Vice President, Core Business overseeing the Client Relationships Department.

Mr Badrulnizam has a total of 21 years working experience in banking and financial advisory industry. He was attached to Dresdner Kleinwort Wasserstein, PricewaterhouseCoopers Advisory Services, RHB Investment Bank Berhad and was the Head of Investment Banking at KFH Malaysia Berhad prior to joining Cagamas in July 2014.

Mr Badrulnizam holds a Masters in Applied Finance from University of Melbourne, Australia and Bachelor of Science in Business Administration from University of Hartford, Connecticut, USA.

- (g) Mr. S. Shanmuganathan
Senior Vice President, Operations and Services

Mr. S. Shanmuganathan is the Senior Vice President, Operations and Services, overseeing Operations, Information Technology, Legal and Compliance and Business Process Management.

Mr. Shanmuganathan has 27 years of working experience and was formerly Head of IT and Head of Business Operations and has held treasury, corporate secretarial and finance positions before being appointed to his present position in 2006. He was one of the lead members involved in the securitisation of GOM staff housing loans which required an in-depth understanding of housing loan data, modelling and due diligence, and one of the people involved in the conception and delivery of the SRP by the GOM in 2011.

Mr. Shanmuganathan holds an MBA in Finance from the University of Western Sydney, Australia and a Bachelor of Science (Honours) in Computer Science from Universiti Sains Malaysia. He was previously attached to the Malaysian Institute of Economic Research prior to joining Cagamas in 1989.

- (h) Ms. Mazlina Saidi
Senior Vice President, Human Capital and Administration

Ms. Mazlina Saidi, the Senior Vice President, Human Capital and Administration, oversees the Human Capital and Administration Department.

Ms. Mazlina holds an Advance Diploma in Personnel Management, Universiti Kebangsaan Malaysia. She is a Fellow of the Life Management Institute (FLMI) and an Associate in Customer Service (ACS) from the Institute of Life Office Management (LOMA).

Prior to joining Cagamas, Ms. Mazlina was the Head of HR Relationship Management, Business Group, Group Human Resource, Hong Leong Bank Berhad. Ms. Mazlina has over 30 years of experience in human resources. She has held senior management human resources portfolios in various industries including banking, telecommunications, insurance, manufacturing and hospitality.

- (i) Ms. Sarah Abdul Aziz
Company Secretary/Vice President/Head, Corporate Secretariat and Communications

Ms. Sarah Abdul Aziz is the Vice President/Head, Corporate Secretariat and Communications, overseeing the Corporate Secretariat and Communications Department.

She is also the Company Secretary of Cagamas Holdings, Cagamas, Cagamas MBS, Cagamas SME, Cagamas MGP, Cagamas SRP and BNM Sukuk. She has been with Cagamas for over 27 years and has held various portfolios covering areas such as corporate secretarial, communications, human resources and administration.

Ms. Sarah holds a Degree in Library and Information Science from Universiti Teknologi MARA (UiTM) and is a licensed Company Secretary.

- (j) Mr. Muhamed Noh Kaderan
Vice President/Head, Internal Audit

Mr. Muhamed Noh Kaderan is the Vice President/Head of the Internal Audit Department and also the Secretary to the Group Board Audit Committee of Cagamas Holdings.

Mr. Muhamed Noh has more than 16 years of experience in the financial services industry. Prior to joining Cagamas, he was the Chief Internal Auditor of Bangkok Bank Berhad and has held positions in the Malaysian Institute of Accountants in 2003, Bank Muamalat Malaysia Berhad and Malayan Banking Berhad.

Mr. Muhamed Noh holds a Bachelor of Accountancy degree from the University Utara Malaysia. He is a Chartered Accountant and a Chartered Member of the Institute of Internal Auditors, Malaysia.

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SECTION 5.0 INVESTMENT CONSIDERATIONS

The following is a summary of risk factors relating to the Notes and their possible mitigating factors, where available. This section does not purport to be comprehensive or exhaustive and is not intended to substitute or replace an independent assessment of the risk factors that may affect the Notes. Each investor should carefully conduct his or her independent evaluation of the risks associated with investing in the Notes. Investors should also note that each issue of the Notes will carry different risks and all potential investors are strongly encouraged to evaluate each Notes issue on its own merit.

5.1 *Risks relating to Cagamas*

(a) Volatility in the capital markets

Cagamas depends on accessing debt capital markets to fund the purchase of financial assets in the secondary market. If the capital markets experience continuous volatility and the availability of funds is limited, it is possible that Cagamas' ability to access the capital markets may be limited by this or other factors at a time when Cagamas would like, or needs, to do so, and its business, financial condition, results of operations and prospects would be adversely affected.

(b) Cagamas' hedging strategies may not prevent losses

Cagamas is constantly attempting to manage interest rate and other market related risks, as well as refinancing risks. If any of the variety of instruments and strategies Cagamas uses to hedge its exposure to these various types of risk is not effective, Cagamas may incur losses. This, in turn, may affect the ability of Cagamas to satisfy in full and on a timely basis its obligations in respect of a series of Notes. Cagamas may not be able to obtain economically efficient hedging opportunities that will enable it to carry on its present policies with respect to new assets and liabilities.

(c) Cagamas depends on key management for the growth and successful implementation of its strategy

Cagamas believes that the growth it has achieved to date, as well as its position as key liquidity provider in the Malaysian mortgage market, is to a large extent attributable to a strong and experienced senior management team and a skilled workforce. Cagamas believes that the continued growth of its business and the successful implementation of its strategy depend on senior management and key personnel. There can be no assurance that members of the senior management team will remain in Cagamas for the foreseeable future. Competition for key personnel in the financial industry is intense and there is limited availability of individuals with the requisite knowledge of the financial industry and relevant experience in the markets in which Cagamas operates. To date, Cagamas has been successful in its ability to attract, source and replace new members to its senior management team and workforce, however, this is no guarantee that Cagamas will be able to successfully recruit, train or retain the necessary qualified and skilled personnel in the future. Any failure to manage Cagamas' personnel needs successfully could have an adverse effect on its business, results of operations and prospects.

(d) Cagamas' internal control system may be inadequate

In the course of its business activities, Cagamas is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk, operational risk and reputational risk. While Cagamas believes that it has implemented the appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to adequately control these risks may have an adverse effect on Cagamas' financial condition, results of operations, prospects and reputation.

Please refer to the sections on credit risk, market risk, liquidity risk, operational risk and reputational risk set out in Section 7.0 (*Risk Management*).

(e) Cagamas is susceptible to deterioration in the credit quality of the Selling Institutions or the underlying borrowers/obligors of the purchased assets

Cagamas purchases assets from various counterparties through the PWR and PWOR schemes. Under the PWR scheme, beneficial ownership of the assets passes to Cagamas and the assets are held on trust by the Selling Institutions for Cagamas with legal title to the assets remaining with the Selling Institutions. Further, Cagamas relies on the Selling Institutions to administer, manage and collect the payments of the instalments due on the assets. A failure by one or more Selling Institutions with material exposure to honour the terms of its contract with Cagamas, including a Selling Institution's undertaking to repurchase or replace a significant number of ineligible loans or financings, could have an adverse effect on the business, results of operations and financial condition of Cagamas. However, Cagamas can exercise its power of attorney granted by the counterparties to enable it to legally transfer the assets to itself or a third party at any time.

Under the PWOR scheme, the assets are equitably assigned to Cagamas, such that the legal title to the assets remains with the counterparties while Cagamas carries the assets on its books and bears the full credit risk of the portfolio of loan or financings purchased without recourse for default risk. Post sale of the assets, the counterparties acting as the appointed servicer will continue to administer the assets, and will collect and remit payments of the instalments due on the assets by the underlying borrowers/obligors of such asset to Cagamas in return for a servicer fee as agreed with Cagamas. As such, the performance of Cagamas' business under the PWOR scheme is directly dependent on the timely debt service by the underlying borrowers/obligors (which will depend on the terms of the obligation as well as on the financial condition of the underlying borrowers/obligors in respect thereof) and the collection and remittance by the relevant counterparties. A failure by the underlying borrowers/obligors to make payments to the relevant servicer when due, or poor collection discipline by the relevant servicer, will consequently impact the timely remittance of payment/repayments to Cagamas, and could have an adverse effect on the business, results of operations and financial condition of Cagamas. However, the credit risk of these borrowers/obligors is mitigated as the portfolio of assets purchased by Cagamas must first satisfy Cagamas' stringent eligibility criteria.

An adverse effect on the business, results of operations and financial conditions of Cagamas as a result of counterparty risk/underlying borrower/obligor default

under the PWR and PWOR schemes, respectively, may ultimately result in Cagamas being unable to meet its obligations in relation to the Notes issued under the Programmes.

- (f) There is no assurance that the GOM will continue to promote the broader spread of house ownership and the growth of the secondary mortgage market in Malaysia

Cagamas was established in 1986 to promote the broader spread of home ownership and growth of the secondary mortgage market in Malaysia, in line with the GOM's policy at such time. There is no assurance that the GOM will continue to pursue and support this policy. Any change in policy with regard to the promotion of home ownership in Malaysia (including, for example, an increase in the down payment requirement for mortgage financing) or changes in certain economic factors, such as an increase in interest/profit rates resulting in an increase in the cost of mortgage financing in Malaysia, may consequently reduce the attractiveness of mortgages as a source of financing for property purchases and which may in turn, adversely affect the business, results of operations and financial conditions of Cagamas.

- (g) Cagamas is dependent on the sale of assets by Malaysian financial institutions and non-financial institutions for the continuation of Cagamas' business

Cagamas' business is dependent on Malaysian financial institutions and non-financial institutions selling assets to it in the secondary market. Where there is strong competition in the origination of such assets in the primary market, interest margins may tighten, resulting in there being less of an incentive for financial institutions and non-financial institutions to sell their assets to Cagamas. There can be no assurance that financial institutions will continue to make available suitable loan or financing assets for purchase by Cagamas. Any reduction in the sale of assets to Cagamas may adversely affect the business, results of operations and financial condition of Cagamas.

- (h) BNM is a substantial shareholder in the Cagamas Group but there can be no assurance that it will continue to maintain its shareholding

As at 30 September 2014, BNM was the registered holder of 20 per cent. of the issued share capital of Cagamas Holdings. There is no assurance that BNM will remain a substantial shareholder in Cagamas Holdings or that there will not be a change of control of Cagamas Holdings or the entry of another major shareholder with the ability to exert significant influence on the direction or operations of the Cagamas Group, or that the Cagamas Group's business, financial condition, results of operations and prospects, including that of Cagamas, would not be adversely affected by such a change in control or influence.

Any substantial shareholder in Cagamas Holdings, including BNM, will be in a position to influence decision making over many matters requiring approval by Cagamas Holdings' shareholders, including the election of Cagamas Holdings' directors and the approval of significant corporate transactions. There is no assurance that the interests of such substantial shareholders will be aligned with those of Cagamas Holdings' other shareholders and as they will own a

significant portion of the shares of Cagamas Holdings, they could delay or prevent a change of control of Cagamas Holdings or other transactions, even if such transactions would be beneficial to the other shareholders of Cagamas Holdings.

(i) Cagamas is dependent upon its status as an “Approved Interbank Institution” as determined by BNM

Cagamas uses its status as an Approved Interbank Institution (“**AI**”) being granted by BNM to assist with its liquidity requirements. This status allows Cagamas direct access to the interbank money market as stipulated in The Malaysian Code of Conduct for Principals and Brokers in the Wholesale Money Market and For Foreign Exchange Markets. Whilst the AI status provides Cagamas with a source of instant liquidity, as of 30 September 2014, Cagamas is also able to draw upon RM2.63 billion of shareholders’ funds and utilize the intraday credit facilities with BNM to satisfy any immediate liquidity needs.

(j) Cagamas business model is focused in only one country which may result in a higher level of risk

As at 30 June 2014, 100 per cent. of the operating revenues of Cagamas were derived from within Malaysia and 100 per cent. of the assets of Cagamas were employed within Malaysia. As a result, Cagamas depends on the continued strength of Malaysia’s economy to generate sufficient revenue to meet its payment obligations under Notes issued under the Programmes. The Malaysian economy is particularly affected by general economic and business conditions in the Asian region.

Due to the concentration of Cagamas’ business in Malaysia, adverse developments in political, economic and regulatory conditions in Malaysia could adversely affect the financial position and business viability of Cagamas. Amongst the political, economic and regulatory uncertainties are changes in the political landscape, terrorist attack, implementation of unfavourable industry regulations and laws by statutory authorities, changes in interest/profit rate environment and legislation on taxation, currency exchange rules and controls, adverse foreign currency fluctuations, expropriation, nationalisation and re-negotiation or nullification of existing orders, and there can be no assurance that these changes will not adversely affect the business of Cagamas.

Furthermore, the monetary and fiscal policies of the GOM will be influenced by global and domestic developments. The GOM policies may change in tandem with the economic climate, which may, in turn, adversely affect Cagamas.

(k) Exposure to the Malaysia property market

Cagamas has significant exposure to the Malaysia property market due to its portfolio of property mortgage loans and financings. The Malaysia property market is cyclical and property prices in general have been volatile. Property prices are affected by a number of factors, including the supply of, and demand for, comparable properties, the rate of economic growth in Malaysia and political and economic developments in Malaysia. Accordingly, any significant drop in

property prices and/or liquidity in the Malaysia property market could adversely affect Cagamas' business, its financial condition and the results of its operations.

(l) Impact of re-imposition of capital controls

As part of the package of policy responses to the 1997 economic crisis in South East Asia, the GOM introduced, on 1 September 1998, selective capital control measures. The GOM subsequently liberalised such selective capital control measures in 1999 to allow foreign investors to repatriate principal capital and profits, subject to an exit levy based on a percentage of profits repatriated.

On 1 February 2001, the GOM revised the levy to apply only to profits made from portfolio investments retained in Malaysia for less than one year. On 2 May 2001, the GOM lifted all such controls in respect of the repatriation of foreign portfolio funds (largely consisting of proceeds from the sale of stocks listed on Bursa Securities).

There can be no assurance that the GOM will not re-impose these or other forms of capital controls in the future. If the GOM re-imposes or introduces foreign exchange controls, investors may not be able to repatriate the proceeds of the sale of the Notes and interest/profit and principal paid on the Notes from Malaysia for a specified period of time or may only be able to do so after paying a tax or levy.

(m) Inflationary pressures in Malaysia and potential impact upon the Malaysian economy

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), averaged 2.1 per cent. in 2013 (2012: 1.6 per cent.). The increase in inflation was due mainly to supply factors arising from higher food prices and the upward adjustments of administered prices. Under such circumstances, sustaining a low inflation environment domestically is more challenging than in the past and requires innovative measures. Such inflationary pressures in the Malaysian economy could adversely affect the continued development of the housing market in Malaysia and the appetite of the Malaysian population to continue to take out housing loans and financings and invest in the property market. This could, in turn, adversely affect the business, financial condition and results of operations of Cagamas.

5.2 Risks relating to the Notes

(a) Ratings of the Programmes

The ICP Programme has been accorded an indicative rating of P1 and MARC-1_D by RAM and MARC, respectively, pursuant to RAM's letter and MARC's letter to Cagamas dated 15 May 2014 and 7 May 2014 while the CCP Programme has been accorded indicative ratings of P1 and MARC-1 by RAM and MARC, respectively pursuant to RAM's letter and MARC's letter to Cagamas dated 15 May 2014 and 7 May 2014. A credit rating is not a recommendation to purchase, hold or sell the Notes. Although Cagamas will endeavour to maintain the credit ratings, there is no assurance that the credit ratings will remain in effect for any given period of time or that the credit ratings will not be lowered or withdrawn

entirely if the circumstances in the future so warrant. In the event that the credit ratings initially assigned to the Programmes are subsequently lowered or withdrawn for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the Notes. Any reduction or withdrawal of a credit rating may have an adverse effect on the liquidity and market price of the Notes. Any reduction or withdrawal of a credit rating will not constitute an event of default. There is no obligation on the part of Cagamas, the Joint Principal Advisers, the Joint Lead Arrangers, the Joint Lead Managers, the Trustee or any other person or entity to maintain or procure maintenance of the credit ratings for the Programmes.

(b) Shariah compliance

The Joint Shariah Advisers have issued pronouncements confirming amongst others that, the transaction and structure of the ICP Programme are Shariah-compliant. However, there can be no assurance that the transaction or structure of the ICP Programme will be deemed to be Shariah-compliant by any other Shariah board or Shariah scholar. Potential investors should obtain their own independent Shariah advice as to the Shariah compliance of amongst others, the transaction and structure of the Sukuk Cagamas.

(c) Liquidity in the secondary market

The Notes 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 Notes 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 Notes 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.

(d) The market value of the Notes may be subject to fluctuation

Trading prices of the Notes are subject to fluctuations and may be influenced by numerous factors, including the prevailing interest/profit rates, the market for similar securities, the operating results and/or the financial condition of Cagamas, political, economic, financial and any other factors that can affect the capital markets or the industry in which Cagamas is operating in. Consequently, any sale of the Notes by the Noteholders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price. Adverse economic developments could also have a material adverse effect on the market value of the Notes.

(e) An investment in the Notes is subject to interest/profit rate risks

Noteholders may suffer unforeseen losses due to fluctuations in interest/profit rates. Although the Sukuk Cagamas are Islamic securities which do not pay interest, they are similar to fixed income securities and may therefore see their prices fluctuate due to fluctuations in interest/profit rates. Generally, a rise in interest/profit rates may cause a fall in bond/sukuk prices. The Notes may be similarly affected resulting in a capital loss for Noteholders. Conversely, when

interest/profit rates fall, bond/sukuk prices and the prices at which the Notes trade may rise. Noteholders may enjoy a capital gain but the profit received may be reinvested for lower returns.

(f) An investment in the Notes is subject to inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the real return to the Noteholders.

(g) Cagamas' ability to meet its obligations under the Programmes

The Notes constitute direct, unconditional and unsecured obligations of Cagamas and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of Cagamas, subject to those preferred by law or the Transaction Documents.

Both the Sukuk Cagamas and CCPs will not be the obligations or responsibilities of any other person other than Cagamas and shall not be the obligations or responsibilities of any of Cagamas' subsidiaries or affiliates or any other person involved or interested in the Programmes. None of such persons will accept any liability whatsoever to the Noteholders in respect of any failure by Cagamas to pay any amount due under the Programmes.

(h) The Notes may not be a suitable investment for all investors

Each potential investor in the Notes 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 relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum 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 relevant Notes and the impact such investment 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 relevant Notes, including where principal or interest/profit is payable in one or more currencies, or where the currency for principal or interest/profit payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes 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 change in economic conditions, interest/profit rates

and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes 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 Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

(i) Investors should pay attention to any modifications and waivers

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

(j) Credit ratings assigned to Cagamas or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to Cagamas or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

(k) Legal risk factors may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

5.3 General Considerations

(a) Change of law

The issuance of the Notes are based on Malaysian law, tax rulings and regulations, and administrative practices in effect as at the date hereof. No assurance can be given that Malaysian law, tax rulings and regulations or administrative practices will not change after the closing or that such changes, if

they occur, will not impact the structure of the transaction and the treatment of the Notes.

(b) Regulatory compliance

Changes in law and regulations are unpredictable and beyond Cagamas' control and may affect the way Cagamas conducts its business. Such changes may be more restrictive or result in higher costs than current requirements or otherwise impact Cagamas' financial condition, results of operations or its ability to meet its payment obligations under the Notes.

5.4 Forward-looking statements

This Information Memorandum contains forward-looking statements. Such forward-looking statements in the Information Memorandum involve known and unknown risks, uncertainties and other factors which may affect actual outcomes, many of which are outside the control of Cagamas. These factors include economic conditions in the markets in which Cagamas operates and achievement of Cagamas' business forecasts. These factors will cause the actual results, performance or achievements of Cagamas to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward-looking statements. These forward-looking statements do not constitute a representation that future results will be achieved in the amounts or by the dates indicated.

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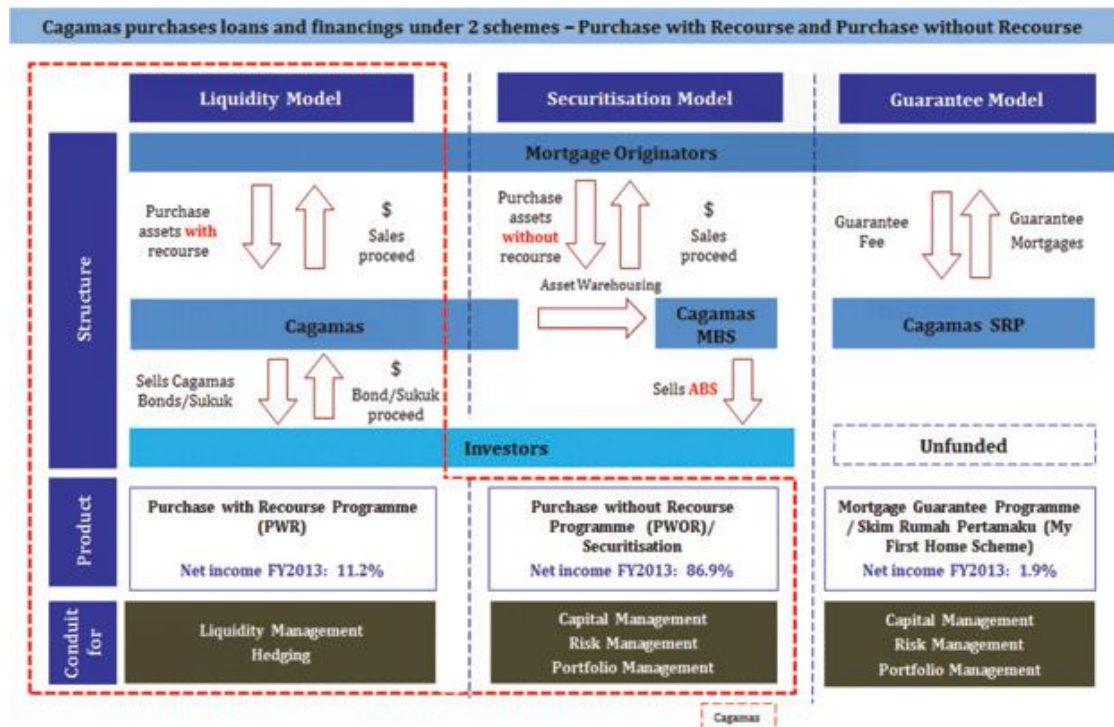
SECTION 6.0 BUSINESS

6.1 Business overview

Cagamas is the main operating company of the Cagamas Group and is primarily engaged in the purchasing of loans and financings from Selling Institutions under the PWR and PWOR schemes. Both the PWR and PWOR schemes can be used to finance conventional housing loans, Islamic house financings, hire purchase and Islamic hire purchase and leasing receivables, whilst only the PWR scheme can be used to finance industrial property loans and financings, leasing, personal loans, Islamic personal financing and Rahn (collateral) receivables. In addition to the two product lines offered by Cagamas, the Cagamas Group has expanded its range of products through the introduction of the Mortgage Guarantee Programme ("**MGP**") and Skim Rumah Pertamaku or "My First Home Scheme" ("**SRP**") which are offered by Cagamas SRP, to facilitate the financing of BNM activities through the issue of BSI and BSM and the purchase of GOM staff housing loans and house financing funded through the issue of residential mortgage-backed securities by Cagamas MBS.

The diagram below illustrates how the various schemes offered by the Cagamas Group operate.

Cagamas Business Model



6.1.1 Cagamas

Cagamas operates two schemes to purchase loans and financings from Selling Institutions: the PWR scheme and the PWOR scheme. The purchase of loans and financings is funded by the issue of conventional bonds and Sukuk by Cagamas in the debt capital markets. To manage liquidity risk, Cagamas issues debt securities that match as closely as possible the corresponding cashflows and maturity profiles of the loans and financings. All debt issued by Cagamas is unsecured and ranks pari passu amongst itself.

In the financial year ended 31 December 2013, Cagamas purchased new loans and financings amounting to RM8.2 billion, an increase of RM5.0 billion when compared to the financial year ended 31 December 2012. The performance of Cagamas was driven by PWOR purchases of RM6.8 billion, an increase of RM6.7 billion when compared to the financial year ended 31 December 2012, while PWR transactions fell to RM1.4 billion, a decrease of RM1.7 billion when compared to the financial year ended 31 December 2012. The decrease in PWR transactions can be attributed to excess liquidity in the market during the year ended 31 December 2013, low interest rates and the strong capital positions of Malaysian financial institutions.

During the first half of 2014, Cagamas purchased new loans and financings amounting to RM0.2 billion, a decrease of RM0.6 billion amounting to a 76 per cent. decrease when compared to the same period from 2013. This performance reflects the difficult market conditions resulting from low interest rates and the strong capital positions of the Malaysian financial institutions, which together have allowed Malaysian financial institutions to consider alternative low cost funding options independent of Cagamas. Cagamas has responded to the high liquidity environment of the Malaysian financial system through the expansion of its pool of creditworthy counterparties and the identification of new asset classes for purchase. The lower volume of assets purchased as compared to the same period in 2013 can be attributed to several factors, including timing, which has resulted in several purchases being delayed as counterparties await internal approval to proceed.

Cagamas has no internal requirements to maintain a set proportion or ratio of PWR to PWOR assets. Cagamas operates the PWR and PWOR schemes independently; this allows Cagamas to react and issue in accordance with market demands.

PWR Scheme

Cagamas' PWR scheme was developed to assist Selling Institutions with liquidity and/or hedging requirements. PWR schemes can be used to finance various products, including housing loans and financings (both conventional and Islamic), hire purchase and leasing receivables (both conventional and Islamic), industrial property loans and financings (both conventional and Islamic), personal loans and financings (both conventional and Islamic) and Rahn (collateral) receivables. The PWR scheme comprises two sub-groups, one dealing with conventional loans ("**PWR**") and the other dealing with Islamic financings ("**Islamic PWR**").

As at 31 December 2013, outstanding PWR loans and financings held by Cagamas amounted to RM9.9 billion, which was 39.15 per cent. of total outstanding loans and financings. As at 30 June 2014, outstanding PWR loans and financings held by Cagamas amounted to RM9.3 billion, which was 38.3 per cent. of total outstanding loans and financings, a change of six per cent. since 31 December 2013.

PWR

Under the PWR scheme, stringent eligibility criteria must be satisfied before Cagamas purchases loans and financings from Selling Institutions. As such, Cagamas assumes the counterparty credit risk of the relevant Selling Institution. For the key criteria used by Cagamas in relation to each product purchased under the PWR scheme, please see the section setting out the individual PWR products below.

Funds obtained by the Selling Institutions from the sale of conventional housing loans and Islamic house financings to Cagamas are fully exempted from the statutory reserve and liquidity requirements but are not entitled to capital relief benefits. Funds obtained by the Selling Institutions from the sale of industrial property loans and financings and hire purchase and leasing debt/Islamic hire purchase and leasing facilities are also exempted from the liquidity requirements and a certain portion of such funds will be included in the eligible liabilities for the computation of the statutory reserve requirement but are not entitled to capital relief benefits. In utilising the PWR scheme, a Selling Institution is able to hedge its interest rate risks, while gaining access to alternative funding to grow its asset base. With the availability of floating rate, fixed rate and convertible rate facilities, Selling Institutions are given additional flexibility to manage their interest rates risks. For example, by selling their loans and financings to Cagamas under the fixed rate facility, the Selling Institutions would have a hedge against a rising interest rates environment. Similarly, in a falling interest rate environment, the Selling Institutions can sell their loans and financings under the floating rate facility. A convertible rate facility (except for Islamic products) allows the Selling Institutions to convert fixed rate loans to floating rate loans or vice versa in view of changes in the interest rate environment during that period.

Under the PWR scheme, the loans and financings are purchased by Cagamas at their book value (i.e. the principal balance outstanding on a date which is closest to the purchase date but not earlier than the end of the month preceding the purchase date) and, following such sale, Cagamas appoints the relevant Selling Institution to act as servicer to administer the loans and financings sold to Cagamas. Cagamas pays the Selling Institution a service fee for acting as servicer. The Selling Institutions which utilise the PWR scheme are required to pay a fee in the form of an instalment to Cagamas, which is netted off against the servicer fee payable by Cagamas to the Selling Institution.

Following the sale of loans and financings to Cagamas under the PWR scheme, the Selling Institution remains responsible for any losses arising from defaults by the borrower, so that in the event the loans and financings sold to Cagamas fail any pre-determined Cagamas criteria and become ineligible, the Selling Institutions must offer new loans and financings to Cagamas of an equivalent value to replace the loans and financings sold which are then repurchased by the Selling Institutions during the contracted review period. At the end of the contracted review period (which coincides with the maturity date of the bond/Sukuk issued to fund the purchase of the relevant loan and financings), Cagamas will provide the Selling Institution with a new Cagamas rate/service fee rate to continue holding the loans and financings for a new term. The Selling Institution can then either sign up for a further contracted review period or elect to repurchase the loans and financings from Cagamas if they decide the rate or the service fee rate is not reasonable.

Where an institution wishing to sell loans and financings to Cagamas under the PWR scheme is unable to satisfy Cagamas' eligibility criteria, it can utilise an intermediary financial institution for the onward sale of the loans and financings to Cagamas. A purchase facility will be entered into between the Selling Institution and the intermediary financial institution and a separate purchase facility, on identical terms, will be entered into between the intermediary financial institution and Cagamas.

As part of Cagamas' ongoing efforts to offer competitive pricing to the Selling Institutions, it offers to purchase the loans and financings sold on a cost-plus basis in addition to the published rates. The cost-plus pricing is computed by Cagamas based on the effective cost of funds (i.e. Cagamas debts and/or other similar securities issued to fund the

purchases) plus Cagamas' margin. This pricing approach may enable the Selling Institutions to enjoy lower rates as compared with the published Cagamas rates.

To assist Selling Institutions in meeting their credit requirements, Cagamas offers the Selling Institution alternatives to cash settlement for the sale of loans and financings. On the purchase date, the relevant Selling Institution can choose to settle the purchase consideration by receiving debt and/or other similar securities issued by Cagamas, or by nominating such debts and/or other similar securities issued by Cagamas to be delivered to such other party chosen by the Selling Institution and approved by Cagamas, or partly in cash and partly by way of an issuance of Cagamas debt and/or other similar securities. As a result, the Selling Institutions have the option to sell their loans and financings to Cagamas without having to endure negative carry in an excess liquidity environment by receiving debt and/or other similar securities issued by Cagamas to fund such purchases instead of cash. In addition to the periodic repayment of principal and interest by the Selling Institutions on the loans and financings sold to Cagamas with recourse, the Selling Institution can now choose to pay only the interest throughout the contracted review period with bullet repayment of the principal on the review date.

Individual PWR products and their individual criteria for purchase by Cagamas

PWR Housing Loans

Under the PWR scheme, Cagamas purchases conventional housing loans ("**PWR Housing Loans**") granted to borrowers for the purchase of residential houses by Selling Institutions. In order for PWR Housing Loans to be eligible for sale by the Selling Institution to Cagamas, they must each satisfy the following criteria:

- (a) the PWR Housing Loan must be secured by a first charge or assignment of rights over the secured property;
- (b) the purpose of the PWR Housing Loan must be for the financing or refinancing of the purchase, construction or renovation of residential properties;
- (c) the PWR Housing Loan must be fully disbursed;
- (d) the borrower of the PWR Housing Loan must not be more than three months in arrears at the time of the proposed sale of the PWR Housing Loan to Cagamas;
- (e) the PWR Housing Loan must not expire before the end of the agreed contracted review period; and
- (f) all other eligibility criteria contained in Cagamas' product guide, as updated from time to time (the "**Cagamas Guide**") (Mortgage/Housing) must be satisfied.

PWR Hire Purchase and Leasing Debts

Under the PWR scheme, Selling Institutions who are supervised by BNM are eligible to sell their hire purchase and leasing debts ("**PWR HPL Debts**") to Cagamas. The following criteria must be satisfied in order for a PWR HPL Debt to be eligible for sale to Cagamas:

- (a) the PWR HPL Debt must be in relation to the hire purchase, sale on credit terms or the leasing of equipment;
- (b) the PWR HPL Debt must be fully disbursed;
- (c) the PWR HPL Debt must be an amortising debt;
- (d) the PWR HPL Debt must not expire before the end of the agreed contracted review period;

- (e) each PWR HPL Debt must, disregarding any unearned finance charges, have a book balance of less than RM2 million; and
- (f) all other eligibility criteria contained in the Cagamas Guide (PWR HPL Debts) must be satisfied.

PWR Industrial Property Loans

Under the PWR scheme, Cagamas purchases loans and financings which have been granted for the purpose of financing or refinancing the purchase, construction or renovation of factories, warehouses or industrial complexes ("**Industrial Property Loans**") in the same manner it purchases PWR Housing Loans. The following criteria must be satisfied in order for an Industrial Property Loan to be eligible for sale to Cagamas:

- (a) the purpose of the Industrial Property Loan must be for the financing or refinancing of the purchase, construction or renovation of industrial properties;
- (b) the Industrial Property Loan must be fully disbursed;
- (c) the borrower of the Industrial Property Loan must not be more than three months in arrears at the time of the proposed sale;
- (d) each Industrial Property Loan, disregarding any unearned interest, must have a book balance of less than RM20 million;
- (e) the Industrial Property Loan must be secured by a first ranking charge over the secured property or an assignment of rights over the secured property; and
- (f) all other eligibility criteria contained in the Cagamas Guide (Commercial and Industrial Property Loans) must be satisfied.

PWR Personal Loans

Under the PWR scheme, Cagamas purchases conventional personal loans ("**PWR Personal Loans**") granted for the purpose of personal consumption. The following criteria must be satisfied in order for a PWR Personal Loan to be eligible for sale to Cagamas:

- (a) the PWR Personal Loan must have arisen pursuant to an agreement entered into between the borrower and the Selling Institution or the vendor from whom the Selling Institution has purchased the personal loan;
- (b) the PWR Personal Loan must be fully disbursed;
- (c) the borrower of the PWR Personal Loan must not be more than three months in arrears at the time of the proposed sale of the personal loan to Cagamas;
- (d) the PWR Personal Loan must not expire before the end of the agreed contracted review period; and
- (e) all other eligibility criteria contained in the Cagamas Guide (Personal Loans) must be satisfied.

Islamic PWR

Under the Islamic PWR scheme, Cagamas purchases Islamic facilities from Islamic financial institutions ("**IFIs**"), the Government or selected corporations based on the same principles as the conventional PWR scheme with the exception of certain amendments which need to be made in order to make the scheme suitable for Islamic financings. Under the Islamic PWR scheme Cagamas appoints a Selling Institution as its agent and pays them a Wakalah (agency) fee for continuing to carry out services on its

behalf. Under this scheme, Cagamas purchases debt-based financings using cash or commodities, i.e. the Shariah principles of Bai' al-Dayn (debt trading) and Bai' al-Dayn al-Sila'ii (exchange of debts with commodities) and it purchases asset based financings (such as Al-Ijarah Thumma Al-Bai' (lease to purchase) ("AITAB") or Musharakah Mutanaqisah (diminishing partnership) in the form of cash alone (i.e. the Shariah principles of Bai' al-A'yaan (asset trading)). For Rahn (collateral) receivables, Cagamas purchases the receivables using cash under Shariah principle of Hiwalah (transfer of debt).

Islamic PWR House Financing

Cagamas purchases Islamic house financings ("**IHF**") from Islamic Financial Institutions ("**IFIs**") under Bai' al-Dayn al-Sila'ii (exchange of debts with commodities) or Bai' al-Dayn (debts trading) and also purchases Islamic house financing assets from IFIs under Bai' al-A'yaan (asset trading). The following criteria must be satisfied in order for an IHF to be eligible for sale to Cagamas:

- (a) the IHF must be conducted under approved Shariah principles;
- (b) the purpose of the IHF must be for the financing or refinancing of the purchase, construction or renovation of residential properties;
- (c) the IHF must be fully disbursed;
- (d) the obligor of the IHF must not be more than three months in arrears at the time of the proposed sale of the Islamic PWR House Financings to Cagamas;
- (e) the IHF must not expire before the end of the agreed contracted review period;
- (f) the IHF must have a profit rate greater than Cagamas' required rate of return;
- (g) the IHF must be secured by a first charge or assignment of rights over the secured property; and
- (h) the IHF must comply with any other criteria contained in the Cagamas Guide (Islamic House Financing).

Islamic PWR Hire Purchase

Under the PWR scheme, Cagamas purchases Islamic hire purchase/leasing ("**IHPs**") from IFIs under Bai' al-Dayn al-Sila'ii (exchange of debts with commodities) or Bai' al-Dayn (debts trading) and purchases Islamic hire purchase assets from IFIs under Bai' al-A'yaan (asset trading). The following criteria must be satisfied in order for an IHP to be eligible for sale to Cagamas:

- (a) the IHP must be conducted under approved Shariah principles;
- (b) the IHP must be fully disbursed;
- (c) the IHP must be no more than three months in arrears at the time of sale;
- (d) the IHP must not expire before the end of the agreed contracted review period;
- (e) the IHP must have a book balance (less unearned profit, if any) not exceeding RM2 million per facility;
- (f) the IHP must have an effective rate greater than Cagamas' required rate of return; and
- (g) the IHP must comply with any other criteria contained in the Cagamas Guide (Islamic Hire Purchase/Leasing).

Islamic PWR Personal Financing

Under the PWR scheme, Cagamas purchases Islamic Personal Financing ("IPFs") from IFIs under Bai' al-Dayn al-Sila'ii (exchange of debts with commodities) or Bai' al-Dayn (debts trading). The following criteria must be satisfied in order for an IPF to be eligible for sale to Cagamas:

- (a) the IPF must be conducted under approved Shariah principles;
- (b) the IPF must be fully disbursed;
- (c) the IPF must not be more than three months in arrears at the time of sale;
- (d) the IPF must not expire before the end of the agreed contracted review period;
- (e) the IPF must have an effective rate greater than Cagamas' required rate of return; and
- (f) the IPF must comply with any other criteria contained in the Cagamas Guide (Islamic Personal Financing).

PWOR Scheme

Selling Institutions that seek capital, risk and/or portfolio management solutions may seek to participate in Cagamas' PWOR scheme. The PWOR scheme encompasses housing loans and house financings (both conventional and Islamic) and hire purchase and leasing receivables (both conventional and Islamic). The PWOR scheme comprises of two sub-groups, one dealing with conventional financing ("**PWOR**") and one dealing with Islamic financing ("**Islamic PWOR**").

As at 31 December 2013, outstanding PWOR assets held by Cagamas amounted to RM15.4 billion, which constituted 61 per cent. of total outstanding loans and financings. As at 30 June 2014, outstanding PWOR assets held by Cagamas amounted to RM15.0 billion, which constituted 62 per cent. of total outstanding loans and financings, a change of three per cent. since 31 December 2013.

PWOR

Under the PWOR scheme, stringent eligibility criteria must be satisfied before Cagamas purchases loans and financings from Selling Institutions on a without recourse basis. The Selling Institution receives proceeds from the sale of loans and financings up-front and, post-sale, Cagamas does not have any recourse to the Selling Institution but takes on the credit risk of the underlying borrower/obligor. These loans and financings are purchased at their book value (i.e. the principal outstanding on a date which is closest to the purchase date but not earlier than the end of the month preceding the purchase date). The valuation of each loan and financing can be at a premium or par and this allows the Selling Institution to secure its profit upfront from the sale to Cagamas. Due to the increased risk profile of PWOR purchases, the eligibility criteria are far more stringent than those used for the purchase of similar asset classes under the PWR scheme. The eligibility criteria used by Cagamas in relation to housing loans and financings and hire purchase products under the PWOR scheme are set out in the relevant section below.

Following the sale, the relevant Selling Institution is appointed as the servicer/trustee for a fee, to administer the loans and financings on behalf of Cagamas. The Selling Institutions are required to remit the instalments paid by the borrower/obligor on the remittance date. Similar to the PWR scheme, Cagamas offers the Selling Institutions a variety of options in relation to the settlement of the purchase consideration, which

include cash settlement, settlement by way of an issuance of debt and/or other similar securities by Cagamas to the Selling Institutions, or to such other party as may be nominated by the Selling Institutions and approved by Cagamas, or partly in cash and partly by way of an issuance of debt and/or other similar securities by Cagamas.

Regulatory treatment of a PWOR sale transaction allows for complete off-balance sheet treatment for the Selling Institution such that the Selling Institution will show a reduction in assets on its balance sheet. In addition, the Selling Institution will benefit from full capital relief on the sales proceeds received from Cagamas. Such treatment allows the Selling Institution to better manage its portfolio of concentration risk, as the Selling Institution is released of all outstanding credit risk for the loans and financings sold to Cagamas under the PWOR scheme and the Selling Institution will also benefit from a steady income stream in the form of regular payments of the servicer fee. A standardised product structure and legal documentation are some of the key features which allow the expedient completion of transactions under the PWOR scheme.

PWOR Housing Loans

In order for a PWOR housing loan ("**PWOR Housing Loan**") to be purchased by Cagamas under the PWOR scheme, the following criteria must be satisfied:

- (a) the PWOR Housing Loan must be secured by a first charge or assignment of rights over the secured property;
- (b) the PWOR Housing Loan must be for the purchase of a completed residential unit or for the construction or renovation of a residential unit;
- (c) the PWOR Housing Loan must be repayable/payable in Ringgit;
- (d) the maturity date of the PWOR Housing Loan must not be (1) less than five years; or (2) more than 30 years, from the proposed date of purchase by Cagamas;
- (e) in the six months prior to the proposed date of purchase by Cagamas, the repayment of interest/ payment of profit or principal under the PWOR Housing Loan must not have been suspended, rescheduled or restructured;
- (f) the monthly instalment payable under the PWOR Housing Loan must be greater than 110 per cent. of the interest portion of the monthly instalment;
- (g) the interest rate payable on the PWOR Housing Loan must be greater than the aggregate of the servicer fee of 0.75 per cent. per annum and the base pricing as calculated by Cagamas;
- (h) the loan/financings-to-value ratio should be no more than 80 per cent. (i.e. the outstanding principal payable under the relevant loan and financings as at the date of purchase divided by the property value (defined as the lower of the price under the agreement for the purchase of the mortgaged property or the current market valuation of the mortgaged property (which valuation has not been made more than a year ago)));
- (i) where the PWOR Housing Loan has been provided in relation to leasehold land, the remaining tenure of the lease must not be less than 20 years on the proposed date of sale to Cagamas; and
- (j) all other eligibility criteria in relation to PWOR Housing Loans provided in the Cagamas Guide (PWOR Housing Loan) must be satisfied.

PWOR Hire Purchase and Leasing Debts

In order for hire purchase and leasing debts to be purchased by Cagamas under the PWOR scheme ("**PWOR HPL Debts**"), the following criteria must be satisfied:

- (a) the PWOR HPL Debt must be taken in relation to private and non-commercial passenger car(s) only;
- (b) the car must have been manufactured no more than seven years prior to the proposed date of sale to Cagamas;
- (c) the initial amount financed under the PWOR HPL Debt must not exceed RM400,000;
- (d) the original margin of finance must not be more than 80 per cent. of the purchase price;
- (e) the maturity date of the PWOR HPL Debt must not be less than six months from the proposed date of sale of the PWOR HPL Debt to Cagamas;
- (f) the effective interest rate payable on the PWOR HPL Debt must be greater than the aggregate of the servicer fee of 0.75 per cent. per annum and the base pricing as calculated by Cagamas;
- (g) the monthly instalment payable under the PWOR HPL Debt must be greater than 110 per cent. of the interest portion of the monthly instalment;
- (h) all other eligibility criteria in relation to PWOR HPL Debts provided in the Cagamas Guide (PWOR HPL Debt) must be satisfied.

Islamic PWOR

Under the Islamic PWOR scheme, Cagamas purchases Islamic facilities from IFIs, the Government or selected corporations based on the same principles as the conventional PWOR scheme with the exception of certain amendments which need to be made in order to make the scheme suitable for Islamic financing. Under the Islamic PWOR scheme Cagamas appoints a Selling Institution as its agent and pays the Selling Institution a Wakalah (agent) fee for continuing to carry out services on its behalf. Under this scheme, Cagamas purchases debt-based financings using cash or commodities, i.e. the Shariah principles of Bai' al-Dayn (debt trading) and Bai' al-Dayn al-Sila'ii (exchange of debts with commodities) and it purchases asset based financings (such as AITAB (lease to purchase) or Musharakah Mutanaqisah (diminishing partnership)) in the form of cash alone (i.e. the Shariah principles of Bai' al-A'yaan (asset trading)). The minimum eligibility criteria for products under the Islamic PWOR scheme is the same as the eligibility criteria adopted for the PWOR scheme. Products purchased under the Islamic PWOR scheme are also subject to any Shariah principles that need to be complied with.

6.1.2 Conventional Debt Securities and Sukuk issued by Cagamas and guaranteed by Cagamas

Cagamas issues conventional debt securities and Sukuk to finance the purchase of housing loans and house financings as well as other consumer receivables for both conventional loans and Islamic financing. For the year ended 31 December 2013, Cagamas had issued RM9.9 billion worth of debt securities, comprising RM7.1 billion of Sukuk and RM2.8 billion of conventional debt securities for the year 2013, an increase of RM5.0 billion when compared to 2012. For the nine months ended 30 September 2014, Cagamas had issued RM2.33 billion worth of debt securities, comprising RM1.39 billion of Sukuk and RM0.94 billion of conventional debt securities, a reduction of RM0.6 billion when compared to the same period in 2013.

Cagamas has contributed and continues to contribute to the depth and breadth of Malaysian debt capital markets by being the largest AAA private debt issuer as of 30 September 2014 and structuring innovative products, such as the first and largest residential mortgage backed securities transaction in Malaysia with a value of RM1.55 billion in 2004, the first rated Sukuk Musharakah residential mortgage backed securities transaction in the world in 2005 and the first Sukuk al-Amanah Li al-Istithmar transaction in the world in 2010. Below is a description of the existing securities issued by Cagamas.

Conventional Debt Securities

Conventional debt securities are typically issued under Cagamas' existing RM40 billion Islamic/Conventional Medium Term Notes programme. The instruments issued under the programmes are as follows:

Fixed Rate Medium Term Notes ("MTNs")

MTNs issued by Cagamas have tenures of more than one year and carry a fixed coupon rate which is determined at the point of issuance. Interest on these MTNs is normally paid half-yearly. The redemption of the MTNs is at nominal value together with the interest due upon maturity.

Floating Rate Notes ("FRNs")

FRNs issued by Cagamas have an adjustable interest rate pegged to the KLIBOR. Interest on these FRNs is paid at three or six month intervals. The redemption of the FRNs is at face value together with the interest due upon maturity.

Commercial Paper ("CPs")

CPs are short-term instruments with maturities of between one to twelve months, issued at either a discount from the face value where the CPs are redeemable at their nominal value upon maturity or issued with interest where interest is paid on a semi-annual basis or such other periodic basis as determined by Cagamas.

Where permitted by the respective trust deeds, Cagamas may at any time purchase its debt securities and the repurchased debt securities shall be cancelled according to the requirements of the trust deeds.

Conventional Multicurrency Debt Securities

Under the USD2.5 billion Multicurrency Medium Term Note Programme ("**EMTN Programme**"), Cagamas Global P.L.C. may from time to time issue notes ("**EMTN Notes**") denominated in any currency (other than RM) which are unconditionally and irrevocably guaranteed by Cagamas.

The tenure of each EMTN Notes under the EMTN Programme shall be determined prior to each issuance, subject to such minimum and maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws and regulations applicable to Cagamas Global P.L.C., Cagamas or the relevant specific currencies. The EMTN Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the

method of calculating interest may vary between the issue date and the maturity date of the relevant series of EMTN Notes issued.

Cagamas Global P.L.C., Cagamas or any of their respective subsidiaries may at any time purchase the EMTN Notes in the open market or otherwise and at any price and such EMTN Notes may be held, resold or, at the option of Cagamas Global P.L.C., surrendered to any paying agent for cancellation.

The following table sets out the outstanding conventional debt securities issued and guaranteed by Cagamas as at 30 September 2014.

Outstanding Conventional Debt Securities issued and guaranteed by Cagamas	As at 30 September 2014
	(RM million)
Instrument issued by Cagamas	
Fixed Rate Medium Term Notes	10,380
Floating Rate Notes.....	180
Instrument guaranteed by Cagamas	
Conventional Multicurrency Debt Securities *.....	780
Total	11,340

**the exchange rate used to compute the CNY denominated debt securities is CNY/MYR 0.52*

Sukuk

Cagamas issues Sukuk via its existing RM40 billion Islamic/Conventional Medium Term Notes programme and RM5 billion ICP/IMTN programme (commonly known as Sukuk ALIm). The instruments issued under the programmes are as follows:

Islamic Fixed Rate Medium Term Notes ("IMTNs")

IMTNs issued by Cagamas have tenures of more than one year and carry a profit which is determined at the point of issuance. Profit on the Sukuk is paid at half-yearly intervals. The redemption of the IMTNs is at nominal value together with profit due on maturity.

Variable Rate Sukuk ("VRNs")

VRNs are sukuk that have tenures of more than one year and variable profit rates pegged to the KLIBOR. Profit is paid at three or six monthly intervals. At maturity, the face value of the Sukuk is redeemed with any outstanding profit amounts due on maturity.

Islamic Commercial Papers ("ICPs")

ICPs are short term Islamic instruments issued by Cagamas with maturities ranging from one to 12 months issued at either a discount from the face value where ICPs are redeemable at their nominal value upon maturity or issued with profit paid on a semi-annual basis or on such other periodic basis as determined by Cagamas.

Cagamas may issue IMTNs based on but not limited to the following Shariah principles:

- Murabahah
- Istisna
- Ijarah
- Mudharabah
- Musharakah
- Wakalah Bil Istithmar

Cagamas may issue ICPs and IMTN under Sukuk ALIm based on the following Shariah principles:

- Al-Ijarah
- Al-Bai' Bithaman Ajil
- Al-Bai
- Al-Wakalah

Where permitted by the respective trust deeds, Cagamas may at any time purchase its Sukuk from the open market and the repurchased Sukuk shall be cancelled according to the requirements of the trust deeds.

The following table sets out the outstanding Cagamas Sukuk as at 30 September 2014.

Outstanding Sukuk issued by Cagamas	As at 30 September 2014
	(RM million)
Instrument	
Islamic Fixed Rate Medium Term Notes (IMTNs)	11,915
Variable Rate Notes (VRNs)	730
Total	12,645

6.2 Strategy and Key Objectives

Cagamas commenced operations in 1987 with two distinct objectives: supporting the broader spread of home ownership within Malaysia by increasing liquidity and accessibility to long-term funds for mortgage originators at competitive prices; and spearheading the development of the local debt securities market by being a credible issuer of high quality securities. As part of its development, Cagamas has expanded the scope of its initial objectives to encompass the development and promotion of Islamic finance within Malaysia.

Cagamas aims to be acknowledged as a leader in the provision of financial support in Malaysia's efforts to meet the housing needs of Malaysians, to be the pace-setter for the development of the private debt securities market within Malaysia and to attain recognition on a national and international level for its work as a pioneer with a successful business model for others wishing to establish a successful secondary mortgage liquidity facility and mortgage-backed securitisation offerings.

Cagamas seeks to achieve these objectives by:

- (a) developing the secondary mortgage market in Malaysia through the provision of innovative facilities and efficient service at a competitive cost to primary home lenders;

- (b) enhancing the capital market, particularly the private debt securities market, through widening and deepening the scope of securitisation;
- (c) nurturing and maintaining a competent workforce of the highest integrity and professionalism;
- (d) using technology to enhance productivity and efficiency;
- (e) valuing its staff for their commitment and loyalty; and
- (f) inculcating a caring and responsible corporate culture.

Cagamas' future plans for furthering its objectives are as follows:

- (a) remaining committed to its mandate of helping Malaysians gain access to affordable and competitive home financing;
- (b) participating in GOM projects such as Program Perumahan 1Malaysia or 1Malaysia Housing Programme (GOM's project to plan, develop, construct and maintain high-quality housing with lifestyle concepts for middle-income households in key urban centres);
- (c) playing a role in assisting financial institutions in coming up with risk and capital management solutions, especially in light of the full implementation of Basel III from 2018;
- (d) product enhancement to include contribution in Waqf (endowment) development, infrastructure project facilitation and participation in Development Financial Institutions assistance to further spur the growth of small and medium enterprises;
- (e) continuing to undertake its primary role in the financial system to accelerate liquidity to the secondary mortgage market by providing competitively priced funding, which is achieved through its diversification of funding sources and widening of its investor base; and
- (f) to explore opportunities to replicate Cagamas business model within other countries located in South East Asia as a complement to those Malaysian financial institutions expanding within South East Asia.

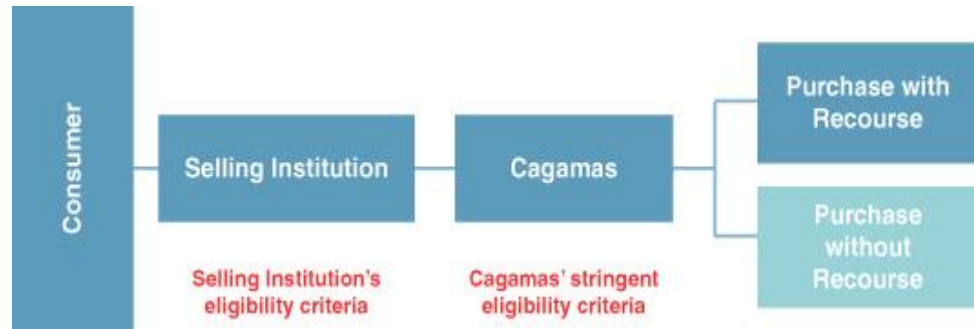
6.3 Key strengths

Cagamas' key strengths include the following:

(a) Strategic Business Model

Cagamas' business model is unique in that Cagamas acts as a secondary mortgage market conduit for the Selling Institutions within Malaysia. The business model permits Cagamas to screen potential loans and financings with its own rigorous eligibility criteria in addition to those imposed by the Selling Institutions.

The diagram below illustrates Cagamas' strategic business model:



The above diagram illustrates Cagamas' strategic business model which comprises two sets of eligibility criteria for the loans and financings sold to Cagamas. First, the Selling Institution will have applied its own eligibility criteria in granting the loan or financing to the consumer, and second, Cagamas will have applied its own stringent eligibility criteria in determining that the loan or financing to be purchased from the Selling Institution is of sufficient quality to maintain the high quality of Cagamas assets. The eligibility criteria applied by Cagamas will depend upon the type of product being purchased, and whether the product is being purchased under the PWR scheme or PWOR scheme. The key criteria for individual products under each of the respective PWR and PWOR schemes can be found above in "Section 6.1.1 Business Overview — Cagamas".

(b) Strong Shareholding Structure

Cagamas is wholly-owned by Cagamas Holdings. Cagamas Holdings benefits from a strong, stable shareholding structure, demonstrated by no shareholder selling any of its shares in Cagamas (other than as a direct result of the merger of two or more shareholders) since its incorporation in 1986. The largest shareholder of Cagamas Holdings is BNM with whom the Cagamas Group maintains close ties. Traditionally since its incorporation, BNM has appointed the Chairman of Cagamas and has influential representation on Cagamas Holdings' board of directors. In addition, the current President/Chief Executive Officer of Cagamas is seconded from BNM. Although the Cagamas Group operates independently of BNM, major strategic decisions are made in consultation with BNM. The remaining shareholders include major commercial and investment banks in Malaysia.

(c) Systemically Important to the Domestic Financial System

Cagamas plays a systemically important role in the Malaysian domestic financial system, which is underscored by its dual function as a liquidity provider via the purchase of loans and financings from Selling Institutions and as a leading issuer of conventional debt securities and Sukuk. Since its incorporation up to 30 September 2014, Cagamas has issued conventional debt securities and Sukuk of RM267.7 billion in nominal value in Malaysia. In addition, Cagamas provides credit and portfolio risk management as well as capital management solutions to Selling Institutions. Cagamas also acts as a conduit to remove systemic risk in the financial sector.

Due to its systemically important role, it is anticipated that Cagamas would continue to receive the support of its shareholders during periods of stress in the financial markets.

(d) Robust Asset Quality and Solid Capitalisation

Cagamas imposes strict limits on counterparty exposures based on the credit rating assigned to such counterparties and has exposure limits based on the type of counterparty, type of asset and property type. Malaysian commercial banks account for the majority of its counterparty exposures and, as at 31 December 2013, more than 90 per cent. of Cagamas' counterparties under the PWR scheme carried at least AA domestic ratings and as at 30 September 2014, more than 90 per cent. of Cagamas' counterparties under the PWR scheme carried at least AA domestic rating and as at 30 September 2014, there had been zero impairment losses for PWR assets.

The ratio of PWOR loans and financings in Cagamas' portfolio that are 90 days past their due date was 0.6 per cent. as at 31 December 2013, and 0.7 per cent as at 30 June 2014. This figure is lower than the Malaysian banking system's gross impaired loan ratio for residential mortgage properties of 1.5 per cent. and 1.4 per cent. for 31 December 2013 and 30 June 2014 respectively.

As at 31 December 2013, Cagamas had RM27.6 billion of total assets, of which RM9.9 billion representing 36 per cent. of total assets was under the PWR scheme and RM15.4 billion representing 56 per cent. of total assets was under the PWOR scheme. As at 30 June 2014, Cagamas had RM27.0 billion of total assets, of which RM9.3 billion representing 34.4 per cent. of total assets was under the PWR scheme and RM15.0 billion representing 55.6 per cent. of total assets was under the PWOR scheme.

(e) Strong Risk Management Framework

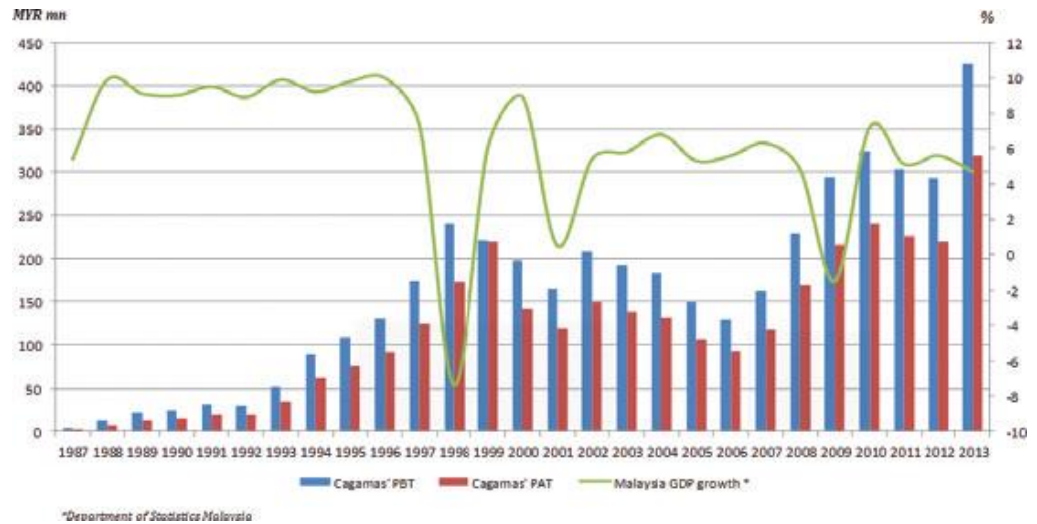
Cagamas has a well-defined risk management strategy based on the Cagamas Group's Enterprise Risk Management Framework dealing with the risks and opportunities affecting value creation and preservation within its business. This provides for three lines of defence in managing risks within Cagamas, starting with the applicable business unit providing the first line of defence, then an independent Risk Management Department to assess exposures and coordination of risk management on an enterprise-wide basis and finally the Internal Audit Department which is responsible for independently reviewing the adequacy and effectiveness of risk management processes, the system of internal controls and compliance with risk policies.

In addition, Cagamas has put in place Product Development Guidelines for all new business products and variations to existing products; the business units are responsible for the development of new product ideas, which are approved by various internal committees such as the Management Executive Committee and Board Risk Committee, with final approval resting with the Board.

(f) Sound and resilient financial position

Since its inception, Cagamas has consistently achieved strong and resilient profits throughout the economic cycles, demonstrating that its business is managed in a prudent and profitable manner. Cagamas has also maintained steady growth and stable margins over the years.

The graph below charts the steady growth of Cagamas profits from 1987 to 2013 against the growth for Malaysia's GDP for the same period.



(g) Experienced management team with extensive industry experience

Cagamas has an experienced senior management team, which has on average more than 20 years' relevant industry experience. The senior management has an excellent track record, having managed and overseen the development of Cagamas into one of the most successful secondary mortgage liquidity facilities in the world, as recognised by the World Bank.

6.4 Recent developments

(a) Cagamas' Issuance of RM1.0 billion Sukuk and RM1.06 billion conventional medium term notes

During the first week of November 2014, Cagamas successfully concluded the pricing of multiple Ringgit issuances which comprise RM1.0 billion Sukuk and RM1.06 billion conventional medium term notes issued under Cagamas' existing RM40 billion Islamic/Conventional Medium Term Notes programme. The Sukuk issued under the Commodity Murabahah structure has a dual 1-year and 3-year maturity while the conventional medium term notes offered a single 3-year tenure. Proceeds from the issuance of the Sukuk and conventional medium term notes were used to fund the purchase of Islamic and conventional financings from the financial system. The Sukuk and conventional medium term notes are listed and tradable under the Scripless Securities Trading System.

- (b) Issuance of HKD1.0 billion Hong Kong Dollar ("HKD") bond under the EMTN Programme by Cagamas Global P.L.C.

Cagamas Global P.L.C., has issued Hong Kong Dollar bond amounting to HKD1.0 billion which has a maturity of 3.5 years on 5 November 2014 under the EMTN Programme. Proceeds from the issuance were used to fund the purchase of conventional financings from the financial system.

- (c) Issuance of CNY1.5 billion offshore Chinese Renminbi ("CNY") bond under the EMTN Programme by Cagamas Global P.L.C.

Cagamas Global P.L.C., has issued offshore Chinese Renminbi bond with a 3-year CNY1.5 billion offering at a fixed coupon rate of 3.70% p.a. on 22 September 2014 under the EMTN Programme. Proceeds from the issuance were used to purchase mortgage loans from the financial system.

- (d) Cagamas' Issuance of RM500 Million One Year Variable Rate IMTNs

On 25 June 2014, Cagamas issued RM500 million one year Variable Rate IMTNs. The proceeds from the issuance were used to fund the purchase of Islamic financings from financial institutions. The IMTNs, which will be redeemed at their full nominal value on maturity, are unsecured obligations of Cagamas and rank pari passu among themselves and with all other existing unsecured obligations of Cagamas. The IMTNs are listed and tradable under the Scripless Securities Trading System.

- (e) Cagamas' Issuance of RM500 Million Cagamas Islamic Commercial Papers

On 25 March 2014, Cagamas issued RM500 million three-month Islamic Commercial Papers ("ICPs"). The ICPs were issued under the Islamic Commodity Murabahah structure with the proceeds from the issuance being used to fund the purchase of Islamic financings from the financial institutions.

The ICPs will be redeemed at their full nominal value on maturity, are unsecured obligations of Cagamas and rank pari passu among themselves and with all other existing unsecured obligations of Cagamas. The ICPs are listed and tradable under the Scripless Securities Trading System.

- (f) Cagamas Concluded First Conventional Medium Term Notes Issuance For 2014

Cagamas completed the sale of RM120 million one- and two-year Conventional Medium Term Notes ("CMTNs") on 27 January 2014. Proceeds from the issuance were used to finance the purchase of conventional financings from the financial system. The issue marked Cagamas' first issuance of debt securities in 2014. The issuance achieved a bid to cover ratio of 2.5 times and priced at 39 bps and 46 bps, respectively, above the corresponding GOM Securities levels.

The CMTNs will be redeemed at their full nominal value on maturity, are unsecured obligations of Cagamas and rank pari passu among themselves and with all other existing unsecured obligations of Cagamas. The CMTNs are listed and tradable under the Scripless Securities Trading System.

6.5 **General**

(a) Implementation of Basel II and Basel III

In line with the industry's best practice, Cagamas has implemented Basel II Pillar 1 Risk-Weighted Capital Adequacy Framework (RWCAF), Basel II Pillar 2 Internal Capital Adequacy Assessment Process (ICAAP) and Basel II Pillar 3 Disclosure Policy. Additionally, Cagamas monitors its liquidity coverage ratio and net stable funding ratio as per Basel III requirements.

(b) Corporate Social Responsibility ("CSR")

Cagamas' CSR activities are in line with the GOM's policy of nurturing a caring society. Beneficiaries of Cagamas' CSR activities include charitable, non-profit organisations registered with the Social Welfare Department or the Inland Revenue Board i.e. welfare homes, homes for the elderly, orphanages, etc. established in Malaysia.

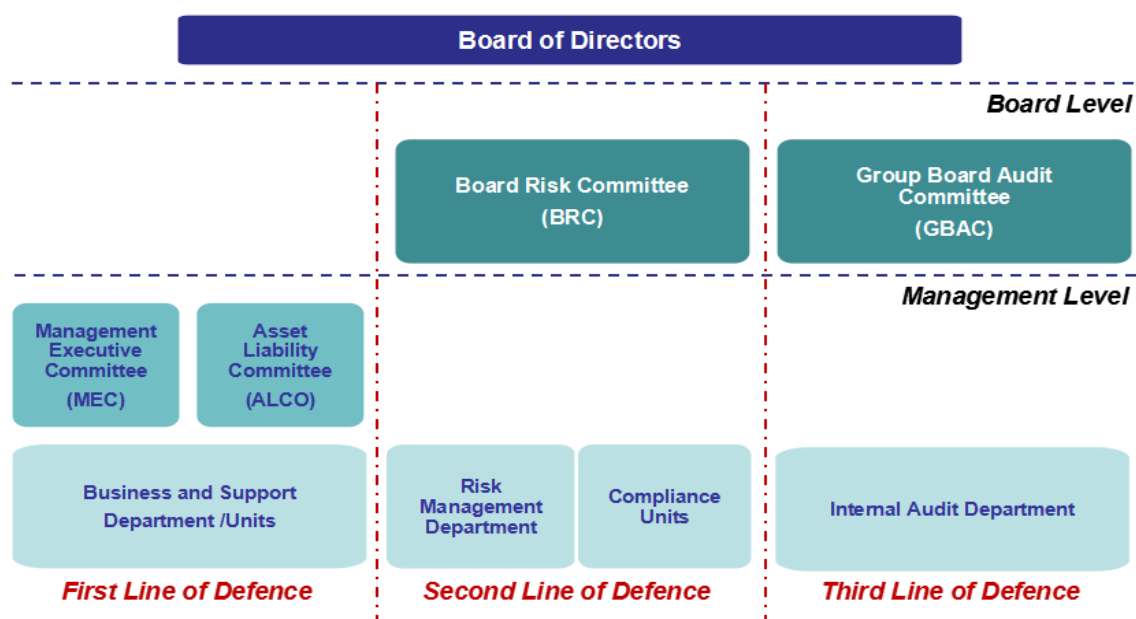
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SECTION 7.0 RISK MANAGEMENT

7.1 Enterprise Risk Management Framework

Cagamas takes a holistic and enterprise-wide view in managing risk. The Board approved the Enterprise Management Framework ("ERM") which details the responsibility and accountability of the Board, Board Risk Committees ("BRC"), President/Chief Executive Officer ("CEO"), Chief Risk Officer ("CRO"), Management Executive Committee ("MEC"), Asset Liability Committee ("ALCO"), Risk Management Department ("RMD"), Internal Audit Department ("IAD") and Cagamas employees.

In line with the ERM Framework, Cagamas employs three lines of defence when managing risk as illustrated in the diagram below.



The business units within Cagamas are the first line of defence, and have the primary responsibility of identifying, mitigating and managing risks within their line of business. They also ensure that their day-to-day activities are conducted in line with established risk policies and procedures, and that no limits are exceeded.

An independent RMD acts as Cagamas' second line of defence by providing specialised resources to proactively manage risks. This includes assessment of risk exposures and the coordination of risk management on an enterprise-wide basis. The RMD is also responsible for ensuring that risk policies are implemented accordingly.

The IAD is Cagamas' third line of defence and is responsible for independently reviewing the adequacy and effectiveness of risk management processes, the system of internal controls and compliance with risk policies.

7.2 Risk Governance Structure

The Board sets the overall strategic direction for Cagamas. It provides ultimate oversight to ensure that management has set up appropriate risk management systems to manage risks associated with Cagamas' operations and activities. The Board sets the risk appetite and tolerance level to be consistent with Cagamas' overall business objectives

and desired risk profile. The Board also reviews and approves all significant risk management policies and risk exposures.

The BRC assists the Board by ensuring that there is effective oversight and development of strategies, policies and infrastructure to manage Cagamas' risks. The BRC is supported by a management committee addressing one or more of the key risks identified.

The MEC and ALCO, which comprise senior management of the Cagamas Group, are chaired by the CEO and undertake the oversight function for capital allocation and overall risk limits, aligning them to the risk appetite set by the Board. Management is responsible for the implementation of the policies laid down by the Board by ensuring that there are adequate and effective operational procedures, internal controls and systems.

The RMD is independent of other departments involved in risk-taking activities and reports directly to the BRC. It is responsible for identifying, measuring, analysing, controlling, monitoring and reporting of risk exposures independently and coordinating the management of risk on an enterprise-wide basis.

7.3 Key Areas of Risk Management

(a) Strategic Risk Management

Strategic risk within the Cagamas Group is the risk of not achieving its corporate strategy goals which reflect the Cagamas Group's vision. This may be caused by internal factors such as performance planning, execution and monitoring, and external factors such as market environment.

Strategic risk management is addressed by the Board's involvement in the setting of the Cagamas Group's strategic goals. The Board is regularly updated on matters affecting corporate strategy implementation and corporate transactions.

(b) Credit Risk Management

Credit risk is defined as the potential for financial loss resulting from the failure of a borrower or counterparty to fulfil its financial or contractual obligations. Credit risk within the Cagamas Group arises from its PWR and PWOR business, mortgage guarantee programme, investments and treasury hedging activities.

The primary objective of credit risk management is to proactively manage risk and credit limits to ensure that all exposures to credit risk are kept within parameters approved by the Board to withstand potential losses. Investment activities are guided by internal credit policies and guidelines that are approved by the Board. Specific procedures for managing credit risks are determined at business levels based on risk environment and business goals.

(c) Market and Liquidity Risk Management

Market risk is defined as the potential loss arising from movements of market prices and rates. Within Cagamas, market risk exposure is limited to interest rate risk only as Cagamas does not engage in any equity, foreign exchange or

commodity trading activities. Involvement in the purchase and sale of commodities is solely to facilitate the issuance of Islamic debt securities. Liquidity risk arises when Cagamas does not have sufficient funds to meet its financial obligations when they fall due.

Cagamas manages market and liquidity risks by imposing threshold limits which are approved by management within the parameters approved by the Board based on a risk-return relationship. Further, Cagamas also adheres to a strict match-funding policy where all asset purchases are funded by bonds of closely matched size as well as duration and are self-sufficient in terms of cashflow. A forward-looking liquidity mechanism is in place to promote efficient and effective cashflow management while avoiding excessive concentrations of funding. Cagamas plans its cash flow and monitors closely every business transaction to ensure that available funds are sufficient to meet business requirements at all times. Reserve liquidity which comprises marketable debt securities is also set aside to meet any unexpected shortfall in cash flow or adverse economic conditions in the financial market.

As a Real Time Electronic Transfer of Funds and Securities (RENTAS) member, Cagamas is eligible to use the RM Intraday credit facility granted by BNM. This facility is to ensure sufficient liquidity in the system to effect settlement on a timely basis. Cagamas is required to collateralise adequate eligible securities to the central bank to cover any drawdown made under the RM Intraday credit facility. Security granted for each drawdown will be released by the central bank upon Cagamas funding its account to satisfy the amount drawdown under the RM Intraday credit facility.

(d) Operational Risk Management

Operational risk is the potential loss resulting from inadequate or failed internal processes, people and systems, or from external events. Each business/support unit undertakes self-assessment of the risk and control environment to identify, assess and manage its operational risks. Cagamas has established comprehensive internal controls, systems and procedures that are subject to regular review by both internal and external auditors. Business continuity plans are in place to minimise unexpected disruption and reduce time to restore operations. All documentation for new products/programmes shall be reviewed by an internal legal adviser and/or external advisers where necessary to ensure that Cagamas' interest is protected at all times.

(e) Reputational Risk

Cagamas' reputation and image as perceived by clients, investors, regulators and the general public is of utmost importance to the continued growth and success of Cagamas' businesses and operations. Invariably, reputational risk is dependent on the nature/model of business, selection of clients and counterparties and reliability and effectiveness of business processes.

Stringent screening of potential clients and design of business in accordance with high standards and regulatory compliance are incorporated to safeguard Cagamas' business reputation and image. In view of the importance of

preserving the reputation of Cagamas, greater efforts are being made towards creating awareness about risk events that could impact Cagamas' reputation.

(f) Shariah Non-Compliance Risk

Cagamas consults and obtains endorsements/clearance from an independent Shariah adviser for all its Islamic products and transactions to ensure compliance with Shariah requirements. In addition, Cagamas obtains the approval of the Shariah Advisory Councils of BNM and SC for its Islamic products.

Periodic internal audits are performed to verify that Islamic operations conducted by the business units are in compliance with the decisions endorsed by the independent Shariah adviser. Any incidences of Shariah non-compliance are reported to both the independent Shariah adviser and the Group Board Audit Committee. Remedial actions are for the endorsement of the independent Shariah adviser and for notification to the BRC or the Board.

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SECTION 8.0 INDUSTRY OVERVIEW

8.1 *Overview of the Malaysian economy*

Overview

Economic and Financial Developments in Malaysia in the Second Quarter of 2014

Global economic activity continued to expand at a moderate pace in the second quarter. The recovery in the US resumed after an unusual weather-related weakness in the first quarter. Growth in Japan was, however, affected by the implementation of the increase in the consumption tax in April. In Asia, economic activity continued to expand, albeit at a more moderate pace in most economies.

The Malaysian economy registered a strong growth of 6.4% in the second quarter of 2014 (1Q 2014: 6.2%), underpinned by higher exports and continued strength in private domestic demand. On the supply side, growth in the major economic sectors remained firm, supported by trade and domestic activity. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%).

Exports and private sector activity remained the key drivers of growth during the quarter. Private investment continued to register double-digit growth, expanding by 12.1% (1Q 2014: 14.1%), reflecting investments in the services and manufacturing sectors. Private consumption increased by 6.5% (1Q 2014: 7.1%), supported by stable employment conditions and continued wage growth. In contrast, public sector expenditure declined by 2.1% (1Q 2014: 2.7%).

Public consumption declined marginally by 1.3% (1Q 2014: 11.2%), reflecting lower Government spending on emoluments, and supplies and services. Public investment declined by 3.3% (1Q 2014: -6.4%), due to lower spending on fixed assets by both the Federal Government and public enterprises.

On the supply side, growth in the major economic sectors remained strong. The services sector recorded sustained growth, supported mainly by the trade-related sub-sectors. The manufacturing sector expanded at a faster pace, underpinned by the electronics and electrical cluster, particularly semiconductors. The construction sector expanded at a more moderate pace, driven mainly by the residential and non-residential sub-sectors. Meanwhile, the agriculture sector registered strong growth, reflecting higher production of palm oil. The mining sector turned around to record positive growth, due mainly to higher production of both natural gas and crude oil.

The inflation rate, as measured by the annual change in the Consumer Price Index (CPI), averaged 3.3% in the second quarter of 2014 (1Q 2014: 3.4%). The slight decline was due to lower inflation in the food and non-alcoholic beverages and housing, water, electricity, gas and other fuels categories.

The trade surplus amounted to RM18.4 billion in the second quarter of 2014 (1Q 2014: RM26.3 billion). Gross exports grew at a stronger pace of 14.2% (1Q 2014: 10.8%), reflecting the continued expansion of global economic activity. Gross imports also increased, registering growth of 8.6% (1Q 2014: 5.5%).

The international reserves of Bank Negara Malaysia (BNM) amounted to RM423.6 billion (equivalent to USD131.9 billion) as at 30 September 2014. This reserve level has taken into account the quarterly adjustment for foreign exchange revaluation changes. As at 31 July 2014, the reserves position amounted to RM423.5 billion (equivalent to USD131.8 billion), sufficient to finance 9.0 months of retained imports and is 1.2 times the redefined short-term external debt.

Interest rates remained stable

The 3-month interbank rate continued to rise throughout the quarter due to the preference of interbank lenders for shorter-term lending, in line with the shift in their deposits toward shorter maturities. This was further reinforced by expectations for an OPR increase between May and July, which resulted in further upward movement in the interbank rates. The average interbank rate for other maturities remained relatively stable. Retail deposit rates were stable during the period. The average quoted fixed deposit (FD) rates of commercial banks were relatively unchanged. Lending rates were also broadly stable throughout the period. The average base lending rate (BLR) of commercial banks remained unchanged at 6.53% while the weighted average lending rate (ALR) on outstanding loans was stable during the period (end-June 2014: 5.37%; end-March 2014: 5.39%).

The Overnight Policy Rate (OPR) was maintained at 3.00% during the second quarter of 2014. Amid firm growth prospects and with inflation expected to remain above its long-run average, the Monetary Policy Committee (MPC) decided to raise the OPR by 25 basis points to 3.25% on 10 July 2014. The adjustment in the degree of monetary accommodation was also aimed at mitigating the risk of broader economic and financial imbalances that could undermine longer-term growth prospects of the Malaysian economy. The wholesale and retail lending and deposit rates were revised to levels that are consistent with the current OPR level. The average BLR of commercial banks increased to 6.78%, with most commercial banks revising their respective BLRs by 25 basis points. Depositors were also compensated by a higher rate of return on their savings following the increase in the OPR. The average quoted fixed deposit (FD) rates rose between 15 to 17 basis points to a higher range of 3.07% to 3.30% as at end-July. Notwithstanding the rise in the OPR, monetary conditions continue to remain supportive of economic activity.

The monetary aggregates continued to expand in the second quarter. M1, or narrow money, increased by RM2.2 billion during the quarter. On an annual basis, M1 expanded by 10.2% as at end-June (end-March 2014: 11.4%). M3, or broad money, increased by RM19.8 billion on a quarter-on-quarter basis to record an annual growth rate of 5.6% as at end-June (end-March: 5.9%). The increase in M3 during the quarter was driven by the continued expansion in credit extended to the private sector by the banking system and higher net claims on the Government.

Total gross financing raised by the private sector through the banking system and the capital market amounted to RM281 billion in the second quarter (1Q 2014: RM282.2 billion). On a net basis, outstanding banking system loans and PDS expanded at an annual growth rate of 9.1% as at end-June (end-March 2014: 9.6%). Net funds raised in the capital market were lower at RM17.2 billion in the second quarter (1Q 2014: RM39.4 billion).

The ringgit and most other regional currencies appreciated against the US dollar as sound regional growth prospects and the continued highly accommodative monetary policy in the US sustained investor interest in regional financial markets. Positive sentiments following the release of better-than-expected domestic economic data, particularly the strong first quarter economic growth and a stronger pace of export growth, also supported the ringgit. Overall, the ringgit appreciated by 1.8% against the US dollar. The ringgit also appreciated against the euro (2.6%) and Japanese yen (0.3%), but depreciated against the pound sterling (-0.6%) and Australian dollar (-0.2%). Against regional currencies, ringgit performance was mixed.

Between 1 July and 13 August 2014, the ringgit appreciated against the US dollar by 0.6%. The ringgit also appreciated against the euro (2.7%), Australian dollar (2.1%), pound sterling (2%) and Japanese yen (1.6%). The ringgit's performance against regional currencies was mixed.

Financial stability continued to be preserved

The Malaysian financial system exhibited continued resilience in the second quarter amid improved conditions in the global and domestic financial markets. Financial intermediation remained well-supported by sound financial institutions, orderly financial market conditions and sustained confidence in the financial system.

Capitalisation of the banking system remained high, with the common equity tier 1 (CET1) capital ratio, tier 1 capital ratio and total capital ratio well above the minimum regulatory levels, at 12.2%, 13% and 14.8%, respectively. The total capital buffer of the banking system stood at more than RM80 billion. Similarly, the capital adequacy ratio of the insurance sector remained strong at 249.7% (1Q 2014: 249.7%), with an excess capital buffer of RM25.7 billion.

The Malaysian economy to remain on a steady growth path

Going forward, the global economy is expected to continue on a moderate growth path. Recent improvements in economic activity suggest that a cyclical recovery remains underway in some advanced economies. This will continue to benefit international trade activity. In Asia, domestic demand is expected to remain supportive of growth. Nevertheless, countryspecific developments may affect the overall pace of growth in these economies. The overall balance of risks for the global economy thus remains biased towards the downside due to uncertainty over policy adjustments in the key economies as well as geopolitical developments. Persistent geopolitical tensions in Eastern Europe and the Middle East could heighten financial market volatility and weigh down on the ongoing global economic recovery.

For the Malaysian economy, growth of exports is expected to moderate slightly in the second half of the year, partly reflecting the significant base effect in the corresponding period in 2013. Nevertheless, leading indicators suggest that private sector activity will remain as the key driver of growth. Exports will continue to benefit from the recovery in the advanced economies and from regional demand. Going forward, the Malaysian economy is expected to remain on a steady growth path.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2014, BNM)

Outlook

Prospect for Malaysian Economy in 2014

Growth expected to be stronger

The Malaysian economy is expected to expand further by 5% - 5.5% in 2014 (2013: 4.5% - 5%), supported by favourable domestic demand and an improving external environment. Growth will be private-led, supported by strong private capital spending while private consumption continues to remain resilient. Although some degree of uncertainty exists in the global environment due to the volatility of capital flows associated with the possibility of reduced global liquidity, Malaysia's external sector is expected to improve. This is in tandem with the continued recovery of growth across advanced economies as well as stronger regional trade activities which is evident in the second half of 2013. The better outlook of Malaysia's external sector is premised upon China's real GDP growth, which is expected to be sustained at around 7.5%, while global trade will continue to grow at a steady pace of 5% in 2014.

Domestic demand is expected to continue its strong growth momentum, driven mainly by the private sector. Strong domestic fundamentals, including low unemployment, rising household income and sustained consumer confidence, will support the continued expansion of private consumption. Growth in private investment is expected to remain strong in line with improving external demand and increasing domestic activity. Public expenditure will be largely underpinned by increased spending on supplies and services.

Malaysia's macroeconomic fundamentals are expected to remain strong. Of significance, labour market conditions are expected to be favourable with the unemployment rate at 3.1%. The labour market is expected to be supported by increased employment, particularly in the services-related industries and export-oriented manufacturing industries in tandem with strong domestic consumption and improving external demand. Headline inflation is expected to remain manageable at 2% - 3% in 2014. The increase in the CPI largely reflects fuel price adjustment in September 2013. Global food prices, as reported by the FAO, are expected to remain stable as food commodity markets are projected to be more balanced in 2013 and 2014. Domestic demand-driven inflation is expected to remain modest, amid increased capacity expansion and improved productivity. Producer cost pressure is expected to remain muted given the stable energy and commodity prices. Hence, the nominal GNI per capita is expected to increase 6.2% to RM34,126 (2013: 4.2%; RM32,144). In terms of Purchasing Power Parity (PPP), per capita income is expected to increase 2.6% to reach USD17,173 (2013: 1.3%; USD16,743).

(Source: Economic Report 2013/2014, Ministry of Finance Malaysia)

8.2 Overview of the housing industry

Growth remains robust

Value-added of the construction sector grew 12% (January – June 2012: 18.5%) attributed to ongoing civil engineering and residential activities. The total value of construction work during the first half of 2013 rose 13.8% to RM43.3 billion (January – June 2012: 24.6%; RM38.1 billion) with the highest share contributed by civil engineering at 36.1%, followed by the non-residential (31.9%) and residential (27.5%) subsectors.

The residential subsector expanded 15.7% (January – June 2012: 22%) supported by strong demand and reflected in higher construction activities with housing starts rising 20.3% to 73,804 units (January – June 2012: 13.8%; 61,351 units). In the residential segment, two and three-storey terraced houses as well as condominiums/apartments accounted for 24.9% (18,401 units) and 22.3% (16,422 units) of the total starts, respectively. During the first six months of the year, the Klang Valley continued to dominate the supply, accounting for 31% of housing starts followed by Johor (23.1%), spurred by ongoing infrastructure development (January – June 2012: 39.1%;15.3%). To expand the supply of affordable houses, the Government has introduced the 1Malaysia Housing Programme (PR1MA), which is expected to provide 80,000 houses as announced in the 2013 Budget. As at end-June 2013, a total of 20,000 houses under 15 affordable housing projects are being constructed in the Klang Valley, Johor, Pulau Pinang, Sabah and Sarawak. In line with the Government's objective to provide affordable houses to the low-income group, Syarikat Perumahan Negara Berhad (SPNB) has constructed 5,063 units of Rumah Mesra Rakyat 1Malaysia as at end-June 2013. In addition, SPNB has targeted to build 7,092 units of low and medium-cost apartments and terraced houses within the next three years. Meanwhile, a total of 45 projects involving 20,454 units of houses under the Program Perumahan Rakyat (PPR) will be implemented by Jabatan Perumahan Negara.

Meanwhile, units from new launches dropped 45.4% to 17,105 units (January – June 2012: -6.9%; 31,305 units). Sales of new launches remained favourable with a take-up rate of 21.8% (January – June 2012: 15.6%). In line with the increasing demand, the property overhang declined 9.5% to 14,576 units (end-June 2012: -27.7%; 16,098 units) amid the better sales performance of the residential segment.

Following Government initiatives to curb speculative activity, the volume of residential property transactions contracted 12.6% (January – June 2012: 1.5%), while the value increased marginally by 1% to RM32.9 billion (January – June 2012: 8%, RM32.6 billion). In addition, the Malaysia My Second Home (MM2H) programme attracted 1,200 foreign buyers, mostly from Japan, China, the UK, and Iran. Properties worth RM147 million or 0.5% of total property transactions were made under the programme during the first half of 2013. According to Malaysian Property Incorporated, only 3% of property investors in Malaysia are foreigners and concentrated in the high-end property market. However, recent property purchase by foreigners in prime areas, such as Johor and Pulau Pinang have increased significantly and raised concerns of excessive speculation activity and rising property prices. To address these issues, the Government has responded with measures such as increasing the Real Property Gains Tax (RPGT) rates, lowering the loan-to-value ratio, increasing the supply of affordable homes and tightening bank lending regulations.

House prices continue to rise, albeit at a slower pace in 2013. During the second quarter of 2013, the National House Price Index moderated to 7.8% (Q2 2012: 11.2%) with eight states showing increases, including Johor (20%), Kelantan (17.7%), Sarawak (15.6%), Melaka (15.1%), Kuala Lumpur (13.6%), Pulau Pinang (12.6%), Sabah (10.7%) and Kedah (10.6%). Average all-house prices in Malaysia were at RM257,605 (Q2 2012: RM238,810), with Kuala Lumpur continuing to record the highest prices at RM605,711 followed by Sabah (RM389,203), Selangor (RM387,412), Sarawak (RM330,388) and Pulau Pinang (RM298,697).

In the non-residential subsector, construction activity was subdued and declined 1% (January – June 2012: 12.8%) as reflected in the lower incoming supply, particularly in the purpose-built office (PBO) and shopping complex segments. The completion of PBO space slowed down during the last six months, with a decline to 16,198 square metres (sm) (January – June 2012: 120,234 sm). The moderating construction activity in the non-residential subsector was also due to the near completion of large industrial development projects such as the Samalaju Industrial Park in Sarawak. However, demand for commercial buildings remained stable with the average occupancy rate of office and retail space at 84.2% and 79.7%, respectively, reflecting sustained demand, particularly for commercial space located in prime areas.

The average rentals of office space in Kuala Lumpur City Centre/Golden Triangle areas increased to RM5.42 per square feet (psf) during the second quarter of 2013, surpassing the average office rentals in Wilayah Persekutuan Kuala Lumpur at RM4.54 psf. Meanwhile, the average rental of investment-grade buildings in Kuala Lumpur saw a significant increase of 14.4% to RM6.36 psf (Q2 2012: RM5.56 psf).

(Source: Economic Report 2013/2014, Ministry of Finance Malaysia)

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SECTION 9.0 OTHER INFORMATION

9.1 *Material litigation*

As at 30 September 2014, Cagamas is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which has a material adverse effect on the financial position or business of Cagamas and, to the best of the Board's knowledge and belief, the Board, having made all reasonable enquiries is not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of Cagamas.

9.2 *Material contingent liabilities*

Save as disclosed in the Information Memorandum, Cagamas is not aware of any material contingent liabilities or material capital commitments, which upon becoming enforceable, may have a substantial impact on its financial position and/or the business as at 30 September 2014.

9.3 *Conflict-of-interest situations and appropriate mitigating measures*

(a) CIMB Investment Bank Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, CIMB confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as, amongst others, the Joint Principal Adviser/Joint Lead Arranger and the Joint Lead Manager in relation to the Programmes other than as highlighted below.

Cagamas is wholly-owned by Cagamas Holdings. CIMB Bank Berhad ("**CIMB Bank**") holds 16.5% of the shareholding in Cagamas Holdings as of 30 September 2014.

In addition, Tengku Dato' Zafrul Tengku Abdul Aziz is a non-executive director on the board of directors of Cagamas Holdings. He is also an executive director and CEO of CIMB and is the acting Group CEO of CIMB Group Holdings Berhad.

CIMB and CIMB Bank are entities within the same group of companies.

In view of the above, there may be a potential conflict-of-interest in CIMB's capacity as the Joint Principal Adviser/Joint Lead Arranger and the Joint Lead Manager in relation to the Programmes.

CIMB has considered the factors involved and it believes that objectivity and independence in carrying out its roles as the Joint Principal Adviser/Joint Lead Arranger and the Joint Lead Manager in relation to the Programmes, have been and will be maintained at all times for the following reasons:

- (a) CIMB is a licensed investment bank and its appointment as the Joint Principal Adviser/Joint Lead Arranger and the Joint Lead Manager in relation to the Programmes is in the ordinary course of its business;

- (b) the roles of CIMB will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of CIMB in its capacity as the Joint Principal Adviser/Joint Lead Arranger and the Joint Lead Manager in relation to the Programmes and shall be carried out on an arms-length basis;
- (c) the conduct of CIMB is regulated strictly by the Financial Services Act 2013 ("**FSA**") and by its own internal controls and checks.

In order to further mitigate or address the potential conflict-of-interest situations described above, the following measures have been taken:-

- (a) the situations have been brought to the attention of the Board and the Board is hence fully aware of the same. Notwithstanding the potential conflict-of-interest situations, the Board is agreeable to proceed with the implementation of the Programmes based on the present arrangement and terms; and
- (b) due diligence review pursuant to the Programmes has been undertaken by professional and independent advisers.

(b) HSBC Amanah

As at the date hereof and after making enquiries as were reasonable in the circumstances, HSBC Amanah confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as, amongst others, the Joint Principal Adviser/Joint Lead Arranger, the Joint Lead Manager and the Joint Shariah Adviser in relation to the Programmes other than as highlighted below.

Cagamas is wholly-owned by Cagamas Holdings. HSBC Bank holds 4.1% of the shareholding in Cagamas Holdings as of 30 September 2014.

HSBC Amanah is wholly-owned by HSBC Bank.

In view of the above, there may be a potential conflict-of-interest arising from HSBC Amanah in its capacity as the Joint Principal Adviser/Joint Lead Arranger, Joint Shariah Adviser and the Joint Lead Manager in relation to the ICP Programme.

HSBC Amanah has considered the factors involved and it believes that objectivity and independence in carrying out its roles as the Joint Principal Adviser/Joint Lead Arranger, Joint Shariah Adviser and the Joint Lead Manager in relation to the Programmes, have been and will be maintained at all times for the following reasons:

- (a) HSBC Amanah is a licensed Islamic bank and its appointment as the Joint Principal Adviser/Joint Lead Arranger, Joint Shariah Adviser and the Joint Lead Manager in relation to the ICP Programme is in the ordinary course of its business;

- (b) the roles of HSBC Amanah will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of HSBC Amanah in its capacity as the Joint Principal Adviser/Joint Lead Arranger, Joint Shariah Adviser and the Joint Lead Manager in relation to the ICP Programme and shall be carried out on an arms-length basis;
- (c) the conduct of HSBC Amanah is regulated strictly by the Islamic Financial Services Act 2013 ("**IFSA**") and by its own internal controls and checks.

In order to further mitigate or address the potential conflict-of-interest situations described above, the following measures have been taken:

- (a) the situations have been brought to the attention of the Board and the Board is hence fully aware of the same. Notwithstanding the potential conflict-of-interest situations, the Board is agreeable to proceed with the implementation of the Programmes based on the present arrangement and terms; and
- (b) due diligence review pursuant to the Programmes has been undertaken by professional and independent advisers.

(c) HSBC Bank

As at the date hereof and after making enquiries as were reasonable in the circumstances, HSBC Bank confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as, amongst others, the Joint Principal Adviser/Joint Lead Arranger and the Joint Lead Manager in relation to the CCP Programme other than as highlighted below.

Cagamas is wholly-owned by Cagamas Holdings. HSBC Bank holds 4.1% of the shareholding in Cagamas Holdings as of 30 September 2014.

In view of the above, there may be a potential conflict-of-interest arising from HSBC Bank in its capacity as the Joint Principal Adviser/Joint Lead Arranger and the Joint Lead Manager in relation to the Programmes.

HSBC Bank has considered the factors involved and it believes that objectivity and independence in carrying out its roles as the Joint Principal Adviser/Joint Lead Arranger and the Joint Lead Manager in relation to the Programmes, have been and will be maintained at all times for the following reasons:

- (a) HSBC Bank is a licensed bank and its appointment as the Joint Principal Adviser/Joint Lead Arranger and the Joint Lead Manager in relation to the Programmes is in the ordinary course of its business;
- (b) the roles of HSBC Bank will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of HSBC Bank in its capacity as the Joint Principal Adviser/Joint Lead Arranger and the Joint Lead Manager in relation to the Programmes and shall be carried out on an arms-length basis;

- (c) the conduct of HSBC Bank is regulated strictly by the FSA and by its own internal controls and checks.

In order to further mitigate or address the potential conflict-of-interest situations described above, the following measures have been taken:

- (a) the situations have been brought to the attention of the Board and the Board is hence fully aware of the same. Notwithstanding the potential conflict-of-interest situations, the Board is agreeable to proceed with the implementation of the Programmes based on the present arrangement and terms; and
- (b) due diligence review pursuant to the Programmes has been undertaken by professional and independent advisers.

(d) AmInvestment Bank Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, AIBB confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest situations in its capacity as one of the Joint Lead Manager in relation to the Programmes other than as highlighted below.

Cagamas is wholly-owned by Cagamas Holdings. AIBB and AmBank (M) Berhad ("**AmBank**") collectively hold 8.0% of the shareholding in Cagamas Holdings as of 30 September 2014.

AIBB and AmBank and AmIslamic Bank Berhad ("**AmIslamic**") are entities within the same group of companies. Mr Cheah Tek Kuang, the Deputy Chairman of AmBank and AIBB, as well as, a non-executive director of AmIslamic Bank is also a director of Cagamas Holdings as of 30 September 2014.

In view of the above, potential conflict-of-interest situations may arise from AIBB's capacity as a Joint Lead Manager in relation to the Programmes.

AIBB has considered the factors involved and it believes its objectivity and independence in carrying out its role as a Joint Lead Manager in relation to the Programmes, have been and will be maintained at all times for the following reasons:

- (a) AIBB is a licensed investment bank regulated by various government authorities and agencies including BNM under, inter alia, the FSA and the SC under, inter alia, the CMSA and its appointment as a Joint Lead Manager in relation to the Programmes is in the ordinary course of its business;
- (b) AIBB is also governed by its own internal controls and checks and balances with AIBB's employees being competent and skilled to carry out in a professional manner and in the best interest of its clients, the functions required of the role of a Joint Lead Manager;

- (c) AIBB's Joint Lead Manager role will be governed by relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of AIBB in its capacity as a Joint Lead Manager in relation to the Programmes and such agreements and documentations shall entered into on an arms' length basis; and
- (d) the conduct of AmBank and AmIslamic is regulated strictly by the FSA and the IFSA, respectively and by their own internal controls and checks and balances and they had entered into the abovementioned transactions with Cagamas in the ordinary course of their business.

In order to further mitigate or address the potential conflict-of-interest situations described above, the following measures have been taken:

- (a) the situations have been brought to the attention of the Board and the Board is hence fully aware of the same. Notwithstanding the potential conflict-of-interest situations, the Board is agreeable to proceed with the implementation of the Programmes based on the present arrangement and terms; and
 - (b) due diligence review pursuant to the Programmes has been undertaken by professional and independent advisers.
- (e) Hong Leong Bank Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, HLBB confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as, amongst others, the Joint Lead Manager in relation to the Programmes other than as highlighted below.

Cagamas is wholly-owned by Cagamas Holdings. HLBB holds 6% of the shareholding in Cagamas Holdings as of 30 September 2014.

In view of the above, there may be a potential conflict-of-interest arising from HLBB in its capacity as the Joint Lead Manager in relation to the Programmes.

HLBB has considered the factors involved and it believes that objectivity and independence in carrying out its roles as the Joint Lead Manager in relation to the Programmes, have been and will be maintained at all times for the following reasons:

- (a) HLBB is a licensed bank and its appointment as, amongst others, the Joint Lead Manager in relation to the Programmes is in the ordinary course of its business;
- (b) the roles of HLBB will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of HLBB in its capacity as, amongst others, the Joint Lead Manager in relation to the Programmes and shall be carried out on an arms-length basis; and

- (c) the conduct of HLBB is regulated strictly by the FSA and by its own internal controls and checks.

In order to further mitigate or address the potential conflict-of-interest situations described above, the following measures have been taken:

- (c) the situations have been brought to the attention of the Board and the Board is hence fully aware of the same. Notwithstanding the potential conflict-of-interest situations, the Board is agreeable to proceed with the implementation of the Programmes based on the present arrangement and terms; and
- (d) due diligence review pursuant to the Programmes has been undertaken by professional and independent advisers.

(f) Maybank Investment Bank Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, MIBB confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as, amongst others, the Joint Lead Manager in relation to the Programmes other than as highlighted below.

Cagamas is wholly-owned by Cagamas Holdings. MIBB and Malayan Banking Berhad collectively hold 14.2% of the shareholding in Cagamas Holdings as of 30 September 2014.

In addition, Datuk Abdul Farid bin Alias is non-executive director on the board of directors of Cagamas Holdings. He is currently the President, the Chief Executive Officer and a non-independent executive director of Malayan Banking Berhad. He is also a non-independent, non-executive director of MIBB.

MIBB and Malayan Banking Berhad are entities within the same group of companies.

In view of the above, there may be a potential conflict-of-interest arising from MIBB in its capacity as the Joint Lead Manager in relation to the Programmes.

MIBB has considered the factors involved and it believes that objectivity and independence in carrying out its roles as the Joint Lead Manager in relation to the Programmes, have been and will be maintained at all times for the following reasons:

- (a) MIBB is a licensed investment bank and its appointment as, amongst others, the Joint Lead Manager in relation to the Programmes is in the ordinary course of its business;
- (b) the roles of MIBB will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of MIBB in its capacity as, amongst others, the Joint

Lead Manager in relation to the Programmes and shall be carried out on an arms-length basis; and

- (c) the conduct of MIBB is regulated strictly by the FSA and by its own internal controls and checks.

In order to further mitigate or address the potential conflict-of-interest situations described above, the following measures have been taken:

- (a) the situations have been brought to the attention of the Board and the Board is hence fully aware of the same. Notwithstanding the potential conflict-of-interest situations, the Board is agreeable to proceed with the implementation of the Programmes based on the present arrangement and terms; and
- (b) due diligence review pursuant to the Programmes has been undertaken by professional and independent advisers.

(g) RHB Investment Bank Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, RHB confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as, amongst others, the Joint Lead Manager in relation to the Programmes other than as highlighted below.

Cagamas is wholly-owned by Cagamas Holdings. RHB and RHB Bank Berhad collectively hold 8.6% of the shareholding in Cagamas Holdings as of 30 September 2014.

RHB and RHB Bank Berhad are entities within the same group of companies as both companies are wholly-owned by RHB Capital Berhad.

In view of the above, there may be a potential conflict-of-interest arising from RHB in its capacity as the Joint Lead Manager in relation to the Programmes.

RHB has considered the factors involved and it believes that objectivity and independence in carrying out its roles as the Joint Lead Manager in relation to the Programmes, have been and will be maintained at all times for the following reasons:

- (a) RHB is a licensed investment bank and its appointment as, amongst others, the Joint Lead Manager in relation to the Programmes is in the ordinary course of its business;
- (b) the roles of RHB will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of RHB in its capacity as, amongst others, the Joint Lead Manager in relation to the Programmes and shall be carried out on an arms-length basis; and

- (c) the conduct of RHB is regulated strictly by the FSA and by its own internal controls and checks.

In order to further mitigate or address the potential conflict-of-interest situations described above, the following measures have been taken:

- (a) the situations have been brought to the attention of the Board and the Board is hence fully aware of the same. Notwithstanding the potential conflict-of-interest situations, the Board is agreeable to proceed with the implementation of the Programmes based on the present arrangement and terms; and
- (b) due diligence review pursuant to the Programmes has been undertaken by professional and independent advisers.

(h) RHB Islamic Bank Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, RHB Islamic confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as, amongst others, the Joint Lead Manager in relation to the Programmes other than as highlighted below.

Cagamas is wholly-owned by Cagamas Holdings. RHB and RHB Bank Berhad collectively hold 8.6% of the shareholding in Cagamas Holdings as of 30 September 2014.

RHB Islamic, RHB and RHB Bank Berhad are entities within the same group of companies as all three companies are wholly-owned by RHB Capital Berhad.

In view of the above, there may be a potential conflict-of-interest arising from RHB in its capacity as the Joint Lead Manager in relation to the Programmes.

RHB has considered the factors involved and it believes that objectivity and independence in carrying out its roles as the Joint Lead Manager in relation to the Programmes, have been and will be maintained at all times for the following reasons:

- (a) RHB Islamic is a licensed islamic bank and its appointment as, amongst others, the Joint Lead Manager in relation to the Programmes is in the ordinary course of its business;
- (b) the roles of RHB Islamic will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of RHB Islamic in its capacity as, amongst others, the Joint Lead Manager in relation to the Programmes and shall be carried out on an arms-length basis; and
- (c) the conduct of RHB Islamic is regulated strictly by the IFSA and by its own internal controls and checks.

In order to further mitigate or address the potential conflict-of-interest situations described above, the following measures have been taken:

- (a) the situations have been brought to the attention of the Board and the Board is hence fully aware of the same. Notwithstanding the potential conflict-of-interest situations, the Board is agreeable to proceed with the implementation of the Programmes based on the present arrangement and terms; and
- (b) due diligence review pursuant to the Programmes has been undertaken by professional and independent advisers.

(i) Standard Chartered Bank Malaysia Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, SCB confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as, amongst others, the Joint Lead Arranger and Joint Lead Manager in relation to the Programmes other than as highlighted below.

Cagamas is wholly-owned by Cagamas Holdings. SCB holds 3.1% of the shareholding in Cagamas Holdings as of 30 September 2014.

In view of the above, there may be a potential conflict-of-interest arising from SCB in its capacity as the Joint Lead Manager in relation to the Programmes.

SCB has considered the factors involved and it believes that objectivity and independence in carrying out its roles as the Joint Lead Manager in relation to the Programmes, have been and will be maintained at all times for the following reasons:

- (a) SCB is a licensed bank and its appointment as, amongst others, the Joint Lead Manager in relation to the Programmes is in the ordinary course of its business;
- (b) the roles of SCB will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of SCB in its capacity as, amongst others, the Joint Lead Manager in relation to the Programmes and shall be carried out on an arms-length basis; and
- (c) the conduct of SCB is regulated strictly by the FSA and by its own internal controls and checks.

In order to further mitigate or address the potential conflict-of-interest situations described above, the following measures have been taken:

- (a) the situations have been brought to the attention of the Board and the Board is hence fully aware of the same. Notwithstanding the potential conflict-of-interest situations, the Board is agreeable to proceed with the implementation of the Programmes based on the present arrangement and terms; and

- (b) due diligence review pursuant to the Programmes has been undertaken by professional and independent advisers.

(j) CIMB Islamic Bank Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, CIMB Islamic confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as, amongst others, the Joint Shariah Adviser in relation to the ICP Programme other than as highlighted below.

Cagamas is wholly-owned by Cagamas Holdings. CIMB Bank holds 16.5% of the shareholding in Cagamas Holdings as of 30 September 2014.

In addition, Tengku Dato' Zafrul Tengku Abdul Aziz is a non-executive director on the board of directors of Cagamas Holdings. He is also an executive director and CEO of CIMB and is the acting Group CEO of CIMB Group Holdings Berhad.

CIMB Islamic is wholly-owned by CIMB Bank.

In view of the above, there may be a potential conflict-of-interest in CIMB Islamic's capacity as the Joint Shariah Adviser in relation to the ICP Programme.

CIMB Islamic has considered the factors involved and it believes that objectivity and independence in carrying out its roles as the Joint Shariah Adviser in relation to the ICP Programme, have been and will be maintained at all times for the following reasons:

- (a) CIMB Islamic is a licensed Islamic bank and its appointment as the Joint Shariah Adviser in relation to the ICP Programme is in the ordinary course of its business;
- (b) the roles of CIMB Islamic will be governed by the relevant agreements and documentations which shall clearly set out the rights, duties and responsibilities of CIMB Islamic in its capacity as the Joint Shariah Adviser in relation to the ICP Programme and shall be carried out on an arms-length basis;
- (c) the conduct of CIMB Islamic is regulated strictly by the IFSA and by its own internal controls and checks.

In order to further mitigate or address the potential conflict-of-interest situations described above, the following measures have been taken:-

- (a) the situations have been brought to the attention of the Board and the Board is hence fully aware of the same. Notwithstanding the potential conflict-of-interest situations, the Board is agreeable to proceed with the implementation of the ICP Programme based on the present arrangement and terms; and

(b) due diligence review pursuant to the ICP Programme has been undertaken by professional and independent advisers.

(k) Messrs Zaid Ibrahim & Co.

As at the date hereof and after making enquiries as were reasonable in the circumstances, Messrs Zaid Ibrahim & Co. confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as the legal counsel to the Joint Principal Advisers/Joint Lead Arrangers in relation to the Programmes.

(l) PB Trustee Services Berhad

As at the date hereof and after making enquiries as were reasonable in the circumstances, PB Trustee Services Berhad confirms that, to the best of its knowledge and belief, there is no existing or potential conflict-of-interest in its capacity as the trustee in relation to the Programmes.

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APPENDIX I

Audited financial statements of Cagamas for the Financial Year ended 2013

APPENDIX II

Unaudited financial statements of Cagamas for First Half of the Financial Year of 2014

THE ISSUER

Cagamas Berhad
(Company No. 157931-A)
Level 32
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Mid Valley City
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59200 Kuala Lumpur

JOINT LEAD ARRANGERS FOR THE ICP PROGRAMME

CIMB Investment Bank Berhad
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Kuala Lumpur Sentral
50470 Kuala Lumpur

HSBC Amanah Malaysia Berhad
(Company No. 807705-X)
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No. 2, Leboh Ampang
50100 Kuala Lumpur

JOINT LEAD ARRANGERS FOR THE CCP PROGRAMME

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50470 Kuala Lumpur

HSBC Bank Malaysia Berhad
(Company No. 127776-V)
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No. 2, Leboh Ampang
50100 Kuala Lumpur

THE TRUSTEE

PB Trustee Services Berhad
(Company No. 7968-T)
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50450 Kuala Lumpur

**LEGAL COUNSEL TO THE JOINT LEAD
ARRANGERS**

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Pusat Bandar Damansara
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THE JOINT SHARIAH ADVISERS

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