

PRUDENTIAL BSN TAKAFUL BERHAD - PROPOSED ISSUE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF TIER 2 SUBORDINATED ISLAMIC MEDIUM TERM NOTES (“**T2 SUKUK WAKALAH**”) UNDER A TIER 2 SUBORDINATED ISLAMIC MEDIUM TERM NOTES PROGRAMME OF RM300.0 MILLION IN NOMINAL VALUE BASED ON THE SHARIAH PRINCIPLE OF WAKALAH BI AL-ISTITHMAR (“**SUKUK WAKALAH PROGRAMME**”)

**Other Terms and Conditions**

- |     |                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) | <b>Details on utilisation of proceeds</b> | The proceeds of the T2 Sukuk Wakalah shall be made available for the working capital and corporate purposes of PruBSN, and the refinancing of the T2 Sukuk Wakalah and/or Shariah compliant capital instruments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (2) | <b>Transaction Documents</b>              | <p>The Transaction Documents shall include the following:</p> <ul style="list-style-type: none"> <li>(a) the T2 Sukuk Wakalah (in the form of global certificates and/or definitive certificates);</li> <li>(b) the Securities Lodgement Form;</li> <li>(c) the Programme Agreement;</li> <li>(d) the Trust Deed;</li> <li>(e) the Subscription Agreement(s);</li> <li>(f) the relevant Islamic documents; and</li> <li>(g) all other documents advised by the Solicitors as may be necessary to the Sukuk Wakalah programme and to be mutually agreed between the Lead Arranger and the Issuer.</li> </ul> <p>The above documents shall collectively be referred to as “<b>Transaction Documents</b>”.</p>                                                                                                                                           |
| (3) | <b>Issue Price</b>                        | The T2 Sukuk Wakalah will be issued at par, discount or premium to the nominal value of the T2 Sukuk Wakalah, and shall be fully paid at the issue price upon issuance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| (4) | <b>Status of the T2 Sukuk Wakalah</b>     | The T2 Sukuk Wakalah will constitute direct, unconditional and unsecured obligations of the Issuer and subordinated in right and priority of payment, to the extent and in the manner provided in the T2 Sukuk Wakalah, and shall at all times, rank pari passu and rateably, without discrimination, preference or priority amongst themselves. The T2 Sukuk Wakalah shall rank above the share capital of the Issuer (including Tier 1 capital instruments if any) but the claims of the Sukukholders shall, in the event of a winding up or liquidation of the Issuer, be subordinated in right and priority of payment to all liabilities of the Issuer (including such liabilities generally preferred by law), other than those creditors whose claims are expressed to rank pari passu with or subordinated to the claims of the Sukukholders. |

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(5) **Tenure of the T2 Sukuk Wakalah** The tenure of each T2 Sukuk Wakalah to be issued under the Sukuk Wakalah Programme shall have a tenure of not less than five (5) years from the issue date.

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

For the avoidance of doubt, there is no step-up of the Periodic Distribution Rate after the Optional Redemption Date(s) of the relevant T2 Sukuk Wakalah in the event the optional redemption is not exercised by the Issuer on the Optional Redemption Date(s).

(7) **Periodic Distribution Frequency** Payable semi-annually in arrears from the issue date or such other frequency as may be agreed to between the Issuer and the lead manager prior to the issuance of the relevant T2 Sukuk Wakalah with the last distribution payment to be made on the Scheduled Dissolution Date or upon the early redemption, whichever is the earlier (each such date, a “**Distribution Payment Date**”).

(8) **Periodic Distribution Basis** Actual/365 days.

(9) **Form and denomination** **Form**

The T2 Sukuk Wakalah shall be issued in accordance with the:

- (1) Participation Rules for Payment and Securities Services issued by BNM or its successor-in-title or successor in such capacity (“**BNM Rules**”); and
- (2) Operational Procedures for Securities Services and Operational Procedures for Malaysian Ringgit Settlement in the Real Time Electronic Transfer of Funds and Securities System issued by BNM or its successor-in-title or successor in such capacity (“**BNM Procedures**”),

as amended and/or substituted from time to time (collectively, the “**BNM Rules and Procedures**”).

The T2 Sukuk Wakalah shall be represented by a global certificate (exchangeable for definitive certificates on the occurrence of certain limited events). The global certificate shall be deposited with BNM and shall be in bearer form.

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**Denomination**

The denomination of the T2 Sukuk Wakalah shall be Ringgit Malaysia One Thousand (RM1,000.00) or in multiples of Ringgit Malaysia One Thousand (RM1,000.00) thereof.

**(10) Taxation**

All payments by the Issuer shall be made subject to withholding or deductions for or on account of any present or future tax, duty, or charge of whatsoever nature imposed or levied by or on behalf of Malaysia, or any authority thereof having power to tax, and the Issuer shall not be required to gross up in connection with such withholding or deduction on these payments or distributions.

**(11) Jurisdiction**

The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.

**(12) Identified asset or Trust asset**

The Trust Assets shall comprise of:

- (1) the Sukuk Proceeds;
- (2) the relevant Wakalah Investments; and
- (3) the rights, title, beneficial interest, entitlement and benefit of the Sukukholders in, to and under the relevant Transaction Documents.

**(13) Purchase price/rental and selling**

**Commodity Purchase Price:**

In respect of the Commodity Murabahah Investment, the Commodity Purchase Price shall be determined prior to the issuance of the T2 Sukuk Wakalah. The Commodity Purchase Price shall be in line with the asset pricing requirements stipulated under the ICMPS Guidelines.

**Deferred Sale Price:**

In relation to the Commodity Murabahah Investment, the Deferred Sale Price shall be determined prior to the issuance of the T2 Sukuk Wakalah and shall comprise the Commodity Purchase Price plus the aggregate profit margin and shall be payable on deferred payment basis. For the avoidance of doubt, the Deferred Sale Price shall be equal to the sum of the aggregate Expected Periodic Distribution Amount and 100% of the nominal value of the relevant T2 Sukuk Wakalah.

**(14) Redemption**

Unless previously redeemed or purchased and cancelled, the T2 Sukuk Wakalah will be redeemed by the Issuer at 100% of their nominal value on their respective Scheduled Dissolution Date(s).

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- (15) **Sukuk Trustee's Reimbursement Account** A Shariah-compliant Sukuk Trustee's Reimbursement Account for Sukukholders' actions ("**Sukuk Trustee's Reimbursement Account**") with a sum of at least Ringgit Malaysia One Hundred Thousand (RM100,000.00) shall be set up either by the Issuer or the Sukuk Trustee for and on behalf of the Issuer. The Sukuk Trustee's Reimbursement Account shall be solely operated by the Sukuk Trustee and the monies therein shall only be utilised strictly by the Sukuk Trustee in carrying out its duties in relation to the occurrence of Enforcement Events as provided in the Trust Deed. The sum of RM100,000.00 shall be maintained at all times in the Sukuk Trustee's Reimbursement Account.
- The monies in the Sukuk Trustee's Reimbursement Account may be invested in Islamic based account, Shariah-compliant instruments and/or Shariah-compliant securities in the manner prescribed in the Trust Deed, with any income from such investment to be accrued to the Issuer. The monies in the Sukuk Trustee's Reimbursement Account shall be returned to the Issuer upon full redemption of the T2 Sukuk Wakalah if no Enforcement Events have occurred.

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