

PRICING SUPPLEMENT DATED 4 JUNE 2021



BANK MUAMALAT MALAYSIA BERHAD
(Registration No. 196501000376 (6175-W))

**SUBORDINATED SUKUK MURABAHAH PROGRAMME OF
UP TO RM1.0 BILLION IN AGGREGATE NOMINAL VALUE**

Joint Lead Managers / Joint Bookrunners:



Subordinated Sukuk Murabahah Programme of up to RM1.0 Billion in aggregate nominal value by Bank Muamalat Malaysia Berhad

Series No.: 2

RM500.0 million nominal amount of Subordinated Sukuk Murabahah due 13 June 2031

Issue Price: 100% of the aggregate Nominal Value

Joint Lead Arrangers : (1) **BANK MUAMALAT MALAYSIA BERHAD**
(Registration No. 196501000376 (6175-W))
(2) **OCBC AL-AMIN BANK BERHAD**
(Registration No. 200801017151 (818444-T))

Joint Lead Managers: : (1) **BANK MUAMALAT MALAYSIA BERHAD**
(Registration No. 196501000376 (6175-W))
(2) **OCBC AL-AMIN BANK BERHAD**
(Registration No. 200801017151 (818444-T))
(3) **BANK ISLAM MALAYSIA BERHAD**
(Registration No. 198301002944 (98127-X))
(4) **MAYBANK INVESTMENT BANK BERHAD**
(Registration No. 197301002412 (15938-H))
(5) **RHB INVESTMENT BANK BERHAD**
(Registration No. 197401002639 (19663-P))

Sukuk Trustee : **MALAYSIAN TRUSTEES BERHAD** (Registration No. 197501000080 (21666-V))

This document ("**Pricing Supplement**") is issued to give details of an issue of Subordinated Sukuk Murabahah by **BANK MUAMALAT MALAYSIA BERHAD** (Registration No. 196501000376 (6175-W)) ("**Issuer**") under its Subordinated Sukuk Murabahah Programme of up to RM1.0 billion in aggregate nominal value ("**Subordinated Sukuk Murabahah Programme**").

This Pricing Supplement is to be read in conjunction with the terms and conditions of the Subordinated Sukuk Murabahah ("**Conditions**") set out in the Trust Deed dated 27 May 2016 made between the Issuer and **MALAYSIAN TRUSTEES BERHAD** (Registration No. 197501000080 (21666-V)) ("**Sukuk Trustee**"), which is made a part hereof as if set forth herein and all documents incorporated by reference therein (collectively, "**Trust Deed**"). Unless otherwise defined in this Pricing Supplement, capitalised terms used herein have the same meaning as in the Trust Deed.

The establishment of the Subordinated Sukuk Murabahah Programme and the issuance of the Subordinated Sukuk Murabahah under the Subordinated Sukuk Murabahah Programme have been duly authorised by a resolution of the Board of Directors of the Issuer dated 30 April 2015.

The Issuer hereby acknowledges that it has authorised the Joint Lead Managers to circulate or distribute this Pricing Supplement on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of the Subordinated Sukuk Murabahah to prospective investors who fall within the ambit of the selling restrictions set out below ("**Selling Restrictions**") for the purpose of the sale of this series of Subordinated Sukuk Murabahah described herein pursuant to the Subordinated Sukuk Murabahah Programme and that no further evidence of authorisation is required.

This Pricing Supplement has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any jurisdiction other than Malaysia and it does not constitute an issue, offer or sale of, or an invitation to subscribe for or purchase any Subordinated Sukuk Murabahah or any other securities of any kind by any party in any such foreign jurisdiction.

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

This Pricing Supplement is sent to selected persons who fall within the ambit of the Selling Restrictions. Any person who receives this Pricing Supplement who does not fall within the ambit of the Selling Restrictions must immediately notify the Joint Lead Managers and return this Pricing Supplement to the Joint Lead Managers or the Issuer.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law or in equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered, in this regard. For the avoidance of doubt, the recipient, the recipient's professional advisers, directors, employees and any other persons who may receive this Pricing Supplement or any part of it from the recipient shall be deemed to have agreed to abide by this confidentiality undertaking.

The recipient must return this Pricing Supplement and any other information in connection therewith to the Joint Lead Managers promptly upon the request of the Joint Lead Managers.

THE DISTRIBUTION OF THIS PRICING SUPPLEMENT AND THE OFFERING OR SALE OF THE SUBORDINATED SUKUK MURABAHAH IN JURISDICTIONS OTHER THAN MALAYSIA IS RESTRICTED. PERSONS INTO WHOSE POSSESSION THIS PRICING SUPPLEMENT COMES ARE REQUIRED BY THE ISSUER, THE JOINT LEAD ARRANGERS AND THE JOINT LEAD MANAGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE SUCH RESTRICTION. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF THE SUBORDINATED SUKUK MURABAHAH AND ON DISTRIBUTION OF THIS PRICING SUPPLEMENT, SEE "SELLING RESTRICTIONS" BELOW.

SELLING RESTRICTIONS

The Subordinated Sukuk Murabahah shall not be issued, transferred, offered, sold or delivered, and no invitation to subscribe for or purchase the Subordinated Sukuk Murabahah shall be made, directly or indirectly, nor shall any document or other material in connection therewith be distributed in Malaysia other than to:

Upon issuance: the categories of persons falling within Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 ("**CMSA**"), as amended from time to time;

After issuance: the categories of persons falling within Schedule 6 or Section 229(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA, as amended from time to time.

NON-VIABILITY LOSS ABSORPTION EVENT

The purpose of the Basel III rules is to ensure greater stability of the banking institutions by requiring them to hold more capital to serve as a buffer against losses and reduce the likelihood of bank failures, and, ultimately, government intervention. The Basel III rules are intended to ensure that all classes of capital instruments can, as fully as possible, absorb losses at the point in time of non-viability of the banking institution.

The Capital Adequacy Framework for Islamic Banks (Capital Components) issued by Bank Negara Malaysia ("**BNM**") on 9 December 2020 requires that the terms and conditions of all additional Tier 1 and Tier 2 capital instruments issued from 1 January 2013 onwards to contain features that ensure loss absorbency at the point of non-viability. All additional Tier 1 and Tier 2 capital instruments shall have a provision that requires such instruments to be either written-off in whole or in part or converted in whole or in part into ordinary shares upon the occurrence of a trigger event.

The terms and conditions of the Subordinated Sukuk Murabahah provide that upon the occurrence of a Trigger Event (as defined below), the Subordinated Sukuk Murabahah will be fully or partially written-off.

Following the occurrence of any of the following trigger events (each a "**Trigger Event**"), whichever is earlier:

- (i) BNM and Malaysia Deposit Insurance Corporation ("**PIDM**") notifying the Issuer in writing that BNM and PIDM are of the opinion that a write-off is necessary, without which the Issuer would cease to be viable; or
- (ii) BNM and PIDM publicly announcing that a decision has been made by BNM, PIDM or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the Issuer would cease to be viable,

the Issuer is required to give notice to the Subordinated Sukukholders of the Subordinated Sukuk Murabahah and RAM Rating Services Berhad in accordance with the terms of the

Subordinated Sukuk Murabahah, then, as of the relevant write-off date, the write-off shall extinguish the claim under the Subordinated Sukuk Murabahah in liquidation, which will mean that the holders of the Subordinated Sukuk Murabahah written-off will irrevocably waive their rights to receive, and no longer have any rights against the Issuer with respect to, payment of the aggregate principal amount of the respective Subordinated Sukuk Murabahah written-off, and the amount paid when a Call Option is exercised and profit payments on the Subordinated Sukuk Murabahah written-off.

The write-off shall be permanent and the full principal amount of the Subordinated Sukuk Murabahah together with all unpaid profits thereon that are or would be payable upon the relevant maturity date, an early redemption or the occurrence of an Event of Default under item 2(v)(b) of the principal terms and conditions ("PTC") will automatically be written-off and such Subordinated Sukuk Murabahah and profits will be immediately and fully cancelled as of such write-off date.

For the avoidance of doubt, (i) the write-off of the respective Subordinated Sukuk Murabahah shall not constitute an event of default or trigger cross-default clauses; and (ii) BNM and PIDM shall have the option to require the entire principal amount of the Subordinated Sukuk Murabahah outstanding, or a part thereof, and all other amount owing under the Subordinated Sukuk Murabahah, be written-off.

The exercise of the loss absorption at the point of non-viability shall not constitute an Event of Default as specified under item 2(v) of the PTC or trigger cross-default clauses within the Subordinated Sukuk Murabahah Programme.

The Subordinated Sukuk Murabahah will under no circumstances be converted into equity of the Issuer and the holders of the Subordinated Sukuk Murabahah will have to absorb losses pursuant to the terms specified herein.

A write-off may occur on more than one occasion and the Subordinated Sukuk Murabahah may be written-off on more than one occasion.

The occurrence of a Trigger Event is dependent on a determination by BNM and PIDM. As a result, BNM and PIDM may require or may cause a write-off in circumstances that are beyond the control of the Issuer and with which the Issuer may not agree. Due to the inherent uncertainty regarding BNM's and PIDM's determination on whether a Trigger Event exists, it will be difficult to predict when, if at all, such event will occur. Accordingly, the trading behaviour in respect of the Subordinated Sukuk Murabahah which have the non-viability loss absorption feature is not necessarily expected to follow trading behaviour associated with other types of Islamic securities. Any indication that the Issuer may potentially be moving towards a Trigger Event could have a material adverse effect on the market price of the relevant Subordinated Sukuk Murabahah.

Further, the regulations on non-viability loss absorption are untested, and will be subject to the interpretation and application by BNM. It is uncertain how BNM would determine the occurrence of a Trigger Event, and it is possible that the grounds that constitute Trigger Events may change (including the introduction of additional grounds). Accordingly, the operation of any such future legislation, guidelines or regulations may have an adverse effect on the Subordinated Sukuk Murabahah and the interests of the Subordinated Sukukholders.

There is no assurance that any contractual provisions with non-viability loss absorption features, to the extent applicable, will be sufficient to satisfy the Basel III-compliant requirements that BNM may implement in the future. There is a risk that BNM may deviate from the Basel III proposals by implementing reforms which differ from those envisaged by the Basel Committee on Banking Supervision.

A potential investor should not invest in the Subordinated Sukuk Murabahah unless it has the knowledge and expertise to evaluate how the Subordinated Sukuk Murabahah will perform under changing conditions, the resulting effects on the likelihood of a write-off and the value of the Subordinated Sukuk Murabahah, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained herein.

Potential investors should consider the risk of losing all or some of their investment in the Subordinated Sukuk Murabahah, including the principal amount plus any unpaid profit, in the event that a Trigger Event occurs and the Subordinated Sukuk Murabahah are written off.

SPECIFIC PRICING SUPPLEMENT

The following items under this heading "Specific Pricing Supplement" are the particular terms of the Subordinated Sukuk Murabahah to which this Pricing Supplement relate.

In case of any conflict between such terms and the terms and conditions set forth in the Trust Deed, the terms set forth in this Pricing Supplement shall govern.

1. Issuer : BANK MUAMALAT MALAYSIA BERHAD
(Registration No. 196501000376 (6175-W))
2. Series Number : 2
3. Aggregate Nominal Amount : RM500.0 million
4. Issue Price : RM500.0 million
5. Issue Date : 15 June 2021
6. Tenor : Ten (10) years, subject to Call Option
7. Call Date : Callable on the 5th anniversary date from the Issue Date and on every profit payment date thereafter with the first call date on 15 June 2026
8. Maturity Date : 13 June 2031
9. Periodic Profit Payment : Semi-annually
Date(s) or Frequency
10. Profit Rate : 4.50% p.a.

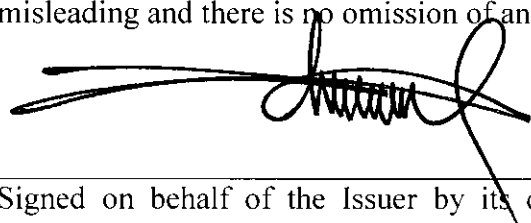
11. Rating : The Subordinated Sukuk Murabahah to be issued is rated A₃ by RAM Rating Services Berhad
12. Utilisation of Proceeds : To finance the Issuer's Islamic banking activities and for its working capital requirements
13. Redemption
- (i) Redemption Amount : RM500.0 million
- (ii) Early Redemption Right : Applicable
14. Form of Subordinated Sukuk Murabahah : Bearer Subordinated Sukuk Murabahah represented by a Global Certificate deposited with Bank Negara Malaysia as Central Depository
15. Other terms or special conditions : Not applicable

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for the issue of the Series of Subordinated Sukuk Murabahah described herein pursuant to the Subordinated Sukuk Murabahah Programme.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. Having made all enquiries as were reasonable, the Issuer confirms that the information contained in this Pricing Supplement is in accordance with the facts and is not false or misleading and there is no omission of any material information.



Signed on behalf of the Issuer by its duly authorised signatory

Name :
Designation : **KHAIRUL KAMARUDIN**
CHIEF EXECUTIVE OFFICER