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## BEST ASSET-BACKED SECURITISATION DEAL IN SOUTHEAST ASIA 2017

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### AL DZAHAB'S SUKUK MURABAHAH MYR900 MILLION ABS (TRANCHES 3 & 4)

- Joint Lead Managers: AmInvestment Bank & Hong Leong Investment Bank

As the first non-property related Asset Backed Securitised Sukuk, based on receivables and based on the principles of Murabahah and Tawarruq issued by a non-GLC injecting further breadth and depth to the local ABS capital markets, the Al Dzahab Assets' MYR900 million (US\$202 million) Asset-Backed Sukuk Murabahah Programme is a notable transaction worthy of limelight. This award – Best Asset-Backed Securitisation is for the third and fourth tranches while the award last year (Best Murabahah Deal) was for the first and second tranches. The issuer, Al Dzahab Assets is a special-purpose vehicle incorporated to undertake the securitisation of receivables originated through the business partners of RCE Marketing Sdn Bhd (Originator) via the Sukuk Murabahah Programme. The programme permits the Al Dzahab Assets', from time to time, issue Sukuk to fund its acquisition of Islamic personal- financing portfolios (IPFP), which comply with the pre-determined eligibility criteria. The programme prioritises the financial obligations of the issuer in the order of

Class A Sukuk, Class B Sukuk and the unrated Class C Sukuk. Profit on unrated Class C Sukuk is payable only after the full redemption of the rated classes. The proceeds from each issuance will be utilised to settle the purchase consideration of the IPFP, to meet the Minimum Required Profit Balance under the Finance Service Reserve Account and to meet all related expenses in connection with the programme. Each issuance /tranche will be secured by a different IPFP. In fact, the issue size of the programme is capable of being upsized subject to compliance with the relevant provisions under the relevant regulatory guidelines.

Thus far, two issuances have been completed to-date, which achieved a rating of AAA for Class A and AA3 for Class B assigned by RAM Rating Services. The programme enables RCE Marketing to monetize its assets (i.e., the IPFP) from time to time at the right timing and acceptable pricing to raise financing for its business expansions.

RCE Marketing retains an option (in the form of a Clean-up Call) to repurchase all outstanding IPFP sold to the Al Dzahab Assets' upon occurrence of certain events, if it desires. Such option provides an avenue for the originator to "collapse" a securitised tranche where it deems fit without affecting other tranche(s). Given how different classes/series with different tenure, rating and pricing mechanism to cater for investors with difference risk appetite and returns expectations was developed, these two tranches stand as the Best ABS Deal of the Year 2017.