

Exclusive Sharia Compliant Credit Linked Note

a 5-year opportunity - Leverage: n/a

Strategy Summary

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Level of Risk	Time Horizon	Upside Opportunity	Asset Type	Profit	Currency

Product Characteristics:

- ▶ Issuer: **Violet Protected Asset SPV**
- ▶ Format: Violet Structured Murabaha Investment
- ▶ Issue Price: 100%
- ▶ Sukuk collateral: INDOIS 06/06/2027 (Rated BBB)
- ▶ Profit: 34.5 % (6.9 % p.a. provided no Trigger/Credit Event occurred - see payout diagram)
- ▶ Maturity: 60 months
- ▶ Currency: USD
- ▶ Underlying Instruments: see below table
- ▶ Redemption at maturity: If no Credit Event occurred on the reference issue: 100 %
else, 100 % x R, R= Recovery Rate of the Sukuk Collateral
- ▶ Recovery: Market Floating
- ▶ Valuation: Bid/Ask live Intra-day

Product Brief

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- This structure allows the investor to gain an exposure to the creditworthiness of the Issuer and the Sukuk Collateral and to benefit from an enhanced Profit Rate derived from the monetization of the Reference Entities' Credit Spreads,
- This structure allows the investor to benefit from an annual Profit Rate of 6,90% p.a. in the absence of a Trigger or Credit Event on one or several of the Reference Entities composing the Basket,
- In case of a Trigger/Credit Event on one or several reference entities, additional costs are applied to the Profit Rate equal to the sum of the contributions of the related entities.

Your benefits

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Advantages	Drawbacks
<ul style="list-style-type: none"> - At maturity, capital is paid back at 100 % in the absence of a Credit Event on the Sukuk Collateral. - Benefit from an increased coupon through the credit exposure on the Sukuk Collateral (Indonesia, rated BBB). - Benefit from premium profit by monetizing the Credit Spreads of the Reference Entities. - In the case of a Trigger Event, the Profit Rate is temporarily reduced - it will be restored provided credit spread decreases to below the Trigger at the next observation. 	<ul style="list-style-type: none"> - The payment of the Profit Rate decreases by the contribution of its entity following a Trigger or Credit Event. - Costs are applied to the Capital (up to 100%) in case of a Credit Event on the Sukuk Collateral during the life of the product. - In case of early exit of the Investment: the investor will be subject to several Unwind Costs which depend on the credit risk of the Reference Entities and the Sukuk Collateral, and the cost of the hedge and related trading positions incurred by the broker. The investor only receives the Redemption value at maturity.

Mechanism

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Profit Rate

- In the absence of a Trigger/Credit Event on the Reference Entities, the investor receives an annual Profit Rate of 6,90% p.a., 30/360.
- Otherwise, the investor receives the annual Profit Rate of 6,90% p.a. reduced by the sum of the contributions of all Reference Entities for which a Trigger/Credit Event has occurred. In case of Credit Event on the Sukuk Collateral the Profit Rate payment stops.

Capital

- In the absence of Credit Event on the Sukuk Collateral, the investor will receive 100% of the Notional Amount at maturity.
- Otherwise, the investor receives at maturity the Recovery of the Sukuk Collateral
- In case of Sukuk default, the transaction terminates and the SPV returns to the investor the proceeds of the Sukuk sale minus all Unwind Costs of the broker's hedges (subject to a zero floor).

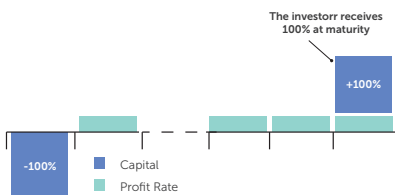
Reference Entities

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Entity	CCY	Exposure	Rating	Spread*	Cost of Trigger	Trigger 2023	Trigger 2024	Trigger 2025	Trigger 2025	Trigger 2025
Arab Republic of Egypt	USD	20%	B+	1190	1.10%	n/a	n/a	n/a	n/a	n/a
Emirate of Dubai / UAE	USD	20%	BB	125	1.45%	200	175	150	125	100
Sultanate of Oman	USD	20%	A+	275	1.45%	400	350	300	250	200
Kingdom of Bahrain	USD	20%	BB	330	1.45%	500	425	370	210	250
State of Kuwait	USD	20%	n/a	66	1.45%	150	120	95	70	45

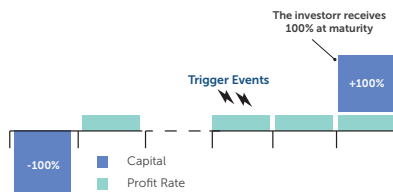
* indicative spread as of 26.07.2022

Scenario 1



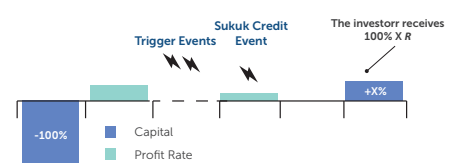
- No Credit Event occurs on the Sukuk Collateral or on Egypt over the life of the product.
- No Trigger/Credit Event occurs on the basket
- The investor received an annual Profit Rate as well as 100% of the invested capital at maturity.

Scenario 2



- No Credit Event occurs on the Sukuk Collateral or on Egypt over the life of the product.
- Few Barrier Trigger Events occur on the nth year only. The profit amount is subject to Trigger/Credit Event Costs for this year only. The capital is reimbursed at par at maturity.

Scenario 3



- Several Trigger Events occur on the basket, and a Credit Event occurs on the Sukuk Collateral.
- The Profit Rate paid to the investor is reduced.
- At maturity, Capital Costs are incurred by the investor equal to 100% x 1-R where R is the Recovery of the Sukuk Collateral.

General Information

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Characteristics

Name	Sharia compliant CDS Repack
Issuing Bank	Single A+ issuer
ISIN Number	upon demand
Duration:	Maximum 5 years,
Placement Fee	2 % (included in the issue price)
Type of investment	Yield enhancement
Issue size:	USD 250K, min denomination USD 1K
Risk scale	<div style="display: flex; width: 100px; height: 15px; background-color: #28a745; border: 1px solid #000;"></div>

Risk

- Capital is protected according to sharia rules that apply
- Gain is limited to the coupon payment
- The investor will not receive dividend payments from the underlying

Product Launch

- Launch subject to investment conditions fixed by the issuer and amount raised.

Disclaimer

Past performance is no guarantee of future returns.

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No assurances or guarantees

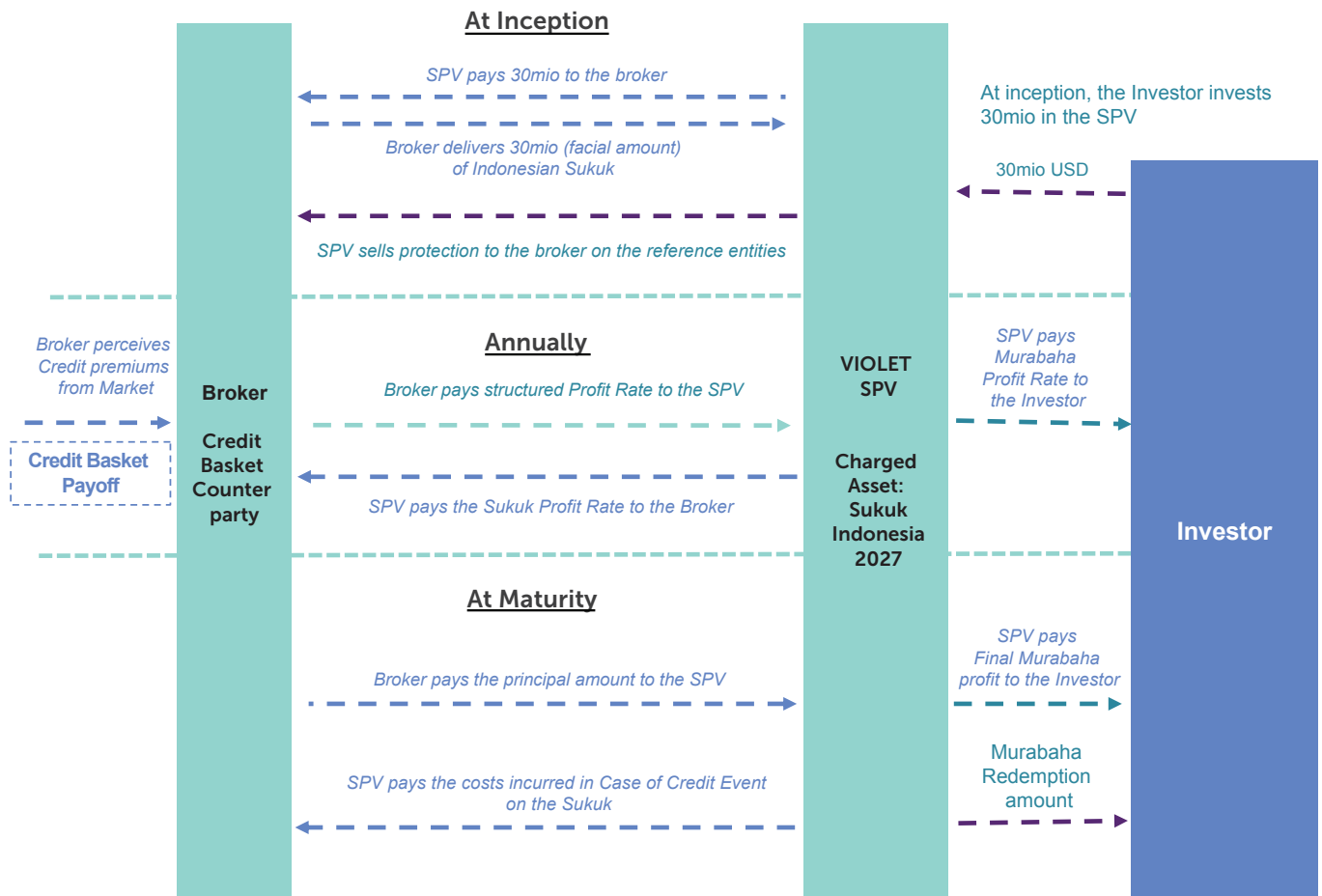
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Annexe

Shariah Compliant SPV Transaction Overview



Suitability assessment

Investing in this product or entering into the transaction described here (where applicable) could lead to a significant risk level. This term sheet does not intend to identify all these risks (whether direct or indirect) nor any other factor you may consider relevant which could be associated to the product or transaction.

Before investing in such product or entering into any transaction, potential investors or the transaction's counter-party (where such exists) shall make their own review independently and consult (where applicable) their own external financial advisors in order to assess (1) the specific risks associated to the product or transaction; (2) the legal, accounting fiscal and regulatory implications; (3) the suitability and appropriateness of the product or transaction to their investment objectives, financial situation or any other constraint.

The broker generally considers that it does not provide any investment advice. In the event in which it might, the broker must inform its client on the risk/return/liquidity aspects of the product and collects information on its client's investment objectives in accordance with the regulations in force. With regard to this investment product, the broker considers that it corresponds to the following characteristics:

- High/Medium risk investment (e.g. No guaranteed redemption amount or costs potentially above paid premium)
- Long term (>5 years maximum maturity)
- Low or medium liquidity

The issuer's disclaimer applies in full

Additional notice:

The sharia supervisory board has pre-approved the concept of the strategy. The launched product is subject to final approval by the CIB' Sharia Supervisory Board comprising Sheikh Nizam Yaquby, Tan Sri Dr. Mohd Daud Bakar and Dr. Mohamed Elgari. You should not rely on such approvals and should consult your own Sharia advisers as to whether the transaction described herein is in accordance with your individual standards of compliance with Sharia principles

Reference articles

Country/State	Article	Link
Arab Republic of Egypt	EGY View	https://www.ix-7.ch/Community/Blog.aspx?blogid=16253&title=Egyptian-pound-some-more-to-come
	EGY View	https://www.ix-7.ch/Community/Blog.aspx?blogid=16246&title=SAMA-likely-to-add-more
	Credit	https://www.ix-7.ch/Community/Blog.aspx?blogid=16244&title=Credit-outlook-Egypt
Emirate of Dubai / UAE	Credit	https://www.ix-7.ch/Community/Blog.aspx?blogid=16242&title=Credit-outlook-UAE
Kingdom of Bahrain	Credit	https://www.ix-7.ch/Community/Blog.aspx?blogid=16243&title=Credit-outlook-Bahrain
State of Kuwait	Credit	https://www.ix-7.ch/Community/Blog.aspx?blogid=16241&title=Credit-outlook-Kuwait
Sultanate of Oman	Credit	https://www.ix-7.ch/Community/Blog.aspx?blogid=16245&title=Credit-outlook-Oman
General	Top-Down view	https://www.ix-7.ch/Community/Blog.aspx?blogid=16252&title=The-smart-place-in-the-investment-field
	View on GDP for GCC	https://www.ix-7.ch/Community/Blog.aspx?blogid=16239&title=GCC-is-the-bright-spot
	Product view	https://www.ix-7.ch/Community/Blog.aspx?blogid=16235&title=Sharia-compliant-opportunities