

Bank Islam Malaysia Berhad ("Bank Islam" or the "Issuer")

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

(A) CORPORATE INFORMATION OF ISSUER

- (1) Name : Bank Islam Malaysia Berhad ("Bank Islam" or the "Issuer")
- (2) Address : 32nd Floor, Menara Bank Islam, 22 Jalan Perak, 50450 Kuala Lumpur
- (3) Date of incorporation: 1 March 1983
- (4) Place of incorporation : Malaysia
- (5) Business registration: 98127-X
number
- (6) Residence status : Resident Controlled Company
- (7) Place of listing : Not Listed
- (8) Date of listing : Not Listed
- (9) Principal activities : Islamic banking business and the provision of related services.
- (10) Issued and paid-up : The issued and paid-up capital of the Issuer as at 31 May 2018 is
share capital RM2,869,497,600 comprising 2,466,021,700 ordinary shares.
- (11) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders : Shareholding as at 31 May 2018:-

| Name | No. of shares held | % of shareholdings |
|---------------------------------------|--------------------|--------------------|
| BIMB Holdings Berhad (" BHB ") | 2,466,021,700 | 100 |

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Principal Terms and Conditions

(12) Board of directors :

| No. | Name |
|-----|---|
| 1 | Datuk Zamani Abdul Ghani |
| 2 | Prof. Emeritus Tan Sri Dato' Dr. Abdul Shukor Husin |
| 3 | Zahari @ Mohd Zin Idris |
| 4 | Datuk Zaiton Mohd Hassan |
| 5 | Mohamed Ridza Mohamed Abdulla |
| 6 | Noraini Che Dan |
| 7 | Nik Mohd Hasyudeen Yusoff |
| 8 | Azizan Ahmad |
| 9 | Dato' Sri Khazali Ahmad |

(13) Disclosure of the following :

- (i) If the issuer or its board members have been convicted or charged with any offence under any securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, or if any action has been initiated against the issuer or its board members : None.

Bank Islam Malaysia Berhad ("Bank Islam" or the "Issuer")

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

for breaches of
the same, for
the past ten
years prior to
the lodgement/
since
incorporation
(for issuer
incorporated
less than ten
years)

- (ii) If the issuer has: None.
been subjected
to any action by
the stock
exchange for
any breach of
the listing
requirements or
rules issued by
the stock
exchange, for
the past five
years prior to
the lodgement

(B) PARTIES TO THE TRANSACTION

(a) Origination

| No. | Roles | Name of parties |
|-----|-------------------|-----------------------------------|
| 1 | Issuer | Bank Islam Malaysia Berhad |
| 2 | Principal Adviser | Bank Islam Malaysia Berhad |
| 3 | Lead Arranger | Bank Islam Malaysia Berhad |
| 4 | Solicitors | Zul Rafique & Partners |
| 5 | Sukuk Trustee | Malaysian Trustees Berhad ("MTB") |
| 6 | Shariah Adviser | Bank Islam Malaysia Berhad |

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Principal Terms and Conditions

(b) At the point of distribution

| No. | Roles | Name of parties |
|-----|----------------|--|
| 1 | Issuer | Bank Islam Malaysia Berhad |
| 2 | Lead Manager | Bank Islam Malaysia Berhad and/or such other joint lead manager(s) to be appointed |
| 3 | Facility Agent | RHB Investment Bank Berhad |

(c) After distribution

| No. | Roles | Name of parties |
|-----|--------------------|------------------------------|
| 1 | Issuer | Bank Islam Malaysia Berhad |
| 2 | Principal Adviser | Bank Islam Malaysia Berhad |
| 3 | Facility Agent | RHB Investment Bank Berhad |
| 4 | Sukuk Trustee | Malaysian Trustees Berhad |
| 5 | Central Depository | Bank Negara Malaysia ("BNM") |
| 6 | Paying Agent | Bank Negara Malaysia |

(C) DETAILS OF FACILITY/PROGRAMME

- (1) Name of facility : Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value ("Sukuk Murabahah Programme").

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

- (2) One-time issue or programme : Programme
- (3) Shariah principles (for sukuk) : 1. Murabahah (via Tawarruq arrangement)
- (4) Facility description (for ringgit-denominated sukuk, to provide description as cleared by the SC) : Sukuk programme of up to RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)), for the issuance of subordinated Sukuk ("**Subordinated Sukuk Murabahah**") and senior Sukuk ("**Senior Sukuk Murabahah**") from time to time up to a combined limit of RM10.0 billion in nominal value. The Subordinated Sukuk Murabahah and Senior Sukuk Murabahah are collectively referred to as the "**Sukuk Murabahah**".

The Subordinated Sukuk Murabahah is a Tier 2 instrument, which shall comply with the Capital Adequacy Framework for Islamic Banks (Capital Components) issued by BNM on 2 February 2018 ("**CAFIB**").

The issuance of each tranche of the Sukuk Murabahah under the Sukuk Murabahah Programme shall be effected as follows:-

1. Under an agency agreement ("**Agency Agreement 1**"), the Sukuk Trustee, for and on behalf of the holders of the Sukuk Murabahah ("**Sukukholders**"), shall appoint the Facility Agent to act as its buying and selling agent ("**Wakil 1**") for the purchase and sale of the Commodities (as defined under the section entitled "Identified Assets") under "Other terms and conditions" from time to time.
2. Under another agency agreement ("**Agency Agreement 2**"), the Issuer shall appoint the Facility Agent to act as its selling agent ("**Wakil 2**") for the sale of the Commodities from time to time.
3. Pursuant to a commodity murabahah agreement ("**Commodity Murabahah Agreement**") entered into between the Issuer, the Facility Agent and the Sukuk Trustee, the Issuer shall request the Wakil 1 to purchase the Commodities by issuing a Form of Transaction Request ("**FTR**") (which is similar to a purchase order) to the Wakil 1. In the FTR, the Issuer shall irrevocably undertake to purchase the Commodities as stipulated therein from the Wakil 1, at a selling price ("**Selling Price**") to be paid on a deferred payment basis. The Selling Price comprises the Purchase Price (as defined below) and the profit portion which shall be determined based on the yield-to-maturity for the relevant Sukuk Murabahah agreed between the Issuer and the Wakil 1 (on behalf of the Sukukholders) prior to the sale of the Commodities to the Issuer to be evidenced by the issue of the relevant Sukuk Murabahah.
4. Pursuant to the FTR issued by the Issuer to the Wakil 1, the Sukukholders shall pay the purchase price ("**Purchase Price**") of the Commodities to the Wakil 1, which shall be equivalent to the proceeds of the relevant Sukuk Murabahah.

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Principal Terms and Conditions

5. Upon receipt of the Purchase Price from the Sukukholders, the Wakil 1 shall then purchase the Commodities from commodity sellers on spot basis.

6. Upon completion of the purchase, the Wakil 1 shall sell the Commodities to the Issuer at the Selling Price on deferred payment basis and the Wakil 1 shall permit the Issuer to take immediate constructive possession of the Commodities.

7. The Issuer shall issue and the Sukukholders shall subscribe to the relevant Sukuk Murabahah which will evidence the Sukukholders' entitlement to receive the Selling Price.

8. Subsequently, the Wakil 2 shall sell the Commodities to commodity buyers on spot basis at an amount equivalent to the Purchase Price. The proceeds from the sale of the Commodities shall be utilised by the Issuer for the purposes as stipulated in the section entitled "Details on utilisation of proceeds by issuer" under "Other terms and conditions".

9. Upon conclusion of the sale of the Commodities to the commodity buyers, the Wakil 2 shall issue the Confirmation of Transactions to the Issuer (upon request).

During the tenure of the Sukuk Murabahah, the Issuer (as part of its obligation to pay the Selling Price) shall make periodic payments towards the profit portion of the Selling Price to the Sukukholders ("**Periodic Profit Payments**") of an amount calculated based on the Profit Rate (as defined in the section entitled "Profit Rate" under "Other terms and conditions" on each Periodic Profit Payment Date (as defined in the section entitled "Profit payment frequency" under "Other terms and conditions").

In the case of Subordinated Sukuk Murabahah, on the Maturity Date (as defined under the section entitled "Maturity date" under "Other terms and conditions") or on the date of declaration of an Enforcement Event (as defined under the section entitled "Events of default or enforcement events, where applicable, including recourse available to investors") or on the date of early redemption of the relevant Subordinated Sukuk Murabahah pursuant to a Call Option (as defined under the section entitled "Call option") or Regulatory Event (as defined under the section entitled "Provisions on early redemptions") or Tax Event (as defined under the section entitled "Provisions on early redemptions") ("Early Redemption Events for Subordinated Sukuk Murabahah"), subject to the provisions under the section entitled "Events of default or enforcement events, where applicable, including recourse available to investors", the section entitled "Provisions on buy-back" and the section entitled "Provisions on early redemption", the Issuer shall pay all amounts outstanding under the Selling Price as final settlement of the same (subject to Ibra' (as defined under section entitled "Ibra'") where applicable) upon which the relevant Subordinated Sukuk Murabahah shall be cancelled.

In the case of Senior Sukuk Murabahah, on the Maturity Date or on the date of declaration of an Event of Default (as defined under the section entitled "Events of default or enforcement events, where applicable, including recourse available to

Bank Islam Malaysia Berhad ("Bank Islam" or the "Issuer")

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

investors") or on the date of early redemption of the relevant Senior Sukuk Murabahah pursuant to a Call Option ("Early Redemption Event for Senior Sukuk Murabahah"), subject to the provisions under the section entitled "Events of default or enforcement events, where applicable, including recourse available to investors", the section entitled "Provisions on buy-back" and the section entitled "Provisions on early redemption", the Issuer shall pay all amounts outstanding under the Selling Price as final settlement of the same (subject to Ibra' where applicable) upon which the relevant Senior Sukuk Murabahah shall be cancelled.

- (5) Currency : Ringgit
- (6) Expected facility/
programme size : MYR 10,000,000,000.00
- (7) Option to upsize (for : Yes
programme)
- (8) Tenure of facility/
programme : Perpetual
- (9) Availability period for:
debt/ sukuk
programme : The Sukuk Murabahah may be issued at any time during the tenure of the Sukuk Murabahah Programme, provided that the first issuance under the Sukuk Murabahah Programme shall be within sixty (60) business days from the date of the lodgement with the Securities Commission Malaysia ("SC") ("Lodgement") and subject to completion of all documentation and, unless waived by the Principal Adviser ("PA")/Lead Arranger("LA"), compliance of all Conditions Precedent and all other applicable conditions to the satisfaction of the PA/LA.
- (10) Clearing and
settlement platform : Payments Network Malaysia Sdn Bhd (formerly known as Malaysian Electronic Clearing Corporation Sdn Bhd (MyClear) ("**PayNet**").
- (11) Mode of issue : ☒ Private/direct placement
☒ Bought deal
☒ Book building

Additional Notes:

The Sukuk Murabahah shall be issued in accordance with (1) the Participation Rules for Payments and Securities Services issued by PayNet ("**PayNet Rules**") and (2) the Operational Procedures for Securities Services and the Operational Procedures for Malaysian Ringgit Settlement in Real Time Electronic Transfer of Funds and Securities (RENTAS) (collectively the "**PayNet Procedures**"), or their replacement thereof applicable from time to time (collectively the "**PayNet Rules and Procedures**").

Bank Islam Malaysia Berhad ("Bank Islam" or the "Issuer")

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

- (12) Selling restrictions : (i) At issuance:
- ☒ Part 1 of Schedule 6 of the Capital Markets & Services Act, 2007 (CMSA)
 - ☒ Part 1 of Schedule 7 of the CMSA
 - ☒ Read together with Schedule 9 of CMSA
- (ii) After issuance:
- ☒ Part 1 of Schedule 6 of the CMSA
 - ☒ Read together with Schedule 9 of CMSA

Additional Notes:

Selling Restrictions at Issuance

The Sukuk Murabahah may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase the Sukuk Murabahah and to whom the Sukuk Murabahah are issued would fall within Part 1 of Schedule 6 and Part 1 of Schedule 7 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.

Selling Restrictions Thereafter

The Sukuk Murabahah may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase the Sukuk Murabahah and to whom the Sukuk Murabahah are issued would fall within Part 1 of Schedule 6 or Section 229(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA.

- (13) Tradability and transferability : Size in Ringgit which are tradable and transferable:
MYR 10,000,000,000.00
Size in Ringgit which are non-tradable and non-transferable:
Not applicable
- (14) Secured/combinatio : Unsecured
n of unsecured and
secured, if
applicable
- (15) Details of guarantee,: Not guaranteed
if applicable
- (16) Convertibility of : Non-convertible
issuance and details

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

of the convertability

(17) Exchangeability of : Non-exchangeable
issuance and details
of the
exchangeability

(18) Call option and : Each tranche of Sukuk Murabahah issued under the Sukuk Murabahah
details, if applicable Programme shall have a call option ("Call Option") to allow the Issuer to redeem (in whole or in part) that tranche of the Sukuk Murabahah on the Call Date.

"Call Date" is defined as:-

(a) In the case of the Subordinated Sukuk Murabahah, any Periodic Profit Payment Date after a minimum period of five (5) years from the date of issue of that tranche of Subordinated Sukuk Murabahah; and

(b) In the case of the Senior Sukuk Murabahah, any Periodic Profit Payment Date after the issue date of that tranche of Senior Sukuk Murabahah.

(19) Put option and : No put option
details, if applicable

(20) Details of covenants : Positive Covenants

Positive covenants usual and customary for an issuance of such nature and/or which are required in order to comply with the SC's Trust Deeds Guidelines, including but not limited to the following:

(i) At all times comply with the provisions of the Trust Deed and the terms and conditions of the Transaction Documents;

(ii) Redeem in full all outstanding Sukuk Murabahah in accordance with the terms and conditions of the Transaction Documents;

(iii) At all times provide the Sukuk Trustee such information as it may reasonably require in order to discharge its duties and obligations as trustee to the extent as permitted by law;

(iv) At all times maintain a paying agent who is based in Malaysia;

(v) Procure that the paying agent shall notify the Sukuk Trustee in the event that the paying agent does not receive payment from the Issuer on the due dates as required under the Transaction Documents;

(vi) At all times keep proper books and accounts and to provide the Sukuk Trustee and any person appointed by it access to such books and accounts to the extent permitted by law and at all times exercise reasonable diligence in carrying out its business in a proper and efficient manner which should ensure, amongst others,

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

that all necessary approvals or relevant licences are obtained and maintained; and

(vii) Such other positive covenants as may be advised by the Solicitors and mutually agreed between the LA and the Issuer to be incorporated in the Transaction Documents.

Negative covenants

Subordinated Sukuk Murabahah

No negative covenants.

Senior Sukuk Murabahah

(i) The Issuer shall not, unless it has obtained BNM's approval, reduce or alter except increase its authorised or issued and paid-up capital whether by varying the amount, structure or value thereof or the rights attached thereto or convert any of its share capital into stock, or by consolidation, dividing or sub-dividing all or any of its shares. For the avoidance of doubt, this covenant shall not restrict the Issuer from dividing or sub-dividing all or any of its shares provided that its authorised and paid-up share capital is not reduced, pursuant to such dividing or sub-dividing of its shares;

(ii) The Issuer shall not:

(a) consolidate or amalgamate with or merge with any other person or into another entity or transfer all or substantially all its assets to another entity; or

(b) enter into any de-merger, reconstruction or winding up unless the successor person or entity expressly assumes the Issuer's obligations under the Transaction Documents and after giving effect to such transaction, no event of default has occurred or is continuing or would occur,

unless BNM has granted its approval in respect of the relevant events set out in items (a) and (b) above;

(iii) The Issuer shall not cause itself to take steps to be voluntarily wound up or to dissolve itself and / or its respective affairs;

(iv) The Issuer shall not do or permit to occur or omit to do any act or omission, or execute or omit to execute any document which may render any of the Transaction Documents to be illegal, void, voidable or unenforceable;

(v) The Issuer shall not use the proceeds derived from the issuance of the Senior Sukuk Murabahah hereunder except for the purposes set out in the Lodgement, the Transaction Documents and the Information Memorandum;

(vi) The Issuer shall not surrender, transfer, assign, relinquish or otherwise dispose any of its rights and interest under the Transaction Documents (except as

Bank Islam Malaysia Berhad ("Bank Islam" or the "Issuer")

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

permitted or required under the Transaction Documents);

(vii) The Issuer shall not add, delete, amend or substitute its memorandum or articles of association in a manner inconsistent with the provisions of the Transaction Documents;

(viii) The Issuer shall not enter into any transaction, whether directly or indirectly with interested person (including any of its directors or its related corporation's directors, substantial shareholders or persons connected with any of them) (for the purpose of this covenant, the term "transaction" shall have the same meaning as ascribed to "related party transaction" in the Listing Rules of Bursa Malaysia ("LR")) unless:

(a) 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

(b) with respect to transactions involving an aggregate payment or value equal to or exceeding the applicable percentage ratios as set out in the LR at the relevant point in time, the Issuer shall obtain certification from an independent adviser that the transaction is carried out on fair and reasonable terms,

provided that the Issuer certifies to the Sukuk Trustee that the transaction complies with paragraph (a), where applicable, that the Issuer has received the certification referred to in this subparagraph (b) above, and that the transaction has been approved by the majority of its board of directors and, where applicable, shareholders at a general meeting; and

(ix) Such other covenants deemed necessary or as may be advised by the Solicitors, including but not limited to the covenants which are required in order to comply with the SC's Trust Deeds Guidelines.

Financial Covenants

No financial covenant

Information Covenants

For so long as any Sukuk Murabahah is outstanding, the Issuer covenants and undertakes with the Sukuk Trustee and each of the Sukukholders that, inter alia:-

(i) The Issuer shall deliver to the Sukuk Trustee:-

(a) A copy of its annual audited accounts within 180 days after the end of each financial year, and any other accounts, reports, notices, statements or circulars issued to shareholders; and

(b) Annually a certificate that the Issuer has complied with its obligations under the Trust Deed and the terms and conditions of the Sukuk Murabahah Programme and that there did not exist or had not existed, from the date the first tranche of the

Bank Islam Malaysia Berhad ("Bank Islam" or the "Issuer")

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

Sukuk Murabahah were issued or from the date of the last certificate, any Enforcement Event/Event of Default and if such is not the case, to specify the same;

(ii) The Issuer shall notify the Sukuk Trustee in the event that the Issuer becomes aware of the following:-

(a) any Enforcement Event/Event of Default or that such other right or remedy under the terms, provisions and covenants of the Sukuk Murabahah and Trust Deed have become immediately enforceable;

(b) any circumstance that has occurred that would materially prejudice the Issuer or any security included in or created by the Sukuk Murabahah Programme or the Trust Deed;

(c) any substantial change in the nature of the business of the Issuer;

(d) any change in the utilisation of proceeds from the Sukuk Murabahah other than for the purpose stipulated in the Transaction Documents;

(e) any change in the withholding tax position or tax jurisdiction of the Issuer; and

(f) any other matter that may materially prejudice the interest of the Sukukholders; and

(iii) Such other information covenants as may be advised by the Solicitors and to be mutually agreed between the LA and the Issuer to be incorporated in the Transaction Documents.

(21) Details of designated account, if applicable : No designated account

(22) Name of credit rating agency, credit rating and amount rated, if applicable

| No. | Credit rating agency | Credit rating | Final/indicative rating | Name of Class/ Series/ Tranche | Amount rated |
|-----|-------------------------------|---------------|-------------------------|--------------------------------|-----------------------|
| 1 | RAM Rating Services Bhd (RAM) | AA3 | Final rating | Senior Sukuk Murabahah | MYR 10,000,000,000.00 |
| 2 | RAM Rating Services Bhd (RAM) | A1 | Final rating | Subordinated Sukuk Murabahah | MYR 10,000,000,000.00 |

(23) Conditions precedent : Conditions precedent usual and customary for an issuance of such nature, including but not limited to the following, all of which shall be in form and substance acceptable to the Lead Arranger:-

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

A. Main Documentation

(i) The Transaction Documents (as defined under the section entitled "Transaction Documents" under "Other terms and conditions") shall have been signed and, where applicable, stamped or endorsed as exempted from stamp duty under the relevant legislation and presented for registration.

B. The 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, 44 and 49 of the Issuer;

(iii) A certified true copy of a board resolution of the Issuer, authorising, amongst others, the establishment of the Sukuk Murabahah Programme and 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; and

(vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer signed by a director of the Issuer declaring that the Issuer is not wound up and that no winding up petition has been presented against the Issuer.

C. General

(i) Evidence that all relevant regulatory approvals and acknowledgments, including written approval from BNM in relation to the issuance of Subordinated Sukuk Murabahah, endorsement from the SC's Shariah Advisory Council ("**SAC of the SC**") and the acknowledgement by the SC of the Lodgement in accordance with SC's LOLA Guidelines;

(ii) Confirmation from the rating agency that the Sukuk Murabahah Programme has obtained a minimum rating as stated in the section entitled "Name of credit rating agency and credit rating".

Where a tranche of the Subordinated Sukuk Murabahah is to be recognized as capital in the consolidated total capital of BHB group, which shall be decided by the Issuer prior to the issuance of such tranche ("**Consolidated Capital Recognition Option**"), it is a condition precedent to the issuance of such tranche that the Issuer has procured a written confirmation from the rating agency on the rating assigned to such tranche, which confirmation shall be in form and substance acceptable to the Facility Agent. For avoidance of doubt, the rating assigned to such tranche may or may not be the same to the prevailing rating of the Subordinated Sukuk Murabahah;

(iii) The approval and confirmation from the Shariah Adviser that the structure and mechanism together with the Transaction Documents of the Sukuk Murabahah Programme are in compliance with Shariah principles;

(iv) The opening and deposit of the required sum into the Sukuk Trustee's Reimbursement Account (as defined under the section entitled "Sukuk Trustee's

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

Reimbursement Account" under "Other terms and conditions");

(v) Satisfactory legal opinion from the Solicitors with respect to, amongst others, the legality, validity and enforceability of the Transaction Documents and a confirmation that all conditions precedent have been fulfilled; and

Such other conditions precedent as may be advised by the Solicitors and agreed by the Issuer and the LA to be incorporated in the Transaction Documents.

(24) Representations and warranties

Representations and warranties usual and customary for a transaction of such nature, which shall include but are not limited to the following:-

(a) The Issuer (i) has been duly incorporated and validly exists under the laws of Malaysia, (ii) has full power and authority to engage in the business of banking and finance in Malaysia and each other jurisdiction where it is so engaged and conduct its business, and (iii) is duly qualified to transact business under the laws of Malaysia and each other jurisdiction in which it owns or leases properties, or conduct any business, to the extent such qualification is required, other than where the failure to be so qualified would not have a Material Adverse Effect (as defined under the section entitled "Material Adverse Effect" under "Other terms and conditions");

(b) The establishment of the Sukuk Murabahah Programme has been duly authorized, and when issued and delivered pursuant to the Transaction Documents, will have been duly executed, authenticated, issued and delivered and will constitute valid and binding obligations of the Issuer enforceable in accordance with its terms;

(c) No event has occurred which would constitute an Enforcement Event under the Subordinated Sukuk Murabahah or an Event of Default under the Senior Sukuk Murabahah or which with the giving of notice or the lapse of time or other condition would constitute an Enforcement Event or an Event of Default, as the case may be;

(d) The Issuer is not in breach of the provisions of any law or regulations governing such approvals, consents, authorizations and/or such licenses and, after due and careful consideration, the Issuer is not aware of any reason why such approval, consent, authorization and/or license should be withdrawn or cancelled or any conditions attached thereto adversely altered, other than where the absence of such approval, consent, authorization and/or license would not have a Material Adverse Effect;

(e) There are no legal or governmental proceedings pending or, to the knowledge of the Issuer, threatened, to which the Issuer is or may be a party or to which any property or asset of the Issuer is or may be the subject which, if determined adversely to the Issuer, could individually or in the aggregate reasonably be expected to have a Material Adverse Effect;

(f) The Issuer has all licenses, franchises, permits, authorizations, approvals, orders and other concessions of and from all governmental and regulatory officials and bodies that are necessary to own or lease its properties and conduct its business, other than where the failure to obtain such licenses, franchises, permits,

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

authorizations, approvals, orders and other concessions would not have a Material Adverse Effect;

(g) The audited financial statements of the Issuer are prepared in accordance with applicable approved accounting principles and standards in Malaysia and fairly represent the Issuer's financial position as at the date of the financial statements;

(h) The Issuer and its obligations under the Transaction Documents and the Sukuk Murabahah are subject to commercial law and to suit in Malaysia and neither the Issuer nor any of its properties, assets or revenues has any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any court, from set off or counterclaim, from the jurisdiction of any court, or other legal process or proceeding for the giving of any relief or for the enforcement of judgment, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Transaction Documents and the Sukuk Murabahah; and

(i) Such other representations and warranties as may be advised by the Solicitors and to be mutually agreed between the LA and the Issuer.

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

(25) Events of defaults or : enforcement events, where applicable, including recourse available to investors

Subordinated Sukuk Murabahah

Enforcement events ("Enforcement Events") shall encompass the following:-

(i) The Issuer defaults in payment of any principal or profit or any other amount under the Subordinated Sukuk Murabahah and such default continues for a period of seven (7) business days after the relevant due date; or

(ii) An order is made for the winding-up of the Issuer and such order is not stayed or set aside within thirty (30) days of such order being made or, where so stayed, such stay lapses, or an effective resolution is passed for the winding-up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation the terms of which have been approved by the holders of the Subordinated Sukuk Murabahah ("**Subordinated Sukukholders**") by way of a special resolution.

Upon the occurrence of Enforcement Event (i) above, subject to the terms of the Trust Deed, the Sukuk Trustee may or shall (if directed to do so by a special resolution of the Subordinated Sukukholders) institute proceedings to enforce the payment obligations under the relevant tranche of the Subordinated Sukuk Murabahah and may institute proceedings in Malaysia for the winding-up of the Issuer, provided that neither the Sukuk Trustee nor any of the Subordinated Sukukholders of that tranche of the Subordinated Sukuk Murabahah shall have the right to accelerate payment of that tranche of the Subordinated Sukuk Murabahah in the case of such default in the payment of amount owing under that tranche of the Subordinated Sukuk Murabahah or any default in the performance of any condition, provision or covenant under that tranche of the Subordinated Sukuk Murabahah or the Trust Deed.

Upon the occurrence of Enforcement Event (ii) above, subject to the terms of the Trust Deed, the Sukuk Trustee may or shall (if directed to do so by a special resolution of the Subordinated Sukukholders) declare (by giving written notice to the Issuer) that the Subordinated Sukuk Murabahah together with all other sums payable under the Subordinated Sukuk Murabahah shall immediately become due and payable notwithstanding the stated maturity of the Subordinated Sukuk Murabahah.

For avoidance of doubt, the occurrence of Enforcement Event (i) above for any tranche of the Subordinated Sukuk Murabahah will not trigger an Enforcement Event for other tranches of the Subordinated Sukuk Murabahah outstanding. However, the occurrence of Enforcement Event (ii) above will trigger an Enforcement Event for all tranches of the Subordinated Sukuk Murabahah outstanding.

For avoidance of doubt, any payment by the Issuer upon the occurrence of an Enforcement Event shall be subject to the provisions of CAFIB.

Senior Sukuk Murabahah

Events of default ("**Events of Default**") shall encompass the following:-

(a) The Issuer fails to pay any money payable in respect of the Senior Sukuk Murabahah when the same become due and payable in accordance with the

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

Transaction Documents and the Issuer fails to remedy such failure to pay within a period of seven (7) business days after the relevant due date;

(b) A winding-up order has been made against the Issuer or a resolution to wind-up the Issuer has been passed;

(c) A scheme of arrangement under Section 366 of Companies Act 2016 has been instituted against the Issuer;

(d) An encumbrancer takes possession or a receiver or similar officer is appointed over the whole or a substantial part of the assets or undertaking of the Issuer;

(e) There has been a breach by the Issuer of any obligation under any of the Issuer's existing contractual obligations which may have a Material Adverse Effect, and if in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of twenty one (21) business days after the Issuer became aware or having been notified by the Sukuk Trustee of the failure, whichever is earlier;

(f) Any other indebtedness of the Issuer becomes due and payable prior to its stated maturity or where the security created for any other indebtedness becomes enforceable which in the opinion of the Sukuk Trustee, may have a Material Adverse Effect;

(g) Where there is revocation, withholding, invalidation or modification of any license, authorization, approval or consent which in the opinion of the Sukuk Trustee may have a Material Adverse Effect;

(h) The Issuer fails to observe or perform any of its obligations under any of the Transaction Documents (other than the obligation referred to in (a) above) and in the case of a 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 twenty one (21) business days after the Issuer became aware or having been notified by the Sukuk Trustee of the failure, whichever is earlier;

(i) Any representations and warranties made or given by the Issuer under the Transaction Documents or any certificate or document furnished pursuant to the terms of any Transaction Documents, proves to be incorrect or misleading in any material respect on or as at the date made or given, and in the case of such event which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy it within a period of twenty one (21) business days after the Issuer became aware or having been notified by the Sukuk Trustee of the failure, whichever is earlier;

(j) At any time any of the provisions of the Transaction Documents is or becomes illegal, void, voidable or unenforceable; and

(k) Such other events of default as may be advised by the Solicitors and to be mutually agreed between the LA and the Issuer.

Upon the occurrence of any of the above Events of Default, the Sukuk Trustee may, at its discretion, or shall (if so directed to do so by a special resolution of the holders of the Senior Sukuk Murabahah ("**Senior Sukukholders**") declare (by giving written notice to the Issuer) that an Event of Default has occurred and all

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

sums payable under the Senior Sukuk Murabahah are immediately due and payable, and the Sukuk Trustee may enforce its rights under the Transaction Documents, including amongst others, to accelerate payment of that tranche of the Senior Sukuk Murabahah.

The declaration of an Event of Default under the Senior Sukuk Murabahah shall not trigger an Enforcement Event under the Subordinated Sukuk Murabahah. However, the declaration of an Enforcement Event under the Subordinated Sukuk Murabahah shall, subject to the provisions under "Events of default" above, trigger an Event of default under the Senior Sukuk Murabahah.

(26) Governing laws : Laws of Malaysia.

(27) Provisions on buy-back, if applicable : **(a) Subordinated Sukuk Murabahah**

Subject to the prior written approval from BNM (but which approval shall not be required for a purchase done in the ordinary course of business), the Issuer, the Issuer's subsidiaries or the Issuer's related corporations may at any time purchase the Subordinated Sukuk Murabahah at any price in the open market or by private treaty provided that a Non-Viability Event (as defined under the section entitled "Non-Viability Event" under "Other terms and conditions") has not occurred prior to the date of such purchase. If purchase is made by tender, such tender must (subject to any applicable rules and regulations) be made available to all Subordinated Sukukholders of the relevant tranche of the Subordinated Sukuk Murabahah equally.

(b) Senior Sukuk Murabahah

The Issuer, the Issuer's subsidiaries or the Issuer's related corporations may at any time purchase the Senior Sukuk Murabahah at any price in the open market or by private treaty. If purchase is made by tender, such tender must (subject to any applicable rules and regulations) be made available to all Senior Sukukholders of the relevant tranche of the Senior Sukuk Murabahah equally.

The Sukuk Murabahah purchased by the Issuer or the Issuer's subsidiaries or by agents of the Issuer (other than in the ordinary course of business) shall be cancelled and shall not be resold. The Sukuk Murabahah purchased by the Issuer's related corporations (other than the Issuer's subsidiaries) or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer, is not required to be cancelled but such related corporations or interested persons shall not be entitled to vote under the terms of the Sukuk Murabahah subject to any exceptions in the Trust Deeds Guidelines.

For the purpose of this clause, the term "ordinary course of business" includes those activities performed by the Issuer, the Issuer's subsidiaries or the Issuer's related corporations for third parties (such as clients of the Issuer, the Issuer's subsidiaries' and the Issuer's related corporations) and excludes those performed for the own account of the Issuer, the Issuer's subsidiaries or the Issuer's related corporations.

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

(28) Provisions on early : **Subordinated Sukuk Murabahah**

redemption, if
applicable

(i) Early redemption pursuant to Call Option

In respect of each tranche of the Subordinated Sukuk Murabahah, the Issuer may, at its option, and subject to the Early Redemption Conditions (as defined under the section entitled "Early Redemption Conditions of the Subordinated Sukuk Murabahah") being satisfied, redeem that tranche of Subordinated Sukuk Murabahah (in whole or in part) prior to its Maturity Date, on the Call Date at the Redemption Amount (as defined under the section entitled "Redemption Amount"). The redemption of any tranche of the Subordinated Sukuk Murabahah shall not trigger redemption of other tranches of the Subordinated Sukuk Murabahah.

(ii) Early redemption pursuant to the Regulatory Redemption ("Regulatory Redemption")

The Issuer may, at its option, redeem the Subordinated Sukuk Murabahah (in whole or in part) at the Redemption Amount, subject to the Early Redemption Conditions being satisfied, if a Regulatory Event (as defined below) occurs.

"Regulatory Event" means any time there is more than an insubstantial risk, as determined by the Issuer, that:-

- (a) All or any part of the Subordinated Sukuk Murabahah will, either immediately or with the passage of time or upon either the giving of notice or fulfillment of a condition, no longer qualify as Tier 2 Capital of the Issuer for the purposes of BNM's capital adequacy requirements under any applicable regulations; or
- (b) Changes in law will make it unlawful for the Issuer to continue performing its obligations under all or any part of Subordinated Sukuk Murabahah.

The redemption of any tranche of the Subordinated Sukuk Murabahah pursuant to a Regulatory Event shall not trigger the redemption of other tranches of the Subordinated Sukuk Murabahah.

(iii) Early redemption pursuant to the Tax Redemption ("Tax Redemption")

The Issuer may, at its option, redeem the Subordinated Sukuk Murabahah (in whole or in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied, if a Tax Event (as defined below) occurs.

"Tax Event" means any time there is more than an insubstantial risk, as determined by the Issuer, that:-

- (a) The Issuer has or will become obliged to pay any additional taxes, duties, assessments or government charges of whatever nature in relation to the Subordinated Sukuk Murabahah; or
- (b) The Issuer would no longer obtain tax deductions for the purposes of Malaysian corporation tax for any payment in respect of the Subordinated Sukuk Murabahah, as a result of a change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or change in the application or official interpretation of such laws or regulations, which

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

change or amendment becomes effective on or after the issue date and the Issuer cannot, by taking reasonable measures available to it, avoid such obligations.

The redemption of any tranche of the Subordinated Sukuk Murabahah pursuant to a Tax Event shall not trigger the redemption of other tranches of the Subordinated Sukuk Murabahah.

Senior Sukuk Murabahah

Early redemption pursuant to Call Option

In respect of each tranche of the Senior Sukuk Murabahah, the Issuer may, at its option, redeem that tranche of Senior Sukuk Murabahah (in whole or in part) prior to its Maturity Date, on the Call Date at the Redemption Amount. The redemption of any tranche of the Senior Sukuk Murabahah shall not trigger the redemption of other tranches of the Senior Sukuk Murabahah.

- (29) Voting : Voting by the Sukukholders shall be carried out on a "per series" basis and not on a collective basis. The Sukukholders shall have no voting rights in the Issuer.
- (30) Permitted investments, if applicable : No permitted investments
- (31) Ta'widh (for ringgit-denominated sukuk) : In the event of any delay in payment of the Selling Price under the Sukuk Murabahah, the Issuer shall pay to the Sukuk Trustee, for the benefit of the Sukukholders, Ta'widh (compensation) on such overdue amounts at a rate and manner prescribed by the SAC of the SC from time to time in accordance with Shariah principles.
- (32) Ibra' (for ringgit-denominated sukuk) : Ibra' refers to an act of releasing absolutely or conditionally one's rights and claims on any obligation against another party which would result in the latter being discharged of his/its obligation or liabilities towards the former. The release may be either partially or in full.
- As the Selling Price is calculated based on the Purchase Price and profit portion up to (and excluding) the Maturity Date, Ibra' shall be granted if the relevant Sukuk Murabahah is redeemed prior to its Maturity Date:
- (a) In respect of the Subordinated Sukuk Murabahah, upon declaration of an Enforcement Event or pursuant to the Early Redemption Events for Subordinated Sukuk Murabahah, or is written-off upon occurrence of a Non-Viability Event; and
- (b) In respect of the Senior Sukuk Murabahah, upon declaration of an Event of Default or pursuant to the Early Redemption Event for Senior Sukuk Murabahah.

Subordinated Sukuk Murabahah

Sukuk programme of RM10.0 billion in nominal value under the Shariah principle of Murabahah (via Tawarruq arrangement(s)) for the issuance of Subordinated Sukuk Murabahah (as defined below) and Senior Sukuk Murabahah (as defined below) from time to time up to a combined limit of RM10.0 billion in nominal value (Sukuk Murabahah Programme).

Principal Terms and Conditions

The Subordinated Sukukholders in subscribing or purchasing the Subordinated Sukuk Murabahah consent to grant Ibra' in the following scenarios:

(i) Upon declaration of an Enforcement Event or early redemption pursuant to the Early Redemption Events for Subordinated Sukuk Murabahah.

The amount of Ibra' in this instance shall be the difference between the aggregate Periodic Profit Payments due to the Subordinated Sukukholders calculated up to (and excluding) the Maturity Date and the aggregate Periodic Profit Payments due to the Subordinated Sukukholders calculated up to (and excluding) the date of declaration of an Enforcement Event or date of early redemption pursuant to the Early Redemption Events for Subordinated Sukuk Murabahah.

The Ibra' clause and the formula for computation of early redemption may be stated in the main agreement of the Sukuk Murabahah Programme. However, the Ibra' clause in the main agreement shall be separated from the part related to the price of the transacted asset. The Ibra' clause shall only be stated under the section for mode of payment or settlement in the said agreement.

(ii) Upon occurrence of a Non-Viability Event.

The amount of Ibra' in this instance shall be the outstanding Selling Price of the Subordinated Sukuk Murabahah that are written-off.

Senior Sukuk Murabahah

The Senior Sukukholders in subscribing or purchasing the Senior Sukuk Murabahah consent to grant Ibra' upon declaration of an Event of Default or early redemption pursuant to the Early Redemption Event for Senior Sukuk Murabahah.

The amount of Ibra' in this instance shall be the difference between the aggregate Periodic Profit Payments due to the Senior Sukukholders calculated up to (and excluding) the Maturity Date and the aggregate Periodic Profit Payments due to the Senior Sukukholders calculated up to (and excluding) the date of declaration of an Event of Default or date of early redemption pursuant to the Early Redemption Event for Senior Sukuk Murabahah.

The Ibra' clause and the formula for computation of early redemption may be stated in the main agreement of the Sukuk Murabahah Programme. However, the Ibra' clause in the main agreement shall be separated from the part related to the price of the transacted asset. The Ibra' clause shall only be stated under the section for mode of payment or settlement in the said agreement.

(33) Kafalah (for ringgit-denominated sukuk) : Not applicable.