

Other terms and conditions

(a) Identified assets : Shariah-compliant commodities which may include but are not limited to crude palm oil or such other acceptable commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which are provided through a commodity trading platform (e.g. Bursa Suq Al- Sila') and/or other independent commodity brokers as approved by its Shariah Adviser which will be identified at or around the time of issuance of the Subordinated Sukuk ("**Commodities**").

(b) Purchase and selling price/rental (where applicable) : **Commodity Purchase Price**  
The Commodity Purchase Price in relation to each purchase of the Commodities shall be equal to the proceeds of the Subordinated Sukuk and shall comply with the asset pricing requirements stipulated under the SC's Guidelines on LOLA Framework, as may be amended from time to time.

**Deferred Sale Price**

The Deferred Sale Price shall comprise the Commodity Purchase Price of the relevant series of the Subordinated Sukuk plus the aggregate periodic profits in respect of that series and will be determined prior to the sale of the Commodities to the Purchaser.

(c) Tenure of the Subordinated Sukuk : Subject to the Optional Redemption, each issue of the Subordinated Sukuk shall have a tenure of at least five (5) years from the date of issue ("**Issue Date**") provided that the Subordinated Sukuk mature on or prior to the expiry of the Subordinated Sukuk Murabahah Programme.

(d) Profit / coupon (%) : The profit rate ("**Profit Rate**"), which may be either fixed or floating, is to be determined prior to each issuance. The Profit Rate herein shall be applicable from the issue date of the respective Subordinated Sukuk up to (but excluding) the date of early redemption or the maturity date of that tranche of Subordinated Sukuk, whichever is earlier.

For avoidance of doubt, there is no step-up Profit Rate after the Call Date of the Subordinated Sukuk, in the event the Optional Redemption is not exercised by the Issuer.

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- (e) Profit / coupon payment frequency : The Sukukholders will receive Periodic Profits at semi-annual intervals ("**Periodic Payment Period**") in arrears with the first payment commencing six (6) months from the relevant issue date of the Subordinated Sukuk and the last ending on the date falling on the maturity date or upon the early redemption of the Subordinated Sukuk, whichever is earlier.

**"Periodic Payment Date"** is the last day of a particular Periodic Payment Period.

- (f) Profit / coupon payment basis : Actual / 365 days basis.
- (g) Details on utilisation of proceeds : The proceeds to be raised from the issuance of the Subordinated Sukuk will be utilised for Shariah compliant purposes. The Issuer will utilise the proceeds for its general banking, working capital and other corporate purposes, including the refinancing of any financing incurred and/or any financing instruments issued by the Issuer.
- (h) Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify) : Approval from BNM for the establishment of the Subordinated Sukuk Murabahah Programme of up to RM180.0 million in nominal value and to classify the proceeds of the Subordinated Sukuk issued under the Subordinated Sukuk Murabahah Programme as Tier 2 regulatory capital of the Alliance Islamic.

BNM's approval has been obtained on 24 August 2017 for the establishment of the Subordinated Sukuk Murabahah Programme of up to RM180.0 million in nominal value.

It is a condition precedent for each issuance under the Subordinated Sukuk Murabahah Programme to obtain BNM's prior approval for the issuance of the relevant tranche of Subordinated Sukuk and classification of such Subordinated Sukuk to be issued under the relevant tranche as Tier 2 regulatory capital.

- (i) Redemption Amount : The nominal value of the Subordinated Sukuk plus any accrued but unpaid Periodic Profits.

The Redemption Amount payable by the Issuer on the acceleration of the Subordinated Sukuk upon the occurrence of an Enforcement Event or on a Call Date (if applicable) or redeemed pursuant to a Regulatory Event or a Tax Event, is an amount as determined by the Facility Agent.

- (j) Redemption at maturity : Unless previously redeemed on the Call Date, or purchased from the market and cancelled, the Subordinated Sukuk will be redeemed at its Redemption Amount on the maturity date.

- (k) Redemption Conditions : **"Redemption Conditions"** of the Subordinated Sukuk mean:
- (i) the Issuer must have received a written approval from BNM prior to the redemption of the relevant tranche or part of the Subordinated Sukuk;
  - (ii) the Issuer is solvent at the time of redemption of such tranche or part of the Subordinated Sukuk and immediately thereafter;
  - (iii) the Issuer is not in breach of BNM's minimum capital adequacy requirements and capital buffer requirements applicable to the Issuer after redemption of such tranche or part of the Subordinated Sukuk; and
  - (iv) in respect of an Optional Redemption only, the Issuer shall:
    - (a) replace the called or redeemed tranche or part of the Subordinated Sukuk with capital of the same or better quality and the replacement of this capital shall be done at conditions which are sustainable for the income capacity of the Issuer; or
    - (b) demonstrate to BNM that its capital position is well above the capital adequacy and capital buffer requirements after the redemption of such tranche of the Subordinated Sukuk.
- (l) Status of Subordinated Sukuk : The Subordinated Sukuk will constitute direct and unsecured obligations of the Issuer and subordinated in right and priority of payment, to the extent and in the manner provided in the Subordinated Sukuk, ranking pari passu among themselves. The Subordinated Sukuk will, in the event of a winding up or liquidation of the Issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the Issuer, except in each case to those liabilities which by their terms rank equally in right of payment with or are subordinate to the Subordinated Sukuk.

(m) Non-Viability Event : A Non-Viability Event means the earlier to occur of:

- (i) BNM, jointly with Malaysia Deposit Insurance Corporation ("**PIDM**") notify the Issuer or Alliance Bank Malaysia Berhad and its subsidiaries ("**ABMB Group**"), as the case may be, in writing that BNM and PIDM are of the opinion that a write-off of the Subordinated Sukuk, together with the conversion or write-off of any other Tier 1 instruments and Tier 2 instruments which, pursuant to their terms or by operation of law, are capable of being converted into equity, or written-off at that time, or conversion is necessary, without which the Issuer or the ABMB Group would cease to be viable; or
- (ii) BNM and PIDM publicly announce 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 or ABMB Group, as the case may be, would cease to be viable.

For the avoidance of doubt, BNM and PIDM shall have the full discretion to elect not to require a write-off when the Issuer or ABMB Group has ceased, or is about to cease, to be viable or when a capital injection or equivalent support has been provided. Even if the option is not exercised, Sukukholders of the relevant Subordinated Sukuk may still be exposed to losses from the resolution of the Issuer or ABMB Group.

(n) Non-Viability Event loss absorption : At the point of a Non-Viability Event, the Issuer shall irrevocably, without the consent of the Sukukholders, write-off the Subordinated Sukuk in whole or in part thereof, if so required by BNM and/or PIDM at their full discretion.

In the event the Subordinated Sukuk are written-off, any written-off amount shall be irrevocably lost and the Sukukholders of such Subordinated Sukuk will cease to have any claims for any outstanding Deferred Sale Price, or any other amount due in respect of such Subordinated Sukuk which have been written-off.

For the avoidance of doubt, the exercise of the loss absorption at the point of non-viability shall not constitute an Enforcement Event or trigger cross-default clauses.

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Non-Viability Event loss  
absorption (cont'd)

Upon the occurrence of a Non-Viability Event, the Issuer is required to give notice to the Sukukholders via the Sukuk Trustee, in accordance with the terms of the Subordinated Sukuk, then as of the relevant write-off date, the write-off shall extinguish (i) the claim of the Subordinated Sukuk in liquidation, which will mean that the Sukukholders written-off will be automatically deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer with respect to any repayment of the aggregate nominal value of the respective Subordinated Sukuk written-off, (ii) the amount paid when a Call Option is exercised and (iii) payment of the Periodic Profits on the Subordinated Sukuk written-off.

The write-off shall be permanent and the full nominal value of the Subordinated Sukuk or part thereof together with all unpaid Periodic Profits thereon that are or would be payable upon the relevant maturity date, an early redemption or the occurrence of an acceleration of the Subordinated Sukuk upon the occurrence of an Enforcement Event will automatically be written-off and such Subordinated Sukuk and unpaid Periodic Profits will be immediately and fully cancelled as of such write-off date.

For the avoidance of doubt, BNM shall have the option to require the entire nominal value of the Subordinated Sukuk outstanding, or a part thereof, and all other amount owing under the Subordinated Sukuk Murabahah Programme, be written-off.

Where the Subordinated Sukuk are included as capital at the consolidated level of ABMB Group, the Subordinated Sukuk may, at the option of BNM and PIDM, be written-off upon the occurrence of a trigger event in relation to ABMB Group as described in paragraph 32.1 of the CAFIB.

Subject to the decision and/or concurrence from BNM and/or PIDM, the remaining Subordinated Sukuk not written-off will continue to be outstanding until they are paid off at maturity, or redeemed, purchased and cancelled, or written off in accordance with the Transaction Documents, whichever is earlier. During this period, the Issuer may continue paying periodic profit on the remaining Subordinated Sukuk to the Sukukholders, subject to the terms of the transaction documents. Further, subject to the decision and/or concurrence from BNM and/or PIDM, in the event the aggregate principal amount of the outstanding Subordinated Sukuk does not exceed the Programme Size, the Subordinated Sukuk Murabahah Programme will continue to be available to the Issuer throughout its tenure unless terminated by the Issuer.

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- Non-Viability Event loss absorption (cont'd) For the avoidance of doubt, subject to the decision and/or concurrence from BNM and/or PIDM, the remaining Subordinated Sukuk not written-off will continue to comply with Tier 2 regulatory capital requirements in accordance with CAFIB.
- (o) No Equity Conversion : The Subordinated Sukuk shall not entitle the Sukukholders to receive any form of equity interest in the Issuer at any point in time and the Issuer is not obliged to allot or issue any shares to or for the account of the holders of the Subordinated Sukuk upon the occurrence of a Non-Viability Event or otherwise. The Sukukholders shall not be entitled to participate in any distributions or entitlements to the Issuer's shareholders or to attend or vote at any general meeting of the Issuer.
- (p) Transaction Documents : The Subordinated Sukuk shall be evidenced by, inter alia, the following:
- (i) Programme Agreement;
  - (ii) Securities Lodgement Form;
  - (iii) Subordinated Sukuk (in form of Global Certificates and/or Definitive Certificates);
  - (iv) Trust Deed;
  - (v) Subscription Agreement;
  - (vi) relevant Islamic documents; and
  - (vii) Any other relevant agreements as advised by the Solicitors
- (q) Trustee's Reimbursement Account : The Sukuk Trustee shall open and maintain throughout the tenure of the Subordinated Sukuk Murabahah Programme, a Trustee's Reimbursement Account ("**TRA**") for the Sukukholder's actions and the credit balance of the TRA must be no less than RM30,000.00.
- The TRA shall be operated by the Sukuk Trustee and the money shall only be used strictly by the Sukuk Trustee in carrying out its duties in relation to the acceleration of the Sukuk pursuant to an Enforcement Event in the manner as provided in the Transaction Documents.
- Any unutilised monies in the TRA shall be returned to the Issuer upon full redemption of the Subordinated Sukuk if no acceleration of the Subordinated Sukuk pursuant to an Enforcement Event takes place.

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- (r) 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.
- (s) Disclosure of the following: :
- (i) If the issuer or its board members have been convicted or charged with any offence under any security 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 for breaches of the same, for the past 10 years prior to the lodgement/since incorporation, for issuer incorporated less than 10 years; and None.
  - (ii) If the issuer has 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 lodgement. Not applicable.

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- (t) Other Conditions : The Subordinated Sukuk shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and / or any other authority having jurisdiction over matters pertaining to the Subordinated Sukuk.