

PRINCIPAL TERMS AND CONDITIONS OF THE SENIOR SUKUK MUSYARAKAH PROGRAMME

| BACKGROUND INFORMATION | | | | | | | | | | | | | | | | | | |
|--|--|---|-------------------|-------------|----------------------------|-----------|-----------------------------|-----------|--|-----------|------------------------------------|-----------|------------------------------------|-----------|-----------------|-----------|------------------|------------|
| 1. | Issuer | | | | | | | | | | | | | | | | | |
| | (i) Name | Amlslamic Bank Berhad (Amlslamic) | | | | | | | | | | | | | | | | |
| | (ii) Address | 22 nd Floor, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur | | | | | | | | | | | | | | | | |
| | (iii) Business Registration No. | 295576-U | | | | | | | | | | | | | | | | |
| | (iv) Date/Place of Incorporation | 14 April 1994 / Malaysia | | | | | | | | | | | | | | | | |
| | (v) Date of listing (in case of a public listed company) | Not listed on any exchange | | | | | | | | | | | | | | | | |
| | (vi) Status | | | | | | | | | | | | | | | | | |
| | Resident/non-resident controlled company (where applicable) (as at 31 March 2010) | Resident controlled company. <i>Note:</i> <i>Although foreign shareholders may hold more than 50% equity in AMMB Holdings Berhad (“AHB”), Amlslamic is deemed resident controlled company by virtue of Amlslamic’s Board of Directors and management composition. This shareholding structure is a reflection of AHB’s shareholding being a listed company.</i> | | | | | | | | | | | | | | | | |
| | Bumiputera/non-Bumiputera controlled company (where applicable) | Non-Bumiputera controlled company | | | | | | | | | | | | | | | | |
| | (vii) Principal Activities | Amlslamic provides a range of retail, commercial banking, corporate banking and treasury products and services that are Shariah-compliant in nature. | | | | | | | | | | | | | | | | |
| | (viii) Board of Directors (as at 30 April 2010) | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Name of Directors</th> <th style="text-align: center;">Nationality</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Azman Hashim (SAH)</td> <td>Malaysian</td> </tr> <tr> <td>Tun Mohammed Hanif bin Omar</td> <td>Malaysian</td> </tr> <tr> <td>Tan Sri Datuk Clifford Francis Herbert</td> <td>Malaysian</td> </tr> <tr> <td>DatoqGan Nyap Liou @ Gan Nyap Liow</td> <td>Malaysian</td> </tr> <tr> <td>DatoqDr Mahani binti Zainal Abidin</td> <td>Malaysian</td> </tr> <tr> <td>Cheah Tek Kuang</td> <td>Malaysian</td> </tr> <tr> <td>Ashok Ramamurthy</td> <td>Australian</td> </tr> </tbody> </table> | Name of Directors | Nationality | Tan Sri Azman Hashim (SAH) | Malaysian | Tun Mohammed Hanif bin Omar | Malaysian | Tan Sri Datuk Clifford Francis Herbert | Malaysian | DatoqGan Nyap Liou @ Gan Nyap Liow | Malaysian | DatoqDr Mahani binti Zainal Abidin | Malaysian | Cheah Tek Kuang | Malaysian | Ashok Ramamurthy | Australian |
| Name of Directors | Nationality | | | | | | | | | | | | | | | | | |
| Tan Sri Azman Hashim (SAH) | Malaysian | | | | | | | | | | | | | | | | | |
| Tun Mohammed Hanif bin Omar | Malaysian | | | | | | | | | | | | | | | | | |
| Tan Sri Datuk Clifford Francis Herbert | Malaysian | | | | | | | | | | | | | | | | | |
| DatoqGan Nyap Liou @ Gan Nyap Liow | Malaysian | | | | | | | | | | | | | | | | | |
| DatoqDr Mahani binti Zainal Abidin | Malaysian | | | | | | | | | | | | | | | | | |
| Cheah Tek Kuang | Malaysian | | | | | | | | | | | | | | | | | |
| Ashok Ramamurthy | Australian | | | | | | | | | | | | | | | | | |

| | <p>(ix) Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders (as at 30 April 2010)</p> | <p>AmIslamic is a wholly-owned subsidiary of AmBank (M) Berhad (%AmBank+) which in turn is a wholly-owned subsidiary of AMFB Holdings Berhad (%AMFB+). AMFB is wholly-owned by AMMB Holdings Berhad (%AHB+).</p> <p>The substantial shareholders of AmIslamic as at 30 April 2010 are as follows:</p> <table border="1" data-bbox="667 422 1370 930"> <thead> <tr> <th rowspan="2">Name</th> <th colspan="2">No. of AmBank shares / %</th> </tr> <tr> <th>Direct</th> <th>Indirect</th> </tr> </thead> <tbody> <tr> <td>AmBank</td> <td>403,038,000 / 100%</td> <td></td> </tr> <tr> <td>AMFB</td> <td>-</td> <td>403,038,000#</td> </tr> <tr> <td>AHB</td> <td>-</td> <td>403,038,000^ / 100%</td> </tr> <tr> <td>TSAH</td> <td>-</td> <td>403,038,000* / 100%</td> </tr> <tr> <td>Amcorp Group Berhad (formerly known as AmcorpGroup Berhad)</td> <td>-</td> <td>403,038,000* / 100%</td> </tr> <tr> <td>Clear Goal Sdn Bhd</td> <td>-</td> <td>403,038,000* / 100%</td> </tr> <tr> <td>ANZ Funds Pty Ltd</td> <td>-</td> <td>403,038,000* / 100%</td> </tr> <tr> <td>Australia and New Zealand Banking Group Limited</td> <td>-</td> <td>403,038,000* / 100%</td> </tr> </tbody> </table> <p><i>Notes:</i> # Deemed interested by virtue of its interests in AmBank ^ Deemed interested by virtue of its interests in AmBank via AMFB * Deemed interested by virtue of his/its interests in AmBank via AMFB arising from his/its substantial interests in AHB</p> | Name | No. of AmBank shares / % | | Direct | Indirect | AmBank | 403,038,000 / 100% | | AMFB | - | 403,038,000# | AHB | - | 403,038,000^ / 100% | TSAH | - | 403,038,000* / 100% | Amcorp Group Berhad (formerly known as AmcorpGroup Berhad) | - | 403,038,000* / 100% | Clear Goal Sdn Bhd | - | 403,038,000* / 100% | ANZ Funds Pty Ltd | - | 403,038,000* / 100% | Australia and New Zealand Banking Group Limited | - | 403,038,000* / 100% |
|---|--|---|------|--------------------------|--|--------|----------|--------|--------------------|--|------|---|--------------|-----|---|---------------------|------|---|---------------------|--|---|---------------------|--------------------|---|---------------------|-------------------|---|---------------------|---|---|---------------------|
| Name | No. of AmBank shares / % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Direct | Indirect | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AmBank | 403,038,000 / 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AMFB | - | 403,038,000# | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AHB | - | 403,038,000^ / 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TSAH | - | 403,038,000* / 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amcorp Group Berhad (formerly known as AmcorpGroup Berhad) | - | 403,038,000* / 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Clear Goal Sdn Bhd | - | 403,038,000* / 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ANZ Funds Pty Ltd | - | 403,038,000* / 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australia and New Zealand Banking Group Limited | - | 403,038,000* / 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>(x) Authorised and paid-up capital (as at 30 April 2010)</p> | <p><u>Authorised share capital</u> RM2,000,000,000 comprising 2,000,000,000 ordinary shares of RM1.00 each</p> <p><u>Paid-up share capital</u> RM403,038,000 comprising 403,038,000 ordinary shares of RM1.00 each</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>2. PRINCIPAL TERMS AND CONDITIONS</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>(a) Names of parties involved in the proposed transaction</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>(i) Principal Adviser(s)/ Lead Arranger(s)</p> | <p>AmInvestment Bank Berhad (%AmInvestment Bank+)</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>(ii) Arranger(s)</p> | <p>Not applicable</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>(iii) Valuer(s)</p> | <p>Not applicable</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>(iv) Solicitors</p> | <p>Messrs Adnan Sundra & Low</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>(v) Financial Adviser</p> | <p>Not applicable</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>(vi) Technical Adviser</p> | <p>Not applicable</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | (vii) Guarantor | Not applicable |
| | (viii) Trustee | Pacific Trustees Berhad |
| | (ix) Facility Agent | AmlInvestment Bank |
| | (x) Primary Subscriber(s) and Amount subscribed (where applicable) | At least two (2) Primary Subscribers to be determined prior to the issuance in respect of issuance on a bought-deal basis. Not applicable for issuance via book building or direct placement. |
| | (xi) Underwriter(s) and amount underwritten | Not applicable |
| | (xii) Shariah Adviser | Dr Mohd Daud Bakar |
| | (xiii) Central Depository | Bank Negara Malaysia (%BNM+) |
| | (xiv) Paying Agent | BNM |
| | (xv) Reporting Accountant | Not applicable |
| | (xvi) Others | <p><u>Lead Manager</u> AmlInvestment Bank</p> <p><u>Rating Agency</u> RAM Rating Services Berhad (%RAM Ratings+)</p> <p><u>Roles undertaken by AmlIslamic in respect of the Musyarakah transaction:</u></p> <p>(i) <u>Issuer</u> As the Issuer of the Senior Sukuk (as defined hereinafter)</p> <p>(ii) <u>Manager</u> As the manager who will manage the Musyarakah Venture for the benefit of Senior Sukukholders, upon the issuance of the Senior Sukuk</p> <p>(iii) <u>Obligor</u> As the Obligor, who undertakes to purchase the Trust Assets from the Trustee at the Exercise Price (as defined herein).</p> |
| (b) | Islamic Principle Used | Musyarakah |
| (c) | Facility Description | <p>A senior Islamic securities (%Senior Sukuk+) issuance programme based on the Shariah principles of Musyarakah (%Senior Sukuk Musyarakah Programme+).</p> <p>Under this transaction, the investors (known as the</p> |

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| | <p>Senior Sukukholders shall from time to time, form a partnership amongst themselves for the purpose of investing in the Shariah compliant financial services business of Amlslamic (Musyarakah Venture). Each tranche of the Senior Sukuk which comprises at least two Senior Sukukholders shall constitute a Musyarakah Venture. Any profit derived from the venture will be distributed based on a pre-agreed profit sharing ratio among the Senior Sukukholders, but a loss will be shared based on their capital contribution.</p> <p>Amlslamic shall issue Senior Sukuk to the Senior Sukukholders, in consideration of their capital contribution (Musyarakah Capital). The Senior Sukuk represents their proportionate participation in the said Musyarakah Venture.</p> <p>The Issuer shall declare trust over the Trust Assets (as defined). The Trust Assets would be the Shariah compliant financial services business of the Issuer (including the Profit Reserve Account (as defined)) (Trust Assets). The Trustee (acting on behalf of the Senior Sukukholders) shall appoint the Issuer as its agent (the Manager) to manage the Musyarakah Venture on behalf of the Senior Sukukholders upon the terms and subject to the conditions therein contained.</p> <p>The Senior Sukuk shall entitle the Senior Sukukholders the right to share the income generated from the Musyarakah Venture in proportion to each Senior Sukukholders' respective contribution of the Musyarakah Capital (Periodic Distribution), which shall be distributed monthly, quarterly or semi-annually, at the option of the Issuer, (Periodic Distribution Date) to the Senior Sukukholders.</p> <p>The return expected (Expected Return) by the Senior Sukukholders from the Musyarakah Venture shall be the yield from the respective tranches of the Senior Sukuk up to the respective maturity dates of the Senior Sukuk (Maturity Dates) or the date of declaration of an event being an event which dissolves the Musyarakah Venture (Dissolution Event), whichever is applicable.</p> <p>The Senior Sukukholders shall have also agreed upfront that they shall receive return, if any, up to the Expected Return. Any amounts in excess of the Expected Return shall be credited by the Manager to a Profit Reserve Account which may be used to fund future payments of Periodic Distribution. Any amount standing to the credit of the Profit Reserve Account on the Maturity Dates or on the date of declaration of a Dissolution Event (both referred to as Dissolution Date) will be due and payable to the Manager as an incentive fee for managing</p> |
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| | | <p>the Musyarakah Venture.</p> <p>The Manager may at any time prior to the Dissolution Date utilise the amounts standing to the credit of the Profit Reserve Account (%Advance Incentive Fee+) so long as any amounts deducted from the Profit Reserve Account prior to the Dissolution Date are re-credited to fund any shortfall in the amount of the Periodic Distribution.</p> <p>If, on any Periodic Distribution Date, the income generated from the Trust Assets and the amounts re-credited to the Profit Reserve Account are insufficient to meet the expected Periodic Distribution(s) on any Periodic Distribution Date in full, the Issuer shall make advance payments during the tenor of the Senior Sukuk (%Advance Payment+) equal to such deficiency. For the avoidance of doubt, any Advance Payment made by the Issuer shall be off-set against the Exercise Price (as defined herein).</p> <p>The Issuer (as %Obligor+) shall also grant to the Trustee (acting on behalf of the Senior Sukukholders) a Purchase Undertaking whereby the Issuer shall undertake to purchase the Trust Assets from the Trustee at the Exercise Price, subject always to the terms set out under item (aa)(iii) (Purchase Undertaking) hereunder.</p> <p>Please refer to Appendix A1 for the illustrative diagram of the Senior Sukuk Musyarakah transaction.</p> |
| (d) | Issue Size (RM) | <p>Up to RM3.0 billion in nominal value.</p> <p>The aggregate outstanding nominal value of the Senior Sukuk issued under the Senior Sukuk Musyarakah Programme at any point in time shall not exceed RM3.0 billion.</p> |
| (e) | Issue Price (RM) | <p>Issued at par, at a premium or at a discount at an issue price to be determined prior to issuance.</p> |
| (f) | Tenor of the Facility/ Issue | <p>The date of the first issuance under the Senior Sukuk Musyarakah Programme shall not be later than twenty four (24) months from the date of approval by the Securities Commission (%SC+).</p> <p><u>Tenure of Senior Sukuk Musyarakah Programme</u> Up to thirty (30) years from the date of the first issuance under the Senior Sukuk Musyarakah Programme.</p> <p><u>Tenure of Sukuk</u> More than one (1) year and up to ten (10) years as the Issuer may select, provided that the Senior Sukuk mature at or prior to the expiry of the Senior Sukuk Musyarakah Programme.</p> |

| (g) | Profit Rate (%) (please specify) | The expected profit rates of the Senior Sukuk will be determined prior to each issuance. | | | | | | | | |
|---|---|---|-------------------------|----------|--|---------|---|----------------|-------|-------------|
| (h) | Profit Payment Frequency | The Periodic Distribution shall be made on a monthly, quarterly or semi-annual basis at the option of the Issuer, provided that no Periodic Distribution Date shall extend beyond the final maturity of the respective series. | | | | | | | | |
| (i) | Profit Payment Basis | Actual days/ 365 days | | | | | | | | |
| (j) | Yield to Maturity (“YTM”) (%) | The YTM is the Expected Return to the Senior Sukukholders under each Musyarakah Venture which shall be determined prior to issuance. | | | | | | | | |
| (k) | Security/Collateral | Unsecured. | | | | | | | | |
| (l) | Details on utilisation of proceeds | <p>The proceeds of the Senior Sukuk shall be utilised for the following purposes:-</p> <table border="1" data-bbox="662 787 1372 1165"> <thead> <tr> <th data-bbox="662 787 1193 819">Utilisation of proceeds</th> <th data-bbox="1193 787 1372 819">Up to RM</th> </tr> </thead> <tbody> <tr> <td data-bbox="662 819 1193 934">(i) To defray issuance expenses for the establishment of the Senior Sukuk Musyarakah Programme</td> <td data-bbox="1193 819 1372 934">1.6 Mil</td> </tr> <tr> <td data-bbox="662 934 1193 1123">(ii) For the Issuer’s general working capital requirements which shall be Shariah-compliant and to fund the growth of its Islamic financial services business</td> <td data-bbox="1193 934 1372 1123">Balance amount</td> </tr> <tr> <td data-bbox="662 1123 1193 1165">Total</td> <td data-bbox="1193 1123 1372 1165">3,000.0 Mil</td> </tr> </tbody> </table> | Utilisation of proceeds | Up to RM | (i) To defray issuance expenses for the establishment of the Senior Sukuk Musyarakah Programme | 1.6 Mil | (ii) For the Issuer’s general working capital requirements which shall be Shariah-compliant and to fund the growth of its Islamic financial services business | Balance amount | Total | 3,000.0 Mil |
| Utilisation of proceeds | Up to RM | | | | | | | | | |
| (i) To defray issuance expenses for the establishment of the Senior Sukuk Musyarakah Programme | 1.6 Mil | | | | | | | | | |
| (ii) For the Issuer’s general working capital requirements which shall be Shariah-compliant and to fund the growth of its Islamic financial services business | Balance amount | | | | | | | | | |
| Total | 3,000.0 Mil | | | | | | | | | |
| (m) | Sinking fund (if any) | Not applicable. | | | | | | | | |
| (n) | Rating | Final long-term rating of AA3 assigned by RAM Ratings. | | | | | | | | |
| (o) | Form and Denomination | <p><u>Form</u> The Senior Sukuk shall be represented by Global Certificates in bearer form (exchangeable for definitive certificates in limited circumstances) in accordance with the Rules on the Scripless Securities under the Real Time Electronic Transfer of Funds and Securities (RENTAS) System and/or any other procedures/ guidelines issued by the relevant authority(ies). No physical delivery of the Senior Sukuk is permitted. The Global Certificates will be deposited with BNM acting as the Central Depository.</p> <p><u>Denomination</u> RM1,000 (unless required to be in such other denominations in accordance with the Rules on Fully Automated System for Issuing/ Tendering (FAST) issued by BNM and/or any other relevant guidelines).</p> | | | | | | | | |

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| (p) | Mode of Issue | The Senior Sukuk may be issued via private placement on a best effort basis (i.e. direct placement or bought-deal) and/or book building on a best effort basis without prospectus. |
| (q) | Selling Restriction | <p><u>At issuance</u> The Senior Sukuk may not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia other than to persons falling within Schedule 6 or Section 229(1)(b) or Schedule 7 or Section 230(1)(b), and Schedule 9 or Section 257(3) of the Capital Markets and Services Act, 2007 (CMSA).</p> <p><u>After issuance</u> The Senior Sukuk may not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia other than to persons falling within Schedule 6 or Section 229(1)(b) and Schedule 9 or Section 257(3) of the CMSA.</p> |
| (r) | Listing Status | The Senior Sukuk may be listed on Bursa Malaysia Securities Berhad under the Exempt Regime. The SC will be notified accordingly in the event of such listing. |
| (s) | Minimum Level of Subscription (RM or %) | <p><u>Issuance via bought-deal or direct placement</u> 100%</p> <p><u>Issuance via book building</u> 5%</p> |
| (t) | Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained | <p>The Senior Sukuk Musyarakah Programme is subject to the approval from the SC on the waiver from having to comply with paragraphs 14.1(iii) and 14.1(vi) in relation to Covenants by the Borrower as set out in the SC Guidelines on the Minimum Contents Requirements for Trust Deeds in respect of the Senior Sukuk Musyarakah Programme. The SC approval on the waiver is sought concurrently with the SC approval for the Senior Sukuk Musyarakah Programme.</p> <p>Save for the above, no other regulatory approvals are required in relation to the issue, offer or invitation of the Senior Sukuk under the Senior Sukuk Musyarakah Programme.</p> |
| (u) | Identified Assets | The Trust Assets shall comprise of the Shariah compliant financial services business of the Issuer and the Profit Reserve Account. |
| (v) | Purchase and Selling Price/ (where applicable) | Not applicable under the contract of Musyarakah. |

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| (w) | Conditions Precedent | <p>The availability of the Senior Sukuk Musyarakah Programme shall be subject to conditions precedent, including but not limited to the following:-</p> <ol style="list-style-type: none"> a) Receipt of a certified true copy of the Issuer's Memorandum and Articles of Association and board of directors' resolution authorising, amongst others, the execution of the transaction documents; b) Receipt of a list of the Issuer's authorised signatories and their respective specimen signatures; c) Receipt of a report of the relevant winding-up search or the relevant statutory declaration in relation thereto; d) The Issuer shall have obtained the approvals from the SC, where applicable, in respect of the Senior Sukuk Musyarakah Programme and a written confirmation from the solicitors addressed to the Lead Arranger that the approvals are unconditional or, if they are conditional, the conditions have been fulfilled (to the extent that they have to be fulfilled prior to the issuance of the Senior Sukuk); e) The Issuer shall have received the endorsement of the Shariah Adviser in respect of the Senior Sukuk Musyarakah Programme; f) All the transaction documents shall have been duly executed and endorsed as exempted from stamp duty; g) The Issuer shall have obtained a minimum long-term rating of AA3 from RAM Ratings at the point of first issuance; and h) Satisfactory legal opinion from solicitors confirming (a) the validity, legality and enforceability of the transaction documents and any other relevant documents pertaining to the Senior Sukuk Musyarakah Programme, and (b) that all the conditions precedent have been fulfilled. |
| (x) | Representations and Warranties | <p>Representations and warranties typical and customary for a programme of this nature, which shall include but not limited to the following:-</p> <ol style="list-style-type: none"> a) The Issuer is a company duly incorporated and validly existing under the laws of Malaysia and it has the power and authority to carry on its business and to own its properties and assets; b) The Issuer has the power to enter into, exercise its rights under and perform its obligations under the transaction documents; c) The Issuer's entry into, exercise of its rights under and performance of the transaction documents do not and will not violate any existing law or agreements to which it is a party; d) The transaction documents create valid and binding obligations which are enforceable on and against the Issuer; |

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| | | <ul style="list-style-type: none"> e) No litigation or arbitration is current or, to the Issuer's knowledge, is threatened, which if adversely determined would have a material adverse effect on the ability of the Issuer to comply with its obligations under the transaction documents; f) No step has been taken by the Issuer, its creditors or any of its shareholders or any other person on its behalf nor have any legal proceedings or application been started or threatened under Section 176 of the Companies Act 1976; g) The audited financial statements of the Issuer are prepared in accordance with generally accepted accounting principles and standards and they fairly represent its financial position; h) There has been no change in the business or condition (financial or otherwise) of the Issuer or its subsidiaries since the date of its last audited financial statements which might have a material adverse effect on the ability of the Issuer to comply with its obligations under the transaction documents; and i) Such other representations and warranties as may be advised by the solicitors for the Lead Arranger including but not limited to the requirements under the SC's Minimum Contents Requirements for Trust Deeds, save and except for such requirements waived by the SC pursuant to item (t) set out herein. |
| (y) | Dissolution Events | <p>Standard dissolution events shall apply and shall include, but not be limited to: -</p> <ul style="list-style-type: none"> a) The Issuer fails to pay any Periodic Distribution or the Exercise Price under any tranche of the Senior Sukuk Musyarakah Programme and/or the transaction documents on the due date or on demand, if so payable; b) The Issuer fails to observe or perform or commits a breach of any obligation, undertaking or covenant under the transaction documents (other than an obligation of the type referred to in (a) above) and in the case of a failure capable of remedy, the Issuer has not remedied the said breach within thirty (30) days after the Issuer became aware or having being notified of the failure; c) Any representation, warranty or statement which is made by the Issuer proves to be inaccurate in any material respect when made or repeated and in the case of a representation made in good faith but subsequently proves to be incorrect, the Trustee does not determine that such misrepresentation has been rectified to the Trustee's satisfaction within thirty (30) days after the Issuer became aware or having being notified of the failure; d) Any indebtedness of the Issuer (other than indebtedness arising from the Senior Sukuk |

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| | | <p>Musyarakah Programme) becomes due or capable of being declared due before its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called and the occurrence of such event has a material adverse effect on the Issuer to meet its obligations under the Senior Sukuk Musyarakah Programme or the transaction documents;</p> <p>e) There is a revocation, withholding or modification of a licenses, authorisation or approval that would materially impair or prejudice the Issuer's ability to comply with the terms and conditions of the Senior Sukuk Musyarakah Programme and/or transaction documents and no appeal in respect thereof is made by the Issuer within the time period stipulated under the Islamic Banking Act 1983 (IBA) and/or any other relevant legislations;</p> <p>f) Any step is taken for the winding up, dissolution or liquidation of the Issuer or a petition for winding up, is presented against the Issuer and the Issuer has not taken any action to set aside such petition within sixty (60) days from the date of service of such winding up petition;</p> <p>g) An encumbrancer takes possession of, or a trustee, receiver or similar officer is appointed in respect of, the whole or substantial part of the business or assets of the Issuer or distress, legal process, sequestration or any form of execution is levied or enforced upon or instituted against any of the assets of the Issuer and is not discharged within sixty (60) days after being levied, enforced or instituted, or any security interest which may for the time being affect any of its assets becomes enforceable;</p> <p>h) Any legal proceedings, suit or action which could materially and adversely affect the obligations of the Issuer under the transaction documents or the Senior Sukuk Musyarakah Programme shall be instituted against the Issuer by any third party and the Issuer has not, within thirty (30) days from the date such legal proceedings, suit or action were instituted against the Issuer taken any reasonable steps to discharge or stay such legal proceedings, suit or action;</p> <p>i) The Issuer undergoes any scheme of reconstruction, arrangement or compromise pursuant to Section 176 of the Companies Act, 1965 or there is declared by any competent court or authority, a moratorium on the payment of indebtedness or other suspension of payments generally (other than for the purposes of and followed by a scheme for reconstruction, amalgamation, consolidation or merger of the Issuer with prior approval in writing by the Minister of Finance or BNM, unless during or following such reconstruction, amalgamation, consolidation or merger the Issuer becomes or is declared to be</p> |
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| | | <p>insolvent); and</p> <p>j) Such other Dissolution Events as may be advised by the solicitors for the Lead Arranger including but not limited to the requirements under the SCø Minimum Contents Requirements for Trust Deeds, save and except for such requirements waived by the SC pursuant to item (t) set out herein.</p> <p>Upon the occurrence of any of the above Dissolution Events, the Trustee may and shall, if so directed by a special resolution of the Senior Sukukholders, declare that a Dissolution Event has occurred and the Senior Sukuk are immediately due and repayable. Under the Musyarakah arrangement, the Trustee shall be entitled to invoke the Purchase Undertaking whereupon the circumstances set out thereunder shall take place.</p> |
| (z) | Principal terms and conditions for warrants, (where applicable) | Not applicable |
| (aa) | Other Principal Terms and Conditions for the issue | |
| (i) | Positive Covenants | <p>These shall include but not limited to the following:</p> <p>a) The Issuer will at all times maintain its corporate legal existence and exercise reasonable diligence in carrying out its business in a proper and efficient manner and in particular, it will ensure, amongst others, that all necessary approvals or relevant licenses are obtained;</p> <p>b) The Issuer will at all times perform all its obligations and promptly comply with all provisions of the transaction documents and the terms and conditions of the Senior Sukuk Musyarakah Programme;</p> <p>c) The Issuer shall provide the following to the Trustee:</p> <p>(i) within 180 days after the end of each financial year, a copy of its annual audited accounts and any other accounts, reports, notices, statements, circulars or other documents issued by the Issuer to its shareholders;</p> <p>(ii) annually, a certificate stating that the Issuer has complied with its obligations under the Trust Deed and the terms and conditions of the Senior Sukuk Musyarakah Programme and that there did not exist or had not existed, from the first issue date, any Dissolution Event and if such is not the case, to specify the same; and</p> <p>(iii) such information relating to the Issuer's affairs to the extent permitted by law which</p> |

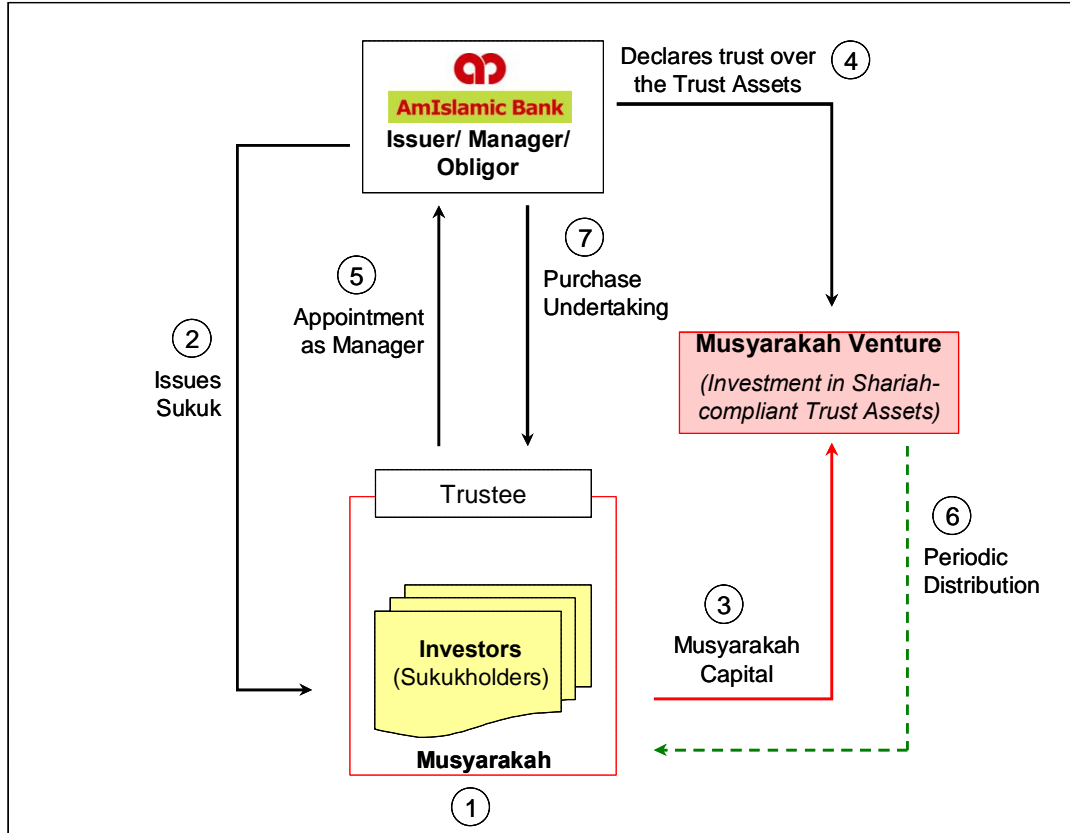
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| | | <p>the Trustee may reasonably require from time to time in order to discharge its duties and obligations.</p> <p>d) The Issuer shall immediately notify the Trustee in the event that the Issuer becomes aware of the following:</p> <ul style="list-style-type: none"> (i) the occurrence of any Dissolution Event and the Issuer shall take reasonable steps and/or such other steps as may be reasonably requested by the Trustee to remedy and/or mitigate the Dissolution Event; (ii) any circumstance that has occurred or any other matter that may materially prejudice the ability of the Issuer to perform its obligations under the Senior Sukuk Musyarakah Programme; (iii) any substantial change in the nature of the business of the Issuer; (iv) any change in the utilisation of the proceeds from the Senior Sukuk Musyarakah Programme other than for the purpose stipulated; (v) any change in the Issuer's withholding tax position or taxing jurisdiction; and (vi) any other matters that may materially prejudice the interests of the Senior Sukukholders; <p>e) The Issuer shall at all times keep proper books and accounts on a basis consistently applied in accordance with the laws of Malaysia and generally accepted accounting principles and standards in Malaysia;</p> <p>f) The Issuer shall at all times maintain a paying agent with a specified office in Malaysia;</p> <p>g) The Issuer shall procure that the paying agent notifies the Trustee in the event that the paying agent does not receive payment from the Issuer on the due dates as required under the Trust Deed and the terms and conditions of the Senior Sukuk Musyarakah Programme;</p> <p>h) The Issuer shall promptly comply with all applicable provisions of the CMSA and IBA and/or any notes, circulars, conditions and/or guidelines issued by the SC and BNM from time to time; and</p> <p>i) Such other covenants as may be advised by the solicitors for the Lead Arranger including but not limited to the requirements under the SC's Minimum Contents Requirements for Trust Deeds, save and except for such requirements waived by the SC pursuant to item (t) set out herein.</p> |
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| (ii) | Negative covenants | <p>These shall include but not limited to the following:</p> <ul style="list-style-type: none"> a) The Issuer will not carry out any business or other activities other than that currently set out in its Memorandum and Articles of Association; b) Save and except for transactions lawfully entered into by the Issuer in the ordinary course of its banking and/or financial services business or such other incidental business(es) with its or its related corporations, directors, substantial shareholders or persons connected with any of them (Interested Persons) and recurring transactions with Interested Persons approved by the shareholders of the Issuer, the Issuer will not enter into any transaction, whether directly or indirectly with any of the Interested Persons unless:- <ul style="list-style-type: none"> (i) 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, provided that the transaction has been approved by the majority of its board of directors and, where applicable, shareholders at a general meeting; and (ii) with respect to transactions involving an aggregate payment or value equal to or greater than 25% of the Issuer's total shareholders' funds as reflected in the latest audited financial statements, 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 Trustee that, where applicable, the Issuer has received the certification referred to in this sub-paragraph (ii), and that the transaction has been approved by the majority of its board of directors and, where applicable, shareholders at a general meeting; c) The Issuer shall not execute or omit to execute any document which may render any of the transaction documents to be illegal, void, voidable or unenforceable; d) The Issuer shall not use the proceeds derived from the Senior Sukuk Musyarakah Programme for purposes other than those stated herein; and e) Such other covenants as may be advised by the solicitors for the Lead Arranger including but not limited to the requirements under the SC's Minimum Contents Requirements for Trust Deeds, save and except for such requirements waived by the SC pursuant to item (t) herein. |
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| (iii) | Purchase Undertaking | <p>In respect of each tranche of the Sukuk, the Obligor shall grant an undertaking to the Trustee (acting on behalf of the Senior Sukukholders) to purchase the Senior Sukukholders' interests in the Trust Assets from the Issuer at the Exercise Price upon the occurrence of the earlier of any of the following events:</p> <ol style="list-style-type: none"> 1. the respective Maturity Dates of the Senior Sukuk; or 2. the declaration of a Dissolution Event. <p>The Exercise Price shall be determined based on the following formula:</p> <p><u>On the respective Maturity Dates of the Senior Sukuk:</u> Exercise Price = Musyarakah Capital <u>plus</u> Expected Return <u>less</u> total Periodic Distributions paid.</p> <p><u>On declaration of a Dissolution Event:</u> Exercise Price = Musyarakah Capital <u>plus</u> Expected Return on Dissolution Date <u>less</u> aggregate of Periodic Distribution(s) made and to be adjusted to be equivalent to the accreted value plus accrued but unpaid Periodic Distributions (if any) up to the date of declaration of a Dissolution Event and such calculation of the Exercise Price shall be in accordance with FAST Rules.</p> <p>On any payment of the Exercise Price, the Issuer (as Obligor) will be entitled to deduct the aggregate of the Advance Payments in relation to the portion of the Senior Sukuk outstanding from the Exercise Price.</p> |
| (iv) | Profit Reserve Account | <p>The Manager shall open a profit reserve account for the purpose of crediting of any excess income from the Trust Assets and, if applicable, re-crediting of any Advance Incentive Fee, which will be used to fund payments of the Periodic Distribution from time to time to the extent that there is insufficient income from the Trust Assets to pay such Periodic Distribution amount.</p> |
| (v) | Compensation for Late and Default Payments (Taqwidh) (applicable to the Purchase Undertaking only) | <p>In the event of any overdue payments of any amounts due under the Purchase Undertaking, the Obligor shall pay to the Trustee for the benefit of the Senior Sukukholders compensation (Taqwidh) on such overdue amounts at the rate and manner prescribed by the Shariah Advisory Council of the SC or such other relevant regulatory authority from time to time in accordance with the Shariah principles.</p> |
| (vi) | Status | <p>The Senior Sukuk will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, and will rank pari passu, without any preference amongst themselves, and equally with all other present and future unsecured and unsubordinated obligations (excluding</p> |

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| | | deposits) of the Issuer, except those obligations preferred by law, liens or rights of set-off arising from the normal course of business. |
| (vii) | Redemption | Unless previously purchased and cancelled, the Senior Sukuk shall be fully redeemed on the respective maturity date(s) at 100% of their nominal value. |
| (viii) | Open Market Acquisition and Cancellation | <p>The Issuer or any of its related corporations (within the meaning of the Companies Act 1965) may at any time acquire the Senior Sukuk at any price in the open market or by private treaty, provided:</p> <p>(a) Any of the Senior Sukuk so acquired by the Issuer shall be cancelled and cannot be reissued; or</p> <p>(b) Any of the Senior Sukuk acquired by the Issuer or related corporations need not be cancelled but will not entitle such related corporations to vote at any meetings of the Senior Sukukholders and will not be deemed to be outstanding for the purpose of determining the total votes exercisable by the Senior Sukukholders whenever such determination is required under the Trust Deed.</p> |
| (ix) | Changes of Circumstances | If at any time prior to the availability of the Senior Sukuk Musyarakah Programme, as a result of any change in applicable law, regulation or regulatory requirement or in the interpretation or application thereof or if compliance by the Lead Arranger / Facility Agent / Primary Subscriber(s) / investor(s) (collectively the Financing Parties) with any applicable direction, request or requirement (whether or not having the force of law) will impose on the Financing Parties any condition, burden or obligation, then the commitment of the Lead Arranger / Facility Agent / Primary Subscriber(s) / investor(s) to arrange/ subscribe (as the case may be) under the Senior Sukuk Musyarakah Programme will terminate upon notice to the Issuer of the occurrence of such event after becoming aware thereof. |
| (x) | Adverse Market | At any time prior to the first issuance under the Senior Sukuk Musyarakah Programme, the Financing Parties reserve the right to withdraw/ terminate the arrangement of the Senior Sukuk Musyarakah Programme if there occurs any change in the national or international financial, political or economic conditions, including but not limited to adversities in international/ domestic money, capital or syndicated loan markets, the business activities or financial position of the Issuer which in the opinion of the Financing Parties, will materially affect the offering and distribution of the Senior Sukuk under the Senior Sukuk Musyarakah Programme in the secondary market upon successful completion of the arrangement of the same. |

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| (xi) | Trust Deed | The Senior Sukuk Musyarakah Programme shall be constituted by a trust deed, which shall be administered by the Trustee, who shall act on behalf of the Senior Sukukholders. |
| (xii) | Taxation | All payments by the Issuer in respect of the Senior Sukuk Musyarakah Programme shall be made without 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 Malaysian law, unless such withholding or deduction is required by law and the Issuer shall not gross up for any such withholding or deduction. |
| (xiii) | Currency | Ringgit Malaysia |
| (xiv) | Documentation | Standard documentation satisfactory to all parties concerned incorporating clauses normal and customary for a financing of this nature and/or as advised by the Lead Arranger and solicitors. |
| (xv) | Governing Law | The laws of Malaysia |
| (xvi) | Jurisdiction | The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia. |



- (1) The investors shall from time to time, form a partnership amongst themselves for the purpose of investing in Shariah compliant financial services business of AmIslamic (the **Musyarakah Venture**).
- (2) & (3) AmIslamic (the **Issuer**) shall issue Senior Sukuk to the Senior Sukukholders, in consideration of their capital contribution. The Senior Sukuk represents their proportionate participation in the said Musyarakah Venture.
- (4) The Issuer shall declare trust over the Shariah compliant business of the Issuer and the Profit Reserve Account (the **Trust Assets**) for the benefit of the Trustee (acting on behalf of the Senior Sukukholders).
- (5) The Trustee (acting on behalf of the Senior Sukukholders) shall appoint the Issuer as its agent (the **Manager**) to manage the Musyarakah Venture.
- (6) Income generated from the Musyarakah Venture will be shared and distributed periodically amongst the Senior Sukukholders according to a pre-agreed profit sharing ratio. Any losses will also be shared amongst the Senior Sukukholders in proportion to their capital contribution.
- (7) The Issuer (as the **Obligor**) shall also grant to the Trustee (acting on behalf of the Senior Sukukholders) a Purchase Undertaking whereby the Obligor shall undertake to purchase the Trust Assets from the Trustee upon maturity or declaration of a Dissolution Event.