

Other terms and conditions

- (a) Tenure of the issue / programme : **Tenure of the Sukuk Programme**
Perpetual.

Tenure of the Senior Sukuk Murabahah

Each issue of Senior Sukuk Murabahah shall have a tenure of more than one (1) year and up to thirty (30) years from the issue date, provided that the Senior Sukuk Murabahah shall mature on or prior to the cancellation of the Sukuk Programme.

Tenure of the T2 Sukuk Murabahah

Subject to the Early Redemption Event, each issue of the T2 Sukuk Murabahah shall have a tenure of at least five (5) years and up to thirty (30) years from the issue date, provided that the T2 Sukuk Murabahah shall mature on or prior to the cancellation of the Sukuk Programme.

Tenure of the AT1 Sukuk Wakalah

Subject to the Early Redemption Event, the tenure of the AT1 Sukuk Wakalah shall be perpetual, provided that the AT1 Sukuk Wakalah shall be cancelled or redeemed prior to the cancellation of the Sukuk Programme.

- (b) Profit / coupon or equivalent rate (%) : **Senior Sukuk Murabahah and T2 Sukuk Murabahah**

The Senior Sukuk Murabahah and T2 Sukuk Murabahah will bear a periodic profit rate to be determined and agreed prior to each issuance. The periodic profit rate which is based on a fixed rate is applicable throughout the tenure of the relevant Senior Sukuk Murabahah and T2 Sukuk Murabahah (i.e. there shall be no step-up profit rate).

AT1 Sukuk Wakalah

Subject to the paragraph entitled "**Other terms and conditions - Limitation on payment of distribution**", the AT1 Sukuk Wakalah confer a right to receive Periodic Distribution Amount (as defined below) from (and including) the issue date at the Distribution Rate (as defined below) ("**Periodic Distribution**").

"**Periodic Distribution Amount**" shall be calculated at the Distribution Rate on the outstanding nominal value of the AT1 Sukuk Wakalah in accordance with the rules issued by Payment Network Malaysia Sdn Bhd ("**PayNet**").

The expected rate of Periodic Distribution ("**Distribution Rate**") shall be determined prior to the issuance of each AT1 Sukuk Wakalah. The Distribution Rate shall be either:-

- (i) a fixed rate applicable throughout the tenure of the AT1 Sukuk Wakalah, or

ALLIANCE ISLAMIC BANK BERHAD

PERPETUAL SUKUK PROGRAMME OF UP TO A GLOBAL LIMIT OF RM2.5 BILLION IN NOMINAL VALUE

Profit / coupon or equivalent rate (%) (cont'd) : (ii) a floating rate based on the aggregate of a benchmark rate plus a credit spread, subject to a reset of the benchmark rate, **provided** that:

(a) the credit spread in the Distribution Rate shall be maintained at all times;

(b) the first reset date and frequency of subsequent resets shall be determined prior to each issuance; and

(c) the basis for determining the benchmark rate shall be the same throughout the tenure of the AT1 Sukuk Wakalah.

Should the Issuer opt for a floating rate, in relation to the first tranche of AT1 Sukuk Wakalah, the first reset date shall be the Distribution Payment Date falling five (5) years after the issue date (with subsequent resets every five (5) years) or such later date (and such longer subsequent reset period) as may be agreed to between the Issuer and the Lead Arranger prior to issuance of such tranche of AT1 Sukuk Wakalah, and in relation to any other tranche of AT1 Sukuk Wakalah, such date and reset period as shall be agreed to between the Issuer and the Lead Arranger prior to issuance of such tranche of AT1 Sukuk Wakalah.

For avoidance of doubt, the benchmark rate and the credit spread shall be agreed upfront prior to issuance of any AT1 Sukuk Wakalah with floating rate.

(c) Profit / coupon payment frequency : **Senior Sukuk Murabahah and T2 Sukuk Murabahah**
Periodic profit payments will be payable either quarterly or semi-annually in arrears to be determined prior to the issuance of each tranche of Senior Sukuk Murabahah or T2 Sukuk Murabahah (as the case may be) ("**Periodic Profit Payment Date**").

AT1 Sukuk Wakalah

Subject always to the paragraph entitled "**Other terms and conditions – Limitation on Payment Distribution**", Periodic Distribution will be payable either quarterly or semi-annually in arrears to be determined prior to the issuance of each tranche of AT1 Sukuk Wakalah ("**Distribution Payment Date**").

(d) Profit / coupon payment basis : Actual / 365 days basis.

- (e) Details on utilisation of proceeds : The proceeds to be raised from the issuance of the Sukuk will be utilised for Shariah compliant purposes.

Senior Sukuk Murabahah and T2 Sukuk Murabahah

The Issuer will utilise the proceeds of the Senior Sukuk Murabahah and the T2 Sukuk Murabahah 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.

AT1 Sukuk Wakalah

The AT1 Sukuk Wakalah proceeds will be utilised by the Wakeel to invest in the Wakalah Portfolio comprising of the Investment Assets and Commodity Murabahah Investment.

Thereafter, the proceeds arising from the issuance of the AT1 Sukuk Wakalah shall be made available to the Issuer 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.

- (f) Limitation on Payment of Distribution : **AT1 Sukuk Wakalah**

The payment of Periodic Distribution under the AT1 Sukuk Wakalah shall be at the Issuer's sole and absolute discretion and is subject to:-

- (i) Such payment not resulting in a breach of the capital requirements applicable to the Issuer under the relevant BNM's capital guidelines;
- (ii) The Issuer is solvent at the time of payment of the Periodic Distribution and the payment of the Periodic Distribution will not result in the Issuer becoming, or likely to become insolvent; and
- (iii) Such payment being made from Distributable Reserves (as defined below) only.

In the event that there is profit for distribution, and the Issuer decided not to distribute the profit pursuant to this paragraph, the AT1 Sukukholders hereby give their tanazul to waive their right to receive distribution for that period.

ALLIANCE ISLAMIC BANK BERHAD
PERPETUAL SUKUK PROGRAMME OF UP TO A GLOBAL LIMIT OF RM2.5 BILLION IN NOMINAL VALUE

Limitation on Payment of : **"Distributable Reserves"** means at any time, the amounts for the time being available to the Issuer for distribution as a dividend as of the date of the Issuer's latest audited financial statements in compliance with Section 131 of the Companies Act 2016 (or its equivalent under any successor laws) provided that if the Issuer reasonably believes that the available amounts as of any Distribution Determination Date (as defined below) are lower than the available amounts as of the date of the Issuer's latest audited financial statements and are insufficient to pay the Periodic Distribution and for payments of any dividends or other distributions in respect of other liabilities or obligations of the Issuer which by their terms or by operation of law, rank pari passu with the AT1 Sukuk Wakalah, on the relevant Distribution Payment Date, then two (2) directors of the Issuer shall provide a certificate to the Sukuk Trustee (acting on behalf of the AT1 Sukukholders), on or prior to the relevant Distribution Payment Date, setting out the available amounts as of such Distribution Determination Date (which certificate of the two (2) directors will be binding absent of manifest error) and the Distributable Reserves as of such Distribution Determination Date for the purposes of such Periodic Distribution will mean the available amounts as set forth in such certificate.

"Distribution Determination Date" means, with respect to any Distribution Payment Date, the day falling five (5) business days prior to that Distribution Payment Date.

If the Issuer is unable to meet any of the conditions (i), (ii) or (iii) above, the Issuer shall cancel the Periodic Distribution which would otherwise have been payable on such Distribution Payment Date provided always in the case where conditions (i) and (ii) are met but the Distributable Reserves are insufficient to pay the Periodic Distribution in full, the Issuer may elect to pay a part of the Periodic Distribution up to the amount available from the Distributable Reserves and cancel the other part of the Periodic Distribution which would otherwise have been payable on such Distribution Payment Date. Any such cancellation will not constitute or be deemed a default by the Issuer or constitute an event of default or an Enforcement Event for any purpose whatsoever nor would it trigger a cross-default under any other outstanding Senior Sukuk Murabahah, T2 Sukuk Murabahah and AT1 Sukuk Wakalah issued under the Sukuk Programme respectively.

Notwithstanding that the Issuer is able to meet all the conditions (i), (ii) and (iii) above, the Issuer may also, at its sole and absolute discretion:-

ALLIANCE ISLAMIC BANK BERHAD

PERPETUAL SUKUK PROGRAMME OF UP TO A GLOBAL LIMIT OF RM2.5 BILLION IN NOMINAL VALUE

- Limitation on Payment of : (a) pay a part of the Periodic Distribution and cancel the Distribution (cont'd) other part of the Periodic Distribution which would otherwise have been payable on such Distribution Payment Date; or
- (b) cancel the whole Periodic Distribution which would otherwise have been payable on such Distribution Payment Date,

For the avoidance of doubt, the Issuer has no obligation to pay, and the AT1 Sukukholders have no right to receive, the Periodic Distribution or a part thereof, which has been cancelled at the sole and absolute discretion of the Issuer, at any Distribution Payment Date. Any payment made is at the sole and absolute discretion of the Issuer.

If the Issuer does not make a Periodic Distribution on the relevant Distribution Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such Periodic Distribution), such non-payment or part-payment shall serve as evidence of the Issuer's exercise of its discretion to cancel such Periodic Distribution (or the portion of such Periodic Distribution not paid), and accordingly such Periodic Distribution (or the portion thereof not paid) shall not be due and/or accrued, and shall not be payable.

If practicable, the Issuer shall provide notice of any cancellation of Periodic Distribution (in whole or in part) to the AT1 Sukukholders (via the Sukuk Trustee) on or prior to the relevant Distribution Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least three (3) business days prior to the relevant Distribution Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of Periodic Distribution or give the AT1 Sukukholders any rights as a result of such failure.

Any such cancellation will not constitute or be deemed a default by the Issuer or constitute an event of default or an Enforcement Event for any purpose whatsoever nor would it trigger a cross-default under any other outstanding Senior Sukuk Murabahah, T2 Sukuk Murabahah and AT1 Sukuk Wakalah issued under the Sukuk Programme respectively.

Limitation on Payment of : **Circumstances for Cumulative Distribution**

Distribution (cont'd)

Notwithstanding the above, if (i) the AT1 Sukuk Wakalah or any tranche thereof no longer qualify as Additional Tier 1 regulatory capital of the Issuer (in whole and not in part) for the purposes of BNM's minimum capital adequacy requirements under any applicable regulations, and such disqualification has been confirmed by BNM in writing, and (ii) the Issuer is not in breach of BNM's minimum capital adequacy ratio requirements applicable to the Issuer any Periodic Distribution payable after the period beginning on the date of notification from BNM of such disqualification ("**Disqualification Date**") may be deferred, in whole or in part, at the Issuer's sole and absolute discretion but shall not be cancelled in accordance with the provisions of this paragraph. Any portion of the Periodic Distribution payable on a Distribution Payment Date occurring after the Disqualification Date, but deferred at the Issuer's sole and absolute discretion shall start to become cumulative and such deferred amount shall be entitled to earn profit at the Distribution Rate from (and including) the said Distribution Payment Date ("**Deferred Distribution Date**") up to the date of actual payment of such deferred Periodic Distribution. In such circumstances, the deferred Periodic Distribution, together with accrued amounts will become due and payable no later than ten (10) years from the Deferred Distribution Date, or upon redemption of the AT1 Sukuk Wakalah, whichever is earlier.

For the avoidance of doubt, any Periodic Distribution payable prior to the Disqualification Date shall be paid or cancelled in accordance with this paragraph.

Upon the AT1 Sukuk Wakalah being disqualified as Additional Tier 1 regulatory capital of the Issuer, the Wakalah Portfolio shall be dissolved at a dissolution amount which shall be equal to 100% of the nominal value of the AT1 Sukuk Wakalah ("**AT1 Dissolution Amount**"). For the avoidance of doubt, the dissolution of the Wakalah Portfolio shall not constitute the redemption of the AT1 Sukuk Wakalah.

The AT1 Sukukholders irrevocably authorise the Wakeel to, in its sole discretion, invest the AT1 Dissolution Amount in identified assets of the Issuer under the Mudharabah transaction ("**Identified Assets**"). Profits generated from the Identified Assets and additional Identified Assets (when applicable) will be shared and distributed between the Rabb al-mal and the Mudharib according to a pre-agreed profit sharing ratio to be determined. The loss shall be borne solely by the Rabb al-mal.

Limitation on Payment of : The Issuer shall distribute to the AT1 Sukukholders the Distribution (cont'd) profit generated from the Identified Assets ("**Identified Assets Profit**") and additional Identified Assets ("**Additional Identified Assets Profit**") in the form of the Periodic Distribution on the Distribution Payment Date.

As agreed by the AT1 Sukukholders, the Issuer may at its sole discretion elect to make payment of all or some of the Periodic Distribution Amount on the Distribution Payment Date or elect to defer such payment.

If the Issuer does not make a Periodic Distribution on the relevant Distribution Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such Periodic Distribution), such non-payment or part-payment shall serve as evidence of the Issuer's exercise of its discretion to defer such Periodic Distribution (or the portion of such Periodic Distribution not paid).

If practicable, the Issuer shall provide notice of the deferment of Periodic Distribution (in whole or in part) to the AT1 Sukukholders (via the Sukuk Trustee) on or prior to the relevant Distribution Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least three (3) business days prior to the relevant Distribution Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such deferment of Periodic Distribution, or give the AT1 Sukukholders any rights as a result of such failure.

Any such deferment will not constitute or be deemed a default by the Issuer or constitute an event of default or an Enforcement Event for any purpose whatsoever nor would it trigger a cross-default under any other outstanding Senior Sukuk Murabahah, T2 Sukuk Murabahah and AT1 Sukuk Wakalah issued under the Sukuk Programme respectively.

Distribution on each Distribution Payment Date

- (i) If the Identified Assets Profit and Additional Identified Assets Profit (when applicable) are in excess of the relevant Periodic Distribution Amount for the applicable distribution period,
 - (a) Full Deferral: The Identified Assets Profit and Additional Identified Assets Profit (when applicable) up to such Periodic Distribution Amount will be applied towards investing in additional Identified Assets.

ALLIANCE ISLAMIC BANK BERHAD

PERPETUAL SUKUK PROGRAMME OF UP TO A GLOBAL LIMIT OF RM2.5 BILLION IN NOMINAL VALUE

Limitation on Payment of :
Distribution (cont'd)

(b) Partial Deferral: The Identified Assets Profit and Additional Identified Assets Profit (when applicable) up to such Periodic Distribution Amount which is not deferred will be distributed to the AT1 Sukukholders and the remaining will be applied towards investing in additional Identified Assets.

(c) Non-Deferral: The Identified Assets Profit and Additional Identified Assets Profit (when applicable) up to such Periodic Distribution Amount due and payable will be distributed to the AT1 Sukukholders.

Any excess will be paid to the Wakeel as an incentive fee.

(ii) If the Identified Assets Profit and Additional Identified Assets Profit (when applicable) is insufficient to pay the relevant portion of the Periodic Distribution Amount for the applicable distribution period ("**Profit Shortfall**"), the Issuer (as Obligor) shall purchase the Identified Assets and Additional Identified Assets at the relevant exercise price pursuant to the purchase undertaking granted upfront to the Wakeel (on behalf of the Sukukholders) ("**Shortfall Purchase Undertaking**"). Pursuant to a Shortfall Purchase Undertaking, the investment in the Identified Assets (and additional Identified Assets, if applicable) will be dissolved and a sale agreement shall be executed to effect the sale of the Identified Assets (and additional Identified Assets, if applicable) by the Wakeel (on behalf of the AT1 Sukukholders) to the Issuer at the relevant exercise price. The relevant exercise price shall be an amount equal to the outstanding nominal value of the AT1 Sukuk Wakalah together with accrued but unpaid Periodic Distribution.

(a) Full Deferral: The Wakeel shall use the proceeds of the exercise price to purchase another identified assets ("**New Identified Assets**"), which shall not be the previous Identified Assets that has been dissolved.

(b) Partial Deferral: The Wakeel shall use the proceeds of the exercise price to distribute such Periodic Distribution Amount which is not deferred and the remaining will be applied towards acquisition of New Identified Assets, which shall not be the previous Identified Assets that has been dissolved.

ALLIANCE ISLAMIC BANK BERHAD

PERPETUAL SUKUK PROGRAMME OF UP TO A GLOBAL LIMIT OF RM2.5 BILLION IN NOMINAL VALUE

Limitation on Payment of : (c) Non-Deferral: The Wakeel shall use the proceeds of the exercise price to distribute the relevant portion of the Periodic Distribution Amount and the remaining balance will be applied towards acquisition of New Identified Assets, which shall not be the previous Identified Assets that has been dissolved.

Distribution (cont'd)

For the avoidance of doubt, upon the AT1 Sukuk Wakalah being disqualified as Additional Tier 1 regulatory capital of the Issuer, the amount due and payable to the AT1 Sukukholders upon redemption of the AT1 Sukuk Wakalah shall be equal to 100% of the nominal value of the AT1 Sukuk Wakalah together with accrued but unpaid Periodic Distribution.

(g) Dividend and capital stopper : **AT1 Sukuk Wakalah**
In the event that the Issuer has not made a full payment of any Periodic Distribution on a Distribution Payment Date, then (A) the Issuer shall not pay any dividends to its shareholders or make any payment or distribution on any security or instruments ranking pari passu with or junior to the AT1 Sukuk Wakalah and which terms do not require the Issuer to make such payment or distribution (the "**Dividend Stopper**"); and (B) the Issuer shall not redeem, purchase, reduce or otherwise acquire any of its ordinary shares, preference shares, securities or instruments ranking pari passu with or junior to the AT1 Sukuk Wakalah, or any securities of any of its subsidiary (if any) benefiting from a guarantee from the Issuer, ranking, as to the right of redemption of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, pari passu with or junior to the AT1 Sukuk Wakalah (the "**Capital Stopper**").

The Dividend Stopper and the Capital Stopper shall continue to apply, as the case may be, until either (i), (ii) or (iii) below is met:-

- (i) the Issuer has paid full Periodic Distribution scheduled for two (2) consecutive semi-annual Distribution Payment Dates or four (4) consecutive quarterly Distribution Payment Dates (as the case may be) after the application of the Dividend Stopper and the Capital Stopper;

ALLIANCE ISLAMIC BANK BERHAD

PERPETUAL SUKUK PROGRAMME OF UP TO A GLOBAL LIMIT OF RM2.5 BILLION IN NOMINAL VALUE

- Dividend and capital stopper (cont'd) : (ii) the Issuer has irrevocably set aside in a separately designated trust account of the Issuer for payment to the AT1 Sukukholders, an amount sufficient to provide for the full Periodic Distribution scheduled for two (2) consecutive semi-annual Distribution Payment Dates or four (4) consecutive quarterly Distribution Payment Dates (as the case may be) after the application of the Dividend Stopper and the Capital Stopper and if upon determination of the amount of each of such Periodic Distribution there is a shortfall in the amounts set aside in such separately designated trust account with reference to the amounts so determined, an amount at least equal to such shortfall shall be paid or irrevocably set aside in the same manner; or
- (iii) an Optional Distribution (as defined below) has, at the option of the Issuer and subject to BNM's approval, been paid to all AT1 Sukukholders equal to, (without duplication of amounts previously paid to the AT1 Sukukholders) amounts outstanding (if any) on the AT1 Sukuk Wakalah which were scheduled to be paid in the twelve (12) months before the date of payment of the Optional Distribution.

"Optional Distribution" means an amount, equal to any Unpaid Distribution Amount, scheduled to have been paid during the twelve (12) month period immediately preceding the date on which the Issuer shall pay the Optional Distribution.

"Unpaid Distribution Amount" means any Periodic Distribution which is cancelled by the Issuer pursuant to the paragraph entitled **"Other terms and conditions – Limitation on Payment of Distribution"**.

- (h) Non-Viability Event : **T2 Sukuk Murabahah and AT1 Sukuk Wakalah**
A Non-Viability Event means the earlier of the following:

- (i) BNM, jointly with Malaysia Deposit Insurance Corporation ("**PIDM**"), so long as the Issuer is a Member Institution (as defined in the Malaysia Deposit Insurance Corporation Act 2011), or BNM, if the Issuer is no longer a Member Institution ("**Relevant Malaysian Authority**"), notify the Issuer or ABMB and its subsidiaries ("**ABMB Group**"), as the case may be, in writing that they are of the opinion that a write-off of the T2 Sukuk Murabahah or the AT1 Sukuk Wakalah, 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, is necessary, without which the Issuer or the ABMB Group would cease to be viable; or

ALLIANCE ISLAMIC BANK BERHAD

PERPETUAL SUKUK PROGRAMME OF UP TO A GLOBAL LIMIT OF RM2.5 BILLION IN NOMINAL VALUE

Non-Viability Event (cont'd) : (ii) the Relevant Malaysian Authority publicly announces that a decision has been made by the Relevant Malaysian Authority 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, the Relevant Malaysian Authority shall have the full discretion to elect not to require a write-off of the T2 Sukuk Murabahah or the AT1 Sukuk Wakalah 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 T2 Sukuk Murabahah and AT1 Sukuk Wakalah may still be exposed to losses from the resolution of the Issuer or ABMB Group.

(i) Non-Viability Event loss absorption : **T2 Sukuk Murabahah and AT1 Sukuk Wakalah**
Following the occurrence of a Non-Viability Event, the Relevant Malaysian Authority shall have the option to require the entire principal outstanding or such portion thereof and (if any) all other amount owing under the T2 Sukuk Murabahah or AT1 Sukuk Wakalah be written-off, and if the Relevant Malaysian Authority elect to exercise such option, subject to and as of the date of the occurrence of the Non-Viability Event, each of the T2 Sukukholders and/or AT1 Sukukholders (as the case may be) hereby irrevocably waives its right to receive payment of the principal amount of the T2 Sukuk Murabahah and/or AT1 Sukuk Wakalah (as the case may be) and also irrevocably waives its right to any Periodic Profits or Periodic Distribution (as the case may be) (including Periodic Profits or Periodic Distribution accrued but unpaid up to the date of the occurrence of a Non-Viability Event).

Such write-off shall not constitute an event of default or an Enforcement Event, nor would it trigger a cross-default under any other outstanding Senior Sukuk Murabahah, T2 Sukuk Murabahah and AT1 Sukuk Wakalah issued under the Sukuk Programme respectively.

Upon the occurrence of a Non-Viability Event, the Issuer is required to give notice to the T2 Sukukholders and/or AT1 Sukukholders (as the case may be, via the Sukuk Trustee) and the rating agency in accordance with the terms of the T2 Sukuk Murabahah and/or the AT1 Sukuk Wakalah (as the case may be), then as of the relevant write-off date:-

Non-Viability Event loss : (i) The write-off shall extinguish:-
absorption (cont'd)

- (a) the claim of the T2 Sukuk Murabahah and/or the AT1 Sukuk Wakalah (as the case may be) in liquidation, which will mean that the T2 Sukukholders and/or AT1 Sukukholders (as the case may be) will be automatically deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer with respect to payment of the aggregate principal amount of the respective T2 Sukuk Murabahah and/or AT1 Sukuk Wakalah written-off;
 - (b) the amount paid when an Early Redemption Event occurs; and
 - (c) payment of the Periodic Profits and/or Periodic Distributions (as the case may be) on the T2 Sukuk Murabahah and/or AT1 Sukuk Wakalah (as the case may be) written-off.
- (ii) The write-off shall be permanent and the full principal amount of the T2 Sukuk Murabahah or the AT1 Sukuk Wakalah (as the case may be) together with all unpaid Periodic Profits or Periodic Distributions (as the case may be) thereon that are or would be payable upon the relevant maturity date, an early redemption or the occurrence of an acceleration of the T2 Sukuk Murabahah or the AT1 Sukuk Wakalah (as the case may be) upon the occurrence of Enforcement Event will automatically be written-off and unpaid Periodic Profits or Periodic Distribution (as the case may be) will be immediately and fully cancelled as of such write-off date.

Where the T2 Sukuk Murabahah and/or the AT1 Sukuk Wakalah are included as capital at the consolidated level of ABMB Group, the T2 Sukuk Murabahah and/or the AT1 Sukuk Wakalah (as the case may be) may, at the option of the Relevant Malaysian Authority, be written-off upon the occurrence of a trigger event in relation to ABMB Group as described in paragraph 32.1 of the CAFIB.

For the avoidance of doubt, the loss absorption feature of the T2 Sukuk Murabahah and the AT1 Sukuk Wakalah (1) will cease to be effective if BNM's capital adequacy rules no longer require a loss absorption feature to be included for the T2 Sukuk Murabahah and the AT1 Sukuk Wakalah to qualify as Tier 2 capital and Additional Tier 1 capital respectively or (2) shall be amended accordingly if BNM's capital adequacy rules have materially changed.

- (j) Capital Trigger Event : **AT1 Sukuk Wakalah**
A Capital Trigger Event occurs when the Common Equity Tier 1 Ratio of the Issuer (at the consolidated or entity level) or the Common Equity Tier 1 Ratio of ABMB (at the consolidated level) falls below 5.125% as determined and confirmed by BNM and/or ABMB (as the case may be) as of the relevant quarterly reporting date where the quarterly unaudited consolidated financial results of the Issuer or ABMB are published, announced and made publicly available, when such Capital Trigger Event occurs.

"Common Equity Tier 1 Ratio" means the common equity tier 1 capital ratio as determined by BNM from time to time.
- (k) Capital Trigger Event write-off : **AT1 Sukuk Wakalah**
Upon the occurrence of a Capital Trigger Event, the relevant nominal value of AT1 Sukuk Wakalah shall be written-off (in whole or in part) and other amounts owing under the AT1 Sukuk Wakalah (if any), together with the write-off or conversion of other relevant Tier 1 Instruments which pursuant to their terms or by operation of law, are capable of being converted into equity, or written-off at that time, in order to restore the Common Equity Tier 1 Ratio of (i) the Issuer (at the consolidated and entity level); and (ii) ABMB (at the consolidated level), if applicable, to be at least 5.75%. Such write-off under the AT1 Sukuk Wakalah, together with the write-off or conversion of other relevant Tier 1 Instruments, if any, shall be done on a pro-rata basis.

Each of the AT1 Sukukholders hereby irrevocably waives its right to receive payment of the principal amount of the AT1 Sukuk Wakalah which are written-off pursuant to the above, and also irrevocably waives its right to any Periodic Distribution (including distribution accrued but unpaid up to the date of the occurrence of a Capital Trigger Event).

Such write-off shall not constitute an event of default or an Enforcement Event, nor would it trigger a cross-default under any other outstanding Senior Sukuk Murabahah, T2 Sukuk Murabahah and AT1 Sukuk Wakalah issued under the Sukuk Programme respectively.
- (l) Redemption at maturity : **Senior Sukuk Murabahah and T2 Sukuk Murabahah**
Unless previously redeemed or repurchased in the open market or by way of private treaty, the Senior Sukuk Murabahah and T2 Sukuk Murabahah will be redeemed by the Issuer at their nominal amount on the maturity date.

(m) Status of Sukuk

: **Senior Sukuk Murabahah**

The Senior Sukuk Murabahah will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking pari passu without any preference amongst themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, except those preferred by law.

T2 Sukuk Murabahah

The T2 Sukuk Murabahah 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 T2 Sukuk Murabahah, ranking pari passu among themselves. The T2 Sukuk Murabahah 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 T2 Sukuk Murabahah.

AT1 Sukuk Wakalah

The AT1 Sukuk Wakalah (after taking into account the nature and exercise of the Enforcement Event Purchase Undertaking or Call Option Sale Undertaking (as the case may be)) will constitute direct and unsecured obligations of the Issuer and are subordinated to depositors, general creditors and other holders of subordinated debt of the Issuer.

Upon the occurrence of a winding-up or liquidation of the Issuer, amounts payable on the AT1 Sukuk Wakalah will be subordinated in right of payment to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer except, in each case, to those liabilities which by their terms rank equal with or junior to the AT1 Sukuk Wakalah.

Claims in respect of the AT1 Sukuk Wakalah will rank pari passu and without preference among themselves and with the most junior class of preference shares (if any) of the Issuer and any security or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes or could qualify as Additional Tier 1 capital of the Issuer on a consolidated basis, pursuant to the relevant requirements set out in BNM's guidelines, or otherwise ranks or is expressed to rank, by its terms or by operation of law, pari passu with the AT1 Sukuk Wakalah, but in priority to the rights and claims of holders of the ordinary shares of the Issuer.

ALLIANCE ISLAMIC BANK BERHAD
PERPETUAL SUKUK PROGRAMME OF UP TO A GLOBAL LIMIT OF RM2.5 BILLION IN NOMINAL VALUE

- (n) Setting off : No Sukukholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Sukuk, and each Sukukholder shall, by virtue of his holding of any Sukuk, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer in relation to the Sukuk to the fullest extent permitted by law. If at any time any Sukukholder receives payment or benefit of any sum in respect of the Sukuk (including any benefit received pursuant to any such set-off, deduction, withholding or retention) other than in accordance with the terms of the Sukuk, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Sukukholder by virtue of his holding of any Sukuk, shall, agree as a separate and independent obligation to immediately pay an amount equal to the amount of such sum or benefit so received to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any payment of such sum or receipt of such benefit shall be deemed not to have discharged any of the obligations under the Sukuk.
- (o) Amendments to the terms and conditions of the Sukuk : Amendments to the terms and conditions of the Sukuk shall only be made with the prior approval of BNM where such proposed amendments could impact its eligibility as Tier 2 regulatory capital and/or Additional Tier 1 regulatory capital of the Issuer (as the case may be).
- (p) Sukuk Trustee's Reimbursement Account : The Sukuk Trustee shall open and maintain throughout the tenure of the Sukuk Programme, a Sukuk 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 Event of default 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 Sukuk if no acceleration of the Sukuk pursuant to an Event of default takes place.

ALLIANCE ISLAMIC BANK BERHAD
PERPETUAL SUKUK PROGRAMME OF UP TO A GLOBAL LIMIT OF RM2.5 BILLION IN NOMINAL VALUE

- (q) Transaction Documents : The Sukuk shall be evidenced by, inter alia, the following:
- (i) Programme Agreement;
 - (ii) Securities Lodgement Form;
 - (iii) Sukuk (in form of Global Certificates and/or Definitive Certificates);
 - (iv) Trust Deeds;
 - (v) Subscription Agreement(s);
 - (vi) Relevant Islamic documents; and
 - (vii) Any other relevant agreements as advised by the Solicitors.
- (r) Taxation : All payments in respect of the Sukuk by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges of whatever nature imposed, levied, collected, withheld or assessed by or within any relevant jurisdiction, unless the withholding or deduction of the taxes is required by law.
- In the event such taxes are imposed, the Issuer will not have to pay additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Sukukholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Sukuk in the absence of the withholding or deduction.
- (s) Other Conditions : The 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 Sukuk.
- (t) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase sukuk, and whether or not obtained : Approval from BNM for the establishment of the Sukuk Programme of up to RM2.5 billion in nominal value and to classify the proceeds of the AT1 Sukuk Wakalah and T2 Sukuk Murabahah under the Sukuk Programme as Additional Tier 1 regulatory capital and Tier 2 regulatory capital respectively of Alliance Islamic.
- BNM's approval has been obtained on 6 December 2018 for the establishment of the Sukuk Programme.

ALLIANCE ISLAMIC BANK BERHAD

PERPETUAL SUKUK PROGRAMME OF UP TO A GLOBAL LIMIT OF RM2.5 BILLION IN NOMINAL VALUE

Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase sukuk, and whether or not obtained (cont'd)

: It is a condition precedent for each issuance of the AT1 Sukuk Wakalah and the T2 Sukuk Murabahah under the Sukuk Programme to obtain BNM's prior approval for the issuance of the relevant tranche of the AT1 Sukuk Wakalah and/or the T2 Sukuk Murabahah (as the case may be).