

Hong Leong Islamic Bank Berhad (Registration No. 200501009144 (686191-W)) (Issuer)

A multi-currency Islamic medium term notes programme of Ringgit Malaysia Five Billion (RM5,000,000,000.00) (or its equivalent in other currencies) in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar.

Principal Terms and Conditions

(A) CORPORATE INFORMATION OF ISSUER

- (1) Name : Hong Leong Islamic Bank Berhad (Registration No. 200501009144 (686191-W)) ("Issuer")
- (2) Address : Registered Address
Level 30, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
- Business Address
Level 23, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
- (3) Date of incorporation: 28 March 2005
- (4) Place of incorporation : Malaysia
- (5) Business/Company : 686191-W
Registration Number
(Old)
- (6) Business/Company : 200501009144
Registration Number
(New)
- (7) Residence status : Resident Controlled Company
- (8) Place of listing : Not Listed
- (9) Date of listing : Not Listed
- (10) Principal activities of : Islamic banking business and related financial services.
Issuer

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(11) Issued and paid-up : As at 6 September 2023, the issued and paid-up capital of the Issuer is share capital RM700,000,000.00 comprising 700,000,000 ordinary shares.

(12) Structure of : As at 6 September 2023, the name of shareholder and structure of shareholding of shareholdings and names of the Issuer are as follows:

names of shareholders or, in the case of a public company, names of all substantial shareholders

Name of shareholder	No. of shares held	% of shareholding
Hong Leong Bank Berhad	700,000,000	100.0

(13) Board of directors :

No.	Name
1	Datuk Dr Md Hamzah Bin Md Kassim
2	Alan Hamzah Sendut
3	Rowina Ghazali Seth
4	Tang Hong Cheong

Additional Notes:

The Board of directors of the Issuer is as at 6 September 2023.

(14) Disclosure of the : following

(i) If the Issuer or its board members have been convicted or charged with any offence under any securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, or if any action has been : The Issuer and its board members have not been convicted or charged with any offence under any securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law and no action has been initiated against the Issuer and its board members for breaches of the same for the past ten (10) years prior to the lodgement.

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initiated against the Issuer or its board members for breaches of the same, for the past ten years prior to the lodgement/ since incorporation (for Issuer incorporated less than ten years)

- (ii) If the Issuer has: Not applicable as the Issuer is not a public-listed company.
been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the lodgement

(B) PARTIES TO THE TRANSACTION

(a) Origination

No.	Roles	Name of parties
1	Issuer	Hong Leong Islamic Bank Berhad
2	Principal Adviser	Hong Leong Investment Bank Berhad
3	Lead Arranger	Hong Leong Investment Bank Berhad
4	Solicitors	Messrs. Albar & Partners (as solicitors for the Principal Adviser/ Lead Arranger)
5	Shariah Adviser	Hong Leong Islamic Bank Berhad

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6	Facility Agent	Hong Leong Investment Bank Berhad
7	Sukuk Trustee	Malaysian Trustees Berhad
8	Credit Rating Agency	RAM Rating Services Berhad
9	Other-External Independent Reviewer	RAM Sustainability Sdn Bhd

(b) At the point of distribution

No.	Roles	Name of parties
1	Issuer	Hong Leong Islamic Bank Berhad
2	Lead Arranger	Hong Leong Investment Bank Berhad
3	Lead Manager	Hong Leong Investment Bank Berhad
4	Facility Agent	Hong Leong Investment Bank Berhad
5	Shariah Adviser	Hong Leong Islamic Bank Berhad
6	Central Depository	Bank Negara Malaysia
7	Paying Agent	Bank Negara Malaysia

(c) After distribution

No.	Roles	Name of parties
1	Issuer	Hong Leong Islamic Bank Berhad
2	Principal Adviser	Hong Leong Investment Bank Berhad
3	Lead Manager	Hong Leong Investment Bank Berhad
4	Facility Agent	Hong Leong Investment Bank Berhad

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5	Shariah Adviser	Hong Leong Islamic Bank Berhad
6	Sukuk Trustee	Malaysian Trustees Berhad
7	Central Depository	Bank Negara Malaysia
8	Paying Agent	Bank Negara Malaysia
9	Credit Rating Agency	RAM Rating Services Berhad

(C) DETAILS OF FACILITY/PROGRAMME

- (1) Name of facility : A multi-currency Islamic medium term notes programme of Ringgit Malaysia Five Billion (RM5,000,000,000.00) (or its equivalent in other currencies) in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar.
- (2) One-time issue or programme : Programme
- (3) Type of issuance(s) under this facility : Sukuk
ASEAN Sukuk
- (4) ASEAN Sukuk : ASEAN Green Sukuk
- (5) Eligible SRI Projects :
- (6) Shariah principles (for sukuk) : 1. Wakalah bi al-Istithmar
2. Murabahah (via Tawarruq arrangement)
- (7) Facility description (for ringgit-denominated sukuk, to provide description as cleared by the SC) : A multi-currency Islamic medium term notes programme of Ringgit Malaysia Five Billion (RM5,000,000,000.00) (or its equivalent in other currencies) in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar (“**Senior IMTN Programme**”).
The Islamic medium term notes issued or to be issued under the Senior IMTN Programme from time to time are referred to as “**Senior IMTNs**”.
The Senior IMTN Programme shall allow the Issuer to issue Senior IMTNs which

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are in compliance with any one or more of the following guidelines, frameworks, principles or standards, as amended or modified or revised or substituted from time to time (referred to collectively or in part, the “**Sustainability Frameworks**”):

- (1) the Sustainable and Responsible Investment (SRI) Sukuk Framework as set out in the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia (“**SC**”) on 9 March 2015, effective on 15 June 2015 and revised on 29 August 2023 (as amended or modified or revised or substituted from time to time) (“**Guidelines on LOLA Framework**”);
- (2) the ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum (“**ACMF**”);
- (3) the Green Bond Principles issued by the International Capital Market Association (“**ICMA**”);
- (4) the ASEAN Social Bond Standards issued by the ACMF;
- (5) the Social Bond Principles issued by the ICMA;
- (6) the ASEAN Sustainability Bond Standards issued by the ACMF;
- (7) the Sustainability Bond Principles issued by the ICMA;
- (8) the Sustainable and Responsible Investment Linked (SRI-Linked) Sukuk Framework as set out in the Guidelines on LOLA Framework;
- (9) the ASEAN Sustainability-Linked Bond Standards issued by the ACMF;
- (10) the Sustainability-Linked Bond Principles issued by the ICMA; and/or
- (11) such other guidelines, frameworks, principles or standards in relation to SRI sukuk, green sukuk, social sukuk, sustainability sukuk, SRI-linked sukuk or sustainability-linked sukuk which may be incorporated by the SC into the Guidelines on LOLA Framework from time to time or such other guidelines, frameworks, principles or standards, whether or not having the force of law, in relation to SRI sukuk, green sukuk, social sukuk, sustainability sukuk, SRI-linked sukuk or sustainability-linked sukuk as may be issued from time to time.

Any Senior IMTNs that are issued in compliance with the Sustainability Frameworks shall be referred to as “**Sustainability Senior IMTNs**”.

All references to the Senior IMTNs shall include the Sustainability Senior IMTNs, unless otherwise specified.

The holders of the Senior IMTNs shall be referred to as “**IMTNholders**” and all references to the IMTNholders shall include holders of the Sustainability Senior IMTNs, unless otherwise specified.

In the event the Issuer proposes to issue the Sustainability Senior IMTNs in compliance with the relevant Sustainability Frameworks in relation to SRI sukuk, social sukuk, sustainability sukuk, SRI-linked sukuk or sustainability-linked sukuk, the Issuer shall ensure that:

- (1) the requirements for post-issuance revision under the Guidelines on LOLA Framework, if required; and
- (2) where applicable, the requirements for SRI Sukuk Framework, ASEAN Sukuk,

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SRI-Linked Sukuk and/or ASEAN Sustainability-Linked Sukuk under the Guidelines on LOLA Framework,

are complied with and that the relevant Transaction Documents (as defined herein) have been amended to cater for the issuances of the Sustainability Senior IMTNs in compliance with the relevant Sustainability Frameworks in relation to SRI sukuk, social sukuk, sustainability sukuk, SRI-linked sukuk or sustainability-linked sukuk, if required.

The relevant Sustainability Frameworks under which the relevant Sustainability Senior IMTNs are issued and the naming of such Sustainability Senior IMTNs shall be specified in the relevant marketing and issuance documents in relation to the issuance of such Sustainability Senior IMTNs.

The IMTNholders shall via the trust deed in relation to the Senior IMTN Programme (“**Trust Deed**”) provide their upfront consent and be deemed to have consented to the relevant revision to the principal terms and conditions of the Senior IMTN Programme relating to the issuance of the Sustainability Senior IMTNs by the Issuer, and no further consent is required from the IMTNholders, the Sukuk Trustee or any other party under the Senior IMTN Programme. For the avoidance of doubt, the Issuer will still need to obtain the required consent for other revisions or amendments.

Further, as the Issuer has been accorded a financial institution rating of AAA by RAM Rating Services Berhad, the issuance of, offer for subscription or purchase of, or invitation to subscribe for or purchase the Senior IMTNs by the Issuer falls within Paragraph 12, Schedule 8 of the Capital Markets & Services Act 2007 (as amended or modified or revised or substituted from time to time) (“**CMSA**”).

Facility descriptions

The issuance of each tranche of the Senior IMTNs under the Senior IMTN Programme from time to time shall be effected as follows:

(1) Pursuant to a Wakalah agreement entered into between the Sukuk Trustee (acting on behalf of the IMTNholders) and Hong Leong Islamic Bank Berhad (“**HLISB**”) as the Issuer (“**Wakalah Agreement**”), the Sukuk Trustee shall appoint the Issuer as its agent (“**Wakeel**”) to perform duties in respect of the Wakalah Portfolio (as defined herein), including management of the Wakalah Portfolio and investing the issue proceeds of the relevant Senior IMTNs (“**Sukuk Proceeds**”) in the relevant Wakalah Portfolio, in accordance with the Wakalah Agreement.

The Wakalah Portfolio shall comprise a combination of investments in the following:

- (a) The whole Shariah-compliant business activities of HLISB (“**Shariah-compliant Business**”); and
- (b) Commodities (as defined herein) purchased and sold under the Shariah principle of Murabahah (via Tawarruq arrangement) (“**Commodity Murabahah Investment**”).

The “**Commodities**” to be transacted under the Commodity Murabahah Investment shall be Shariah-compliant commodities, which shall include but 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

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provided through the commodity trading platform, Bursa Suq Al-Sila' or other trading platforms acceptable to the Lead Arranger and the Shariah Adviser.

The investments described in (a) and (b) above shall collectively be referred to as the "**Wakalah Portfolio**".

(2) The Wakeel shall hold the Wakalah Portfolio on trust for the benefit of the IMTNholders. The Wakeel shall declare a trust over the Trust Assets (as defined herein) for the benefit of the IMTNholders.

HLISB as the Issuer shall issue the Senior IMTNs and the IMTNholders shall subscribe to the Senior IMTNs by paying the Sukuk Proceeds. The Senior IMTNs shall represent the IMTNholders' proportionate undivided beneficial ownership and interest in the Trust Assets.

"**Trust Assets**" shall comprise the Sukuk Proceeds, the Wakalah Portfolio and the rights, title, interest, entitlement and benefit in, to and under the Transaction Documents.

Shariah-compliant Business

(3) The Wakeel shall invest at least thirty three per cent (33%) of the Sukuk Proceeds of the relevant Senior IMTNs into HLISB's Shariah-compliant Business, subject to the valuation principles set out in the Wakalah Agreement.

For the avoidance of doubt, the above percentage of at least thirty three per cent (33%) of the value of the Sukuk Proceeds is only applicable at the point of initial investment for each tranche of the respective Senior IMTNs and does not need to be maintained throughout the tenure of the relevant Senior IMTNs. However, the Wakeel shall ensure that the HLISB's Shariah-compliant Business shall at all times be a component of the Wakalah Portfolio. The ownership of the Shariah-compliant Business allocated for the relevant Wakalah Portfolio shall be on a pro rata basis, which refers to joint beneficial ownership over the Shariah-compliant Business on an undivided and proportionate basis, and therefore entitling the IMTNholders to the share of income in the Shariah-compliant Business based on their proportionate ownership.

Commodity Murabahah Investment

(4) The remaining balance of the Sukuk Proceeds of the relevant Senior IMTNs after investment into the Shariah-compliant Business shall be invested into the relevant Commodity Murabahah Investment.

The Wakeel will appoint the Facility Agent as sub-agent of the Wakeel (in such capacity, the "**Sub-Agent**") pursuant to an agency agreement entered into between the Wakeel and the Sub-Agent ("**Sub-Agency Agreement**") for the purchase and sale of the Commodities. The Issuer (in such capacity, the "**Purchaser**") will appoint the Facility Agent as agent (wakeel) of the Purchaser (in such capacity, the "**Selling Agent**") pursuant to an agency agreement entered into between the Purchaser and the Selling Agent ("**Sale Agency Agreement**") to sell the Commodities under the Senior IMTN Programme.

The Commodity Murabahah Investment shall be effected as follows:

(a) Pursuant to the commodity Murabahah investment agreement entered into between the Purchaser, the Wakeel and the Sub-Agent ("**Commodity Murabahah**

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Investment Agreement”), the Purchaser shall, from time to time, issue a purchase order (“**Purchase Order**”) to the Wakeel and the Sub-Agent. In the Purchase Order, the Purchaser will request the Wakeel and the Sub-Agent to purchase the Commodities on behalf of the IMTNholders and will irrevocably and unconditionally undertake based on unilateral binding promise to purchase the Commodities from the IMTNholders via the Sub-Agent at a sale price which shall be equivalent to the aggregate of (i) the Purchase Price (as defined herein); and (ii) the disclosed profit margin payable on a deferred payment basis (“**Deferred Sale Price**”). For the purposes of calculating the profit margin in determining the Deferred Sale Price in respect of:

(i) the Senior IMTNs issued on floating rate basis; and/or

(ii) the Senior IMTNs issued with Call Option (as defined herein) and subject to the Step-Up Rate (as defined herein),

the profit rate shall be based on a ceiling profit rate to be determined and agreed between the Issuer and the Lead Manager prior to the issuance of such Senior IMTNs (“**Ceiling Profit Rate**”).

For the avoidance of doubt, the Deferred Sale Price shall be equal to the aggregate of (i) the Expected Periodic Distribution Amount (as defined herein), if any; and (ii) one hundred per cent (100%) of the nominal value of the relevant Senior IMTNs.

(b) Upon receipt of the Purchase Order from the Purchaser, the Sub-Agent on behalf of the Wakeel (for the benefit of the IMTNholders) will purchase the Commodities from commodity vendor(s) in the Bursa Suq Al-Sila commodity market (through a Commodity Trading Participant (“**CTP**”)), or other trading platforms acceptable to the Lead Arranger and the Shariah Adviser (“**Commodity Supplier**”), on a spot basis at a purchase price which shall be equivalent to the Sukuk Proceeds less the amount invested in the Shariah-compliant Business (“**Purchase Price**”). The Purchase Price shall be in accordance with the asset pricing requirements stipulated under the Guidelines on Islamic Capital Market Products and Services issued by the SC on 28 November 2022 and effective on 28 November 2022 (as amended or modified or revised or substituted from time to time) (“**Guidelines on ICMPS**”).

(c) Upon the purchase of the Commodities, the Sub-Agent on behalf of the Wakeel (for the benefit of the IMTNholders) shall sell the Commodities to the Purchaser at the Deferred Sale Price. Once the Commodities are sold to the Purchaser, the Senior IMTNs shall represent the IMTNholders’ entitlement to receive the Deferred Sale Price.

(d) Upon completion of such sale, the Selling Agent as agent (wakeel) of the Purchaser will sell the Commodities to the Bursa Suq Al-Sila commodity market (through a CTP), or other trading platforms acceptable to the Lead Arranger and the Shariah Adviser (“**Commodity Buyer**”), on a spot basis for cash consideration for an amount equivalent to the Purchase Price. Proceeds realised from such sale shall be utilised by the Issuer for purposes that are Shariah-compliant.

(5) The Wakeel shall distribute the income generated from the Wakalah Portfolio up to:

(a) the Expected Periodic Distribution Amount on each Periodic Distribution Date

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(as defined herein) to the IMTNholders in the form of periodic distribution during the tenure of the Senior IMTNs, in respect of the Senior IMTNs issued with periodic distribution; and

(b) the expected one-off distribution amount which shall be equal to the difference between the nominal value of the Senior IMTNs and the Sukuk Proceeds of the Senior IMTNs ("**Expected One-off Distribution Amount**") to the IMTNholders in the form of a one-off distribution on (i) the Dissolution Declaration Date (as defined herein); or (ii) the Scheduled Dissolution Date (as defined herein), as the case may be, in respect of the Senior IMTNs issued without periodic distribution.

Each such payment shall pro tanto reduce the obligation of the Purchaser on the Deferred Sale Price payable for the purchase of the Commodities from the Sub-Agent.

Any returns generated from the Wakalah Portfolio in excess of the Expected Periodic Distribution Amount or the Expected One-off Distribution Amount, as the case may be, under the relevant Senior IMTNs shall be waived by the IMTNholders and retained by the Wakeel as incentive fees for its services in managing the Wakalah Portfolio.

(6) HLISB (in such capacity, the "**Obligor**") shall grant a purchase undertaking ("**Purchase Undertaking**") to the Sukuk Trustee, under which the Obligor shall purchase the IMTNholders' undivided and proportionate beneficial interest in the Shariah-compliant Business from the Sukuk Trustee by entering into a sale agreement:

(a) on the date of declaration of a Dissolution Event (as defined herein) ("**Dissolution Declaration Date**"); or

(b) on the maturity date of the Senior IMTNs ("**Scheduled Dissolution Date**"),

whichever is earlier, at a price equivalent to the fair value of the Shariah-compliant Business determined based on the acceptable valuation principles as set out in the Wakalah Agreement ("**Exercise Price**").

(7) The Sukuk Trustee shall grant a sale undertaking ("**Sale Undertaking**") to the Issuer, under which the Sukuk Trustee shall sell the IMTNholders' undivided and proportionate beneficial interest in the Shariah-compliant Business to the Issuer by entering into a sale agreement upon the Issuer exercising its rights to redeem the relevant Senior IMTNs pursuant to the Call Option at the relevant Call Option Amount (as defined herein) on the Call Date (as defined herein).

(8) On the Dissolution Declaration Date or the Scheduled Dissolution Date or the Call Date, as the case may be, the proceeds from the Wakalah Portfolio which comprise the Exercise Price, the outstanding Deferred Sale Price (subject to Ibra' (as defined herein), if any), the Call Option Amount (if Call Option is applicable) and any returns generated from the Wakalah Portfolio shall be utilised to redeem the relevant Senior IMTNs at a redemption amount which equals to one hundred per cent (100%) of the nominal value of the relevant Senior IMTNs together with the accrued but unpaid Expected Periodic Distribution Amount, if any. Any excess over and above the redemption amount shall be waived by the IMTNholders and retained by the Wakeel as incentive fees upon full redemption of relevant Senior IMTNs.

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Upon full payment of all amounts due and payable under the relevant Senior IMTNs, the relevant trust in respect of the Trust Assets will be dissolved and the relevant Senior IMTNs held by the IMTNholders will be cancelled.

- (8) Currency : Multi-currency including Ringgit
- (9) Expected facility/ programme size : Up to MYR 5,000,000,000.00
- (10) Option to upsize (for : Yes
programme)
- (11) Tenure of facility/ programme : Perpetual
- (12) Availability period of : The Senior IMTNs shall be available for issuance under the Senior IMTN
debt/ sukuk programme : Programme commencing from the date of fulfilment of the conditions precedent as set out in the programme agreement in relation to the Senior IMTN Programme ("**Programme Agreement**"), unless waived by the Lead Arranger.
- The first issuance of the Senior IMTNs under the Senior IMTN Programme shall be made within ninety (90) business days from the date of lodgement of the information and documents relating to the Senior IMTN Programme with the SC as required under the Guidelines on LOLA Framework or such other timeframe as may be imposed by the SC.
- (13) Clearing and settlement platform : Bank Negara Malaysia ("**BNM**")
- (14) Mode of issue : Private/direct placement
 Bought deal
 Book building
- (15) Selling restrictions : (i) At issuance:
 Part I of Schedule 6 of the Capital Markets & Services Act, 2007 (CMSA)
 Part I of Schedule 7 of the CMSA
 Read together with Schedule 9 of the CMSA
 Schedule 5, Part I, 1(b) of the CMSA (consideration not less than RM250,000 or equivalent in foreign currencies for each transaction)
 Other-Please refer to the Additional Notes below
(ii) After issuance:

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- Part I of Schedule 6 of the CMSA
- Read together with Schedule 9 of the CMSA
- Schedule 5, Part I, 1(b) of the CMSA (consideration not less than RM250,000 or equivalent in foreign currencies for each transaction)
- Other-Please refer to the Additional Notes below

Additional Notes:

1. Selling Restrictions at Issuance

At issuance, the Senior IMTNs may only be offered, sold, transferred or otherwise disposed of, directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase the Senior IMTNs and to whom the Senior IMTNs are issued would fall within (i) paragraph 1(a), (b) or (d) of Part 1 of Schedule 5 of the CMSA; and (ii) Schedule 6 (or Section 229(1)(b)) and Schedule 7 (or Section 230(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA and such other selling restrictions as may be applicable outside Malaysia, subject to any change in the applicable law, order, regulation or official directive from time to time.

2. Selling Restrictions Thereafter

After issuance, the Senior IMTNs may only be offered, sold, transferred or otherwise disposed of, directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase the Senior IMTNs and to whom the Senior IMTNs are issued would fall within (i) paragraph 1(a), (b) or (d) of Part 1 of Schedule 5 of the CMSA; and (ii) Schedule 6 (or Section 229(1)(b)) of the CMSA, read together with Schedule 9 (or Section 257(3)) of the CMSA and such other selling restrictions as may be applicable outside Malaysia, subject to any change in the applicable law, order, regulation or official directive from time to time.

- (16) Tradability and transferability : Size in Ringgit which are tradable and transferable:
MYR 5,000,000,000.00
- Size in Ringgit which are non-tradable and non-transferable:
Not applicable
- Size in Ringgit which are restricted transferability:
Not applicable
- Additional Notes:
The Senior IMTNs are tradable and transferable subject to the selling restrictions as provided in the section entitled "Selling Restrictions".
- (17) Secured/combinatio : Unsecured
n of unsecured and
secured, if
applicable
- (18) Details of guarantee,: Not guaranteed

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if applicable

(19) Convertibility of issuance and details of the convertability : Non-convertible

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

(21) Call option and details, if applicable : An issuance of a tranche of the Senior IMTNs under the Senior IMTN Programme may have a call option ("**Call Option**") if so determined by the Issuer prior to the issuance of such tranche of the Senior IMTNs. Pursuant to the Call Option, the Issuer shall have the option to redeem the relevant tranche of the Senior IMTNs (in whole or in part) on the relevant Call Date at the Call Option Amount.

"**Call Date**" means in relation to a tranche of the Senior IMTNs where a Call Option is applicable, the date(s) on which such Call Option is exercisable, which shall be determined prior to the issuance of such tranche of the Senior IMTNs.

"**Call Option Amount**" means the amount payable by the Issuer pursuant to the exercise of the Call Option, which shall be determined prior to the issuance of such tranche of the Senior IMTNs with a Call Option.

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

(23) Details of covenants : Positive Covenants

Positive covenants usual and customary for a transaction of this nature including but not limited to the following:

(1) the Issuer shall exercise reasonable diligence in carrying on its business and keep in force and effect all licenses, consents and rights necessary for the conduct of its business;

(2) the Issuer shall maintain a paying agent or its equivalent, in Malaysia in respect of the Senior IMTNs which are denominated in Ringgit Malaysia;

(3) the Issuer shall maintain proper books and accounts in accordance with the laws and accounting standards and deliver its financial statements to the Sukuk Trustee on a timely manner;

(4) the Issuer shall ensure that the Senior IMTNs shall comply with all applicable laws including the provisions of the CMSA and/or the relevant guidelines, directives, written notices or circulars issued and to be issued from time to time;

(5) the Issuer shall ensure that there are no amendments to the constitution of the

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Issuer in the manner that is inconsistent with the rights and obligations of the Issuer under the Transaction Documents;

(6) the Issuer shall promptly comply with the relevant Sustainability Frameworks as specified in the relevant marketing and issuance documents for so long as any Sustainability Senior IMTNs remain outstanding; and

(7) such other covenants as may be required by the Lead Arranger and/or advised by the Solicitors and mutually agreed with the Issuer.

Negative covenants

No negative covenant

Financial Covenants

No financial covenant

Information Covenant

Information covenants usual and customary for a transaction of this nature including but not limited to the following:

(1) the Issuer shall deliver to the Sukuk Trustee the following:

(a) a copy of its annual audited financial statements within one hundred and eighty (180) calendar days after the end of each of its financial year;

(b) as soon as they become available (and in any event within ninety (90) calendar days after the end of the first half of its financial year), a copy of its semi-annual unaudited financial statements for that period which are certified by any one (1) director of the Issuer; and

(c) a copy of all accounts, reports, notices, statements, circulars or other documents issued by the Issuer to its shareholder(s) (or any class of them) which are material and substantial to or necessary for the IMTNholders and the qualified investors of the Senior IMTNs to make informed investment decisions;

(2) the Issuer shall provide to the Sukuk Trustee on an annual basis, a certificate signed by the authorised signatory of the Issuer within one hundred and eighty (180) calendar days after the end of each of its financial year, certifying that the Issuer has complied with and performed all its obligations under the Transaction Documents and the terms and conditions of the Senior IMTNs and that there did not exist or had not existed, from the date the Senior IMTNs were first issued or the date of the previous certificate, as the case may be, any Dissolution Event, and if such is not the case, to specify the same;

(3) the Issuer shall promptly provide to the Sukuk Trustee any information or document relating to the Issuer's affairs to the extent permitted by laws or as stipulated in the Trust Deed, as the case may be, which the Sukuk Trustee may from time to time request or require in order to discharge its duties and obligations under Trust Deed and the other Transaction Documents;

(4) the Issuer shall promptly notify the Sukuk Trustee in writing in the event the Issuer becomes aware of the occurrence of the following:

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(a) any Dissolution Event or any event that has caused or could cause the right or remedy under the terms, provisions or covenants of the Transaction Documents to become immediately enforceable and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Sukuk Trustee to remedy and/or mitigate the effect of the Dissolution Event;

(b) any circumstance that has occurred or any other matter that may materially prejudice the ability of the Issuer to perform its obligations under the Transaction Documents or in respect of the Senior IMTNs;

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

(d) any change in the Issuer's withholding tax position;

(e) any other matter that may materially prejudice the interests of the IMTNholders;

(f) any event which has or may have a Material Adverse Effect (as defined herein); and

(g) any amendments, variations, terminations, replacements or supplements of any of the Transaction Documents;

(5) the Issuer shall deliver to the Credit Rating Agency all such reports and/or information as may be required by the Credit Rating Agency in respect of the Senior IMTNs;

(6) the Issuer shall promptly notify the Sukuk Trustee in writing in the event of:

(a) any change in the authorised signatories of the Issuer who are authorised to act for and on behalf of the Issuer in respect of the Senior IMTN Programme;

(b) any event of default in relation to other indebtedness of the Issuer or any occurrence that in its reasonable opinion might adversely affect its ability to perform and fully comply with its obligations under the Transaction Documents; and

(c) any litigation or other proceedings of any nature whatsoever being initiated against the Issuer before any court or tribunal or administrative agency which has or may have a Material Adverse Effect; and

(7) such other covenants as may be required by the Lead Arranger and/or advised by the Solicitors and mutually agreed with the Issuer.

"Material Adverse Effect" means, in relation to the Issuer, any material adverse effect on the financial condition of the Issuer or the occurrence of any event, which may materially and adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents.

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

(25) Name of credit rating agency, credit rating

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and amount rated, if applicable

No.	Long Term/Short Term	Rated/Unrated	Credit rating agency	Credit rating	Final/indicative rating	Name of Issuance/Tranche/Series/ Class	Amount
1	Long Term	Rated	RAM Rating Services Bhd (RAM)	AAA	Indicative rating	Not applicable	MYR 5,000,000,000.00

(26) Conditions precedent : The availability of the Senior IMTN Programme shall be subject to compliance of all of the following conditions precedent by the Issuer to the satisfaction of the Lead Arranger (unless waived by the Lead Arranger):

A. Main Documentation

(1) The relevant Transaction Documents shall have been duly executed by the respective parties thereto and endorsed as exempted from stamp duty under the Stamp Duty (Exemption) (No. 23) Order 2000 [P.U.(A)241/2000] (as amended by the Stamp Duty (Exemption) (No. 3) (Amendment) Order 2005 [P.U.(A)313/2005]).

(2) The Trust Deed shall have been presented to the High Court of Malaya for the registration of the power of attorney therein contained.

B. The Issuer

(1) Delivery of a certified true copy each of the Certificate of Incorporation and the constitution of the Issuer.

(2) Delivery of a certified true copy each of (a) the latest Return of Allotment of Shares under Section 78 of the Companies Act 2016 (as amended or modified or revised or substituted from time to time) ("**Companies Act**") (or Form 24 under the Companies Act 1965); (b) the latest Notification of Change in the Registered Address under Section 46(3) of the Companies Act (or Form 44 under the Companies Act 1965); and (c) the latest Form 49 under the Companies Act 1965 together with all Notifications of Change in the Register of Directors, Managers and Secretaries under Section 58 of the Companies Act (if any), of the Issuer.

(3) Delivery of a certified true copy of the Issuer's board of directors' resolution approving, amongst others, the establishment of the Senior IMTN Programme, the issuance of the Senior IMTNs and the execution of the relevant Transaction Documents.

(4) Delivery of a list of the authorised signatories of the Issuer and their respective specimen signatures.

(5) Company search conducted on the Issuer.

(6) Winding-up search conducted on the Issuer wherein the Director General of Insolvency confirms that the Issuer is not wound up.

C. General

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(1) Evidence that the endorsement from the Shariah Advisory Council (“**SAC**”) of the SC in respect of the Senior IMTN Programme has been obtained and that the relevant information and documents as required under the Guidelines on LOLA Framework in respect of the Senior IMTN Programme have been lodged with the SC.

(2) Final Shariah pronouncement from the Shariah Adviser confirming that the structure, mechanism and the Transaction Documents of the Senior IMTN Programme are Shariah-compliant and acceptable within the principles of Shariah.

(3) Evidence that the Senior IMTN Programme has been accorded a minimum long term credit rating of AAA by the Credit Rating Agency.

(4) Receipt of a second opinion report from the External Independent Reviewer on the HLB Green Bond Framework (as defined herein).

(5) Evidence that all fees, costs and expenses in relation to the Senior IMTN Programme have been paid or will be paid in full to the extent that the same are due and payable before the establishment of the Senior IMTN Programme.

(6) Legal opinion from the Solicitors addressed to the Lead Arranger in form and substance acceptable to the Lead Arranger advising with respect to, amongst others, the legality, validity and enforceability of the relevant Transaction Documents and written confirmation from the Solicitors addressed to the Lead Arranger confirming that all the conditions precedent to the availability of the Senior IMTN Programme have been fulfilled or otherwise waived by the Lead Arranger, as the case may be.

(7) Evidence that the Trustee’s Reimbursement Account (as defined herein) has been opened and a sum of Ringgit Malaysia One Hundred Thousand (RM100,000.00) has been deposited in the Trustee’s Reimbursement Account.

(8) Evidence of the completion of legal due diligence exercise on the Issuer and its material subsidiary(ies) and the receipt of the relevant legal due diligence reports by the Lead Arranger from the Solicitors.

(9) Such other conditions precedent as may be required by the Lead Arranger and/or advised by the Solicitors and mutually agreed with the Issuer.

It is a condition precedent to each issuance of foreign currency denominated Senior IMTNs that the credit rating letter/ report(s) from the international credit rating agency(ies), if required by the relevant qualified investors, which is acceptable to the Lead Manager, has been obtained.

It is a condition precedent to issuance of the Sustainability Senior IMTNs in compliance with the relevant Sustainability Frameworks in relation to SRI sukuk, social sukuk, sustainability sukuk, SRI-linked sukuk or sustainability-linked sukuk that:

(1) a second opinion report issued by an external independent reviewer which is acceptable to the Lead Arranger, on the HLB Sustainability Bond Framework (as defined herein) has been obtained;

(2) the requirements for post-issuance revision under the Guidelines on LOLA Framework, if required, has been complied with;

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(3) where applicable, the requirements for SRI Sukuk Framework, ASEAN Sukuk, SRI-Linked Sukuk and/or ASEAN Sustainability-Linked Sukuk under the Guidelines on LOLA Framework, has been complied with; and

(4) the relevant Transaction Documents have been amended to cater for the issuances of the Sustainability Senior IMTNs in compliance with the relevant Sustainability Frameworks in relation to SRI sukuk, social sukuk, sustainability sukuk, SRI-linked sukuk or sustainability-linked sukuk, if required.

(27) Representations and warranties

Representations and warranties usual and customary for a transaction of this nature including but not limited to the following:

(1) the Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia and has power to carry on its business and to own its properties and assets and have full beneficial ownership of all its properties and assets and is capable of being sued in its own right;

(2) the constitution of the Issuer incorporates provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body have been duly obtained and are in full force and effect which are required to authorise the Issuer to execute and deliver and perform the transactions contemplated in and its obligations under the Transaction Documents in accordance with their terms;

(3) all necessary actions, authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) required:

(a) to enable the Issuer lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents;

(b) in respect of the Issuer's business and/or assets; and

(c) to make the Transaction Documents admissible in evidence in courts of Malaysia,

have been taken, obtained, renewed and fulfilled and remain in full force and effect;

(4) the Transaction Documents are or will be, when executed and/or issued as the case may be, in full force and effect and constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms and there is no law or regulation or any order or decree of any governmental authority, agency or court to which the Issuer is subject to which would be in conflict with or prevent the Issuer from executing, delivering and performing the transactions contemplated in each of the Transaction Documents and the Transaction Documents are in proper form for enforcement against the Issuer, and no step has been taken by any party to terminate, suspend, cancel, revoke or amend any term of the Transaction Documents;

(5) neither the execution nor delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated in the Transaction Documents did or does or shall:

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(a) contravene or constitute a default under any provision contained in any contract, undertaking, agreement, instrument, constitutional documents, law, ordinance, decree, judgment, award, order, rule, regulation, licence, permit or consent by which the Issuer or any of its assets is bound or affected;

(b) cause any limitation on the Issuer or the powers of its board of directors, whether imposed by or contained in its constitution or in any law, ordinance, decree, order, rule, regulation, judgment, award, agreement, instrument or otherwise binding on the Issuer, to be exceeded; or

(c) result in the creation or imposition of any security interest or restrictions of any nature on any of the Issuer's assets;

(6) no authorisation, approval, consent, permit, licence, exemption, registration, recording, filing or notarisation of the Transaction Documents and no payment of any duty or tax and no other action whatsoever which has not been duly and unconditionally obtained, made or taken is necessary to ensure the legality, validity or enforceability of the liabilities and obligations of the Issuer or the rights of the IMTNholders, the Sukuk Trustee, the Lead Arranger, the Lead Manager and/or the Facility Agent under the Transaction Documents in accordance with their terms save and except for the registration of the power of attorney provision contained in the Trust Deed with the High Court of Malaya;

(7) no Dissolution Event has occurred and continue to subsist or may occur from the entry into, or the performance of any transaction contemplated by any of the Transaction Documents by the Issuer or as a result of the issuance of the Senior IMTNs under the Senior IMTN Programme;

(8) no litigation, arbitration, administrative proceeding, claim or dispute is being initiated or presently in progress or pending or, to the best of its knowledge and belief, threatened against the Issuer or any of its assets, which has or may have a Material Adverse Effect;

(9) no winding-up order has been made against the Issuer and to the best of its knowledge and belief, no meeting has been convened for the winding-up of the Issuer and no petition, application or the like is outstanding for the winding-up of the Issuer;

(10) all the audited financial statements of the Issuer for each financial year end have been and will be prepared on a basis consistently applied in accordance with generally accepted accounting principles and standards in Malaysia, and in full compliance with the requirements of applicable laws and give a true and fair view of the Issuer's financial position and results of its operations for that year and the state of its affairs as at that date; and

(11) such other representations and warranties as may be required by the Lead Arranger and/or advised by the Solicitors and mutually agreed with the Issuer.

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

Dissolution event usual and customary for a transaction of this nature including but not limited to the following, or any event which, upon the giving of notice and/or the lapse of time and/or the issue of a certificate as contemplated under the relevant Transaction Documents would likely to constitute a Dissolution Event (collectively, "**Dissolution Events**") and each an "**Dissolution Event**"):

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investors

(1) the Issuer fails to pay any amount due from it under the Senior IMTNs or any of the Transaction Documents and the Issuer does not remedy such default within a period of seven (7) business days from the date such amount is due;

(2) the Issuer commits a breach of or omits or fails to observe or perform its covenants or any of its obligations or terms and conditions under the Senior IMTNs or any of the Transaction Documents or under any undertaking, documents or arrangement entered into in connection therewith, other than an obligation of the type referred to in paragraph (1) above and, in the case of a breach or failure which is capable of being remedied, the Issuer does not remedy such breach or failure within a period of sixty (60) calendar days after the Issuer became aware of the breach or failure or having been notified by the Sukuk Trustee of the breach or failure, whichever is earlier;

(3) any licence, authorisation, approval, permit, consent, waiver or resolution in connection with the business of the Issuer is expired without being renewed, not granted, withdrawn, revoked, terminated, suspended, withheld, invalidated, modified or restricted in any manner or shall otherwise fails to remain in full force and effect which impairs or prejudices the ability of the Issuer to comply with the terms and conditions of the Senior IMTNs or the provisions of the Transaction Documents;

(4) any indebtedness of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity, or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called, and such declaration of indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged or disputed in good faith by the Issuer in a court of competent jurisdiction within sixty (60) days from the date of such declaration or call, or any security created to secure such indebtedness becomes enforceable;

(5) an encumbrancer takes possession of, or a manager, trustee, receiver, custodian, liquidator (provisional or otherwise), receiver and manager, administrative receiver, administrator, nominee, supervisor, judicial manager or similar officer is appointed in respect of all or a substantial part of the business, properties, assets or undertaking of the Issuer;

(6) the Issuer makes any arrangement including any scheme of arrangement or composition with or for the benefit of its creditors, or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness (including amount arising under Islamic financing), or any general assignment is made for the benefit of its creditors, or where the Issuer undergoes any scheme of reconstruction, arrangement (under Section 366 of the Companies Act or otherwise) or compromise pursuant to the Companies Act or the same has been instituted against the Issuer or a resolution for the Issuer to be placed under judicial management has been passed;

(7) a winding-up order has been made against the Issuer or a resolution for the winding-up, dissolution or liquidation of the Issuer has been passed; and

(8) such other dissolution events as may be required by the Lead Arranger and/or advised by the Solicitors and mutually agreed with the Issuer.

Upon the occurrence of a Dissolution Event, the Sukuk Trustee may at its

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discretion, or shall if so directed to do so by the IMTNholders pursuant to an extraordinary resolution, declare (by giving written notice to the Issuer) that a Dissolution Event has occurred, whereupon the Senior IMTNs outstanding together with all other sums payable under the Senior IMTNs shall become immediately due and payable and no further issuance of Senior IMTNs may be made under the Senior IMTN Programme and the Transaction Documents shall become immediately enforceable in accordance with their respective terms.

Upon the declaration of a Dissolution Event in accordance with the terms set out in the Transaction Documents:

(1) the Sukuk Trustee (on behalf of the IMTNholders) shall invoke the Purchase Undertaking and enter into a sale agreement with the Obligor and the Obligor shall pay the Exercise Price to the IMTNholders, whereupon the IMTNholders' interests in the Shariah-compliant Business shall pass to the Obligor; and

(2) the Purchaser, as part of its obligation to pay the Deferred Sale Price, shall pay all amounts then outstanding on the Deferred Sale Price (subject to Ibra', if any) to the IMTNholders as final settlement of the same.

Proceeds from the Wakalah Portfolio being the Exercise Price, the outstanding Deferred Sale Price (subject to Ibra', if any) and any returns generated from the Wakalah Portfolio shall be utilised to redeem the Senior IMTNs at a redemption amount which equals to one hundred per cent (100%) of the nominal value of the relevant Senior IMTNs together with the accrued but unpaid Expected Periodic Distribution Amount, if any, on the Dissolution Declaration Date. Upon full payment of all amounts due and payable under the Senior IMTNs, the trust in respect of the Trust Assets will be dissolved and the Senior IMTNs held by the IMTNholders will be cancelled.

(29) Governing laws : The Senior IMTNs issued in Malaysia will be governed by and shall be construed in accordance with the laws of Malaysia.

The Senior IMTNs issued outside Malaysia will be governed by and shall be construed in accordance with the relevant laws of jurisdiction as shall be agreed upon by the Issuer and the Lead Manager.

(30) Provisions on buy-back, if applicable : The Issuer or its subsidiary(ies) or related corporation(s) or agent(s) acting on behalf of the Issuer for the redemption or purchase may at any time purchase the Senior IMTNs at any price in the open market or by private treaty. If purchases are made by tender, such tender must (subject to any applicable rules and regulations) be made available to all IMTNholders of the relevant tranche of the Senior IMTNs equally.

All Senior IMTNs redeemed or purchased by the Issuer or its subsidiary(ies) or agent(s) acting on behalf of the Issuer for the redemption or purchase other than in the ordinary course of business shall be cancelled by the Issuer and cannot be resold.

The Senior IMTNs purchased in the open market or by private treaty by the related corporations of the Issuer (other than the subsidiaries of the Issuer) or the

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interested persons of the Issuer, which includes directors, major shareholders and chief executive officer, need not be cancelled but such Senior IMTNs shall not be counted for purposes of voting of any resolution of the IMTNholders nor form part of the quorum of any meeting of the IMTNholders subject to any exceptions contained in the Trust Deed.

For the purpose of this clause, the term “ordinary course of business” includes those activities performed by the Issuer or any subsidiary or agent of the Issuer for third parties (such as clients of the Issuer, the Issuer’s subsidiaries and the Issuer’s agents) and excludes those performed for the funds of the Issuer or such subsidiary or agent.

- (31) Provisions on early redemption, if applicable : As provided in the section entitled “Call option and details, if applicable”
- (32) Voting : All matters/resolutions which require the IMTNholders’ consent under the Senior IMTN Programme shall be carried out on a “per tranche” basis and not on a collective basis.
- “**tranche**” refers to the Senior IMTNs having the same issue date.
- The IMTNholders shall have no voting rights in any way whatsoever that are of an equivalent nature to those of the shareholders of the Issuer.
- (33) Permitted investments, if applicable : No permitted investments
- (34) Ta’widh (for ringgit-denominated sukuk) : In the event:
- (1) the Wakeel breaches its fiduciary duty due to its failure to distribute any realised income generated from the Wakalah Portfolio to the IMTNholders on each Periodic Distribution Date, the Dissolution Declaration Date or the Scheduled Dissolution Date, as the case may be; and/or
- (2) the Issuer, the Purchaser or the Obligor delays or fails to pay any amounts due and payable to the IMTNholders under sale agreement pursuant to the exercise of the Purchase Undertaking or the Sale Undertaking, as the case may be, and/or the Deferred Sale Price,
- the Wakeel and/or the Issuer, the Purchaser or the Obligor, as the case may be, shall pay to the Sukuk Trustee (acting on behalf of the IMTNholders) Ta’widh (compensation) on such overdue amounts or delay or failure in payments at the rate and in the manner prescribed by SC’s SAC from time to time.
- (35) Ibra’ (for ringgit- : Ibra’ refers to an act of releasing absolutely or conditionally the IMTNholders’ rights and claims on any obligation against the Issuer which would result in the latter

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denominated sukuk) being discharged of its obligations or liabilities towards the IMTNholders. The release may be either partially or in full. With respect to the Commodity Murabahah Investment portion of the Wakalah Portfolio, Ibra' refers to the release of rights on debts/amounts due and payable under the said contract.

The IMTNholders in subscribing to or purchasing the Senior IMTNs hereby agree to grant Ibra' on the Deferred Sale Price in the following circumstances:

- (1) if the Senior IMTNs are redeemed prior to the Scheduled Dissolution Date upon early redemption pursuant to the Issuer's exercise of a Call Option;
- (2) upon the declaration of a Dissolution Event;
- (3) in respect of the Senior IMTNs issued on floating rate basis, if the Effective Profit Rate is lower than the Ceiling Profit Rate; or
- (4) in respect of the Senior IMTNs issued with Call Option and subject to the Step-Up Rate, if the Effective Profit Rate (subject to the Step-Up Rate) is lower than the Ceiling Profit Rate.

Ibra' for redemption prior to the Scheduled Dissolution Date upon early redemption pursuant to the Issuer's exercise of a Call Option shall be the difference between the outstanding Deferred Sale Price of the relevant tranche of the Senior IMTNs being redeemed and the relevant Call Option Amount.

Ibra' for redemption upon the declaration of a Dissolution Event shall be the aggregate of unearned Expected Periodic Distribution Amount from the Dissolution Declaration Date up to the Scheduled Dissolution Date of the respective Senior IMTNs.

Ibra' for the Senior IMTNs issued on floating rate basis shall be the difference (if any) between the Expected Periodic Distribution Amount calculated based on the Ceiling Profit Rate and the Expected Periodic Distribution Amount calculated based on the Effective Profit Rate.

Ibra' for the Senior IMTNs issued with Call Option shall be the difference (if any) between the Expected Periodic Distribution Amount calculated based on the Ceiling Profit Rate and the Expected Periodic Distribution Amount calculated based on the Effective Profit Rate (subject to the Step-Up Rate).

For the avoidance of doubt:

- (1) Ibra' will only be applicable to the Commodity Murabahah Investment portion of the Wakalah Portfolio, i.e. the Deferred Sale Price only and shall be granted upon receipt of the redemption amount of the Senior IMTNs;
- (2) Ibra' is not applicable to the Senior IMTNs issued without periodic distribution; and
- (3) any double counting shall be disregarded.

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

None.

Hong Leong Islamic Bank Berhad (Registration No. 200501009144 (686191-W)) (Issuer)

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(37) Waivers from :
complying with
Guidelines on
Unlisted Capital
Market Products
under the Lodge and
Launch Framework
and other relevant
guidelines of the SC
obtained for the
facility/programme, if
any

HONG LEONG ISLAMIC BANK BERHAD

A MULTI-CURRENCY ISLAMIC MEDIUM TERM NOTES PROGRAMME OF RINGGIT MALAYSIA FIVE BILLION (RM5,000,000,000.00) (OR ITS EQUIVALENT IN OTHER CURRENCIES) IN NOMINAL VALUE BASED ON THE SHARIAH PRINCIPLE OF WAKALAH BI AL-ISTITHMAR

Other terms and conditions

- (a) Details on utilisation of proceeds by the Issuer : The Sukuk Proceeds shall be utilised in the following manner:
- (1) in respect of the Senior IMTNs which are not the Sustainability Senior IMTNs, for working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing Islamic financing obligations of the Issuer; and
 - (2) in respect of the Sustainability Senior IMTNs, for purposes that meet the criteria as set out in the HLB Green Bond Framework and/or the HLB Sustainability Bond Framework, as the case may be.

For the avoidance of doubt, the Sukuk Proceeds shall at all times be utilised for Shariah-compliant purposes only.

“HLB Green Bond Framework” means the green bond framework established by the Issuer’s holding company on 20 February 2022 and revised in April 2022 (as amended or modified or revised or substituted from time to time) in accordance with the relevant Sustainability Frameworks which governs the Issuer’s green sukuk issuances.

“HLB Sustainability Bond Framework” means the sustainability bond framework to be established and/or adopted by the Issuer (as amended or modified or revised or substituted from time to time) in accordance with the relevant Sustainability Frameworks which governs the Issuer’s SRI sukuk, green sukuk, social sukuk, sustainability sukuk, SRI-linked sukuk and/or sustainability-linked sukuk issuances. The name of the HLB Sustainability Bond Framework will be specified in the relevant marketing and issuance documents in relation to the issuance of the Sustainability Senior IMTNs in compliance with the relevant Sustainability Frameworks in relation to SRI sukuk, social sukuk, sustainability sukuk, SRI-linked sukuk or sustainability-linked sukuk.

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- (b) Identified asset : **Identified Assets**
or Trust asset

The identified asset is the Wakalah Portfolio comprising:

- (1) the Shariah-compliant Business; and
- (2) the Commodities.

The “**Commodities**” to be transacted under the Commodity Murabahah Investment shall be Shariah-compliant commodities, which shall include but 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 the commodity trading platform, Bursa Suq Al-Sila’ or other trading platforms acceptable to the Lead Arranger and the Shariah Adviser.

Trust Assets

“**Trust Assets**” shall comprise the Sukuk Proceeds, the Wakalah Portfolio and the rights, title, interest, entitlement and benefit in, to and under the Transaction Documents.

- (c) Purchase and : **Purchase Price**
selling price or
rental, where
applicable –
compliance with
asset pricing
requirements

An amount equivalent to the Sukuk Proceeds less the amount invested in the Shariah-compliant Business. The Purchase Price shall be in accordance with the asset pricing requirements stipulated under the Guidelines on ICMPS.

Deferred Sale Price

An amount equivalent to the aggregate of (i) the Purchase Price; and (ii) the disclosed profit margin payable on a deferred payment basis.

- (d) Form and : Issuance of the Senior IMTNs issued in Malaysia
Denomination shall be in accordance with:

- (1) the Participation Rules for Payments and Securities Services (as amended or modified or revised or substituted from time to time)

HONG LEONG ISLAMIC BANK BERHAD

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issued by BNM or its successor-in-title, assigns or any successor in such capacity (“**BNM Rules**”);

- (2) the Operational Procedures for Securities Services (as amended or modified or revised or substituted from time to time) and the Operational Procedures for Malaysian Ringgit (MYR) Settlement in the Real Time Electronic Transfer of Funds and Securities System (RENTAS) (as amended or modified or revised or substituted from time to time) both issued by BNM or its successor-in-title, assigns or any successor in such capacity (“**BNM Procedures**”); and
- (3) any other procedures/guidelines/rules (as amended or modified or revised or substituted from time to time) issued by the relevant authorities from time to time.

Issuance of the Senior IMTNs issued outside Malaysia shall be in accordance with the procedures and rules of the relevant jurisdiction.

Form

The Senior IMTNs shall be represented by a global certificate to be deposited with BNM and is exchangeable for definitive bearer certificates only in certain limited circumstances.

Denomination

The denomination of the Senior IMTNs shall be Ringgit Malaysia One Million (RM1,000,000.00) or such other denomination as may be agreed between the Issuer and the Lead Manager as may be allowed under the BNM Rules and the BNM Procedures.

- (e) Profit/ coupon/ rental payment frequency : The Senior IMTNs may be issued with or without periodic distribution.

In respect of the Senior IMTNs issued with periodic distribution, the Expected Periodic Distribution Amount is payable semi-annually (or such other period of frequency to be agreed between the Issuer

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and the Lead Manager prior to each issuance of the Senior IMTNs) in arrears ("**Periodic Distribution Period**").

- (f) Profit/ coupon/ : In respect of the Senior IMTNs which are
rental payment : denominated in Ringgit Malaysia, the Expected
basis : Periodic Distribution Amount shall be calculated on
an actual number of days over three hundred and
sixty five (365) days basis ("**Periodic Distribution
Basis**").

In respect of the Senior IMTNs which are denominated in foreign currency, the Expected Periodic Distribution Amount shall be calculated on an actual number of days over three hundred and sixty five (365) days basis or such other convention as may be agreed between the Issuer and the Lead Manager prior to the issuance of such Senior IMTNs.

This section is not applicable for the Senior IMTNs issued without periodic distribution.

- (g) Profit/ coupon/ : The Senior IMTNs may be issued with or without
rental payment : periodic distribution.
rate :

In respect of the Senior IMTNs issued with periodic distribution, the expected profit rate for such Senior IMTNs ("**Periodic Distribution Rate**") can be on a fixed rate basis or a floating rate basis to be determined and agreed between the Issuer and the Lead Manager prior to the issuance of such Senior IMTNs.

If Call Option is applicable, the Periodic Distribution Rate may be subject to the step-up rate as agreed by the Issuer prior to the issuance of such tranche of the Senior IMTNs ("**Step-Up Rate**").

In respect of the Senior IMTNs issued on floating rate basis, the Periodic Distribution Rate shall be a credit spread (%) per annum (rate to be determined and agreed between the Issuer and the Lead Manager prior to the issuance of such Senior IMTNs) above the relevant reference benchmark to be determined and agreed between the Issuer and the Lead Manager prior to the issuance of such Senior IMTNs and expressed as a rate in per cent per annum

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“Effective Profit Rate”). The Effective Profit Rate may vary based on the movement of the relevant reference rate provided always that it shall not exceed the Ceiling Profit Rate. The credit spread (%) per annum and the agreed reference benchmark shall be the same throughout the tenure of the relevant Senior IMTNs. The first reset date and the frequency of subsequent reset dates shall be determined and agreed between the Issuer and the Lead Manager prior to the issuance of such Senior IMTNs.

“Expected Periodic Distribution Amount” refers to the expected periodic distribution amount payable on the Periodic Distribution Date, calculated based on the Periodic Distribution Rate on the nominal value of the relevant Senior IMTNs on the Periodic Distribution Basis.

“Periodic Distribution Date” means the last day of each Periodic Distribution Period.

- (h) Tenure of the Senior IMTN Programme : The tenure of the Senior IMTN Programme is perpetual.
- (i) Tenure of the Senior IMTNs : Each issuance of the Senior IMTNs shall have a tenure of more than one (1) year from the issue date.
- (j) Listing status and types of listing, where applicable : The Senior IMTNs are not and will not be listed on Bursa Malaysia or any other stock exchanges.
- (k) Issue price : The Senior IMTNs may be issued at par, at a premium or at a discount as may be agreed between the Issuer and the Lead Manager prior to each issuance of the Senior IMTNs. The issue price shall be calculated in accordance with the BNM Rules and the BNM Procedures.

The Senior IMTNs issued without periodic distribution will be issued at a discount to its nominal value.

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- (l) Option to upsize : The Issuer shall have the option to upsize the Senior IMTN Programme and the IMTNholders shall via the Trust Deed provide their upfront consent and be deemed to have consented to any upsizing of the Senior IMTN Programme provided that the following conditions have been fulfilled:
- (1) where applicable, there is no adverse impact on the credit rating of the Senior IMTN Programme;
 - (2) all relevant requirements of the Guidelines on LOLA Framework in relation to such upsizing of the Senior IMTN Programme have been complied with; and
 - (3) the relevant regulatory approvals have been obtained (if applicable).

For the avoidance of doubt, no consent is required from the Sukuk Trustee, the existing IMTNholders or any other party under the Senior IMTN Programme when the option to upsize the Senior IMTN Programme is exercised by the Issuer subject to the fulfilment of the conditions above.

- (m) Status : The payment obligations of the Issuer under the Transaction Documents shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least rank pari passu with all other present and future unconditional, unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law applying to companies generally.
- (n) Transaction Documents : Such documentation which shall include, amongst others, the following:
- (1) the Programme Agreement;
 - (2) the Trust Deed;
 - (3) the securities lodgement form for central securities depository and paying agency services;

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- (4) the Islamic transaction documents in relation to the Senior IMTN Programme;
 - (5) the subscription agreements in relation to the Senior IMTN Programme;
 - (6) the Senior IMTNs (in the form of global certificates and/or definitive certificates); and
 - (7) all other documents relating to the Senior IMTN Programme as advised by the Solicitors as may be necessary to the Senior IMTN Programme.
- (o) Set-off : No IMTNholder 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 Senior IMTNs, and the IMTNholders shall, by virtue of their holdings of any Senior IMTNs, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer in relation to the Senior IMTNs to the fullest extent permitted by law. If at any time the IMTNholders receive payment or benefit of any sum in respect of the Senior IMTNs (including any benefit received pursuant to any such set-off, deduction, withholding or retention) other than in accordance with the terms of the Senior IMTNs, 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 the IMTNholders by virtue of their holdings of any Senior IMTNs, 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 Senior IMTNs.

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- (p) Taxation : All payments by the Issuer under any of the Transaction Documents and the Senior IMTNs shall be made in full without any withholding or deduction for or on account of any present or future taxes, duties, assessments or government charges of whatsoever nature imposed or levied by or on behalf of the Government of Malaysia or any other applicable jurisdiction or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.

The Issuer shall not be required to gross up in connection with such withholding or deduction so that the payee would receive the full amount which the payee would have received if no such withholding or deduction is made.

- (q) Trustee's Reimbursement Account : The Issuer or where applicable the Sukuk Trustee (on behalf of the Issuer) shall open and maintain a Shariah-compliant account designated as "**Trustee's Reimbursement Account**" with a sum of Ringgit Malaysia One Hundred Thousand (RM100,000.00) deposited therein by the Issuer wherein this sum of money shall be maintained at all times by the Issuer throughout the tenure of the Senior IMTN Programme and so long as any of the relevant Senior IMTNs remain outstanding. In the event that the amount standing to the credit of the Trustee's Reimbursement Account falls below Ringgit Malaysia One Hundred Thousand (RM100,000.00) at any time during the tenure of the Senior IMTN Programme and so long as any of the Senior IMTNs remain outstanding, the Issuer shall immediately remit such amount as to maintain the balance in the Trustee's Reimbursement Account at Ringgit Malaysia One Hundred Thousand (RM100,000.00). The Trustee's Reimbursement Account shall be operated solely by the Sukuk Trustee and the monies shall only be used strictly by the Sukuk Trustee for the purpose of carrying out its duties in relation to the occurrence of a Dissolution Event or enforcement which are provided in the Trust Deed.

Any unutilised money in the Trustee's Reimbursement Account shall be returned to the Issuer upon the cancellation and/or termination of

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the Senior IMTN Programme or the expiry of the Senior IMTN Programme and the full redemption of the Senior IMTNs issued thereunder, provided always that no Dissolution Event has occurred and is continuing and there are no other amounts due under the Transaction Documents.

- (r) Clearing and settlement platform and credit rating (for Senior IMTNs issued outside Malaysia) : **Clearing and settlement platform**
Such clearing and settlement platform customary in the relevant market for such issuance.
Credit rating
The foreign currency denominated Senior IMTNs may be rated by the international credit rating agency(ies), if required by the relevant qualified investors.
- (s) Costs and Expenses : All legal fees, stamp duties (if any) and expenses incurred in connection with the Senior IMTN Programme, including professional due diligence fees and fees payable to the Central Securities Depository, the Paying Agent and the SC, where applicable, shall be for the account of the Issuer and on a full indemnity basis.
- (t) Jurisdiction : The parties shall irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of Malaysia.
- (u) Other Conditions : The Senior IMTNs shall at all times be governed by the guidelines issued and to be issued from time to time by the SC and/or BNM having jurisdiction over matters pertaining to the Senior IMTNs.

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