

**Bank Pembangunan Malaysia Berhad**

*Proposed Issuance of Islamic Commercial Papers and/or Conventional Commercial Papers Pursuant to a Commercial Papers Programme of up to RM2.0 Billion in Nominal Value*

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**PRINCIPAL TERMS AND CONDITIONS OF THE ISLAMIC COMMERCIAL PAPERS**

**(Information required under paragraph 4.01 of the Revised Guidelines)**

**1. BACKGROUND INFORMATION OF THE ISSUER**

- (i) **Name** : **Bank Pembangunan Malaysia Berhad (“BPMB” or the “Issuer”)**.
- (ii) • **Registered Address** : Aras 16, Menara Bank Pembangunan Bandar Wawasan No. 1016, Jalan Sultan Ismail 50250 Kuala Lumpur
- **Business Address** : Aras 17, Menara Bank Pembangunan Bandar Wawasan No. 1016, Jalan Sultan Ismail 50250 Kuala Lumpur
- (iii) **Business Registration No.** : 16562-K
- (iv) **Date/Place of Incorporation** : 28 November 1973 / Malaysia.
- (v) **Date of Listing (in the case of a public listed company)** : Not applicable.
- (vi) **Status**
- **Resident/non-resident controlled company** : Resident controlled company.
- **Bumiputera / non-Bumiputera controlled company** : Bumiputera controlled company.
- (vii) **Principal Activities** : The Issuer is principally engaged in undertaking infrastructure project financing and carrying out the functions of a development bank focusing on maritime, advanced manufacturing industries, high technology and export oriented industries.
- (viii) **Board of Directors (as at 30 July 2010)** :
- (i) Datuk Dr Abdul Samad bin Haji Alias;
  - (ii) Mohd Zafer bin Mohd Hashim;
  - (iii) Syed Hussain bin Syed Hamzah;
  - (iv) Siti Zauyah binti Md Desa;
  - (v) Zainul Rahim bin Mohd Zain;
  - (vi) Captain A Ghani bin Ishak;
  - (vii) Tan Sri Faizah binti Mohd Tahir; and
  - (viii) Dato’ Dr. Syed Jaafar bin Syed Aznan.

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(ix) **Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders as at 1 June 2010**

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<b>Substantial shareholders</b>	<b>No. of ordinary shares</b>	<b>Equity</b>
Minister of Finance Incorporated ("MoF Inc")	3,078,724,048 of RM1.00 each	99.99%
Federal Lands Commissioner	1 of RM1.00 each	0.01%

(x) **Authorised and paid-up capital**

: **Authorised Share Capital as at 1 June 2010**

RM10,000,000,000 comprising 10,000,000,000 ordinary shares of RM1.00 each

**Issued and Fully Paid-up Share Capital as at 1 June 2010**

RM3,078,724,049 comprising 3,078,724,049 ordinary shares of RM1.00 each.

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**2. PRINCIPAL TERMS AND CONDITIONS**

**(a) Names of parties involved in the proposed transaction (where applicable)**

- (i) **Principal Adviser(s)/ Lead Arranger(s)** : AmInvestment Bank Berhad (“AmInvestment”) and Hong Leong Islamic Bank Berhad (“HLISB”) (collectively known as the “Joint Lead Arrangers”)
- (ii) **Arranger (s)** : Not applicable.
- (iii) **Valuers** : Not applicable.
- (iv) **Solicitors** : Messrs. Zaid Ibrahim & Co., as legal counsel to the Joint Lead Arrangers (“Legal Counsel”).
- (v) **Financial Adviser** : Not applicable.
- (vi) **Technical Adviser** : Not applicable.
- (vii) **Guarantor** : Not applicable.
- (viii) **Trustee** : AmTrustee Berhad
- (ix) **Facility Agent** : AmInvestment Bank Berhad.
- (x) **Primary Subscriber(s) and Amount subscribed (where applicable)** : Not applicable.
- (xi) **Underwriter(s) and amount underwritten** : The Islamic Commercial Papers (“ICPs”) will not be underwritten.
- (xii) **Syariah Adviser** : Shariah Advisory Committee of HLISB.
- (xiii) **Central Depository** : Bank Negara Malaysia (“BNM”) or any entity designated by BNM.
- (xiv) **Paying Agent** : BNM or any entity designated by BNM.
- (xv) **Reporting Accountant** : Messrs. Ernst & Young.

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- (xvi) Others (please specify)**
- Lead Managers** : AmInvestment and HLISB (“Joint Lead Managers”).
- Tender Panel Members (“TPM”)** : Persons to whom an issue of, or an offer or invitation to subscribe, the ICPs would fall within Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 (“CMSA”) as amended from time to time.
- Commodity Trading Participant** : AmIslamic Bank Berhad or such other commodity trading participant acceptable to the Issuer for each issuance.
- (b) Islamic Principle Used** : Tawarruq (Commodity Murabahah)
- Tawarruq in this context refers to a tripartite arrangement where investors (“Investor(s)”) through an agent purchase a specified commodity from a supplier in the market on spot basis. The commodity is subsequently sold by the Investor(s) to the Issuer at cost plus profit on a deferred payment basis. The Issuer will then sell the commodity, on spot basis, to another party in the market for cash.
- (c) Facility Description** : A commercial papers programme of RM2.0 billion in nominal value (“CP Programme”) pursuant to which the Issuer may issue Islamic commercial papers under the Islamic principle of Tawarruq (Commodity Murabahah) (“ICPs”) and/or conventional commercial papers (“Conventional CPs”, the ICPs and the Conventional CPs are collectively referred to as the “CPs”).
- In respect of each issuance of ICPs, the Investor(s) shall appoint the Facility Agent as a buying and selling agent (“Wakeel”) of Shariah compliant commodities. BPMB issues a purchase order (the “Purchase Order”) to Investor(s) through its Wakeel for the purchase of Shariah compliant commodities. The Purchase Order constitutes a unilateral binding promise (Wa’d Mulzim) by BPMB to purchase the said commodities at a sale price (the “Sale Price”) to be paid on a deferred payment basis. The Sale Price represents the Purchase Price and profit portion to be agreed between BPMB and the Wakeel.

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Pursuant to the Purchase Order, the Investor(s) shall pay the purchase price (the "Purchase Price") of the commodities which is equivalent to the amount disbursed under the ICPs.

The Investor(s) shall subscribe to the ICPs issued by BPMB to evidence the Investor(s) beneficial interest of the commodities and subsequently represent entitlement to receive the Sale Price once the commodities are sold to BPMB.

Upon receipt of the Purchase Price, the Wakeel, on behalf of Investor(s) shall then purchase Shariah compliant commodities from commodity vendor(s) in the Bursa Suq Al-Sila' commodity market (through a Commodity Trading Participant ("CTP"), who will facilitate in the buying and selling of the commodities) on spot basis. Bursa Suq Al-Sila' is a commodity trading platform with multiple commodity vendors.

Upon completion of the purchase, the Wakeel, on behalf of the Investor(s), will sell the commodities to BPMB at the Sale Price on a deferred payment basis. Subsequently, BPMB will sell the commodities via the same CTP to Bursa Suq Al-Sila' on spot basis at an amount equivalent to the Purchase Price. BPMB shall pay the Sale Price on deferred payment basis via the Wakeel to Investor(s).

For further details please refer also to Appendix 1.

**(d) Issue Size (RM)** : RM2.0 billion.

The aggregate nominal value of outstanding CPs issued under the CP Programme shall not exceed RM2.0 billion at any one time.

**(e) Issue Price** : The ICPs shall be issued at the Purchase Price which is at a discount to the nominal value, and the issue price is calculated in accordance with the Rules on Fully Automated System for Issuing/ Tendering ("FAST") issued by BNM, as amended or substituted from time to time ("FAST Rules").

**(f) Tenor of the facility /issue** : Tenor of the facility  
The tenor of the CP Programme is seven (7) years from the date of first issuance of CPs under the CP Programme, which shall be made within two (2) years from the date of Securities Commission ("SC")'s approval.

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Tenor of each Issue

The tenor of the ICPs shall have a minimum tenor of one (1) month and a maximum tenor of twelve (12) months as the Issuer may select, provided always that the ICPs mature on or before the expiry of the CP Programme.

- (g) **Coupon/profit or equivalent rate (%)** : Not applicable as the ICPs shall be issued at the Purchase Price / a discount without profit.
- (h) **Coupon/profit payment frequency and basis** : Not applicable as the ICPs shall be issued at the Purchase Price / a discount without profit.
- (i) **Yield to Maturity (%)** : The yield to maturity shall be determined prior to each issuance under the CP Programme.
- (j) **Security/Collateral (if any)** : Unsecured.
- (k) **Details on utilisation of proceeds** : The proceeds of the ICPs shall be used to fund the Islamic financing activities of the Issuer.
- (l) **Sinking fund (if any)** : Not applicable.
- (m) **Rating**
- **Credit Rating Assigned [Please specify if this is an indicative rating]** : A final rating of MARC-1<sub>ID</sub>.
  - **Name of Rating Agency** : Malaysian Rating Corporation Berhad ("MARC").
- (n) **Form and Denomination** : Each series of the ICPs shall at all times be represented by a Global Certificate in bearer form (exchangeable for definitive certificates only in limited circumstances set out in the trust deed for the ICPs). No physical delivery of ICPs is permitted. The Global Certificates shall be deposited with BNM or any entity designated by BNM.

The ICPs shall be issued in accordance with the “**Code of Conduct and Market Practices for the Malaysian Corporate Bond Market**” issued by the Institut Peniaga Bon Malaysia and approved by BNM (“**IPBM Code**”), the “**Rules on the Scripless Securities**” under the Real Time Electronic Transfer of Funds and Securities (“**RENTAS**”) system issued by BNM, as amended or substituted from time to time (“**RENTAS Rules**”) and the Rules on FAST, or their replacement thereof and/ or any other procedures or guidelines issued by the relevant

authorities.

The ICPs shall be denominated in amounts of RM1,000,000, and if required, such other denominations in accordance with the Rules on FAST and/or any other procedures/guidelines issued by the relevant authority(s).

- (o) **Mode of Issue** : By way of tender and/or private placement and/or book running basis at the option of the Issuer.

In the event of private placement/book running, the Joint Lead Managers shall manage each issuance for private placement/book running on a best effort basis, based on terms and conditions to be mutually agreed between the Issuer and the Joint Lead Managers.

- (p) **Selling Restriction** : **Selling Restriction at Issuance**  
The ICPs may not be offered, sold, transferred or otherwise disposed, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to categories of persons falling within Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 9 or Section 257(3), of the CMSA.

**Selling Restriction Thereafter**

The ICPs may not be offered, sold, transferred or otherwise disposed directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to categories of persons falling within Schedule 6 or Section 229(1)(b) and Schedule 9 or Section 257(3), of the CMSA.

- (q) **Listing Status** : The ICPs may be listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") under an exempt regime provided by Bursa Securities in its Rules on Listing Requirements. However issuance of the ICPs will not be conditional upon such listing.

- (r) **Minimum Level of Subscription (RM or %)** : The minimum level of subscription for each issue of the ICPs under the CP Programme shall be ten percent (10%) of the nominal value of each issuance.

- (s) **Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained [please specify]** : The CP Programme requires the approval of the Ministry of Finance pursuant to:  
(a) section 35(1) of the Development Financial Institutions Act 2002; and  
(b) section 6 of the Loans Guarantee (Bodies Corporate) Act 1965.

The approval of the Ministry of Finance pursuant to

section 35(1) of the Development Financial Institutions Act 2002 has been obtained on 23 March 2010 and the approval as well as the acknowledgement of the Ministry of Finance pursuant to section 6 of the Loans Guarantee (Bodies Corporate) Act 1965 has been obtained on 17 June 2010 and 6 August 2010 respectively.

**(t) Identified Assets** : The commodities traded in relation to the ICPs under the CP Programme are Crude Palm Oil (“CPO”) and/or other acceptable Shariah compliant commodities which are provided through the commodity market platform established by Bursa Malaysia, namely Bursa Suq Al-Sila’.

**(u) Purchase and Sale Price/  
Rental (where applicable)** : Purchase Price  
In respect of each issue of ICPs, the Purchase Price of the relevant commodities shall be the cost of acquiring such commodities and will be determined prior to the purchase of the commodities from the Issuer.

The Purchase Price for a purchase of commodities related to each issue of ICPs shall at all times be in compliance with the Securities Commission’s Shariah Advisory Council’s Pricing Guidelines dated 31 December 2003 and 30 April 2004 (as amended from time to time). For the avoidance of doubt, the Purchase Price shall be the tender price agreed and accepted by the Facility Agent after consultation with the Issuer in accordance with the tender panel agreement (in the case of an issue of ICPs by tender), and a price agreed between the Issuer and Investor(s) (in the case of an issue of ICPs by private placement/book running).

Sale Price

The Sale Price shall comprise of the Purchase Price plus profit portion and will be determined from time to time prior to the sale of commodities to the Issuer to be evidenced by the issue of the ICPs.

**(v) Conditions Precedent** : Standard and customary for a programme of this nature which shall include but not limited to the following (in each case satisfactory in form and substance to the Joint Lead Arrangers and/or the Facility Agent as applicable):-

(i) The transaction documentation (“the Transaction Documents”) (as further defined below) in relation to the establishment of the CP Programme has been completed, executed and stamped (or if exempted, duly endorsed as such) and where applicable, registered at the relevant registry;

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- (ii) Due diligence in respect of the SC submission and the establishment of the CP Programme (including preparation of the Information Memorandum);
- (iii) Documentary evidence confirming that the approvals from the relevant authorities (including but not limited to the SC and the Ministry of Finance) and all other governmental, statutory, corporate, creditors' or other consents, licences, approvals, permits, authorisations, orders and exemptions which are necessary or expedient for the establishment of the CP Programme have been obtained;
- (iv) Satisfactory legal opinion from the Legal Counsel as to the legality, validity and enforceability of all Transaction Documents and that all conditions precedent have been duly complied (or waived);
- (v) Evidence that the ICPs to be issued under the CP Programme have received the endorsement from the Syariah Adviser;
- (vi) The CPs have received their respective requisite ratings as stated in this Principal Terms and Conditions;
- (vii) A report of the relevant company and winding up search with no adverse results or the relevant statutory declaration of the Issuer;
- (viii) Receipt of the following documents:-
  - (a) Certified true copy of the Issuer's Certificate of Incorporation, and the Memorandum and Articles of Association;
  - (b) Certified extract of a board resolution of the Issuer authorising, among others, the establishment of the CP Programme and the appointment of authorised signatories to execute the relevant documents thereto;
  - (c) A list of the authorised signatories of the Issuer and their respective specimen signatures; and
  - (d) Certified true copies of all Forms 24 and the latest Forms 44 and 49 and latest Annual

Return;

- (ix) Documentary evidence that all transaction fees, costs and expenses due and payable under the CP Programme and in connection with the preparation of the CPs shall have been received by the relevant parties; and
- (x) All other condition as may be deemed necessary by the Facility Agent and/or the Legal Counsel and to be mutually agreed by the Issuer.

**(w) Representations and warranties** : Customary representations and warranties for a programme of this nature which shall include but not be limited to the following:

- (a) The Issuer is a company duly incorporated with limited liability under the laws of Malaysia and has the power and authority to conduct the business in which it is engaged;
- (b) The Memorandum and Articles of Association of the Issuer incorporate provisions which authorise, and all necessary corporate action has been taken to authorise the Issuer to perform the transactions contemplated in the Transaction Documents, to issue the CPs and to perform its obligations specified therein;
- (c) All necessary actions, authorisations and consents required under the Transaction Documents and under the law have been taken, fulfilled or obtained and remain in full force and effect to ensure the validity or enforceability in Malaysia of the liabilities and obligations of the Issuer under the Transaction Documents in accordance with their terms;
- (d) The entry into and the exercise of its rights and performance of its obligations under the respective Transaction Documents do not and will not:
  - (i) violate any existing law or constitute a default under any provision contained in any agreement to which it is a party; or
  - (ii) cause any limitation on the Issuer or the powers of its Board of Directors, whether imposed by or contained in the Memorandum and Articles of Association or in any other law, order, judgment, or

otherwise, to be exceeded;

- (e) The Transaction Documents, when executed, creates valid and binding obligations which are enforceable against the Issuer in accordance with its terms;
- (f) The audited financial statements have been prepared on a basis consistently applied in accordance with generally acceptable accounting principles in Malaysia and together with the notes thereto present a true and fair view of the results of its operations for that year and the state of its affairs at that date and have been prepared, examined, reported on and approved in accordance with all procedures required by the Issuer's Memorandum and Articles of Association and/or the laws of Malaysia and audited and certified by a firm of qualified independent chartered accountants acceptable to the Joint Lead Arrangers;
- (g) The information furnished by the Issuer or on its behalf and with the knowledge of the Issuer, in connection with the CP Programme and the Transaction Documents do not contain any untrue statement or omit to state any fact, the omission of which makes the statements therein, in the light of the circumstances under which they are made, misleading and all expressions of expectations, intention, belief and opinion contained therein were honestly made on reasonable grounds after due and careful enquiry by the Issuer;
- (h) No Event of Default (as described in Item (x) below) has occurred and / or is continuing or would occur as a result of each issuance of the CPs;
- (i) No litigation or arbitration is current or, to the Issuer's knowledge, is threatened against it or any Material Subsidiaries (to be defined in the Transaction Documents), which if adversely determined would have a Material Adverse Effect;
- (j) No step has been taken by the Issuer, its creditors or any of its shareholders or any other person on its behalf nor have any legal proceedings or applications been started or threatened, under Section 176 of the Companies

Act 1965;

- (k) There has been no change in the business or condition (financial or otherwise) of the Issuer or its subsidiaries since the date of its last audited financial statements which might have a Material Adverse Effect; and
- (l) Other representations and warranties as may be advised by the Legal Counsel and to be mutually agreed by the Issuer.

**(x) Events of default** : Events customary for programmes of this nature, which shall include but not be limited to the following:

- (a) There is a breach by the Issuer of any term or condition of the CP Programme or provision of any of the Transaction Documents (other than a breach described in paragraph (e) below) which is not capable of remedy; or if it is capable of remedy, is not remedied within fourteen (14) business days after receipt by the Issuer of a notice from the Trustee specifying the default or after the Issuer becoming aware of the breach;
- (b) Any of the Transaction Documents cease to remain binding on any of the parties thereto or become unenforceable for any other reason;
- (c) The Issuer makes or enters into a general assignment or arrangement or composition with or for the benefit of its creditors, or a moratorium is declared on any of its indebtedness (whether pursuant to section 176 of the Companies Act 1965 (the "Act") or otherwise), or any creditors' scheme of arrangement under section 176 of the Act is instituted with respect to the Issuer;
- (d) The Issuer is insolvent or consents to the appointment of a custodian or a receiver over the whole or a substantial part of its assets;
- (e) Failure to pay any amounts due under the CP Programme and the Transaction Documents on the due date, or if so payable, on demand;
- (f) Any other 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 thirty (30) days from the date of such declaration or call, or the Issuer goes into default under, or commits a breach of, any agreement or instrumental relating to such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness becomes enforceable;

- (g) Any winding up proceedings are instituted against the Issuer and are not withdrawn or discharged within forty five (45) days from the date of service of the winding up petition against the Issuer or a winding-up order has been made against the Issuer or a resolution to wind up the Issuer has been passed;
- (h) Any of the assets, undertakings, rights or revenue of the Issuer are seized, nationalized, expropriated or compulsorily acquired by or under the authority of any governmental body, which in the opinion of the Trustee may have a Material Adverse Effect;
- (i) There is a revocation, withholding or modification of a license, authorisation, consent or approval which in the opinion of the Trustee may materially and adversely impair or prejudice the Issuer's ability to comply with the terms and conditions of the CP Programme or any other document relating to the issue, offer or invitation in respect of the CP Programme;
- (j) A change of the Memorandum and Articles of Association of the Issuer in a manner inconsistent with the Transaction Documents, save and except where such addition, deletion, variation or amendment is required by any law, regulation or requirement of any regulatory authority, and which does not impair the Issuer's obligation under the CP Programme;
- (k) Any representation, warranty or statement which is made (or acknowledged in writing to have been made) or given by the Issuer under the Transaction Documents or which is contained in any certificate, document, notice or statement furnished at any time pursuant to the terms of the CP Programme and/or any of its Transaction Documents proves to have been incorrect or

misleading in any material respect on or as of the date made or given or deemed made or given, or if repeated at any time with reference to the facts and circumstances subsisting at such time, would not be accurate in all material respects;

- (l) A distress, execution, sequestration or other process is levied or enforced upon or sued out against any of the undertakings, assets, rights or revenues of the Issuer and is not discharged or disputed in good faith in a court of competent jurisdiction within thirty (30) days after being levied, enforced or sued out and Provided That such distress, execution, sequestration or other process has or will in the opinion of the majority of the CP holders have a Material Adverse Effect on the Issuer;
- (m) Any other event occurs or circumstances arise which gives the majority of the CP holders reasonable grounds to believe that such event or circumstances has or will have a Material Adverse Effect on the Issuer; and
- (n) Such other events of default as may be advised by the Legal Counsel and to be mutually agreed by the Issuer.

Upon the occurrence of an Event of Default, the Trustee may (at its discretion or if directed to do so by a special resolution of the holders of the CPs) declare the CPs immediately due and payable, whereby: -

- (i) no further issuance may be made under the CP Programme and the whole of the outstanding CPs together with all other sums payable shall become immediately due and payable;
- (ii) the Trustee shall have recourse to all remedies made available under the Transaction Documents and the Issuer will reimburse all parties for all losses and expenses incurred in consequence of the Event of Default; and/or
- (iii) the Trustee take proceedings as it may think fit to enforce immediate payment of all outstanding CPs issued.

The certification from the Facility Agent to the amount of such losses and expenses shall, in the absence of manifest error, be conclusive.

“Material Adverse Effect” means, in relation to the Issuer, any material adverse effect on the financial or condition or results of the operations 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.

- (y) **Principal terms and conditions for warrants (where applicable)** : Not applicable.
- (z) **Other principal terms and conditions for the issue** :
- (i) **Status** : The ICPs shall constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law and the Transaction Documents. The ICPs shall represent the Investor(s)’ beneficial interest of the commodities and subsequently represent entitlement to receive the Sale Price once the commodities are sold to the Issuer.
  - (ii) **Compensation under the ICPs (“Ta’widh”)** : In the event of overdue payments of any amount due under the ICPs, the Issuer shall pay the compensation on such overdue amount at the rate and manner prescribed by SC’s Shariah Advisory Council or such other relevant regulatory authorities from time to time in accordance with the principles of Shariah.
  - (iii) **Trading Fees** : The Trading Fee pursuant to the Bursa Suq Al-Sila’ commodity platform shall be calculated on the price that the Facility Agent (acting on behalf of Investor(s)) purchases and/or the price that the Issuer sells the commodities via the CTP to Bursa Suq Al-Sila’.
  - (iv) **Early Settlement & Cancellation** : The Issuer may at any time early settle the ICPs at any price in the open market or by private treaty, so long as it does not exceed the Sale Price and pay the Investors the said price but these ICPs shall not accord the Issuer the right to participate in the voting of any ICP holders’ resolution nor form part of the quorum of any ICP holders’ meeting. The ICPs once early settled shall be cancelled and cannot be reissued.

**(v) Redemption** : Unless previously redeemed and cancelled, the ICPs shall be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates.

**(vi) Information covenants** Events customary for programmes of this nature, which shall include but not be limited to the following:

The Issuer shall notify in writing and/or deliver to the Trustee the following:

- (a) at least on an annual basis, a certificate confirming that it has complied with all its obligations under the Transaction Documents and the terms and conditions of the CPs and that there did not exist or had not existed, from the date the CPs were first issued or date of the previous certificate as the case may be, any Event of Default, and if such is not the case, to specify the same;
- (b) as soon as they become available (and in any event within one hundred and eighty (180) calendar days after the end of each financial year) copies of its consolidated financial statements for that financial year which shall contain the income statement, balance sheet and cash flow statement of the Issuer and which are audited and certified without qualification by independent accountants permitted under applicable laws;
- (c) as soon as they become available (and in any event within ninety (90) calendar days after the end of each half of its financial year) copies of its unaudited half yearly consolidated financial statements for that period which shall contain the income statement, balance sheet and cash flow statement of the Issuer which are duly certified by any one of the directors;
- (d) promptly, such additional financial or other information relating to the Issuer's businesses and its operations as the Facility Agent and/or Trustee may from time to time reasonably request;
- (e) promptly, all notices or other documents dispatched by the Issuer to its shareholder;
- (f) promptly, all notices or other documents dispatched by the Issuer to its creditors which may materially and adversely affect the interest of the CP holders;
- (g) promptly, the occurrence of any or of any Event of Default in relation to any other indebtedness of the Issuer or of any other occurrence which may have a Material Adverse Effect; and

- (h) Such other covenants as may be advised by the Legal Counsel and to be mutually agreed by the Issuer.
- (vii) Positive covenants** : Events customary for programmes of this nature, which shall include but not be limited to the following:
- (a) To preserve and keep in full force and effect all relevant authorisations, licences, permits, consents, exemptions and rights necessary for the conduct of its business or for the Issuer to enter into or perform its obligations under the Transaction Documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer or the priority or rights of the CP holders under the Transaction Documents and the Issuer shall comply with the terms of the Transaction Documents;
  - (b) the Issuer shall ensure that its obligations under the Transaction Documents shall at all times rank pari passu with all its other present and future unsecured and unsubordinated obligations, other than those preferred by law and the Transaction Documents;
  - (c) the Issuer shall at all time on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;
  - (d) the Issuer shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with its constitutional documents, regulatory requirements and sound financial and commercial standards and practices which should ensure, amongst others, that all necessary approvals or relevant licenses are obtained;
  - (e) the Issuer shall promptly comply with all applicable provisions of the CMSA and/or the CPs, circulars, conditions or guidelines issued by SC from time to time;
  - (f) such other covenants deemed necessary by the Joint Lead Arrangers and the Legal Counsel and to be mutually agreed by the Issuer, for compliance with the SC's Guidelines on the Minimum Content Requirements for Trust Deeds as applicable and/or other applicable SC guidelines and directives.

- (viii) Negative covenants** : Events customary for programmes of this nature, which shall include but not be limited to the following:
- The Issuer undertakes that it shall not, without the prior written consent of the CP holders:
- (a) carry out any business other than its authorised businesses under its Memorandum and Articles of Association;
  - (b) delete, vary or amend its Memorandum or Articles of Association in any manner which would be inconsistent with the provisions of the Transaction Documents;
  - (c) use the fund derived from the ICPs for purposes other than its Islamic finance activities;
  - (d) dissolve its affairs or consolidate with or merge into any other entity;
  - (e) declare or pay any dividends, make any distribution (whether income or capital in nature) or payments in relation to principal, interest or profit or otherwise on shareholders' loans or advances to its shareholders if a Event of Default or potential Event of Default has occurred and is continuing or would occur if such payment is made; and
  - (f) such other covenants deemed necessary by the Joint Lead Arrangers and the Legal Counsel for compliance with the SC's Guidelines on the Minimum Content Requirements for Trust Deeds as applicable and/or other applicable SC guidelines and directives.
- (ix) Special Condition** : In the event MoF (Inc) or any other government agency ceases to be the majority shareholder of the Issuer, the Issuer shall notify the CP holders and shall comply with any conditions (if any) imposed by the CP holders and agreed by the Issuer in respect of the CP Programme.
- (x) Taxation** : All payments in respect of the ICPs to be issued shall be made in full without any withholding or deduction for or on account of any present and future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of the Government of Malaysia, or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law.

**Bank Pembangunan Malaysia Berhad**

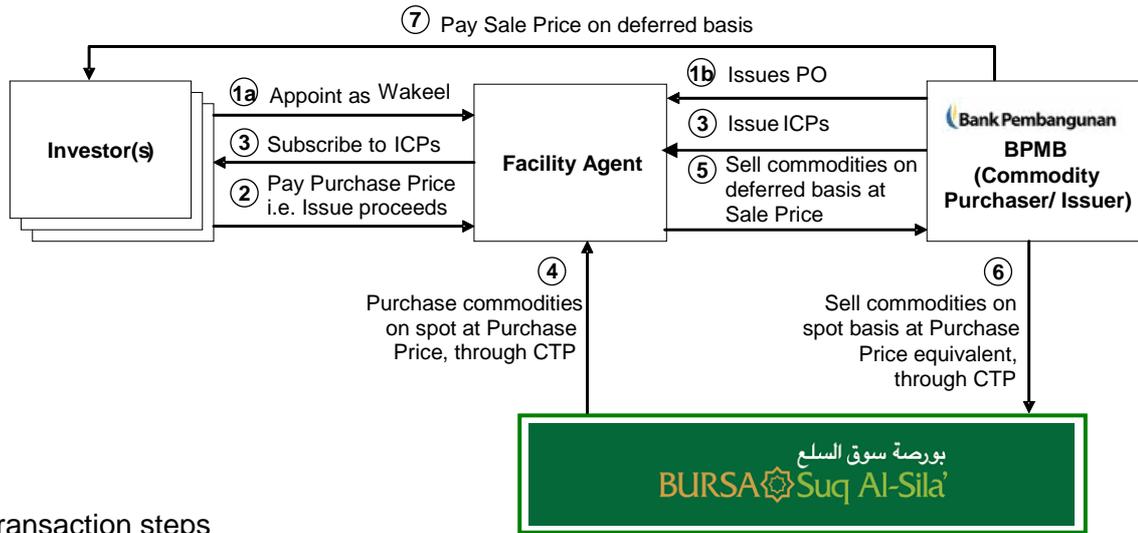
*Proposed Issuance of Islamic Commercial Papers and/or Conventional Commercial Papers  
Pursuant to a Commercial Papers Programme of up to RM2.0 Billion in Nominal Value*

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- (xi) **Governing Laws & Jurisdiction** : Laws of Malaysia and exclusive jurisdiction of the Courts of Malaysia.
- (xii) **Transaction Documents** : Includes standard documents for a programme of this nature but not limited to the following:
- (i) Programme Agreement;
  - (ii) Facility Agency Agreement;
  - (iii) The Purchase Order;
  - (iv) Commodities Murabahah Sale Agreement(s);
  - (v) CTP Wakalah Agreements;
  - (vi) Trust Deed;
  - (vii) Depository and Paying Agency Agreement; and
  - (viii) All other documents of whatsoever nature executed or to be executed in connection with or pursuant to any of the above documents or otherwise in connection with the CP Programme and as may be advised by the Legal Counsel and to be mutually agreed by the Issuer.
- (xiii) **Tradability of the ICP** : The ICPs once issued shall only be tradable in the secondary markets after the Wakeel sells the commodities it purchases on behalf of the Investors to BPMB at the Sale Price on a deferred payment basis. For the avoidance of doubt, the ICP shall not be tradable prior to such sale of the commodities by the Wakeel to the Issuer. This condition shall be stipulated in the Tender Panel Agreement / Subscription Agreement to be entered into between the Facility Agent/Joint Lead Arrangers and the Investor(s).

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**APPENDIX 1**



**Transaction steps**

- 1a. Investor(s) shall appoint the Facility Agent on behalf of the Investor(s) to act as the buying and selling agent (“Wakeel”) of Shariah compliant commodities.
- 1b. Subsequently, BPMB issues a Purchase Order (“Purchase Order”) to Investor(s) for the purchase of Shariah compliant commodities through the Facility Agent. The Purchase Order also constitutes a unilateral binding promise (“Wa’d Mulzim”) by BPMB to purchase the commodities at a sale price (“Sale Price”) to be paid on a deferred basis. The Sale Price represents the purchase price and the profit portion to be agreed between BPMB and the Wakeel.
2. Upon receipt of the Purchase Order from BPMB; Investor(s) pay the purchase price (“Purchase Price”) of the commodities which is equivalent to the amount to be disbursed under the ICPs.
3. The Investor(s) shall subscribe to the ICPs issued by BPMB to evidence the Investor(s) beneficial interest of the commodities and subsequently represent entitlement to receive the Sale Price once the commodities are sold to BPMB.
4. Upon receipt of the Purchase Price, the Wakeel, on behalf of Investor(s) shall purchase from time to time Shariah compliant commodities from commodity vendor(s) in the Bursa Suq Al-Sila’ commodity market, through a Commodity Trading Participant (“CTP”), who will facilitate in the buying and selling of the commodities, on spot basis. Bursa Suq Al-Sila’ is a commodity trading platform with multiple commodity vendors.
5. Upon completion of the purchase, the Wakeel, on behalf of Investor(s) will sell the commodities to BPMB at the Sale Price on deferred payment basis.
6. Subsequently, BPMB sells the commodities via the same CTP to Bursa Suq Al-Sila’ on spot basis at an amount equivalent to the Purchase Price.
7. BPMB shall pay the Sale Price on deferred payment basis via Wakeel to Investor(s).