

**RHB BANK BERHAD**  
**Principal Terms and Conditions of the MCMTN Programme**

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**1. BACKGROUND INFORMATION ON THE ISSUER**

- (i) Name : RHB Bank Berhad (the “**Issuer**” or “**RHB Bank**”).
- (ii) Address : Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.
- (iii) Business registration number : 6171-M.
- (iv) Date and place of incorporation : 4 October 1965/Malaysia.
- (v) Date of listing : Listed on Kuala Lumpur Stock Exchange (currently known as Bursa Malaysia Securities Berhad) on 2 August 1983 and subsequently delisted on 29 December 1994.
- (vi) Status on residence, i.e. whether it is a resident controlled company or non-resident-controlled company : Resident-controlled company.
- (vii) Principal activities : RHB Bank is principally engaged in all aspects of banking and finance business and in the provision of related services. The principal activities of RHB Bank’s subsidiaries consist of Islamic banking business, leasing, offshore banking, offshore trust services, nominee services and property investment.

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- (viii) Board of directors : As at 31 December 2013, the Board of Directors of the Issuer are as follows:
1. Tan Sri Azlan Mohd Zainol  
(Non-Independent Non-Executive Chairman)
  2. Haji Khairuddin Ahmad  
(Senior Independent Non-Executive Director)
  3. Ong Seng Pheow  
(Independent Non-Executive Director)
  4. Choong Tuck Oon  
(Independent Non-Executive Director)
  5. Dato' Mohd Ali Mohd Tahir  
(Independent Non-Executive Director)
  6. Abdul Aziz Peru Mohamed  
(Independent Non-Executive Director)
  7. Dato' Mohamed Khadar Merican  
(Independent Non-Executive Director)
  8. Tan Sri Ong Leong Huat @ Wong Joo Hwa  
(Non-Independent Non-Executive Director)
  9. Dato' Khairussaleh Ramli  
(Managing Director/Chief Executive Officer)

- (ix) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders : As at 31 December 2013, the shareholder of the Issuer is as follows:

Ordinary Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
RHB Capital Berhad	6,636,170,242	100.0	-	-

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(x) Authorised, issued and paid-up capital : Authorised capital (as at 31 December 2013):  
 RM4,000,000,000 divided into 8,000,000,000 ordinary shares of RM0.50 each; and

Paid-up capital (as at 31 December 2013):

RM3,318,085,121 comprising 6,636,170,242 ordinary shares of RM0.50 each.

Type	No. of shares	Par value (RM)	Amount (RM)
<b><u>Authorised</u></b> Ordinary Shares	8,000,000,000	0.50	4,000,000,000
Irredeemable Non-Cumulative Convertible Preference Shares	2,000,000,000	1.00	2,000,000,000
<b><u>Issued and paid-up capital</u></b> Ordinary Shares	6,636,170,242	0.50	3,318,085,121

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(xi) Disclosure of : None.  
the following

- If the issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of application; and
- If the issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of application.

**2. PRINCIPAL TERMS AND CONDITIONS**

- (a) Names of parties involved in the proposed transaction
- (i) Principal adviser : RHB Investment Bank.
  - (ii) Lead arranger : RHB Investment Bank.
  - (iii) Co-arranger : Not applicable.
  - (iv) Solicitor : Adnan Sundra & Low.
  - (v) Financial adviser : Not applicable.
  - (vi) Technical adviser : Not applicable.
  - (vii) Bond trustee : AmanahRaya Trustees Berhad.
  - (viii) Guarantor : Not applicable.
  - (ix) Valuer : Not applicable.
  - (x) Facility agent : RHB Investment Bank.
  - (xi) Primary subscriber (under a bought deal arrangement) and amount subscribed : To be determined prior to the issuance in respect of issuance via bought deal basis only.  
Not applicable for issuance via private placement and book building.
  - (xii) Underwriter and amount underwritten : Not applicable.
  - (xiii) Central depository : Bank Negara Malaysia (“**BNM**”).
  - (xiv) Paying agent : BNM.
  - (xv) Reporting accountant : Not applicable.
  - (xvi) Calculation agent : RHB Investment Bank.
  - (xvii) Others:
    - Lead manager (s) : RHB Investment Bank and/or such other financial institution(s) to be appointed at point of issuance, at the option of the Issuer.

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- (b) Facility description : A Multi-Currency Medium Term Note Programme (“**MCMTN Programme**”) for the issuance of Senior Notes and/or Subordinated Notes (collectively the “**Notes**”).

The Subordinated Notes will qualify as Tier 2 capital of the Issuer for purposes of Capital Adequacy Framework (Capital Components) as approved by BNM.

- (c) Issue/debt programme size : Up to RM5.0 billion (or its equivalent in other currencies) in nominal value.

The aggregate outstanding nominal value of the Notes under the MCMTN Programme shall not at any point in time exceed RM5.0 billion or its equivalent in other currencies.

However, the Issuer shall have the option to upsize the aforesaid programme limit, subject to obtaining the relevant regulatory approvals (including those from the Securities Commission Malaysia (“**SC**”) and BNM).

- (d) Tenure of issue/debt programme : Up to 30 years from the date of first issuance of the Notes.

**Tenure of Senior Notes**

Each issuance of Senior Notes shall have a tenure ranging from more than one (1) year to thirty (30) years.

**Tenure of Subordinated Notes:**

Each issuance of Subordinated Notes shall have a tenure ranging from ten (10) years and not more than thirty (30) years and subject to the Call Option.

**Call Option**

The Subordinated Notes are callable on any Coupon Payment Date (as defined below) after a minimum period of five (5) years from the date of issue (hereinafter referred to as the “**Call Date**”), at the option of the Issuer.

None of the Senior Notes or Subordinated Notes shall carry a maturity date extending beyond the expiry of the tenure of the MCMTN Programme.

- (e) Availability period of debt programme : The period from completion of documentation and unless waived by the Lead Arranger, compliance of all conditions precedent and other applicable conditions to the satisfaction of the Lead Arranger up to the maturity of the MCMTN Programme.

The first issuance shall be made within two (2) years from the date of the SC’s approval.

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- (f) Interest/coupon rate : **Senior Notes**  
To be determined prior to the issuance of the Senior Notes and the rate shall be applicable throughout the tenure of each issue of the Senior Notes.
- Subordinated Notes**  
To be determined prior to the issuance of the Subordinated Notes and the rate shall be applicable throughout the tenure of each issue of the Subordinated Notes.
- For avoidance of doubt, there is no step-up coupon rate after the Call Date of the Subordinated Notes, in the event the Call Option is not exercised by the Issuer.
- (g) Interest/coupon payment frequency : Payable semi-annually in arrears from the issue date (“**Coupon Payment Date**”) with the last coupon payment to be made on the respective maturity dates or upon the redemption of the Notes, whichever is the earlier.
- (h) Interest/coupon payment basis : Actual number of days over 365 days basis or in any event in accordance with MyClear Procedures (as defined below).
- (i) Security/Collateral, where applicable : Unsecured.
- (j) Details on utilisation of proceeds : The proceeds of the Notes shall be made available to the Issuer, for its general working capital and other corporate purposes, including but not limited to provision of advances to any of its subsidiaries and repayment of borrowings and subordinated debts (if any).
- (k) Sinking fund and designated accounts, where applicable : Not applicable.
- (l) Rating : **For RM denominated Notes:**  
• Credit rating assigned and whether the rating is final or indicative. AA<sub>2</sub> (for Senior Notes)/AA<sub>3</sub> (for Subordinated Notes) (preliminary).
- For Notes denominated in other currencies other than RM:**  
The rating requirement is exempted under paragraph 4.11(b) of the Guidelines on Private Debt Securities.
- Name of credit rating agencies : **For RM denominated Notes:**  
RAM Rating Services Berhad (“**RAM Ratings**”).
- For Notes denominated in other currencies other than RM:**  
To be determined prior to issuance (if applicable).

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- (m) Mode of issue : The Notes may be issued via direct/private placement or bought deal basis or book building on a best effort basis without prospectus.

The Notes shall be issued in accordance with (1) the Participation and Operation Rules for Payments and Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") ("**MyClear Rules**") and (2) the Operational Procedures for Securities Services and the Operational Procedures for Real Time Electronic Transfer of Funds and Securities (RENTAS) (collectively the "**MyClear Procedures**"), or their replacement thereof (collectively the "**MyClear Rules and Procedures**") applicable from time to time.

- (n) Selling restriction, including tradability (i.e. whether tradable or non-tradable) : Selling Restrictions at Issuance  
The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer or invitation to subscribe for the Notes and to whom the Notes are issued would fall within:-

1. Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)); read together with
2. Schedule 9 (or Section 257(3))

of the Capital Markets and Services Act 2007, as amended from time to time ("**CMSA**").

Selling Restrictions after Issuance

The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer or invitation to subscribe for the Notes and to whom the Notes are issued would fall within:-

1. Schedule 6 (or Section 229(1)(b)); read together with
2. Schedule 9 (or Section 257(3))

of the CMSA.

The Notes are tradable and transferable.

- (o) Listing status and types of listing, where applicable : The Notes will not be listed on Bursa Malaysia Securities Berhad or any other stock exchange.

- (p) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase PDS, and whether or not obtained; : Approval from BNM for the establishment of the MCMTN Programme of up to RM5.0 billion (or its equivalent in other currencies) in nominal value for the issuance of Senior Notes and/or Subordinated Notes was obtained on 20 December 2013.



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(q) Conditions precedent : Conditions precedent for issuance of the Notes, shall include but is not limited to the following (all of which shall be in form and substance acceptable to the Lead Arranger):-

**A. Main Documentation**

1) The Transaction Documents have been executed and, where applicable, stamped or endorsed as exempted from stamp duty under the relevant legislation and presented for registration.

**B. The Issuer**

1) Certified true copies of the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer.

2) Certified true copies of the latest Forms 24, 44 and 49 of the Issuer.

3) A certified true copy of a board resolution of the Issuer authorising, amongst others, the establishment of the MCMTN Programme and the execution of the relevant Transaction Documents.

4) A list of the Issuer's authorised signatories and their respective specimen signatures.

5) A report of the relevant company search of the Issuer.

6) A report of the relevant winding up search or the relevant statutory declaration of the Issuer (in form and substance acceptable to the Lead Arranger) signed by a director of the Issuer declaring that the Issuer is not wound up and that no winding up petition has been presented against the Issuer.

**C. General**

1) Approval from the SC for the establishment of the MCMTN Programme.

2) Approval from BNM for the establishment of the MCMTN Programme of up to RM5.0 billion (or its equivalent in other currencies) in nominal value for the issuance of Senior Notes and/or Subordinated Notes.

3) The Notes have received the relevant rating acceptable to the Lead Arranger.

4) Approval from shareholders of the Issuer for the MCMTN Programme (if applicable).

5) Evidence that arrangements have been made for

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payment of all transaction fees, costs and expenses.

- 6) The Lead Arranger has received from the solicitors acceptable legal opinion addressed to it advising with respect to, amongst others, the legality, validity and enforceability of the Transaction Documents and a confirmation addressed to it that all the conditions precedent have been complied or waived as the case may be.
- 7) Such other conditions precedent as advised by the solicitors of the Lead Arranger and mutually agreed with the Issuer.

(r) Representations and warranties : Representations and warranties typical and customary for a programme of this nature, which shall include but not limited to the following:

- (i) The Issuer is a company duly incorporated and validly existing under the laws of Malaysia;
- (ii) The Issuer has the power to enter into, exercise its rights and perform its obligations under the Transaction Documents;
- (iii) The Issuer's entry into, exercise of its rights under and performance of the Transaction Documents do not and will not violate any existing law or agreements to which it is a party;
- (iv) The Issuer has all licenses, franchises, permits, authorisations, approvals, orders and other concessions of and from all governmental and regulatory officials and bodies that are necessary to own or lease its properties and conduct its business, other than where the failure to obtain such licenses, franchises, permits, authorisations, approvals, orders and other concessions would not have a material adverse effect on the ability of the Issuer to comply with its obligations under the Transaction Documents;
- (v) The Transaction Documents create valid and binding obligations which are enforceable on and against the Issuer;
- (vi) All necessary actions, authorisations and consents required under the Transaction Documents have been taken, fulfilled and obtained and remain in full force and effect;

(vii) Save as disclosed in the Information Memorandum,

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there is no litigation which would have a material adverse effect on the Issuer's ability to perform its obligations under the Transaction Documents;

- (viii) No litigation or arbitration is current or, to the Issuer's knowledge, is threatened, which if adversely determined would have a material adverse effect on the ability of the Issuer to comply with its obligations under the Transaction Documents;
  - (ix) The audited financial statements of the Issuer are prepared in accordance with generally accepted accounting principles and standards and they fairly represent its financial position;
  - (x) The financial statements and other information supplied are true and accurate in all material aspects and not misleading except that, when the warranted information is a forecast, the warranty will be to the effect that the forecast has been made on the basis of assumptions which were reasonable at the time when they were made and after due enquiry;
  - (xi) 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;
  - (xii) There has been no change in the business or condition (financial or otherwise) of the Issuer or its subsidiaries since the date of its last audited financial statements which might have a material adverse effect on the ability of the Issuer to comply with its obligations under the Transaction Documents; and
  - (xiii) Such other representations and warranties as may be advised by the solicitor acting for the Lead Arranger.
- (s) Events of default (or enforcement event, where applicable) : **Senior Notes**  
The events of default will comprise those as required under the Trust Deeds Guidelines and such events of default typical and customary for a programme of this nature, which shall include:
- (i) The Issuer defaults in the payment of any money owing in respect of the Senior Notes when the same shall become due and payable in accordance with the Trust Deed and the Issuer fails to remedy such default within the period of seven (7) business days after the Issuer became aware or having been notified by the Trustee of the default;
  - (ii) A winding up order has been made against the

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- Issuer or a resolution to wind up the Issuer has been passed;
- (iii) A scheme of arrangement under Section 176 of the Companies Act 1965 has been instituted against the Issuer;
  - (iv) A receiver has been appointed over the whole or a substantial part of the assets of the Issuer;
  - (v) There has been a breach by the Issuer of any obligation under any of the Issuer's existing obligations which may materially and adversely affect the Issuer's ability to perform its obligations under the Transaction Documents, and if in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of seven (7) business days after the Issuer became aware of having been notified by the Trustee of the failure;
  - (vi) Any other indebtedness of the Issuer becomes due and payable prior to its stated maturity or where the security created for any other indebtedness becomes enforceable;
  - (vii) Where there is a revocation, withholding, invalidation or modification of any license, authorisation, approval or consent which in the opinion of the Trustee may materially and adversely impair or prejudices the ability of the Issuer to comply with its obligations under the Transaction Documents;
  - (viii) The Issuer fails to observe or perform its obligation under any of the Transaction Documents and in the case of a failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of seven (7) business days after the Issuer became aware or having been notified by the Trustee of the failure;
  - (ix) Any representations and warranties made or given by the Issuer under the Transaction Documents proves to have been incorrect or misleading in any material respect on or as of the date made or given, and in the case of a failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of seven (7) business days after the Issuer became aware or having been notified by the Trustee of the failure;
  - (x) At any time any of the provisions of the Transaction

Documents is or becomes illegal, void, voidable or unenforceable; and

- (xi) Such other events of default as advised by solicitors for the Lead Arranger.

Upon the occurrence of any of the above events of default, the Trustee may, at its absolute discretion, or shall (if so directed to do so by a special resolution of the holders of Senior Notes) declare (by giving written notice to the Issuer) that an event of default has occurred and the Senior Notes together with all other sums payable under the Senior Notes are immediately due and payable.

**Subordinated Notes**

The events of default shall be:

- (i) if the Issuer defaults in payment of any principal or coupon under a tranche of Subordinated Notes on the due date and the Issuer does not remedy such default within a period of seven (7) business days after the Issuer became aware or having been notified by the Trustee of the default; or
- (ii) an order is made for the winding-up the Issuer and such order is not stayed or set aside within thirty (30) days of such order being made or, where so stayed, such stay lapses, or an effective resolution is passed for the winding-up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation, the terms of which have been approved by the holders of the Subordinated Notes by way of special resolution.

Upon the occurrence of item (i) above, subject to the terms of the Trust Deed, the Trustee may or shall (if directed to do so by a special resolution of the holders of the Subordinated Notes) institute proceedings to enforce the payment obligations under that tranche of Subordinated Notes and may institute proceedings in Malaysia for the winding up of the Issuer, provided that neither the Trustee nor any of the holders of that tranche of Subordinated Notes shall have the right to accelerate payment of that tranche of Subordinated Notes in the case of such default in the payment of amount owing under that tranche of Subordinated Notes or any default in the performance of any condition, provision or covenant under that tranche of Subordinated Notes or the Trust Deed.

Upon the occurrence of item (ii) above, subject to the

terms of the Trust Deed, the Trustee may or shall (if directed to do so by a special resolution of the holders of Subordinated Notes) declare (by giving written notice to the Issuer) that the Subordinated Notes together with all other sums payable under the Subordinated Notes shall immediately become due and payable at its nominal value together with the accrued but unpaid coupon (if any) notwithstanding the stated maturity of the Subordinated Notes.

For the avoidance of doubt, the occurrence of an event of default under item (i) above for any tranche of the Subordinated Notes will not trigger the event of default for other tranches of the Subordinated Notes outstanding. However, the occurrence of an event of default under item (ii) above will trigger an event of default for all tranches of the Subordinated Notes outstanding.

(t) Covenants

(i) Positive Covenants

The Issuer shall comply with such applicable positive covenants as may be advised by the solicitors acting for the Lead Arranger and/or which are required in order to comply with the Trust Deeds Guidelines, including, but not limited to the following:

1. The Issuer shall deliver to the Trustee a copy of its annual audited financial statements within 180 days after the end of each of its financial year and any other accounts, balance sheet, report, notice, statement, circular or other documents issued by the Issuer to its shareholders and to the holders of the Notes;
2. The Issuer shall not later than 180 days after the end of each of its financial year, deliver to the Trustee a certificate signed by an authorised signatory of the Issuer, certifying that the Issuer has complied with and performed its obligations under the Trust Deed and the terms and conditions of the Notes and the other Transaction Documents and that there did not exist and there had not at any time existed, from the issue date of the Notes, any event of default and if such is not the case, the certificate should specify the same;
3. The Issuer shall promptly provide to the Trustee any information relating to its affairs to the extent permitted by law, as the Trustee may from time to time require in order to discharge its duties and obligations as Trustee under the Trust Deed and the other Transaction Documents;
4. The Issuer shall immediately notify the Trustee in

the event that the Issuer becomes aware of the following:

- a) the occurrence of any event of default or that such other right or remedy under the terms, provisions and covenants of the Notes and the Trust Deed and the other Transaction Documents which have become immediately enforceable and the Issuer shall take reasonable steps and/or such other steps as may be reasonably requested by the Trustee to remedy and/or mitigate the event of default;
  - 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 Notes or in respect of the Notes or any security included in or created by the Notes or the Trust Deed;
  - c) any substantial change in the nature of the business of the Issuer;
  - d) any change in the utilisation of proceeds from the Notes from that set out in the submission to the SC, the Information Memorandum or any of the Transaction Documents which sets out a specific purpose for which proceeds are to be utilised;
  - e) any change in the Issuer's withholding tax position or taxing jurisdiction; and
  - f) any other matters that may materially prejudice the interests of the holders of the Notes;
5. The Issuer shall keep proper books and accounts at all times and to provide the Trustee and any person appointed by it access to such books and accounts to the extent permitted by law;
  6. The Issuer shall at all times maintain its respective corporate legal existence and exercise reasonable diligence in carrying out its respective business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices and will ensure, amongst others, that all necessary approvals and relevant licences required for it to carry on its business are obtained;
  7. The Issuer shall at all times maintain a paying agent with a specified office in Malaysia; and
  8. The Issuer will procure that the paying agent shall

notify the Trustee, through the Facility Agent, if the paying agent does not receive payment from the Issuer on the due dates as required under the Trust Deed and the terms and conditions of the Notes.

- (ii) Negative Covenants : The typical and customary negative covenants applicable for a programme of such nature, which shall include but not limited to the following negative covenants which are **applicable only to the Senior Notes**:
1. The Issuer shall not, unless it has obtained BNM's approval, reduce or alter except increase its authorised or issued and paid-up capital whether by varying the amount, structure or value thereof or the rights attached thereto or convert any of its share capital into stock, or by consolidation, dividing or sub-dividing all or any of its shares. For the avoidance of doubt, this covenant shall not restrict the Issuer from dividing or sub-dividing all or any of its shares provided that its authorised and paid-up share capital is not reduced, pursuant to such dividing or sub-dividing of its shares;
  2. The Issuer shall not:
    - a) consolidate or amalgamate with or merge with any other person or into another entity or transfer all or substantially all its assets to another entity; or
    - b) enter into any de-merger, reconstruction or winding-up unless the successor person or entity expressly assumes the Issuer's obligations under the Transaction Documents and after giving effect to such transaction, no event of default has occurred or is continuing or would occur,unless BNM has granted its approval in respect of the relevant events set out in items (a) and (b) above;
  3. The Issuer shall not cause itself to take steps to be voluntarily wound up or to dissolve itself and/or its respective affairs;
  4. The Issuer shall not do or permit to occur or omit to do any act or omission, or execute or omit to execute any document which may render any of the Transaction Documents to be illegal, void, voidable or unenforceable;
  5. The Issuer shall not use the proceeds derived from



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the issuance of the Notes hereunder except for the purposes set out in the submission to the SC and the Information Memorandum;

6. The Issuer shall not surrender, transfer, assign, relinquish or otherwise dispose any of its rights and interest under the Transaction Documents (except as permitted or required under the Transaction Documents);
7. Save and except for transactions lawfully entered into by the Issuer in the ordinary course of its banking and/or financial services business or such other incidental business(es) with its or its related corporations' directors, substantial shareholders or persons connected with any of them ("**Interested Persons**") and recurring transactions with Interested Persons approved by the shareholders of the Issuer, the Issuer shall not enter into any transaction, whether directly or indirectly with any of the Interested Persons unless:-
  - (i) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not Interested Persons, provided that the transaction has been approved by the majority of its board of directors and, where applicable, shareholders at a general meeting; and
  - (ii) with respect to transactions involving an aggregate payment or value equal to or greater than 5% of the Issuer's consolidated net tangible assets at the relevant point in time, the Issuer shall obtain certification from an independent adviser that the transaction is carried out on fair and reasonable terms, provided that the Issuer certifies to the Trustee that, where applicable, the Issuer has received the certification referred to in this subparagraph (ii), and that the transaction has been approved by the majority of its board of directors and, where applicable, shareholders at a general meeting; and
8. Such other covenants deemed necessary or as may be advised by the solicitors for the Lead Arranger.

There are no restrictive covenants for the Subordinated Notes.

(u) Provisions on buy-back and early redemption of PDS:

- (i) Buyback of the Notes : Purchases and Cancellation  
Subject to the paragraph in relation to “Buyback of the Subordinated Notes” set out below, the Issuer or any of its subsidiaries or related corporations or agents(s) of the Issuer may at any time purchase the Notes 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 holders of the relevant tranche equally.

All Notes redeemed or purchased by the Issuer or its subsidiaries or by agent(s) of the Issuer other than in the ordinary course of business shall be cancelled and shall not be resold.

The Notes purchased by other related corporations (other than its subsidiaries) or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer, need not be cancelled but they will not entitle such related corporations or interested person of the Issuer to vote under the terms of the Notes subject to any exceptions in the Trust Deeds Guidelines.

For the avoidance of doubt, the Notes held by related corporations and the interested person of the Issuer shall not be counted for purposes of voting subject to any exceptions in the Trust Deeds Guidelines.

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

### **Subordinated Notes**

#### Early Redemption of the Subordinated Notes

Please refer to clauses (u)(ii), (v) and (vi) below.

#### Buyback of the Subordinated Notes

The Issuer or any of its subsidiaries or related corporations or agents(s) of the Issuer may at any time purchase, subject to the prior approval of BNM (which approval shall not be required for any purchase done in the ordinary course of business), the Subordinated Notes at any price in the open market or by private treaty **provided** no Viability Event (as defined below) has occurred prior to the date of such purchase. If purchase is made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of the Subordinated Notes equally.

Subject to the prior approval by BNM (which approval shall not be required for any purchase done in the ordinary course of business), the Subordinated Notes purchased by the Issuer or its subsidiaries or by agent(s) of the Issuer shall be cancelled and shall not be resold. The Subordinated Notes purchased by other related corporations (other than its subsidiaries) or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer, need not be cancelled but they will not entitle such related corporations or interested person of the Issuer to vote under the terms of the Subordinated Notes subject to any exceptions in the Trust Deeds Guidelines.

For the avoidance of doubt, the Subordinated Notes held by related corporations and the interested person of the Issuer shall not be counted for the purposes of voting subject to any exceptions in the Trust Deeds Guidelines.

- (ii) Optional redemption : For each tranche of Subordinated Notes, if Call Option is applicable, the Issuer may, at its option, and subject to the Redemption Conditions (as defined below) being satisfied, redeem that tranche of Subordinated Notes (in whole, but not in part) on the Call Date at their principal amount together with accrued but unpaid coupon (if any).
- (iii) Redemption at maturity : **Senior Notes**  
Unless previously redeemed or purchased and cancelled, the Senior Notes will be redeemed at the Redemption Amount (as defined below) on the maturity date.

**Subordinated Notes**

Unless previously redeemed on a Call Date (if applicable) or redeemed pursuant to a Regulatory Event or a Tax Event or purchased from the market and cancelled, the Subordinated Notes will be redeemed at the Redemption Amount (as defined below) on the maturity date.

**"Redemption Amount"** means an amount equal to 100% of the face value together with accrued but unpaid interest (if any) relating to the then current interest period (if any) up to (and excluding) the date on which the Notes are redeemed.

- (iv) Redemption conditions : Redemption conditions of the Subordinated Notes means:
1. the Issuer must have received written approval from BNM prior to redemption of the Subordinated Notes;
  2. the Issuer is solvent at the time of redemption of the Subordinated Notes and immediately thereafter;
  3. the Issuer is not in breach of BNM's minimum capital

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adequacy requirements and capital buffer requirements applicable to the Issuer after redemption of the Subordinated Notes; and

4. the Issuer shall replace the called or redeemed Subordinated Notes with capital of the same or better quality and at conditions which are sustainable for the income capacity of the Issuer and demonstrates that its capital position is well above the capital adequacy and capital buffer requirements after redemption of the Subordinated Notes.

- (v) Regulatory redemption : The Issuer may, at its option, redeem the Subordinated Notes (in whole, but not in part), subject to the Redemption Conditions being satisfied if a Regulatory Event (as defined below) occurs, at the Redemption Amount.

**“Regulatory Event”** means any time there is more than an insubstantial risk, as determined by the Issuer, that:

- (i) the Subordinated Notes (in whole or in part) will, either immediately or with the passage of time or upon either the giving of notice or fulfilment of a condition, no longer qualify as Tier 2 capital of the Issuer for the purposes of BNM’s capital adequacy requirements under any applicable regulations; or
- (ii) changes in law will make it unlawful to continue performing its obligations under the Subordinated Notes.

- (vi) Tax redemption : If there is more than an insubstantial risk that:

1. the Issuer has or will become obliged to pay any additional taxes, duties, assessments or government charges of whatever nature in relation to the Subordinated Notes; or
2. the Issuer would no longer obtain tax deductions for the purposes of Malaysian corporation tax for any payment in respect of the Subordinated Notes;

as a result of a change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date and the Issuer cannot, by taking reasonable measures available to it, avoid such obligations (**“Tax Event”**), then the Issuer may, at its option, redeem the Subordinated Notes (in whole, but not in part) at the Redemption Amount, subject

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to the Redemption Conditions being satisfied.

(v) Other principal terms and conditions for the proposed transaction

1. Issue Price : The Senior Notes shall be issued at par, premium or discount, to be determined prior to the relevant issue date.

The Subordinated Notes are to be issued at par in accordance with MyClear Rules and Procedures.

2. Yield to Maturity (%) : To be determined prior to the issue date of the Notes.

The Subordinated Notes will be priced on the basis of yield to the first Call Date.

3. Default Interest : Interest on overdue amounts shall be payable at 1% per annum plus the base lending rate of RHB Bank Berhad from and including the relevant due date to but excluding the date of actual payment, calculated based on the actual number of days elapsed and a year of 365 days.

4. Form and Denomination : The Notes shall be issued in accordance with MyClear Rules and Procedures. The Notes shall be represented by a global certificate to be deposited with BNM, and is exchanged for a definitive bearer form only in certain limited circumstances. The denomination of the Notes shall be RM1,000 or in multiples of RM1,000 at the time of issuance.

5. Status : **Senior Notes**  
The Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other unsecured obligations (excluding deposits or such other obligations as may be preferred by law) of the Issuer, present and future, from time to time outstanding.

**Subordinated Notes**

The Subordinated Notes will constitute direct, unconditional and unsecured obligations of the Issuer, subordinated in right and priority in payment, to the extent and in the manner provided for in the Subordinated Notes, ranking pari passu among themselves.

In the event of winding-up and liquidation of the Issuer, the Subordinated Notes will be subordinated in right of payment to all deposit liabilities and other liabilities of the Issuer, except in each case to those liabilities which by their terms rank equally in right of payment with or are subordinated to the Subordinated Notes.

6. Trustee's : The Trustee shall open and maintain, throughout the

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Reimbursement Account : tenure of the MCMTN Programme, an account to be named the “Trustee’s Reimbursement Account for Debenture holders’ Actions” (the “**Account**”) with a bank which is acceptable to the Issuer with a sum of Ringgit Malaysia Thirty Thousand (RM30,000.00), which amount is to be obtained from the proceeds of issuance of the Notes.

The Account shall be operated solely by the Trustee and the money shall be used strictly by the Trustee in carrying out its duties in relation to the declaration of an Event of Default in the manner as provided in the Trust Deed.

The moneys in the Account may be invested in bank deposit or instrument or securities in the manner as provided in the Trust Deed, with profit from the investment to be accrued to the Issuer. The moneys in the Account shall be returned to the Issuer upon full redemption of the Notes in the event there is no declaration of Event of Default.

7. Taxation : All payments by the Issuer shall be made without withholding or deductions for or on account of any present and future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia unless such withholding or deduction is required by law, in which event the Issuer shall not be required to gross up in connection with such withholding or deduction on these payments or distributions.
8. No Further Rights To Participate in Profits and Assets : The holders of the Subordinated Notes shall not be conferred any right or claim as regards to participation in the profits and assets of the Issuer.
9. Voting Rights : Holders of the Subordinated Notes will not be entitled to receive notice of or attend or vote at any meeting of the ordinary shareholders of the Issuer or participate in the management of the Issuer. No company-shareholder relationship is intended or has been contemplated between the Issuer and the holders of the Subordinated Notes and as such the relationship between the Issuer and the holders of the Subordinated Notes shall not be governed by the Memorandum and Articles of Association of the Issuer.
10. Transaction Documents : The Transaction Documents shall include the following:  
(i) Trust Deed;  
(ii) Subscription Agreement (if applicable);  
(iii) Securities Lodgement Form; and  
(iv) Any other agreements as may be advised by the solicitors.

11. Contingent Write-Off : **Subordinated Notes**

Upon the occurrence of a Trigger Event (as defined below), the Issuer is required to give notice to the holders of the Subordinated Notes and RAM Ratings in accordance with the terms of the Subordinated Notes, then as of the relevant write-off date:

- (i) the write-off shall reduce:
  - (a) the claim of the Subordinated Notes in liquidation. The holders of the Subordinated Notes will be automatically deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Subordinated Notes written-off;
  - (b) the amount re-paid when a call option is exercised; and coupon payments on the Subordinated Notes;
- (ii) the write-off shall be permanent and the full principal amount of the Subordinated Notes will automatically be written-off to zero and the Subordinated Notes will be cancelled; and
- (iii) the write-off of the Subordinated Notes shall not constitute an event of default or trigger cross-default clauses.

12. Trigger Event : A “**Trigger Event**” shall be the earlier of the following:

- (i) the Relevant Malaysian Authority (the “**Relevant Malaysian Authority**” means BNM, jointly with the Malaysia Deposit Insurance Corporation (“**PIDM**”)) notifies the Issuer in writing that the Relevant Malaysian Authority is of the opinion that a write-off is necessary, without which the Issuer would cease to be viable; or
- (ii) the Relevant Malaysian Authority publicly announces that a decision has been made by BNM, the PIDM, or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the Issuer would cease to be viable.

In assessing whether the Issuer would cease to be viable, the Relevant Malaysian Authority may consider, amongst others, whether any of the following circumstances exist (“**Viability Event**”) in respect of the Issuer:

- (1) the Issuer fails to follow any directive of compliance issued by BNM, which is necessary to preserve or

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restore its financial soundness;

- (2) the Issuer fails to meet all or any of its financial obligations as they fall due, that may significantly impair its capital position;
- (3) the capital of the Issuer has reached a level or is eroding in a manner that may detrimentally affect its depositors, creditors or the public, and the Issuer is unable to recapitalise on its own;
- (4) the Issuer's assets are insufficient to provide protection to its depositors and creditors;
- (5) the Issuer has lost the confidence of depositors and the public; or
- (6) any other state of affairs exists in respect of the Issuer that would put the interest of the depositors or creditors of the Issuer at risk.

For the avoidance of doubt, the Relevant Malaysian Authority shall have the full discretion to elect not to require a write-off when the Issuer has ceased, or is about to cease, to be viable or when a capital injection or equivalent support has been provided. Even if the option is not exercised, holders of the Subordinated Notes may still be exposed to losses from the resolution of the Issuer.

Notwithstanding the powers of the Relevant Malaysian Authority, the Subordinated Notes will under no circumstances be converted into equity of the Issuer and will only absorb losses pursuant to the terms specified herein.

13. Governing Law : The Notes shall be governed by the laws of Malaysia.
14. Upsizing of the programme limit : The Issuer shall have the option to upsize the aforesaid programme limit, subject to obtaining the relevant regulatory approvals (including those from the SC and BNM). For the avoidance of doubt, the holders of the Notes hereby consent to any such upsizing of the programme limit.
15. Voting by holders of the Notes : Voting by holders of the Notes shall be carried out on a "per tranche" basis and not on a collective basis.
16. Other Conditions : The Notes shall at all times be governed by the guidelines issued and to be issued from time to time by the SC and BNM having jurisdiction over matters pertaining to the Notes.