

1.01 Background Information

(a) Issuer

- (i) Name : RHB Bank Berhad (“**RHB Bank**” or “**the Bank**” or “**the Issuer**”)
- (ii) Address : Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur
- (iii) Business registration no. : 6171-M
- (iv) Date/place of incorporation : 4 October 1965/ Malaysia
- (v) Date of listing : Listed on the Kuala Lumpur Stock Exchange (currently known as Bursa Securities Malaysia Berhad) on 2 August 1983 and subsequently de-listed on 29 December 1994.
- (vi) Status
 - Resident/non-resident controlled company (where applicable) : Resident-controlled company
 - Bumiputera/non-Bumiputera controlled company (where applicable) : Bumiputera-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, nominee services and property investment.
- (viii) Board of directors (as at 6 June 2008) :
 - 1. YBhg Datuk Azlan Zainol (Non-Independent Non-Executive Chairman)
 - 2. YBhg Dato Abdullah Mat Noh (Independent Non-Executive Director)
 - 3. Tuan Haji Khairuddin Ahmad (Independent Non-Executive Director)
 - 4. YBhg Dato’ Mohd Salleh Haji Harun (Independent Non-Executive Director)

5. YBhg Dato' Othman Jusoh
(Independent Non-Executive Director)
6. Encik Johari Abdul Muid
(Non-Independent Non-Executive Director)
7. Mr Ong Seng Pheow
(Independent Non-Executive Director)
8. Mr Michael Joseph Barrett
(Managing Director)

(ix) Structure of shareholdings and names of shareholders (as at 6 June 2008)	Ordinary Shareholders	Direct		Indirect	
		No. of shares held	%	No. of shares held	%
	RHB Capital Berhad	6,636,170,242	100.0	-	-

(ix) Authorised and paid-up capital (as at 6 June 2008)	Type	No. of shares	Par value (RM)	Amount (RM)
	Authorised 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
	Issued and paid-up capital Ordinary Shares	6,636,170,242	0.50	3,318,085,121

1.02 Principal Terms and Conditions:

- (a) Names of parties involved in the proposed transaction
- (i) Principal Adviser/ Lead Arranger : RHB Investment Bank Berhad ("**RHB Investment Bank**")
 - (ii) Arranger(s) : Not applicable
 - (iii) Valuer : Not applicable
 - (iv) Solicitors : Messrs. Adnan Sundra & Low
 - (v) Financial adviser : Not applicable
 - (vi) Technical adviser : Not applicable
 - (vii) Guarantor : Not applicable

- (viii) Trustee : AmanahRaya Trustees Berhad
(Company No. 766864-T)
- (ix) Facility Agent : RHB Investment Bank
- (x) Primary subscriber(s) and amount subscribed : To be determined prior to the issuance in respect of issuance via bought deal basis only. Not applicable for issuance via book building or direct placement.
- (xi) Underwriter(s) and amount underwritten : Not applicable
- (xii) Central Depository : Bank Negara Malaysia (“**BNM**”)
- (xiii) Paying Agent : BNM
- (xiv) Reporting Accountant : Not applicable
- (xv) Others : Rating Agency
RAM Rating Services Berhad (Company No. 763588-T)
 (“**RAM Ratings**”)
- Lead Manager
RHB Investment Bank
- Joint Lead Manager
To be appointed (if applicable).
- (b) Facility description : Hybrid Tier 1 Capital Securities Programme (“**the HT1 Programme**”) for the issuance of Hybrid Tier 1 Capital Securities (“**HT1 Capital Securities**”). The HT1 Capital Securities will qualify as Tier 1 capital of the Bank for purposes of Malaysia’s capital adequacy regulations.
- (c) Issue size (RM) : Up to RM600.0 million in nominal value.
- The total outstanding HT1 Capital Securities shall not at any time exceed RM600.0 million in nominal value.
- (d) Issue price (RM) : At par or at a premium. Where applicable, the Issue Price is calculated in accordance with the Rules on Fully Automated System for Issuing/Tendering (“**FAST Rules**”)
- (e) Tenor of the facility/issue : Facility
Up to 60 years from date of first issue of the HT1 Capital Securities.
- Issue
Permanent (see “**Principal Stock Settlement**” below).

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- (f) Interest/coupon (%) : At a fixed rate to be determined for the period from (and including) the issue date up to (but excluding) the First Optional Redemption Date and thereafter at a step-up fixed rate or floating rate at a margin to be determined above the 3-month KLIBOR, provided the step-up rate over the initial rate is no greater than 100 basis points less the swap spread between the initial index basis and the stepped-up index basis (if there is a change in the index basis), or a higher rate as deemed appropriate by BNM, and in any case shall be in compliance with the requirements for Hybrid Tier 1 capital instruments.

The interest/coupon and the step-up rate will be determined prior to each issuance of the HT1 Capital Securities.

“**First Optional Redemption Date**” means the date falling ten (10) years from the respective HT1 Capital Securities’ issue date.

- (g) Interest/coupon payment frequency : Semi-annually in arrears up to the First Optional Redemption Date and thereafter quarterly in arrears.
- (h) Interest/coupon payment basis : Actual number of days elapsed on a 365-day basis.
- (i) Yield to maturity (%) : To be determined prior to issuance.
- (j) Security/collateral : Nil.
- (k) Details on utilisation of proceeds : For the Bank’s general working capital purposes.
- (l) Sinking fund : Nil.
- (m) Rating : A final long-term rating of A₂ assigned by RAM Ratings.
- (n) Form and denomination : The HT1 Capital Securities shall be issued in accordance with:

1. the Code of Conduct and Market Practices for the Malaysian Corporate Bond Market issued by Institut Peniaga Bon Malaysia and approved by BNM (“**IPBM Code**”);
2. the Rules on Scripless Securities under the Real Time Electronic Transfer of Funds and Securities (“**RENTAS**”) System issued by BNM (“**RENTAS Rules**”); and
3. the FAST Rules

or their replacement thereof (collectively the “**Codes of**”

Conduct) applicable from time to time.

The RENTAS Rules shall prevail to the extent of any inconsistency between the RENTAS Rules and the IPBM Code. The HT1 Capital Securities shall be in minimum denomination of RM1,000 each or such other denomination as determined or allowed by BNM and in multiples of RM1,000 and will be represented at all times by a Global Certificate to be deposited with BNM, and is exchangeable for definitive bearer form only in certain limited circumstances.

(o) Mode of issue : Private placement (via direct placement or bought deal) or book building on a best effort basis without prospectus.

(p) Selling restriction : At Issuance

The HT1 Capital Securities may not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia other than to persons falling within Schedule 6 or section 229(1)(b) or Schedule 7 or section 230(1)(b), and Schedule 9 or section 257(3) of the Capital Markets and Services Act, 2007 ("**CMSA**").

After Issuance

The HT1 Capital Securities may not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia other than to persons falling within Schedule 6 or section 229(1)(b) and Schedule 9 or section 257(3) of the CMSA.

(q) Listing status : The HT1 Securities will not be listed on Bursa Malaysia Securities Berhad or any other stock exchange.

(r) Minimum level of subscription :

- 50% of value of each issuance via book-building or direct placement.
- 100% of value of each issuance via bought deal.

(s) Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained : (i) Approval from BNM for the Bank to issue the HT1 Capital Securities under the HT1 Programme and for the HT1 Capital Securities to be classified as Tier 1 capital of the Bank. BNM's approval was obtained via its letter dated 16 June 2008, attached as Appendix 4.

(ii) Approval from the Securities Commission ("**SC**") on the waiver from having to comply with any restrictive covenants as set out in the SC's Guidelines on the Minimum Contents Requirements for Trust Deeds in respect of the HT1 Capital Securities. SC's approval was

obtained via its letter dated 13 May 2008, attached as Appendix 5.

- (t) Conditions precedent : Conditions precedent customary for a programme of this nature which shall include but is not limited to the following:
- (i) approval from BNM for the issuance of the HT1 Capital Securities under the HT1 Programme.
 - (ii) approval from the SC for the HT1 Programme;
 - (iii) approval from the Bank's shareholder for the HT1 Programme;
 - (iv) Solicitors' opinion as to, inter alia, the validity and enforceability of the Transaction Documents and compliance with all conditions precedent;
 - (v) the HT1 Capital Securities have been accorded a minimum rating of A₂ by RAM Ratings; and
 - (vi) such other conditions precedent as advised by the Solicitors.
- (u) Representation and warranties : Representation and warranties typical and customary for a programme of this nature, which shall include but is 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 under and perform its obligations under the HT1 Capital Securities and 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 Issuer;
 - (v) The Transaction Documents create valid and

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- 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 by the Issuer, no event has occurred which, if the HT1 Capital Securities had already been issued, would constitute an Enforcement Event under the Transaction Documents;
 - (viii) The audited accounts of the Issuer are prepared in accordance with generally accepted accounting principles and standards and they fairly represent its financial position;
 - (ix) 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;
 - (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 contravention of Section 62 of the Banking and Financial Institutions Act, 1989;
 - (xii) 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;
 - (xiii) 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
 - (xiv) Such other representation and warranties as

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- may be advised by the Solicitors.
- (v) Enforcement Events: : Enforcement Event means the occurrence of any of the
Limited Rights to Accelerate following:
1. a default in the payment of any amount of principal of the HT1 Capital Securities on the due date for payment thereof (other than non-payment of principal under certain events stated herein); or
 2. a default in the payment of interest on the HT1 Capital Securities within 14 days of the due payment thereof (other than non-payment of interest under certain events stated herein).

If an Enforcement Event occurs, subject to the terms of the Trust Deed, the Trustee may, and if so directed by an extraordinary resolution shall, institute such proceedings to enforce the payment obligations of the Issuer under the HT1 Capital Securities and may, if so directed by an extraordinary resolution shall institute proceedings in Malaysia for the winding up of the Issuer, provided that the Trustee shall have no right to accelerate payment of such HT1 Capital Securities in the case of default in the payment of interest on, or other amounts owing under such HT1 Capital Securities or any default in the performance of any other covenant of the Issuer under the HT1 Capital Securities or the Trust Deed.

If a winding-up proceeding commences in respect of the Issuer or an effective resolution of the shareholders of the Issuer is passed for a winding-up proceeding in respect of the Issuer, subject to the terms of the Trust Deed, the Trustee may, and if so directed by an extraordinary resolution shall, by written notice to the Issuer declare the principal of, and interest on, such HT1 Capital Securities to be due and immediately payable, whereupon the principal of, and interest on, such HT1 Capital Securities shall become and be immediately due and payable.

- (w) Principal terms and conditions for warrants : Not applicable
- (x) Other principal terms and conditions for the issue
- (i) Availability period : The Issuer may issue the HT1 Capital Securities at any time within the 30-year period from the date of first issuance provided that the first issue is within two (2) years from the date of SC's approval on the establishment of the HT1 Programme.
 - (ii) Principal Stock : If the HT1 Capital Securities are still outstanding on the

Settlement 15th business day before the Principal Stock Settlement Date and the Issuer has not given notice to the Trustee that it will redeem the HT1 Capital Securities prior to the Principal Stock Settlement Date, the Issuer shall, subject to the prior approval of BNM and any other relevant persons or authorities, redeem the HT1 Capital Securities then outstanding at the Redemption Amount in accordance with the Alternative Payment Mechanism.

“Principal Stock Settlement Date” means the interest payment date falling 30 years from the respective HT1 Capital Securities’ issue date.

- (iii) Optional Deferral of Payments : If during the 12-month period immediately preceding any interest payment date, the Bank did not declare any dividends, or make any interest payments on any securities or instruments ranking pari passu with or junior to the HT1 Capital Securities and the Bank did not redeem, purchase, reduce or return any capital or otherwise acquire any of its shares or securities ranking pari passu with or junior to the HT1 Capital Securities (**“Payment Limitation Event”**), the Bank may at its option and with prior written notice to the Trustee, defer paying interest on the HT1 Capital Securities otherwise payable on any payment dates (**“Optional Deferred Payments”**) up to 50% of the aggregate outstanding principal amount of the HT1 Capital Securities (**“Deferral Limit”**) beyond which any further deferral shall be subject to the prior approval of BNM. To the extent that BNM does not approve such further deferrals, the Bank’s obligation to make payment of such additional Optional Deferred Payments above the Deferral Limit shall cease to exist and such payments shall no longer be due and payable.

Any such deferral will not constitute a default by the Bank for any purpose whatsoever.

While any interest amount, whether deferred or not remains unpaid, the Bank shall not:

- (i) pay any dividend to its shareholders or make interest payment on any securities or instruments that rank pari passu with or junior to the HT1 Capital Securities; and
- (ii) redeem, purchase, reduce or return any capital or otherwise acquire any of its shares or any securities or instruments issued or guaranteed by the Bank, ranking pari passu with or junior to the HT1 Capital Securities.

Upon cessation of the Payment Limitation Event and subject to prior approval of BNM and cancellation of any

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Optional Deferred Payments above the Deferral Limit, the Bank shall pay the Optional Deferred Payments in cash, in full on the next interest payment date via the Alternative Payment Mechanism. No interest shall accrue on any Optional Deferred Payments. Any payment of dividends to shareholders of the Bank and/or payments to holders of securities of instruments ranking pari passu with or junior to the HT1 Capital Securities, in connection with the cessation of the Payment Limitation Event, may only be made simultaneously with or immediately following the payment of all Optional Deferred Payments in accordance with this clause.

Notwithstanding the above, on any interest payment date with respect to which (i) a Regulatory Event has occurred and is continuing and (ii) the Issuer is not in breach of BNM minimum capital adequacy ratio requirements, the Issuer shall be obliged to pay the interest payment.

A “**Regulatory Event**” means any time there is more than an insubstantial risk, as determined by the Issuer, that the HT1 Capital Securities will no longer qualify as Innovative Tier 1 Capital of the Issuer for the purposes of BNM’s capital adequacy requirements under any applicable regulations.

For the avoidance of doubt, no interest payment will be made if the payment will result in the Issuer breaching BNM’s minimum capital adequacy ratio requirements. Such amounts will be deemed to be Optional Deferred Payments.

- (iv) Loss Absorption : If any of the following events (“**Replacement Event**”) exists prior to an interest payment date, and continues to exist on or during such date, or the payment of interest under the HT1 Capital Securities would result in the occurrence of a Replacement Event, the Bank may after consultation with BNM be required to redeem the HT1 Capital Securities on such interest payment date at the Redemption Amount via the Alternative Payment Mechanism:
- a. the Bank is in breach of BNM’s minimum capital adequacy ratio requirements;
 - b. commencement of a winding up proceeding against the Bank; or
 - c. appointment of an administrator in connection with a restructuring of the Bank.

If the Bank is unable to redeem the HT1 Capital Securities accordingly for a period of 12 months

immediately following such interest payment date and the Replacement Event continues to exist, the Bank may be required by BNM to cancel the payment of such Redemption Amount but only to the extent required to remedy such Replacement Event. Such amount so cancelled shall no longer be due and payable by the Bank. Non-payment of such amount will not constitute a default by the Bank for any purpose whatsoever.

(v) Alternative
Payment
Mechanism

: Subject to the prior approval of BNM, the Bank shall satisfy the payment of any Optional Deferred Payments and/or any Redemption Amount payable under the Principal Stock Settlement or Loss Absorption clauses through the issuance of sufficient number of the Bank's ordinary shares or such other sufficient number of eligible securities, the cash proceeds of which, when issued, are not less than the amount required to pay the Optional Deferred Payments and/or Redemption Amount and shall be paid by the Bank to the Trustee in order to pay the holders of the HT1 Capital Securities.

If the Bank is unable to raise a sufficient amount of cash proceeds from the issuance of such ordinary shares or eligible securities to pay the Optional Deferred Payments and/or any Redemption Amount on the due date for payment and a shortfall exists, the Bank will continue to use its best endeavours to issue a sufficient number of such ordinary shares or such other eligible securities until the Trustee shall have received funds equal to the full amount of such shortfall.

The Bank shall use its best endeavours to:

1. keep available for issue, a sufficient number of ordinary shares as is reasonably required to satisfy payment of the Optional Deferred Payments and/or Redemption Amount;
2. procure subscribers for its ordinary shares or eligible securities; and
3. obtain such consents, approvals and authorizations required from its shareholders, BNM or other regulatory authorities to allow it to carry out the matters stated in this clause.

If the Bank is unable to fully pay the Optional Deferred Payments and/or Redemption Amount in accordance with the above provisions (except in the case of cancellation of the Bank's obligations to pay the Optional Deferred Payments in excess of the Deferral Limit) then, until such amount has been paid in full by the Bank, the Bank shall not:

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- (i) pay any dividend to its shareholders or make any interest payment on any securities or instruments ranking pari passu with or junior to the HT1 Capital Securities; and
- (ii) redeem, purchase, reduce or return any capital or otherwise acquire any of its shares or any securities or instruments issued or guaranteed by the Bank, ranking pari passu with or junior to the HT1 Capital Securities.

Any such non-settlement of the Optional Deferred Payments and/or the Redemption Amount will not constitute or be deemed a default by the Bank for any purpose whatsoever. For avoidance of doubt, such non-settlement will not affect any of the other features of the HT1 Capital Securities.

(vi) Covenants : These shall include but not limited to the following:

The Issuer shall:

1. At all times perform all its obligations and promptly comply with all provisions of the Transaction Documents and the terms and conditions of the HT1 Capital Securities (including but not limited to redeeming the HT1 Capital Securities on the relevant maturity dates or any other dates on which the HT1 Capital Securities are due and payable);
2. Deliver to the Trustee a copy of its annual audited accounts within 180 days after the end of each financial year and any other accounts, report, notice, statement or circular or other documents issued by the Issuer to its shareholders;
3. Deliver to the Trustee annually a certificate that the Issuer has complied with its obligations under the Trust Deed and the terms and conditions of the HT1 Capital Securities and that there did not exist or had not existed, from the Issue date, any Enforcement Event and if such is not the case, to specify the same;
4. Provide to the Trustee such information which the Trustee may reasonably require for the purpose of the discharge of its duties, powers, trusts, authorities and discretions vested in it to the extent permitted by law;
5. Immediately notify the Trustee in the event that the Issuer becomes aware of the following:

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- a) the occurrence of any Enforcement Event or such other right or remedy under the terms, provisions and covenants of the HT1 Capital Securities and the Transaction Documents which have become 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 Enforcement Events;
 - 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 HT1 Capital Securities or any security included in or created by the HT1 Capital Securities or the Trust Deed;
 - c) any substantial change in the nature of the business of the Issuer;
 - d) any change in the utilisation of the proceeds from the HT1 Capital Securities other than for the purpose stipulated;
 - 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 HT1 Capital Securities holders.
6. At all times keep proper books and accounts on a basis consistently applied in accordance with the laws of Malaysia and generally accepted accounting principles and standards in Malaysia;
 7. At all times comply with any and all requirements and conditions, notes, circulars and/or guidelines as may be issued and/or imposed by the SC and BNM, from time to time and the applicable provisions of the CMSA;
 8. At all times maintain its corporate legal existence and exercise reasonable diligence in carrying out its business in a proper and efficient manner which should ensure, amongst others, that all necessary approvals or relevant licences are obtained;
 9. At all times maintain a paying agent with a specified office in Malaysia;
 10. Procure that the paying agent shall notify the

Trustee in the event that the paying agent does not receive payment from the Issuer on the due dates as required under the Trust Deed and the terms and conditions of the HT1 Capital Securities; and

11. Such other covenants deemed necessary or as may be advised by the Solicitors.

(vii) Status : The HT1 Capital Securities are not guaranteed and will constitute unsecured and subordinated obligations of the Issuer. Claims in respect of the HT1 Capital Securities will rank pari passu and without preference among themselves and with other Tier 1 securities and the most junior class of preference shares (if any) of the Issuer, but in priority to the rights and claims of holders of the ordinary equity shares of the Issuer.

The principal of, and interest and any additional amounts payable on the HT1 Capital Securities will be subordinated in right of payment upon the occurrence of any winding-up proceeding to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer and any debt securities (whether subordinated or unsubordinated) of the Issuer that rank senior to the HT1 Capital Securities, except in each case to those liabilities which by their terms rank equally in right of payment with or which are subordinated to the HT1 Capital Securities.

(viii) Redemption Amount : 100% of the outstanding nominal value of the HT1 Capital Securities together with accrued but unpaid interest and any other amounts outstanding up to (and excluding) the date of redemption.

(ix) Optional redemption : The Issuer, may, at its option and subject to the Issuer being and remaining solvent and subject to the prior approval of BNM, redeem in whole but not in part, the HT1 Capital Securities at the Redemption Amount on the First Optional Redemption Date or any interest payment date thereafter.

(x) Tax Redemption : Subject to the Bank being and remaining solvent and subject to the prior approval of BNM, it may redeem the HT1 Capital Securities in whole but not in part at the Redemption Amount if the Bank may no longer deduct the interest payments under the HT1 Capital Securities for taxation purposes as a result of a change in any applicable law or regulation.

(xi) Regulatory Redemption : Subject to the Bank being and remaining solvent and subject to the prior approval of BNM, it may redeem the HT1 Capital Securities in whole but not in part at the Redemption Amount if a Regulatory Event occurs.

(xii) Purchase and : The Bank or its holding company or any of its

- Cancellation subsidiaries may at any time purchase, subject to the prior approval of BNM, the HT1 Capital Securities 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 HT1 Capital Securities holders equally. The HT1 Capital Securities purchased by the Issuer or its holding company or a subsidiary may not be used for voting purposes or for directing or requesting the Trustee to take any action in relation to the HT1 Capital Securities.
- All the HT1 Capital Securities which are redeemed or purchased by the Bank will forthwith, subject to the prior approval of BNM, be cancelled and accordingly may not be reissued or resold.
- (xiii) Transaction Documents : The HT1 Capital Securities shall be evidenced inter-alia, by the following documents:
1. Programme Agreement;
 2. Depository and Paying Agency Agreement;
 3. Trust Deed; and
 4. any other legal documentation as advised by the Solicitors.
- (xiv) Voting Rights : Holders of any of the HT1 Capital Securities will not be entitled to receive notice of or attend or vote at any meeting of the ordinary shareholders of the Issuer or to participate in the management of the Issuer. No company-shareholder relationship is intended or has been contemplated between the Bank and the holders of the HT1 Capital Securities, and as such, the relationship between the Bank and the holders of the HT1 Capital Securities shall not be governed by the Memorandum and Articles of Association of the Bank.
- (xv) Taxation : All payments shall be made free and clear of all present and future taxes, duties, withholdings or other deductions whatsoever imposed by the government or any political sub-division or tax authority thereof. In the event that any such taxes are in future imposed or if such withholding or deduction is required by law, the Issuer must make such additional payments as are necessary to cause the holders of the HT1 Capital Securities to receive the net amount that they would otherwise have received, except that no such additional amounts shall be payable in respect of any HT1 Capital Securities presented for payment by or on behalf of a holder of the HT1 Capital Securities who would not be liable or subject to such withholding or deduction by making a declaration of residence in Malaysia or other similar claim for exemption to the relevant tax authority.

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- (xvi) Transferability : Transferable, but subject to the Selling Restrictions stated herein.
- (xvii) Other Conditions : The HT1 Capital Securities shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority in Malaysia having jurisdiction over matters pertaining to the HT1 Capital Securities, and the Codes of Conduct.
- (xviii) Amendments : No provision of the HT1 Capital Securities may be amended without the prior written consent of BNM if such amendment would or may result in the HT1 Capital Securities not being treated as Innovative Tier 1 Capital of the Bank on a consolidated or unconsolidated basis.
- (xix) Governing Law : The laws of Malaysia.
- (xx) Jurisdiction : The Issuer shall unconditionally and irrevocably submit to the exclusive jurisdiction of the courts of Malaysia.