

United Overseas Bank (Malaysia) Bhd

Proposed issue of, offer for subscription or purchase of
Tier 2 subordinated bonds of up to RM1.0 billion in nominal value

Principal Terms and Conditions of the Proposal

1. BACKGROUND INFORMATION

(a) Issuer

(i) *Name* : United Overseas Bank (Malaysia) Bhd ("**UOBM**")

(ii) *Address* : **Registered Address**

Level 11, Menara UOB, Jalan Raja Laut,
50350 Kuala Lumpur, Malaysia

Business Address

Level 2, Menara UOB, Jalan Raja Laut,
50350 Kuala Lumpur, Malaysia

(iii) *Business Registration No.* : 271809-K

(iv) *Date/Place of Incorporation* : 29 July 1993/Malaysia

(v) *Date of Listing (where applicable)* : Not applicable

(vi) *Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company* : Non-resident controlled company

(vii) *Principal Activities* : Banking and related financial services.

(viii) *Board of Directors (as at 12 February 2015)*

1. Wee Cho Yaw
2. Ong Yew Huat
3. Wee Ee Cheong
4. Lee Chin Yong
5. Datuk Abu Huraira Bin Abu Yazid

UNITED OVERSEAS BANK (MALAYSIA) BHD ("UOBM" or the "Issuer")

6. Dato' Jeffrey Ng Tiong Lip
7. Fatimah Binti Merican
8. Wong Kim Choong

(ix) *Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders (as at 12 February 2015)*

Shareholders	Direct	
	No. of Ordinary Shares	%
United Overseas Bank Limited	210,000,000	44.68%
Chung Khiaw (Malaysia) Berhad	260,000,000	55.32%

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

Share Capital as at 12 February 2015	Description						
Authorised Share Capital	Authorised share capital of RM2,000,000,000 divided into 2,000,000,000 shares.						
Issued and Fully Paid-up Capital	Issued and paid up share capital of RM470,000,000 divided into : <table border="1" data-bbox="1036 1392 1409 1602"> <thead> <tr> <th>No. of Shares</th> <th>Nominal Value (RM)</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>1.00 (cash)</td> </tr> <tr> <td>469,999,998</td> <td>(Otherwise than cash)</td> </tr> </tbody> </table>	No. of Shares	Nominal Value (RM)	2	1.00 (cash)	469,999,998	(Otherwise than cash)
No. of Shares	Nominal Value (RM)						
2	1.00 (cash)						
469,999,998	(Otherwise than cash)						

(xi) *Disclosure of the following:*

- *If the Issuer or its board members have been convicted or charged with any offence under the securities law, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of the application; and* None
- *If the Issuer has been subjected to any action by the stock exchange for the breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of the application.* Not applicable

2. PRINCIPAL TERMS AND CONDITIONS

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

- (i) *Joint Principal Adviser ("JPA")* : CIMB Investment Bank Berhad ("**CIMB**") and UOBM
- (ii) *Joint Lead Arranger ("JLA")* : CIMB and UOBM
- (iii) *Co-Arranger* : Not applicable
- (iv) *Solicitor* : Adnan Sundra & Low as legal counsel for CIMB and UOBM, acting as JPA, JLA and JLM
- (v) *Financial Adviser* : Not applicable
- (vi) *Technical Adviser* : Not applicable
- (vii) *Bond Trustee* : Pacific Trustees Berhad (317001-A)
- (viii) *Guarantor* : Not applicable
- (ix) *Valuer* : Not applicable
- (x) *Facility Agent* : UOBM
- (xi) *Primary Subscriber (under a bought-deal arrangement) and Amount subscribed* : To be determined prior to the issue date of 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* : To be determined if the proposed transaction will be underwritten.
- (xiii) *Central Depository* : Bank Negara Malaysia ("**BNM**")

- (xiv) *Paying Agent* : BNM
- (xv) *Reporting Accountant* : Not applicable
- (xvi) *Calculation Agent* : Not applicable
- (xvii) *Others (please specify)* : Joint Lead Manager ("JLM")
CIMB, UOBM and/or such other party(ies) as may be appointed by the Issuer.
- (b) **Facility Description** : Tier 2 Subordinated bonds ("**Subordinated Bonds**") issuance that are intended to qualify as Tier 2 capital of UOBM for purposes of the Capital Adequacy Framework (Capital Components) ("**CAF**") dated 28 November 2012 issued by BNM.
- (c) **Issue/debt programme Size (RM)** : A one-off issuance of up to RM1.0 billion in nominal value in aggregate.
- (d) **Tenure of issue/debt programme** : Tenure of the Subordinated Bonds
The Subordinated Bonds shall have a tenure of not less than five (5) years and up to fifteen (15) years from the issue date.

Call Option

The Subordinated Bonds issued shall have a callable option ("**Call Option**"). Under the Call Option, the Issuer shall have the option to redeem the Subordinated Bonds in part or in whole on a Call Date at its nominal value (together with accrued but unpaid interest (if any)) subject to the requirements set out in paragraph 2(u) below.

Call Date is defined as "the Coupon Payment Date (as defined in paragraph 2(g) below) falling no earlier than 5 years after the issuance of the Subordinated Bonds and any Coupon Payment Date thereafter".

- (e) **Availability period of debt programme** : Not applicable.
- (f) **Interest/Coupon rate** : The coupon rate shall be determined prior to the issue date of the Subordinated Bonds. The coupon rate herein is applicable throughout the tenure of the relevant Subordinated Bonds. For the avoidance of doubt, there is no step-up coupon rate after the Call Date of the Subordinated Bonds, in the event the Call Option is not exercised by the Issuer.
- (g) **Interest/Coupon Payment Frequency** : Payable semi-annually in arrear from the issue date ("**Coupon Payment Date**") or such other frequency as may be agreed to between the Issuer and the JLA prior to the issuance of the Subordinated Bonds with the last coupon payment to be made on the maturity date or upon the early redemption (as described in paragraph 2(u) below), whichever is the earlier.
- (h) **Interest/Coupon Payment Basis** : Coupon payment shall be calculated based on the actual number of days in the relevant period divided by 365, or in any event in accordance with MyClear Procedures (as defined in paragraph 2(m) below).
- (i) **Security/Collateral (if any)** : None.
- (j) **Details on utilization of proceeds by the Issuer** : The proceeds of the Subordinated Bonds shall be made available to the Issuer, without limitation, for its working capital, general banking and other corporate purposes.
- (k) **Sinking fund and designated accounts, where applicable** : Not applicable.
- (l) **Rating**
- **Credit Rating assigned** : AA₁ (preliminary rating).
and whether the rating is

final or indicative

- *Name of credit rating agencies* : RAM Rating Services Berhad ("**RAM**").

(m) Mode of Issue : The Subordinated Bonds may be issued via direct/private placement on a best effort basis or a bought deal basis or book running on a best effort basis without prospectus.

The issuance of the Subordinated Bonds shall be in accordance with:

- (1) the Participation and Operation Rules for Payments and Securities Services ("**MyClear Rules**") issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**" or its successors-in-title or successor in such capacity), as may be amended or substituted from time to time and the Operational Procedures for Securities Services issued by MyClear ("**MyClear Procedures**"), as amended or substituted from time to time (collectively, the MyClear Rules and the MyClear Procedures shall be referred to as "**MyClear Rules and Procedures**"), subject to such variation, amendments or exemptions (if any) from time to time; and
- (2) any other procedures/guidelines/rules issued by the relevant authorities from time to time (as the same may be amended and/or substituted from time to time).

(n) Selling Restriction : Selling Restrictions at Issuance
The Subordinated Bonds may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer for subscription or purchase of, or invitation to subscribe for or purchase the Subordinated Bonds and to whom the Subordinated Bonds are issued would fall within:

1. Schedule 6 (or Section 229(1)(b)) and

Schedule 7 (or Section 230(1)(b)); and

2. read together with Schedule 9 (or Section 257(3))

of the Capital Markets and Services Act, 2007, as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

Selling Restrictions after Issuance

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

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

of the Capital Markets and Services Act, 2007, as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

- (o) **Listing Status and Types of Listing** : The Subordinated Bonds will not be listed.
- (p) **Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained** : BNM pursuant to its letter dated 11 March 2015 has approved the issuance of the Subordinated Bonds and the classification of the Subordinated Bonds issued as Tier 2 capital of the Issuer in accordance with the Capital Adequacy Framework (Capital Components) ("**CAF**") dated 28 November 2012 issued by BNM (upon terms and conditions imposed by BNM therein).
- (q) **Conditions Precedent** : To include but not limited to the following (all of which shall be in form and substance acceptable to the JLA):

A Main Documentation

1. The Financing Documents (as defined in paragraph 2(v)(C) below) have been signed and, where applicable, stamped (unless otherwise exempted) 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 all Forms 24, and the latest Forms 44 and 49 of the Issuer.
3. Certified true copies of board resolutions of the Issuer authorising, among others, the issuance of the Subordinated Bonds and the execution of the Financing 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 JLA) 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. The approval and authorisation from the SC for the issuance of the Subordinated Bonds.
2. The approval from BNM for the issuance of the Subordinated Bonds and for the Subordinated Bonds to be classified as Tier 2 Capital.

3. The JLA have received from the Solicitor a legal opinion addressed to the JLA and the Trustee advising with respect to, among others, the legality, validity and enforceability of the Financing Documents and a confirmation addressed to the JLA that all the conditions precedent have been fulfilled.
4. Confirmation that the Issuer shall have obtained a minimum long term rating of AA₁ for the Subordinated Bonds from RAM.
5. Evidence that arrangements have been made for the payment of all transaction fees, costs and expenses.
6. Such other conditions precedent as advised by the Solicitor and mutually agreed with the Issuer.

(r) Representations and Warranties

: Representation and warranties will include such representation and warranties customary and standard for a facility of this nature and shall include, but not limited to the following:

- (i) The Issuer is duly established and validly in existence under the laws of Malaysia and has the power and authority to carry out its business;
- (ii) The Issuer has the power to enter into the Financing Documents and exercise its rights to perform its obligations under the Financing Documents;
- (iii) The Issuer's entry into and the exercise of the Issuer's rights and obligations under the Financing Documents do not violate any existing law or regulation;
- (iv) The Financing Documents are valid, binding and enforceable;
- (v) All necessary actions, authorisations and consents required under the Financing Documents and the Subordinated Bonds

have been obtained and remain in full force and effect;

- (vi) The audited accounts of the Issuer are prepared in accordance with generally accepted accounting principles and standards and represent a true and fair view of the Issuer's financial position;
- (vii) Save as disclosed in the Information Memorandum, there is no litigation which would have a Material Adverse Effect (as defined below) on the Issuer's ability to perform its obligations under the Financing Documents;
- (viii) The Issuer has all licences, permits, authorizations, 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 conducts its business, other than where the failure to obtain such licences, permits, authorizations, approvals, orders and other concessions would not have a Material Adverse Effect (as defined below);
- (ix) The financial statements and other information supplied are true and accurate in all material aspects and not misleading except that, when 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;
- (x) 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;
- (xi) 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

- (xii) Any other representation and warranties as may be advised by the Solicitor.

"Material Adverse Effect" means, any material adverse effect on the business of or condition (financial or otherwise) in relation to the Issuer or its results or operations or the ability of the Issuer to perform or comply with any of its obligations under any of the Financing Documents (or which it is a party to).

(s) Enforcement Events : An **"Enforcement Event"** means the occurrence of any of the following:

- (i) default in payment of:
- a) any principal under the Subordinated Bonds on the relevant due date; or
 - b) any interest under the Subordinated Bonds on the relevant due date, and the Issuer does not remedy such default in payment of interest within a period of seven (7) business days from the relevant due date; or
- (ii) an order is made for the winding up of the Issuer and such order is not stayed or set aside within sixty (60) 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 of the Issuer, the terms of which have been approved by the holders of the Subordinated Bonds 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 Bonds) institute

proceedings to enforce the payment obligations under the Subordinated Bonds and may institute proceedings in Malaysia for the winding up of the Issuer, provided that neither the Trustee nor any of the holders of the Subordinated Bonds shall have the right to accelerate payment of the Subordinated Bonds in the case of default in the payment of any amount owing under the Subordinated Bonds or any non-performance of any condition, provision or covenant under 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 the Subordinated Bonds) declare (by giving written notice to the Issuer) that the Subordinated Bonds together with all other sums payable under the Subordinated Bonds shall become and be immediately due and payable at its nominal value together with the accrued but unpaid coupon (if any) notwithstanding the stated maturity of the Subordinated Bonds, whereupon such amounts shall become and be immediately due and payable.

(t) Covenants

The Issuer shall comply with such applicable positive covenants which are required in order to comply with the Trust Deeds Guidelines issued by the SC ("**Trust Deeds Guidelines**") including, but not limited to the following:-

- a) Exercise diligence in carrying on its business and keep in force and effect all licenses, consents and rights necessary for the conduct of its business;
- b) Maintain a paying agent in Malaysia;
- c) Maintain proper books and accounts and deliver financial statements to the Trustee on a timely manner;
- d) Inform the Trustee of any actual or potential Enforcement Event or commencement of any winding up proceeding against the Issuer;

- e) Deliver to the Trustee an annual certificate of compliance;
- f) Ensure that the Subordinated Bonds 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 Subordinated Bonds; and
- g) Any other covenants as may be advised by the Solicitor and mutually agreed with the Issuer.

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

Buy-back

Subject to the approval from BNM, the Issuer or any of its subsidiaries or agents of the Issuer may at any time purchase and cancel the Subordinated Bonds at any price in the open market or by private treaty, but approval from BNM shall not be required for a purchase done in the ordinary course of business. If purchases are made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of the Subordinated Bonds equally.

The Subordinated Bonds purchased by the Issuer or its subsidiaries or agents of the Issuer (other than in the ordinary course of business) shall be cancelled. The Subordinated Bonds purchased by 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 Bonds subject to any exceptions in the Trust Deeds Guidelines.

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

shall not be available for reissuance by the Issuer.

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 but excludes those performed for the funds of the Issuer or such related corporation. Third parties herein refer to clients of the Issuer, its subsidiaries and related corporations.

Call Option

The Issuer may, at its sole discretion, and subject to the prior approval of BNM (if required), redeem and cancel the Subordinated Bonds in part or in whole on a Call Date at its nominal value (together with accrued but unpaid coupon (if any), under the Subordinated Bonds).

Regulatory Redemption

If the Subordinated Bonds no longer fully qualify as Tier 2 capital of the Issuer for the purposes of BNM's capital adequacy requirements under any regulations applicable to the Issuer or if at any time there is more than an insubstantial risk that the Subordinated Bonds (in whole or in part) issued will no longer fully qualify as such, the Issuer, may, either immediately or with the passage of time or upon either giving of notice or fulfillment of a condition, at its option, subject to the approval of BNM (if required), redeem the Subordinated Bonds (in whole but not in part) at its nominal value (together with accrued but unpaid coupon (if any), under the Subordinated Bonds).

Tax Redemption

If there is more than an insubstantial risk that:

- i) the Issuer will be obliged to pay any additional amounts because of taxes, duties, assessments or government charges or whatever nature in relation to the Subordinated Bonds; or
- ii) the Issuer would no longer obtain tax deductions on the coupon amount under the

Subordinated Bonds for the purpose of Malaysian corporation tax,

as a result of a change in, or amendment to, any applicable laws of regulations of Malaysia or any political subdivision or any authority thereof having power to tax, or change in the application or official interpretation of such laws or regulation, which such change or amendment becomes effective on or after the date of the issuance of the Subordinated Bonds and the Issuer cannot, by taking reasonable measures available to it, avoid the payment of any additional amounts or deduct interest in respect of the Subordinated Bonds, then the Issuer, may at its option, subject to the approval of BNM (if required), redeem the Subordinated Bonds (in whole but not in part) at its nominal value (together with accrued but unpaid coupon (if any), under the Subordinated Bonds).

(v) Other principal terms and conditions for the issue

- A. *Redemption at maturity* : Unless previously redeemed on a Call Date, or redeemed pursuant to a Tax Redemption, or a Regulatory Redemption, or purchased from the market and cancelled, the Subordinated Bonds will be redeemed at its nominal value (together with accrued but unpaid interest (if any), under the Subordinated Bonds) on their respective maturity dates.
- B. *Status of Subordinated Bonds* : The Subordinated Bonds will constitute direct, unconditional and unsecured obligations of the Issuer and subordinated in right and priority of payment, to the extent and in the manner provided in the Subordinated Bonds, and shall at all times, rank *pari passu* and rateably, without discrimination, preference or priority amongst themselves. The Subordinated Bonds shall rank above the share capital of the Issuer but the claims of the Subordinated Bondholders shall, in the event of a winding up or liquidation of the Issuer, be subordinated in right and priority of payment to all claims of depositors and all general

creditors of the Issuer, except for the claims in respect of the Issuer's unsecured and subordinated obligations which by their terms rank *pari passu* in right and priority of payment with, or are expressed to be subordinated to, the Subordinated Bonds.

The rights of the holders of the Subordinated Bonds to payments on the Subordinated Bonds will, in the event of a distribution of assets in the winding-up or liquidation of the Issuer, be subordinated to the claims of Senior Creditors (as defined below) and rank senior to the share capital of the Issuer (including Tier 1 capital instruments). The Subordinated Bonds will rank *pari passu* with all subordinated bonds and/or other Shariah compliant financing instruments issued by the Issuer in the future, which are approved as qualifying as Tier 2 capital of the Issuer pursuant to the requirements of BNM.

"Senior Creditors" means depositors and general creditors of the Issuer other than those creditors whose claims are expressed to rank *pari passu* with or subordinated to the claims of the holders of the Subordinated Bonds.

- C. *Financing Documents* : The Subordinated Bonds shall be evidenced by, inter alia, the following:
1. the Subordinated Bonds (in the form of global certificates and/or definitive certificates);
 2. Securities Lodgment Form;
 3. the Subscription Agreement;
 4. Trust Deed; and
 5. all other documents relating to the Subordinated Bonds as advised by the Solicitor.
- D. *Taxation* : All payments by the Issuer shall be made subject to withholding or deductions for or on account of

any present or future tax, duty, or charge of whatsoever nature imposed or levied by or on behalf of the Government of Malaysia, or any authority thereof having power to tax, and the Issuer shall be required to gross up in connection with such withholding or deduction on these payments or distributions.

- E. *Trustee's Reimbursement Account* : The Trustee shall open and maintain, throughout the tenure of the Subordinated Bonds, a trustee's reimbursement account for the holders of the Subordinated Bonds (the "**Account**") and the credit balance of the Account must be no less than RM30,000.00 which amount is to be obtained from the proceeds of issuance of the Subordinated Bonds.
- F. *No Equity Conversion and No Voting Rights* : The Subordinated Bonds shall not entitle the holders of the Subordinated Bonds to receive any form of equity interest in the Issuer at any point in time and the Issuer is not obliged to allot or issue any shares to or for the account of the holders of the Subordinated Bonds upon the occurrence of a Non-Viability Event or otherwise. The holders of the Subordinated Bonds shall not be entitled to participate in any distributions or entitlements to the Issuer's shareholders or to attend or vote at any general meeting of the Issuer.
- G. *Waiver of Set-Off Right* : No holder of the Subordinated Bonds may exercise, claim or plead any right of set-off, counter-claim, deduction, withholding or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Bonds, and no holder of the Subordinated Bonds shall set-off, deduct, withhold or retain any amount owing by it to the Issuer against any amount owing to it by the Issuer under the Subordinated Bonds. Each holder of the Subordinated Bonds, by his acceptance and holding of the Subordinated Bonds, shall be deemed to have waived all such rights of set-off, counter-claim, deduction, withholding or retention to the fullest extent permitted by law. If at any time any holder of the

Subordinated Bonds receives payment or benefit of any sum in respect of the Subordinated Bonds as a result of the exercise or carrying into effect of any such set-off, counterclaim, deduction, withholding or retention (whether or not such exercise or carrying into effect is mandatory under applicable law), or if at any time any holder of the Subordinated Bonds receives payment or benefit of any sum in respect of the Subordinated Bonds other than in accordance with the provisions described above under "Enforcement Events", the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such holder of the Subordinated Bonds, by acceptance and holding of any Subordinated Bonds, shall agree as a separate and independent obligation that any such sum or benefit so received shall be paid or returned by such holder of the Subordinated Bonds to the Issuer upon demand by the Issuer, or, in the event of the winding-up of the Issuer, the liquidator of the Issuer, whether or not such payment or receipt shall have been deemed void hereunder. Any sum so paid or returned shall then be treated for purposes of the Issuer's obligations as if it had not been paid by the Issuer, and its original payment or the original benefit previously received by the relevant holder of the Subordinated Bonds as a result of any such set-off, counterclaim, deduction, withholding or retention shall be deemed not to have discharged any of the obligations of the Issuer under the Subordinated Bonds.

- H. *Non Viability Loss Absorption* : Following the occurrence of any of the following non-viability events (each a "**Non-Viability Event**"), whichever is earlier:
- (i) BNM and the Malaysia Deposit Insurance Corporation ("**PIDM**") have notified the Issuer in writing that they are of the view that the principal write-off of the Subordinated Bonds, together with the conversion or write-off of any other Tier 2 Instruments (as defined below) and Tier 1 Instruments (as defined below) which, pursuant to their terms or by operation of law, are capable of

being converted into equity, or written off at that time, is an essential requirement to prevent the Issuer from becoming non-viable; or

- (ii) BNM and PIDM have publicly announced that a decision has been made by BNM, 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,

BNM shall have the option to require the entire principal outstanding or such portion thereof and all other amount owing under the Subordinated Bonds be written off. If BNM elects to exercise such option, subject to and as of the date of the occurrence of the Non-Viability Event (as defined above), any principal under the Subordinated Bonds that has been written off will be extinguished and will not be restored in any circumstances. No holder may exercise, claim or plead any right to any amount written off, and each of the holders of the Subordinated Bonds hereby irrevocably waives its right to receive repayment of the principal amount of the Subordinated Bonds so written off and also irrevocably waives its right to any interest in relation to the principal amount of the Subordinated Bonds so written off (including interest accrued but unpaid up to the date of the occurrence of a Non-Viability Event).

For the avoidance of doubt:

- (i) upon the occurrence of a Non-Viability Event as described above, where the Issuer is required by BNM to write-off or convert a portion of all the Tier 2 Instruments and Tier 1 Instruments of the Issuer which, pursuant to their terms or by operation of law, are capable of being converted into equity or written off at that time, the Issuer shall first convert or write-off the relevant Tier 1 Instruments, to be followed by the write-off or conversion (if applicable) of the relevant Tier 2 Instruments on a pari passu basis; and

- (ii) upon the occurrence of a Non-Viability Event as described above, where the Issuer is required by BNM to write-off the entire principal outstanding or such portion thereof and all other amount owing under the Subordinated Bonds, the Issuer may, in its discretion, write-off the Subordinated Bonds in the manner as prescribed in this paragraph 2(v)(H).

A Non-Viability Event shall be deemed to have occurred on the day on which the Issuer received, as the case may be, the notification from or public announcement by BNM and/or PIDM, where the Issuer shall immediately inform the Trustee and the credit rating agencies of the same and that as of the relevant write-off date:

- (i) the write-off shall reduce:
 - (a) the claim of the Subordinated Bonds in liquidation. The holders of the Subordinated Bonds will be automatically deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer with respect to, any repayment of the Subordinated Bonds, in whole or in part, (as the case may be) which is to be written-off;
 - (b) the amount re-paid when any redemption is exercised; and
 - (c) the interest payments on the Subordinated Bonds.
- (ii) the write-off shall be permanent and the write-off amount will not be restored in any circumstances including where the trigger event ceases to operate, and the full or part (as the case may be) of the principal amount of the Subordinated Bonds will automatically be written-off to zero and the whole or part (as the case may be) of the Subordinated Bonds will be cancelled; and

- (iii) the write-off of the Subordinated Bonds shall not constitute an enforcement event or trigger cross-default clauses.

In this paragraph 2(v)(H):

"Tier 1 Instruments" mean, at any time, any instrument issued directly or indirectly by the Issuer, other than the ordinary shares, which are eligible to qualify as Tier 1 capital or Additional Tier 1 capital pursuant to the rules and regulations of BNM.

"Tier 2 Instruments" mean, at any time, any instrument issued directly or indirectly by the Issuer, other than the Subordinated Bonds, which are eligible to qualify as Tier 2 capital pursuant to the rules and regulations of BNM.

- I. *Modification/Amendment to the Terms and Conditions or Trust Deed* : Notwithstanding anything in the terms and conditions of the Subordinated Bonds or the Trust Deed, no modification to any condition in the terms and conditions of the Subordinated Bonds or any provision of the Trust Deed may be made without the prior approval of BNM (if required), where such proposed changes could impact its eligibility as Tier 2 Capital of the Issuer under the requirements prescribed by BNM.

For the avoidance of doubt, any modification and amendment to the terms and conditions of the Subordinated Bonds or the Trust Deed shall be made in accordance to the Guidelines on Private Debt Securities, the Trust Deeds Guidelines and other applicable guidelines issued or requirements prescribed by the SC and/or BNM (as may be amended or substituted from time to time).

- J. *Governing Laws and Jurisdiction* : Laws of Malaysia and the exclusive jurisdiction of the courts of Malaysia.