

PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSAL

THE PROPOSED ISSUANCE OF NON-INNOVATIVE TIER 1 CAPITAL (“NIT1 CAPITAL”) OF UP TO RM3.5 BILLION IN NOMINAL VALUE COMPRISING:

- (1) NON-CUMULATIVE PERPETUAL CAPITAL SECURITIES (THE “NCPCS”) TO BE ISSUED BY MALAYAN BANKING BERHAD (THE “NCPCS ISSUER”)

WHICH ARE STAPLED TO:

- (2) SUBORDINATED NOTES (THE “SUB NOTES”) TO BE ISSUED BY CEKAP MENTARI BERHAD, A WHOLLY OWNED SUBSIDIARY OF THE NCPCS ISSUER (THE “SUB NOTES ISSUER”)

(COLLECTIVELY, THE “STAPLED SECURITIES”)

BACKGROUND INFORMATION OF THE SUB NOTES ISSUER

- (i) **Name** : Cepak Mentari Berhad (formerly known as Cepak Mentari Sdn Bhd) (“**CMB**” or “**the Sub Notes Issuer**”)
- (ii) **Address** : 14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
- (iii) **Business Registration No.** : 806439-X
- (iv) **Date/Place of Incorporation** : 15 February 2008/Malaysia
- (v) **Date of Listing (in the case of a public listed company)** : Not applicable
- (vi) **Status**
- **Resident/non-resident controlled company** : Resident controlled company
 - **Bumiputera/non-Bumiputera controlled company** : Bumiputera controlled company

(vii) Principal Activities : CMB is a wholly-owned subsidiary of the NCPCS Issuer. The principal activity of CMB is to issue the Sub Notes in relation to the proposed issuance of the Stapled Securities and to provide the Intercompany Loan to the NCPCS Issuer.

(viii) Board of Directors : The Board of Directors of CMB as at 3 June 2008 are as follows:

Name	Resident Status	I/C No.
Encik Hazimi bin Kassim	Resident	640424-05-5589
Mr Lee Choo Hock	Resident	530901-10-6215

(ix) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders : The shareholder of CMB as at 3 June 2008 is as follows:

Name	No. of shares held	% of shareholding
Malayan Banking Berhad	2	100%

(x) Authorised and paid-up share capital : Authorised Share Capital as at 3 June 2008:
RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

Issued and Fully Paid-Up Share Capital as at 3 June 2008:

RM2 comprising 2 ordinary shares of RM1.00 each.

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(COLLECTIVELY, THE “STAPLED SECURITIES”)

PRINCIPAL TERMS AND CONDITIONS OF THE SUB NOTES

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

(i) **Principal Adviser(s) / Lead Arranger(s)** : Aseambankers Malaysia Berhad (“Aseambankers”).

(ii) **Arranger(s)** : Not applicable.

(iii) **Valuers** : Not applicable.

(iv) **Solicitors** : Adnan Sundra & Low.

(v) **Financial Adviser** : Not applicable.

(vi) **Joint Technical Advisers** : Aseambankers and BNP Paribas Capital (Malaysia) Sdn Bhd.

The role of the Joint Technical Advisers is to advise the Sub Notes Issuer on the technical aspects and appropriateness of the structure of the Sub Notes, and may include assisting the Sub Notes Issuer in answering questions that may arise in respect of the technical aspects of the structure.

(vii) **Guarantor** : Not applicable.

(viii) **Trustee** : Malaysian Trustees Berhad.

(ix) **Facility Agent** : Aseambankers.

- (x) **Primary Subscriber(s) and amount subscribed (where applicable)** : 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.
- (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 (please specify)**
- (i) **Lead Manager** : Aseambankers and such other persons as may be appointed by the Sub Notes Issuer at its discretion.
- (ii) **Tax Adviser** : Deloitte KassimChan Tax Services Sdn. Bhd.
- (iii) **Calculation Agent** : Aseambankers.
The role of the Calculation Agent is to perform the calculation of certain amounts that are payable under the Sub Notes.
- (b) **Facility description** : Non-Innovative Tier 1 Capital (“**NIT1 Capital**”) comprising Non-Cumulative Perpetual Capital Securities (the “**NCPCS**”) that are stapled to Subordinated Notes (the “**Sub Notes**”)(collectively, the “**Stapled Securities**”).
- (c) **Issue size (RM)** : Up to RM3.5 billion in nominal value.
- (d) **Issue price (RM)** : 100 per cent of the principal amount of the Sub Notes and 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** : 30 years.
On the Final Maturity Date, the Sub Notes Issuer shall redeem the Sub Notes (in whole, but not in part) at the Redemption Amount (defined below in Clause

(x)(2), Optional Redemption).

“Final Maturity Date” means the Interest Payment Date (defined in Clause (g), Interest Payment Dates) 30 years from the issue date of the Sub Notes.

(f) **Interest / Coupon rate (“Interest Payments”)** : The Sub Notes will bear interest at the Interest Rate and holders of the Sub Notes will be entitled to receive Interest Payments subject to:

- (a) the NCPCS Issuer meeting and continuing to meet BNM’s minimum capital adequacy ratio requirements applicable to the NCPCS Issuer on the relevant Interest Payment Date (defined in Clause (g), Interest Payment Dates) following an Interest Payment; and
- (b) the Payment Limitation Condition (defined in Clause (x)(7), Limitations on Payments) not being met.

For the avoidance of doubt, if the Payment Limitation Condition is not met and the NCPCS Issuer does not meet BNM’s minimum capital adequacy ratio requirements applicable to the NCPCS Issuer on the relevant Interest Payment Date, or if the Payment Limitation Condition is not met and the NCPCS Issuer would not continue to meet BNM’s minimum capital adequacy ratio requirements applicable to the NCPCS Issuer following an Interest Payment, holders of the Sub Notes will not be entitled to receive Interest Payments on the relevant Interest Payment Date. Such Interest Payments are deemed to be Deferred Interest Amounts.

“Interest Rate” means:

- (a) a fixed rate per annum [*to be determined prior to issuance*] from (and including) the issue date to (but excluding) the 20th Interest Payment Date (**“Fixed Interest Payment Period”**); and
- (b) thereafter, at a fixed rate, at the initial rate per annum [*to be determined prior to issuance*].

The **“Interest Payment”** in respect of the Sub Notes in relation to an Interest Period (defined in Clause (g), Interest Payment Dates) shall be calculated by

applying the relevant Interest Rate to the original principal amount of the Sub Notes, multiplied by the relevant Day Count Fraction.

Where appropriate, Interest Payments shall also include any Additional Amounts due and payable with respect thereto.

(g) **Interest/coupon payment frequency (“Interest Payment Dates”)** : Subject to applicable law; Clause (f), Interest Payments and Clause (x)(7), Limitations on Payments, Interest Payments on the Sub Notes will be payable in arrears as follows (each an **“Interest Payment Date”**):

(a) semi-annually, during the Fixed Interest Payment Period; and

(b) thereafter, semi-annually in each year.

An **“Interest Period”** is the period from and including an Interest Payment Date (or the issue date, in case of the first Interest Period) to but excluding the immediately succeeding Interest Payment Date.

(h) **Interest/coupon payment basis (“Day Count Fraction”)** : In respect of any period ending, the actual number of days in the relevant period divided by 365.

(i) **Yield to maturity (%)** : The Sub Notes will be priced on a basis of yield to the 20th Interest Payment Date in respect of the Sub Notes.

The applicable yield calculated on a semi-annual basis based on the nominal value of the Sub Notes will be determined prior to issuance.

(j) **Security/collateral (if any)** : None.

(k) **Utilisation of proceeds** : The proceeds of the issue of the Sub Notes will be on-lend by the Sub Notes Issuer to the NCPCS Issuer through a subordinated loan (the **“Intercompany Loan”**).

The proceeds of the Intercompany Loan shall be made immediately available to the NCPCS Issuer, without limitation, for its working capital and general

banking purposes.

(l) **Sinking fund (if any)** : None.

(m) **Rating and rating agency** : The rating agency is RAM Rating Services Berhad (763588-T). The final rating for the NIT1 Capital is AA2.

(n) **Form and Denomination** : The Sub Notes shall be issued in accordance with:

1. the “Code of Conduct and Market Practices for the Malaysian Corporate Bond Market” issued by the Institut Penjaga Bon Malaysia and approved by BNM (“**IPBM Code**”);
2. the “Rules on the 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 Sub Notes shall be in bearer form represented by a global certificate to be deposited with BNM, and is exchangeable for definitive bearer form only in certain limited circumstances. The denomination of the Sub Notes shall be RM1,000 or in multiples of RM1,000 at the time of issuance.

(o) **Mode of issue** : The Sub Notes may be issued via private placement on a best effort basis or a bought deal basis or book building on a best effort basis.

(p) **Selling Restrictions** : Selling Restrictions at Issuance

The Sub 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 Sub Notes and to whom the Sub Notes are issued would fall within:

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

of the Capital Markets & Services Act 2007, as amended from time to time (“**CMSA**”).

Selling Restrictions after Issuance

The Sub Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to purchase the Sub Notes would fall within:

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

of the CMSA.

- (q) **Listing status** : The Sub Notes will not be listed on Bursa Malaysia Securities Berhad (“**Bursa Securities**”) or any other stock exchange.
- (r) **Minimum level of subscription** : 5% of the Sub Notes to be issued if the issuance is via book-building.
- 100% of the Sub Notes to be issued if the issuance is via private placement or bought deal.
- (s) **Other regulatory approvals required in the relation to the issue, offer or invitation and whether or not obtained** : 1. Approval from BNM for proposed issuance of the NIT1 Capital and classification of the NIT1 Capital as Tier 1 capital of the NCPCS Issuer for inclusion in the computation of the NCPCS Issuer’s Risk Weighted Capital Ratio (“**RWCR**”).
- BNM’s approval was obtained via its letter dated 28 May 2008.
2. Approval from the Securities Commission (“**SC**”) on the waiver from compliance with certain provisions under the SC’s Guidelines on the Minimum Contents Requirements for Trust Deeds in respect of the Sub Notes.
- SC’s approval was obtained via its letter to Aseambankers dated 30 April 2008.

(t) **Conditions Precedent** : To include but not limited to the following (in form and substance acceptable to the Facility Agent):

(a) **Main Documentation**

The transaction documents have been signed and, where applicable stamped.

(b) **The Sub Notes Issuer**

1. Certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association.
2. Certified true copies of the latest Forms 24 and 49.
3. A certified true copy of a board of directors' resolution authorising, amongst others, the execution of the transaction documents.
4. A list of the authorised signatories and their respective specimen signatures.
5. A report of the relevant company search.
6. A report of the relevant winding-up search or the relevant statutory declaration in relation thereto.

(c) **General**

1. The approval from the SC for the Stapled Securities.
2. The approval from BNM for the Stapled Securities.
3. Compliance with other regulatory requirements, wherever applicable.
4. The Stapled Securities have received the requisite rating as stated in this Principal Terms and Conditions.
5. The Facility Agent has received a legal opinion addressed to them with respect to, amongst others, the legality, validity and enforceability of the transaction documents and a confirmation

addressed to the Facility Agent that all the conditions precedent have been fulfilled.

6. Such other conditions precedent as may be advised by the Solicitors.

- (u) **Representations and Warranties** : None.
- (v) **Events of Default** : There are no events of default under the Sub Notes. Please refer to Clause (x)(12), Enforcement Events; Limited Right of Acceleration.
- (w) **Principal terms and conditions for warrants (where applicable)** : Not applicable.
- (x) **Other principal terms and conditions for the issue**
- (1) **Capital treatment** : The NCPCS, when issued with the Sub Notes, will qualify as Non-Innovative Tier 1 Capital for the NCPCS Issuer pursuant to BNM's Guidelines on Non-Innovative Tier 1 Capital Instruments dated 13 July 2006 ("**BNM NIT1 Guidelines**").
- (2) **Optional Redemption** : On any Optional Redemption Date, the Sub Notes Issuer may, at its option, redeem the Sub Notes (in whole, but not in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied.

"Optional Redemption Date" means any Interest Payment Date (defined in Clause (g), Interest Payment Dates).

"Redemption Conditions" means:

- (a) an Assignment Event (defined in Clause (x)(19), Assignment Event) has occurred, and the Sub Notes have been assigned to the NCPCS Issuer in connection therewith; and
- (b) the Sub Notes Issuer and the NCPCS Issuer, or the NCPCS Issuer, as the case may be, has obtained the written approval of BNM prior to redemption.

"Redemption Amount" means an amount equal to

100 per cent of the outstanding principal amount of the Sub Notes together with Deferred Interest Amounts (defined in Clause (x)(7), Limitations on Payments), accrued but unpaid Interest Payments (if any) (defined in Clause (f), Interest Payments) and any other amounts outstanding (if any) on the Sub Notes up to (and excluding) the date on which the Sub Notes are redeemed.

Upon an assignment of the Sub Notes to the NCPCS Issuer following an Assignment Event, the Sub Notes Issuer and the NCPCS Issuer may redeem the Sub Notes and the Intercompany Loan.

(3) **Redemption due to Abortment of Merger or Acquisition** : If the Sub Notes were issued for the purpose of funding a merger or acquisition which is subsequently aborted, the Sub Notes Issuer may, at its option, and subject to BNM's prior approval, redeem the Sub Notes (in whole, but not in part) at the Redemption Amount.

(4) **Tax Redemption** : The Sub Notes Issuer may, at its option, redeem the Sub Notes (in whole, but not in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied, if a Tax Event occurs.

"Tax Event" means any time if there is more than an insubstantial risk, as determined by the Sub Notes Issuer, that the Sub Notes Issuer will be required to pay any Additional Amounts (defined in Clause (x)(5), Taxation and Additional Amounts) or will no longer be able to deduct interest in respect of the Sub Notes or the NCPCS Issuer will no longer be able to deduct interest in respect of the Intercompany Loan for taxation purposes as a result of a change in any applicable law or regulation which comes into effect on or after the issue date.

(5) **Taxation and Additional Amounts** : All payments by the Sub Notes Issuer in respect of the Sub Notes shall be made free and clear of, and without withholding or deduction for taxes imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Sub Notes Issuer shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the holders of such amounts as would have been received by them

had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Sub Note presented for payment by or on behalf of a holder of the Sub Note 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.

(6) Regulatory Redemption

: The Sub Notes Issuer may, at its option, redeem the Sub Notes (in whole, but not in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied, if a Regulatory Event occurs.

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

(7) Limitations on Payments

: If the Payment Limitation Condition is met on the 15th business day prior to any Interest Payment Date, the Sub Notes Issuer may, at its option, elect not to pay Interest Payments on such Interest Payment Date provided that the Payment Limitation Condition continues to be met in the period from the 15th business day prior to such Interest Payment Date to (and including) such Interest Payment Date. If the Sub Notes Issuer elects not to pay Interest Payments on such Interest Payment Date, such Interest Payments (**“Deferred Interest Amounts”**) will be deferred and any such deferral and non-payment will not constitute or be deemed a default by the Sub Notes Issuer for any purpose whatsoever.

If the Sub Notes Issuer has not fully paid Interest Payments on an Interest Payment Date, the restrictions described in Clause (x)(8), Capital and Dividend Stopper, will apply.

The **“Payment Limitation Condition”** is deemed to be met if during the 6 month period immediately preceding any Interest Payment Date:

(a) the NCPCS Issuer and the Sub Notes Issuer

did not declare dividends, or make any interest payment(s), on other securities ranking junior to or pari passu with the Sub Notes (or the Intercompany Loan, in the case of the NCPCS Issuer); and

- (b) the NCPCS Issuer and the Sub Notes Issuer did not redeem, purchase, reduce or otherwise acquire any of its ordinary shares, preference shares or securities ranking junior to or pari passu with the Sub Notes, or any securities of any of its subsidiary undertakings benefiting from a guarantee from the NCPCS Issuer or the Sub Notes Issuer, ranking, as to the right of repayment of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, pari passu with or junior to the Sub Notes.

For the avoidance of doubt, no Interest Payment will be made if the payment of Interest Payments will result in the NCPCS Issuer breaching BNM's minimum capital adequacy ratio requirements.

- (8) **Capital and Dividend Stopper** : In the event that the Sub Notes Issuer does not fully pay Interest Payments on an Interest Payment Date, an Assignment Event will be triggered and the NCPCS Issuer and the Sub Notes Issuer shall not pay any dividend to shareholders or make any interest payment or distribution on any other securities ranking junior to or pari passu with the Sub Notes which contain deferral rights or rights of non-payment with respect to interest payment(s) including other Non-Innovative and Innovative Tier 1 Capital qualifying securities ("**Dividend Stopper**").

Furthermore, the NCPCS Issuer and the Sub Notes Issuer shall not redeem, purchase, reduce or otherwise acquire any of its ordinary shares, preference shares or securities ranking junior to or pari passu with the Sub Notes, or any securities of any of its subsidiary undertakings benefiting from a guarantee from the NCPCS Issuer or the Sub Notes Issuer, ranking, as to the right of repayment of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, pari passu with or junior to the Sub Notes, including other Non-Innovative and Innovative Tier 1 Capital

qualifying securities (“**Capital Stopper**”).

The Dividend Stopper and Capital Stopper will apply until:

- (i) the NCPCS Issuer has fully distributed NCPCS Distributions on the next two NCPCS Distribution Dates during the Fixed NCPCS Distribution Period or the next four quarterly NCPCS Distribution Dates or the next two semi-annual NCPCS Distribution Dates thereafter; or
- (ii) the NCPCS Issuer has irrevocably set aside in a separately designated trust account for payment to the holders of NCPCS, an amount sufficient to provide for the full distribution of NCPCS Distributions on the next two NCPCS Distribution Dates during the Fixed NCPCS Distribution Period or the next four quarterly NCPCS Distribution Dates or the next two semi-annual NCPCS Distribution Dates thereafter and if upon determination of the amount of each of such NCPCS Distribution there is a shortfall in the amounts set aside with reference to the amounts so determined, an amount at least equal to such shortfall shall be paid or irrevocably set aside in the same manner; and
- (iii) an optional distribution, payable at any time by the NCPCS Issuer subject to the NCPCS Issuer meeting BNM minimum capital adequacy ratio requirements and when the Payment Limitation Condition is not met, has been paid to the holders of the NCPCS equal to accrued Interest Payments (if any) and any other amounts outstanding (if any) from the last Interest Payment Date before the Assignment Date up to (and excluding) the Assignment Date.

(9) Subordination

: The principal amount of, and Interest Payments and any Additional Amounts payable on, the Sub Notes will be subordinated in right of payment upon occurrence of any Winding Up Proceeding, to the prior payment in full of all deposit liabilities and all other liabilities of the Sub Notes Issuer (including liabilities of all offices, branches and subsidiaries of the Sub Notes Issuer wherever located and any securities (whether subordinated or unsubordinated)

of the Sub Notes Issuer that rank senior to the Sub Notes) except, in each case, to those liabilities and securities which by their terms rank pari passu with or junior to the Sub Notes.

Claims in respect of the Sub Notes will rank pari passu and without preference among themselves and with the most junior class of notes or preference shares (if any) of the Sub Notes Issuer but in priority to the rights and claims of holders of the ordinary equity shares of the Sub Notes Issuer. For the avoidance of doubt, the NCPCS Issuer's payment obligations under the Intercompany Loan will rank pari passu with the NCPCS issued by the NCPCS Issuer in relation to the Stapled Securities.

"Winding Up Proceeding" means the occurrence of any of the following:

- (a) a court or agency or supervisory authority in Malaysia having jurisdiction in respect thereof shall have instituted a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any insolvency or similar arrangements involving the NCPCS Issuer or the Sub Notes Issuer or all or substantially all of its properties, or for the winding up of or liquidation of its affairs and such proceeding, decree or order or legal process or other form of execution shall not have been set aside or shall have remained in force undischarged or unstayed for a period of 30 days; or
- (b) the Sub Notes Issuer shall file a petition in accordance with any insolvency statute.

(10) Amendments : No provision of the Sub Notes may be amended without the prior written consent of BNM if such amendment would or may result in the NCPCS not being treated as Non-Innovative Tier 1 Capital of the NCPCS Issuer on a consolidated or unconsolidated basis.

(11) Guarantee : The Sub Notes will not be secured or covered by a guarantee of the Sub Notes Issuer or any related entity of the Sub Notes Issuer, or any other arrangement that legally or economically enhances the seniority of the claims of the holders of the Sub Notes.

- (12) **Enforcement Events; Limited Right of Acceleration** : If an Enforcement Event occurs, then holders of the Sub Notes may institute such proceedings as it chooses to enforce the obligations of the Sub Notes Issuer under the Sub Notes and/or institute Winding Up Proceedings against the Sub Notes Issuer provided that no person shall have any right to accelerate payment of such Sub Notes in the case of such default in the payment of interest on or other amounts owing under the Sub Notes or a default in the performance of any other covenants of the Sub Notes Issuer.

If a court order is made for a Winding Up Proceeding occurs or an effective resolution of the shareholders of the Sub Notes Issuer is passed for a Winding Up Proceeding, the holders of the Sub Notes may declare the Sub Notes to be due and payable immediately, by a notice in writing to the Sub Notes Issuer. Upon such a declaration, the principal amount of the Sub Notes together with interest to and including the date of repayment shall become immediately due and payable.

“**Enforcement Event**” means a default is made in the payment of Interest Payments on the Sub Notes on the due date for payment thereof and such default continues for 14 days (other than non-payment of interest in accordance with Limitations on Payments).

- (13) **Repurchase and Cancellation** : The Sub Notes Issuer, the NCPCS Issuer or any of its subsidiaries may at any time purchase, subject to the prior approval of BNM, the Sub 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 Sub Notes equally. Sub Notes purchased by the Sub Notes Issuer, the NCPCS Issuer or any of its subsidiaries may not be used for voting purposes or for directing or requesting the Trustee to take any action.

All Sub Notes which are (a) redeemed or (b) purchased by the Sub Notes Issuer, the NCPCS Issuer or any of its subsidiaries (other than in the ordinary course of business) will forthwith, subject to the prior approval of BNM, be cancelled and accordingly may not be reissued or resold.

- (14) **Voting Rights** : None.
- (15) **Transferability** : Transferable, but subject to the selling restrictions stated in Clause (p), Selling Restrictions.
- (16) **Governing Law** : The laws of Malaysia.
- (17) **Covenants** : These shall include but not limited to the following:

The Sub Notes Issuer shall:

1. At all times comply with the provisions of the trust deed and the terms and conditions of the transaction agreements in relation to the issuance of the Sub Notes;
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 Sub Notes Issuer to its shareholders;
3. Deliver to the Trustee annually a certificate that the Sub Notes Issuer has complied with its obligations under the trust deed and the terms and conditions of the Sub Notes and that there did not exist or had not existed, from the issue date or date of the previous certificates as the case may be, any Enforcement Event and if such is not the case, to specify the same;
4. Provide the Trustee such information as it shall reasonably require for the purpose of the discharge of its duties, powers, trusts, authorities and discretions vested in it to the extent as permitted by law;
5. Exercise reasonable diligence in carrying on its business in a proper and efficient manner which should ensure, amongst others, that all necessary approvals or relevant licences are obtained;
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. Immediately notify the Trustee in the event that the Sub Notes Issuer becomes aware of the following:
 - (a) the occurrence of any Enforcement Events or such other rights or remedy under the terms, provisions and covenants of the Sub Notes and the transaction agreements which have become enforceable and the Sub Notes 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 circumstances that has occurred or any other matter that may materially prejudice the ability of the Sub Notes Issuer to perform its obligations under the Sub Notes or any security included in or created by the Sub Notes or the trust deed;
 - (c) any substantial change in the nature of the business of the Sub Notes Issuer;
 - (d) any change in the utilisation of the proceeds from the Sub Notes other than for the purpose stipulated;
 - (e) any change in the Sub Notes Issuer's withholding tax position or taxing jurisdiction; and
 - (f) any other matters that may materially prejudice the interests of the holders of the Sub Notes; and
8. Such other covenants deemed necessary or may be advised by the Solicitors.

(18) Stapling and Transfer : Each Sub Notes issued will be stapled to a NCPCS issued by the NCPCS Issuer. Each stapled NCPCS and Sub Note together will constitute a **“Stapled Security”**.

Transfer restrictions

Until the Assignment Date (defined below in Clause (x)(19), Assignment Event), a Sub Note may not be transferred unless a transfer of the corresponding NCPCS which forms part of the same Stapled Security is transferred at the same time, from the same transferor to the same transferee.

No separate dealings

Until the Assignment Date, a Sub Note, and any interest in a Sub Note, is not capable of being transferred, assigned or made the subject of an encumbrance, lien or trust in whole or in part, separately from the corresponding NCPCS which forms part of the same Stapled Security. Any transferee, assignee or holder of an encumbrance, lien or trust takes the Stapled Security subject to, and agrees to be bound by, the Principal Terms and Conditions ("**Terms**") of the Stapled Securities.

Unstapling

Upon assignment of the Sub Notes to the NCPCS Issuer upon the occurrence of an Assignment Event, the corresponding NCPCS ceases to be stapled to the Sub Note. For the avoidance of doubt, the Sub Note does not cease to be stapled to the corresponding NCPCS which forms part of the same Stapled Security in any other circumstances. Once unstapled, the Sub Notes may not be assigned to any person other than the NCPCS Issuer.

- (19) Assignment Event** : An "**Assignment Event**" means the occurrence of any of the following events:
- (a) the NCPCS Issuer is in breach of BNM's minimum capital adequacy ratio requirements applicable to the NCPCS Issuer; or
 - (b) commencement of a Winding Up Proceeding in respect of the NCPCS Issuer or the Sub Notes Issuer (defined in Clause (x)(9) of the Terms of the NCPCS and Clause (x)(9) herein, respectively); or
 - (c) appointment of an administrator in connection with a restructuring of the NCPCS Issuer; or
 - (d) occurrence of an Enforcement Event (defined in

Clause (x)(12) of the Terms of the NCPCS and Clause (x)(12) herein, respectively); or

- (e) the Sub Notes Issuer ceases to be, directly or indirectly, wholly-owned a subsidiary of the NCPCS Issuer; or
- (f) BNM requires that an Assignment Event occur; or
- (g) the NCPCS Issuer elects that an Assignment Event occurs; or
- (h) the 20th Interest Payment Date (defined in Clause (g), Interest Payment Dates); or
- (i) 60 days after a Regulatory Event has occurred, subject to such Regulatory Event continuing to exist at the end of such 60 days; or
- (j) any deferral of Interest Payment (as defined in Clause (f), Interest Payments) on the Sub Notes; or
- (k) the Final Maturity Date (defined in Clause (e), Tenor of the facility/issue) of the Sub Notes.

If an Assignment Event occurs, the NCPCS Issuer must notify holders of the Stapled Securities of the occurrence of that event by sending to the address of each holder of the Stapled Securities:

- (a) the details of the particular Assignment Event, and
- (b) the date of such Assignment Event (the "**Assignment Date**"),

as soon as practicable after becoming aware of the applicable Assignment Event. Any notice, once given, is irrevocable.

If an Assignment Event occurs at any time:

- (a) all amounts payable in respect of Sub Notes after the Assignment Date (together with any other amount accrued but unpaid as at the Assignment Date) will be payable to the

NCPCS Issuer;

- (b) the Sub Notes and all rights, title and interest of the holders in them are automatically assigned to the NCPCS Issuer on the Assignment Date; and
- (c) the NCPCS Issuer and the Sub Notes Issuer may redeem the Intercompany Loan (defined in Clause (k), Utilisation of proceeds) and the Sub Notes respectively.

(20) Substitution of the wholly-owned subsidiary of the NCPCS Issuer

: The Sub Notes Issuer may, subject to compliance with applicable law, without the consent of any holder of the Stapled Securities, NCPCS, or Sub Notes, substitute for itself any other subsidiary of the NCPCS Issuer as the counterparty in respect of the Sub Notes (“**Substituted Issuer**”), provided that:

- (a) the Sub Notes Issuer and the Substituted Issuer have entered into such documents as are necessary to give effect to the substitution and in which the Substituted Issuer has undertaken in favour of each holder of the Sub Notes to be bound by the Terms of the Stapled Securities and the Terms of the Sub Notes and, as the counterparty in respect of the Sub Notes in place of the Sub Notes Issuer (or of any previous substituted issuer under this paragraph);
- (b) the Substituted Issuer and the Sub Notes Issuer have obtained all the Approvals necessary for such substitution and for the performance by the Substituted Issuer of its obligations under the Sub Notes and the documents effecting the substitution; and
- (c) if applicable, the Substituted Issuer has appointed a process agent as its agent to receive service or process on its behalf in relation to any legal proceedings arising out of or in connection with the Sub Notes.

Substituted Issuer’s rights and obligations under documents

Upon such substitution, the Substituted Issuer shall succeed to, and be substituted for, the Sub Notes

Issuer (or any previous substituted issuer under this paragraph) under the terms of the Sub Notes with the same rights and obligations as if the Substituted Issuer had originally been named as the Sub Notes Issuer in the terms of the Sub Notes, and the Sub Notes Issuer (or any previous Substituted Issuer under this paragraph) shall be released from its obligations under the Sub Notes.

Further substitutions

After a substitution, the Substituted Issuer may, subject to compliance with applicable law, without the consent of any holder of the Stapled Securities, NCPCS, or Sub Notes, effect a further substitution (including to the Sub Notes Issuer or a previous substituted issuer). All the provisions specified in this paragraph will apply (with necessary changes) and references in these terms to the Sub Notes Issuer are taken, where the context so requires, to be or include references to any such further Substituted Issuer.

Notice to holders of the Stapled Securities

The Sub Notes Issuer must notify the holders of the Stapled Securities of the particulars of any substitution as soon as practicable after the substitution and specify the Substituted Issuer.

“**Approvals**” means obtaining or procuring such prior approval of BNM, SC, Bursa Securities (if required), any other regulatory or governmental approvals, and/or approval of the shareholder(s) of the NCPCS Issuer and/or any other requisite approvals, if such approvals are required to carry out the matters referred to in this Clause or Clause (x)(21), Substitution and Variation.

(21) Substitution and Variation

: The NCPCS Issuer or the Sub Notes Issuer may, subject to obtaining the Approvals and compliance with applicable law, but without any requirement for the consent or approval of the holders of the Stapled Securities, substitute at any time all (but not in part) of the NCPCS or Sub Notes for, or vary the terms of the NCPCS or Sub Notes or Stapled Securities to become, Qualifying Equivalent Securities if:

1. a Tax Event (defined in Clause (x)(4) herein and Clause (x)(4) of the Terms of the NCPCS, respectively) occurs, so that no Tax Event

exists after such substitution or variation; or

2. a Regulatory Event (defined in Clause (x)(6) herein and Clause (x)(6) of the Terms of the NCPCS, respectively) occurs, so that no Regulatory Event exists after such substitution or variation.

If Qualifying Equivalent Securities are substituted for the NCPCS, the amount of Qualifying Equivalent Securities to be given in substitution for each NCPCS shall be equal to the original principal amount of the NCPCS.

If Qualifying Equivalent Securities are substituted for the Sub Notes, the amount of Qualifying Equivalent Securities to be given in substitution will be equal to the original principal amount of the Sub Notes.

“Qualifying Equivalent Securities” means securities substituting the NCPCS or the Sub Notes (as the case may be), or the NCPCS or the Sub Notes or the Stapled Securities (as the case may be) after their terms have been varied under this Clause:

- (a) which have terms taken as a whole not less favourable to an investor (as reasonably determined by the NCPCS Issuer, and provided that a certification to such effect by the management of the NCPCS Issuer shall have been delivered to the holders of the Stapled Securities prior to the substitution or variation of the relevant NCPCS or Sub Notes or Stapled Securities) than the terms of the NCPCS or the Sub Notes or the Stapled Securities;
- (b) which qualify as Non-Innovative Tier 1 Capital under the BNM NIT1 Guidelines if substituting or varying the terms of the NCPCS, or varying the terms of the Stapled Securities;
- (c) which have a pari passu ranking with the NCPCS or the Sub Notes as the case may be; and
- (d) which shall bear the same distribution or interest rate from time to time as the Interest Rate (defined in Clause (f) herein) or the

NCPCS Distribution Rate (defined in Clause (f) of the Terms of the NCPCS).

- (22) Forward Purchase** : Investors will subscribe for the Stapled Securities by paying the NCPCS Issuer a cash consideration equal to the principal amount of the NCPCS, in return for which the NCPCS Issuer will issue fully-paid NCPCS to such investors.

The NCPCS Issuer will then enter into a forward purchase contract (the “**Forward Purchase Contract**”) with such investors pursuant to which:

- (a) the NCPCS Issuer pays such investors up-front for a purchase of Sub Notes (in a principal amount equal to the principal amount for the NCPCS purchased by such investors) upon an Assignment Event; and
- (b) such investors apply this up-front amount to subscribe at par for the relevant amount of Sub Notes from the Sub Notes Issuer.

- (23) Other Conditions** : The Sub Notes 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 having jurisdiction over matters pertaining to the Sub Notes.