

Hong Leong Bank Berhad (“HLBB” or “Issuer”)

A multi-currency Additional Tier 1 capital securities programme for the issuance of Basel III-compliant Additional Tier 1 capital securities (“Capital Securities”) of up to RM10.0 billion or its equivalent in other currencies in nominal value (“AT1 Programme”)

Other terms and conditions

- (a) Tenure of the Capital Securities : The tenure for each issuance of the Capital Securities shall be perpetual.
- (b) Profit / coupon or equivalent rate (%) : Subject to the paragraph entitled “Other terms and conditions - Limitation on Payment Distribution”, the Capital Securities confer a right to receive Periodic Distribution Amount (as defined below) from (and including) the issue date at the Distribution Rate (as defined below) (“**Periodic Distribution**”).

“**Periodic Distribution Amount**” shall be calculated at the Distribution Rate on the outstanding nominal value of the Capital Securities based on the actual number of days elapsed over 365 days basis (actual/365) or in any event, in accordance with the rules issued by PayNet.

The rate of the Periodic Distribution (“**Distribution Rate**”) shall be determined prior to the issuance of each tranche of Capital Securities.

The Distribution Rate shall be either (a) a fixed rate applicable throughout the tenure of the Capital Securities, OR (b) a floating rate based on the aggregate of a benchmark rate plus a credit spread subject to a reset of the benchmark rate PROVIDED that (i) the credit spread in the Distribution Rate shall be maintained at all times; (ii) the first reset date and frequency of subsequent resets shall be determined prior to each issuance; and (iii) the basis for determining the benchmark rate shall be the same throughout the tenure of the Capital Securities.

Should the Issuer opt for a floating rate, in relation to the first tranche of Capital Securities, the first reset date shall be the Distribution Payment Date falling five (5) years after the issue date (with subsequent resets every five (5) years) or such later date (and such longer subsequent reset period) as may be agreed to between the Issuer and the Principal Adviser/ Lead Arranger prior to issuance of such tranche of Capital Securities, and in relation to any other tranche of Capital Securities, such date and reset period as shall be agreed to between the Issuer and the Principal Adviser/ Lead Arranger prior to issuance of such tranche of Capital Securities.

For avoidance of doubt, the benchmark rate and the credit

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- spread shall be agreed upfront prior to issuance of any Capital Securities with floating rate.
- (c) Profit / coupon payment frequency and basis : Subject always to the paragraph entitled “Other terms and conditions – Limitation on Payment Distribution”, Periodic Distribution will be payable quarterly or semi-annually in arrears (“**Distribution Payment Date**”), to be determined prior to issuance of each tranche of Capital Securities.
- (d) Profit / coupon payment basis : In relation to the Capital Securities denominated in Ringgit, actual / 365 and in relation to the Capital Securities denominated in foreign currency, actual / 365 or such other convention as may be determined prior to issuance.
- (e) Details on utilisation of proceeds : Proceeds from the issuance of each tranche of Capital Securities is intended to fulfil the requirements of Additional Tier 1 capital as per the New CA Framework and shall be utilised, without limitation, to on-lend to the Issuer’s subsidiaries, for investment into the Issuer’s subsidiaries, for working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing financing obligations of the Issuer and/or any existing Capital Securities issued under the AT1 Programme.
- (f) Limitation on Payment of Distribution : The payment of Periodic Distribution under the Capital Securities shall be at the Issuer’s sole and absolute discretion and is subject to:
- (i) Such payment not resulting in a breach of the capital requirements applicable to the Issuer under the relevant BNM’s capital guidelines;
 - (ii) The Issuer is solvent at the time of payment of the Periodic Distribution and the payment of the Periodic Distribution will not result in the Issuer becoming, or likely to become insolvent; and
 - (iii) Such payment being made from Distributable Reserves (as defined below) only.

“**Distributable Reserves**” means at any time, the amounts for the time being available to the Issuer for distribution as a dividend as of the date of the Issuer’s latest audited financial statements in compliance with Section 131 of the Companies Act 2016 (or its equivalent under any successor laws) provided that if the Issuer reasonably believes that the available amounts as of any Distribution Determination Date

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(as defined below) are lower than the available amounts as of the date of the Issuer's latest audited financial statements and are insufficient to pay the Periodic Distribution and for payments of any dividends or other distributions in respect of other liabilities or obligations of the Issuer which by their terms or by operation of law, rank pari passu with the Capital Securities, on the relevant Distribution Payment Date, then two (2) directors of the Issuer shall provide a certificate to the Bond Trustee (acting on behalf of the holders of the Capital Securities), on or prior to the relevant Distribution Payment Date, setting out the available amounts as of such Distribution Determination Date (which certificate of the two (2) directors will be binding absent of manifest error) and the Distributable Reserves as of such Distribution Determination Date for the purposes of such Periodic Distribution will mean the available amounts as set forth in such certificate.

“Distribution Determination Date” means, with respect to any Distribution Payment Date, the day falling five (5) business days prior to that Distribution Payment Date.

If the Issuer is unable to meet any of the conditions (i), (ii) or (iii) above, the Issuer shall cancel the Periodic Distribution which would otherwise have been payable on such Distribution Payment Date provided always in the case where conditions (i) and (ii) are met but the Distributable Reserves are insufficient to pay the Periodic Distribution in full, the Issuer may elect to pay a part of the Periodic Distribution up to the amount available from the Distributable Reserves and cancel the other part of the Periodic Distribution which would otherwise have been payable on such Distribution Payment Date. Any such cancellation will not constitute or be deemed a default by the Issuer or constitute an Enforcement Event for any purpose whatsoever nor would it trigger a cross-default under any other outstanding Capital Securities issued under the AT1 Programme.

Notwithstanding that the Issuer is able to meet all the conditions (i), (ii) and (iii) above, the Issuer may also, at its sole and absolute discretion:

(A) pay a part of the Periodic Distribution and cancel the other part of the Periodic Distribution which would otherwise have been payable on such Distribution Payment Date; or

(B) cancel the whole Periodic Distribution which would

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otherwise have been payable on such Distribution Payment Date,

For the avoidance of doubt, the Issuer has no obligation to pay, and the holders of the Capital Securities have no right to receive, the Periodic Distribution or a part thereof, which has been cancelled at the sole and absolute discretion of the Issuer, at any Distribution Payment Date. Any payment made is at the sole and absolute discretion of the Issuer.

If the Issuer does not make a Periodic Distribution on the relevant Distribution Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such Periodic Distribution), such non-payment or part-payment shall serve as evidence of the Issuer's exercise of its discretion to cancel such Periodic Distribution (or the portion of such Periodic Distribution not paid), and accordingly such Periodic Distribution (or the portion thereof not paid) shall not be due and/or accrued, and shall not be payable.

If practicable, the Issuer shall provide notice of any cancellation of Periodic Distribution (in whole or in part) to the holders of the Capital Securities (via the Bond Trustee) on or prior to the relevant Distribution Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least three (3) business days prior to the relevant Distribution Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of Periodic Distribution, or give the holders of the Capital Securities any rights as a result of such failure.

Any such cancellation will not constitute or be deemed a default by the Issuer or constitute an Enforcement Event for any purpose whatsoever nor would it trigger a cross-default under any other outstanding Capital Securities issued under the AT1 Programme.

Circumstances for Cumulative Distribution

Notwithstanding the above, if (i) the Capital Securities or any tranche thereof no longer qualify as Additional Tier 1 capital of the Issuer, (in whole and not in part) for the purposes of BNM's minimum capital adequacy requirements under any applicable regulations, and such disqualification has been confirmed by BNM in writing, and (ii) the Issuer is not in breach of BNM's minimum capital adequacy ratio

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requirements applicable to the Issuer, any Periodic Distribution payable after the date of notification from BNM of such disqualification (“**Disqualification Date**”) may be deferred, in whole or in part, at the Issuer’s sole and absolute discretion but shall not be cancelled in accordance with the provisions of this paragraph. Any portion of the Periodic Distribution payable on a Distribution Payment Date occurring after the Disqualification Date, but deferred at the Issuer’s sole and absolute discretion shall start to become cumulative and compound at the Distribution Rate from (and including) the said Distribution Payment Date (“**Deferred Distribution Date**”) up to the date of actual payment of such deferred Periodic Distribution. In such circumstances, the deferred Periodic Distribution, together with accrued amounts will become due and payable no later than ten (10) years from the Deferred Distribution Date, or upon redemption of the Capital Securities, whichever is earlier.

For the avoidance of doubt, any Periodic Distribution payable prior to the Disqualification Date shall be paid or cancelled in accordance with this paragraph entitled “Other terms and conditions – Limitation on Payment of Distribution”.

If the Issuer does not make a Periodic Distribution on the relevant Distribution Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such Periodic Distribution), such non-payment or part-payment shall serve as evidence of the Issuer’s exercise of its discretion to defer such Periodic Distribution (or the portion of such Periodic Distribution not paid).

If practicable, the Issuer shall provide notice of the deferment of Periodic Distribution (in whole or in part) to the holders of the Capital Securities (via the Bond Trustee) on or prior to the relevant Distribution Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least three (3) business days prior to the relevant Distribution Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such deferment of Periodic Distribution, or give the holders of the Capital Securities any rights as a result of such failure.

Any such deferment will not constitute or be deemed a default by the Issuer or constitute an Enforcement Event for any purpose whatsoever nor would it trigger a cross-default under any other outstanding Capital Securities issued under the AT1 Programme.

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- (g) Dividend and Capital Stopper : In the event that the Issuer has not made a full payment of any Periodic Distribution on a Distribution Payment Date, then (i) the Issuer shall not pay any dividends to its shareholders or make any payment or distribution on any security or instruments ranking pari passu with or junior to the Capital Securities and which terms do not require the Issuer to make such payment or distribution (“**Dividend Stopper**”); and (ii) the Issuer shall not redeem, purchase, reduce or otherwise acquire any of its ordinary shares, preference shares, securities or instruments ranking pari passu with or junior to the Capital Securities, or any securities of any of its subsidiary benefiting from a guarantee from the Issuer, ranking, as to the right of redemption 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 Capital Securities (“**Capital Stopper**”).

The Dividend Stopper and the Capital Stopper shall continue to apply, as the case may be, until either (i), (ii) or (iii) below is met:

- (i) the Issuer has paid full Periodic Distribution scheduled for two (2) consecutive semi-annual Distribution Payment Dates or four (4) consecutive quarterly Distribution Payment Dates (as the case may be) after the application of the Dividend Stopper and the Capital Stopper;
- (ii) the Issuer has irrevocably set aside in a separately designated trust account of the Issuer for payment to the holders of the Capital Securities, an amount sufficient to provide for the full Periodic Distribution scheduled for two (2) consecutive semi-annual Distribution Payment Dates or four (4) consecutive quarterly Distribution Payment Dates (as the case may be) after the application of the Dividend Stopper and the Capital Stopper and if upon determination of the amount of each of such Periodic Distribution there is a shortfall in the amounts set aside in such separately designated trust account 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; or
- (iii) an Optional Distribution (as defined below) has, at the option of the Issuer and subject to BNM’s approval, been paid to all holders of the Capital Securities equal to, (without duplication of amounts previously paid to the

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holders of the Capital Securities) amounts outstanding (if any) on the Capital Securities which were scheduled to be paid in the twelve (12) months before the date of payment of the Optional Distribution.

“**Optional Distribution**” means an amount, equal to any Unpaid Distribution Amount, scheduled to have been paid during the twelve (12) month period immediately preceding the date on which the Issuer shall pay the Optional Distribution.

“**Unpaid Distribution Amount**” means any Periodic Distribution which is cancelled by the Issuer pursuant to this paragraph entitled “Other terms and conditions – Limitation on Payment of Distribution”.

(h) Non Viability Loss : Following the occurrence of the following trigger events (each Absorption : a “**Non-Viability Event**”), whichever is earlier:

(i) BNM, jointly with the Malaysia Deposit Insurance Corporation (“**PIDM**”), so long as the Issuer is a Member Institution (as defined in the Malaysia Deposit Insurance Corporation Act 2011), or BNM, if the Issuer is no longer a Member Institution (“**Relevant Malaysian Authority**”) have notified the Issuer or HLFG and its subsidiaries (“**HLFG Group**”), as the case may be, in writing that they are of the view that the principal write off of the Capital Securities, together with the conversion or write off of any other Tier 2 instruments and Tier 1 instruments which, pursuant to their terms or by operation of law, are capable of being converted into equity, or written off at that time, is necessary, without which the Issuer or the HLFG Group would cease to be viable; or

(ii) The Relevant Malaysian Authority publicly announces 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 or the HLFG Group (as the case may be) would cease to be viable,

the Relevant Malaysian Authority shall have the option to require the entire principal outstanding or such portion thereof and (if any) all other amount owing under the Capital Securities be written off and if the Relevant Malaysian Authority elect to exercise such option, subject to and as of the date of the occurrence of the Non-Viability Event, each of

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the holders of the Capital Securities hereby irrevocably waives its right to receive repayment of the principal amount of the Capital Securities and also irrevocably waives its right to any Periodic Distribution (including Periodic Distribution accrued but unpaid up to the date of the occurrence of a Non-Viability Event).

Such write off of Capital Securities shall not constitute an event of default or Enforcement Event, nor would it trigger a cross-default under any other outstanding Capital Securities issued under the AT1 Programme.

A Non-Viability Event shall be deemed to have occurred on the day on which the Issuer or HLF Group (as the case may be) receives the notification from the Relevant Malaysian Authority.

Upon the occurrence of a Non-Viability Event, the Issuer is required to give notice to the holders of the Capital Securities (via the Bond Trustee) and the Rating Agency, if applicable, in accordance with the terms of the Capital Securities, that as of the relevant write-off date:

- (i) the write-off shall reduce:
 - (1) the claim of the Capital Securities in liquidation. The holders of the Capital Securities 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 aggregate principal amount of the Capital Securities written-off;
 - (2) the amount to be repaid when a redemption is exercised pursuant to the Optional Redemption, Regulatory Redemption and/or Tax Redemption; and
 - (3) Periodic Distribution;
- (ii) the write-off shall be permanent and the whole or part (as the case may be) of the principal amount of the Capital Securities will automatically be written-off to zero and the whole or part (as the case may be) of the Capital Securities will be cancelled.

- (i) Capital Trigger Event : A Capital Trigger Event occurs when the Common Equity Tier 1 Ratio of the Issuer (at the consolidated or entity level) or the Common Equity Tier 1 Ratio of HLF Group (at the consolidated

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level) falls below 5.125% as of the relevant quarterly reporting date where the quarterly unaudited consolidated financial results of the Issuer or HLFG (as the case may be) are published, announced and made publicly available (“**Capital Trigger Event Date**”).

“**Common Equity Tier 1 Ratio**” means the common equity tier 1 capital ratio as determined by the New CA Framework.

- (j) Capital Trigger Event Write Off : Upon the occurrence of a Capital Trigger Event, the entire principal outstanding or such portion thereof and (if any), all other amount owing under the Capital Securities shall be written off such that the effect of such write off, together with the write off or conversion of other relevant Tier 1 instruments which pursuant to their terms or by operation of law, are capable of being converted into equity, or written off at that time, will return the Common Equity Tier 1 Ratio of the (i) Issuer (at the consolidated and entity level) and (ii) HLFG (at the consolidated level), to be at least 5.75%. Such write off of the Capital Securities, together with the write off or conversion of other relevant Tier 1 instruments, if any, shall be done on a pro-rata basis.

- (k) Ranking : **Capital Securities**

The Capital Securities (after taking into account the nature and exercise of the Enforcement Event or Call Option (as the case may be)) will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer.

In the event of a winding-up or liquidation of the Issuer, amounts payable on the Capital Securities will be subordinated in right of payment to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer except, in each case, to those liabilities which by their terms rank equal with or junior to the Capital Securities.

Claims in respect of the Capital Securities will rank pari passu and without preference amongst themselves and with the most junior class of preference shares (if any) of the Issuer and any security or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes or could qualify as Additional Tier 1 capital of the Issuer on a consolidated basis, pursuant to the relevant requirements set out in BNM’s guidelines, or otherwise ranks or is expressed to rank, by its terms or by operation of law, pari passu with the Capital Securities, but in priority to the rights and claims of

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holders of the ordinary shares of the Issuer.

- (l) Setting off : No holder of the Capital Securities may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Capital Securities, and the holders of the Capital Securities shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer in relation to the Capital Securities to the fullest extent permitted by law. If at any time the holders of the Capital Securities receives payment or benefit of any sum in respect of the Capital Securities (including any benefit received pursuant to any such set-off, deduction, withholding or retention) other than in accordance with the terms of the Capital Securities, 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 the holders of the Capital Securities by virtue of his holding of any Capital Securities, shall, agree as a separate and independent obligation to immediately pay an amount equal to the amount of such sum or benefit so received to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any payment of such sum or receipt of such benefit shall be deemed not to have discharged any of the obligations under the Capital Securities.
- (m) Withholding taxes : All payments in respect of the Capital Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges of whatever nature imposed, levied, collected, withheld or assessed by or within any relevant jurisdiction, unless the withholding or deduction of the taxes is required by law. In the event such taxes are imposed, the Issuer will not have to pay additional amounts (“**Additional Amounts**”) as may be necessary in order that the net amounts received by the holders of the Capital Securities after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Capital Securities in the absence of the withholding or deduction.
- (n) Amendments to the : Amendments to the terms and conditions of the Capital

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| Terms and Conditions of the Capital Securities | Securities shall only be made with the prior approval of BNM where such proposed amendments could impact its eligibility as Additional Tier 1 capital of the Issuer. |
| (o) Transaction Documents | : The Capital Securities shall be evidenced by, inter alia, the following: <ol style="list-style-type: none">1. the Capital Securities (in the form of global certificates and/or definitive certificates);2. the Securities Lodgement Form;3. each Subscription Agreement;4. the Trust Deed;5. the Programme Agreement; and6. all other documents relating to the Capital Securities as advised by the Solicitors. |
| (p) Option to Upsize | : The Issuer shall have the option to upsize the AT1 Programme limit provided that (a) there is no adverse impact on the rating of the AT1 Programme, if rating requirements are applicable; and (b) the relevant regulatory approvals have been obtained (including but not limited to the approval from BNM). For the avoidance of doubt, no consent from the existing holders of the outstanding Capital Securities at that time is required for the purposes of the upsizing of the programme limit. |
| (q) Clearing and settlement platform and mode of issue (for Capital Securities issued in Malaysia) | : <u>Clearing and settlement platform</u>
PayNet.
<u>Mode of issue</u> <ul style="list-style-type: none">• Bought deal• Book running• Private placement• <u>Other</u> Each tranche of Capital Securities may be issued via private placement on a best efforts basis, or on a bought |

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deal basis, or book running on a best efforts basis, without prospectus. Issuance of the Capital Securities shall be in accordance with the:

- (i) Participation and Operation Rules for Payment Securities Services (“PayNet Rules”) issued by PayNet; and
- (ii) Operational Procedures for Securities Services issued by PayNet (“PayNet Procedures”),

as amended or substituted from time to time (collectively, “PayNet Rules and Procedures”), subject to such variation, amendments or exemptions (if any) from time to time.

- (r) Clearing and settlement platform and mode of issue (for Capital Securities issued outside Malaysia) : **Clearing and settlement platform**
- Such clearing and settlement platform customary in the relevant market for such issuance.
- Mode of issue**
- The Capital Securities shall be issued in accordance with the procedures and rules of the relevant jurisdiction.
- (s) Tradability and transferability : The Capital Securities are transferable (subject to the Selling Restrictions described above) and tradable under, in the case of Capital Securities issued in Malaysia, the Rules on Scripless Securities under the RENTAS operated by PayNet, and in the case of Capital Securities issued outside Malaysia, the procedures and rules of the relevant jurisdiction.
- (t) Name of credit rating agency and credit rating : In relation to the paragraph entitled “Credit rating(s) of facility/programme, if applicable”, the credit rating details contained therein are applicable to the Capital Securities denominated in Ringgit and foreign currency. Please refer to the following credit rating details:
- Credit rating agency: RAM
Credit rating: A1
Final/Indicative rating: Final rating
Partial: No
Amount rated: RM10,000,000,000.00 (or its equivalent in other currencies)

The non-RM denominated Capital Securities may be rated by

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international rating agency(ies).

The Issuer may at its discretion, in relation to each tranche of the Capital Securities, determine prior to the issuance of the Capital Securities, to issue unrated Capital Securities (“**Unrated Capital Securities**”). The rating details above are not applicable to Unrated Capital Securities issued under the AT1 Programme.

For the avoidance of doubt, subject to there being no outstanding rated Capital Securities, the Issuer may elect to remove the credit rating of the AT1 Programme and thereafter any subsequent Capital Securities to be issued under the AT1 Programme will be Unrated Capital Securities. Such election will not require the consent from the holders of the Capital Securities.

- (u) Trustees’ Reimbursement Account : The Issuer shall, or the Bond Trustee shall on behalf of the Issuer, open and maintain, throughout the tenure of the Capital Securities, a Trustees’ reimbursement account for the holders of the Capital Securities’ actions (the “**Trustees’ Reimbursement Account**”) and the credit balance of the Trustees’ Reimbursement Account must be no less than RM30,000.00.

The Trustees’ Reimbursement Account shall be operated by the Bond Trustee and the money shall only be used strictly by the Bond Trustee in carrying out its duties in relation to the acceleration of the Capital Securities pursuant to an Enforcement Event in the manner as provided in the Trust Deed.

Any unutilised monies in the Trustees’ Reimbursement Account shall be returned to the Issuer upon full redemption of the Capital Securities if no acceleration of the Capital Securities pursuant to an Enforcement Event takes place.

- (v) Disclosure of the following:

- (i) If the issuer or its board members have been convicted or charged with any offence under any : None.

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security laws,
corporation laws or
other laws involving
fraud or dishonesty in
a court of law, or if any
action has been
initiated against the
issuer or its board
members for breaches
of the same, for the
past 10 years prior to
the lodgement/since
incorporation, for
issuer incorporated
less than 10 years;
and

- (ii) If the issuer has been
subjected to any
action by the stock
exchange for any
breach of the listing
requirements or rules
issued by the stock
exchange, for the past
five years prior to
lodgement

None.