

## 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 thereunder (“AT1 Programme”).

### Principal Terms and Conditions

#### (A) CORPORATE INFORMATION OF ISSUER

- (1) Name : Hong Leong Bank Berhad (“HLBB” or “Issuer”)
- (2) Address : Level 8, Wisma Hong Leong 18 Jalan Perak 50450 Kuala Lumpur
- (3) Date of incorporation : 26-Oct-1934
- (4) Place of incorporation : Malaysia
- (5) Business registration number : 97141-X
- (6) Residence status : Resident Controlled Company
- (7) Place and date of listing :
- | No. | Place of listing | Date of listing |
|-----|------------------|-----------------|
| 1   | Bursa Malaysia   | 17 Oct 1994     |
- (8) Principal activities : HLBB is principally engaged in all aspects of commercial banking business and in the provision of related financial services as at 30 September 2017.
- (9) Issued and paid up capital : **Issued and paid-up share capital**  
As at 30 September 2017, the share capital of the Issuer is RM7,739,062,969\* comprising 2,167,718,284 ordinary shares.  
*Note:*  
\* Inclusive of existing share premium of RM5,571,344,685.00 pursuant to Section 618(2) of the Companies Act, 2016
- (10) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders : As at 30 September 2017, the substantial shareholders of the Issuer are as follows:

Name	No. of Shares			
	Direct	%	Indirect	%
Hong Leong Financial Group Berhad (“HLFG”)	1,326,959,965	63.59	16,235,220	0.78*
Hong Leong Company (Malaysia) Berhad (“HLCM”)	-	-	1,346,181,489	64.52*
HL Holdings Sdn Bhd	-	-	1,346,181,489	64.52@

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Tan Sri Quek Leng Chan	-	-	1,346,237,169	64.52 <sup>#</sup>
Hong Realty (Private) Limited	-	-	1,346,181,489	64.52 <sup>@</sup>
Hong Leong Investment Holdings Pte Ltd	-	-	1,346,181,489	64.52 <sup>@</sup>
Kwek Holdings Pte Ltd	-	-	1,346,181,489	64.52 <sup>@</sup>
Kwek Leng Beng	-	-	1,346,181,489	64.52 <sup>@</sup>
Davos Investment Holdings Private Limited	-	-	1,346,181,489	64.52 <sup>@</sup>
Kwek Leng Kee	282,344	0.01	1,346,181,489	64.52 <sup>@</sup>
Guoco Assets Sdn Bhd	-	-	1,343,195,185	64.37 <sup>**</sup>
GuoLine Overseas Limited	-	-	1,343,405,145	64.38 <sup>^</sup>
Guoco Group Limited	-	-	1,343,405,145	64.38 <sup>^</sup>
GuoLine Capital Assets Limited	-	-	1,346,181,489	64.52 <sup>^</sup>

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Employees Provident Fund Board	269,238,921	12.90	-	-
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Notes:

\* Held through subsidiaries

@ Held through HLCM

# Held through HLCM and a company in which the substantial shareholder has interest

\*\* Held through HLFG

^ Held through subsidiary(ies) and HLFG

- (11) Board of directors :
1. Tan Sri Quek Leng Chan
  2. Kwek Leng Hai
  3. Lim Lean See
  4. Tan Kong Khoon
  5. Chok Kwee Bee
  6. Dato’ Nicholas John Lough @ Sharif Lough bin Abdullah
  7. Datuk Wira Azhar bin Abdul Hamid
  8. Datuk Dr. Md Hamzah bin Md Kassim

**(B) PARTIES TO THE TRANSACTION**

(1) Origination :

No.	Roles	Name of parties
1	Issuer	Hong Leong Bank Berhad
2	Principal Adviser	Hong Leong Investment Bank Berhad
3	Lead Arranger	Hong Leong Investment Bank Berhad
4	Solicitors	Adnan Sundra & Low
5	Bond Trustee	Malaysian Trustees Berhad
6	Other-Accounting Adviser	PricewaterhouseCoopers - Accounting Adviser
7	Credit Rating Agency	RAM Rating Services Berhad (“RAM”)

(2) At point of distribution :

No.	Roles	Name of parties
1	Issuer	Hong Leong Bank Berhad
2	Lead Manager	Hong Leong Investment Bank Berhad and/or such other financial institution(s) as may be appointed and mutually agreed between the Issuer, the Lead Arranger and the Lead Manager prior to the issuance of the Capital Securities
3	Facility Agent	Hong Leong Investment Bank Berhad (for Capital Securities issued on Fully Automated System for Issuing/Tendering (“FAST”))
4	Central Depository	Bank Negara Malaysia (for Capital Securities issued in Malaysia)
5	Paying	Bank Negara Malaysia (for Capital Securities issued in Malaysia)

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	Agent	
6	Primary Subscriber	To be determined, if applicable, prior to the issuance of the Capital Securities

(3) After distribution :

No.	Roles	Name of parties
1	Issuer	Hong Leong Bank Berhad
2	Principal Adviser	Hong Leong Investment Bank Berhad
3	Facility Agent	Hong Leong Investment Bank Berhad (for Capital Securities issued on FAST)
4	Bond Trustee	Malaysian Trustees Berhad
5	Central Depository	Bank Negara Malaysia (for Capital Securities issued in Malaysia)
6	Paying Agent	Bank Negara Malaysia (for Capital Securities issued in Malaysia)
7	Credit Rating Agency	RAM

**(C) DETAILS OF FACILITY/PROGRAMME**

- (1) Name of facility : 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 thereunder (“AT1 Programme”).
- (2) One-time issue or programme : Programme
- (3) Shariah principles (for sukuk) : Not applicable
- (4) Facility description : AT1 Programme for the issuance of Capital Securities.  
The Capital Securities are intended to qualify as Additional Tier 1 capital for the Issuer pursuant to the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia (“BNM”) on 4 August 2017 and as updated from time to time (“New CA Framework”), and to qualify as the consolidated Additional Tier 1 capital of Hong Leong Financial Group Berhad (“HLFG”) under the New CA Framework.
- (5) Currency : Multi-currency including Ringgit
- (6) Expected facility/ programme size : Upto MYR10,000,000,000.00
- (7) Option to upsize (for programme) : Yes
- (8) Tenure of facility/ programme : Perpetual
- (9) Availability period for debt/ sukuk : The AT1 Programme shall be available for utilisation for a period of thirty (30) years from the date of the first issuance of the Capital Securities under the AT1 Programme.

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programme	:	The first issuance of the Capital Securities shall be within sixty (60) business days from the date of lodgement of the lodgement kit with the Securities Commission (“SC”) for the launching of the Capital Securities under the AT1 Programme (“ <b>Lodgement Kit</b> ”)
(10) Clearing and settlement platform	:	<ul style="list-style-type: none"><li>• PayNet</li></ul>
(11) Mode of issue	:	<ul style="list-style-type: none"><li>• Bought deal</li><li>• Book running</li><li>• Private placement</li><li>• Other-Each tranche of Capital Securities may be issued via private placement on a best efforts basis, or on a bought 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.</li></ul>
(12) Selling restrictions	:	<ul style="list-style-type: none"><li>• Part 1 of Schedule 6 of the Capital Markets &amp; Services Act, 2007 (CMSA)</li><li>• Part 1 of Schedule 7 of the CMSA</li><li>• Read together with Schedule 9 of CMSA</li><li>• Schedule 8 of CMSA</li><li>• Other-The Capital Securities are tradable and transferable subject to the Selling Restrictions (as described below). (a) Selling Restrictions at issuance The Capital Securities 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 of the Capital Securities and to whom the Capital Securities are issued would fall within: (i) Part 1 of Schedule 6 (or Section 229(1)(b)) and Part 1 of Schedule 7 (or Section 230(1)(b)); read together with (ii) Schedule 9 (or Section 257(3)) or in the case of Capital Securities issued outside Malaysia, Schedule 8 of the CMSA as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia. (b) Selling Restrictions after issuance The Capital Securities 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 of the Capital Securities and to whom the Capital Securities are issued would fall within: (i) Part 1 of Schedule 6 (or Section 229(1)(b)); read together with (ii) Schedule 9 (or Section 257(3)) or in the case of Capital Securities issued outside Malaysia, Schedule 8 of the CMSA as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.</li></ul>
(13) Tradability and transferability	:	<ul style="list-style-type: none"><li>• Tradable &amp; transferable</li></ul>
(14) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase PDS/sukuk, and whether or not obtained	:	The Issuer has on 15 September 2017 obtained approval from BNM to establish the AT1 Programme.
(15) Details of security/ collateral pledged	:	Unsecured
(16) Details of	:	Not guaranteed

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guarantee

- (17) Convertibility of Issuance : Non-convertible
- (18) Exchangeability of Issuance : Non-exchangeable
- (19) Call option : Subject to the approval from BNM and the Redemption Conditions (as defined below) being satisfied, the Issuer may exercise its option to redeem the Capital Securities pursuant to Optional Redemption, Tax Redemption and/or Regulatory Redemption (as defined below).

### (a) Optional Redemption

The Issuer may, at its option and subject to the Redemption Conditions being satisfied, redeem the Capital Securities (in whole or in part) at the Redemption Amount (as defined below) on any Optional Redemption Date (as defined below).

### (b) Tax Redemption

If there is more than an insubstantial risk that:

(i) the Issuer has or will become obliged to pay Additional Amounts (as defined in the paragraph entitled “Other terms and conditions – Withholding Taxes”) or any taxes other than the Additional Amounts (if any), in relation to the Capital Securities; or

(ii) the Issuer is not able to obtain tax deductions under Malaysian corporation tax for distribution payment made in respect of the Capital Securities, and the Issuer cannot, by taking reasonable measures available to it, avoid such additional obligations,

then the Issuer may, at its option, redeem the Capital Securities, in whole or in part, at the Redemption Amount, subject to the Redemption Conditions being satisfied.

### (c) Regulatory Redemption

If any tranche of the Capital Securities (in whole or in part) no longer, either immediately or with the passage of time or upon either the giving of notice or the fulfilment of a condition, qualify as Additional Tier 1 capital of the Issuer or on a consolidated basis, of HLF, for the purposes of BNM’s capital adequacy requirements or any regulations applicable to the Issuer, then the Issuer may, at its option, and subject to the Redemption Conditions being met, redeem the Capital Securities, in whole or in part, at the Redemption Amount.

In this paragraph, the following definitions have the following meanings:

“**Redemption Amount**” means in the case of an Optional Redemption, a Tax Redemption or a Regulatory Redemption, an amount equal to 100% of the nominal value of the Capital Securities together with accrued but unpaid and uncanceled Periodic Distribution, if any (as defined in the paragraph entitled “Other terms and conditions – Profit / coupon or equivalent rate (%)”) and subject to the provisions contained in the paragraph entitled “Other terms and conditions - Limitation on Payment of Distribution” up to (and excluding) the date on which the Capital Securities are redeemed.

“**Redemption Conditions**” means:

(i) the Issuer is solvent at the time of redemption of a tranche of Capital Securities or part thereof and immediately thereafter;

(ii) the Issuer:

(a) shall replace that tranche of Capital Securities or part thereof to be redeemed with capital of the same or better quality and the replacement of such capital is done at conditions which are sustainable for the income capacity of the Issuer; or

(b) demonstrates to BNM that its capital position is and can be sustained well above the

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minimum capital adequacy and capital buffer requirements as imposed by BNM after the redemption; and

(iii) the Issuer has obtained the written approval of BNM prior to redemption of that tranche of Capital Securities or part thereof.

“**Optional Redemption Date**” means a date to be determined prior to issuance. In the case of a tranche of Capital Securities under the AT1 Programme, a date falling no earlier than the fifth (5th) anniversary of the relevant issue date, and any Distribution Payment Date (as defined in the paragraph entitled “Other terms and conditions – Profit / coupon payment frequency and basis”) thereafter.

(20) Put option : No put option

(21) Details of covenants : a. **Positive 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 reasonable 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 Bond Trustee on a timely manner;

(d) Ensure that the Capital Securities shall at all times be governed by the guidelines issued and to be issued from time to time by BNM;

(e) Ensure that there are no amendments to the constitution of the Issuer in the manner that is inconsistent with the rights and obligations of the Issuer under the transaction documents in respect of the AT1 Programme (“**Transaction Documents**”), if applicable; and

(f) Any other positive covenants as may be advised by the Solicitors and mutually agreed with the Issuer.

b. **Negative covenants**

No negative covenant

c. **Financial covenants**

No financial covenant

d. **Information covenants**

The Issuer shall comply with such applicable information covenants which are required in order to comply with the Trust Deeds Guidelines including, but not limited to the following:-

(a) The Issuer shall deliver to the Bond Trustee:

(i) a copy of its annual audited financial statements within one hundred and eighty (180) days after the end of its financial year;

(ii) as soon as they become available (and in any event within ninety (90) days after the end of the first half of its financial year), copies of its unaudited half-yearly financial statements, which are duly certified by any one of its directors; and

(iii) any other accounts, balance sheet, report, notice, statement, circular or other documents issued by the Issuer to its shareholders;

(b) The Issuer shall no later than one hundred and eighty (180) days after the end of each financial year, deliver to the Bond Trustee a certificate signed by an authorised signatory of the Issuer, certifying that the Issuer has complied with and performed its obligations under the Trust Deed and the terms and conditions of the Capital Securities and the other Transaction Documents and that there did not exist and there had not at any time existed, from the issue date of the Capital Securities or the date of the previous certificate, as the case may be, any Enforcement Event (as

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defined in the paragraph entitled “Events of defaults or enforcement events, where applicable, including recourse available to investors”) and if such is not the case, the certificate should specify the same;

(c) The Issuer shall promptly provide to the Bond Trustee any information relating to its affairs to the extent permitted by law or as stipulated in the Trust Deed as the case may be, as the Bond Trustee may from time to time require in order to discharge its duties and obligations as trustee under the Trust Deed and the other Transaction Documents;

(d) The Issuer shall immediately notify the Bond Trustee in writing in the event that the Issuer becomes aware of the following:

(i) upon the occurrence of an Enforcement Event, the Issuer shall take reasonable steps and/or such other steps as may be reasonably requested by the Bond Trustee to remedy and/or mitigate the Enforcement Event;

(ii) any circumstance that has occurred or any other matter that may materially prejudice the ability of the Issuer to perform its obligations under the Transaction Documents or in respect of the Capital Securities;

(iii) any substantial change in the nature of the business of the Issuer;

(iv) any change in the utilisation of the proceeds from the Capital Securities from that set out in the Lodgement Kit, the information memorandum in respect of the AT1 Programme (“**Information Memorandum**”) (if applicable) or any of the Transaction Documents which sets out the purpose for which proceeds are to be utilised;

(v) any change in the Issuer’s withholding tax position or tax jurisdiction; and

(vi) any other matter that may materially prejudice the interests of the holders of the Capital Securities.

(e) Such other covenants deemed necessary or as may be advised by the Solicitors, including but not limited to the covenants which are required in order to comply with the Trust Deeds Guidelines.

(22) Details of designated account(s) : No designated account

(23) Name of credit rating agency and credit rating :

No.	Credit Rating Agency	Credit rating	Final/ Indicative rating	Partial	Amount rated
1	RAM Rating Services Bhd (RAM)	A1	Final rating	No	MYR 10,000,000,000.00

(24) Conditions precedent :

To include but not limited to the following (all of which shall be in form and substance acceptable to the Lead Arranger):

(a) A legal opinion from the Solicitors addressed to the Lead Arranger advising with respect to, amongst others, the legality, validity and enforceability of the Transaction Documents;

(b) A written confirmation from the Solicitors addressed to the Lead Arranger that all the conditions precedent have been fulfilled or waived as the case may be and where required, all the necessary Transaction Documents have been presented for registration with the relevant registries;

(c) Legal due diligence report on the Issuer satisfactory to the Lead Arranger;

(d) Evidence that the Trustees’ Reimbursement Account (as defined in the paragraph entitled “Other terms and conditions Trustees’ Reimbursement Account”) has been opened with a sum of RM30,000.00 deposited into it;



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(e) Certified copies of the following:

(i) the certificate of incorporation, memorandum and articles of association or constitution (if any), latest Forms 24, 44 and 49 (or any equivalent forms as prescribed under the Companies Act 2016), and any other constitutive documents of the Issuer; and

(ii) the resolution(s) of the Board of Directors of the Issuer authorising issuance of the Capital Securities, the execution of documents relating to the Capital Securities and the entry into and performance of the transactions contemplated therein;

(f) The requirements relating to the lodgement of the documents and information relating to the Capital Securities in accordance with Section A and Part 3 (Corporate Bonds and Sukuk) of Section B of the Lodge and Launch Framework issued by the SC have been complied with;

(g) The Transaction Documents have been signed and, where applicable, stamped (unless otherwise exempted) and presented for registration;

(h) The approval from BNM to establish the AT1 Programme;

(i) The Issuer has obtained a minimum long term rating of A1 for the Capital Securities from RAM;

(j) A report of the relevant company search of the Issuer;

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

(l) Such other conditions precedent as may be advised by the Solicitors to the Lead Arranger.

It is a condition precedent to each issuance of non-RM denominated Capital Securities that the rating letter/ report(s) from the international rating agency(ies), if required by the investor(s), which is acceptable to the Lead Manager has been obtained

(25) 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:

(a) The Issuer is duly incorporated, validly in existence and has the power and authority to carry out its business;

(b) The Issuer has the power to enter into the Transaction Documents and exercise its rights and to perform its obligations under the Transaction Documents;

(c) Entry into and the exercise of the Issuer’s rights and obligations under the Transaction Documents do not violate any existing law or regulation;

(d) The Transaction Documents create valid, binding and enforceable obligations on the part of the Issuer;

(e) All necessary actions, authorisations and consents required under the Transaction Documents and the Capital Securities have been obtained and remain in full force and effect;

(f) The audited financial statements of the Issuer are prepared in accordance with generally accepted accounting principles and standards in Malaysia and represent a true and fair view;

(g) Save as disclosed in the Information Memorandum (if applicable), there is no litigation which would have a material adverse effect on the Issuer’s ability to perform its obligations under the Transaction Documents; and

(h) Any other representation and warranties as may be advised by the Solicitors.

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- (26) Events of defaults or enforcement events, where applicable, including recourse available to investors :
- There are no events of default under the Capital Securities.
- However, there will be enforcement events applicable to the Capital Securities.
- The “**Enforcement Event**” means the occurrence of any of the following:-
- (i) a default is made in payment of any principal amount or any periodic payment on the due date and the Issuer does not remedy such default within a period of seven (7) business days; 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 winding up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation, the terms of which have been approved by the holders of the Capital Securities by way of special resolution.
- Upon the occurrence of item (i) above, subject to the terms of the Trust Deed, the Bond Trustee may or shall (if so directed by a special resolution of the relevant holders of the Capital Securities) institute proceedings to enforce the obligations of the Issuer for payment due under the relevant Capital Securities and may institute proceedings in Malaysia for the winding up of the Issuer, provided that neither the Bond Trustee nor any of the holders of the Capital Securities shall have the right to accelerate payment of the relevant Capital Securities in the case of a default in the payment of any amount owing under the relevant Capital Securities or any non-performance of any condition, provision or performance of any covenant under the Trust Deed.
- Upon occurrence of item (ii) above, subject to the terms of the Trust Deed, the Bond Trustee may or shall (if directed to do so by a special resolution of the holders of the Capital Securities), by notice in writing to the Issuer, declare that all outstanding amounts due from the Issuer on the Capital Securities shall become due and immediately payable.
- For the avoidance of doubt, the occurrence of item (i) above for any tranches of the Capital Securities will not trigger an Enforcement Event for other tranches of the Capital Securities outstanding. However, occurrence of item (ii) above will trigger an Enforcement Event for all tranches of the Capital Securities outstanding.
- In relation to the Capital Securities, for the avoidance of doubt, no Periodic Distribution shall be due and payable if such Periodic Distribution or part thereof has been (i) cancelled or is deemed cancelled (in each case, in whole or in part) under the paragraph entitled “Other terms and conditions – Limitation On Payment of Distribution” or (ii) deferred by the Issuer pursuant to the provision on the “Circumstances for Cumulative Distribution” under the paragraph entitled “Other terms and conditions – Limitation on Payment of Distribution”.
- (27) Governing laws :
- For Capital Securities issued in Malaysia**
- The Capital Securities will be governed by, and shall be construed in accordance with the laws of Malaysia.
- For Capital Securities issued outside Malaysia**
- The laws of such jurisdiction as shall be agreed upon by the Issuer and the Lead Manager.
- (28) Provisions on buy-back :
- Subject to the prior approval of BNM (but which approval shall not be required for a purchase done in the ordinary course of business), the Issuer or any of its subsidiaries or agents of the Issuer may at any time purchase the Capital Securities or part thereof at any price in the open market or by private treaty provided no Non-Viability Event (as defined in the paragraph entitled “Other terms and conditions – Non Viability Loss Absorption”) has occurred prior to the date of such purchase. If purchase is made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of Capital Securities equally. The Capital Securities purchased by the Issuer or its subsidiaries or agents of the Issuer (other than in the ordinary course of business) shall be cancelled and shall not be resold.
- The Capital Securities purchased by other related corporations (other than its subsidiaries) or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer, need not be cancelled but they will not entitle such related corporations or

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interested person of the Issuer to vote under the terms of the Capital Securities subject to any exceptions in the Trust Deeds Guidelines.

(29) Provisions on early redemption : Please see the paragraph entitled “Call Option”.

(30) Voting : Voting by the holders of the Capital Securities shall be carried out on a "per tranche" basis and not on a collective basis.

The holders of the Capital Securities shall have no voting rights in any way whatsoever that are of an equivalent nature to those of the shareholders of the Issuer.

(31) Permitted investments : No permitted investments

(32) Ta'widh (for sukuk) : Not applicable

(33) Ibra' (for sukuk) : Not applicable

(34) Kafalah (for sukuk) : Not applicable