

(1) BACKGROUND INFORMATION

Issuer

- (i) **Name** : EON Bank Berhad (“**EON Bank**” or the “**Issuer**”)
- (ii) **Address** : 12th Floor, Menara EON Bank
288, Jalan Raja Laut
50350 Kuala Lumpur
Malaysia
- (iii) **Business Registration No.** : 92351-V
- (iv) **Date/Place of Incorporation** : 4 November 1963 / 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** : Non-Bumiputera controlled company
- (vii) **Principal Activities** : EON Bank is principally engaged in commercial banking. The subsidiaries of EON Bank are involved in Islamic banking, investment banking, property investment and provision of nominee services.

- (viii) Board of Directors** : The Board of Directors of EON Bank as at 31 May 2009 are as follows:

Name	Resident Status	I/C / Passport No.
YAM Tan Sri Dato’ Seri Syed Anwar Jamalullail	Malaysian	520220-09-5013
Dato’ Dr Mohd Shahari bin Ahmad Jabar	Malaysian	361205-08-5065
Dato’ Mohd Hussin bin Abdul Hamid	Malaysian	510725-11-5017
Dato’ Dr. Mohamad Hashim bin Che Nik Omar	Malaysian	501014-11-5171
Ng Wing Fai	People’s Republic of China	KJ0051789
Rodney Gordon Ward	Permanent Resident of Hong Kong	761248324
Jeroen Nieuwkoop	Netherlands	BX579R4J9
Tiong Chiong Ong	Malaysian	581028-13-5037
Rin Nan Lun	Permanent Resident of Malaysia	641227-08-5329
Yeo Kar Peng	Malaysian	610602-06-5564
Wee Hoe Soon @ Gooi Hoe Soon	Malaysian	601116-07-5009

- (ix) **Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders** : As at 31 May 2009, EON Capital Berhad, a company listed on the Main Board Of Bursa Malaysia Securities Berhad and incorporated in Malaysia, is the holding company of EON Bank.
- The shareholding structure of the Issuer as at 31 May 2009 is as follows:
- | | | |
|--------------------|---------------|-------|
| EON Capital Berhad | 1,329,807,163 | 100.0 |
|--------------------|---------------|-------|
- (x) **Authorised and paid-up capital** : **Authorised Share Capital as at 31 May 2009**
- RM2,000,000,000 comprising 2,000,000,000 ordinary shares of RM1.00 each.
- : **Issued and Fully Paid-Up Share Capital as at 31 May 2009**
- RM1,329,807,163 comprising 1,329,807,163 ordinary shares of RM1.00 each

The rest of this page is intentionally left blank

(2) PRINCIPAL TERMS AND CONDITIONS

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

- (i) Principal Adviser(s) / Lead Arranger(s)** : CIMB Investment Bank Berhad (“CIMB”) and MIMB Investment Bank Berhad (“MIMB”), as Joint Principal Advisers (“JPAs”) and Joint Lead Arrangers (“JLAs”)
- (ii) Arranger(s)** : Not applicable
- (iii) Valuers** : Not applicable
- (iv) Solicitors** : Messrs. Adnan Sundra & Low
- (v) Financial Adviser** : Not applicable
- (vi) Technical Adviser** : Not applicable
- (vii) Guarantor** : Not applicable
- (viii) Trustee** : Malaysian Trustees Berhad
- (ix) Facility Agent** : MIMB
- (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** : The Issuer may consider appointing underwriter(s) for each issuance of the IT-1 Capital Securities.

The Securities Commission will be advised accordingly in the event the Issuer is able to secure any underwriter(s) for any particular issuance tranche.
- (xii) Central Depository** : Bank Negara Malaysia (“BNM”)
- (xiii) Paying Agent** : BNM
- (xiv) Reporting Accountant** : Not applicable

- (xv) Others (please specify)**

Joint Lead Managers : CIMB and MIMB

The Issuer may consider appointing other lead manager(s) and/or co-lead manager(s) to assist in the selling / placement of the IT-1 Capital Securities issued under the Programme. The Securities Commission will be advised accordingly in the event the Issuer appoints such other lead manager(s) and / or co-lead manager(s).

- b. Facility Description** : A programme for the issuance of Innovative Tier 1 Capital Securities (the “Programme and each Innovative Tier 1 Capital Securities issued thereunder, the “**IT-1 Capital Securities**”) which is structured to comply with BNM’s updated Guidelines on Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components) last updated on 20 September 2007.
- c. Issue Size (RM)** : The Programme allows for issuance of IT-1 Capital Securities from time to time up to an amount of RM1.0 billion in nominal value outstanding at any point in time.
- d. Issue Price (RM)** : The IT-1 Capital Securities will be issued at discount, at par or at a premium to the nominal value, and the issue price is calculated in accordance with the FAST Rules (as defined below).
- e. Tenor of the Facility / Issue** : Availability Period of the Programme
The Programme shall have an availability period of thirty (30) years, from the date of the first issuance of IT-1 Capital Securities under the Programme.
Tenor of the Programme
The Programme shall have a tenor of sixty (60) years from the date of the first issuance of the IT-1 Capital Securities under the Programme.
Tenor of the IT-1 Capital Securities
Each IT-1 Capital Securities issued under the Programme shall have a tenor of thirty (30) years from the Issue Date, subject to the Principal Stock Settlement clause in Item 2(x) (i) below.

- f. **Interest / Coupon or equivalent rate (%)** : For each tranche of the issuance of IT-1 Capital Securities under the Programme, subject to the Limitation of Payment of Interest clause in item 2(x)(ii), interest on each tranche of the IT-1 Capital Securities shall be payable in Ringgit Malaysia at the following rates per annum based on the basis of the actual number of days in the relevant period divided by 365:
- (a) on or prior to the First Optional Redemption Date, at a certain fixed rate to be determined prior to issuance; and
 - (b) after the First Optional Redemption Date, at a certain fixed rate or floating rate with a margin to be determined prior to issuance with reference to KLIBOR rate (“**Step-Up Rate**”), which shall be in compliance with the BNM requirements for Hybrid Tier 1 capital instruments.

The interest/coupon at the Step-Up Rate will be determined prior to each issuance of the IT-1 Capital Securities and the Issuer will specify the benchmark rate to be used in determining the Step-Up Rate.

“**First Optional Redemption Date**” means, for each tranche of issuance of IT-1 Capital Securities, the date falling ten (10), twelve (12) or fifteen (15) years from the issue date of the respective tranche of the IT-1 Capital Securities and which shall be determined prior to the issue date of the IT-1 Capital Securities of the relevant tranche.

“KLIBOR” means the rate which appears under the caption “Kuala Lumpur Inter-Bank Offered Rate” posted on Reuters at 11.00 a.m., Malaysian time, on the relevant Interest Determination Date for a three-month period or six-month period.

“**Interest Determination Date**” means, with respect to any Interest Rate Period, the day falling three (3) business days prior to the commencement of that Interest Rate Period.

“**Interest Rate Period**” means:

- (a) prior to the First Optional Redemption Date, successive periods of 6 months each commencing from the issue date of the IT-1 Capital Securities; and
- (b) from the First Optional Redemption Date, where KLIBOR is used as a benchmark rate, successive periods of 3 / 6 months each commencing from the First Optional Redemption Date.

- g. Interest / Coupon payment frequency** : (a) Up to the First Optional Redemption Date, semi-annually.

(b) From the First Optional Redemption Date, quarterly / semi annually
- h. Interest / Coupon payment basis** : The interest will be calculated on actual/365 basis.
- i. Yield to maturity (%)** : For each tranche of the IT-1 Capital Securities, the IT-1 Capital Securities will be priced on the basis of yield to the First Optional Redemption Date.

The applicable yield calculated on a semi annual basis based on the nominal value for each tranche of the IT-1 Capital Securities will be determined prior to issuance.
- j. Security / Collateral (if any)** : None
- k. Details on utilisation of proceeds** : The proceeds of the IT-1 Capital Securities shall be utilised by the Issuer for its working capital, general banking and other general corporate purposes.
- l. Sinking fund (if any)** : Not applicable
- m. Rating**

 - **Credit rating assigned (Please specify if this is an indicative rating)** : Indicative Rating of A3
 - **Name of rating agency** : RAM Rating Services Berhad (“**RAM**”)

- n. Form and denomination** : The IT-1 Capital Securities shall be issued in accordance with (1) the “Code of Conduct and Market Practices for the Malaysian Corporate Bond Market” issued by the Institut Peniaga Bon Malaysia and approved by BNM (“**IPBM Code**”); and (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 Rules on Fully Automated System for Issuing/Tendering (“**FAST**”) issued by BNM (“**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 IT-1 Capital Securities shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances. The denomination of the IT-1 Capital Securities shall be RM1,000.00 or in multiples of RM1,000.00 at the time of issuance.
- o. Mode of issue** : The IT-1 Capital Securities may be issued via direct placement on a best effort basis or a bought deal basis or book running on a best effort basis.
- p. Selling restrictions** : At Issuance
The IT-1 Capital Securities may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the IT-1 Capital Securities may be made, and to whom the IT-1 Capital Securities are issued, would fall within:
(i) Schedule 6 or Section 229(1)(b), or Schedule 7 or Section 230(1)(b); and
(ii) Schedule 9 or Section 257(3),
of the Capital Markets and Services Act 2007.
After Issuance
The IT-1 Capital Securities may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the IT-1 Capital Securities may be made, and to whom the IT-1 Capital Securities are issued, would fall within:
(i) Schedule 6 or Section 229(1)(b); and
(ii) Schedule 9 or Section 257(3),
of the Capital Markets and Services Act 2007.

- q. Listing status** : The IT-1 Capital Securities will not be listed on Bursa Malaysia Securities Berhad or any other stock exchange.
- r. Minimum level of subscription (RM or %)** : 5% of each issuance of the IT-1 Capital Securities to be issued if the issuance is via book-building.
100% of each issuance of the IT-1 Capital Securities to be issued if the issuance is via private placement or bought deal.
- s. Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)** : (a) The approval of BNM has been obtained on 8 July 2009 for the Issuer to issue the IT-1 Capital Securities under the Programme and the classification of the IT-1 Capital Securities as Innovative Tier 1 Capital of the Issuer subject to the limit as imposed under the Guidelines on Innovative Tier 1 Capital Instruments as contained in the Guidelines on Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components) last updated on 20 September 2007 (“RWCR Framework”); and
(b) The Securities Commission has via its letter dated 8 June 2009 granted its approval for the exemption from compliance with certain provisions in the Guidelines on the Minimum Contents Requirements for Trust Deeds and the Guidelines for the Offering of Private Debt Securities.
- t. Conditions precedent** : To include but not limited to the following (all have to be in form and substance acceptable to the JLAs):
- A Main Documentation**
1. The transaction documents have been signed and, where applicable, stamped and presented for registration.
- B The Issuer**
1. Certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association, of the Issuer.
2. Certified true copies of the latest Forms 24 and 49 of the Issuer.
3. A certified true copy of a board resolution of the Issuer authorising, among others, the execution of the transaction documents.

4. A list of the Issuer’s authorised signatories and their respective specimen signatures.
5. A report of the relevant company search of the Issuer.
6. A report of the relevant winding up search or the relevant statutory declaration of the Issuer.

C General

1. The approval from the Securities Commission (“SC”) and, where applicable, all other regulatory authorities.
2. The approval from BNM for the issuance of the IT-1 Capital Securities.
3. The IT-1 Capital Securities have received the requisite rating satisfactory to the JLAs.
4. Evidence that all transaction fees, costs and expenses will be paid in full.
5. The JLAs have received from its Solicitors a favourable legal opinion addressed to it and the Trustee advising with respect to, among others, the legality, validity and enforceability of the transaction documents and a confirmation addressed to the JLAs that all the conditions precedent have been fulfilled.
6. Completion of the due diligence carried out on the Issuer to the satisfaction of the JLAs. A due diligence opinion addressed to the JLAs confirming that the steps and procedures of the due diligence review on the Issuer as set out in the due diligence planning memorandum and agreed to by the due diligence working group comply with all relevant rules and regulations.
7. Such other conditions precedent as advised by the Solicitors of the JLAs.

u. Representations and warranties : Representation and warranties will be included in the relevant transaction documents to the IT-1 Capital Securities, and will include such representation and warranties customary and standard for a facility of this nature and shall include, but not limited to the following:

1. The Issuer is duly incorporated and validly in existence and has the power and authority to carry out its business;

2. The Issuer has the power to enter into the financing documents in relation to the IT-1 Capital Securities and exercise its rights to perform its obligations under the financing documents in relation to the IT-1 Capital Securities;
3. Entry into and the exercise of the Issuer’s rights and obligations under the financing documents in relation to the IT-1 Capital Securities do not violate any existing law or regulation;
4. The financing documents in relation to the IT-1 Capital Securities are valid, binding and enforceable;
5. All necessary actions, authorisations and consents required under the financing documents in relation to the IT-1 Capital Securities have been obtained and remain in full force and effect;
6. The audited accounts of the Issuer are prepared in accordance with generally accepted accounting principles and standards and represent true and fair view;
7. Any other representation and warranties as may be advised by the Solicitors.

v. Events of default

- : There are no events of default in respect of the IT-1 Capital Securities. However, there are provisions for Enforcement Event which provides for limited rights to accelerate.

Enforcement Event: Limited Rights to Accelerate

If an Enforcement Event occurs in respect of any IT-1 Capital Securities, the Trustee may, and if so directed by an extraordinary resolution shall, institute such proceedings as it chooses to enforce the obligations of the Issuer under such IT-1 Capital Securities and may, and if so directed by an extraordinary resolution shall, institute proceedings for the winding up of the Issuer; provided that the Trustee shall have no right to accelerate payment of such IT-1 Capital Securities in the case of such default in the payment of interest on, or other amounts owing under, such IT-1 Capital Securities or a default in the performance of any other covenant of the Issuer in such IT-1 Capital Securities or under the Trust Deed.

If a Winding Up Proceeding (as defined herein) commences in respect of the Issuer or an effective resolution of the shareholders of the Issuer is passed for a Winding Up Proceeding in respect of the Issuer, the Trustee may, and if so directed by an extraordinary resolution shall, declare the principal of, and interest on, such IT-1 Capital Securities to be due and immediately payable, whereupon the principal of, and interest on, such IT-1 Capital Securities shall become and be immediately due and payable.

“**Winding Up Proceeding**” means either:

- (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, rehabilitation, readjustment of debt, marshalling of assets and liabilities, or similar arrangements involving the 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 shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days; or
- (b) the Issuer shall have filed a petition to take advantage of any insolvency statute.

“**Enforcement Event**” means the occurrence of any of the following:

- (a) a default is made in the payment of any amount of principal of the IT-1 Capital Securities on the due date for payment thereof (other than non-payment of principal under the Loss Absorption and Stock Settlement clauses, please refer to Items 2(x)(iv) and 2(x)(v) respectively); or
- (b) a default is made in the payment of interest (including any Additional Amounts, (as defined in Item 2(x)(xiii)) on the IT-1 Capital Securities within 14 days of the due payment thereof (other than non-payment of interest under the Limitations on Payment of Interest and Stock Settlement clauses, please refer to Items 2(x)(ii) and 2(x)(v) respectively),

other than a default in the payment of interest to the extent that such default is due to (a) in the case of Deferred Interest Amounts (as defined below), the cancellation of the

Issuer’s obligation to pay any Deferred Interest Amounts in excess of 50 per cent (50%) of the aggregate outstanding principal amount of the IT-1 Capital Securities (“**Deferral Limit**”) in the manner contemplated under the Limitations on Payment of Interest clause.

“**Deferred Interest Amount**” means any interest amount which, subject to any limits imposed by BNM on the payments that can be deferred, is deferred by the Issuer pursuant to the Limitation on Payment of Interest clause (please refer to Item 2(x)(ii)).

“**Holder**” means a holder of any of the IT-1 Capital Securities.

w. **Principal terms and conditions for warrants (where applicable)** : Not applicable.

x. **Other principal terms and conditions for the issue:**

i. **Principal Stock Settlement** : If the IT-1 Capital Securities are still outstanding on the fifteenth (15th) business day before the Principal Stock Settlement Date (as defined below) and the Issuer has not given notice to the Facility Agent and the Trustee that it will redeem the IT-1 Capital Securities prior to the Principal Stock Settlement Date, the Issuer shall, subject to the prior approval of BNM, redeem the IT-1 Capital Securities then outstanding at the Redemption Amount in accordance with the Stock Settlement clause.

“**Principal Stock Settlement Date**” means the Interest Payment Date falling thirty (30) years from the issue date.

“**Interest Payment Date**” means:

- (a) the date interest will be payable in semi-annually in arrears, being the date falling six (6) months after the issue date and every six (6) months thereafter up to the First Optional Redemption Date; and
- (b) commencing from the First Optional Redemption Date, the date interest will be payable quarterly / semi-annually in arrears, being the date falling three (3) or six (6) months after the First Optional Redemption Date.

ii. Limitation on Payment of Interest

: If the Payment Limitation Condition (as defined below) is met on the fifteenth (15th) business day prior to any Interest Payment Date, the Issuer may, at its option (subject to the Deferral Limit), defer paying interest on such Interest Payment Date, by giving not less than five (5) or more than fifteen (15) business days’ notice to the Facility Agent and the Trustee (which notice shall be irrevocable and shall oblige the Issuer to defer payment of the interest amount which, but for the Payment Limitation Condition, was payable on such Interest Payment Date). Any such deferral will not constitute or be deemed a default by the Issuer for any purpose whatsoever.

In the event that the total aggregate Deferred Interest Amount exceeds, or any additional Deferred Interest Amount would result in the total aggregate Deferred Interest Amount exceeding, the Deferral Limit, the Issuer shall apply to BNM for its approval to defer any such Deferred Interest Amount in excess of the Deferral Limit. To the extent that BNM does not approve the deferral of any such Deferred Interest Amount in excess of the Deferral Limit, the Issuer’s obligations to make payment of such Deferred Interest Amount in excess of the Deferral Limit shall cease to exist and such payments shall no longer be due and payable.

If the Issuer has not made a payment of any interest amount payable on the IT-1 Capital Securities, whether deferred or not, it shall not pay any dividend to its ordinary shareholders and/or any interest on any security or instrument ranking junior to the IT-1 Capital Securities.

“**Payment Limitation Condition**” means that during the 12 month period immediately preceding any Interest Payment Date, the Issuer did not declare any dividends, or make any interest payment(s), on any securities or instruments ranking junior to the IT-1 Capital Securities.

iii. Interest Stock Settlement

: If the Issuer defers the payment of any interest amount on any Interest Payment Date pursuant to the Limitation on Payment of Interest clause (please refer to Item 2(x)(ii)), the Issuer shall, if the Payment Limitation Condition ceases to exist and subject to the prior written approval of BNM to issue new shares and apply the issue proceeds to pay the Deferred Interest Amount, and the cancellation of any Deferred Interest Amount in excess of the Deferral Limit referred to above, pay the Deferred Interest Amount in cash, in full on the next Interest Payment Date, pursuant to the procedures set out under the Stock Settlement clause. No interest shall accrue on any Deferred Interest Amount.

Any payment of (a) dividends to ordinary shareholders of the Issuer and/or (b) interest to holders of securities or instruments ranking junior to the IT-1 Capital Securities, in connection with the Payment Limitation Condition ceasing to exist, may only be made simultaneously with or immediately following the payment of all Deferred Interest Amounts in accordance with this clause.

iv. Loss Absorption

: If a Replacement Event (as defined below) exists on the 15th business day prior to an Interest Payment Date or payment of an interest amount on such Interest Payment Date would result in the occurrence of a Replacement Event, the Issuer may be required by BNM to redeem the IT-1 Capital Securities on such Interest Payment Date at the Redemption Amount pursuant to procedures described under the Stock Settlement clause.

If the Issuer is unable to satisfy its obligation to pay such Redemption Amount referred to above for a period of twelve (12) months immediately following such Interest Payment Date and the Replacement Event continues to exist, the Issuer may be required by BNM to cancel the payment of such Redemption Amount but only to the extent required to remedy such Replacement Event, upon which such amount so cancelled shall no longer be due and payable by the Issuer and the obligation of the Issuer to pay such amount shall be extinguished to the extent of such cancellation. The cancellation shall be effected on a pro-rata basis. Non-payment of such amount will not constitute or be deemed a default by the Issuer for any purpose whatsoever.

“**Replacement Event**” means the occurrence and continuance of any of the following:

1. the Issuer is in breach of BNM’s minimum capital adequacy ratio requirements applicable to the Issuer; or

2. commencement of a winding up proceeding in respect of the Issuer; or
3. appointment of an administrator in connection with a restructuring of the Issuer.

v. **Stock Settlement** : (a) Issue of Ordinary Shares

The Issuer shall satisfy the payment of (i) any Deferred Interest Amount payable under the Interest Stock Settlement clause, (ii) any Redemption Amount payable under the Principal Stock Settlement or Loss Absorption clauses or (iii) any Deferred Interest Amount and Redemption Amount by issuing a sufficient number of Ordinary Shares (as defined below), the cash proceeds of which, when issued, are not less than the amount required to pay such (i) Deferred Interest Amount; (ii) Redemption Amount or (iii) Deferred Interest Amount and Redemption Amount.

If the Issuer is unable to raise a sufficient amount of cash proceeds from the issuance of such Ordinary Shares to pay the (i) Deferred Interest Amount; (ii) the Redemption Amount or (iii) the Deferred Interest Amount and Redemption Amount, as the case may be, on the due date for payment as described above and a shortfall exists, the Issuer will continue to use its best endeavours to issue a sufficient number of such Ordinary Shares until the Facility Agent shall have received funds equal to the full amount of such shortfall.

For the purposes of this clause and at the relevant time when the Issuer is required to issue Ordinary Shares under this clause, the Issuer is required to use its best endeavours to:

- (1) procure subscribers for the Ordinary Shares; and
- (2) obtain or procure such consents, approvals and authorizations as may be required from its shareholders, BNM or any other regulatory authority or body to allow it to carry out the matters referred to in this clause.

Non-payment by the Issuer of any (i) Deferred Interest Amount; (ii) any Redemption Amount; or (iii) any Deferred Interest Amount and Redemption Amount acting in accordance with this clause will not constitute or be deemed a default by the Issuer for any purpose whatsoever.

(b) Mechanics of Ordinary Share Issuance

Where the Issuer is required to issue Ordinary Shares under this clause, it will do so by arranging for the placement of the Ordinary Shares to one or more third parties, such that the total proceeds raised from the sale of the Ordinary Shares is sufficient to satisfy payment of the (i) Deferred Interest Amount; (ii) Redemption Amount or (iii) the Deferred Interest Amount and Redemption Amount, as the case may be.

(c) Issue Satisfies Payment

Where the Issuer is required to satisfy payment of (i) any Deferred Interest Amount payable under the Interest Stock Settlement clause (ii) any Redemption Amount payable under the Loss Absorption or Principal Stock Settlement clauses or (iii) any Deferred Interest and Redemption Amount, as the case may be, by issuing Ordinary Shares, and the Issuer issues such Ordinary Shares, such issue shall satisfy the (i) Deferred Interest Amount; (ii) Redemption Amount or (iii) Deferred Interest Amount and Redemption Amount, if carried out in accordance with this clause. The proceeds arising from the issuance of the Ordinary Shares shall be paid by the Issuer to the Facility Agent in order to pay the Holders (as defined below).

(d) Insufficiency

If the Issuer is unable to fully pay the (i) Deferred Interest Amount; (ii) Redemption Amount or (iii) Deferred Interest and Redemption Amount, as the case may be, in accordance with paragraph (a) above, then until such amount has been paid in full by the Issuer, the Issuer may not:

- (1) pay any dividend to ordinary shareholders or make any interest payment on any securities or instruments ranking pari passu with or junior to the IT-1 Capital Securities; and
- (2) redeem, purchase, reduce or otherwise acquire any of its ordinary equity shares, preference shares or other securities, or any securities of any of its subsidiary undertakings which are guaranteed by the 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 IT-1 Capital Securities.

In the case of Deferred Interest Amount, the provisions of paragraph (d) above shall not apply to the extent that such non-payment is due to the cancellation of the Issuer’s obligation to pay any Deferred Interest Amount in excess of the Deferral Limit in the manner contemplated under the Limitations on Payment of Interest clause.

In the event the authorised share capital of the Issuer is required to be increased for the purposes of paragraph (a) above, the Issuer shall obtain the prior approval of its shareholders, BNM and/or, where applicable, any other regulatory authorities.

“**Ordinary Shares**” means the ordinary shares of RM1.00 each in the Issuer.

vi. Status

: The IT-1 Capital Securities are direct and unsecured obligations of the Issuer and are subordinated in the manner described below.

Subordination

The Issuer covenants and agrees, and each Holder by subscribing for or purchasing a IT-1 Capital Security irrevocably acknowledges and agrees that:

- (a) the indebtedness evidenced by the IT-1 Capital Securities constitutes unsecured and subordinated obligations of the Issuer; and
- (b) the subordination is for the benefit of the holders of indebtedness that rank senior to the IT-1 Capital Securities. Claims in respect of the IT-1 Capital Securities will rank pari passu and without preference among themselves and with the most junior class of preference shares (if any) of the Issuer, but in priority to the rights and claims of holders of the ordinary equity shares of the Issuer.

The principal of, and interest and any additional amounts payable on, the IT-1 Capital Securities will be subordinated in right of payment upon the occurrence of any winding up proceeding to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer (including liabilities of all offices and branches of the Issuer wherever located) and any debt securities (whether subordinated or unsubordinated) of the Issuer that rank senior to the IT-1

Capital Securities, except in each case to those liabilities which by their terms rank equally in right of payment with or which are subordinated to the IT-1 Capital Securities.

Each Holder irrevocably waives its rights as a creditor to the extent necessary to give effect to the subordination provisions of the IT-1 Capital Securities. In order to implement these subordination provisions, each Holder agrees that at the time when a winding up proceeding shall have occurred and be continuing, any amounts that would be due to such Holder in the absence of these subordination provisions will be applied:

- (a) first, to the payment in full of all claims of depositors and all other obligations of the Issuer ranking senior in the right of payment to the IT-1 Capital Securities (including interest on such claims accruing after the date of commencement of such winding up proceeding); and
- (b) thereafter, to the payment, equally and rateably, of amounts owing under the IT-1 Capital Securities and all obligations of the Issuer ranking equally in right of payment with the IT-1 Capital Securities.

No Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the IT-1 Capital Securities and each Holder shall by virtue of its subscription, purchase or holding of any IT-1 Capital Security, be deemed to have waived all such rights of set-off to the fullest extent permitted by law.

- vii. Redemption Amount** : An amount equal to 100 per cent (100%) of the outstanding principal amount of the IT-1 Capital Securities together with accrued but unpaid interest remaining payable (if any) and any other amounts outstanding on the IT-1 Capital Securities up to (and excluding) the date on which the IT-1 Capital Securities are redeemed.
- viii. Optional Redemption** : In relation to each tranche, the Issuer may, at its option and subject to the prior approval of BNM, redeem in whole but not in part the IT-1 Capital Securities in the tranche at the Redemption Amount, subject to the Redemption Conditions (as defined below) being satisfied:
 - 1. on the First Optional Redemption Date; or
 - 2. on any Interest Payment Date thereafter.

“**Redemption Conditions**” means:

1. the Issuer is solvent at the time of any redemption of the IT-1 Capital Securities in accordance with the terms and conditions of the IT-1 Capital Securities and immediately thereafter; and
2. the Issuer has obtained the written approval of BNM prior to the redemption of the IT-1 Capital Securities.

For the avoidance of doubt, in the event the Issuer exercises its option to redeem a particular tranche, any Deferred Interest Amount for that particular tranche would also have to be paid.

ix. Tax Redemption

: In relation to each tranche of IT-1 Capital Securities, if there is more than an insubstantial risk that:-

- (1) the Issuer has or will become obliged to pay Additional Amounts or any taxes other than the Additional Amounts; or
- (2) the Issuer would no longer obtain tax deductions for the purposes of Malaysian corporation tax for any payment in respect of the IT-1 Capital Securities pursuant to the terms and conditions of the IT-1 Capital Securities;

as a result of a change in, or amendment to, the laws and regulations of Malaysia or any political subdivision or any authority thereof or therein having power to tax, or change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the tranche of IT-1 Capital Securities and the Issuer cannot, by taking reasonable measures available to it, avoid such obligations, then the Issuer may, at its option, redeem the tranche of IT-1 Capital Securities (in whole, but not in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied.

x. Regulatory Redemption

: If the IT-1 Capital Securities no longer qualify as Tier 1 capital of the Issuer for the purposes of BNM’s capital adequacy requirements under any regulations applicable to the Issuer or at any time if there is more than an insubstantial risk that the IT-1 Capital Securities will no

longer qualify as such, the Issuer may, at its option, redeem the IT-1 Capital Securities (in whole, but not in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied.

- xi. Repurchase and Cancellation** : In relation to each tranche, the Issuer or any of its subsidiaries may at any time purchase, subject to the prior approval of BNM, the IT-1 Capital Securities at any price in the open market or by private treaty. If purchases are made by tender, such tender must (subject to any applicable rules and regulations) be made available to all Holders equally. IT-1 Capital Securities purchased by the Issuer or a subsidiary may not be used for voting purposes or for directing or requesting the Trustee to take any action.
- The IT-1 Capital Securities which are purchased by the Issuer may at the election of the Issuer, subject to BNM’s approval, be cancelled and may not be re-issued.
- xii. Availability** : Upon completion of documentation and, unless waived by the JLAs and joint lead manager(s), if any, compliance of all conditions precedent and other applicable conditions to the satisfaction of the JLAs.
- xiii. Taxation** : All payments by the Issuer in respect of the IT-1 Capital Securities shall be made free and clear of, and without withholding or deduction for taxes, duties, assessments or government charges of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (“**Additional Amount**”) 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.
- xiv. Transferability** : The IT-1 Capital Securities shall be transferable, but subject to the Selling Restrictions more fully described in Item 2(p) herein.
- xv. Voting Rights** : Holders will not be entitled to receive notice of or attend or vote at any meeting of the ordinary shareholders of the Issuer or to participate in the management of the Issuer. No company-shareholder relationship is intended or has been contemplated between the Issuer and the Holders, and as such, the relationship between the Issuer and the Holders shall not be governed by the Memorandum and Articles of Association of the Issuer.
- xvi. Governing Laws** : Laws of Malaysia

- xvii. Jurisdiction** : The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdictions of the courts of Malaysia.
- xviii. Other Conditions** : The IT-1 Capital Securities shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority in Malaysia having jurisdiction over matters pertaining to the IT-1 Capital Securities, and the Code of Conduct.
- Any modifications to the terms and conditions of the IT-1 Capital Securities which relate to the qualification of the IT-1 Capital Securities as Innovative Tier 1 capital of the Issuer under the requirements stipulated by BNM shall only be made with the prior approval of BNM.
- xix. Permitted Assigns** : The references to the “**Issuer**” and “**EON Bank**” herein shall include its successors in title, permitted assigns and persons deriving title thereunder.