

**1. BACKGROUND INFORMATION ON THE ISSUER**

- (i) Name: AmBank (M) Berhad (“**AmBank**” or the “**Issuer**”)
- (ii) Address: 22<sup>nd</sup> Floor, Bangunan AmBank Group, No. 55 Jalan Raja Chulan, 50200 Kuala Lumpur
- (iii) Business registration number: 8515-D
- (iv) Date and place of incorporation: 25 March 1969 / Malaysia
- (v) Date of listing: Not applicable
- (vi) Status on residence, i.e. whether it is a resident controlled company or non-resident-controlled company: Resident-controlled company.  
  
Note: Although foreign shareholders may hold more than 50% equity in AMMB Holdings Berhad (“**AMMB**”), AmBank is deemed a resident-controlled company by virtue of the composition of its board of directors and management. This shareholding structure is a reflection of AMMB’s shareholding in the Issuer, with AMMB being a listed company.
- (vii) Principal activities: Business of banking, finance company and other related financial services.

(viii) Board of directors:

As at 30 September 2013, the Board of Directors of the Issuer are as follows:

1. Tan Sri Azman Hashim  
*Chairman, Non-Independent Non-Executive Director*
2. Cheah Tek Kuang  
*Deputy Chairman, Non-Independent Non-Executive Director*
3. Tun Mohammed Hanif bin Omar  
*Non-Independent Non-Executive Director*
4. Tan Sri Datuk Clifford Francis Herbert  
*Independent Non-Executive Director*
5. Dato' Gan Nyap Liou @ Gan Nyap Liow  
*Independent Non-Executive Director*
6. Chin Yuen Yin  
*Independent Non-Executive Director*
7. Loh Chen Peng  
*Independent Non-Executive Director*
8. Christopher Robin Page  
*Non-Independent Non-Executive Director*
9. Ashok Ramamurthy  
*Chief Executive Officer, Non-Independent Executive Director*

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- (ix) Structure of shareholdings and names of shareholders or, in the case of a public company, names of all substantial shareholders:

As at 30 September 2013, the shareholders of the Issuer are as follows:

Ordinary Share holders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
AMMB	820,363,762	100.0	-	-
Tan Sri Azman Hashim	-	-	820,363,762*	100.0
Amcorp Group Berhad	-	-	820,363,762*	100.0
Clear Goal Sdn Bhd	-	-	820,363,762*	100.0
ANZ Funds Pty Ltd	-	-	820,363,762*	100.0
Australia and New Zealand Banking Group Limited	-	-	820,363,762*	100.0

*\*Note: Deemed interested by virtue of his/its substantial interests in AMMB*

- (x) Authorised, issued and paid-up capital:

As at 30 September 2013, the authorised, issued and paid-up capital of the Issuer are as follows:

Authorised capital

RM3,886,250,002.00 divided into 1,386,250,002 ordinary shares and 2,500,000,000 irredeemable non-cumulative convertible preference shares of RM1.00 each; and

Issued and paid-up capital:

RM820,363,762.00 comprising 820,363,762 ordinary shares of RM1.00 each

(xi) Disclosure of the following:

- If the issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of application; and None.
- 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 the date of application. Not applicable as the Issuer is not a listed company

**2. PRINCIPAL TERMS AND CONDITIONS**

- (a) Names of parties involved in the proposed transaction
- (i) Principal adviser : AmInvestment Bank Berhad (“**AmInvestment Bank**”)
  - (ii) Lead arranger : AmInvestment Bank
  - (iii) Co-arranger : Not applicable
  - (iv) Solicitor : Adnan Sundra & Low
  - (v) Financial adviser : Not applicable
  - (vi) Technical adviser : Not applicable
  - (vii) Bond trustee : Malaysian Trustees Berhad
  - (viii) Guarantor : Not applicable
  - (ix) Valuer : Not applicable
  - (x) Facility agent : AmInvestment Bank
  - (xi) Primary subscriber (under a bought deal arrangement) and amount subscribed : 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.
  - (xii) Underwriter and amount underwritten : Not applicable
  - (xiii) Central depository : Bank Negara Malaysia (“**BNM**”)
  - (xiv) Paying agent : BNM
  - (xv) Reporting accountant : Not applicable
  - (xvi) Calculation agent : Not applicable
  - (xvii) Others:
    - Lead manager (s) : AmInvestment Bank and/or such other financial institution(s) to be appointed at point of issuance, at the option of the Issuer.
    - Rating Agency : RAM Rating Services Berhad (“**RAM Ratings**”)
- (b) Facility description : A Subordinated Notes Programme (“**Programme**”) for the issuance of Tier 2 Subordinated Notes (“**Tier 2 Subordinated Notes**” or the “**Notes**”).

The Tier 2 Subordinated Notes will qualify as Tier 2 capital of the Issuer, for purposes of the Capital Adequacy Framework (Capital Components) (the “**Framework**”) as approved by BNM.

- (c) Issue/debt programme size : The aggregate outstanding nominal value of the Tier 2 Subordinated Notes under the Programme shall not at any point in time exceed RM4.0 billion.
- (d) Tenure of issue/debt programme : **Tenure of the Programme**  
The tenure of the Programme shall be thirty (30) years from the date of first issue under the Programme.

**Tenure of the Tier 2 Subordinated Notes:**

Subject to the Call Option, each issuance of Tier 2 Subordinated Notes shall have a tenure of at least five (5) years from the issue date provided that the Tier 2 Subordinated Notes mature on or prior to the expiry of the Programme.

**Call Option**

The relevant tranche of the Notes are callable on any Coupon Payment Date after a minimum period of five (5) years from the date of issue of that tranche (hereinafter referred to as the “**Call Date**”), at the option of the Issuer.

None of the Notes shall carry a maturity date extending beyond the expiry of the tenure of the Programme.

- (e) Availability period of debt programme : The period from compliance (or waiver, as the case may be) of all conditions precedent for the establishment of the Programme to the satisfaction of the Lead Arranger up to twenty five (25) years from the date of first issuance under the Programme.

The first issuance shall be made within two (2) years from the date of the Securities Commission (“**SC**”)’s approval.

- (f) Interest/coupon rate : **Tier 2 Subordinated Notes**  
To be determined prior to the issuance of the Tier 2 Subordinated Notes and the rate shall be applicable throughout the tenure of each issue of the Tier 2 Subordinated Notes.

For avoidance of doubt, there is no step-up coupon rate after the Call Date of the Tier 2 Subordinated Notes, in the event the Call Option is not exercised by the Issuer.

- (g) Interest/coupon payment frequency : Payable semi-annually in arrears from the issue date (“**Coupon Payment Date**”) with the last coupon payment to be made on the respective maturity dates or upon the early redemption of the Notes.

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- (h) Interest/coupon payment basis : Actual number of days over 365 days basis or over 366 days in the case of a leap year, or in any event in accordance with MyClear Procedures (as defined below).
- (i) Security/Collateral, where applicable : Unsecured.
- (j) Details on utilisation of proceeds : The proceeds of the Notes shall be made available to the Issuer, without limitation, for its working capital, general banking purposes and refinancing its outstanding capital instruments.
- (k) Sinking fund and designated accounts, where applicable : Not applicable.
- (l) Rating : Tier 2 Subordinated Notes
- Credit rating assigned and whether the rating is final or indicative. : AA<sub>3</sub> (preliminary).
  - Name of credit rating agencies : RAM Ratings.
- (m) Mode of issue : The Notes may be issued via direct/private placement or bought deal basis or book building on a best efforts basis without prospectus.

The Notes shall be issued in accordance with (1) the Participation and Operation Rules for Payments and Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("**MyClear**") ("**MyClear Rules**") and (2) the Operational Procedures for Securities Services and the Operational Procedures for Real Time Electronic Transfer of Funds and Securities (RENTAS) (collectively the "**MyClear Procedures**"), or their replacement thereof (collectively the "**MyClear Rules and Procedures**") applicable from time to time.

- (n) Selling restriction, including tradability (i.e. whether tradable or non-tradable) : Selling Restrictions at Issuance  
The Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer or invitation to subscribe for the Notes and to whom the Notes are issued would fall within:
1. Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)); read together with
  2. Schedule 9 (or Section 257(3))
- of the Capital Markets and Services Act 2007, ("**CMSA**") as amended from time to time.

Selling Restrictions after Issuance

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

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

of the CMSA as amended from time to time.

The Notes are tradable and transferable.

- (o) Listing status and types of listing, where applicable : The Notes may be listed on Bursa Malaysia Securities Berhad under the Exempt Regime. The SC will be notified accordingly in the event of such listing.
- (p) Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase PDS, and whether or not obtained; : Approval from BNM for the establishment of the Programme of up to RM4.0 billion in nominal value for the issuance of the Tier 2 Subordinated Notes was obtained on 21 October 2013.
- (q) Conditions precedent : Conditions precedent for issuance of the Notes, shall include but is not limited to the following (all of which shall be in form and substance acceptable to the Lead Arranger):

**A. Main Documentation**

- 1) The Transaction Documents have been executed and, where applicable, stamped or endorsed as exempted from stamp duty under the relevant legislation 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, 44 and 49 of the Issuer.
- 3) A certified true copy of a board resolution of the Issuer authorising, amongst others, the establishment of the Programme and the execution of the relevant Transaction Documents.
- 4) A list of the Issuer's authorised signatories and their respective specimen signatures.
- 5) A report of the relevant company search conducted on the Issuer.



- 6) A report of the relevant winding-up search or the relevant statutory declaration of the Issuer (in form and substance acceptable to the 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.

**C. General**

- 1) The approval and authorisation from the SC for the establishment of the Programme.
- 2) Approval from BNM for the establishment of the Programme of up to RM4.0 billion in nominal value for the issuance of Tier 2 Subordinated Notes.
- 3) The Issuer shall have obtained a minimum long-term rating of AA<sub>3</sub> for the Tier 2 Subordinated Notes from RAM Ratings for the first issuance.
- 4) Evidence that arrangements have been made for payment of all transaction fees, costs and expenses.
- 5) The Lead Arranger has received from the solicitors acceptable legal opinion addressed to it advising with respect to, amongst others, the legality, validity and enforceability of the Transaction Documents and a confirmation addressed to it that all the conditions precedent have been complied or waived as the case may be.
- 6) Such other conditions precedent as advised by the solicitors of the Lead Arranger and mutually agreed with the Issuer.

(r) Representations and warranties : Representations and warranties typical and customary for a programme of this nature, which shall include but not limited to the following:

- (i) The Issuer is a company duly incorporated and validly existing under the laws of Malaysia;
- (ii) The Issuer has the power to enter into, exercise its rights under and perform its obligations under the Transaction Documents;
- (iii) The Issuer's entry into, exercise of its rights under and performance of the Transaction Documents do not and will not violate any existing laws or agreements to which it is a party;
- (iv) The Issuer has all licences, permits, authorisations, approvals, orders and other concessions of and from all governmental and regulatory officials and bodies that

are necessary to own or lease its properties and conduct its business, other than where the failure to obtain such licences, permits, authorisations, approvals, orders and other concessions would not have a Material Adverse Effect (as defined below);

- (v) The Transaction Documents create valid and binding obligations which are enforceable on and against the Issuer;
- (vi) All necessary actions, authorisations and consents required under the Transaction Documents have been taken, fulfilled and obtained and remain in full force and effect;
- (vii) Save as disclosed in the Information Memorandum, no litigation or arbitration is current or, to the Issuer's knowledge, is threatened, which if adversely determined would have a Material Adverse Effect;
- (viii) The audited financial statements of the Issuer are prepared in accordance with generally accepted accounting principles and standards and they fairly represent its financial position;
- (ix) The financial statements and other information supplied are true and accurate in all material aspects and not misleading except that, when the warranted information is a forecast, the warranty will be to the effect that the forecast has been made on the basis of assumptions which were reasonable at the time when they were made and after due enquiry;
- (x) No step has been taken by the Issuer, its creditors or any of its shareholders or any other person on its behalf nor have any legal proceedings or applications been started or threatened under Section 176 of the Companies Act 1965;
- (xi) There has been no change in the business or condition (financial or otherwise) of the Issuer or its subsidiaries since the date of its last audited financial statements which might have a Material Adverse Effect; and
- (xii) Such other representations and warranties as may be advised by the solicitor acting for the Lead Arranger.

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

- (s) Events of default (or enforcement event, where applicable) : The events of default in relation to a tranche of the Tier 2 Subordinated Notes shall be:
- (i) if the Issuer defaults in payment of any principal or coupon under that tranche on the due date and the Issuer does not remedy such default within a period of seven (7) business days after the Issuer became aware or having been notified by the Trustee of the default; or
  - (ii) an order is made for the winding-up of the Issuer and such order is not stayed or set aside within thirty (30) days of such order being made or, where so stayed, such stay lapses, or an effective resolution is passed for the winding-up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation the terms of which have been approved by the holders of Tier 2 Subordinated Notes by way of a special resolution.

Upon the occurrence of item (i) above, subject to the terms of the Trust Deed of the Tier 2 Subordinated Notes, the Trustee may or shall (if directed to do so by a special resolution of the holders of the Tier 2 Subordinated Notes) institute proceedings to enforce the payment obligations under that tranche of Tier 2 Subordinated Notes and may institute proceedings in Malaysia for the winding-up of the Issuer, provided that neither the Trustee nor any of the holders of that tranche of Tier 2 Subordinated Notes shall have the right to accelerate payment of that tranche of Tier 2 Subordinated Notes in the case of such default in the payment of amount owing under that tranche of Tier 2 Subordinated Notes or any default in the performance of any condition, provision or covenant under that tranche of Tier 2 Subordinated Notes or the Trust Deed of the Tier 2 Subordinated Notes.

Upon the occurrence of item (ii) above, subject to the terms of the Trust Deed of the Tier 2 Subordinated Notes, the Trustee may or shall (if directed to do so by a special resolution of the holders of Tier 2 Subordinated Notes) declare (by giving written notice to the Issuer) that the Tier 2 Subordinated Notes together with all other sums payable under the Tier 2 Subordinated Notes shall immediately become due and payable at its nominal value together with the accrued but unpaid coupon (if any) notwithstanding the stated maturity of the Tier 2 Subordinated Notes.

For avoidance of doubt, the occurrence of event of default (i) above for any tranche of the Tier 2 Subordinated Notes will not trigger the event of default for any tranches of any other tranches of the Tier 2 Subordinated Notes outstanding. However, occurrence of event of default (ii) above will trigger an event of default for all tranches of the Tier 2 Subordinated Notes outstanding.

(t) Covenants

- (i) Positive Covenants . The Issuer shall comply with such applicable positive covenants as may be advised by the solicitors acting for the Lead Arranger and/or 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:
1. The Issuer shall deliver to the Trustee a copy of its annual audited financial statements within 180 days after the end of each of its financial year, its semi-annual unaudited financial statements within 90 days after the end of each half of its financial year and any other accounts, balance sheet, report, notice, statement, circular or other documents issued by the Issuer to its shareholders and to the holders of the Notes;
  2. The Issuer shall not later than 180 days after the end of each of its financial year, deliver to the 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 Notes 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 Notes, any event of default and if such is not the case, the certificate should specify the same;
  3. The Issuer shall promptly provide to the Trustee any information relating to its affairs to the extent permitted by law, as the Trustee may from time to time reasonably require in order to discharge its duties and obligations as Trustee under the Trust Deed and the other Transaction Documents;
  4. The Issuer shall immediately notify the Trustee in the event that the Issuer becomes aware of the following:
    - a) the occurrence of any event of default; or the occurrence of any event that has caused or could cause one or more of the following: (a) any amount payable under the Notes becomes immediately payable; (b) the Notes become immediately enforceable; or (c) any other rights or remedies under the terms and conditions of the Notes or the Trust Deed to become immediately enforceable;
    - b) 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 Notes;

- c) any substantial change in the nature of the business of the Issuer;
  - d) any change in the utilisation of proceeds from the Notes from that set out in the submission to the SC, the Information Memorandum or any of the Transaction Documents which sets out a specific purpose for which proceeds are to be utilised;
  - e) any change in the Issuer's withholding tax position or taxing jurisdiction; and
  - f) any other matters that may materially prejudice the interests of the holders of the Notes;
5. The Issuer shall keep proper books and accounts at all times and to provide the Trustee and any person appointed by it access to such books and accounts to the extent permitted by law;
6. The Issuer shall at all times maintain its respective corporate legal existence and exercise reasonable diligence in carrying out its respective business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices and will ensure, amongst others, that all necessary approvals and relevant licences required for it to carry on its business are obtained;
7. The Issuer shall at all times maintain a paying agent with a specified office in Malaysia; and
8. The Issuer will procure that the paying agent shall notify the Trustee, through the Facility Agent, if the paying agent does not receive payment from the Issuer on the due dates as required under the Trust Deed and the terms and conditions of the Notes.

There will be no restrictive covenants applicable to the Notes.

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

- (i) Buy-back of the Notes  
The Issuer or any of its subsidiaries or related corporations may at any time purchase, 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 Tier 2 Subordinated Notes at any price in the open market or by private treaty provided no Non-Viability Event (as defined below) 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 the Tier 2 Subordinated Notes equally.

Subject to prior approval by BNM (but which approval shall not be required for a purchase done in the ordinary course of business), the Tier 2 Subordinated Notes purchased by the Issuer or its subsidiaries or by agents of the Issuer shall be cancelled and shall not be resold. The Tier 2 Subordinated Notes purchased by other related corporations (other than the Issuer's subsidiaries) or any interested person of the Issuer, which includes the directors, major shareholders and chief executive officer, need not be cancelled but they will not entitle such related corporations or interested person of the Issuer to vote under the terms of the Tier 2 Subordinated Notes subject to any exceptions in the Trust Deeds Guidelines.

For the avoidance of doubt, the Tier 2 Subordinated Notes held by related corporations and any interested person of the Issuer shall not be counted for the purposes of voting subject to any exceptions in the Trust Deeds Guidelines.

For the purpose of this clause, the term "ordinary course of business" includes those activities performed by the Issuer, any of the Issuer's subsidiaries or any other related corporations of the Issuer for third parties (such as clients of the Issuer, the Issuer's subsidiaries' and the Issuer's related corporations) and excludes those performed for the funds of the Issuer or such related corporation.

For the avoidance of doubt, subject always to the requirements of the Trust Deeds Guidelines where the purchase of the Tier 2 Subordinated Notes by the Issuer or its subsidiaries or by agents of the Issuer shall be cancelled and shall not be resold, neither the Issuer nor an affiliated party over which it exercises control or significant influence can purchase the Tier 2 Subordinated Notes, nor can the Issuer directly or indirectly have financed its purchase, failing which the regulatory adjustments as set out in the Framework shall apply.

(ii) Call Option

: For each tranche of the Tier 2 Subordinated Notes, if Call Option is applicable, the Issuer may, at its option, and subject to the Redemption Conditions (as defined below) being satisfied, redeem that tranche of Notes (in whole or in part) on the Call Date of that tranche at their principal amount together with accrued but unpaid coupon (if any).

In the case of a partial redemption of Notes of a tranche, the selection of the Notes to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) will deem to be fair and appropriate, although no Notes of RM10,000,000 in original nominal value or less will be

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redeemed in part.

(iii) Redemption at maturity : Unless previously redeemed on a Call Date (if applicable) or redeemed pursuant to a Regulatory Event or a Tax Event or purchased from the market and cancelled, the Tier 2 Subordinated Notes will be redeemed at 100% of their nominal value on their respective maturity dates.

(iv) Redemption Conditions : Redemption Conditions of the Notes mean:

1. the Issuer must have received a written approval from BNM prior to redemption of the tranche of any of the Notes;
2. the Issuer is solvent at the time of redemption of such tranche of the Notes and immediately thereafter;
3. the Issuer is not in breach of BNM's minimum capital adequacy requirements and capital buffer requirements applicable to the Issuer after redemption of such tranche of the Notes; and
4. in respect of a Call Option only, the Issuer shall:
  - (i) replace the called or redeemed tranche of the Notes with capital of the same or better quality and the replacement of this capital shall be done at conditions which are sustainable for the income capacity of the Issuer; or
  - (ii) demonstrate to BNM that its capital position is well above the capital adequacy and capital buffer requirements after redemption of such tranche of the Notes.

(v) Regulatory redemption of the Tier 2 Subordinated Notes : The Issuer may, at its option, redeem the Tier 2 Subordinated Notes (in whole or in part), as the case maybe, at the Redemption Amount, subject to the Redemption Conditions being satisfied if a Regulatory Event (as defined below) occurs.

**“Regulatory Event”** means any time there is more than an insubstantial risk, as determined by the Issuer, that:

- (i) all or any part of the Tier 2 Subordinated Notes will, either immediately or with the passage of time or upon either the giving of notice or fulfilment of a condition, no longer qualify as Tier 2 capital of the Issuer for the purposes of BNM's capital adequacy requirements under any applicable regulations; or
- (ii) changes in law will make it unlawful for the Issuer to continue performing its obligations under all or any part of such Tier 2 Subordinated Notes.

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(vi) Tax redemption of the Tier 2 Subordinated Notes : If there is more than an insubstantial risk as determined by the Issuer that:

1. the Issuer has or will become obliged to pay any additional taxes, duties, assessments or government charges of whatever nature in relation to the Tier 2 Subordinated Notes, as the case may be; or
2. the Issuer would no longer obtain tax deductions for the purposes of Malaysian corporation tax for any payment in respect of the Tier 2 Subordinated Notes, as the case may be;

as a result of a change in, or amendment to, the laws or 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 and the Issuer cannot, by taking reasonable measures available to it, avoid such obligations ("**Tax Event**"), then the Issuer may, at its option, redeem the Tier 2 Subordinated Notes (in whole, but not in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied.

(vii) Redemption Amount

"**Redemption Amount**" means an amount equal to 100% of the face value together with accrued but unpaid interest (if any) relating to the then current interest period (if any) up to (and excluding) the date on which the Notes are redeemed or the Issuer is wound up (as the case may be).

(v) Other principal terms and conditions for the proposed transaction

1. Issue Price : The Notes shall be issued at par or at a premium (but not at a discount) to nominal value and the issue price shall be calculated in accordance with MyClear Rules and Procedures.

The issue price of the Notes shall be determined prior to each issuance of the Notes.

2. Yield to Maturity (%) : To be determined prior to the issue date of the Notes.

3. Default Interest : Interest on overdue amounts shall be payable at 1% per annum plus the base lending rate of AmBank (M) Berhad from and including the relevant due date to but excluding the date of actual payment, calculated based on the actual number of days elapsed and a year of 365 days (or 366 days in the case of leap year).

4. Form and : The Notes shall be issued in accordance with MyClear



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- Denomination Rules and Procedures. The Notes shall be represented by a global certificate to be deposited with BNM, and is exchanged for a definitive bearer form only in certain limited circumstances. The denomination of the Notes shall be RM1,000 or in multiples of RM1,000 at the time of issuance.
5. Status : The Tier 2 Subordinated Notes will constitute direct, unconditional and unsecured obligations of the Issuer, subordinated in right and priority in payment, to depositors and general creditors of the Issuer, to the extent and in the manner provided for in the Tier 2 Subordinated Notes, ranking *pari passu* and without any preference among themselves.
- In the event of winding-up and liquidation of the Issuer, the payment obligations of the Issuer under the Tier 2 Subordinated Notes will be subordinated in right of payment to all deposit liabilities and other liabilities of the Issuer, except in each case to those liabilities which by their terms rank equally in right of payment with or are subordinated to the Tier 2 Subordinated Notes.
6. Trustee's Reimbursement Account : The Trustee shall open and maintain, throughout the tenure of the Notes, an account to be named the "Trustee's Reimbursement Account for Debenture holders' Actions" (the "**Account**") with a bank which is acceptable to the Issuer with a sum of Ringgit Malaysia Thirty Thousand (RM30,000.00), which amount is to be obtained from the proceeds of issuance of the Notes.
- The Account shall be operated solely by the Trustee and the money shall be used strictly by the Trustee in carrying out its duties in relation to the declaration of an event of default in the manner as provided in the Trust Deed.
- The moneys in the Account may be invested in bank deposits or instruments or securities in the manner as provided in the Trust Deed, with profit from the investment to be accrued to the Issuer. The moneys in the Account shall be returned to the Issuer upon full redemption of the Notes in the event there is no declaration of an event of default.
7. Taxation : All payments by the Issuer shall be made without withholding or deductions for or on account of any present and future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia unless such withholding or deduction is required by law, in which event the Issuer shall not be required to gross up in connection with such withholding or deduction on these payments or distributions.
8. No Further Rights To Participate in Profits and Assets : The holders of the Notes shall have no right or claim and not be conferred any right or claim as regards to participation in the profits and assets of the Issuer.

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9. Voting Rights : Holders of the Notes will not be entitled to receive notice of or attend or vote at any meeting of the ordinary shareholders of the Issuer or participate in the management of the Issuer. No company-shareholder relationship is intended or has been contemplated between the Issuer and the holders of the Notes and as such the relationship between the Issuer and the holders of the Notes shall not be governed by the Memorandum and Articles of Association of the Issuer.
10. Transaction Documents : The Transaction Documents shall include the following:  
(i) Trust Deed;  
(ii) Programme Agreement;  
(iii) Subscription Agreement (where applicable);  
(iv) Securities Lodgement Form; and  
(v) Any other agreements as may be advised by the solicitors.
11. Contingent Write-off : Upon the occurrence of a Trigger Event (as defined below), the Issuer is required to give notice to the holders of the Tier 2 Subordinated Notes and RAM Ratings in accordance with the terms of the respective Notes, then as of the relevant write-off date, the write-off shall extinguish the claim of the Tier 2 Subordinated Notes in liquidation, which will mean that the holders of the Tier 2 Subordinated Notes written-off will be automatically deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the respective Notes written-off, the amount repaid when a call option is exercised and coupon payments on the respective Notes written-off.

The write-off shall be permanent and the full principal amount of the Tier 2 Subordinated Notes together with all unpaid coupons thereon that are or would be payable upon the relevant maturity date, an early redemption or the occurrence of an Event of Default under clause 2(s)(ii) will automatically be written-off and such Tier 2 Subordinated Notes and coupons will be immediately and fully cancelled as of such write-off date.

For the avoidance of doubt; (i) the write-off of the respective Notes shall not constitute an event of default or trigger cross-default clauses; and (ii) BNM shall have the option to require the entire principal amount of the Tier 2 Subordinated Notes outstanding, or a part thereof, and all other amount owing under the Programme, be written off.

**No Conversion into Equity**

For avoidance of doubt, the Tier 2 Subordinated Notes will under no circumstances be converted into equity of the Issuer and the holders of the Tier 2 Subordinated Notes will have to absorb losses pursuant to the terms specified herein.

**No Event of Default or Cross Default**

For the avoidance of doubt, the exercise of the loss absorption at the point of non-viability shall not constitute an Event of Default as specified under Clause 2(s) above or trigger cross-default clauses.

12. Trigger Event : A “**Trigger Event**” shall be the earlier of the following:
- (i) BNM and Malaysia Deposit Insurance Corporation (“**PIDM**”) notify the Issuer in writing that BNM and PIDM are of the opinion that a write-off is necessary, without which the Issuer would cease to be viable; or
  - (ii) BNM and PIDM publicly announce that a decision has been made by BNM, PIDM, or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the Issuer would cease to be viable.

In assessing whether the Issuer would cease to be viable, BNM may consider, amongst others, any of the following circumstances exist (“**Non-Viability Event**”) in respect of the Issuer:

- (1) the Issuer fails to follow any directive of compliance issued by BNM, which is necessary to preserve or restore its financial soundness;
- (2) the Issuer fails to meet all or any of its financial obligations as they fall due, that may significantly impair its capital position;
- (3) the capital of the Issuer has reached a level or is eroding in a manner that may detrimentally affect its depositors, creditors or the public, and the Issuer is unable to re-capitalise on its own;
- (4) the Issuer’s assets are insufficient to provide protection to its depositors and creditors;
- (5) the Issuer has lost the confidence of depositors and the public; or
- (6) any other state of affairs exists in respect of the Issuer that would put the interest of the depositors or creditors of the Issuer at risk.

For the avoidance of doubt, BNM shall have the full discretion to elect not to require a write-off when the Issuer has ceased, or is about to cease, to be viable or when a capital injection or equivalent support has been provided. Even if the option is not exercised, holders of the Tier 2

Subordinated Notes may still be exposed to losses from the resolution of the Issuer.

**No Conversion into Equity**

Notwithstanding the powers of BNM, the Tier 2 Subordinated Notes will under no circumstances be converted into equity of the Issuer and holders of the Notes will have to absorb losses pursuant to the terms specified herein.

- 13. Governing Law : The Notes shall be governed by the laws of Malaysia.
- 14. Other Conditions : The Notes shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or other relevant authority in Malaysia having jurisdiction over matters pertaining to the Notes.