

CIMB BANK BERHAD

Proposed issue of, offer for subscription or purchase of
Tier 2 subordinated debt pursuant to the Tier 2 Subordinated Debt Programme
of up to RM10 billion in nominal value

Principal Terms and Conditions of the Proposal

1. BACKGROUND INFORMATION

(a) Issuer

- (i) *Name* : CIMB Bank Berhad ("**CIMB Bank**")
- (ii) *Address* : **Registered Address**
5th Floor Bangunan CIMB, Jalan Semantan,
Damansara Heights, 50490 Kuala Lumpur
Business Address
Menara Bumiputera-Commerce, 11, Jalan Raja
Laut, 50350 Kuala Lumpur
- (iii) *Business Registration No.* : 13491-P
- (iv) *Date/Place of Incorporation* : 30 December 1972, Kuala Lumpur
- (v) *Date of Listing (in case of a public listed company)* : -
- (vi) *Status* : Resident controlled company
- (vii) *Principal Activities* : Commercial banking and related financial services including consumer banking, wholesale banking, Islamic banking, investments and foreign banking operations.
- (viii) *Board of Directors (as at 30 April 2013)*
1. Dato' Zainal Abidin bin Putih (National Registration Identity Card number : 460114-10-5191)
 2. Datuk Dr. Syed Muhamad bin Syed Abdul Kadir (National Registration Identity Card number : 470203-01-5429)
 3. Dato' Sri Mohamed Nazir bin Abdul Razak (National Registration Identity Card number : 661119-10-5909)
 4. Dato' Sulaiman bin Mohd Tahir (National Registration Identity Card number :

CIMB BANK BERHAD ("**CIMB BANK**" or the "**Issuer**")

- 630128-08-5055)
5. Mr. Joseph Dominic Silva (National Registration Identity Card number : 641211-10-7159)
 6. Puan Rosnah binti Kamarul Zaman (National Registration Identity Card number : 560419-03-5276)
 7. Mr. Venkatachalam Krishnakumar (Passport No E2069037J)
 8. Mr. Renzo Christopher Viegas (National Registration Identity Card number : 611009-75-5059)

(ix) *Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders (as at 30 April 2013)* :

Shareholders	Direct	
	No. of Ordinary Shares	%
CIMB Group SdnBhd	3,764,433,300	99.99%

(x) *Authorised and paid-up capital* :

Share Capital as at 30 April 2013	Description
Authorised Share Capital	<p>Authorised share capital RM7,550,125,000 divided into:</p> <p>b) 7,000,000,000 ordinary shares of RM1.00 each;</p> <p>c) 500,000,000 perpetual preference shares of RM1.00 each;</p> <p>d) 1,000,000 redeemable preference shares of RM0.10 each;</p> <p>e) 200,000 non-cumulative redeemable</p>

CIMB BANK BERHAD ("**CIMB BANK**" or the "**Issuer**")

	<p>preference shares of RM0.10 each;</p> <p>f) 5,000,000,000 redeemable preference shares of RM0.01 each;</p> <p>g) 5,000 preference shares of RM1.00 each.</p>
Issued and Fully Paid-up Capital	<p>Issued and paid up share capital RM3,994,208,612 divided into:</p> <p>a) 3,764,468,517 ordinary shares of RM1.00 each;</p> <p>b) 200,000,000 perpetual preference shares of RM1.00 each;</p> <p>c) 2,974,009,486 redeemable preference shares of RM0.01 each.</p>

(xi) *Disclosure of the following:* : None

- *If the Issuer or its board members have been convicted or charged with any offence under the securities law, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the*

date of the application; and

- *If the Issuer has been subjected to any action by the stock exchange for the breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of the application.*

2. PRINCIPAL TERMS AND CONDITIONS

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

- | | | | |
|--------|---|---|--|
| (i) | <i>Principal Adviser</i> | : | CIMB Investment Bank Berhad (" CIMB ") |
| (ii) | <i>Lead Arranger</i> | : | CIMB |
| (iii) | <i>Co-Arranger</i> | : | Not applicable |
| (iv) | <i>Solicitors</i> | : | Messrs Zaid Ibrahim & Co. as counsel for CIMB, acting as Principal Adviser, Lead Arranger and Lead Manager |
| (v) | <i>Financial Adviser</i> | : | Not applicable |
| (vi) | <i>Technical Adviser</i> | : | Not applicable |
| (vii) | <i>Trustee</i> | : | Malaysian Trustees Berhad |
| (viii) | <i>Guarantor</i> | : | Not applicable |
| (ix) | <i>Valuer</i> | : | Not applicable |
| (x) | <i>Facility Agent</i> | : | CIMB |
| (xi) | <i>Primary Subscriber (under a bought-deal arrangement) and Amount subscribed</i> | : | To be determined prior to each issuance in respect of issuance via bought deal basis only.

Not applicable for issuance via private placement and book building. |
| (xii) | <i>Underwriter and amount underwritten</i> | : | Not applicable |
| (xiii) | <i>Central Depository</i> | : | Bank Negara Malaysia (" BNM ") |
| (xiv) | <i>Paying Agent</i> | : | BNM |
| (xv) | <i>Reporting Accountant</i> | : | Not applicable |
| (xvi) | <i>Calculation Agent</i> | : | Not applicable |

- (xvii) *Others (please specify)* : Lead Manager
CIMB and such other party(ies) as may be selected by the Issuer for any particular issuance.
- (b) **Facility Description** : The Tier 2 subordinated debt ("**Subordinated Debt**") programme ("**Subordinated Debt Programme**"), of which the Subordinated Debt are issued under the Subordinated Debt Programme, (i) prior to 1 January 2016, will qualify as Tier 2 capital of CIMB Bank; and (ii) on or subsequent to 1 January 2016, will qualify as the Tier 2 capital of CIMB Bank and the consolidated Tier 2 capital of CIMB Group Holdings Berhad ("**CIMBGH**") for the purposes of Capital Adequacy Framework (Capital Components) issued on 13 October 2015 as approved by BNM.
- (c) **Issue/Programme Size (RM)** : The Subordinated Debt Programme will have limit of RM10 billion in nominal value.

The total outstanding Subordinated Debt issued under the Subordinated Debt Programme shall not at any time exceed the nominal value of RM10 billion.
- (d) **Tenure of issue/debt programme** : Tenure of the Subordinated Debt
Each issuance of Subordinated Debt under the Subordinated Debt Programme shall have a tenure of not less than five (5) years and up to thirty (30) years from the issue date of each Subordinated Debt. In respect of each issuance of Subordinated Debt, the maturity of the Subordinated Debt shall not exceed the tenure of the Subordinated Debt Programme.

Tenure of the Subordinated Debt Programme
The tenure of the Subordinated Debt Programme shall expire 60 years from the date of the first issuance of the Subordinated Debts under the Subordinated Debt Programme.

Call Option

Each issuance of Subordinated Debt under the Subordinated Debt Programme having a tenure of ten (10) years or more may have a callable option ("**Call Option**") (to be determined prior to each issuance). Under the Call Option, if applicable for the relevant tranche, the Issuer shall have the option to redeem the Subordinated Debt on the Call Date subject to the requirements set out in paragraph 2(u) below.

"**Call Date**" is defined as a date to be determined prior to each issuance of Subordinated Debt, which shall be a date falling no earlier than the fifth anniversary of the relevant issue date, and any Coupon Payment Date (as defined in paragraph 2(g) below) thereafter.

- (e) **Availability period of debt programme** : The Subordinated Debt Programme shall have an availability period of 30 years from the date the conditions precedent are met or waived accordingly under the Subordinated Debt Programme provided that each issuance of Subordinated Debt shall mature on or prior to the maturity of the Subordinated Debt Programme.
- (f) **Interest/Coupon (%)** : The coupon rate is to be determined prior to the issue date of each issuance. The coupon rate herein is applicable throughout the tenure of the relevant Subordinated Debt (i.e. there shall be no step-up coupon rate).
- (g) **Interest/Coupon Payment Frequency** : Payable semi-annually in arrears from the issue date ("Coupon Payment Date") or such other period as may be agreed to between Issuer and Lead Arranger prior to the issuance of any Subordinated Debt with the last coupon payment to be made on the maturity date or upon Early Redemption, whichever is the earlier.

- (h) **Interest/Coupon Payment Basis** : Coupon payment shall be calculated based on the actual number of days in the relevant period divided by 365.
- (i) **Security/Collateral (if any)** : None
- (j) **Details on utilization of proceeds** : The proceeds of the Subordinated Debt shall be made available to the Issuer, without limitation, for its working capital, general banking and other corporate purposes and/or if required, the refinancing of any existing subordinated debt previously issued by the Issuer under other programmes established by the Issuer.
- (k) **Sinking fund (if any)** : Not applicable
- (l) **Rating**
- **Indicative Credit Rating Assigned** : AA+ by MARC and AA1 by RAM (for issuances prior to 1 January 2016)
AA+ by MARC and AA2 by RAM (for issuances after 1 January 2016)
 - **Name of Rating Agency** : Malaysian Rating Corporation Berhad ("**MARC**") and RAM Rating Services Berhad ("**RAM**")
- (m) **Mode of Issue** : The Subordinated Debt may be issued via direct placement on a best effort basis or a bought deal basis or book running on a best effort basis without prospectus.
- Issuance of the Subordinated Debt shall be in accordance with the (1) the Participation and Operation Rules for Payment Securities Services ("**MyClear Rules**") issued by Malaysian Electronic Clearing Corporation SdnBhd ("**MyClear**") and (2) the Operational Procedures for Securities Services issued by MyClear ("**MyClear Procedures**"), as amended or substituted from time to time (collectively, "**MyClear Rules and Procedures**"), subject to such variation, amendments or exemptions (if any) from time to time.

- (n) ***Selling Restriction*** : The Subordinated Debt 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 the Subordinated Debt and to whom the Subordinated Debt are issued would fall within:
1. Schedule 6 (or Section 229(1)(b)) and Schedule 7 (or Section 230(1)(b)); and
 2. read together with Schedule 9 (or Section 257(3))
- of the Capital Markets and Services Act, 2007, as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

Selling Restrictions after Issuance

The Subordinated Debt 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 the Subordinated Debt and to whom the Subordinated Debt are issued would fall within:

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

of the Capital Markets and Services Act, 2007, as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

- (o) ***Listing Status and Types of Listing*** : The Subordinated Debt may be listed under the Exempt Regime of Bursa Malaysia Securities Berhad or any other stock exchange.

- (p) ***Other regulatory approvals required in*** : Approval from BNM for the classification of the Subordinated Debt issued under the

relation to the issue, offer or invitation and whether or not obtained (please specify)

Subordinated Debt Programme as Tier 2 capital of the Issuer. The said approval from BNM has been obtained on 3 May 2013.

Approval from BNM for the amendments of terms and conditions of the Subordinated Debt Programme to include a point of non-viability trigger event linked to CIMBGH and its subsidiaries ("**CIMBGH Group**") has been obtained on 20 November 2015.

(q) 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 Main Documentation

1. The Financing 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 (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 and, where applicable, all other regulatory authorities.
2. The approval from BNM for the Subordinated Debt to be classified as Tier 2 Capital.
3. The Lead Arranger has received from its legal counsel 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 Lead Arranger that all the conditions precedent have been fulfilled.

- (r) ***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:
- (i) The Issuer is duly established and validly in existence and has the power and authority to carry out its business;
 - (ii) The Issuer has the power to enter into the Financing Documents (as defined in paragraph 2(v)(E) below) and exercise its rights to perform its obligations under the Financing Documents;
 - (iii) Entry into and the exercise of the Issuer's rights and obligations under the Financing Documents do not violate any existing law or regulation;
 - (iv) The Financing Documents are valid, binding and enforceable;
 - (v) All necessary actions, authorisations and

consents required under the Financing Documents and the Subordinated Debt have been obtained and remain in full force and effect;

- (vi) The audited accounts of the Issuer are prepared in accordance with generally accepted accounting principles and standards and represent true and fair view;
- (vii) Save as disclosed in the Information Memorandum, there is no litigation which would have a material adverse effect on the Issuer's ability to perform its obligations under the Financing Documents; and
- (viii) Any other representation and warranties as may be advised by the Solicitors.

(s) Enforcement Events

: An "**Enforcement Event**" means the occurrence of any of the following:

- (i) a default is made in the payment of any principal amount of the Subordinated Debt on the due date for payment thereof; or
- (ii) a default is made in the payment of any Coupon and such default is not remedied within fourteen (14) days of the date due for payment thereof.

If an Enforcement Event occurs, the Trustee may institute such proceedings as it chooses to enforce the obligations of the Issuer under the Trust Deed and/or institute proceedings for the winding up of the Issuer, provided that the Trustee shall have no right to accelerate payment of the indebtedness in the case of a default in the performance of any covenant of the Issuer under the Trust Deed.

If a Winding-Up Proceeding occurs 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, by notice in writing to the

Issuer, declare that notwithstanding the maturity date of the Subordinated Debt, all outstanding amounts of principal, interest and any other amounts due from the Issuer on the Subordinated Debt to be due and immediately payable, whereupon such amounts shall become and be immediately due and payable.

"Winding Up Proceeding" shall mean either of the following:

- (a) a court or agency or supervisory authority in Malaysia having jurisdiction in respect thereof shall have instituted a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any insolvency, 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 sixty (60) days; or
- (b) the Issuer shall file a petition to take advantage of any insolvency statute.

(t) Covenants

The Issuer shall comply with such applicable positive covenants as may be advised by the Solicitors and / or which are required in order to comply with the SC's guidelines on Trust Deeds Guidelines including, but not limited to the following;

- a) Exercise 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) Comply with all relevant laws and regulations;

- c) Maintain a paying agent in Malaysia;
- d) Maintain proper books and accounts and deliver financial statements to the Trustee on a timely manner;
- e) Inform the Trustee any actual or potential Enforcement Event or commencement of Winding Up Proceeding; and
- f) Deliver to the Trustee a periodic certificate of compliance.

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

Buy-back

Subject to the approval from BNM, the Issuer may at any time purchase and cancel the Subordinated Debt at any price in the open market or by private treaty. If purchases are made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of the relevant issuance equally.

Early Redemption

For each tranche of the Subordinated Debt where Call Option is applicable, the Issuer may, at its sole discretion, and subject to prior approval of BNM, redeem and cancel the Subordinated Debt in part or in whole on the Call Date at its nominal value (together with accrued but unpaid interest (if any), under the Subordinated Debt). The optional redemption by the Issuer of the Subordinated Debt of one tranche does not trigger the redemption of the Subordinated Debt in other tranches.

(v) Other principal terms and conditions for the issue

- A. *Redemption at maturity* : Unless previously redeemed on the Call Date, or purchased from the market and cancelled, the Subordinated Debt will be redeemed at its nominal value (together with accrued but unpaid interest (if any), under the Subordinated Debt)

on the maturity date.

B Regulatory Redemption : If the Subordinated Debt no longer fully qualify as Tier 2 capital of the Issuer for the purposes of BNM's capital adequacy requirements under any regulations applicable to the Issuer or at any time there is more than an insubstantial risk that the Subordinated Debt will no longer qualify as such, the Issuer, may at its option, subject to the approval from BNM, redeem the Subordinated Debt (in whole but not in part) at its nominal value (together with accrued but unpaid interest (if any), under the Subordinated Debt)..

C Tax Redemption If there is more than an insubstantial risk that:

- i) the Issuer will be obliged to pay any additional taxes, duties, assessments or government charges or whatever nature in relation to the Subordinated Debt; or
- ii) the Issuer would no longer obtain tax deductions on the interest amount under the Subordinated Debt for the purpose of Malaysian corporation tax;

as a result of a change in, or amendment to, the laws of regulations of Malaysia or any political subdivision or any authority thereof having power to tax, or change in the application or official interpretation of such laws or regulation, which such change or amendment becomes effective on or after the date of the issuance and the Issuer cannot, by taking reasonable measures available to it, avoid such obligations, then the Issuer, may at its option, subject to the approval from BNM, redeem the Subordinated Debt (in whole but not in part) at its nominal value (together with accrued but unpaid interest (if any), under the Subordinated Debt) .

D. Status of Subordinated Debt : The Subordinated Debt will constitute direct and unsecured obligations of the Issuer and subordinated in right and priority of payment, to

the extent and in the manner provided in the Subordinated Debt, ranking paripassu among themselves. The Subordinated Debt will, in the event of a winding up or liquidation of the Issuer, 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 subordinate to the Subordinated Debt.

- E. Financing Documents* : The Subordinated Debt shall be evidenced by, inter alia, the following:
1. Programme Agreement;
 2. Securities Lodgment Form;
 3. Trust Deed; and
 4. Any other relevant agreements as advised by the Solicitors
- F. Taxation* : All payments by the Issuer shall be made subject to withholding or deductions for or on account of any present or future tax, duty, or charge of whatsoever nature imposed or levied by or on behalf of Malaysia, or any authority thereof having power to tax, and the Issuer shall not be required to gross up in connection with such withholding or deduction on these payments or distributions.
- G. Voting Rights* : The holders of the Subordinated Debt shall have no voting rights in CIMB Bank.
- H. Repurchase and Cancellation* : Subject to the approval from the BNM, the Issuer may at any time purchase and cancel the Subordinated Debt at any price in the open market or by private treaty. If purchases are made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of the relevant issuance equally.
- I. Governing Laws* : Laws of Malaysia.

- J. *Other Conditions* : The Subordinated Debt shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority having jurisdiction over matters pertaining to the Subordinated Debt.
- K. *Non Viability Loss Absorption* : Following the occurrence of the following trigger events (each a "**Non-Viability Event**"), whichever is earlier:
- Applicable for issuances prior to 1 January 2016 under the Subordinated Debt Programme*
- (i) BNM and the Malaysia Deposit Insurance Corporation ("**PIDM**") have notified the Issuer in writing that they are of the view that the principal write off of the Subordinated Debt, together with the conversion or write off of any other Tier 2 Instruments and Tier 1 Instruments which, pursuant to their terms or by operation of law, are capable of being converted into equity, written off at that time, is an essential requirement to prevent the Issuer from becoming non-viable; or
 - (ii) BNM and PIDM publicly announces that a decision has been made by BNM, PIDM or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the Issuer would cease to be viable,

BNM shall have the option to require the entire principal outstanding or such portion thereof and all other amount owing under the Subordinated Debt be written off, and if BNM elects to exercise such option, subject to and as of the date of the occurrence of the Non-Viability Event (as defined above), each of the holders of the Subordinated Debt hereby irrevocably waives its right to receive repayment of the principal amount of the Subordinated Debt and also irrevocably waives its right to any interest (including interest accrued but unpaid up to the date of the occurrence of a Non-Viability Event).

For the avoidance of doubt, upon the

occurrence of a Non-Viability Event as described under (i) or (ii) above, where the Issuer is required by BNM to write off or convert a portion of all the Tier 2 Instruments and Tier 1 Instruments of the Issuer which, pursuant to their terms or by operation of law, are capable of being converted into equity or written off at that time, the Issuer shall first convert or write off the relevant Tier 1 Instruments, to be followed by the write off or conversion of the relevant Tier 2 Instruments on a pari passu basis.

For avoidance of doubt, such write off shall not constitute an event of default or enforcement event, nor would it trigger a cross-default under the Subordinated Debt.

A Non-Viability Event shall be deemed to have occurred on the day on which the Issuer received the notification from the BNM as per the clause herein where the Issuer shall immediately inform the Trustee and Rating Agencies of the same.

*L Non Viability Loss
Absorption*

*Applicable for issuances on
or after 1 January 2016
under the Subordinated
Debt Programme*

Following the occurrence of the following trigger events (each a "**Non-Viability Event**"), whichever is earlier:

- (i) BNM and PIDM have notified the Issuer in writing that they are of the view that the principal write off of the Subordinated Debt, together with the conversion or write off of any other Tier 2 Instruments and Tier 1 Instruments issued by the Issuer which, pursuant to their terms or by operation of law, are capable of being converted into equity, written off at that time, is an essential requirement to prevent the Issuer or CIMBGH Group from becoming non-viable; or
- (ii) BNM and PIDM publicly announces that a decision has been made by BNM, PIDM or any other federal or state government in Malaysia, to provide a capital injection or

equivalent support to the Issuer without which the Issuer or CIMBGH Group, as the case may be, would cease to be viable,

BNM and PIDM shall have the option to require the entire principal outstanding or such portion thereof and all other amount owing under the Subordinated Debt be written off, and if BNM and PIDM elect to exercise such option, subject to and as of the date of the occurrence of the Non-Viability Event (as defined above), each of the holders of the Subordinated Debt hereby irrevocably waives its right to receive repayment of the principal amount of the Subordinated Debt and also irrevocably waives its right to any interest (including interest accrued but unpaid up to the date of the occurrence of a Non-Viability Event).

For the avoidance of doubt, upon the occurrence of a Non-Viability Event as described under (i) or (ii) above, where the Issuer is required by BNM and PIDM to write off or convert a portion of all the Tier 2 Instruments and Tier 1 Instruments of the Issuer which, pursuant to their terms or by operation of law, are capable of being converted into equity or written off at that time, the Issuer shall first convert or write off the relevant Tier 1 Instruments, to be followed by the write off or conversion of the relevant Tier 2 Instruments on a *pari passu* basis.

For avoidance of doubt, such write off shall not constitute an event of default or enforcement event, nor would it trigger a cross-default under the Subordinated Debt.

A Non-Viability Event shall be deemed to have occurred on the day on which the Issuer received the notification from BNM and PIDM as per the clause herein where the Issuer shall immediately inform the Trustee and Rating Agencies of the same.