

OCBC BANK (MALAYSIA) BERHAD
ISSUANCE OF ADDITIONAL TIER 1 CAPITAL SECURITIES OF
USD110 MILLION IN NOMINAL VALUE
("AT1CS")

PRINCIPAL TERMS AND CONDITIONS

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- (a) **Names of parties involved in the proposal, where applicable**
- (i) **Solicitors for the Issuer** : Messrs Rahmat Lim & Partners.
- (ii) **Sole Subscriber and Amount Subscribed** : The AT1CS (as defined in paragraph (b) (*Facility Description*)) shall be fully subscribed by Oversea-Chinese Banking Corporation Limited (“**OCBC Ltd**”).
- (b) **Facility Description** : A one-time issuance of Additional Tier 1 Capital Securities (“**AT1CS**”) of USD110 million in nominal value.
- The AT1CS will qualify as Additional Tier 1 Capital of the Issuer in accordance with BNM’s Capital Adequacy Framework (Capital Components) issued on 28 November 2012 (the “**CA Framework**”) in relation to the requirements of Additional Tier 1 Capital instruments.
- (c) **Issue Size** : USD110 million in nominal value.
- (d) **Tenure of Issue** : Perpetual from the date of issue (“**Issue Date**”), subject to a call option (“**Call Option**”) pursuant to the Optional Redemption (as defined in paragraph (s)(2) (*Optional Redemption*)) to allow the Issuer to redeem (in whole or in part) the AT1CS on any Call Date (as defined below).
- “**Call Date**” means the first Coupon Payment Date (as defined in paragraph (f) (*Coupon Payment Frequency*)) after five (5) years from the Issue Date, and every Coupon Payment Date thereafter.
- (e) **Coupon Rate** : Subject to, *inter alia*, paragraph (t)(3) (*Coupon Cancellation*) and paragraph (t)(4) (*No Obligation to Pay*), the holder of the AT1CS (“**Bondholder**”) shall have the right to receive coupon (“**Coupon**”) from and including the Issue Date at the applicable coupon rate (“**Coupon Rate**”).
- The Coupon Rate applicable for the AT1CS shall be 5% p.a.
- For the avoidance of doubt, there is no step-up in the Coupon Rate at any time, including after the first Call Date of the AT1CS in the event the Call Option is not exercised by the Issuer.
- (f) **Coupon Payment Frequency** : The payment of each Coupon shall be in arrears on a semi-annual basis commencing six (6) months from the Issue Date. Each payment date of such Coupon shall be a “**Coupon Payment Date**”.

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- (g) **Coupon Payment Basis** : Actual/365 days.
- (h) **Security/Collateral, where applicable** : None.
- (i) **Details on Utilisation of Proceeds by the Issuer** : The proceeds of the AT1CS shall be made available to the Issuer, without limitation, for its working capital, general banking and other corporate purposes, including the refinancing of the Issuer's RM400 million non-cumulative non-convertible preference shares issued on 12 August 2005.
- (j) **Sinking Fund and Designated Accounts, where applicable** : None.
- (k) **Rating**
- **Credit ratings assigned and whether the rating is final or indicative; and** : Unrated.
 - **Name of credit rating agencies** : Not applicable.
- (l) **Selling restriction, including tradability, i.e. whether tradable or non-tradable** : The AT1CS shall not be transferable or tradable and shall only be held by OCBC Ltd.
- (m) **Listing status and types of listing, where applicable** : The AT1CS will not be listed on any stock exchange.
- (n) **Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase PDS, and whether or not obtained** : Approval of Bank Negara Malaysia ("**BNM**") for borrowing in foreign currency vide Form 10A (Borrowing from Non-Residents) pursuant to Notice No. 2 issued by BNM under Section 214 of the Financial Services Act 2013 and the Joint Information Note on the Issuance and Subscription of Ringgit and Foreign Currency-Denominated Sukuk and Bonds jointly issued by the Securities Commission Malaysia ("**SC**") and BNM on 1 July 2013.
- (o) **Conditions Precedent** : To include but not limited to the following:
- (i) The Transaction Documents (as defined in paragraph (t)(14) (*Transaction Documents*)) pertaining to the AT1CS have been executed and, where applicable, stamped or endorsed as exempted from stamp duty and, where applicable, presented for registration with the relevant authorities;
 - (ii) A certified true copy of the board resolution(s) of the Issuer authorising,

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among others, issuance of the AT1CS and the execution of the Transaction Documents;

- (iii) Written approval of BNM for the classification of the AT1CS as Additional Tier 1 Capital of the Issuer; and
- (iv) Written approval of BNM for borrowing in foreign currency vide Form 10A (Borrowing from Non-Residents) pursuant to Notice No. 2 issued by BNM under Section 214 of the Financial Services Act 2013 and the Joint Information Note on the Issuance and Subscription of Ringgit and Foreign Currency-Denominated Sukuk and Bonds jointly issued by the SC and BNM on 1 July 2013.

**(p) Representations
Warranties**

and : To include but not limited to the following:

- (i) The Issuer (a) has been duly incorporated and validly exists under the Companies Act 1965 of Malaysia, (b) has full power and authority to engage in the business of banking and finance in Malaysia and each other jurisdiction where it is so engaged and otherwise to own its properties and conduct its business;
- (ii) The Issuer has the power to enter into the Transaction Documents and exercise its rights to perform its obligations under the Transaction Documents;
- (iii) The Memorandum and Articles of Association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Issuer to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
- (iv) Neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction

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Documents did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, license, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) cause any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its Memorandum and Articles of Association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Issuer's assets;

- (v) The Transaction Documents constitutes legal, valid, binding and enforceable obligations which are enforceable on and against the Issuer;
- (vi) The audited financial statements of the Issuer of each of its financial year are prepared on a basis consistently applied in accordance with the approved accounting principles and standards in Malaysia as modified by BNM's guidelines and they fairly represent its financial position;
- (vii) All registration and payment of any duty or tax or other action which are required or necessary to ensure the legality, validity, enforceability or admissibility in evidence in Malaysia of the Transaction Documents have been duly and unconditionally obtained and remain in full force and effect;
- (viii) No event has occurred which would constitute an Enforcement Event (as defined in paragraph (q) (*Events of Default and Enforcement Event, where applicable*)) or which with the giving of notice or the lapse of time or other condition would constitute an Enforcement Event;
- (ix) All consents, approvals, authorisations of any regulatory authorities which are required for the issue of the AT1CS and the performance of the obligations of the

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Issuer under the Transaction Documents have been obtained and are in full force and effect; and

- (x) The Issuer will comply with the conditions (if any) imposed by the relevant regulatory authorities in connection with the issuance of the AT1CS.

(q) Events of Default and Enforcement Event, where applicable : Events of Default
None.

Enforcement Events

The Enforcement Events means the occurrence of any of the following:

- (i) the Issuer fails to pay any money owing in respect of the AT1CS when due and payable and such default continues for seven (7) business days from the date the payment becomes due and payable (other than non-payment of Coupon, whether in whole or in part, under paragraph (t)(3) (*Coupon Cancellation*); or
- (ii) a court order is made or an effective resolution is passed for the winding-up of the Issuer and such order is not stayed or set aside within sixty (60) days of such order being made.

Upon occurrence of event (i) above, subject to the terms of the AT1CS or the Transaction Documents, the sole remedy of the Bondholder shall be to institute proceedings in Malaysia for the winding-up of the Issuer, provided that the Bondholder shall not have the right to enforce payment under or to accelerate payment of the AT1CS upon the occurrence of event (i) above or any non-performance of any condition, provision or covenant under the AT1CS or the Transaction Documents.

Upon the occurrence of event (ii) above, subject to the terms of the AT1CS or the Transaction Documents, the Bondholder may by written notice to the Issuer declare that the AT1CS shall immediately become due and payable at their respective principal amount together with accrued and not cancelled but unpaid Coupons.

(r) Covenants : Covenants on the part of the Issuer shall include but are not limited to the following:

- (i) At all times, comply with all provisions of

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the Transaction Documents to which the Issuer is a party including but not limited to the terms and conditions of the AT1CS;

- (ii) Notify the Bondholder immediately in the event that the Issuer becomes aware of the following:
 - (a) any Enforcement Event or where any other right or remedy under the terms, provisions and covenants of any of the Transaction Documents or the terms and conditions of the AT1CS becomes immediately enforceable;
 - (b) any circumstance that has occurred that would materially prejudice the Issuer or the ability of the Issuer to perform its obligations under the AT1CS;
 - (c) any substantial change in the nature of the business of the Issuer;
 - (d) any change in the Issuer's withholding tax position or taxing jurisdiction insofar as it affects the payment obligations of the Issuer;
 - (e) any change in the utilisation of proceeds of the AT1CS other than for the purpose stipulated in the Transaction Documents and the terms and conditions of the AT1CS; and
 - (f) any other matters that may materially prejudice the interests of the Bondholder;
- (iii) Keep proper books and accounts at all times in compliance with applicable statutory requirements and in accordance with generally accepted accounting principles in Malaysia;
- (iv) Exercise reasonable diligence in carrying out its business in a proper and efficient manner which shall ensure, among others, that all necessary approvals or relevant licences necessary for such business are obtained and maintained;

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- (v) Promptly obtain any further authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its asset, to carry on its business or for the Issuer to enter into or perform its obligations under the Transaction Documents and the terms and conditions of the AT1CS or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Issuer or the rights of the Bondholder under the Transaction Documents and the terms and conditions of the AT1CS;
 - (vi) Redeem in full or in part all outstanding AT1CS if and when they become due to be redeemed in accordance with the terms and conditions of the AT1CS; and
 - (vii) Ensure that any further Additional Tier 1 Capital instruments to be issued by the Issuer ("**New AT1CS**") (if any) contain a provision for the write-off of the New AT1CS on a pro rata basis with the AT1CS (to the extent permitted by applicable law and/or the relevant regulatory authorities) in the event of (a) a breach of CET1 Capital Ratio (as defined in paragraph (t)(8)) (*Loss Absorption at Point of Breach of CET1 Capital Ratio*); or (b) the occurrence of a Non-Viability Event (as defined in paragraph (t)(9)) (*Loss Absorption at Point of Non-Viability Event*)).
- (s) **Provisions on Buy-Back and Early Redemption of AT1CS**
- 1) **Buy-back Cancellation** and : Not applicable as the AT1CS shall not be transferable or tradable and shall only be held by OCBC Ltd.
 - 2) **Optional Redemption** : The Issuer may at its option and subject to the Optional Redemption Conditions (as defined below) being satisfied, and by giving not less than 30 days nor more than 60 days prior written notice (which notice shall be irrevocable) to the Bondholder, on a Call Date, exercise the Call Option to redeem in whole or in part, the AT1CS at their principal amount together with Coupons accrued and not cancelled but unpaid to the redemption date.

"Optional Redemption Conditions" means:

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- (i) the Issuer is solvent at the time of redemption and immediately thereafter;
- (ii) the Issuer has obtained the prior written approval of BNM;
- (iii) the Issuer shall:
 - (a) replace the called AT1CS with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Issuer; or
 - (b) demonstrate to the satisfaction of BNM that its capital position is and can be sustained well above the minimum capital adequacy requirements and capital buffer requirements, as imposed by BNM in the CA Framework, after the redemption option is exercised.

3) Regulatory Redemption

If, as a result of:

- (i) a change or proposed change to the relevant laws and/or requirements issued by BNM in relation to the qualification of the AT1CS as Additional Tier 1 Capital of the Issuer; or
- (ii) any change in the application of the official or generally published interpretation of such relevant laws and/or requirements issued by BNM or any relevant authority, including a ruling or notice issued by BNM or any relevant authority; or
- (iii) any interpretation or pronouncement by BNM or any relevant authority that provides for a position with respect to such relevant laws and/or requirements issued by BNM, that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by any authority regarding the qualification of the AT1CS as Additional Tier 1 Capital of the Issuer,

which change or amendment,

- (a) subject to (b) below, becomes or would

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become, effective on or after the Issue Date; or

- (b) in the case of a change or proposed change in the relevant laws and/or requirements issued by BNM, if such change is issued or is expected to be issued by BNM, on or after the Issue Date

(collectively, “**Regulatory Event**”),

(A) the AT1CS would not qualify as Additional Tier 1 Capital of the Issuer or (B) make it unlawful for the Issuer to continue performing its obligations under the AT1CS, the Issuer may at its option and subject to the prior written approval of BNM, by giving not less than 30 days nor more than 60 days prior written notice (which notice shall be irrevocable) to the Bondholder, redeem, on any Coupon Payment Date, in whole or in part, the AT1CS at their principal amount together with Coupons accrued and not cancelled but unpaid to the redemption date.

4) Tax Redemption

The Issuer may at its option and subject to the prior written approval of BNM, by giving not less than 30 days nor more than 60 days prior written notice (which notice shall be irrevocable) to the Bondholder, redeem, on any Coupon Payment Date, in whole or in part, the AT1CS at their principal amount together with Coupons accrued and not cancelled but unpaid to the redemption date, if a Tax Event (as defined below) occurs.

“**Tax Event**” means if there is more than an insubstantial risk that:

- (i) the Issuer has or will become obliged to pay any additional taxes, duties, assessments or government charges of whatever nature in relation to the AT1CS; or
- (ii) the Issuer will no longer obtain tax deductions for the purposes of Malaysian corporation tax for any payment in respect of the AT1CS;

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 any 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

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measures available to it, avoid such obligations.

- 5) Cancellation of the Certificate of the AT1CS** Upon an early redemption of the AT1CS, the Bondholder shall return the original Certificate of the AT1CS to the Issuer for cancellation.
- (t) Other Principal Terms and Conditions for the proposal**
- 1) Status** : The AT1CS constitute direct, unsecured and subordinated obligations of the Issuer and shall, at all times, rank *pari passu* and without any preference among themselves.
- Subject to the laws of Malaysia, in the event of a Winding-Up (as defined below) of the Issuer (other than pursuant to a Permitted Reorganisation (as defined below)), the rights of the Bondholder to payment of principal and Coupons on the AT1CS and any other obligations in respect of the AT1CS are expressly subordinated and subject in right of payment to the prior payment in full of all claims of the Senior Creditors (as defined below), and will rank senior to all Junior Obligations. The AT1CS will rank *pari passu* with Parity Obligations.
- “Junior Obligation”** means any ordinary share of the Issuer and any security issued by the Issuer which ranks or is expressed to rank, by its terms or by operation of law, junior to the AT1CS.
- “Parity Obligation”** means any security (including without limitation any preference shares) or similar obligation issued / to be issued by the Issuer that constitutes or could qualify as Additional Tier 1 Capital (in accordance with the CA Framework or other relevant requirements of BNM) of the Issuer or otherwise ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the AT1CS.
- “Permitted Reorganisation”** means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking and assets of the Issuer are transferred to a successor entity which assumes all the obligations of the Issuer under the AT1CS.
- “Senior Creditors”** means depositors and general creditors of the Issuer (including holders of any security or other similar obligation issued by the Issuer that constitutes or could qualify as

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Tier 2 Capital (in accordance with the CA Framework or other relevant requirements of BNM)) other than those whose claims rank or are expressed to rank, by its terms or by operation of law, *pari passu* with or junior to the claims of the Bondholder.

“**Winding-Up**” means a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership or similar proceedings in respect of the Issuer.

2) No Set-off

: No Bondholder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the AT1CS, and the Bondholder shall, by virtue of his holding of any AT1CS, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer in relation to the AT1CS to the fullest extent permitted by law. If at any time the Bondholder receives payment or benefit of any sum in respect of the AT1CS (including any benefit received pursuant to any such set-off, deduction, withholding or retention) other than in accordance with the Transaction Documents or the terms and conditions of the AT1CS, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Bondholder, by virtue of his holding of any AT1CS, shall agree as a separate and independent obligation to immediately pay an amount equal to the amount of such sum or benefit so received to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any payment of such sum or receipt of such benefit shall be deemed not to have discharged any of the obligations under the AT1CS.

3) Coupon Cancellation

: Subject to paragraph (t)(10) (*Contingent Settlement*), the Issuer may, at its sole discretion, elect to cancel any Coupon which is otherwise scheduled to be paid on a Coupon Payment Date by giving notice (such notice, a “**Coupon Cancellation Notice**”) to the Bondholder at least five (5) business days prior to the relevant Coupon Payment Date. The Issuer shall have no obligation to pay any Coupon on any Coupon Payment Date if it validly elects not to do so in accordance with this

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paragraph and any failure to pay such Coupon shall not constitute an Enforcement Event. Any Coupon which has been validly cancelled shall be fully accessible to the Issuer to meet its obligations as they fall due.

If a Coupon is cancelled in accordance with the above paragraph, the Issuer is not under any obligation to pay that or any other Coupons that have not been paid. Such unpaid Coupons are non-cumulative and do not accrue interest.

- 4) No Obligation to Pay** : Notwithstanding that a Coupon Cancellation Notice has not been given, the Issuer will not be obliged to pay, and will not pay, any Coupon on the relevant Coupon Payment Date (and such Coupon will not be considered to be due or payable) if:
- (i) the Issuer is prevented by relevant requirements issued by BNM from making payment in full of dividends or other distributions when due on Parity Obligations;
 - (ii) the Issuer is unable to make such payment of the dividends or other distributions on Parity Obligations without causing a breach of the capital adequacy requirements set out by BNM; or
 - (iii) the aggregate of the amount of the Coupon (if paid in full), together with the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or in part) during the Issuer's then-current fiscal year on the AT1CS or Parity Obligations, would exceed the Distributable Reserves (as defined below) as of the Coupon Determination Date (as defined below).

The Issuer shall have no obligation to pay any Coupon on any Coupon Payment Date if such non-payment is in accordance with this paragraph. Any failure to pay such Coupon shall not constitute an Enforcement Event.

Any Coupon may only be paid out of Distributable Reserves.

"Distributable Reserves" means, at any time, the amounts for the time being available to the Issuer for distribution as a dividend in compliance with section 365 of the Companies

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Act, 1965, as amended or modified from time to time (“**Available Amounts**”) as of the date of the Issuer’s latest audited statement of financial position; provided that if the Issuer reasonably believes that the Available Amounts as of any Coupon Determination Date are lower than the Available Amounts as of the date of the Issuer’s latest audited statement of financial position and are insufficient to pay the Coupons and for payments on Parity Obligations on the relevant Coupon Payment Date, then an authorised signatory of the Issuer will be required to provide a certificate on or prior to such Coupon Determination Date, to the Bondholder accompanied by a certificate of the Issuer’s auditors for the time being of the Available Amounts as of such Coupon Determination Date (which certificate of the authorised signatory will be binding absent manifest error), and “Distributable Reserves” as of such Coupon Determination Date for the purposes of such Coupon shall mean the Available Amounts as set forth in such certificate.

“**Coupon Determination Date**” means, with respect to any Coupon Payment Date, the day falling two business days prior to that Coupon Payment Date.

- 5) **No Claim by the Bondholder in respect of Coupons** : The Bondholder shall not have any claim in respect of any Coupon or part thereof cancelled and/or not due or payable as described under paragraph (t)(3) (*Coupon Cancellation*) or paragraph (t)(4) (*No Obligation to Pay*). Accordingly, such Coupon shall not accumulate for the benefit of the Bondholder or entitle them to any claim in respect thereof against the Issuer.
- 6) **Distribution Stopper** : If, on any Coupon Payment Date, payment of Coupons scheduled to be made on such date is not made by reason of, *inter alia*, paragraph (t)(3) (*Coupon Cancellation*) and paragraph 0(4) (*No Obligation to Pay*), the Issuer shall not:
- (i) declare or pay any dividends, payments or other distributions in respect of the Junior Obligations (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Junior Obligations);
 - (ii) declare or pay any dividends, payments or other distributions in respect of the Parity Obligations (or contribute any moneys to a sinking fund for the payment of any dividends or other

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distributions in respect of any such Parity Obligations); and

- (iii) redeem, reduce, buy-back or acquire any Parity Obligations or Junior Obligations (or contribute any moneys to a sinking fund for the redemption, capital reduction, buy-back or acquisition of any such Parity Obligations or Junior Obligations),

in each case, until (a) the next two (2) scheduled Coupons have been paid in full (or an amount equivalent to the next two scheduled Coupons has been paid, or irrevocably set aside in a separately designated trust account for payment to the Bondholder); or (b) the Issuer is permitted to do so with the prior written consent of the Bondholder.

- 7) No Default** : The cancellation or non-payment of any Coupon in accordance with, *inter alia*, paragraph (t)(3) (*Coupon Cancellation*) or paragraph (t)(4) (*No Obligation to Pay*), shall not constitute an Enforcement Event for any purpose on the part of the Issuer.

- 8) Loss Absorption at Point of Breach of CET1 Capital Ratio** : If the Common Equity Tier 1 (“**CET1**”) Capital Ratio (in accordance with the CA Framework) of the Issuer (consolidated or entity level) falls below 5.125%, the Issuer shall, without the need for the consent of the Bondholder, write-off the AT1CS (in whole or in part). The aggregate amount to be written-off must be at least the amount required to restore the Issuer’s consolidated and entity level CET1 Capital Ratio to at least 5.75%. If this is not possible, then the full principal value of the AT1CS will be written-off.

- 9) Loss Absorption at Point of Non-Viability Event** : At the occurrence of a Non-Viability Event (as defined below), the Issuer shall irrevocably, without the consent of the Bondholder, write-off the AT1CS in whole or in part, if so required by BNM and/or Malaysia Deposit Insurance Corporation (“**PIDM**”) at their full discretion.

Upon the occurrence of a Non-Viability Event, the Issuer is required to give notice to the Bondholder in accordance with the terms of the AT1CS that as of the relevant write-off date:

- (i) the write-off shall reduce:
 - (a) the claim of the Bondholder in liquidation. The Bondholder will be automatically deemed to

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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 AT1CS written-off;

- (b) the amount re-paid when a Call Option is exercised; and
 - (c) the AT1CS Coupon.
- (ii) the write-off shall be permanent and the whole or part (as the case may be) of the principal amount of the AT1CS will automatically be written-off and the whole or part (as the case may be) of the AT1CS will be cancelled; and
 - (iii) the write-off of the AT1CS shall not constitute an Enforcement Event or trigger cross-default clauses.

The write-off must generate CET1 Capital under the Malaysian Financial Reporting Standards; and the AT1CS will only receive recognition as Additional Tier 1 Capital (in accordance with the CA Framework) up to the minimum level of CET1 Capital generated by a full write-off of the AT1CS.

“Non-Viability Event” means the earlier of the following:

- (i) BNM, jointly with PIDM, notifying the Issuer in writing that BNM, jointly with PIDM, are of the opinion that a write-off is necessary, without which the Issuer would cease to be viable; or
- (ii) BNM, jointly with PIDM, publicly announcing 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.

- 10) Contingent Settlement** : If, on any Coupon Payment Date, a Capital Disqualification Event (as defined below) has occurred prior to or on such date and is continuing, the Issuer shall be obliged to pay the Coupon accrued and payable in respect of the Coupon payment period ending on that Coupon Payment Date, and paragraph (t)(3) (*Coupon Cancellation*) and paragraph (t)(4) (*No Obligation*)

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to Pay) shall cease to apply immediately thereafter.

“**Capital Disqualification Event**” means the whole of the AT1CS no longer qualifying for inclusion as Additional Tier 1 Capital of the Issuer for the purposes of BNM’s capital adequacy requirements under any applicable regulations (including but not limited to the CA Framework).

- 11) No Equity Conversion** : The AT1CS shall not entitle the Bondholder to receive any form of equity interest in the Issuer at any point in time and the Issuer is not obliged to allot or issue any shares to or for the account of the Bondholder upon the occurrence of a Non-Viability Event or otherwise. The Bondholder shall not be entitled to participate in any distributions or entitlements to the Issuer’s shareholders or to attend or vote at any general meeting of the Issuer.
- 12) Taxation** : All payments by the Issuer shall be made without 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 the Government of Malaysia or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event, the Issuer shall not gross up for any such withholding or deduction.
- 13) Governing Laws and Jurisdiction** : The laws of Malaysia and the exclusive jurisdiction of the courts of Malaysia.
- 14) Transaction Documents** : The AT1CS shall be evidenced, *inter alia*, by the following:
- (a) Subscription Agreement;
 - (b) Certificate of the AT1CS; and
 - (c) All other documents or agreements to be executed in connection with or pursuant to any of the above documents or otherwise in relation to the AT1CS, as agreed between the Issuer and the Bondholder.
- 15) Other Conditions** : The AT1CS shall at all times be governed by the guidelines issued and to be issued from time to time by the SC (to the extent applicable) and BNM over matters pertaining to the AT1CS.