

**RHB BANK BERHAD**  
**Principal terms and conditions of the MTN Programme**

---

**1.01 Background Information**

- (a) Issuer
- (i) Name : RHB Bank Berhad (“**RHB Bank**”)
  - (ii) Address : Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur
  - (iii) Business registration no. : 6171-M
  - (iv) Date/place of incorporation : 4 October 1965/ Malaysia
  - (v) Date of listing : Listed on the Kuala Lumpur Stock Exchange (currently known as Bursa Securities) on 2 August 1983 and subsequently delisted on 29 December 1994.
  - (vi) Status : Bumiputra resident controlled company
  - (vii) Principal activities : RHB Bank is principally engaged in all aspects of banking and finance business and in the provision of related services. The principal activities of RHB Bank’s subsidiaries consist of Islamic banking business, leasing, offshore banking, nominee services and property investment.
  - (viii) Board of directors (as at 13 July 2007) :
    1. YBhg Datuk Azlan Zainol  
(Non-Independent Non-Executive Chairman)
    2. YBhg Dato Abdullah Mat Noh  
(Non-Independent Non-Executive Deputy Chairman)
    3. Tuan Haji Khairuddin Ahmad  
(Non-Independent Non-Executive Director)
    4. YBhg Dato’ Vaseehar Hassan Abdul Razack  
(Non-Independent Non-Executive Director)
    5. YBhg Dato’ Mohd Salleh Hj Harun  
(Independent Non-Executive Director)
    6. YBhg Dato’ Othman Jusoh  
(Independent Non-Executive Director)
    7. Encik Johari Abdul Muid  
(Non-Independent Non-Executive Director)
    8. Encik Ismael Fariz Ali  
(Non-Independent Non-Executive Director)
    9. YBhg Dato’ Mohamed Khadar Merican  
(Independent Non-Executive Director)
    10. Mr Ong Seng Pheow  
(Independent Non-Executive Director)

**RHB BANK BERHAD****Principal terms and conditions of the MTN Programme**

- (ix) Structure of shareholdings and names of shareholders (as at 13 July 2007)

Ordinary Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
	RHB Capital Berhad	3,899,971,952	100.0	-

The substantial Irredeemable Non-Cumulative Convertible Preference Shares (“**INCPS**”) holders are as follows:

INCPS Holders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Danamodal Nasional Berhad	1,000,000,000	73.09	-	-
RHB Capital Berhad	263,629,584	19.27	-	-
Sime Darby Financial Services Holdings Sdn Bhd	100,000,000	7.31	-	-

- (ix) Authorised and paid-up capital (as at 13 July 2007)

Type	No. of shares	Par value (RM)	Amount (RM)
<b>Authorised</b>			
Ordinary Shares	8,000,000,000	0.50	4,000,000,000
INCPS	2,000,000,000	1.00	2,000,000,000
<b>Issued and paid-up capital</b>			
Ordinary Shares	3,899,971,952	0.50	1,949,985,976
INCPS	1,368,099,145	1.00	1,368,099,145

**1.02 Principal Terms and Conditions:**

- (a) Names of parties involved in the proposed transaction

- (i) Principal Adviser/ Lead Arranger : RHB Investment Bank Berhad (“**RHB Investment Bank**”)
- (ii) Arranger(s) : Not applicable
- (iii) Valuer : Not applicable
- (iv) Solicitors : Messrs. Adnan Sundra & Low
- (v) Financial adviser : Not applicable
- (vi) Technical adviser : Not applicable
- (vii) Guarantor : Not applicable
- (viii) Trustee : AmTrustee Berhad (Company No. 163032-V)
- (ix) Facility Agent : RHB Investment Bank

## RHB BANK BERHAD

### Principal terms and conditions of the MTN Programme

---

- (x) Primary subscriber(s) and amount subscribed : To be determined prior to the issuance in respect of issuance via bought deal basis only. Not applicable for issuance via book building.
- (xi) Underwriter(s) and amount underwritten : Not applicable
- (xii) Central Depository : Bank Negara Malaysia (“**BNM**”)
- (xiii) Paying Agent : BNM
- (xiv) Reporting Accountant : Not applicable
- (xv) Others : Rating Agency  
RAM Rating Services Berhad (Company No. 763588-T)  
 (“**RAM Ratings**”)
- (b) Facility description : A Medium Term Note Programme (the “**MTN Programme**”) for the issuance of Subordinated Notes and/or Senior Notes (collectively the “**Notes**” and the “**Noteholders**” shall mean the holders of the Notes and the “**Subordinated Noteholders**” shall mean the holders of the Subordinated Notes and the “**Senior Noteholders**” shall mean the holders of the Senior Notes). The Subordinated Notes will qualify as Tier 2 Capital of RHB Bank for purposes of the Capital Adequacy Framework (Capital Components ) as approved by BNM.
- (c) Issue size (RM) : Up to RM3.0 billion in nominal value.
- The aggregate outstanding Subordinated Notes and Senior Notes proposed to be issued by the Issuer under the MTN Programme shall not at any one time exceed RM3.0 billion in nominal value.
- (d) Issue price (RM) : At par or at a discount.

**RHB BANK BERHAD**  
**Principal terms and conditions of the MTN Programme**

---

(e) Tenor of the facility/issue : Up to 20 years from the date of first issuance.

**Maturity of Subordinated Notes (in respect of Subordinated Notes issued before the Effective Date)**

Ranging from ten (10) to twenty (20) years and callable after a minimum period of 5 years (hereinafter referred to as the “Call Date”) from date of issue, at the option of the Issuer.

**Maturity of Subordinated Notes (in respect of Subordinated Notes issued after the Effective Date)**

Ranging from ten (10) to twenty (20) years subject to the Call Option.

**Call Option**

The Subordinated Notes are callable on the Call Date and any coupon payment date thereafter, at the option of the Issuer.

**Maturity of Senior Notes**

Ranging from one (1) to twenty (20) years, at the option of the Issuer.

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

(f) Interest/coupon (%) : **Subordinated Notes**

**In respect of Subordinated Notes issued before the Effective Date:** To be determined prior to the issuance of the Subordinated Notes. Unless the Subordinated Notes are fully redeemed on the Call Date, the Subordinated Noteholders will be entitled to a step-up in the coupon rate from (and inclusive of) the Call Date and annually thereafter until the final redemption of the Subordinated Notes.

The step-ups in coupon rates will be confirmed closer to the time of issuance.

**In respect of Subordinated Notes issued after the Effective Date:** To be determined prior to the issuance of the Subordinated Notes and the rate shall be applicable throughout the tenure of the Subordinated Notes.

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

**RHB BANK BERHAD**  
**Principal terms and conditions of the MTN Programme**

---

Senior Notes

To be determined prior to the issuance of the Senior Notes.

- (g) Interest/coupon payment frequency : Semi-annually in arrears.
- (h) Interest/coupon payment basis : Actual number of days elapsed on a 365-day basis.
- (i) Yield to maturity (%) : To be determined upon issuance.
- (j) Security/collateral : Nil.
- (k) Details on utilisation of proceeds : The proceeds raised from the MTN Programme shall be utilised for the following:

	Up to RM million
(a) Repayment of existing RM800.0 million nominal value redeemable unsecured subordinated bonds 2002/2012 (“ <b>Existing Sub-Bonds</b> ”); and	800
(b) General working capital purposes of RHB Bank and its subsidiaries (including, but not limited to, the provision of advances of such proceeds or part thereof by RHB Bank to any of its subsidiaries whereby such advances may, amongst others, qualify as Tier 2 Capital of the relevant subsidiary).	2,200
<b>Total</b>	<b>3,000</b>

- (l) Sinking fund : Nil.
- (m) Rating : Subordinated Notes and Senior Notes  
Final long-term rating of A<sub>1</sub> assigned by RAM Ratings.
- (n) Form and denomination : The Notes shall be issued in bearer form in denomination of not less than RM1,000 each or such other denomination as determined/allowed by BNM. The Notes will be represented at all times by Global Certificates to be deposited with BNM and will be traded under the Real Time Electronic Transfer of Funds and Securities (“RENTAS”) operated and maintained by BNM.

The Notes shall be issued in accordance to the Rules on Fully Automated System for Issuing/Tendering (“**FAST**”) issued by BNM (“**FAST Rules**”).

## RHB BANK BERHAD

### Principal terms and conditions of the MTN Programme

---

(o) Mode of issue : Private placement (via bought deal or book building) without prospectus.

(p) Selling restriction : Selling Restrictions at Issuance

The Notes may not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia other than to persons falling within Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 9 or Section 257(3) of the Capital Markets and Services Act, 2007 (“CMSA”).

#### Selling Restrictions after Issuance

The Notes may not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia other than to persons falling within Schedule 6 or Section 229(1)(b) and Schedule 9 or Section 257(3) of the CMSA.

(q) Listing status : Both the Subordinated Notes and Senior Notes will not be listed on the Bursa Securities and on any stock exchange.

(r) Minimum level of subscription : 100% of the value issued.

(s) Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained : (i) Approval from BNM for the following:

1. Full redemption of the Existing Sub-Bonds; and
2. Classification of up to RM3.0 billion of Subordinated Notes to be issued under the MTN Programme as Tier 2 Capital of RHB Bank and inclusion of the Subordinated Notes for computation of RHB Bank’s Risk Weighted Capital Ratio (“**RWCR**”) provided always that the amount included does not exceed the limit of 50% of core capital.

BNM’s approval was obtained via its letter dated 6 July 2007.

(ii) Approval from SC on the waiver from having to comply with any restrictive covenants as set out in the SC’s Guidelines on the Minimum Contents Requirements for Trust Deeds in respect of the Subordinated Notes to be issued under the MTN Programme.

SC’s approval was obtained via its letter dated 15 May 2007.

**RHB BANK BERHAD**

**Principal terms and conditions of the MTN Programme**

---

- (t) Conditions precedent : Conditions precedent customary for a programme of this nature which shall include but is not limited to the following:-
- (i) Certified true copies of the Issuer's Memorandum and Articles of Association, board resolution and other constitutional documents of the Issuer i.e. Forms 9, 24, 44 and 49 have been furnished to the Facility Agent;
  - (ii) Each of the Financing Documents (as defined in Section(x)(x)) shall have been duly executed and stamped where relevant;
  - (iii) Written approval from BNM for the Subordinated Notes to be classified as Tier 2 Capital and for early redemption of the Issuer's Existing Sub-Bonds;
  - (iv) Written approval from the SC for the MTN Programme;
  - (v) Approval from shareholders of the Issuer for the MTN Programme;
  - (vi) A legal opinion from the Solicitors addressed to the Principal Adviser/Lead Arranger advising with respect to, among others, inter alia, the validity, legality and enforceability of the Notes and the Financing Documents, and a written confirmation from the Solicitors to the Principal Adviser/Lead Arranger that all conditions precedent have been fulfilled;
  - (vii) Evidence that the Subordinated Notes and Senior Notes under the MTN Programme have been assigned a minimum long-term rating of A<sub>1</sub> by RAM Ratings; and
  - (viii) Such other conditions precedent as may be advised by Solicitors for the Principal Adviser/Lead Arranger.
- (u) Representation and warranties : Representation and warranties typical and customary for a programme of this nature, which shall include but is 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 Financing Documents;
  - (iii) The Subordinated Notes qualify as Tier 2 Capital

- under the capital adequacy regulations of Malaysia;
- (iv) The Issuer's entry into, exercise of its rights under and performance of the Financing Documents do not and will not violate any existing law or agreements to which it is a party;
  - (v) The Issuer has all licenses, franchises, 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 licenses, franchises, permits, authorisations, approvals, orders and other concessions would not have a material adverse effect on the ability of the Issuer to comply with its obligations under the Financing Documents;
  - (vi) The Financing Documents create valid and binding obligations which are enforceable on and against the Issuer;
  - (vii) All necessary actions, authorisations and consents required under the Financing Documents have been taken, fulfilled and obtained and remain in full force and effect;
  - (viii) Save as disclosed by the Issuer, no event has occurred which, if the Notes had already been issued, would constitute an Event of Default under the Financing Documents;
  - (ix) The audited accounts of the Issuer are prepared in accordance with generally accepted accounting principles and standards and they fairly represent its financial position;
  - (x) No litigation or arbitration is current or, to the Issuer's knowledge, is threatened, which if adversely determined would have a material adverse effect on the ability of the Issuer to comply with its obligations under the Financing Documents;
  - (xi) 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;

- (xii) No contravention of Section 62 of the Banking and Financial Institutions Act, 1989;
- (xiii) 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, save for the redemption of the INCPS;
- (xiv) 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 on the ability of the Issuer to comply with its obligations under the Financing Documents; and
- (xv) Such other representation and warranties as may be advised by the Solicitors for the Principal Adviser/Lead Arranger.

(v) Events of default : Subordinated Notes

Events of Default shall include:

- (i) the Issuer defaults in payment of any principal or coupon under the Subordinated Notes on the due date and the Issuer does not remedy such default within a period of 14 days after the Issuer became aware or having been notified by the Trustee of the default;
- (ii) an order is made for winding-up 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 winding-up 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 Subordinated Noteholders by way of special resolution.

Upon the occurrence of item (i) above, subject to the terms of the Trust Deed, the Trustee may or shall (if directed to do so by a special resolution of the Subordinated Noteholders) institute proceedings to enforce the payment obligations under that tranche of Subordinated Notes and may institute proceedings in Malaysia for the winding up of the Issuer, provided that neither the Trustee nor any of the Subordinated Noteholders shall have the right to accelerate payment of that tranche of Subordinated Notes in the case

of such default in the payment of amount owing under that tranche of Subordinated Notes or any default in the performance of any condition, provision or covenant under that tranche of Subordinated Notes or the Trust Deed.

Upon the occurrence of item (ii) above, subject to the terms of the Trust Deed, the Trustee may or shall (if directed to do so by a special resolution of the Subordinated Noteholders) declare (by giving written notice to the Issuer) that the Subordinated Notes together with all other sums payable under the 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 Subordinated Notes.

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

#### Senior Notes

Events of Default will comprise those as required under the SC's Guidelines On The Minimum Contents Requirements For Trust Deeds and such events of default as may deemed standard for a programme of this nature, which include but is not limited to the following:

- (i) The Issuer defaults in the payment of any money owing in respect of the Senior Notes when the same shall become due and payable in accordance with the Trust Deed and the Issuer fails to remedy such default within the period of fourteen (14) days after the Issuer became aware or having been notified by the Trustee of the default;
- (ii) A winding up order has been made against the Issuer or a resolution to wind up the Issuer has been passed;
- (iii) A scheme of arrangement under Section 176 of the Companies Act 1965 has been instituted against the Issuer, save for the redemption of the INCPS;
- (iv) A receiver has been appointed over the whole or a substantial part of the assets of the Issuer;
- (v) There has been a breach by the Issuer of any obligation under any of the issuer's existing obligations which may materially and adversely affect the Issuer's ability to perform its obligations under the Financing Documents, and if in the opinion

**RHB BANK BERHAD**  
**Principal terms and conditions of the MTN Programme**

---

of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of fourteen (14) business days after the Issuer became aware of having been notified by the Trustee of the failure;

- (vi) Any other indebtedness of the Issuer becomes due or payable prior to its stated maturity or where the security created for any other indebtedness becomes enforceable;
- (vii) Where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Trustee may materially and adversely impair or prejudices the ability of the Issuer to comply with its obligations under the Financing Documents;
- (viii) The Issuer fails to observe or perform its obligation under any of the Financing Documents and in the case of a failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of fourteen (14) business days after the Issuer became aware or having been notified by the Trustee of the failure;
- (ix) Any representations and warranties made or given by the Issuer under the Financing Documents proves to have been incorrect or misleading in any material respect on or as of the date made or given, and in the case of a failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of 14 business days after the Issuer became aware or having been notified by the Trustee of the failure;
- (x) At any time any of the provisions of the Financing Documents is or becomes illegal, void, voidable or unenforceable; and
- (xi) Such other events of default as advised by Solicitors for the Principal Adviser/Lead Arranger.

Upon the occurrence of any of the above events of default, the Trustee may, at its absolute discretion, or shall (if so directed to do so by a special resolution of the Senior Noteholders) declare (by giving written notice to the Issuer) that an event of default has occurred and the Senior Notes together with all other sums payable under the Senior Notes are immediately due and payable.

- (w) Principal terms and conditions for warrants : Not applicable

**RHB BANK BERHAD**  
**Principal terms and conditions of the MTN Programme**

---

(x) Other principal terms and conditions for the issue

(i) Positive Covenants : The usual and customary for a programme of such nature, which shall include but not limited to the following positive covenants which are applicable to both Subordinated Notes and the Senior Notes:

1. The Issuer shall, at all times perform all its obligations and promptly comply with all provisions of the Trust Deed and the Financing Documents and the terms and conditions of the Notes (including but not limited to redeeming the Notes on the relevant maturity dates or any other dates on which the Notes and due and payable) and immediately notify the Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Trust Deed or any of the other Financing Documents;
2. The Issuer shall deliver to the Trustee a copy of its annual audited accounts within 180 days after the end of each 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 Noteholders;
3. 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 Financing 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;
4. 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 require in order to discharge its duties and obligations as Trustee under the Trust Deed and the other Financing Documents;
5. 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 that such other right or remedy under the terms, provisions and covenants of the Notes and the Trust Deed and the other Financing Documents which have become immediately enforceable and the Issuer shall take reasonable steps and/or such other steps as may be reasonably requested by the Trustee to remedy and/or mitigate the event of default;

- 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 Notes or in respect of the Notes or any security included in or created by the Notes or the Trust Deed;
  - c) any substantial change in the nature of the business of the Issuer;
  - d) any change in the utilisation of the proceeds from the Notes from that set out in the submission to the SC, the Information Memorandum or any of the Financing 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 matter that may materially prejudice the interests of the Noteholders.
6. The Issuer shall keep proper books and accounts at all times on a basis consistently applied in accordance with the laws of Malaysia and generally accepted accounting principles and standards in Malaysia,
7. The Issuer shall comply at all times with any and all requirements and conditions, notes, circulars and/or guidelines as may be issued and/or imposed by the SC and BNM, from time to time and the applicable provisions of the CMSA;
8. The Issuer shall at all times maintains 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;
9. Subject to any changes to BNM's guidelines, the Issuer shall ensure that its risk weighted capital adequacy ratio calculated in accordance with the relevant BNM guidelines shall not fall to a level below 8.0%;
10. The Issuer shall at all times maintain a paying agent with a specified office in Malaysia;
11. The Issuer shall procure that the paying agent shall notify the Trustee in the event that the paying agent does not receive payment from the Issuer on the due

**RHB BANK BERHAD**  
**Principal terms and conditions of the MTN Programme**

---

dates and in the manner as required under the Trust Deed and the terms and conditions of the Notes;

12. Such other covenants deemed necessary or as may be advised by the Solicitors for the Principal Adviser/Lead Arranger.

(ii) Negative Covenants : The usual and customary for an programme of such nature, which shall include but not limited to the following negative covenants which are **applicable only to the Senior Notes**:

1. Save for those arising in the ordinary course of business by operation of law and not by way of contract, the Issuer shall not create or permit to subsist any Security Interests on all or any of its assets (present or future) other than Security Interests arising out of any arrangements entered into by the Issuer for the provision of performance and maintenance of the Notes, or those created prior to the execution of the Financing Documents and disclosed in writing to the Trustee and those Security Interests mutually agreed upon between the Trustee and the Issuer;

For the purposes of this covenant, the term “Security Interest” means any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of a security, trust arrangement for the purpose of providing security, right of set-off or any security interest whatsoever, howsoever created or arising including without limitation, title transfer and/or retention arrangements having a similar effect or any other agreement for the purpose of providing security or to create any of the foregoing, excluding however liens arising in the ordinary course of business by operation of law and not by way of contract.

2. The Issuer shall not, unless it has obtained BNM’s approval, reduce or alter except increase its authorised or issued and paid-up capital whether by varying the amount, structure or value thereof or the rights attached thereto or convert any of its share capital into stock, or by consolidation, dividing or sub-dividing all or any of its shares. For the avoidance of doubt, this covenant shall not restrict the Issuer from dividing or sub-dividing all or any of its shares provided that its authorised and paid-up share capital is not reduced, pursuant to such dividing or sub-dividing) of its shares;
3. The Issuer shall not:
  - a) consolidate or amalgamate with or merge with any other person or into another entity or transfer all or

substantially all its assets to another entity; or

- b) enter into any de-merger, reconstruction or winding-up unless the successor person or entity expressly assumes the Issuer's obligations under the Financing Documents and after giving effect to such transaction, no event of default has occurred or is continuing or would occur,

unless BNM has granted its approval in respect of the relevant event set out in items (a) and (b) above;

4. The Issuer shall not cause itself to take steps to be voluntarily wound up or to dissolve itself and/or its respective affairs;
5. The Issuer shall not do or permit to occur or omit to do any act or omission, or execute or omit to execute any document which may render any of the Financing Documents to be illegal, void, voidable or unenforceable;
6. The Issuer shall not use the proceeds derived from the issue of the Notes hereunder except for specific purposes set out in the submission to the SC and the Information Memorandum;
7. The Issuer not surrender, transfer, assign, relinquish or otherwise dispose any of its rights and interest under the Financing Documents (except as permitted or required under the Financing Documents);
8. The Issuer shall not enter into a transaction, whether directly or indirectly, with any interested persons (including a director, substantial shareholder or persons connected with them) unless:-
  - a) Such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
  - b) With respect to transactions involving an aggregate payment or value equal to or exceeding a sum which is equivalent to 5% of the Issuer's consolidated net tangible assets at the relevant point in time, the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

Provided that the Issuer certifies to the Trustee that the transaction complies with paragraph (a), that the Issuer has received the certification referred to in paragraph (b) (where applicable) and the transaction has been approved by the majority of the board of directors or

**RHB BANK BERHAD**  
**Principal terms and conditions of the MTN Programme**

---

shareholders in a general meeting as the case may require;

9. Such other covenants deemed necessary or as may be advised by the Solicitors for the Principal Adviser/Lead Arranger.

(iii) Status of Notes : Subordinated Notes

The Subordinated Notes will constitute direct unsecured obligations of the Issuer, subordinated in right and priority of payment, to the extent and in the manner provided for in the Subordinated Notes, to all deposit liabilities and other liabilities of the Issuer except all other present and future unsecured and subordinated obligations of the Issuer which by their terms rank pari passu in right of and priority of payment with or subordinated to the Subordinated Notes. For the avoidance of doubt, any payment that has fallen due under the Subordinated Notes shall remain due and payable even if such payment cannot be satisfied because of insufficient cashflows of the Issuer to meet all outstanding obligations, including those senior to the Subordinated Notes, which are due at the same time. The Subordinated Notes will in the event of the winding-up or liquidation of the Issuer, be subordinated in right of payments to the claims of depositors and all other creditors of the Issuer other than claimants in respect of the Issuer's unsecured and subordinated obligations which by their terms rank pari passu in right of and priority of payment with or subordinated to the Subordinated Notes.

Senior Notes

The Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other unsecured obligations (excluding deposits) (other than subordinated obligations, if any) of the Issuer, present and future, from time to time outstanding.

(iv) Provisions on buy-back and early redemption of Subordinated Notes : **In respect of Subordinated Notes issued after the Effective Date**

Early Redemption of the Subordinated Notes

Please refer to Optional Redemption clause (vi) below.

Buyback of the Subordinated 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

**RHB BANK BERHAD**  
**Principal terms and conditions of the MTN Programme**

---

Subordinated Notes at any price in the open market or by private treaty **provided** no Viability Event (as defined in Trigger Event clause (xvii) 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 Subordinated Noteholders equally.

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

For the avoidance of doubt, the Subordinated Notes held by related corporations and the 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 or any related corporation 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.

- (v) Redemption at maturity : Subordinated Notes

**In respect of Subordinated Notes issued before the Effective Date:** Unless previously redeemed or purchased and cancelled, the Subordinated Notes will be redeemed by the Issuer at par together with accrued interest due on the maturity date or the redemption date.

**In respect of Subordinated Notes issued after the Effective Date:** Unless previously redeemed on Call Date (if applicable) or redeemed pursuant to a Regulatory Event or a Tax Event or purchased from the market and cancelled, the Subordinated Notes will be redeemed by the Issuer at the Redemption Amount (as defined below) on the maturity date.

“**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 Subordinated Notes are redeemed.

**RHB BANK BERHAD**  
**Principal terms and conditions of the MTN Programme**

---

Senior Notes

Unless previously redeemed or purchased and cancelled, the Senior Notes will be redeemed by the Issuer at par together with accrued interest due on the maturity date or the redemption date.

(vi) Optional redemption : Subordinated Notes

**In respect of Subordinated Notes issued before the Effective Date:** The Issuer may, at its option, subject to the prior approval of BNM, redeem the Subordinated Notes in part or in whole on the relevant Call Date and at any anniversary dates thereafter.

**In respect of Subordinated Notes issued after the Effective Date:** For each tranche of Subordinated Notes, if a 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 Subordinated Notes (in whole, but not in part) on the Call Date at the Redemption Amount.

The optional redemption of one tranche of the Subordinated Notes does not trigger the redemption of the other tranches of Subordinated Notes.

(vii) Redemption Conditions : **In respect of Subordinated Notes issued after the Effective Date**

Redemption Conditions means:

1. the Issuer must have received written approval from BNM prior to redemption of the Subordinated Notes;
2. the Issuer is solvent at the time of redemption of the Subordinated 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 the Subordinated Notes; and
4. the Issuer shall replace the called or redeemed Subordinated Notes with capital of the same or better quality and at conditions which are sustainable for the income capacity of the Issuer and demonstrates that its capital position is well above the capital adequacy and capital buffer requirements after redemption of the Subordinated Notes.

(viii) Regulatory Redemption : **In respect of Subordinated Notes issued after the Effective Date**

**RHB BANK BERHAD**  
**Principal terms and conditions of the MTN Programme**

---

The Issuer may, at its option, redeem the Subordinated Notes (in whole, but not in part), subject to the Redemption Conditions being satisfied if a Regulatory Event (as defined below) occurs, at the Redemption Amount.

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

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

(ix) Tax redemption : **In respect of Subordinated Notes issued after the Effective Date**

If there is more than an insubstantial risk 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 Subordinated Notes;
- 2. the Issuer would no longer obtain tax deductions for the purposes of Malaysian corporation tax for any payment in respect of the Subordinated Notes;

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 Subordinated Notes (in whole, but not in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied.

(x) Financing Documents : The Notes shall be evidenced inter-alia, by the following documents:-

- 1. Programme Agreement;
- 2. Depository and Paying Agency Agreement;
- 3. Trust Deed; and
- 4. any other legal documentation as advised by the legal counsel for the Lead Arranger.

## RHB BANK BERHAD

### Principal terms and conditions of the MTN Programme

---

- (xi) Taxation : All payments shall be made free and clear of all present and future taxes, duties, withholdings or other deductions whatsoever imposed by the Government or any political sub-division or tax authority thereof. In the event that any such taxes are in future imposed or if such withholding or deduction is required by law, the Issuer must make such additional payments as are necessary to cause the Noteholders to receive the net amount that they would otherwise have received.
- (xii) Further issues : The Issuer may from time to time raise additional subordinated debt which contain greater rights for the holders thereof including acceleration rights provided that such subordinated debt ranks pari passu in right of priority of payment with or subordinated to the Subordinated Notes in the case of any distribution of assets in any winding up of the Issuer.
- (xiii) No Further Rights To Participate in Profits and Assets : Subordinated Noteholders shall not be conferred any right or claim as regards to participation in the profits and assets of the Issuer.
- (xiv) Voting Rights : Subordinated Noteholders 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 Subordinated Noteholders and as such the relationship between the Issuer and the Subordinated Noteholders shall not be governed by the Memorandum and Articles of Association of the Issuer.
- (xv) Governing Law : The laws of Malaysia.
- (xvi) Contingent Write-off : **In respect of Subordinated Notes issued after the Effective Date**

Upon the occurrence of a Trigger Event (as defined below), the Issuer is required to give notice to the Subordinated Noteholders and RAM Ratings in accordance with the terms of the Subordinated Notes, then as of the relevant write-off date:

- (i) the write-off shall reduce:
- (a) the claim of the Subordinated Notes in liquidation. The Subordinated Noteholders 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 Subordinated Notes written down;
  - (b) the amount re-paid when a call option is exercised; and
  - (c) coupon payments on the Subordinated Notes;

- (ii) the write-off shall be permanent and the full principal amount of the Subordinated Notes will automatically be written down to zero and the Subordinated Notes will be cancelled; and
- (iii) the write-off of the Subordinated Notes shall not constitute an event of default or trigger cross-default clauses.

(xvii) Trigger Event : **In respect of Subordinated Notes issued after the Effective Date**

A “**Trigger Event**” shall be the earlier of the following:

- (i) The Relevant Malaysian Authority (the “**Relevant Malaysian Authority**” means BNM, jointly with the Malaysia Deposit Insurance Corporation (“**PIDM**”)) notifies the Issuer in writing that the Relevant Malaysian Authority is of the opinion that a write-off is necessary, without which the Issuer would cease to be viable; or
- (ii) the Relevant Malaysian Authority 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.

In assessing whether the Issuer would cease to be viable, the Relevant Malaysian Authority may consider, among others, whether any of the following circumstances exist (“**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 recapitalise 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

**RHB BANK BERHAD**  
**Principal terms and conditions of the MTN Programme**

---

that would put the interest of the depositors or creditors of the Issuer at risk.

For the avoidance of doubt, the Relevant Malaysian Authority 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, the Subordinated Noteholders may still be exposed to losses from the resolution of the Issuer.

Notwithstanding the powers of the Relevant Malaysian Authority, the Subordinated Notes will under no circumstances be converted into equity of the Issuer and will only absorb losses pursuant to the terms specified herein.

(xviii) Effective Date : Means the date of execution of the relevant supplemental Financing Documents, in any event, such date shall be a date after obtaining BNM's approval for the revised terms which is 30 August 2013.