

## 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE AT1CS PROGRAMME

Words and expressions used and defined in this Section 2 shall, in the event of any inconsistency with the definition section of this Information Memorandum, only be applicable for this Section 2.

### Details of Facility / Programme

- (1) **Name of facility/ programme** : Additional Tier 1 Capital securities programme of RM3.0 billion in nominal value ("**AT1CS Programme**").
- (2) **Issuance type** : Programme.
- (3) **Facility description** : AT1CS Programme for the issuance of Additional Tier 1 Capital securities ("**AT1CS**") from time to time of up to RM3.0 billion in nominal value.

The AT1CS are intended to qualify as Additional Tier 1 Capital for the Issuer and shall comply with Bank Negara Malaysia ("**BNM**")'s Capital Adequacy Framework (Capital Components) issued on 2 February 2018, as amended from time to time ("**CA Framework**"), in relation to requirements of an Additional Tier 1 Capital instrument.

- (4) **Currency type** : Ringgit
- (5) **Expected facility/programme size** : Up to RM3.0 billion in nominal value

Option to upsize: Yes

#### Upsizing Conditions

The Issuer shall have the option to upsize the AT1CS Programme provided that:

- (i) such increase will not result in any adverse impact on the rating of the AT1CS Programme;
- (ii) the relevant requirements under the Guidelines on Unlisted Capital Market Products of the Lodge and Launch Framework issued by the SC on 9 March 2015 and revised on 8 November 2017 ("**LOLA Guidelines**") in relation to such upsizing have been complied with; and
- (iii) the relevant regulatory approvals have been obtained (including but not limited to the approval from BNM).

The Trust Deed will provide that the Noteholders by purchasing the AT1CS shall be deemed to have consented to

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any upsizing of the programme limit from time to time. Accordingly, no consent will be required from the Noteholders, the Trustee or from any other party under the AT1CS Programme for the Issuer to exercise the option to increase the limit of the AT1CS Programme from time to time.

- (6) **Tenure of facility/programme** : Perpetual
- (7) **Availability period for programme** : The AT1CS Programme is available for issuance upon fulfilment (or waiver, as the case may be) of all conditions precedent to the satisfaction of the JLA and for so long as the AT1CS Programme subsists.
- (8) **Clearing & settlement platform(s)** : PayNet
- (9) **Mode(s) of issue** :
  - Private/direct placement
  - Book Building

The AT1CS may be issued through any of the modes marked above on a best effort basis.

- (10) **Selling restrictions** : **(i) At Issuance**
- Part 1 of Schedule 6 of the Capital Markets & Services Act, 2007 (CMSA)
  - Part 1 of Schedule 7 of the CMSA
  - Read together with Schedule 9 of the CMSA
- (ii) After Issuance**
- Part 1 of Schedule 6 of the Capital Markets & Services Act, 2007 (CMSA)
  - Read together with Schedule 9 of the CMSA

**Selling Restrictions at Issuance**

The AT1CS may only be offered, sold, transferred or otherwise disposed directly or indirectly to persons to whom an offer or invitation to subscribe the AT1CS may be made and to whom the AT1CS are issued would fall within Part I of Schedule 6 or Section 229(1)(b) and Part I of Schedule 7 or Section 230(1)(b) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA, as amended from time to time.

**Selling Restrictions Thereafter**

The AT1CS may only be offered, sold, transferred or otherwise disposed directly or indirectly to persons to whom an offer or invitation to subscribe the AT1CS may be made and to whom the AT1CS are issued would fall within Part I of Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA, as amended

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from time to time.

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| (11) | Tradability & transferability                                  | : | Tradable & transferable MYR3,000,000,000.00  |
| (12) | Details of security/collateral pledged, if applicable          | : | Unsecured  |
| (13) | Details of guarantee, if applicable                            | : | Not guaranteed   |
| (14) | Convertibility of issuance                                     | : | Non-convertible  |
| (15) | Exchangeability of issuance and details of the exchangeability | : | Non-exchangeable   |
| (16) | Call option and details, if applicable                         | : | <p>Call option, details as follows:</p> <p>Each series of the AT1CS issued under the AT1CS Programme may have a call option (to be determined prior to the relevant issue date) ("<b>Call Option</b>") to allow the Issuer, at its option, subject to Redemption Conditions (as defined under the section entitled "<i>Provisions on early redemption, if applicable</i>" below) to redeem (in whole or in part) that series of the AT1CS on the Call Date (if applicable for the relevant series) at its nominal value.</p> <p>"<b>Call Date</b>" is defined as any Distribution Payment Date (as defined under the section entitled "<i>Other terms and conditions - Interest/ coupon payment frequency</i>" below) after a minimum period of five (5) years from the date of issue of that series of AT1CS.</p> |
| (17) | Put option and details, if applicable                          | : | No put option  |
| (18) | Positive covenant  | : | <p>Positive covenant, details as follows:</p> <p>The Issuer shall comply with such applicable covenants, including but not limited to the following:</p> <ul style="list-style-type: none"> <li>(i) at all times perform all its obligations and promptly comply with all provisions of the Transaction Documents (as defined under the section entitled "<i>Other terms and conditions - Transaction Documents</i>" below) and immediately notify the Trustee in the event that the Issuer is unable to fulfil or comply with any of the provisions of the Transaction Documents;</li> <li>(ii) keep proper books and accounts at all times on a</li> </ul>   |

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basis consistently applied in accordance with the laws of Malaysia and generally accepted accounting principles and standards in Malaysia and provide the Trustee and any person appointed by it (e.g. auditors) access to such books and accounts to the extent permitted by law;

- (iii) at all times comply with any and all requirements and rules, regulations and guidelines as may be issued and/or imposed by the SC and BNM from time to time and the applicable provisions of the CMSA;
- (iv) at all times maintain its corporate legal existence and exercise reasonable diligence in carrying on its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices and ensure, amongst others, that all necessary approvals and relevant licences required for it to carry on its business are obtained and maintained;
- (v) at all times maintain a paying agent who is based in Malaysia;
- (vi) procure that the paying agent shall notify the Trustee in the event that the paying agent does not receive payment in respect of the AT1CS from the Issuer on the due dates and in the manner as required under the Transaction Documents and the terms and conditions of the AT1CS;
- (vii) ensure that the Transaction Documents and the Information Memorandum do not contain any matter or information which is inconsistent between them; and
- (viii) any other covenants as may be advised by the Solicitors and to be mutually agreed between the JLA and the Issuer.

**(19) Negative covenant** : No negative covenant

**(20) Financial covenant** : No financial covenant

**(21) Information covenant** : Information covenant, details as follows:

- (i) The Issuer shall deliver to the Trustee:
  - (a) annually a certificate that the Issuer has complied with its obligations under the Transaction Documents and that there did not exist or had not existed, from the date the first AT1CS were issued or from the date of the previous certificate as the case may

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- be, any Enforcement Event (as defined in the section entitled "*Events of default or enforcement events, where applicable, including recourse available to investors*" below) and if such is not the case, to specify the same; and
  - (b) a copy of its annual audited consolidated financial statements within one hundred and eighty (180) days after the end of each financial year, its semi-annual unaudited consolidated financial statements within ninety (90) days after the end of each half of its financial year and copies of any other accounts, balance sheet, reports, notices, statements or circulars issued to its shareholders;
- (ii) the Issuer shall notify the Trustee in the event that the Issuer becomes aware of the following:
  - (a) any Enforcement Event or that such other right or remedy under the terms, provisions and covenants of the AT1CS and the Trust Deed have become immediately enforceable;
  - (b) any circumstance that has occurred that would materially prejudice the Issuer;
  - (c) any substantial change in the nature of the business of the Issuer;
  - (d) any change in the utilisation of proceeds from the AT1CS other than for the purpose stipulated in the Information Memorandum and the Transaction Documents;
  - (e) any change in the Issuer's withholding tax position or tax jurisdiction; and
  - (f) any other matter that may materially prejudice the interest of the AT1CS holders ("**Noteholders**").
- (iii) the Issuer shall give to the Trustee such information relating to the Issuer's affairs as the Trustee may reasonably require, in order to discharge its duties and obligations as Trustee, to the extent permitted by law; and
- (iv) any other covenants as may be advised by the Solicitors and to be mutually agreed between the JLA and the Issuer.

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(22) **Details of designated account(s), if applicable** : No designated account

(23) **Credit rating(s) of facility/programme, if applicable** : Rated as follows:

<b>Credit Rating Agency</b>	<b>Credit Rating</b>	<b>Final/ Indicative</b>	<b>Amount Rated</b>
Rating Services Bhd (RAM)	A3	Final	MYR3,000,000,000.00

(24) **Conditions precedent** : Including but not limited to the following:

- (i) The relevant Transaction Documents have been duly executed and, where applicable, stamped (unless otherwise exempted) and presented for registration;
- (ii) Certified true copies of the certificate of incorporation and the constitution or its equivalent of the Issuer;
- (iii) Certified true copies of the most recent forms as prescribed under sections 78 (*Return of allotment*), 46 (*Registered office and office hours*) and 58 (*Duty to notify of particulars and changes of director, manager and secretary*) of the Companies Act, 2016 of the Issuer;
- (iv) Certified true copies of the board resolution of the Issuer authorising, amongst others, the establishment of the AT1CS Programme, issuance of the AT1CS and the execution of all relevant documents thereto;
- (v) A list of the Issuer's authorised signatories and their respective specimen signatures;
- (vi) A report of the relevant company search conducted on the Issuer;
- (vii) A report of the relevant winding up search conducted on the Issuer;
- (viii) Evidence that all relevant regulatory approvals and acknowledgements, including written approval from BNM in relation to the establishment of the AT1CS Programme and the acknowledgement by the SC of the lodgement to the SC;
- (ix) Evidence that the AT1CS Programme has obtained

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the minimum rating as stated in the section entitled "*Credit rating of facility/programme, if applicable*";

- (x) Satisfactory legal opinion from the Solicitors with respect to the legality, validity and enforceability of the Transaction Documents and confirmation that all conditions precedent thereto have been fulfilled or waived, as the case may be; and
- (xi) Such other conditions precedent as advised by the Solicitors and mutually agreed between the JLA and the Issuer.

Conditions precedent for each issuance of the AT1CS including but not limited to the following:

- (i) receipt of the BNM's prior approval for the issuance of the relevant series of AT1CS;
- (ii) confirmation from the Issuer that all representations and warranties remain true and accurate in all material respects;
- (iii) no Enforcement Event has occurred or is continuing or would occur as a result of an issuance of AT1CS under the AT1CS Programme;
- (iv) satisfactory evidence that the ratings for the AT1CS Programme shall be at least the minimum rating as stated in the section entitled "*Credit rating of facility/programme, if applicable*"; and
- (v) such other conditions for each issuance as advised by the Solicitors.

**(25) Representation and warranties**

: Representations and warranties usual and customary for a transaction of such nature, which shall include but are 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 Transaction Documents and exercise its rights to perform its obligations under the Transaction Documents;
- (iii) The Issuer's entry into, exercise of its rights under and performance of the Transaction Documents do not and will not violate any existing law or agreements to which it is a party;

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- (iv) The issuance of the AT1CS has been duly authorised, and when issued and delivered pursuant to the Transaction Documents, will have been duly executed, authenticated, issued and delivered and will constitute valid and binding obligations of the Issuer enforceable in accordance with its terms;
- (v) The Issuer has all licences, 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 licences, franchises, permits, authorisations, approvals, orders and other concessions would not have a material adverse effect on the Issuer's ability to perform its obligations under the Transaction Documents;
- (vi) The Transaction Documents create valid and binding obligations which are enforceable on and against the Issuer;
- (vii) All necessary actions, authorisations and consents required under the Transaction Documents have been taken, fulfilled and obtained and remain in full force and effect;
- (viii) The audited financial statements of the Issuer are prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 so as to give a true and fair view of the financial position of the Issuer;
- (ix) There are no legal or governmental proceedings pending or, to the knowledge of the Issuer, threatened, to which the Issuer is or may be a party or to which any property or asset of the Issuer is or may be the subject which, if determined adversely to the Issuer, could individually or in the aggregate reasonably be expected to have a material adverse effect;
- (x) No event has occurred which would constitute an Enforcement Event under the AT1CS or which with the giving of notice or the lapse of time would constitute an Enforcement Event;
- (xi) 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, under Section 366 of the Companies Act, 2016 in respect of the Issuer;



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(xii) There has been no material change in the business and 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 Transaction Documents; and

(xiii) Such other representations and warranties as may be advised by the Solicitors and to be mutually agreed between the JLA and the Issuer.

For the purpose of this clause, “**material adverse effect**” means the occurrence of any event which materially and adversely affects the ability of the Issuer to perform any of its obligations under any of the Transaction Documents or which materially and adversely affects the business, financial position, shareholders’ funds or results of the operations of the Issuer.

**(26) Events of default or enforcement events, where applicable, including recourse available to investors**

: There are no events of default under the terms of the AT1CS.

Enforcement events (“**Enforcement Events**”) shall encompass the following:

(i) the Issuer fails to pay any amount in respect of the AT1CS when due and payable and such failure continues for a period of seven (7) business days. For the avoidance of doubt, no Distribution (as defined in the section entitled “*Other terms and conditions – Interest/coupon payment rate*”) will be due and payable if such Distribution has been cancelled or is deemed cancelled (in each case, in whole or in part) as described under the section entitled “*Other terms and conditions – Limitation on Payment*”. Accordingly, no default in payment under the AT1CS will have occurred or be deemed to have occurred in such circumstances; or

(ii) an order is made for the winding-up of the Issuer and such order is not stayed or set aside within thirty (30) days of such order being made or where so stayed, such stay lapses, or an effective resolution is passed for the winding-up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation, the terms of which have been approved by the 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 Noteholders) institute proceedings to enforce the payment obligations under that relevant series of AT1CS and may institute proceedings in

Malaysia for the winding-up of the Issuer, provided that neither the Trustee nor any of the Noteholders of that relevant series of the AT1CS shall have the right to accelerate payment of that relevant series of AT1CS in the case of such default in the payment of amounts owing under that relevant series of AT1CS or any default in the performance of any condition, provision or covenant under that relevant series of AT1CS or the Trust Deed.

Upon 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 Noteholders) declare (by giving written notice to the Issuer) that the AT1CS with all other sums payable under the AT1CS shall become immediately due and payable at its nominal value together with the accrued and uncanceled Distribution (if any), whereupon such amounts shall become immediately due and payable.

For the avoidance of doubt, the occurrence of an Enforcement Event under item (i) above for any series of the AT1CS will not trigger the Enforcement Event for other series of the AT1CS outstanding. However, the occurrence of an Enforcement Event under item (ii) above will trigger an Enforcement Event for all series of the outstanding AT1CS.

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| (27) | <b>Governing laws</b>                        | : Laws of Malaysia                            |
| (28) | <b>Provisions on buy-back, if applicable</b> | : Provisions on buy-back, details as follows: |

The Issuer or any of its subsidiaries or agent(s) of the Issuer 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 AT1CS at any price in the open market or by way of private treaty provided that no Non-Viability Event (as defined in the section entitled "*Other terms and conditions – Non-Viability Event*" 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 the Noteholders equally.

The AT1CS purchased by the Issuer or by its subsidiaries or by agent(s) of the Issuer (other than in the ordinary course of business) shall be cancelled and shall not be resold.

The AT1CS 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 such related corporations or interested person of the Issuer will not be entitled to vote under the terms of the AT1CS subject to any exceptions in the SC's Trust Deeds Guidelines.

For the avoidance of doubt, the AT1CS 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 SC's Trust Deeds Guidelines.

The term "**related corporation**" has the meaning given to it in the Companies Act, 2016 and the term "**ordinary course of business**" includes those activities performed by the Issuer or its subsidiaries or agents of the Issuer or any related corporation of the Issuer for third parties but excludes those performed for the account of the Issuer or its subsidiaries or agents of the Issuer or such related corporation.

For the avoidance of doubt, subject always to the requirements of the Trust Deeds Guidelines where the purchase of the AT1CS by the Issuer or its subsidiaries (if any) or by agents of the Issuer shall be cancelled and shall not be resold, neither the Issuer nor an affiliated party over which it exercises control or significant influence can purchase the AT1CS, nor can the Issuer directly or indirectly have financed its purchase, failing which the regulatory adjustments as set out in the CA Framework shall apply.

(29) Provisions on early redemption, if applicable

: Provisions on early redemption, details as follows:

(i) Optional Redemption

In respect of each series of AT1CS with a Call Option, the Issuer may, at its sole discretion, and subject to the Redemption Conditions being satisfied, redeem that series of AT1CS (in whole or in part) on any Call Date at the Redemption Amount (as defined below). The optional redemption of one series of the AT1CS shall not trigger the redemption of other series of the AT1CS.

(ii) Regulatory Redemption

The Issuer may, at its option, redeem a series of AT1CS (in whole or in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied, if a Regulatory Event (as defined below) occurs.

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

- (a) any series of AT1CS (in whole or in part) will, either immediately or with the passage of time or upon either the giving of notice or fulfilment of a condition, no longer qualify as Additional Tier 1 Capital of the Issuer for the

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purposes of BNM's capital adequacy requirements under any applicable regulations and/or any other regulations applicable to the Issuer; or

- (b) changes in law will make it unlawful for the Issuer to continue performing its obligations under any series of AT1CS.

(iii) **Tax Redemption**

The Issuer may, at its option, redeem a series of AT1CS (in whole or in part) at the Redemption Amount, subject to the Redemption Conditions being satisfied, if a Tax Event (as defined below) occurs.

**"Tax Event"** means any time there is more than an insubstantial risk that:

- (a) 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
- (b) the Issuer would 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 change in the application or official application or interpretation of such laws or regulations, which change or amendment is announced and becomes effective on or after the issue date and the Issuer cannot, by taking reasonable measures available to it, avoid such obligations.

In the case of a partial redemption of a series of AT1CS, the selection of the AT1CS to be redeemed will be made by the Trustee on a pro rata basis, by lot or by such other method as the Trustee (with the agreement of the Issuer) will deem to be fair and appropriate.

**"Redemption Amount"** means the principal amount of the outstanding AT1CS, together with any accrued and not cancelled Distributions up to (but not including) the redemption date.

**"Redemption Conditions"** mean:

- (i) the Issuer has obtained the written approval of BNM prior to redemption of that series of AT1CS or part thereof;

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- (ii) the Issuer is solvent at the time of any redemption of that series of AT1CS or part thereof and immediately thereafter;
- (iii) the Issuer is not in breach of BNM's minimum capital adequacy requirements and capital buffer requirements applicable to the Issuer after redemption of that series or part of such series of the AT1CS; and
- (iv) the Issuer shall:
  - (a) replace that series of the AT1CS or part thereof to be redeemed with capital of the same or better quality and the replacement of this capital shall be done at conditions which are sustainable for the income capacity of the Issuer; or
  - (b) demonstrate to BNM that its capital position is well above the minimum capital adequacy and capital buffer requirements after redemption of such series of the AT1CS.

**(30) Voting**

- : The Noteholders shall have no voting rights in any way whatsoever that are of an equivalent nature to those of the shareholders of the Issuer.

Voting by the Noteholders shall be carried out as follows:

Prior to upsizing of the AT1CS Programme:

All matters which require the Noteholders' consent under the AT1CS Programme shall be carried out on a collective basis; and

Post upsizing of the AT1CS Programme:

All matters which require the Noteholders' consent under the AT1CS Programme shall be carried out on a per series basis. Noteholders holding a requisite amount under each series shall provide their consent for the relevant matters to be passed under the AT1CS Programme and the consent from the Noteholders of all outstanding series shall have been obtained for any such resolution to be carried.

- (31) Permitted investments, if applicable** : No permitted investment

**Other terms and conditions**

- (1) Tenure of AT1CS** : Perpetual.

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- (2) **Details on utilisation of proceeds by Issuer** : The proceeds to be raised from the issuance of the AT1CS shall be utilised for the general banking working capital requirements and business purposes of the Issuer.
- (3) **Interest/ coupon payment rate** : Subject to the section entitled "*Other terms and conditions*" – "*Limitation on Payment*", the AT1CS confer a right to receive coupon ("**Distributions**") from (and including) the issue date at the applicable coupon rate ("**Distribution Rate**").

The Distribution Rate applicable to each series of the AT1CS shall be:

- (i) a fixed rate applicable throughout the tenure of the AT1CS; or
- (ii) a floating rate based on the aggregate of a benchmark rate plus a credit spread, subject to a reset of the benchmark rate provided that:
  - (a) the credit spread in the Distribution Rate shall be maintained at all times, and
  - (b) the basis for determining the benchmark rate shall be the same throughout the tenure of the AT1CS.

The Distribution Rate herein shall be applicable throughout the tenure of relevant AT1CS.

For the avoidance of doubt, there is no step-up distribution rate after the Call Date of the AT1CS, in the event the Call Option is not exercised by the Issuer.

- (4) **Interest/ coupon payment frequency** : Subject to the section entitled "*Other terms and conditions*" – "*Limitation on Payment*", Distribution will be payable on a date falling semi-annually or such other frequency to be determined prior to issuance in arrears (the "**Distribution Payment Date**").
- (5) **Interest/ coupon payment basis** : Actual / 365 days.
- (6) **Limitation on Payment** : The Issuer may, at its sole discretion and without prior notice to the Noteholders, taking into account its specific financial and solvency condition, elect to cancel any payment of Distribution, in whole or in part, on a non-cumulative basis. Any Distribution that has been cancelled shall no longer be due and payable at any time by the Issuer and shall not accrue, whether in a winding up situation or otherwise. Cancellation of a Distribution shall not constitute an Enforcement Event and does not entitle the Noteholders to petition for the insolvency or winding-up of the Issuer. If the Issuer does not make a Distribution payment on the relevant Distribution Payment Date (or if the Issuer elects to make a

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payment of a portion, but not all, of such Distribution payment), such non-payment or partial payment shall serve as evidence of the Issuer's exercise of its discretion to cancel such Distribution payment (or portion of such Distribution payment not paid), and accordingly such Distribution payment (or the portion thereof not paid) shall not be due and payable.

If practicable, the Issuer shall provide notice of any cancellation of Distribution (in whole or in part) to the Noteholders on or prior to the relevant Distribution Payment Date. If practicable, the Issuer shall endeavor to provide such notice at least five (5) business days prior to the relevant Distribution Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, such cancellation of Distribution, or give the Noteholders any rights as a result of such failure.

(7) **No claim by Noteholders in respect of Distributions** : No Noteholder shall have any claim whatsoever in respect of any Distribution or part thereof cancelled and/or not due or payable as described under the section entitled "*Other terms and conditions – Limitation on Payment*" above. Accordingly, such cancelled Distribution or part thereof shall not accrue or accumulate for the benefit of the Noteholders or entitle the Noteholders to any claim in respect thereof against the Issuer.

(8) **Distributable Reserves** : At any time, the amounts for the time being available to the Issuer for distribution as a dividend in compliance with Section 131 of the Companies Act, 2016, as of the date of the Issuer's latest audited financial statements provided that if the Issuer reasonably believes that the available amounts as of any Distribution Determination Date (as defined below) are lower than the available amounts as of the date of the Issuer's latest audited financial statements and are insufficient to pay the Distributions and for payments of any dividends or other distributions in respect of Parity Obligations (as defined in the section entitled "*Other terms and conditions - Status*") on the relevant Distribution Payment Date, then two (2) directors of the Issuer shall provide a certificate, on or prior to such Distribution Determination Date, to the Noteholders of the available amounts as of such Distribution Determination Date (which certificate of the two (2) directors will be binding absent manifest error) and the "Distributable Reserves" as of such Distribution Determination Date for the purposes of such Distribution will mean the available amounts as set forth in such certificate.

"**Distribution Determination Date**" means, with respect to any Distribution Payment Date, the day falling two (2) business days prior to that Distribution Payment Date.

(9) **Distribution Stopper** : If, on any Distribution Payment Date, payment of

Distributions scheduled to be made on such date is not made by reason under the section entitled "*Other terms and conditions – Limitation on Payment*", the Issuer shall not:

- (i) declare or pay, or permit any subsidiary of the Issuer to declare or pay, any dividends or other distributions in respect of Junior Obligations (as defined in the section entitled "*Other terms and conditions - Status*") (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, or permit any subsidiary of the Issuer to declare or pay, any dividends or other distributions in respect of Parity Obligations (as defined in the section entitled "*Other terms and conditions - Status*") the terms of which provide that the Issuer is not required to make payments of such dividends or other distributions in respect thereof (or contribute any moneys to a sinking fund for the payment of any dividends or other distributions in respect of any such Parity Obligations);
- (iii) redeem, reduce, cancel, buy-back or acquire, or permit any subsidiary of the Issuer to redeem, reduce, cancel, buy-back or acquire, any Junior Obligations (or contribute any moneys to a sinking fund for the redemption, capital reduction, buy-back or acquisition of any such Junior Obligations); or
- (iv) redeem, reduce, cancel, buy-back or acquire, or permit any subsidiary of the Issuer to redeem, reduce, cancel, buy-back or acquire, any Parity Obligations the terms of which provide that the Issuer is not required to redeem, reduce, cancel, buy-back or acquire such Parity Obligations (or contribute any moneys to a sinking fund for the redemption, capital reduction, buy-back or acquisition of any such Parity Obligations,

in each case, until (a) the next scheduled Distributions to be paid in respect of such number of consecutive distribution periods as shall be equal to or exceeding twelve (12) calendar months have been paid in full (or an amount equivalent thereto has been paid, or irrevocably set aside in a separate designated trust account for payment to the Noteholders); or (b) the Issuer is permitted to do so by an extraordinary resolution of the Noteholders.

**(10) Non-Viability Event**

A "**Non-Viability Event**" shall be the earlier of the following:

- (i) the Relevant Malaysian Authority (the "**Relevant Malaysian Authority**" means BNM, jointly with the



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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.

**(11) Non Viability Loss Absorption**

- : Upon occurrence of a Non-Viability Event, the Issuer shall irrevocably, without the need for the consent of the Trustee or the Noteholders, write-off the AT1CS (in whole or in part), if so required by BNM and/or PIDM at their full discretion.

Upon the occurrence of a Non-Viability Event, the Issuer is required to give notice to the Noteholders (via the Trustee) and the Credit Rating Agency in accordance with the terms of the AT1CS, then as of the relevant write-off date:

- (i) the write-off shall reduce:
  - (a) the claim of the AT1CS in liquidation. The Noteholders will be automatically deemed to irrevocably waive their right to receive, and no longer have any rights against the Issuer with respect to, any repayment of the aggregate principal amount of the AT1CS written-off;
  - (b) the amount repaid when a Call Option, Regulatory Redemption or Tax Redemption is exercised; and
  - (c) AT1CS Distribution;
- (ii) the write-off shall be permanent and the full or part (as the case may be) of the principal amount of the AT1CS will automatically be written-off to zero 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.

For the avoidance of doubt, the loss absorption feature in this section entitled "*Non-Viability Loss Absorption*" will cease to be effective or shall be amended accordingly if BNM's capital adequacy rules no longer apply or have materially changed.

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- (12) **Loss Absorption at the point of breach of CET1 Capital Ratio** : If the Common Equity Tier 1 ("CET1") Ratio (as determined by the CA Framework) of the Issuer, at the consolidated or entity level, falls below 5.125%, the Issuer shall, without the need for the consent of the Trustee or Noteholders, 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 and its consolidated CET1 Ratio to at least 5.75%. If this is not possible, then the full principal value of the AT1CS will be written-off. Such write off of the AT1CS, together with the write off of other relevant Tier 1 instruments, if any, shall be done on a pro-rata basis.
- For the avoidance of doubt, the loss absorption feature in this section entitled "*Loss Absorption at the point of breach of CET1 Capital Ratio*" will cease to be effective or shall be amended accordingly if BNM's capital adequacy rules no longer apply or have materially changed.
- (13) **Contingent Settlement** : If on any Distribution Payment Date, a Capital Disqualification Event (as defined below) of a series of AT1CS has occurred prior to or on such date and is continuing, the Issuer shall, in respect of such series, be obliged to pay the Distribution accrued and payable in respect of the distribution period which ended on that Distribution Payment Date and the terms under the sections entitled "*Other terms and conditions – Limitation on Payment*" and "*Other terms and conditions – Distributable Reserves*" shall cease to apply immediately thereafter.
- "**Capital Disqualification Event**" means that the whole (and not just a part) or any series of AT1CS no longer qualify for inclusion as Additional Tier 1 Capital of the Issuer for the purposes of BNM's capital adequacy requirements under any applicable regulations.
- (14) **No equity conversion** : The AT1CS shall not entitle the Noteholders 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 Noteholders upon the occurrence of a Non-Viability Event or otherwise. The Noteholders 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.
- (15) **Listing status and types of listing, where applicable** : The AT1CS may be listed on Bursa Malaysia Securities Berhad (under the Exempt Regime).
- (16) **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. The rights and claims of the Noteholders are subordinated in the manner described below.

Subject to the laws of Malaysia, in the event of a Winding-Up (as defined below) of the Issuer, the rights of the Noteholders to payment of principal and Distributions 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 Senior Creditors (as defined below, which includes, but is not limited to, holders of Tier 2 Capital Instruments (as defined below)) and will rank senior to all Junior Obligations (as defined below). The AT1CS will rank pari passu with Parity Obligations.

**“Junior Obligations”** mean any ordinary share of the Issuer.

**“Parity Obligations”** mean the most junior class of preference shares and any security or other similar obligations issued, entered into or guaranteed by the Issuer that constitutes or could qualify as Additional Tier 1 Capital of the Issuer on an unconsolidated or consolidated basis, pursuant to the relevant requirements set out in the CA Framework, or otherwise ranks or is expressed to rank, by its terms or by operation of law, pari passu with the AT1CS.

**“Senior Creditors”** mean (i) creditors of the Issuer (including holders of any security or other similar obligations issued, entered into or guaranteed by the Issuer that constitutes Tier 2 Capital Instruments) other than those whose claims rank or are expressed to rank, by its terms or by operation of law, pari passu or junior to the claims of the Noteholders; and (ii) any class of the Issuer’s share capital (excluding the most junior class of preference shares and ordinary shares).

**“Tier 2 Capital Instruments”** means (i) any capital instrument issued by the Issuer; or (ii) any other similar obligation issued by any subsidiary of the Issuer that is guaranteed by the Issuer that, in each case, constitutes Tier 2 Capital of the Issuer on an unconsolidated or consolidated basis, pursuant to the relevant requirements set out in the CA Framework.

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

**(17) Setting off**

- : No Noteholder 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 Noteholder 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 Noteholder 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 terms 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 the Noteholder 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.

- (18) **Transaction Documents** : Such documentation shall include, but are not be limited to, the following:
- (i) the Programme Agreement;
  - (ii) the Trust Deed;
  - (iii) the AT1CS represented by the Global Certificates or the Definitive Certificates;
  - (iv) the Securities Lodgement Form; and
  - (v) all other agreements executed or to be executed by the Issuer in connection with the AT1CS and agreed by the Issuer and the Trustee to be designated as a Transaction Document, and includes any amendments, variations and/or supplementals made or entered into from time to time and references to "Transaction Document" shall mean any one of them.
- (19) **Taxation** : All payments of principal and Distributions by or on behalf of the Issuer in respect of the AT1CS shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any authority having power to tax, unless such withholding or deduction is required by law in which case the Issuer shall pay additional amounts so that the full amount which otherwise would have been due and payable under the AT1CS is received by parties entitled thereto.
- (20) **Form and Denomination** : Issuance of the AT1CS shall be in accordance with:-
- (i) the "Participation Rules for Payments and Securities Services" issued by Payments Network Malaysia Sdn Bhd (formerly known as Malaysian Electronic Clearing Corporation Sdn Bhd) ("PayNet");

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- (ii) the "Operational Procedures for Securities Services" issued by PayNet; and
- (iii) any other procedures/guidelines/rules issued by the relevant authorities from time to time (as the same may be amended and/or substituted from time to time).

Each series of the AT1CS shall be represented by a global certificate to be deposited with BNM, and is exchangeable for definitive bearer certificates only in certain limited circumstances. The denomination of the AT1CS shall be RM1,000 or in multiples of RM1,000 at the time of issuance.

- (21) **Jurisdiction** : The Issuer shall submit to the exclusive jurisdiction of the courts of Malaysia.
- (22) **Trustees' Reimbursement Account** : The Issuer shall open and maintain an account designated as "Trustees' Reimbursement Account for Noteholders' Actions" (as required under the SC's Trust Deeds Guidelines) in which a sum of RM30,000.00 is to be deposited therein. The Trustees' Reimbursement Account shall be operated by the Trustee and the monies shall only be used strictly by the Trustee in carrying out its duties in relation to the occurrence of an Enforcement Event as provided in the Trust Deed. The sum of RM30,000.00 in the Trustees' Reimbursement Account shall be maintained at all times as long as there is any amount outstanding under the AT1CS.

The monies in the Trustees' Reimbursement Account may be invested in the manner provided in the Trust Deed, with profits from the investment to accrue to the Issuer. The monies in the Trustees' Reimbursement Account shall be returned to the Issuer upon full redemption of the AT1CS in the event there is no declaration of any Enforcement Event.
- (23) **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 and BNM and/or PayNet.

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