

**RM10.0 BILLION SUBORDINATED
MEDIUM TERM NOTES PROGRAMME**

SECTION 2.0 PRINCIPAL TERMS AND CONDITIONS OF THE SUB-NOTES PROGRAMME

2.01 BACKGROUND INFORMATION

(a) Issuer

- (i) **Name** : Public Bank Berhad (“PBB” or the “Issuer”).
- (ii) **Address** : 27th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
Malaysia.
- (iii) **Business registration no.** : 6463-H.
- (iv) **Date and place of incorporation** : 30 December 1965 / Malaysia.
- (v) **Date of listing, where applicable** : 6 April 1967.
- (vi) **Status on residence** : Resident controlled company.
- (vii) **Principal activities** : PBB is principally engaged in all aspects of commercial banking and the provision of related financial services, which include credit card business, sales of trust units, bancassurance and general insurance products. PBB together with its subsidiaries and associated companies (“PBB Group”) are involved in banking, Islamic banking, investment banking, financing, credit card business, share broking, sale of trust units and management of unit trust funds, bancassurance, general insurance, family takaful, trustee and nominee services.
- (viii) **Board of directors** : The Board of Directors of PBB as at 30 April 2013 i.e. the latest practical date (“LPD”) are as follows:
- (i) Tan Sri Dato’ Sri Dr. Teh Hong Piow
 - (ii) Tan Sri Datuk Seri Utama Thong Yaw Hong
 - (iii) Tan Sri Dato’ Sri Tay Ah Lek
 - (iv) Dato’ Sri Lee Kong Lam
 - (v) Dato’ Yeoh Chin Kee
 - (vi) Dato’ Haji Abdul Aziz bin Dato’ Dr. Omar
 - (vii) Quah Poh Keat
 - (viii) Tang Wing Chew
 - (ix) Lai Wan
 - (x) Lai Wai Keen

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- (ix) **Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders** : The substantial shareholders of PBB (holding 5% or more in the issued and paid up capital of the Issuer) according to the Register of Substantial Shareholders as at the LPD are as follows:

Name	Direct Interest		Indirect Interest	
	No. of PBB Shares held	% ^{*4}	No. of PBB Shares held	% ^{*4}
Tan Sri Dato' Sri Dr. Teh Hong Piow	22,464,802	0.64	820,835,261 ^{*1}	23.44
Employees Provident Fund Board	479,782,681	13.70	-	-
Consolidated Teh Holdings Sdn Bhd	82,952,747	2.37	172,952,816 ^{*2}	4.94
Sekuriti Pejal Sdn Bhd	210,195,124	6.00	40,412,856 ^{*3}	1.15

*1 Deemed to have interests in the ordinary shares of RM1.00 each in PBB ("PBB Shares") held by other corporations by virtue of Section 6A(4) of the Companies Act, 1965 ("Act"). These other corporations are Sekuriti Pejal Sdn Bhd, Kepunyaan Perindustrian Sdn Bhd, Syarikat Kepunyaan Khas Sdn Bhd, Consolidated Teh Holdings Sdn Bhd, Securities Holdings Sdn Bhd, Selected Holdings Sdn Bhd, Monivest Sdn Bhd, Kepunyaan Pejal Sdn Bhd, Selected Securities Sdn Bhd, Fairbanks Holdings (Pte) Ltd, Kayakita Corporation Sdn Bhd, Kepunyaan Chintamani Sdn Bhd, Kepunyaan Moden Sdn Bhd, LPI Capital Bhd, Lonpac Insurance Bhd, Luhur Management Sdn Bhd, Tong Meng Industries Ltd and Tong Meng Company (Malaya) Sdn Bhd.

*2 Deemed to have interests in PBB Shares held by Selected Holdings Sdn Bhd, Securities Holdings Sdn Bhd and Kayakita Corporation Sdn Bhd by virtue of Section 6A(4) of the Act.

*3 Deemed to have interests in PBB Shares held by Syarikat Kepunyaan Khas Sdn Bhd and Kepunyaan Perindustrian Sdn Bhd by virtue of Section 6A(4) of the Act.

*4 Excluding a total of 29,800,704 PBB Shares bought-back by PBB and retained as treasury shares as at LPD.

- (x) **Authorised, issued and paid-up capital** : Authorised capital as at the LPD:
 RM10,000,000,000.00 comprising 10,000,000,000 ordinary shares of RM1.00 each.
- Issued and paid-up capital as at the LPD:
 RM3,531,925,834.00 comprising 3,531,925,834 ordinary shares of RM1.00 each.

(xi) Disclosure of the following:

- ***If the Issuer or its board members have been convicted or charged with any offence under the securities law, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of the application.*** : None.

- ***If the Issuer has been subjected to any action by the stock exchange for the breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of the application.*** : None.

- ***Where the issuer is a special purpose vehicle and is a conduit to another entity which receives proceeds from the proposed issue or offer, the information as set out in sub-paragraph 2.01(a) must also be provided on the said entity.*** : Not applicable.

2.02 PRINCIPAL TERMS AND CONDITIONS

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

- (i) **Joint principal advisers** : Public Investment Bank Berhad (Company No. 20027-W) (“**PIVB**”) and CIMB Investment Bank Berhad (Company No. 18417-M) (“**CIMB**”).
- (ii) **Joint lead arrangers** : PIVB and CIMB.
- (iii) **Co-arranger** : Not applicable.
- (iv) **Solicitors** : Messrs Adnan Sundra & Low.
- (v) **Financial adviser** : Not applicable.
- (vi) **Technical adviser** : Not applicable.
- (vii) **Trustee** : AmanahRaya Trustees Berhad (Company No. 766894-T).
- (viii) **Guarantor** : Not applicable.
- (ix) **Valuer** : Not applicable.
- (x) **Facility agent** : PIVB.
- (xi) **Primary subscriber (under a bought-deal arrangement) and Amount subscribed** : To be determined prior to each issuance in respect of issuance via bought deal arrangement only.
Not applicable for issuance via private placement and book building.
- (xii) **Underwriter and amount underwritten** : In respect of the first issuance, the subordinated medium term notes (“Sub-Notes”) will not be underwritten. For subsequent issuances, PBB may consider appointing underwriters for the Sub-Notes.
- (xiii) **Central depository** : Bank Negara Malaysia (“**BNM**”).
- (xiv) **Paying agent** : BNM.
- (xv) **Reporting accountant** : Not applicable.

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- (xvi) **Calculation agent** : Not applicable.
- (xvii) **Others (please specify)** : Joint Lead Managers
PIVB and CIMB and/or such other party(ies) as may be appointed by the Issuer for any particular issuance.

Rating Agency
RAM Rating Services Berhad (Company No: 763588-T) (“RAM Rating”).
- (b) **Facility description** : A subordinated medium term notes programme involving the issuance of Sub-Notes of up to RM10.0 billion in nominal value (“Sub-Notes Programme”).

The Sub-Notes issued under the Sub-Notes Programme will qualify as Tier II capital of PBB for purposes of the BNM guidelines on Capital Adequacy Framework (Capital Components) (“CA Framework”).
- (c) **Issue/debt programme size** : Up to RM10.0 billion in nominal value.

The total outstanding Sub-Notes issued under the Sub-Notes Programme shall not at any time exceed the nominal value of RM10.0 billion.
- (d) **Tenure of issue/debt programme** : Tenure of the Sub-Notes Programme

Thirty (30) years from the date of the first issuance of the Sub-Notes under the Sub-Notes Programme.

Tenure of the Sub-Notes

Each Sub-Note issued under the Sub-Notes Programme shall have a tenure of not less than 5 years from its issue date, provided that the Sub-Notes shall mature on or prior to the expiry of the Sub-Notes Programme and shall, if applicable, be callable on the Call Date (as defined in item 2.02(u) below).
- (e) **Availability period of debt programme** : The Sub-Notes Programme shall have an availability period of twenty five (25) years from the date of first issuance under the Sub-Notes Programme.

The date of the first issuance under the Sub-Notes Programme shall not be later than two (2) years from the date of approval and authorisation by the SC.
- (f) **Interest/coupon rate** : The coupon rate is to be determined prior to the issue date of each issuance of Sub-Notes. The coupon rate herein is applicable throughout the tenure of the relevant Sub-Notes (i.e. there shall be no step-up coupon rate after the Call Date).

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- (g) **Interest/coupon payment frequency** : Payable semi-annually in arrears from the issue date (“Coupon Payment Date”) with the last coupon payment to be made on the maturity date or upon the date of Early Redemption (as defined in item 2.02(u) below), whichever is the earlier.
- (h) **Interest/coupon payment basis** : Actual number of days elapsed on a 365-day basis.
- (i) **Security/collateral, where applicable** : None.
- (j) **Details on utilisation of proceeds** : The proceeds of the Sub-Notes shall be made available to the Issuer, without limitation, for its working capital, general banking and other corporate purposes, including the refinancing of any existing subordinated debt issued by the Issuer and any existing Sub-Notes issued under the Sub-Notes Programme.
- For the avoidance of doubt, the existing subordinated debt issued by the Issuer and any Sub-Notes issued under the Sub-Notes Programme may or may not be refinanced from the proceeds of the Sub-Notes.
- (k) **Sinking fund and designated account, where applicable** : Not applicable.
- (l) **Rating**
- **Credit rating(s) assigned** : Long-term rating of AA1.
 - **Name of credit rating agency** : RAM Rating.
- (m) **Mode of issue** : The Sub-Notes may be issued via direct placement on a best effort basis or a bought deal basis or book running on a best effort basis.

Issuance of the Sub-Notes shall be in accordance with:

- (i) The Participation and Operation Rules for Payments and Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear Rules**”); and
- (ii) The Operational Procedures for Securities Services issued by Malaysian Electronic Clearing Corporation Sdn Bhd (“**MyClear Procedures**”); or
- (iii) Their replacement thereof (collectively referred to as “**MyClear Rules and Procedures**”) as applicable from time to time.

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

Selling Restrictions After Issuance

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

- (i) Schedule 6 (or Section 229(1)(b)); read together with
- (ii) Schedule 9 (or Section 257(3))

of the CMSA.

Tradability

The Sub-Notes are transferable (but subject to the Selling Restrictions described above) and tradable under the Rules on Scripless Securities under the Real Time Electronic Transfer of Funds and Securities System operated by Malaysian Electronic Clearing Corporation Sdn Bhd.

- (o) ***Listing status and types of listing*** : The Sub-Notes may be listed under the Exempt Regime maintained by Bursa Malaysia Securities Berhad. The SC will be notified accordingly in the event of such listing.
- (p) ***Other regulatory approvals required In relation to the issue, offer or invitation to subscribe or purchase PDS, and whether or not obtained*** : Approval from BNM for the following:
- (i) To establish the Sub-Notes Programme; and
 - (ii) To classify the Sub-Notes issued from time to time under the Sub-Notes Programme as Tier II capital of PBB in accordance with the CA Framework.

BNM’s approval was obtained via its letter dated 14 June 2013.

- (q) ***Conditions precedent*** : To include but not limited to the following (all of which shall be in form and substance acceptable to the Joint Lead Arrangers):

A Main Documentation

- (i) The Transaction Documents (as defined in paragraph 2.02(v)(C) below) have been signed and, where applicable, stamped and presented for registration.

B The Issuer

- (i) Certified true copies of the Certificate of Incorporation, Form 13 and the Memorandum and Articles of Association of the Issuer.
- (ii) Certified true copies of the latest Forms 24, 44 and 49 of the Issuer.
- (iii) A certified true copy of a board resolution of the Issuer authorising, among others, the execution of the Transaction Documents.
- (iv) A list of the Issuer's authorised signatories and their respective specimen signatures.
- (v) A report of the relevant company search of the Issuer.
- (vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer (in form and substance acceptable to the Joint Lead Arrangers) signed by a director of the Issuer declaring that the Issuer is not wound up and that no winding up petition has been presented against the Issuer.

C General

- (i) The approval from the SC and, where applicable, all other regulatory authorities.
- (ii) The approval and authorisation from BNM for the Sub-Notes to be issued from time to time under the Sub-Notes Programme as Tier II capital and to establish the Sub-Notes Programme of PBB.
- (iii) A favourable legal opinion from the Solicitors addressed to the Joint Lead Arrangers and the Trustee advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents and a confirmation addressed to the Joint Lead Arrangers that all the conditions precedent have been fulfilled.
- (iv) Evidence that the Sub-Notes under the Sub-Notes Programme have been assigned a final long-term rating of AA1 by RAM Ratings.
- (v) Such other conditions precedent as may be advised by the Solicitors for the Joint Lead Arrangers (if any).

(r) Representations and warranties : Representation and warranties will include such representation and warranties customary and standard for a facility of this nature and shall include, but not limited to the following:

- (i) The Issuer has been duly established, valid in existence and has the power and authority to carry out its business;

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- (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) Entry into and the exercise of the Issuer's rights and obligations under the Transaction Documents do not violate any existing law or regulation;
 - (iv) The Transaction Documents are valid, binding and enforceable;
 - (v) All necessary actions, authorisations and consents required under the Transaction Documents and the Sub-Notes have been obtained and remain in full force and effect;
 - (vi) The audited financial statements of the Issuer are prepared in accordance with generally accepted accounting principles and standards and represent true and fair view;
 - (vii) Save as disclosed in the Information Memorandum, there is no litigation which would have a material adverse effect on the Issuer's ability to perform its obligations under the Transaction Documents; and
 - (viii) Any other representation and warranties as may be advised by the Solicitors.
- (s) ***Events of default and enforcement event, where applicable*** : Events of Default shall encompass the following:
- (i) The Issuer defaults in payment of any principal or coupon under the Sub-Notes on the due date and the Issuer does not remedy such default within a period of seven (7) days after the Issuer became aware or having been notified by the Trustee of the default; or
 - (ii) An order is made for the winding-up of the Issuer and such order is not stayed or set aside within sixty (60) days of such order being made or, where so stayed, such stay lapses, or an effective resolution is passed for winding-up of the Issuer except where such order is made or such resolution is passed for the purpose of a reconstruction or amalgamation the terms of which have been approved by the holders of the Sub-Notes 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 holders of the relevant Sub-Notes) institute proceedings to enforce the payment obligations under the relevant Sub-Notes and may institute proceedings in Malaysia for the winding up of the Issuer, provided that neither the Trustee nor any of the holders of relevant Sub-Notes shall have the right to accelerate payment of the relevant Sub-Notes in the case of default in the payment of amount owing under the relevant Sub-Notes or any non-performance of any condition, provision or covenant under 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 holders of the Sub-Notes) declare (by giving written notice to the Issuer) that the Sub-Notes together with all other sums payable under the Sub-Notes shall immediately become due and payable and payable at its nominal value together with the accrued but unpaid coupon (if any) notwithstanding the stated maturity of the Sub-Notes.

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

(t) Covenants

: The positive covenants shall include but not limited to the following:

- (i) The Issuer shall, at all times perform all its obligations and promptly comply with all provisions of the Trust Deed and the Transaction Documents and the terms and conditions of the Sub-Notes (including but not limited to redeeming the Sub-Notes on the relevant maturity dates or any other dates on which the Sub-Notes are due and payable) and immediately notify the Trustee in the event that the Issuer is unable to fulfill or comply with any of the provisions of the Trust Deed or any of the other Transaction Documents;
- (ii) The Issuer shall deliver to the Trustee:
 - (a) A copy of its annual audited financial statements within one hundred and eighty (180) days after the end of its financial year; and
 - (b) Any other accounts, balance sheet, report, notice, statement, circular or other documents issued by the Issuer to its shareholders;
- (iii) The Issuer shall no later than one hundred eighty (180) days after the end of each 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 Sub-Notes and the other Transaction Documents and that there did not exist and there had not at any time existed, from the issue date of the Sub-Notes or the date of the previous certificate, as the case may be, any event of default and if such is not the case, the certificate should specify the same;
- (iv) The Issuer shall promptly provide to the Trustee any information relating to its affairs to the extent permitted by law or as stipulated in the Trust Deed as the case may be, 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 Transaction Documents;

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- (v) The Issuer shall immediately notify the Trustee in writing in the event that the Issuer becomes aware of the following:
 - (a) Upon the occurrence of any event of default, 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 Transaction Documents or in respect of the Sub-Notes;
 - (c) Any substantial change in the nature of the business of the Issuer;
 - (d) Any change in the utilisation of the proceeds from the Sub-Notes from that set out in the submission to the SC, the Information Memorandum or any of the Transaction Documents which sets out the purpose for which proceeds are to be utilised;
 - (e) Any change in the Issuer's withholding tax position or tax jurisdiction; and
 - (f) Any other matter that may materially prejudice the interests of the holders of the Sub-Notes.
- (vi) 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;
- (vii) The Issuer shall comply at all times 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;
- (viii) The Issuer shall at all times maintain its corporate legal existence and exercise reasonable due diligence in carrying out its 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 other than where the failure to obtain such licences or approvals, would not have a material adverse effect on the ability of the Issuer to comply with its obligations under the Transaction Documents;
- (ix) The Issuer shall at all times maintain a paying agent with a specified office in Malaysia;

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- (x) The Issuer shall procure that the paying agent shall notify the Trustee in the event that the paying agent does not receive payment of principal or coupon in respect of the Sub-Notes from the Issuer on the due dates and in the manner as required under the Trust Deed and the terms and conditions of the Sub-Notes; and
- (xi) Such other covenants as may be advised by the Solicitors for the Joint Lead Arrangers (if any).

(u) Provisions on buy-back and early redemption

: Early Redemption

For each tranche of the Sub-Notes issuance where Call Option (as defined below) is applicable, the Issuer may, at its sole discretion, and subject to the prior approval of BNM, redeem the Sub-Notes in part or in whole on the Call Date at their nominal amount. The optional redemption by the Issuer of the Sub-Notes of one tranche does not trigger the redemption of the Sub-Notes in other tranches.

Buyback

The Issuer or any of its subsidiaries may at any time purchase, subject to the prior approval of BNM where applicable (but which approval shall not be required for a purchase done in the ordinary course of business) the Sub-Notes at any price in the open market or by private treaty provided no Non-Viability Event (as defined in item 2.02(v)(H) below) has occurred prior to the date of such purchase. If purchase is made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of the Sub-Notes equally.

The Sub-Notes purchased by the Issuer or its subsidiaries (other than in the ordinary course of business) shall be cancelled. The Sub-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 Sub-Notes subject to any exceptions in the Trust Deeds Guidelines.

For the avoidance of doubt, the Sub-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. The Subordinated Notes purchased and cancelled shall not be available for reissuance by the Issuer.

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 and excludes those performed for the funds of the Issuer or such related corporation. Third parties herein refer to the Issuer's, its subsidiaries' and related corporations' clients.

Call Option

Each issuance of Sub-Notes under the Sub-Notes Programme may have a callable option (“Call Option”) (to be determined prior to each issuance). Under the Call Option, if applicable for the relevant Sub-Notes, the Issuer shall have the option to redeem such Sub-Notes on the Call Date(s), which shall be no earlier than five years after the issuance of the Sub-Notes.

Call Date is defined as “the Coupon Payment Date falling no earlier than five years after the issuance of the Sub-Notes and/or any Coupon Payment Date thereafter as may be applicable to a particular issuance of Sub-Notes that the Issuer and the Joint Lead Managers agree prior to the issuance of such Sub-Notes”.

Tax Redemption

If there is more than an insubstantial risk that the Issuer will be required to pay any additional amounts or will no longer be able to deduct interest in respect of the relevant Sub-Notes for taxation purposes as a result of a change in any applicable law or regulation which comes into effect on or after the issue dates of the relevant Sub-Notes and the Issuer cannot, by taking reasonable measures available to it, avoid the payment of any additional amounts or deduct interest in respect of the relevant Sub-Notes, the Issuer may, at its option, redeem the relevant Sub-Notes in full, subject to the prior approval of BNM.

Regulatory Redemption

If the relevant Sub-Notes issued no longer fully qualify as Tier II capital of the Issuer (whether due to a change in accounting or tax policies or BNM’s regulations or otherwise) for the purposes of BNM’s capital adequacy requirements under any regulations applicable to the Issuer or at any time there is more than an insubstantial risk that the relevant Sub-Notes will no longer fully qualify as such, the Issuer may at its option, redeem the relevant Sub-Notes in full, subject to the prior approval of BNM.

(v) Other principal terms and conditions

- A. Redemption at maturity** : Unless previously redeemed on the Call Date or redeemed pursuant to a Tax Redemption (as defined above) or a Regulatory Redemption (as defined above) or purchased from the market and cancelled, the Sub-Notes will be redeemed at their nominal amount on the maturity date.
- B. Status of Sub-Notes** : The Sub-Notes will constitute direct and unsecured obligations of the Issuer and subordinated in right and priority of payment, to the extent and in the manner provided in the Sub-Notes, ranking *pari passu* among themselves. The Sub-Notes will, in the event of a winding up or liquidation of the Issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the Issuer, except in each case to those

liabilities which by their terms rank equally in right of payment with or are subordinate to the Sub-Notes.

- C. Transaction Documents** : The Sub-Notes shall be evidenced by, inter alia, the following:
1. Programme Agreement;
 2. Securities Lodgement Form; and
 3. Trust Deed.
- D. Trustee's reimbursement account** : The Trustee shall open and maintain, throughout the tenure of the Sub-Notes an account to be named the "Trustee's Reimbursement Account for the Public Bank Berhad Sub-Notesholders' Actions" (the "Account") with PBB a sum of RM30,000.00 which amount is to be obtained from the proceeds of issuance of the Sub-Notes.
- The Account shall be operated solely by the Trustee and the money shall be used strictly by the Trustee in carrying out its duties in relation to the declaration of an Event of Default in the manner as provided in the Trust Deed.
- The monies in the Account may be invested in bank deposit or instrument or securities in the manner as provided in the Trust Deed, with profit from the investment to be accrued to the Issuer. The monies in the Account shall be returned to the Issuer upon full redemption of the Sub-Notes in the event there is no declaration of Event of Default.
- E. Taxation** : All payments by the Issuer shall be made subject to withholding or deductions for or on account of any present or future tax, duty, or charge of whatsoever nature imposed or levied by or on behalf of Malaysia, or any authority thereof having power to tax, and the Issuer shall not be required to gross up in connection with such withholding or deduction on these payments or distributions.
- F. Voting rights** : The holders of the Sub-Notes shall have no voting rights in PBB.
- G. Other conditions** : The Sub-Notes shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority having jurisdiction over matters pertaining to the Sub-Notes.
- H. Non viability loss absorption** : Following the occurrence of the following trigger events (each a "Non-Viability Event"), whichever is the earlier:
- (i) BNM and the Malaysia Deposit Insurance Corporation ("PIDM") have notified the Issuer in writing that they are of the view that the principal write off of the Sub-Notes, together with the conversion or write off of any other Tier II Instruments and Tier I Instruments which, pursuant to their terms or by operation of law, are capable of being converted into equity or written off at that time, is an

essential requirement to prevent the Issuer from becoming non-viable; or

- (ii) BNM and PIDM publicly announces that a decision has been made by BNM, PIDM or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the Issuer would cease to be viable.

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

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

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

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

I. Governing laws : Laws of Malaysia.

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