

ALLIANCE BANK MALAYSIA BERHAD
RM1.0 BILLION ADDITIONAL TIER 1 CAPITAL SECURITIES PROGRAMME

Other terms and conditions

- (a) Tenure of the Capital Securities : Perpetual from the Issue Date. Each tranche of Capital Securities shall have a Call Option pursuant to the paragraph entitled "*Call option and details*".
- (b) Interest / coupon or equivalent rate (%) : Subject to the paragraph entitled "*Limitation on payment of distribution*", the Capital Securities confer a right to receive distribution ("**Distribution**") from (and including) the Issue Date at the applicable distribution rate ("**Distribution Rate**").

Distribution Rate

The Distribution Rate of each tranche of the Capital Securities shall be determined prior to each issuance.

The Distribution Rate shall be either:

- (i) a fixed rate applicable throughout the tenure of that Capital Securities tranche, 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 Capital Securities.
- (c) Interest / coupon payment frequency : Subject to the paragraph entitled "*Limitation on payment of distribution*", Distribution shall be payable on either quarterly or semi-annually in arrears ("**Distribution Payment Date**") and shall be determined prior to the issuance of each tranche of Capital Securities.
- (d) Interest / coupon payment basis : Actual / 365 days.
- (e) Details on utilisation of proceeds : The proceeds to be raised from the issuance of the Capital Securities shall be made available to the Issuer, without limitation, for its general banking, working capital and other corporate purposes, including the refinancing of any borrowings incurred and/or any debt instruments issued by the Issuer.

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- (f) Limitation on payment of distribution : The payment of Distribution under the Capital Securities shall be at the Issuer's sole and absolute discretion and is subject to:
- (i) Such payment not resulting in a breach of the capital requirements applicable to the Issuer under the relevant BNM's capital guidelines;
 - (ii) The Issuer is solvent at the time of payment of the Distribution and the payment of the Distribution will not result in the Issuer becoming, or likely to become insolvent; and
 - (iii) Such payment being made from **Distributable Reserves** (as defined below) only.

"Distributable Reserves" means at any time, the amounts for the time being available to the Issuer for distribution as a dividend as of the date of the Issuer's latest audited financial statements in compliance with Section 131 of the Companies Act 2016 (or its equivalent under any successor laws) 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 other liabilities or obligations of the Issuer which by their terms or by operation of law, rank pari passu with the Capital Securities, on the relevant Distribution Payment Date, then two (2) directors of the Issuer shall provide a certificate to the holders of the Capital Securities, on or prior to such Distribution Determination Date, setting out 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 five (5) business days prior to that Distribution Payment Date.

If the Issuer is unable to meet any of the conditions (i), (ii) or (iii) above, the Issuer shall cancel the Distribution which would otherwise have been payable on such Distribution Payment Date. Any such cancellation will not constitute or be deemed a default by the Issuer or constitute an event of default or an Enforcement Event for any purpose whatsoever.

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Limitation on payment of distribution (*cont'd*) : The Issuer may also, at its option, cancel the Distribution which would otherwise have been payable on such Distribution Payment Date, where the right of the holders of the Capital Securities to receive such Distribution shall be lost and the Issuer shall have no obligation to pay the holders of the Capital Securities the Distribution which would otherwise have been payable on such Distribution Payment Date. If the Issuer does not make a Distribution on the relevant Distribution Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such Distribution), such non-payment or part-payment shall serve as evidence of the Issuer's exercise of its discretion to cancel such Distribution (or the portion of such Distribution not paid), and accordingly such Distribution (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 holders of the Capital Securities on or prior to the relevant Distribution Payment Date. If practicable, the Issuer shall endeavour 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, any such cancellation of Distribution, or give the holders of the Capital Securities any rights as a result of such failure.

Any such cancellation will not constitute or be deemed a default by the Issuer or constitute an event of default or an Enforcement Event for any purpose whatsoever.

Circumstances for Cumulative Distribution

Notwithstanding the above, if:

- (i) the Capital Securities or any tranche thereof no longer qualify as Additional Tier 1 capital of the Issuer (in whole and not in part) for the purposes of BNM's minimum capital adequacy requirements under any applicable regulations, and such disqualification has been confirmed by BNM in writing; and
- (ii) the Issuer is not in breach of BNM's minimum capital adequacy ratio requirements applicable to the Issuer,

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Limitation on payment of distribution (*cont'd*) : any Distribution payable after the date of notification from BNM of such disqualification ("**Disqualification Date**") may be deferred at the Issuer's sole and absolute discretion but shall not be cancelled in accordance with the provisions of this paragraph entitled "*Limitation on payment of distribution*". Any portion of the Distribution payable on a Distribution Payment Date after the Disqualification Date, but deferred at the Issuer's sole and absolute discretion shall start to become cumulative and compounding at the Distribution Rate from (and including) the period beginning on the relevant Distribution Payment Date ("**Deferred Distribution Date**") up to the date of actual payment of such deferred Distribution.

In such circumstances, any Distribution, together with accrued amounts relating to the compounding of such Distribution will become due and payable no later than ten (10) years from the Deferred Distribution Date, or upon redemption of the Capital Securities, whichever is earlier.

For the avoidance of doubt, any Distribution accrued and payable prior to the Disqualification Date shall be paid or cancelled in accordance with this paragraph entitled "*Limitation on payment of distribution*".

- (g) Dividend and capital stopper : In the event that the Issuer has not made a full payment of any Distribution on a Distribution Payment Date, then:
- (i) the Issuer shall not pay any dividends to its shareholders or make any payment or Distribution on any security or instruments ranking pari passu with or junior to the Capital Securities and which terms do not require the Issuer to make such interest payment or Distribution (the "**Dividend Stopper**"); and
 - (ii) the Issuer shall not redeem, purchase, reduce or otherwise acquire any of its ordinary shares, preference shares, securities or instruments ranking pari passu with or junior to the Capital Securities, or any securities of any of its subsidiary benefiting from a guarantee from the Issuer, ranking, as to the right of redemption of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, pari passu with or junior to the Capital Securities (the "**Capital Stopper**").

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Dividend and capital stopper (*cont'd*) : The Dividend Stopper and the Capital Stopper shall continue to apply, as the case may be, until either (i), (ii) or (iii) below is met:

- (i) the Issuer has paid full Distributions scheduled for two (2) consecutive semi-annual Distribution Payment Dates or four (4) consecutive quarterly Distribution Payment Dates (as the case may be) after the application of the Dividend Stopper and the Capital Stopper;
- (ii) the Issuer has irrevocably set aside in a separately designated trust account of the Issuer for payment to the holders of the Capital Securities, an amount sufficient to provide for the full Distributions scheduled for two (2) consecutive semi-annual Distribution Payment Dates or four (4) consecutive quarterly Distribution Payment Dates (as the case may be) after the application of the Dividend Stopper and the Capital Stopper and if upon determination of the amount of each of such Distribution there is a shortfall in the amounts set aside in such separately designated trust account with reference to the amounts so determined, an amount at least equal to such shortfall shall be paid or irrevocably set aside in the same manner; or
- (iii) an **Optional Distribution** (as defined below) has, at the option of the Issuer and subject to BNM's approval, been paid to all holders of the Capital Securities equal to, (without duplication of amounts previously paid to the holders of the Capital Securities) amounts outstanding (if any) on the Capital Securities which were scheduled to be paid in the twelve (12) months before the date of payment of the Optional Distribution.

"Optional Distribution" means an amount, equal to any Unpaid Distribution Amount (defined herein), scheduled to have been paid during the twelve (12) months period immediately preceding the date on which the Issuer shall pay the Optional Distribution.

"Unpaid Distribution Amount" means any Distribution which is cancelled by the Issuer pursuant to the paragraph entitled "*Limitation on payment of distributions*".

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- (h) Non-Viability Event : Following the occurrence of the following trigger events (each a "**Non-Viability Event**"), whichever is earlier:
- (i) a Relevant Malaysian Authority (as defined below) notifies ABMB or its parent holding company and its subsidiaries (the "**ABMB Parent Group**"), if applicable, as the case may be, in writing that the Relevant Malaysian Authority is of the opinion that a write-off of the Capital Securities, together with the conversion or write-off of any other Tier 2 capital instruments and Tier 1 capital instruments which, pursuant to their terms or by operation of law, are capable of being converted into equity, or written-off at that time, without which ABMB or ABMB Parent Group (if applicable) 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 ABMB, without which ABMB or ABMB Parent Group (if applicable), as the case may be, would cease to be viable.

A Non-Viability Event shall be deemed to have occurred on the day on which ABMB or ABMB Parent Group (if applicable), as the case may be, received the notification from the Relevant Malaysian Authority.

The Relevant Malaysian Authority shall have the option to require the entire principal outstanding or such portion thereof and all other amounts owing under the Capital Securities to be written-off, and if the Relevant Malaysian Authority elect to exercise such option, subject to and as of the date of the occurrence of the Non-Viability Event, each of the holders of the Capital Securities hereby irrevocably waives its right to receive repayment of the principal amount of the Capital Securities and also irrevocably waives its right to any Distribution (including Distribution accrued but unpaid up to the date of the occurrence of a Non-Viability Event). Even if the option is not exercised, holders of the Capital Securities may still be exposed to losses from the resolution of ABMB or ABMB Parent Group.

Such write-off shall not constitute an event of default or an Enforcement Event, nor would it trigger a cross-default under any other outstanding Capital Securities.

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Non-Viability Event : "**Relevant Malaysian Authority**" refers to the
(cont'd) following:

- (i) BNM, jointly with PIDM, where a financial institution is a member institution, as prescribed under the Malaysia Deposit Insurance Corporation Act 2011; or
- (ii) BNM, where a financial institution is not a member institution.

Upon the occurrence of a Non-Viability Event, ABMB is required to give notice to the holder of the Capital Securities (via the Trustee) and the Credit Rating Agency, in accordance with the terms of the Capital Securities, that as of the relevant write-off date:

- (i) the write-off shall reduce:
 - (a) the claim of the Capital Securities in liquidation. The holders 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 Capital Securities written-off;
 - (b) the amount to be re-paid when a redemption is exercised pursuant to the Optional Redemption, Regulatory Redemption and Tax Redemption; and
 - (c) Distributions; and
- (ii) the write-off shall be permanent and the full or part (as the case may be) of the principal amount of the Capital Securities will automatically be written-off to zero and the whole or part (as the case may be) of the Capital Securities will be cancelled.

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- (i) Capital Trigger Event : A Capital Trigger Event occurs when the Common Equity Tier 1 Ratio of ABMB, at the consolidated or entity level, or the Common Equity Tier 1 Ratio of ABMB's parent holding company ("**ABMB Parent**") at the consolidated level (if applicable), falls below 5.125% as determined and confirmed by BNM and/or ABMB and/or ABMB Parent (as the case may be) as of the relevant quarterly reporting date where the quarterly unaudited consolidated financial results of ABMB are published, announced and made publicly available, when such Capital Trigger Event occurs.

Upon the occurrence of a Capital Trigger Event, the relevant nominal value of Capital Securities shall be written-off (in whole or part) and other amounts owing under the Capital Securities (if any), together with the write-off or conversion of other relevant Tier 1 capital instruments which pursuant to their terms or by operation of law, are capable of being converted into equity, or written-off at that time, in order to restore the Common Equity Tier 1 Ratio of (i) ABMB (at the consolidated and entity level); and (ii) ABMB Parent (at the consolidated level), if applicable, to be at least 5.75%. Such write-off under the Capital Securities, together with the write-off or conversion of other relevant Tier 1 capital instruments, if any, shall be done on a pro-rata basis.

Each of the holders of the Capital Securities hereby irrevocably waives its right to receive repayment of the principal amount of the Capital Securities which are written-off pursuant to the above, and also irrevocably waives its right to any Distribution (including distribution accrued but unpaid up to the date of the occurrence of a Capital Trigger Event).

Such write-off shall not constitute an event of default or an Enforcement Event, nor would it trigger a cross-default under any other outstanding Capital Securities.

"**Common Equity Tier 1 Ratio**" means the common equity tier 1 capital ratio as determined by the Capital Adequacy Framework.

- (j) No Equity Conversion : The Capital Securities shall not entitle the holders of the Capital Securities 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 holders of the Capital Securities upon the occurrence of a Non-Viability Event or Capital Trigger Event or otherwise.

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(k) Status : The Capital Securities are direct and unsecured obligations of the Issuer and are subordinated to depositors, general creditors and other holders of subordinated debt of the Issuer.

Upon the occurrence of any Winding Up Proceeding, amounts payable on the Capital Securities will be subordinated in right of payment to the prior payment in full of all deposit liabilities and all other liabilities of the Issuer except, in each case, to those liabilities which by their terms rank equal with or junior to the Capital Securities.

Claims in respect of the Capital Securities will rank pari passu and without preference among themselves and with the most junior class of preference shares (if any) of the Issuer and any security or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes or could qualify as Additional Tier 1 capital of the Issuer on a consolidated basis, pursuant to the relevant requirements set out in BNM's guidelines, or otherwise ranks or is expressed to rank, by its terms or by operation of law, pari passu with the Capital Securities, but in priority to the rights and claims of holders of the ordinary shares of the Issuer.

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- (l) Setting off : No holder of the Capital Securities 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 Capital Securities, and each holder of the Capital Securities shall, by virtue of his holding of any Capital Securities, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer in relation to the Capital Securities to the fullest extent permitted by law. If at any time any holders of the Capital Securities receives payment or benefit of any sum in respect of the Capital Securities (including any benefit received pursuant to any such set-off, deduction, withholding or retention) other than in accordance with the terms of the Capital Securities, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such holders of the Capital Securities by virtue of his holding of any Capital Securities, 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 Capital Securities.
- (m) Withholding taxes : All payments in respect of the Capital Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges of whatever nature imposed, levied, collected, withheld or assessed by or within any relevant jurisdiction, unless the withholding or deduction of the taxes is required by law.
- In the event such taxes are imposed, the Issuer will not have to pay additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the holders of the Capital Securities after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Capital Securities in the absence of the withholding or deduction.
- (n) Amendments to the terms and conditions of the Capital Securities : Amendments to the terms and conditions of the Capital Securities shall only be made with the prior approval of BNM where such proposed amendments could impact its eligibility as Additional Tier 1 capital of the Issuer.

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- (o) Trustee's Reimbursement Account : The Trustee shall open and maintain throughout the tenure of the AT1 Programme, a Trustee's Reimbursement Account ("**TRA**") for the Capital Securities holder's actions and the credit balance of the Account must be no less than RM30,000.00.

The TRA shall be operated by the Trustee and the money shall only be used strictly by the Trustee in carrying out its duties in relation to the acceleration of the Capital Securities pursuant to an Enforcement Event in the manner as provided in the Transaction Documents.

Any unutilised monies in the TRA shall be returned to the Issuer upon full redemption of the Capital Securities if no acceleration of the Capital Securities pursuant to an Enforcement Event takes place.

- (p) Transaction documents : The Capital Securities shall be evidenced by, inter alia, the following:
- (i) the Programme Agreement;
 - (ii) the Trust Deed;
 - (iii) the Capital Securities (in the form of global certificates and/or definitive certificates);
 - (iv) the Securities Lodgement Form;
 - (v) each Subscription Agreement; and
 - (vi) all other documents relating to the Capital Securities as advised by the Solicitors.

- (q) Other Conditions : The Capital Securities 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 Capital Securities.

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- (r) Disclosure of the following: :
- (i) If the issuer or its board members have been convicted or charged with any offence under any security laws, corporation laws or other laws involving fraud or dishonesty in a court of law, or if any action has been initiated against the issuer or its board members for breaches of the same, for the past 10 years prior to the lodgement/since incorporation, for issuer incorporated less than 10 years; and None.
- (ii) If the issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to lodgement. None.