

BACKGROUND INFORMATION

1. **Issuer**

- (i) *Name* : CIMB Bank Berhad (“**CIMB Bank**” or “**the Issuer**”)
- (ii) *Address* : Correspondence Address
Menara Bumiputra-Commerce
11 Jalan Tun Perak
50350 Kuala Lumpur
Registered Address
5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490, Kuala Lumpur
- (iii) *Business Registration No.* : 13491-P
- (iv) *Date /Place of Incorporation* : 30 December 1972/Malaysia
- (v) *Date of Listing (in case of a public listed company)* : Not applicable
- (vi) *Status* : Resident-controlled company / Bumiputera-controlled company
- (vii) *Principal Activities* : To carry on commercial banking and other related financial services
- (viii) *Board of Directors (as at 1 August 2010)* : Dato’ Dr Mohamad Zawawi Ismail
Tan Sri G. K. Rama Iyer
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir
Tan Sri Dato’ Seri Haidar Mohamad Nor
Dato’ Sri Mohamed Nazir bin Abdul Razak
Dato’ Sulaiman Mohd Tahir
Dato’ Dr. Gan Wee Beng
Dato’ Mohd Shukri bin Hussin

Dato' Zainal Abidin bin Putih

Dato' Seri Yeap Leong Huat

(viii) *Structure of shareholding and name of shareholder or, in the case of public company, names of all major shareholders (as at 1 August 2010)* :

<---Direct--->

Shareholder	No. of Ordinary Shares	%
CIMB Group Sdn Bhd	3,764,433,300	99.999

(ix) *Authorised share capital (as at 1 August 2010)* :

RM7,550,125,000 divided into 7,000,000,000 ordinary shares of RM1.00 each, 500,000,000 perpetual preference shares of RM1.00 each, 1,000,000 redeemable preference shares of RM0.10 each, 200,000 non-cumulative redeemable preference shares of RM0.10 each, 5,000,000,000 redeemable preference shares of RM0.01 each and 5,000 non-cumulative perpetual preference shares of RM1.00 each.

Paid-up share capital (as at 1 August 2010) :

RM3,994,208,612 comprising 3,764,468,517 ordinary shares of RM1.00 each, 200,000,000 perpetual preference shares of RM1.00 each, and 2,974,009,486 redeemable preference shares of RM0.01 each.

PRINCIPAL TERMS AND CONDITIONS

1. *Issuer Name* : CIMB Bank Berhad

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

(i) *Principal Adviser(s)/ Lead Arranger(s)* : CIMB Investment Bank Berhad (“**CIMB**”)

(ii) *Arranger(s)* : Not applicable

(iii) *Valuers* : Not applicable

- (iv) *Solicitors* : In respect of legal due diligence of the Issuer and Malaysian Law:
Messrs. Zaid Ibrahim & Co.
- In respect of English Law or other agreed jurisdiction in respect of non Ringgit issuance:
To be determined
- (v) *Financial Adviser* : Not applicable
- (vi) *Technical Adviser* : Not applicable
- (vii) *Guarantor* : Not applicable
- (viii) *Trustee* : For any Ringgit Malaysia (“RM”) denominated Subordinated Debts issuance:
Malaysian Trustees Berhad
- For any foreign currency denominated Subordinated Debts issuance:
None
- (ix) *Facility Agent* : For any RM denominated Subordinated Debts issuance:
CIMB
- For any foreign currency denominated Subordinated Debts issuance:
Such person or entity as may be elected by the Issuer.
- (x) *Primary Subscribers and amount subscribed (where applicable)* : To be determined prior to the issuance in respect of issuance via bought deal basis only.
- Not applicable for issuance via private placement and book building.
- (xi) *Underwriter(s) and amount underwritten* : Not applicable
- (xii) *Central Depository* : For any RM denominated Subordinated Debts issuance:
Bank Negara Malaysia (“**BNM**”)
- For any foreign currency denominated Subordinated Debts issuance:
The Central Depository shall be either:
1. Euroclear Bank S.A./N.V. as operator of the Euroclear system and Clearstream Banking, societe anonyme

(Clearstream, Luxembourg); or

2. such other central depository as may be elected by the Issuer.

- (xiii) *Paying Agent* : For any RM denominated Subordinated Debts issuance:
BNM
- For any foreign currency denominated Subordinated Debts issuance:
Such person or entity as may be elected by the Issuer.
- (xiv) *Reporting Accountant* : Not applicable
- (xv) *Others (please specify)*
- (a) *Lead Manager* : CIMB and such other party(ies) as may be elected by the Issuer.
- (b) *Calculation Agent* : For any RM denominated Subordinated Debts issuance:
CIMB
- For any foreign currency denominated Subordinated Debts issuance:
Such person or entity as may be elected by the Issuer.
3. *Facility Description* : The Tier 2 subordinated debts (“**Subordinated Debts**”) programme (“**Subordinated Debts Programme**”), of which the Subordinated Debts are issued under the Subordinated Debts Programme will qualify as Tier 2 capital of CIMB Bank for purposes of Risk Weighted Capital Adequacy (“**RWCA**”) Framework as approved by BNM.
4. *Issue Size (RM)* : The Subordinated Debts Programme together with the proposed Tier 2 Junior Sukuk programme (“**Junior Sukuk Programme**”) to be established concurrently by CIMB Bank will have a combined limit of RM5 billion (or its foreign currency equivalent) in nominal value. Final currency depending on the market of issue.
- The total outstanding Subordinated Debts and junior Sukuk (“**Junior Sukuk**”) issued under the Junior Sukuk Programme shall not at any time exceed the nominal value of RM5 billion (or its foreign currency equivalent).

5. *Issue Price* : For any RM denominated Subordinated Debts issuance:
The Subordinated Debts will be issued at par or at a discount to be determined prior to the issue date, and the issue price is calculated in accordance with the FAST Rules (as defined below).
- For any foreign currency denominated Subordinated Debts issuance:
The foreign denominated Subordinated Debts will be issued at par or at a discount to be determined prior to the issue date.
6. *Tenor of the Facility /Issue* : Availability Period of the Subordinated Debts Programme
The Subordinated Debts Programme shall have an availability period of 7 years from the date of first issuance under the Subordinated Debts Programme.
- Tenor of the Subordinated Debts
Each issuance of Subordinated Debts under the Subordinated Debts Programme shall have a tenor of not less than 5 years from the issue date.
- Call Option
Each issuance of Subordinated Debts under the Subordinated Debts Programme may have a callable option (“**Call Option**”) (to be determined prior to each issuance). Under the Call Option, if applicable for the relevant tranche, the Issuer shall have the option to redeem the Subordinated Debts on the Call Date.
- Call Date is defined as “any Coupon Payment Date on or after 5 years prior to the maturity date”.
7. *Coupon/profit or equivalent rate (%) (please specify)* : The coupon rate is to be determined prior to the issue date of each issuance. The coupon rate herein is applicable throughout the tenure of the relevant Subordinated Debts.
8. *Coupon/profit Payment frequency and basis* : 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 Early Redemption, whichever is the earlier.

For any RM denominated Subordinated Debts issuance, the actual number of days in the relevant period divided by 365.

For any foreign currency denominated Subordinated Debts issuance, the appropriate day count convention of the relevant currency in which the Subordinated Debts are issued.

9. *Yield to Maturity (%)* : To be determined at the point of each issuance.
10. *Security /Collateral (if any)* : None.
11. *Details on utilisation of proceeds* : The proceeds of the Subordinated Debts shall be made available to the Issuer, without limitation, for its working capital, general banking and other corporate purposes, including the refinancing of existing subordinated debts.
12. *Sinking Fund (if any)* : Not applicable
13. *Rating and rating agency* : For any RM denominated Subordinated Debts issuance:
The rating agency is Malaysian Rating Corporation Berhad ("**MARC**"). The rating for the Subordinated Debts is AA+.

For any foreign currency denominated Subordinated Debts issuance:

Such rating as may be assigned by an internationally recognised rating agency appointed by the Issuer (if any).

14. *Form and Denomination* : For any RM denominated Subordinated Debts issuance:
The Subordinated Debts shall be issued in accordance with
1. the "Code of Conduct and Market Practices for the Malaysian Corporate Bond Market" issued by the Institut Peniaga Bon Malaysia and approved by BNM ("**IPBM Code**"); and
 2. the "Rules on the Scripless Securities" under the Real Time Electronic Transfer of Funds and Securities ("**Rentas**") system issued by BNM ("**Rentas Rules**"); and
 3. the Rules on Fully Automated System for Issuing/Tendering ("**FAST**") issued by BNM

(“FAST Rules”),

or their replacement thereof (collectively the “Codes of Conduct”) applicable from time to time.

The Rentas Rules shall prevail to the extent of any inconsistency between the Rentas Rules and the IPBM Code.

The Subordinated Debts shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances. The denomination of the Subordinated Debts shall be RM1,000 or in multiples of RM1,000 at the time of issuance.

For any foreign currency denominated Subordinated Debts issuance:

The Subordinated Debts shall be issued in registered form. A certificate will be issued to each holder in respect of its registered holding of the Subordinated Debts. Each certificate will be numbered serially with an identifying number, which will be recorded on the relevant certificate and in a register, which the Issuer will procure to be kept by an appointed registrar.

15. *Mode of Issue* : The Subordinated Debts may be issued via direct placement on a best effort basis or a bought deal basis or book running on a best effort basis without prospectus.

16. *Selling Restrictions* : Selling Restrictions at Issuance
For any RM denominated Subordinated Debts issuance:
The RM denominated Subordinated Debts may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer or invitation to subscribe for the Subordinated Debts and to whom the Subordinated Debts are issued would fall within:

1. Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)); and
2. Schedule 9 (or Section 257(3))

of the Capital Markets and Services Act, 2007, as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

For any foreign currency denominated Subordinated Debts issuance:

The foreign currency denominated Subordinated Debts may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer or invitation to subscribe for the Subordinated Debts and to whom the Subordinated Debts are issued would fall within:

1. Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b));
2. Schedule 8 (or Section 257(3));
3. Schedule 9 (or Section 257(3))

of the Capital Markets and Services Act, 2007, as amended from time to time, and Practice Note 1 issued pursuant to the Guidelines on the Offering of Private Debt Securities and such other selling restrictions as may be applicable outside Malaysia.

Selling Restrictions after Issuance

For RM denominated Subordinated Debts issuance:

The RM denominated Subordinated Debts may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer or invitation to subscribe for the Subordinated Debts and to whom the Subordinated Debts are issued would fall within:

1. Schedule 6 (or Section 229(1)(b)); and
2. Schedule 9 (or Section 257(3))

of the Capital Markets and Services Act, 2007, as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

For any foreign currency denominated Subordinated Debts issuance:

The foreign currency Subordinated Debts may only be offered, sold, transferred or otherwise disposed directly or indirectly, to a person to whom an offer or invitation to subscribe for the Subordinated Debts and to whom the Subordinated Debts are issued would fall within:

1. Schedule 6 (or Section 229(1)(b));
2. Schedule 8 (or Section 257(3)); and
3. Schedule 9 (or Section 257(3))

of the Capital Markets and Services Act, 2007 (“CMSA”), as amended from time to time, and Practice Note 1 issued pursuant to the Guidelines on the Offering of Private Debt Securities and such other selling restrictions as may be applicable outside Malaysia.

17. *Listing Status* : The Subordinated Debts that are denominated in RM will not be listed on Bursa Malaysia Securities Berhad or any other stock exchange.
- The Subordinated Debts that are denominated in non-RM will be listed on such stock exchange as may be agreed by the Issuer and the Lead Manager.
18. *Minimum Level of Subscription (RM or %)* : 5% of each issuance of the Subordinated Debts to be issued if the issuance is via book-building.
- 100% of each issuance of the Subordinated Debts to be issued if the issuance is via private placement or bought deal.
19. *Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)* : (i) Approval from BNM for the classification of the Subordinated Debts issued under the Subordinated Debts Programme as Tier 2 capital of the Issuer.
- (ii) Approval from the SC on the waiver from compliance with certain provisions under the SC Guidelines on Minimum Contents Requirements for Trust Deeds (“**Trust Deed Guidelines**”) in respect of the Subordinated Debts Programme.
20. *Conditions Precedent* : To include but not limited to the following (all of which shall be in form and substance acceptable to the Lead Arranger:

A Main Documentation

1. The Financing Documents have been signed and, where applicable, stamped and presented for registration.
2. All relevant notices and acknowledgements (where

applicable) shall have been made or received as the case may be.

B The Issuer

1. Certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association of the Issuer.
2. Certified true copies of the latest Forms 24 and 49 of the Issuer.
3. A certified true copy of a board resolution of the Issuer authorising, among others, the execution of the transaction documents.
4. A list of the Issuer's authorised signatories and their respective specimen signatures.
5. A report of the relevant company search of the Issuer.
6. A report of the relevant winding up search or the relevant statutory declaration of the Issuer (in form and substance acceptable to the Lead Arranger) 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

1. The approval from the SC and, where applicable, all other regulatory authorities.
2. The approval from BNM for the Subordinated Debts to be classified as Tier 2 Capital.
3. The Lead Arranger has received from its legal counsel a favourable legal opinion addressed to it and the Trustee advising with respect to, among others, the legality, validity and enforceability of the transaction documents and a confirmation addressed to the Lead Arranger that all the conditions precedent have been fulfilled.

21. *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:

- a) The Issuer is duly established and validly in existence and has the power and authority to carry out its business;
- b) The Issuer has the power to enter into the Financing Documents (as defined in section 24.5 below) and exercise its rights to perform its obligations under the Financing Documents;
- c) Entry into and the exercise of the Issuer's rights and obligations under the Financing Documents do not violate any existing law or regulation;
- d) The Financing Documents are valid, binding and enforceable;
- e) All necessary actions, authorisations and consents required under the Financing Documents and the Subordinated Debts have been obtained and remain in full force and effect;
- f) The audited accounts of the Issuer are prepared in accordance with generally accepted accounting principles and standards and represent true and fair view;
- g) 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 Financing Documents;
- h) Any other representation and warranties as may be advised by the Solicitors.

22. *Events of Default* : Events of Default shall be:

- a) Default in payment of any principal or coupon payment and such default continues for 14 days; and
- b) Any step or action is taken against the Issuer for the winding up, dissolution or liquidation of the Issuer or the appointment of a receiver over the whole or a substantial part of the assets of the Issuer or any other similar proceedings and no action is taken in good faith to set aside, defend or settle such step, action, petition or appointment within [60] days from the date of service of such winding up notice or petition order or the taking of such step, action or appointment.

There will be no other events of default.

Upon the occurrence of an Event of Default, the Trustee shall (if so directed by requisite majority of holders to be agreed) declare that the Subordinated Debts together with all other sums owing under the Subordinated Debts shall become immediately due and payable.

23. *Principal terms and conditions for warrants (where applicable)* : Not applicable
24. *Other principal terms and conditions for the issue*
- 24.1 *Optional Redemption* : For each tranche of the Subordinated Debts issuance where Call Option is applicable, the Issuer may, at its sole discretion, and subject to prior approval of BNM, redeem the Subordinated Debts in part or in whole on the Call Date at their principal amount. The optional redemption by the Issuer of the Subordinated Debts of one tranche does not trigger the redemption of the Subordinated Debts in other tranches.
- 24.2 *Redemption at maturity* : Unless previously redeemed on the Call Date, or purchased from the market and cancelled, the Subordinated Debts will be redeemed at their principal amount on the maturity date.
- 24.3 *Covenants* ; For any RM denominated Subordinated Debts issuance:
The Issuer shall comply with such applicable positive covenants as may be advised by the Solicitors and / or which are required in order to comply with the SC's guidelines on Minimum Contents Requirements for Trust Deed (save for those which waiver has been sought and approved by the SC), including, but not limited to the following;
- a) Exercise diligence in carrying on its business and keep in force and effect all licenses, consents and rights necessary for the conduct of its business;
 - b) Comply with all relevant laws and regulations;
 - c) Maintain a paying agent in Malaysia;
 - d) Maintain proper books and accounts and deliver financial statements to the Trustee on a timely manner;
 - e) Inform the Trustee any actual or potential Event of Default;
 - f) Deliver to the Trustee a periodic certificate of compliance

For any foreign currency denominated Subordinated Debts issuance:

The Issuer shall comply with such applicable positive covenants as may be advised by the Solicitors and / or agreed by the Issuer.

There will be no restrictive covenants applicable to the Subordinated Debts.

24.4 *Status of Subordinated Debts* : The Subordinated Debts 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 Subordinated Debts, ranking pari passu among themselves. The Subordinated Debts 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 Subordinated Debts.

24.5 *Financing Documents* : The RM denominated Subordinated Debts shall be evidenced by, inter alia, the following:

1. Programme Agreement;
2. Depositary and Paying Agency Agreement;
3. Trust Deed;
4. Any other relevant agreements as advised by the Solicitors

The foreign currency denominated Subordinated Debts shall be evidenced by, inter alia, an agency agreement / fiscal agency agreement and such other documentation to be determined.

24.6 *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.

24.7 *No Further Rights to Participate in Profits and Assets* : The holders of the Subordinated Debts shall not confer any right or claim as regards participation in the profits and assets of CIMB Bank.

- 24.8 *Voting Rights* : The holders of the Subordinated Debts shall have no voting rights in CIMB Bank.
- 24.9 *Repurchase and Cancellation* The Issuer or any of its subsidiaries may at any time purchase the Subordinated Debts at any price in the open market or by private treaty. If purchases are made by tender, such tender must (subject to any applicable rules and regulations) be made available to all holders of the relevant issuance equally. Subordinated Debts purchased by the Issuer or a subsidiary shall not be used for voting purposes or for directing or requesting the Trustee to take any action. Subject to the approval from the BNM, all Subordinated Debts purchased by the Issuer or its subsidiaries may be cancelled.
- 24.10 *Governing Laws* : For RM denominated Subordinated Debts issuance:
Laws of Malaysia.
- For any foreign currency denominated Subordinated Debts issuance:
English law or such other law as may be agreed by the Issuer and the Lead Manager save for Clause 24.4 - *Status of Subordinated Debts*, which will be governed by and construed in accordance with Malaysian law).
- 24.11 *Other Conditions* : The Subordinated Debts 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 Subordinated Debts.
- For any foreign currency denominated issuance of the Subordinated Debts, such other terms and conditions shall apply as are customary required for such issuance.