

## **Program Information**

**Malayan Banking Berhad**

## PROGRAM INFORMATION

Type of Information:	Program Information
Date of Announcement:	27 April 2018
Issuer Name:	Malayan Banking Berhad
Name and Title of Representative:	Datuk Abdul Farid Alias Group President & Chief Executive Officer
Address of Head Office:	Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur, Malaysia
Telephone:	+603 2074 7788
Contact Person:	(i) Lim Tze Jean Legal Counsel Malayan Banking Berhad Telephone: +65 6812 8818 (ii) Chu Siew Ching Head, Corporate Finance, Group Corporate Treasury Malayan Banking Berhad Telephone: +603 2074 8276
Type of Securities:	Bonds
Scheduled Issuance Period:	1 May 2018 to 30 April 2019
Maximum Outstanding Issuance Amount:	U.S.\$5,000,000,000 (for this program)
Address of Website for Announcement:	<a href="http://www.jpx.co.jp/english/equities/products/tpbm/announcement/detail/08.html">http://www.jpx.co.jp/english/equities/products/tpbm/announcement/detail/08.html</a>
Name of Arranger:	Maybank Kim Eng Securities Pte. Ltd.
Status of Submission of Annual Securities Reports or Issuer Filing Information:	None
Notes to Investors:	

1. TOKYO PRO-BOND Market is a market for specified investors, etc. Bonds listed on the market ("Listed Bonds") may involve high investment risk. Investors should be aware of the listing eligibility and timely disclosure requirements that apply to issuers of Listed Bonds on the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices and shall bear responsibility for their investments. Prospective investors should make investment decisions after having carefully considered the contents of this Program Information.

2. Where this Program Information contains (a) any false statement on important matters, or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content, a person who, at the time of announcement of this Program Information, is an officer (meaning an officer stipulated in Article 21, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (the "Act") (meaning a director of the board (*torishimari-yaku*), accounting advisor (*kaikei-sanyo*), company auditor (*kansa-yaku*) or executive officer (*shikkou-yaku*), or a person equivalent to any of these) of the issuer that announced the Program Information shall be liable to compensate persons who acquired the securities for any damage or loss arising from the false statement or lack of information in accordance with the provisions of Article 21, Paragraph 1, Item 1 of the Act applied mutatis mutandis in Article 27-33 of the Act and Article 22 of the Act applied mutatis mutandis in Article 27-34 of the Act. However, this shall not apply to cases where the person who acquired the securities was aware of the existence of the false statement or the lack of information at the time of subscription for acquisition of the securities. Additionally, the officer shall not be required to assume the liability prescribed above, where he/she proves that he/she was not aware of, and was unable to obtain knowledge of, even with reasonable care, the existence of the false statement or the lack of information.
3. The regulatory framework for TOKYO PRO-BOND Market is different in fundamental aspects from the regulatory framework applicable to other exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on the Tokyo Stock Exchange website.
4. Tokyo Stock Exchange does not express opinions or issue guarantees, etc. regarding the content of the Program Information (including but not limited to, whether the Program Information contains (a) a false statement or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content) and shall not be liable for any damage or loss.
5. Where this Program Information (excluding Program Information concerning securities enumerated in each item of Article 3 of the Act) comes to include information regarding matters listed in this Form pursuant to Rule 206, Paragraph 2 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities (hereinafter referred to as the "Special Regulations") as information prescribed in Article 2, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Provision and Publication of Information on Securities, etc., the Program Information shall constitute Specified Securities Information stipulated in Article 27-31, Paragraph 1 of the Act.
6. In respect of Malayan Banking Berhad's U.S.\$15,000,000,000 Multicurrency Medium Term Note Programme under which the Offering Circular is incorporated into this Program Information, the following ratings were assigned/confirmed on 25 April 2018 and remain unchanged:

S&P Global Ratings:	A- (senior unsecured)
	BBB (subordinated)
	BB+ (Additional Tier-1)

Moody's Investors Service:	(P)A3 (senior unsecured)
	(P)Baa2 (subordinated)
	(P)Baa3 (Additional Tier-1)

Fitch Ratings:	A- (senior unsecured)
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7. The following documents shall be incorporated in, and to form part of, this Program Information:
  - (a) Offering Circular dated 25 April 2018 with respect to Malayan Banking Berhad's U.S.\$15,000,000,000 Multicurrency Medium Term Note Programme;
  - (b) Maybank Annual Report 2017 – Corporate; and
  - (c) Maybank Annual Report 2017 – Financial Statements.

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES.

**IMPORTANT: You must read the following before continuing.** The following applies to the offering circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering circular. In accessing the offering circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES ("U.S.") OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE U.S. AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S., EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of your Representation:** In order to be eligible to view this offering circular or make an investment decision with respect to the securities, investors must not be resident in the U.S. (within the meaning of Regulation S under the Securities Act). This offering circular is being sent at your request and by accepting the e-mail and accessing this offering circular, you shall be deemed to have represented to us that you are not resident in the U.S. and to the extent that you purchase securities described in the attached offering circular, you are doing so pursuant to Regulation S under the Securities Act and that you consent to delivery of such offering circular by electronic transmission.

You are reminded that this offering circular has been delivered to you on the basis that you are a person into whose possession this offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this offering circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of any of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such dealer or such affiliate on behalf of Malayan Banking Berhad in such jurisdiction.

This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Malayan Banking Berhad, Maybank Kim Eng Securities Pte. Ltd., Maybank Investment Bank Berhad or any additional arrangers or dealers appointed by Malayan Banking Berhad or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon your request from Malayan Banking Berhad, Maybank Kim Eng Securities Pte. Ltd., Maybank Investment Bank Berhad or any other arranger or dealer appointed by Malayan Banking Berhad.

**Actions that You May Not Take.** If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

**You are responsible for protecting against viruses and other destructive items.** You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

# Malayan Banking Berhad

(Company No. 3813-K)

(incorporated with limited liability in Malaysia)

U.S.\$15,000,000,000

## Multicurrency Medium Term Note Programme

On 14 May 2012, Malayan Banking Berhad (the "Issuer" or the "Bank") established its U.S.\$5,000,000,000 Multicurrency Medium Term Note Programme. On 15 April 2016, the Bank increased the principal amount of the Programme (as defined below) to U.S.\$15,000,000,000. The Programme is amended as at the date of this Offering Circular and this Offering Circular supersedes all previous offering circulars and any supplements thereto. Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. The provisions described herein do not affect any Notes issued under the Programme prior to the date of this Offering Circular.

Under this U.S.\$15,000,000,000 Multicurrency Medium Term Note Programme (the "Programme"), the Issuer (either directly or acting through its Hong Kong Branch or its Singapore Branch or any other branch, in each case, as may be specified in the applicable Pricing Supplement (as defined below) from time to time), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "Notes"), which expression shall include Notes (i) issued on an unsubordinated basis as described in Condition 3.1 ("Senior Notes"), (ii) issued on a subordinated basis which rank on any Winding-Up of the Bank as described in Condition 3.2 ("Subordinated Notes") and (iii) issued on a subordinated basis which rank on any Winding-Up of the Bank as described on Condition 3.3 ("ATI Notes"). Notes may be issued with a maturity of one year or more or on a perpetual basis, in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively "Bearer Notes" and "Registered Notes"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$15,000,000,000 (or its equivalent in other currencies calculated as described in "General Description of the Programme"), subject to increase as described herein.

The Notes may be issued by the Issuer on a continuing basis to one or more of the dealers under the Programme from time to time (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes. With effect from the date of this Offering Circular Maybank Kim Eng Securities Pte. Ltd. and Maybank Investment Bank Berhad have each been appointed as Dealers on an ongoing basis.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Investment Considerations".**

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and for the listing of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST and listing of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Group (as defined herein), the Programme or such Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a pricing supplement (the "Pricing Supplement") which, with respect to Notes to be listed on the SGX-ST, will be delivered to the SGX-ST before the date of listing of the Notes of such Tranche.

Application has been made to the Labuan International Financial Exchange Inc. (the "LFX") for the listing of, and permission to deal in, any Notes that may be issued under the Programme but there can be no assurance that such listings will occur on or prior to the date of issue of such Notes or at all. The LFX assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, the investor should consult his or her adviser. Admission to the Official List of the LFX is not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.

Application will be made by the Issuer to the Taipei Exchange ("TPEX") in the Republic of China ("Taiwan"/"ROC") for permission to deal in and for the listing of any Notes which are agreed at the time of issue thereof to be so listed on the TPEX. Such permission is expected to be granted and become effective from the scheduled issue date. TPEX is not responsible for the content of this document and the Offering Circular and any amendment and supplement thereto and no representation is made by TPEX to the accuracy or completeness of this document and the Offering Circular and any amendment and supplement thereto. TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this document and the Offering Circular and any amendment and supplement thereto. Admission to the listing and trading of the Notes on the TPEX shall not be taken as an indication of the merits of the Issuer or the Notes.

In addition to the above, the Programme has also been admitted for the listing of the Notes on Tokyo Stock Exchange Inc. ("TSE") in its capacity as the market operator of the TOKYO PRO-BOND Market in accordance with the rules and regulations of TSE.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

Each Tranche of Notes of each Series (as defined in "Terms and Conditions of the Notes") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "Temporary Bearer Global Note") or a permanent global note in bearer form (each a "Permanent Bearer Global Note"). In the case of Notes that are expressed in the applicable Pricing Supplement to be subject to the "D" Rules (as defined herein), interests in a Temporary Bearer Global Note will be exchangeable in whole or in part, for interests in a Permanent Bearer Global Note on or after the date 40 days after the later of the commencement of the offering and the relevant issue date (the "Exchange Date"), upon certification as to non-U.S. beneficial ownership. Notes in registered form will initially be represented by a global note in registered form (each a "Registered Global Note" and together with any Temporary Bearer Global Notes and Permanent Bearer Global Notes, the "Global Notes" and each a "Global Note"). Global Notes may be deposited on the issue date with a common depository for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg").

Global Notes may also be deposited with The Central Depository (Pte) Limited ("CDP") or a sub-custodian for the Hong Kong Monetary Authority (the "HKMA"), as operator of the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority ("the CMU Service"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Form of the Notes".

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE U.S., AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE U.S. OR, IN THE CASE OF BEARER NOTES THAT ARE EXPRESSED IN THE APPLICABLE PRICING SUPPLEMENT TO BE SUBJECT TO THE D RULES (AS DEFINED HEREIN), TO OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED AND REGULATIONS THEREUNDER).**

See "Form of the Notes" for a description of the manner in which Notes will be issued. The Notes are subject to certain restrictions on transfer, see "Subscription and Sale".

The Issuer may agree with any Dealer that the Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the SGX-ST or TSE) a supplementary offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Notes issued under the Programme may be rated or unrated. Where an issue of a certain Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The notification to the Securities Commission Malaysia in respect of the updates to the Programme will be made by Maybank Investment Bank Berhad as the Principal Adviser under the Programme.

This Offering Circular is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC.

**Arranger**

**Maybank Kim Eng Securities  
Pte. Ltd.**

**Dealers**

**Maybank Investment Bank Berhad**

**Maybank Kim Eng Securities Pte. Ltd.**

The date of this Offering Circular is 25 April 2018

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having made all reasonable enquiries to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything that would make the statements therein, in light of the circumstances in which they were made, misleading.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*").

No person is or has been authorised by the Issuer to give any information or to make any representations other than as contained in this Offering Circular in connection with the Programme or the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Arranger or the Dealers.

The Arranger and the Dealers have not separately verified all of the information contained in this Offering Circular. Neither of the Arranger nor any of the Dealers makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither the Arranger nor any of the Dealers accepts any responsibility for the contents of this Offering Circular. Each of the Arranger and the Dealers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any financial statements included or incorporated herein are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Offering Circular or any such financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the risks involved. The purchase of Notes by investors should be based upon their investigation as they deem necessary. Neither the Arranger nor any of the Dealers undertakes to review the financial condition or affairs of the Issuer or the Issuer and its subsidiaries taken as a whole (together, the "**Group**") during the life of the arrangements contemplated by this Offering Circular, nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger or the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Group during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

Notes issued under the Programme may be denominated in Renminbi. Renminbi is currently not freely convertible and conversion of Renminbi is subject to certain restrictions. Investors should be reminded of the conversion risk with Renminbi products. In addition, there is a liquidity risk associated with Renminbi products, particularly if such investments do not have an active secondary market and their prices have large bid/offer spreads. Renminbi products are denominated and settled in Renminbi deliverable in Hong Kong, which represents a market which is different from that of Renminbi deliverable in the PRC (as defined below).

From time to time, in the ordinary course of business, the Arranger, the Dealers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Issuer and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Arranger, the Dealers and their affiliates will

continue to provide such services to, and enter into such transactions, with the Issuer and its affiliates in the future. The Arranger, the Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

**This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Arranger or the Dealers represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Notes in the U.S., the European Economic Area (including the United Kingdom), Singapore, Japan, Taiwan, Malaysia and Hong Kong. See "*Subscription and Sale*".**

**MiFID II product governance / target market** – The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**IMPORTANT – EEA RETAIL INVESTORS** - If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Mediation Directive (Directive 2002/92/EC (as amended)) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Offering Circular is not a prospectus for the purposes of the Prospectus Directive. This Offering Circular has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of the Notes.



THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE U.S. IN RELIANCE ON REGULATION S. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF NOTES AND ON DISTRIBUTION OF THIS OFFERING CIRCULAR, SEE "*SUBSCRIPTION AND SALE*".

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE U.S. OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE U.S.

**In accordance with the Capital Markets and Services Act 2007 of Malaysia (the "CMSA"), a copy of this Offering Circular will be lodged with the Securities Commission Malaysia (the "SC"), which takes no responsibility for its contents. The issue, offer or invitation in relation to the Notes in this Offering Circular or otherwise are subject to the fulfilment of various conditions precedent including without limitation, the lodgement with the SC and the approval from Bank Negara Malaysia ("BNM") in respect of Subordinated Notes and AT1 Notes. The Programme has been lodged with the SC pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued on 9 March 2015 and revised and effective from 8 November 2017 as amended from time to time and notification to the SC will be made in respect of the current update to the Programme. The recipient of this Offering Circular acknowledges and agrees that the lodgement with the SC shall not be taken to indicate that the SC recommends the subscription or purchase of the Notes. The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.**

## CERTAIN DEFINITIONS

Unless otherwise specified or the context requires, references herein to "U.S. dollars" and "U.S.\$" are to the lawful currency of the U.S., references to "RM", "Malaysian Ringgit", "Ringgit" and "sen" are to the lawful currency of Malaysia, references to "Singapore dollars" and "S\$" are to the lawful currency of Singapore, references to "CNY", "Renminbi" and "RMB" are to the lawful currency of the People's Republic of China (the "PRC"), references to "Sterling" and "£" are to the lawful currency of the United Kingdom, references to "EUR", "euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended, and references to "IDR" are to the lawful currency of Indonesia.

For convenience only and unless otherwise noted, all translations from Malaysian Ringgit into U.S. dollars in this Offering Circular were made at the rate of RM4.05 to U.S.\$1.00 as at 31 December 2017. No representation is made that the Malaysian Ringgit amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

In addition, references to PRC are to the PRC and for geographical reference only (unless otherwise stated) exclude Taiwan, Hong Kong and Macau.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Under the rules of the SC, the following potential conflict of interest situations are to be disclosed to prospective investors.

In respect of Maybank Investment Bank Berhad's ("**Maybank IB**") appointment as the Principal Adviser and Dealer in respect of the Programme, there may be a potential conflict of interest situation as Maybank IB is a wholly-owned subsidiary of the Issuer. As such, Maybank IB and the Issuer are deemed to be related corporations under Malaysian law. Notwithstanding the aforementioned, Maybank IB, in relation to its roles as Principal Adviser and Dealer in respect of the Programme, has considered the factors involved and believes objectivity and independence in carrying out its role has been and/or will be maintained at all times for the following reasons:

- (i) the appointment of Messrs Adnan Sundra and Low as an external independent legal counsel to conduct a legal due diligence inquiry on the Issuer;
- (ii) Maybank IB is a licenced investment bank under the laws of Malaysia and its appointment as the Principal Adviser and Dealer in respect of the Programme is in the ordinary course of its business;
- (iii) the conduct of Maybank IB is regulated by the Financial Services Act 2013 of Malaysia and Maybank IB has in place its own internal controls and checks with regards to transactions involving its related corporations;
- (iv) the Notes will be issued by way of private or public placement and in each case on a syndicated or non-syndicated basis, where pricing of the Notes will be market driven; and
- (v) the Issuer and its Board of Directors (the "**Board**") have confirmed that they are aware of the above potential conflict of interest situation and that notwithstanding such potential conflict, they have agreed to proceed with the appointment of Maybank IB as the Principal Adviser and Dealer in respect of the Programme.

There may be a potential conflict of interest situation as Maybank Kim Eng Securities Pte. Ltd. ("**Maybank Kim Eng**") is wholly-owned by Maybank Kim Eng Holdings Limited which in turn is a wholly-owned subsidiary of Maybank IB Holdings Sdn Bhd. The ultimate holding company of the aforementioned entities is the Issuer. As such, Maybank Kim Eng and the Issuer are related corporations.

Notwithstanding the aforementioned, Maybank Kim Eng, in its roles as the Arranger and Dealer in respect of the Programme, has considered the factors involved and believes objectivity and independence in carrying out its role has been and/or will be maintained at all times for the following reasons:

- (i) the appointment of Messrs Adnan Sundra & Low as an external independent legal counsel to conduct a legal due diligence inquiry on the Issuer;
- (ii) Maybank Kim Eng's appointment as the Arranger and Dealer is in the ordinary course of its business. The appointments are governed by various mandate letters, agreements and/or documents which set out the rights, duties and obligations of Maybank Kim Eng acting in such capacities;
- (iii) the conduct of Maybank Kim Eng is regulated by the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) and Financial Advisers Act (Chapter 110) and as a member of Singapore Exchange Limited ("SGX"), Maybank Kim Eng is also subject to the rules of SGX;
- (iv) Maybank Kim Eng has in place its own internal controls and checks with regards to transactions involving its related corporations;
- (v) the Notes will be issued by way of private or public placement and in each case on a syndicated or non-syndicated basis, where pricing of the Notes will be market driven; and
- (vi) the Issuer and its Board have confirmed that they are aware of the above potential conflict of interest situation and that notwithstanding such potential conflict, they have agreed to proceed with the appointment of Maybank Kim Eng as the Arranger and Dealer of the Programme.

## FORWARD-LOOKING STATEMENTS

The Issuer has included statements in this Offering Circular which contain words or phrases such as will, would, aim, aimed, is likely, are likely, believe, expect, expected to, will continue, anticipated, estimate, estimating, intend, plan, seeking to, future, objective, should, can, could, may, and similar expressions or variations of such expressions, that are "forward-looking statements".

All statements regarding the Issuer's or the Group's expected financial position, business, strategies, plans, prospects and objectives are forward-looking statements. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Issuer's expectations with respect to, but not limited to, its ability to successfully implement its strategy, its ability to integrate recent or future mergers or acquisitions into its operations, future levels of non-performing assets and restructured assets, its growth and expansion, the adequacy of its provision for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings it is or becomes a party to, the future impact of new accounting standards, its ability to pay dividends, its ability to roll over its short-term funding sources, its exposure to operational, market, credit, interest rate and currency risks and the market acceptance of and demand for internet banking services.

All forward-looking statements are made only as at the date of this Offering Circular. Given the risks and uncertainties that may cause the Issuer's or the Group's actual future results, performance or achievement to be materially different than expected, expressed or implied by the forward-looking statements in this Offering Circular, potential investors are advised not to place undue reliance on those statements. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Offering Circular to reflect any change in the Issuer's expectations with regard thereto or any change of events, conditions or circumstances on which any such statement was based.

## STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (THE "**STABILISING MANAGER(S)**") (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE RELEVANT PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION OR OVER-ALLOTMENT MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED TIME. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents (including those published or issued from time to time after the date hereof) shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (a) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2017 (together with the Directors' reports and the Independent Auditors' reports prepared in connection therewith) which have previously been published;
- (b) the most recently published audited consolidated financial statements of the Issuer since the date of this Offering Circular;
- (c) any interim consolidated and unconsolidated financial statements of the Issuer (whether audited or unaudited) published subsequent to the most recently published audited consolidated and unconsolidated financial statements of the Issuer since the date of this Offering Circular; and
- (d) all supplements or amendments to this Offering Circular circulated by the Issuer from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

The full version of the Issuer's interim financial statements (whether audited or unaudited) and annual reports published from time to time can be obtained from the Issuer's website at [www.maybank.com](http://www.maybank.com) and Bursa Malaysia Securities Berhad ("**Bursa Securities**") website at this link, <http://announcements.bursamalaysia.com>.

The above websites and any other websites referenced in this Offering Circular are intended as guides as to where other public information relating to the Issuer may be obtained free of charge. Information appearing on such websites does not form part of this Offering Circular or any relevant Pricing Supplement and none of the Issuer, its Directors, the Arranger or the Dealers accept any responsibility whatsoever that any information, if available, is accurate and/or up-to-date. Such information, if available, should not form the basis of any investment decision by an investor to purchase or deal in the Notes.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular. In addition, such documents will be available free of charge from the office of The Hongkong and Shanghai Banking Corporation Limited (the "**Fiscal Agent**") at Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong. Pricing Supplements relating to unlisted Notes will only be available for inspection by a holder of such Notes and such holder must produce evidence satisfactory to the Issuer or the relevant Paying Agent as to its holding of Notes and its identity.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

## GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer (from time to time acting either directly or acting through its Hong Kong Branch or its Singapore Branch or such other branch as may be specified in the applicable Pricing Supplement) may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer, or in the case of direct issuances, the relevant investor(s), prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*".

This Offering Circular and any supplement will only be valid for Notes issued under the Programme in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$15,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the Issuer, either as at the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in Kuala Lumpur, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the Malaysian foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the U.S. dollar equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under "*Form of the Notes*") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

## SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this summary.

<b>Issuer:</b>	Malayan Banking Berhad. In relation to each Tranche of Notes, the applicable Pricing Supplement will indicate whether the Issuer is acting directly or through its Hong Kong Branch or its Singapore Branch or such other branch as may be specified in the applicable Pricing Supplement, if applicable.
<b>Description:</b>	Multicurrency Medium Term Note Programme which caters for issues of Senior Notes, Subordinated Notes and AT1 Notes.
<b>Arranger:</b>	Maybank Kim Eng Securities Pte. Ltd.
<b>Dealers:</b>	Maybank Kim Eng Securities Pte. Ltd and Maybank Investment Bank Berhad have each been appointed as Dealers on an ongoing basis as at the date of this Offering Circular. Pursuant to the Programme Agreement, the Issuer may from time to time appoint further dealers either in respect of one or more Tranches or in respect of the whole Programme or terminate the appointment of any dealer under the Programme.
<b>Certain Restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ").
<b>Fiscal Agent:</b>	The Hongkong and Shanghai Banking Corporation Limited.
<b>Registrar and Transfer Agent:</b>	The Hongkong and Shanghai Banking Corporation Limited.
<b>CMU Lodging and Paying Agent:</b>	The Hongkong and Shanghai Banking Corporation Limited.
<b>Singapore CDP Agent:</b>	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
<b>Principal Adviser:</b>	For purposes of lodgement with the SC, Maybank Investment Bank Berhad.
<b>Programme Size:</b>	Up to U.S.\$15,000,000,000 (or its equivalent in other currencies calculated as described under " <i>General Description of the Programme</i> ") outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-



syndicated basis.

**Currencies:** Subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.

**Maturities:** In relation to the Senior Notes and Subordinated Notes, such maturities as may be agreed between the Issuer and the relevant Dealer, subject to a minimum of one year from the date of issue and other such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. Subordinated Notes that constitute Tier 2 Capital Securities (as defined in Condition 3.4) shall have such minimum maturity as required by BNM from time to time. AT1 Notes that constitute Tier 1 Capital Securities (as defined in Condition 3.4) shall be issued on a perpetual basis and shall have no fixed maturity as required by BNM from time to time.

**Issue Price:** Notes may be issued on a fully-paid or (in the case of the Senior Notes) a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

**Form of Notes:** The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

**Fixed Rate Notes:** Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

**Floating Rate Notes:** Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series);
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each series of Floating Rate Notes.

<b>Index Linked Notes:</b>	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.
<b>Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:</b>	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p>
<b>Dual Currency Notes:</b>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
<b>Zero Coupon Notes:</b>	Zero Coupon Notes will be offered and sold at a discount to their nominal amount, or offered and sold at their nominal amount and be redeemed at a premium, and will not bear interest.
<b>Redemption:</b>	<p>The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or pursuant to a winding-up of the Issuer following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.</p> <p>Subordinated Notes that constitute Tier 2 Capital Securities may only be redeemed in accordance with the requirements from time to time of BNM.</p> <p>AT1 Notes that constitute Tier 1 Capital Securities may only be redeemed in accordance with the requirements from time to time of BNM.</p>
<b>Conditions for Purchases of Notes</b>	The Issuer, any of its Subsidiaries, any of its agents or any related corporation of the Issuer may at any time purchase Senior Notes in any manner and at any price in the open market or otherwise. See Condition 7.10 of the " <i>Terms and</i>

*Conditions of the Notes".*

The Issuer, any of its Subsidiaries, any of its agents or any related corporation of the Issuer may at any time purchase, subject to the approval of BNM (but which approval shall not be required for a purchase made in the ordinary course of business), the Subordinated Notes or the AT1 Notes in any manner and at any price in the market or otherwise provided that no Trigger Event (as defined in Condition 7.16) has occurred and is continuing. See Condition 7.11 of the "*Terms and Conditions of the Notes*".

**Denomination of Notes:**

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions*" above.

**Taxation:**

All payments of principal and interest in respect of the Notes, Receipts and Coupons will be made without deduction for or on account of withholding taxes imposed by Malaysia, subject as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

**Negative Pledge:**

The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 4. The Subordinated Notes and the AT1 Notes will not contain a negative pledge.

**Events of Default for Senior Notes:**

Events of default for Senior Notes are set out in Condition 10.1.

**Cross-acceleration:**

The terms of the Senior Notes will contain a cross-acceleration provision as further described in Condition 10.1.

**Status of the Senior Notes:**

The Senior Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of the negative pledge in Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

**Status of the Subordinated Notes:**

The Subordinated Notes will constitute direct, unconditional, unsecured, and subordinated obligations of the Issuer, ranking *pari passu* without any preference among themselves. The payment obligations of the Issuer under the Subordinated Notes shall, save for such exceptions as shall be provided by applicable legislation, rank on a Winding-Up of the Issuer as provided in Condition 3.2.

<b>Status of the AT1 Notes:</b>	The AT1 Notes will constitute direct, unconditional, unsecured, and subordinated obligations of the Issuer, ranking <i>pari passu</i> without any preference among themselves. The payment obligations of the Issuer under the AT1 Notes shall, save for such exceptions as shall be provided by applicable legislation, rank on a Winding-Up of the Issuer as provided in Condition 3.3.
<b>Events of Default and other terms of Subordinated Notes and AT1 Notes:</b>	The Events of Default for Subordinated Notes and AT1 Notes are set out in Condition 10.2. The Subordinated Notes and AT1 Notes do not have the benefit of a negative pledge or cross-acceleration provision.
<b>Variation instead of Redemption of the Subordinated Notes or AT1 Notes:</b>	The provisions relating to Variation instead of Redemption of Subordinated Notes or AT1 Notes are set out in Condition 7.14.
<b>Redemption or Variation of Conditions of Subordinated Notes or AT1 Notes</b>	The provisions relating to redemption or variation of Conditions of Subordinated Notes and AT1 Notes are set out in Condition 7.15.
<b>Loss Absorption upon a Trigger Event in respect of Subordinated Notes or AT1 Notes:</b>	Subordinated Notes or AT1 Notes shall have provisions relating to Loss Absorption upon a Trigger Event (including, in the case of AT1 Notes, at the point of breach of the Issuer's CET1 Capital Ratio) as defined in and as set out in Condition 7.16.
<b>Listing:</b>	<p>Application has been made to the SGX-ST for permission to deal in and for the listing and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies).</p> <p>Application has also been made to the LFX for the listing of, and permission to deal in, the Notes.</p> <p>In addition to the above, the Programme has also been admitted for the listing of the Notes on TSE in its capacity as the market operator of the TOKYO PRO-BOND Market in accordance with the rules and regulations of TSE.</p> <p>The Notes may be listed on the TPEX in Taiwan pursuant to the applicable rules of the TPEX with effect from the scheduled issue date. Application will be made by the Issuer to the TPEX for the listing and trading of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the TPEX.</p> <p>The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series.</p>

Unlisted Notes may also be issued.

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).

**Ratings:**

Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision, reduction or withdrawal at any time by the assigning rating agency.

**Governing Law:**

The Agency Agreement, the ECC Deed of Covenant, the Notes, the Receipts, the Coupons, the Talons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the ECC Deed of Covenant, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law, except that the subordination provisions set out in Condition 3.2, Condition 3.3 and Condition 10.2 shall be governed by and construed in accordance with the laws of Malaysia.

The CDP Deed of Covenant shall be governed by and construed in accordance with Singapore law.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the U.S., the European Economic Area (including the United Kingdom), Singapore, Japan, Malaysia, Hong Kong and Taiwan and in such other jurisdictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

**U.S. Selling Restrictions:**

Regulation S, Category 1; TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Pricing Supplement.

**Clearing Systems:**

Euroclear, Clearstream, Luxembourg, the CMU Service, CDP and/or any other clearing system as specified in the applicable Pricing Supplement, see "*Form of the Notes*".

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached.

### **Bearer Notes**

Each Tranche of Bearer Notes will be in bearer form and will be initially issued in the form of a Temporary Bearer Global Note or, if so specified in the applicable Pricing Supplement, a Permanent Bearer Global Note which, in either case, will be delivered on or prior to the original issue date of the Tranche to either (i) a common depository (the "**Common Depository**") for, Euroclear and Clearstream, Luxembourg, (ii) a sub-custodian for the CMU Service or (iii) CDP.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not resident in the U.S. or persons who have purchased for resale to any person resident in the U.S., as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and/or the CMU Lodging and Paying Agent and/or CDP and (in the case of a Temporary Bearer Global Note delivered to a Common Depository for Euroclear and Clearstream, Luxembourg or CDP) Euroclear and/or Clearstream, Luxembourg and/or CDP, as applicable, has given a like certification (based on the certifications it has received) to the Paying Agent (as defined in "*Terms and Conditions of the Notes*"). On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Bearer Global Note of the same Series or (b) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that the purchasers in the U.S. will not be able to receive definitive Bearer Notes. The CMU Service may require that any such exchange for a Permanent Global Bearer Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) have so certified. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg, the CMU Service or CDP against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached, upon either (a) not less than 60 days' written notice (i) in the case of Notes held by a Common Depository for Euroclear and Clearstream, Luxembourg, from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Fiscal Agent as described therein or (ii) in the case of Notes held through a sub-custodian for the CMU Service, from the relevant account holders therein to the CMU Lodging and Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have, or in the case of Notes cleared through the CMU Service, the CMU Service has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or the relevant clearing system has announced an intention permanently to cease business or has in fact done so and no successor clearing system is

available, or, in the case of Notes cleared through CDP, the Issuer has been notified that CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or CDP has announced an intention to permanently cease business and no alternative clearing system is available, (iii) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the Master Depository Services Agreement dated 14 May 2012, as amended, varied or supplemented from time to time (the "**Master Depository Services Agreement**") and no alternative clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Notes represented by the Permanent Bearer Global Note. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes held by CDP or a Common Depository for Euroclear and Clearstream, Luxembourg, CDP or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or, (b) in the case of Notes held through a sub-custodian for the CMU Service, the relevant account holders therein, may give notice to the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Fiscal Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent or, as the case may be, the CMU Lodging and Paying Agent.

The following legend will appear on all Permanent Bearer Global Notes and all definitive Bearer Notes issued in accordance with TEFRA D:

"ANY U.S. PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE U.S. INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE UNITED STATES INTERNAL REVENUE CODE 1986 AS AMENDED AND THE REGULATIONS THEREUNDER."

The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, CDP or the CMU Service, as the case may be.

### **Registered Notes**

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to persons outside the U.S., will be represented by a global note in registered form (a "**Registered Global Note**", together with any Bearer Global Note, the "**Global Notes**"). Beneficial interests in a Registered Global Note may not be offered or sold within the U.S. and may not be held otherwise than through Euroclear, Clearstream, Luxembourg, CDP or the CMU Service.

Registered Global Notes will be deposited with a Common Depository for, and registered in the name of a common nominee of, Euroclear, Clearstream, Luxembourg and/or deposited with a sub-custodian for the CMU Service (if applicable) and/or CDP or its nominee, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes. None of the Issuer, the Fiscal Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have or, in the case of Notes cleared through the CMU Service, the CMU Service has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system is available, or, in the case of Notes cleared through CDP, the Issuer has been notified that CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or CDP has announced an intention to permanently cease business and no alternative clearing system is available, (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Notes in definitive form or (iv) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the Master Depository Services Agreement and no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes registered in the name of CDP or a nominee for a Common Depository for Euroclear and Clearstream, Luxembourg, CDP or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) and/or, (b) in the case of Notes held through a sub-custodian for the CMU Service, the relevant account holders therein, may give notice to the Registrar or the CMU Lodging and Paying Agent, as the case may be, requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar or the CMU Lodging and Paying Agent, as the case may be.

### **Transfer of Interests**

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear, Clearstream, Luxembourg, CDP and the CMU Service, in each case to the extent applicable.

### **General**

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Paying Agent or, as the case may be, the CMU Lodging and Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CMU instrument number which are different from the common code, CMU instrument number and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act), if any, applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg or the CMU Service or CDP, each person (other than Euroclear and/or Clearstream, Luxembourg or the CMU Service or CDP or its nominee) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or the CMU Service or CDP as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg or the CMU Service or CDP as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer, the Fiscal Agent and their



agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purposes the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Fiscal Agent and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and/or CDP shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (Kuala Lumpur time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear, Clearstream, Luxembourg and/or the CMU Service and/or CDP, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and/or the CMU Service and/or CDP on and subject to the terms of (in the case of Notes cleared through Euroclear or Clearstream, Luxembourg or the CMU Service) a deed of covenant (the "**ECC Deed of Covenant**") dated 14 May 2012 or (in the case of Notes cleared through CDP) a CDP Deed of Covenant dated 14 May 2012, as amended, varied or supplemented from time to time (the "**CDP Deed of Covenant**") and executed by the Issuer.

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 5, 6, 7 (except Condition 7.2), 11, 12, 13, 14 (insofar as such Notes are not listed or admitted to trade on any stock exchange) or 18, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

## FORM OF PRICING SUPPLEMENT

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.*

**[MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.]

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of the Insurance Mediation Directive (Directive 2002/92/EC (as amended)) (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

[Date]

**Malayan Banking Berhad**  
**(Company No. 3813-K)**  
*(incorporated with limited liability in Malaysia)*  
**[(acting through its [Hong Kong Branch/Singapore Branch/[•] Branch])]**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

under the U.S.\$15,000,000,000  
Multicurrency Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Offering Circular dated 25 April 2018 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.

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<sup>1</sup> Insert this legend if “Prohibition of Sales to EEA Retail Investors” is stated as “Applicable”.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]*

*[The following language applies if a particular tranche of Notes issued by the Issuer acting through its Singapore Branch are "Qualifying Debt Securities" for the purpose of Income Tax Act, Chapter 134 of Singapore:*

*Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act]*

1. Issuer: Malayan Banking Berhad, [acting through its [Hong Kong Branch/Singapore Branch/[•] Branch]]
2. (a) Series Number: [ ]  
(b) Tranche Number [ ] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - (a) Series:
  - (b) Tranche:
5. [(a)] Issue Price: [[ ]% of the Aggregate Nominal Amount [plus accrued interest from [insert date] *(in the case of fungible issues only, if applicable)*]  
[(b)] Net Proceeds: [[ ] *(required only for listed issues)*]
6. (a) Specified Denominations: [ ]

*If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the following:*

*"€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000], No notes in definitive form will be issued with a denomination above €199,000]".*

- (b) Calculation Amount: [ ] *(If only one Specified Denomination, insert the Specified Denomination.*

*If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified*

*Denominations.)*

7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [*specify/Issue Date/Not Applicable*] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
8. Tenor of the Tranche or Series being issued [ ] [*ATI Notes are perpetual*]
9. Maturity Date: [*Fixed rate — specify date/Floating rate — Interest Payment Date falling on or about [specify month and year]] (N.B. must be at least one year from date of issue for Senior Notes and five years from the date of issue for Subordinated Notes, ATI Notes must be perpetual and have no Maturity Date.)*]
10. Interest Basis: [[ ]% Fixed Rate]  
[[LIBOR/EURIBOR/BIBOR/SIBOR/SOR] +/- [ ]% Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
11. Redemption/Payment Basis: [Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
12. Change of Interest Basis or Redemption/Payment Basis: [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*]
13. Put/Call Options: [Investor Put] [Issuer Call] [(further particulars specified below)]
14. (a) Status of the Notes: [Senior/Subordinated/ATI]
- (b) Date of [Board] approval for Notes obtained: [ ] [and [ ], respectively]/[None required] (*N.B. Only relevant where the Board (or similar) authorisation is required for the particular tranche of Notes*)
- (c) Date of regulatory approval for issuance of Notes obtained: [ ]/[None required] (*N.B. Prior approval from BNM is required for each issuance of Subordinated Notes or ATI Notes.*)
15. Listing: [SGX-ST/LFX/specify other/None]
16. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

17. Fixed Rate Note Provisions [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Rate(s) of Interest: [ ]% per annum [payable [annually/semi annually/quarterly/other (specify)] in arrear] (If payable other than annually, consider amending Condition 5)

- (b) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]/[specify other] (N.B. This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount  
(Applicable to Notes in definitive form)
- (d) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]  
(Applicable to Notes in definitive form)
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or Actual/360 or Actual/365 (Fixed) or [specify other]]
- (f) [Determination Date(s): [ ] in each year (Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon N. B. This will need to be amended in the case of regular interest payment dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))]
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
- (h) First Margin [ ]% per annum (Subordinated Notes or ATI Notes only)
- (i) Reference Rate [ ] (Subordinated Notes or ATI Notes only)
18. Floating Rate Note Provisions [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Interest Period(s) [ ]
- (b) Specified Interest Payment Dates: [ ]
- (c) First Interest Payment Date: [ ]
- (d) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (e) Business Centre(s): [ ]
- (f) Manner in which the Rate of Interest and Interest Amount [Screen Rate Determination/ISDA Determination/specify other] is to be determined:
- (g) Party responsible for calculating the Rate of Interest and Interest [ ]

Amount (if not the Paying Agent):

- (h) Screen Rate Determination:
- (i) Reference Rate: [ ] (*Either LIBOR, EURIBOR, HIBOR, SIBOR, SOR or other, although additional information is required if other — including fallback provisions in the Agency Agreement*)
- (ii) Interest Determination Date(s): [ ] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling, Hong Kong dollar or euro LIBOR), first day of each Interest Period if Sterling LIBOR or Hong Kong dollar LIBOR or HIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR or second Business Day prior to start of interest period if SIBOR/SOR*)
- (iii) Relevant Screen Page: [ ] (*In the case of EURIBOR, if not Reuters EURIBOROI ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
- (i) ISDA Determination:
- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]
- (j) Margin(s): [+/-] [ ]% per annum
- (k) Minimum Rate of Interest: [ ]% per annum
- (l) Maximum Rate of Interest: [ ]% per annum
- (m) Day Count Fraction: [Actual/Actual (ISDA) Actual/365 (Fixed) Actual/360 30/360 30E/360 30E/360 (ISDA) Other] (*See Condition 5 for alternatives*)
- (n) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]

19. **Zero Coupon Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

- (a) Accrual Yield: [ ]% per annum
- (b) Reference Price: [ ]
- (c) Any other formula/basis of determining amount payable: [ ]
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7.7(c) and 7.13 apply/specify other] *(Consider applicable day count fraction if not U.S. dollar denominated)*
20. Index Linked Interest Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Index/Formula: [Give or annex details]
- (b) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Paying Agent): [ ]
- (c) Provisions for determining reference to Index and/or Formula is impossible or impracticable: [Need to include a description of market disruption or Coupon where calculation by settlement disruption events and adjustment provisions]
- (d) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (f) Business Centre(s): [ ]
- (g) Minimum Rate of Interest: [ ]% per annum
- (h) Maximum Rate of Interest: [ ]% per annum
- (i) Day Count Fraction: [ ]
21. Dual Currency Interest Note Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (b) Party, if any, responsible for calculating the

principal and/or interest due (if not the Paying Agent):

- (c) Provisions applicable where Rate of Exchange is impossible or impracticable: *[Need to include a description of market disruption or calculation by reference to settlement disruption events and adjustment provisions]*
- (d) Person at whose option [ ] Specified Currency(ies) is/are payable:

#### PROVISIONS RELATING TO REDEMPTION

- 22. Issuer Call: *[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)*
  - (a) Optional Redemption Date(s): *[ ]*
  - (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): *[[ ] per Calculation Amount/specify other]*
  - (c) If redeemable in part:
    - (i) Minimum Redemption Amount: *[ ] per Calculation Amount*
    - (ii) Maximum Redemption Amount: *[ ] per Calculation Amount*
  - (d) Notice period (if other than as set out in the Conditions): *[ ] (NB. If setting notice periods which are different to set those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*
- 23. Investor Put: *[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph. Investor Put will not be applicable to Subordinated Notes or ATI Notes)*
  - (a) Optional Redemption Date(s): *[ ]*
  - (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): *[[ ] per Calculation Amount/specify other]*



- (c) Notice period (if other than as set out in the Conditions): [ ] (NB. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)
24. Final Redemption Amount: [[ ] per Calculation Amount/specify other/see Appendix]
25. Early Redemption Amount payable [[ ] per Calculation Amount/ specify other/see Appendix] on redemption or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.7): [ ] per Calculation Amount/specify other/see Appendix]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes: [Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Bearer Notes: Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Bearer Notes: Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]
- [Registered Notes: Registered Global Note ([ ] nominal amount)]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves. N.B. The exchange upon notice/at any time options for Bearer Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[ ] and integral multiples of [ ] in excess thereof up to and including [ ]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*
27. Financial Centre(s) or Payment Days: [Not Applicable/give details] (Note that this paragraph other special provisions relating to relates to the place of payment and not Interest Period end dates to which subparagraphs 17(b), 18(d) and 20(f) relate)

28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest on late payment: [Not Applicable/*give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
30. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/*give details*]
- (b) Instalment Date(s): [Not Applicable/*give details*]
31. Redenomination applicable: Redenomination [not] applicable (If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))
32. Other terms: [Not Applicable/*give details*]

#### **DISTRIBUTION**

33. If syndicated, names of Managers: [Not Applicable/*give names*]
- (a) Date of Subscription Agreement [ ]
- (b) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
34. If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
35. U.S. Selling Restrictions: Reg. S Category 1; [TEFRA D/TEFRA C/TEFRA not applicable]
36. Additional selling restrictions: [Not Applicable/*give details*]

#### **Operational Information**

37. Any clearing system(s) other than CDP, the CMU Service, Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CDP/CMU/Not Applicable/*give name(s) and number(s)*]
38. Delivery: Delivery [against/free of] payment

39. Additional Paying Agent(s) (if [ ]  
any):

ISIN: [ ]

Common Code: [ ]

*(insert here any other relevant codes such as a CMU instrument number)*

40. Ratings [The Notes to be issued will not be rated/The Notes to be issued have been rated:]

[S&P: [ ]]

[Fitch: [ ]]

[[Other: [ ]]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

41. Utilisation of proceeds raised  
from the issue

#### **[LISTING APPLICATION**

This Pricing Supplement comprises the pricing supplement required to list the issue of Notes described herein pursuant to the U.S.\$15,000,000,000 Multicurrency Medium Term Note Programme of Malayan Banking Berhad.]

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

[The Singapore Exchange Securities Trading Limited (the "SGX-ST") assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The approval in-principle from, and the admission of the Notes to the Official List of, the SGX-ST are not to be taken as indications of the merits of the Issuer, the Group, the Programme or the Notes.] *[Insert if Notes are listed on the SGX-ST]*

[The Labuan International Financial Exchange Inc. (the "LFX") assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Pricing Supplement, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Pricing Supplement. Investors are advised to read and understand the contents of the Offering Circular and this Pricing Supplement before investing. If in doubt, the investor should consult his or her adviser. Admission to the Official List of the LFX is not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.][*Insert if Notes are listed on the LFX*]

[The Taipei Exchange (the "TPEX") is not responsible for the content of this document and the Offering Circular and any amendment and supplement thereto and no representation is made by the TPEX to the accuracy or completeness of this document and the Offering Circular and any amendment and supplement thereto. TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this document and the Offering Circular and

any amendment and supplement thereto. Admission to the listing and trading of the Notes on the TPEX shall not be taken as an indication of the merits of the Issuer or the Notes.] *[Insert if the Notes are listed the TPEX]*

Signed on behalf of the Issuer:

By:

*Duly authorised*

## TERMS AND CONDITIONS OF THE NOTES

*The following (other than paragraphs in italics) are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each Definitive Bearer Note (as defined below) and each Definitive Registered Note (as defined below), but in the case of Definitive Bearer Notes and Definitive Registered Notes, only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Definitive Bearer Note or Definitive Registered Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Malayan Banking Berhad (the "**Issuer**"), from time to time acting either directly or through its Hong Kong Branch or its Singapore Branch or such other branch as specified in the applicable Pricing Supplement, pursuant to the Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the currency specified herein or, if none is specified, the currency in which the Notes are denominated (the "**Specified Currency**");
- (b) any Global Note in bearer form (each a "**Bearer Global Note**");
- (c) any Global Notes in registered form (each a "**Registered Global Note**");
- (d) any definitive Notes in bearer form ("**Definitive Bearer Notes**", together with the Bearer Global Notes, the "**Bearer Notes**") issued in exchange for a Global Note in bearer form; and
- (e) any definitive Notes in registered form ("**Definitive Registered Notes**", together with the Registered Global Notes, the "**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 25 April 2018 and made between the Issuer, The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor fiscal agent), The Hongkong and Shanghai Banking Corporation Limited as CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**", which expression shall include any successor CMU lodging and paying agent) and the other paying agents named therein (together with the Fiscal Agent and the CMU Lodging and Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), The Hongkong and Shanghai Banking Corporation Limited as registrar (the "**Registrar**", which expression shall include any successor registrar) and as transfer agent (together with the Registrar and the other transfer agents named therein, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents) and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch as fiscal agent, registrar, paying agent and transfer agent in Singapore solely for the purposes in connection with Notes cleared or to be cleared through The Central Depository (Pte) Limited (the "**Singapore CDP Agent**", which expression shall include any successor agent in Singapore).

For the purposes of these Terms and Conditions (the "**Conditions**"), (i) all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Fiscal Agent shall, with respect to a Series of Notes to be held in the CMU Service (as defined below), be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be

construed accordingly, and (ii) all references to the Fiscal Agent, Paying Agent, Registrar and Transfer Agent shall, with respect to a Series of Notes to be cleared or cleared through the CDP (as defined below), be deemed to be a reference to the Singapore CDP Agent and all such references shall be construed accordingly.

Interest bearing Definitive Bearer Notes have interest coupons ("**Coupons**") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Bearer Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Definitive Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in the Pricing Supplement attached to or endorsed on this Note which supplements the Conditions and may specify other terms and conditions, which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "**applicable Pricing Supplement**" are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean (in the case of Definitive Bearer Notes) the holders of the Notes and (in the case of Definitive Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, (unless this is a Zero Coupon Note) Interest Commencement Dates and/or Issue Prices.

In the case of Notes cleared through Euroclear, Clearstream, Luxembourg or the CMU Service (each as defined below), the Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "**ECC Deed of Covenant**") dated 14 May 2012 and made by the Issuer. The original of the ECC Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg.

Where the Notes are cleared through The Central Depository (Pte) Limited ("**CDP**"), the Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the CDP Deed of Covenant made by the Issuer and dated 14 May 2012, as amended and supplemented by a supplemental deed of covenant dated 25 April 2018 (the "**CDP Deed of Covenant**", together with the ECC Deed of Covenant, the "**Deeds of Covenant**", and each "**a Deed of Covenant**"), and as amended, varied or supplemented from time to time.

Copies of the Agency Agreement and the Deeds of Covenant are available for inspection during normal business hours at the registered office for the time being of the Fiscal Agent being at Level 30, HSBC Main Building, 1 Queen's Road Central, Central, Hong Kong and at the specified office of each of the Registrar, the other Paying Agents and Transfer Agents (such Paying Agents and the Registrar being together referred to as "**Agents**"). Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of the Issuer and of the Fiscal Agent save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer or the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Agency Agreement, the Deed of Covenants and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

#### 1. **FORM, DENOMINATION AND TITLE**

The Notes are issued in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Notes in bearer form may not be exchanged for Notes in registered form and vice versa.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

This Note may also be a Senior Note, a Subordinated Note or an AT1 Note, as indicated in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to Definitive Bearer Notes, Receipts and Coupons will pass by delivery and title to Definitive Registered Notes will pass upon registration of transfers in the register which is kept by the Registrar in accordance with the provisions of the Agency Agreement. The Issuer and the Agents will (except as otherwise required by law) deem and treat the bearer of any Definitive Bearer Note, Receipt or Coupon and the registered holder of any Definitive Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes, but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of CDP, Euroclear Bank S.A./N.V. ("**Euroclear**"), Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or a sub-custodian for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority ("**the CMU Service**"), each person (other than CDP, Euroclear or Clearstream, Luxembourg or the CMU Service) who is for the time being shown in the records of CDP, Euroclear, Clearstream, Luxembourg or the CMU Service as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by CDP, Euroclear or Clearstream, Luxembourg or the CMU Service as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of CDP, Euroclear, Clearstream, Luxembourg and the CMU Service, as the case may be.

References to CDP, Euroclear, Clearstream, Luxembourg and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and the Fiscal Agent.

## **2. TRANSFERS OF REGISTERED NOTES**

### **2.1 Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by CDP, Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Registered Notes or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of CDP, Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for CDP, Euroclear, Clearstream, Luxembourg or the CMU Service (as the case may be) shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of CDP, Euroclear, Clearstream, Luxembourg or the CMU Service (as the case may be) or to a successor if CDP, Euroclear, Clearstream, Luxembourg or the CMU Service (as the case may be) or such successor's nominee.

### **2.2 Transfers of Definitive Registered Notes**

Subject as provided in Condition 2.5 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Definitive Registered Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer:

- (i) the holder or holders must:
  - (A) surrender the Definitive Registered Note for registration of the transfer of the Definitive Registered Note (or the relevant part of the Definitive Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and
  - (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent; and
- (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 9 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within ten business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Definitive Registered Note in definitive form of a like aggregate nominal amount to the Definitive Registered Note (or the relevant part of the Definitive Registered Note) transferred. In the case of the transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance of the



Definitive Registered Note not transferred will be authenticated and delivered or (at the risk of the transferor) sent to the transferor.

### 2.3 **Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Definitive Registered Note, or part of a Definitive Registered Note, called for partial redemption.

### 2.4 **Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

### 2.5 **Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered during the period of (i) 15 days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer pursuant to Condition 7.3 and (iii) during the period of seven days ending on (and including) any Record Date.

### 2.6 **Exchanges and transfers of Definitive Registered Notes generally**

Holders of Definitive Registered Notes may exchange such Notes for interests in a Registered Global Note of the same type at any time.

## 3. **STATUS OF THE NOTES**

### 3.1 **Status of the Senior Notes**

*This Condition 3.1 applies only to Notes specified in the applicable Pricing Supplement as being Senior Notes.*

The Notes the status of which is specified in the applicable Pricing Supplement as Senior (the "**Senior Notes**") and any relative Receipts and Coupons constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

### 3.2 **Status of the Subordinated Notes**

*This Condition 3.2 applies only to Notes specified in the applicable Pricing Supplement as being Subordinated Notes.*

Notes the status of which is specified in the applicable Pricing Supplement as Subordinated ("**Subordinated Notes**") and any relative Receipts and Coupons constitute direct, unconditional, unsecured and, in accordance with this Condition 3.2, subordinated obligations of the Issuer, ranking *pari passu* without any preference among themselves.

In the event of a Winding-Up of the Issuer, the claims of Noteholders against the Issuer in respect of the Subordinated Notes and any relative Receipts and Coupons shall (a) be subordinated in right of payment to the claims of all Unsubordinated Creditors of the Issuer, (b) rank senior in right of payment to the rights and claims of creditors in respect of Subordinated Indebtedness and (c) rank *pari passu* in right of payment with the rights and claims of creditors in respect of Tier 2 Capital Securities.

The provisions of this Condition 3.2 apply only to claims in respect of principal and interest on the Subordinated Notes. To the fullest extent permitted by applicable law, each Noteholder irrevocably waives its rights as a creditor to the extent necessary to give effect to the subordination provision of these Conditions in relation to the Subordinated Notes.

### 3.3 Status of the AT1 Notes

*This Condition 3.3 applies only to Notes specified in the applicable Pricing Supplement as being AT1 Notes.*

Notes the status of which is specified in the applicable Pricing Supplement as AT1 ("**AT1 Notes**") and any relative Receipts and Coupons constitute direct, unconditional, unsecured and, in accordance with this Condition 3.3, subordinated obligations of the Issuer ranking *pari passu* without any preference among themselves.

In the event of a Winding-Up of the Issuer, the claims of Noteholders against the Issuer in respect of the AT1 Notes and any relative Receipts and Coupons shall (a) be subordinated in right of payment to the claims of all Senior Creditors (including, but not limited to creditors in respect of Tier 2 Capital Securities, (b) rank senior in right of payment to the rights and claims of creditors in respect of Junior Obligations and (c) rank *pari passu* in right of payment with the rights and claims of creditors in respect of Parity Obligations.

The provisions of this Condition 3.3 apply only to claims in respect of principal and interest on the AT1 Notes. To the fullest extent permitted by applicable law, each Noteholder irrevocably waives its rights as a creditor to the extent necessary to give effect to the subordination provisions of these Conditions in relation to the AT1 Notes.

### 3.4 Definitions

For the purposes of these Conditions:

"**BNM**" means Bank Negara Malaysia or any successor thereto as the primary regulator of the Issuer;

"**BNM Capital Adequacy Framework**" means BNM's *Capital Adequacy Framework (Capital Components)* issued by BNM on 2 February 2018;

"**Junior Obligation**" means ordinary shares of any class of the Issuer;

"**Parity Obligation**" means that class of preference shares of the Issuer that rank in right of payment at the most junior level on a Winding-Up and any security or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes or would qualify (other than because the Issuer has otherwise in issue Additional Tier 1 Capital (as defined in the BNM Capital Adequacy Framework) up to the limit prescribed or allowed from time to time by BNM) as Additional Tier 1 Capital of the Issuer on an unconsolidated or consolidated basis, pursuant to the relevant requirements issued by BNM from time to time and currently set out in the BNM Capital Adequacy Framework, or otherwise ranks on a Winding-Up or is expressed to rank on a Winding-Up, by its terms or by operation of law, *pari passu* with the AT1 Notes;

"**Senior Creditors**" means (i) creditors of the Issuer (including, but not limited to, holders of any security or other similar obligation issued, entered into or guaranteed by the Issuer that constitutes Tier 2 Capital Securities) other than those whose claims rank on a Winding-Up or are expressed to rank on a Winding-Up, by their terms or by operation of law, *pari passu* with or junior to the claims of the Noteholders in respect of AT1 Notes; and (ii) creditors in respect of any class of the Issuer's share capital (other than that class of preference shares that ranks most junior in right of payment on a Winding-Up and any class of ordinary shares);

"**Tier 1 Capital Securities**" means any security or similar obligation issued by the Issuer that constitutes Tier 1 Capital, Additional Tier 1 Capital, Innovative Tier 1 Capital, Non-

Innovative Tier 1 Capital or any other such capital intended to constitute Tier 1 capital of the Issuer (including, but not limited to, the AT1 Notes) pursuant to the relevant requirements issued by BNM from time to time and currently set out in the BNM Capital Adequacy Framework;

"**Tier 2 Capital Securities**" means (i) any security issued by the Issuer or (ii) any similar obligation issued by a subsidiary of the Issuer and 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 issued by BNM from time to time and currently set out in the BNM Capital Adequacy Framework;

"**Subordinated Indebtedness**" means all indebtedness of the Issuer that is or is expressed on a Winding-Up of the Issuer to be subordinated in right of payment to rank junior to the Subordinated Notes and shall include all classes of equity securities of the Issuer, including preference shares and any Tier 1 Capital Securities;

"**Unsubordinated Creditors**" means (a) all depositors of the Issuer and (b) all other creditors of the Issuer other than creditors in respect of Subordinated Indebtedness and creditors that rank or are expressed to rank *pari passu* in right of payment with the Subordinated Notes (in each case including liabilities of the offices and branches of the Issuer, wherever located); and

"**Winding-Up**" means, with respect to the Issuer, a final and effective order or resolution for the bankruptcy, winding-up, liquidation, receivership or similar proceeding in respect of the Issuer.

*The subordination provisions set out in Conditions 3.2 and 3.3 above will be effective only upon the occurrence of any Winding-Up of the Issuer. On a Winding-Up of the Issuer, there may be no surplus assets available to meet the claims of the Noteholders, Receiptholders or Couponholders of the Subordinated Notes and/or the AT1 Notes after the claims of the parties ranking senior to the Noteholders, Receiptholders and Couponholders of the Subordinated Notes and/or the AT1 Notes have been satisfied.*

*The terms and conditions of the Subordinated Notes and the AT1 Notes are subject to applicable legal and regulatory provisions governing the status of capital adequacy and subordinated securities of Malaysian banks. Accordingly, further provisions relating to the terms of any Subordinated Notes and/or the AT1 Notes issued under this Programme (which may include any further procedures required by the Fiscal Agent, the Registrar, CDP, Euroclear, Clearstream, Luxembourg or the CMU Service) will, if applicable, be set out in the applicable Pricing Supplement.*

#### 4. **NEGATIVE PLEDGE**

*This Condition 4 applies only to Notes specified in the applicable Pricing Supplement as being Senior Notes.*

So long as any of the Senior Notes and the relative Receipts or Coupons remains outstanding (as defined in the Agency Agreement) the Issuer will not create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest (each a "**Security Interest**") other than a Permitted Security Interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) unless, at the same time or prior thereto:

- (i) the Issuer's obligations under the Senior Notes are secured equally and rateably therewith; or
- (ii) such other Security Interest is provided as is approved by an Extraordinary Resolution of the Noteholders.

In this Condition 4,

**"Relevant Indebtedness"** means any present or future indebtedness, or any guarantee in respect of any present or future indebtedness, in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which by their terms (i) are payable in a currency other than Ringgit or are denominated in Ringgit and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside Malaysia by, or with the authorisation of, the Issuer; and (ii) which are quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter or other securities market outside Malaysia;

**"Covered Bond Legislation"** means any statute, decree, regulations or rules promulgated by any competent authority of or in Malaysia governing the issuance of covered bonds; and

**"Permitted Security Interest"** means any Security Interest created upon any part of the undertaking, assets or revenues, present or future of the Issuer to secure any Relevant Indebtedness in connection with and in compliance with any Covered Bond Legislation or where creditors thereof have recourse only to a defined pool of underlying assets or revenues of the Issuer intended to form any part of the assets or revenues in respect of which a priority claim in favour of covered bondholders may be given.

## 5. INTEREST

### 5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or if it is a Partly Paid Note, the nominal amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions:

**"Fixed Interest Period"** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date; and

**"Reference Banks"** means, in the case of a determination of the London interbank offered rate ("**LIBOR**"), the principal London office of four major banks in the London interbank market, in the case of a determination of the Euro-zone interbank offered rate ("**EURIBOR**"), the principal Euro-zone office of four major banks in the Euro-zone interbank market, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong interbank market, and in the case of a determination of the Singapore Dollar interbank offered rate ("**SIBOR**") or the Singapore Dollar swap offer rate ("**SOR**"), the principal Singapore offices of each of the three major banks in the Singapore interbank market, in each case selected by the Fiscal Agent or as specified in the applicable Pricing Supplement.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

- (a) if **"Actual/Actual (ICMA)"** is specified in the applicable Pricing Supplement:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **"Accrual Period"**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (b) if **"30/360"** is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (c) if **"Actual/365 (Fixed)"** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365.

In this Condition 5.1:

**"Determination Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**"sub-unit"** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 5.2 **Reset Interest on Subordinated Notes and AT1 Notes**

*This Condition 5.2 applies only to Notes specified in the applicable Pricing Supplement as being Subordinated Notes or AT1 Notes.*

### (a) **Rates of Interest and Interest Payment Dates**

Each Subordinated Note and AT1 Note (as the case may be) to which Condition 7.3 applies, shall bear interest:

- (i) from (and including) the Interest Commencement Date until (but excluding) the first Optional Redemption Date specified in Pricing Supplement at the rate(s) per annum equal to the Rate(s) of Interest;
- (ii) from (and including) the first Optional Redemption Date until (but excluding) the second Optional Redemption Date specified in the Pricing Supplement or if no such second Optional Redemption Date is so specified, until the Maturity Date (if any) at a rate per annum equal to the First Reset Rate of Interest; and
- (iii) for each subsequent period from (and including) an Optional Redemption Date, to (but excluding) the next following Optional Redemption Date (if any) at a rate per annum equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in accordance with Condition 5.1. The Rate of Interest and the amount of interest (the "**Interest Amount**") payable shall be determined by the Calculation Agent (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 5.1.

In these Terms and Conditions:

**"First Margin"** means the margin specified as such in the applicable Pricing Supplement;

**"First Reset Period"** means the period from (and including) the first Optional Redemption Date until (but excluding) the second Optional Redemption Date, or if no such second Optional Redemption Date is specified in the applicable Pricing Supplement, the Maturity Date;

**"First Reset Rate of Interest"** means, in respect of the First Reset Period and subject to Condition 5.2(b), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the Reference Rate and the First Margin;

**"Rate(s) of Interest"** has the meaning specified in the applicable Pricing Supplement;

**"Reference Rate"** has the meaning specified in the applicable Pricing Supplement;

**"Reset Determination Date"** means, in respect of the First Reset Period, the second Business Day prior to the first Optional Redemption Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the second Optional Redemption Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each Subsequent Reset Period;

**"Reset Period"** means the First Reset Period or any Subsequent Reset Period, as the case may be;

**"Subsequent Reset Period"** means the period from (and including) the second Optional Redemption Date to (but excluding) the next subsequent Optional Redemption Date and each successive period from (and including) a subsequent

Optional Redemption Date to (but excluding) the next succeeding Optional Redemption Date; and

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 5.2(b), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reference Rate and First Margin.

(b) ***Fallbacks***

If on any Reset Determination Date, the Relevant Screen Page is not available or the Reference Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its quotation for such Reference Rate as at approximately 11.00 am in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with the Reference Rate quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Reference Rate quotations and the First Margin, all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Reference Rate quotation as provided in the foregoing paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Optional Redemption Date, or in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Rate of Interest specified in the applicable Pricing Supplement.

For the purposes of Condition 5.2(b) "**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks active in the market most closely connected with the Reference Rate as selected by the Calculation Agent.

(c) ***Notification of First Reset Rate of Interest, Subsequent Reset Rate of Interest and Interest Amount***

The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period to be notified to the Issuer, the Fiscal Agent and any stock exchange or other relevant authority on which the relevant Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth Business Day thereafter.

(d) ***Certificates to be Final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5.2 shall (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of bad faith and wilful default) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Calculation Agent or the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### 5.3 Interest on Floating Rate Notes and Index Linked Interest Notes

#### (a) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or if it is a Partly Paid Note, the nominal amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

In this Condition 5.3, if a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.3(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is both:

- I a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Business Centre specified in the applicable Pricing Supplement; and
- II either (i) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and



foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open or (iii) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes:

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period shall be determined by the Calculation Agent at a rate equal to the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on LIBOR, EURIBOR or on the Hong Kong interbank offered rate ("**HIBOR**"), the first day of that Interest Period or (b) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being LIBOR, EURIBOR or HIBOR:

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or any such successor or replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR, or Hong Kong time, in the case of HIBOR) (in each case, the "**Specified Time**") on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Fiscal Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of paragraph (A) above, no offered quotation appears or if, in the case of paragraph (B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Fiscal Agent shall request each of the Reference Banks to provide the Fiscal Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Fiscal Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Fiscal Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Fiscal Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Fiscal Agent by the Reference Banks or any two or more of them, at which such banks were offered, at the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London interbank market (if the Reference Rate is LIBOR), the Euro-zone interbank market (if the Reference Rate is EURIBOR), or the Hong Kong interbank market (if the Reference Rate is HIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Fiscal Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Fiscal Agent it is quoting to leading banks in the London interbank market (if the Reference Rate is LIBOR), the Euro-zone interbank market (if the Reference Rate is EURIBOR), the Hong Kong interbank market (if the Reference Rate is HIBOR) or the Singapore interbank market (if the Reference Rate is SIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

- (iii) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SIBOR or SOR:
  - (A) Each Floating Rate Note where the Reference Rate is specified as being SIBOR (in which case such Note will be a "**SIBOR Note**") or SOR (in which case such Note will be a "**Swap Rate Note**") bears interest at a floating rate determined by reference to a benchmark as specified hereon or in any case such other benchmark as specified hereon.
  - (B) The Rate of Interest payable from time to time in respect of each Floating Rate Note under this Condition 5.3(b)(iii) will be determined by the Fiscal Agent on the basis of the following provisions:
    - (I) in the case of Floating Rate Notes which are SIBOR Notes
      - (aa) the Fiscal Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 page under the caption "ABS — SIBOR FIX — SIBOR AND SWAP OFFER RATES — RATES AT 11.00 HRS SINGAPORE TIME" and the column headed "SGD SIBOR" (or such other Relevant Screen Page);
      - (bb) if no such rate appears on the Reuters Screen ABSIRFIX01 page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen ABSIRFIX01 page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Fiscal Agent will determine the Rate of Interest for such Interest Period as being the rate (or if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary to the nearest 1/16 per cent.) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or any such other relevant authority as the Fiscal Agent may select;
      - (cc) if on any Interest Determination Date the Fiscal Agent is otherwise unable to determine the Rate of Interest under paragraphs (aa) and (bb) above, the Fiscal Agent will request the principal Singapore offices of each of the Reference Banks to provide the Fiscal Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate nominal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Fiscal Agent;
      - (dd) if on any Interest Determination Date two but not all the Reference Banks provide the Fiscal Agent with such

quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (bb) above on the basis of the quotations of those Reference Banks providing such quotations; and

- (ee) if on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Fiscal Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Fiscal Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate nominal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate or if on such Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent with such quotation, the rate per annum which the Fiscal Agent determines to be arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the relevant time on such Interest Determination Date.

(II) in the case of Floating Rate Notes which are Swap Rate Notes

- (aa) the Fiscal Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period;
- (bb) if on any Interest Determination Date no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Fiscal Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16 per cent.)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Fiscal Agent may select; and

(cc) if on any Interest Determination Date the Fiscal Agent is otherwise unable to determine the Rate of Interest under paragraphs (aa) and (bb) above, the Rate of Interest shall be determined by the Fiscal Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Fiscal Agent at or about 11.00 a.m. (Singapore time) on the first Business Day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate, or if on such day one only or none of the Singapore offices of the Reference Banks provides the Fiscal Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date.

(C) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR or HIBOR or SIBOR or SOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(c) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Fiscal Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Fiscal Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Fiscal Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will calculate the amount of interest (the "**Interest**

**Amount**") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest in accordance with this Condition 5.3:

- (i) if **"Actual/Actual (ISDA)"** or **"Actual/Actual"** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Fixed)"** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (iii) if **"Actual/360"** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (iv) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**"Y1"** is the year, expressed as a number, in which the first day of the Interest Period falls;

**"Y2"** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**"M1"** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**"M2"** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**"D1"** is the first calendar day, expressed as a number, of the Interest Period,

unless such number is 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (v) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

- (vi) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

(e) ***Notification of Rate of Interest and Interest Amounts***

The Fiscal Agent or if applicable, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "**Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in each Business Centre specified in the applicable Pricing Supplement.

(f) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.3, whether by the Fiscal Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith and manifest error) be binding on the Issuer, the Fiscal Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default and bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Fiscal Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.4 **Interest on Dual Currency Interest Notes**

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

5.5 **Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

5.6 **Accrual of interest**

Each interest-bearing Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.



## 5.7 Limitation on Payment

*This Condition 5.7 applies only to Notes specified in the applicable Pricing Supplement as being AT1 Notes.*

The Issuer may, at its sole discretion and without giving prior notice to Noteholders, taking into account its specific financial and solvency condition and provided that no Regulatory Capital Event (as defined in Condition 7.6) has occurred and is continuing), elect to cancel any payment of interest in respect of any Series of AT1 Notes, in whole or in part and on a non-cumulative basis. Any interest so cancelled shall no longer be due and payable at any time by the Issuer and shall cease to accrue, whether on a Winding-Up of the Issuer or otherwise. Cancellation of any interest payment shall not constitute an Event of Default under Condition 10.2 and shall not entitle Noteholders to petition for the insolvency or Winding-Up of the Issuer. Where the Issuer does not make a payment of interest on any Interest Payment Date, or makes only a part thereof, such non-payment or partial payment, as the case may be, shall be deemed to be evidence that the Issuer has elected to cancel such payment of interest (or the relevant part thereof) and, accordingly, such amount of interest (or part thereof) shall not be due and payable.

If on any Interest Payment Date, a Regulatory Capital Event in respect of any Series of AT1 Notes has occurred prior to or on such date and is continuing, the Issuer shall, in respect of such Series, be obliged to pay the interest accrued and payable in respect of the Interest Period which ends on that Interest Payment Date and this Condition 5.7 and Condition 5.8 shall cease to apply thereto.

The Issuer shall, only if practicable, provide notice of any cancellation of an interest payment or part thereof to the Noteholders in accordance with Condition 14 and the Fiscal Agent on or prior to the relevant Interest Payment Date. If practicable, the Issuer shall endeavour to give any such notice no later than five Business Days prior to the relevant Interest Payment Date, but failure to give such notice will not invalidate the Issuer's election to cancel the relevant payment of interest or part thereof and shall not give rise to any rights on behalf of the Noteholders.

No Noteholder shall have any claim whatsoever in respect of any interest or part thereof cancelled or not paid by the Issuer under this Condition 5.7. Accordingly, (i) such cancelled interest or part thereof shall cease to accrue and no accumulation shall be deemed to have been made in respect of it for the benefit of the Noteholders; and (ii) Noteholders shall not be entitled to any claim against the Issuer in respect of any amount of cancelled interest.

## 5.8 Distributable Reserves

*This Condition 5.8 applies only to Notes specified in the applicable Pricing Supplement as being AT1 Notes.*

The Issuer may only pay interest in respect of any AT1 Note out of the amounts for the time being available to the Issuer for distribution as a dividend in compliance with Section 131 of the Malaysian Companies Act 2016 (as amended from time to time) as shown in the Issuer's latest audited financial statements ("**Distributable Reserves**"). If, at any time, the Issuer reasonably believes that the Distributable Reserves as at the next succeeding Interest Determination Date are (i) lower than the amount shown in the Issuer's then most recent audited financial statements and (ii) insufficient to pay the interest scheduled to be paid on the next succeeding Interest Payment Date and to pay any dividends or other distributions in respect of Parity Obligations on such Interest Payment Date, then two directors of the Issuer may provide a certificate (which certificate shall, in the absence of manifest error, be binding on the Noteholders and holders of Receipts and Coupons) on or prior to the relevant Interest Determination Date to the Noteholders in accordance with Condition 14 and the Fiscal Agent as to the amounts available for distribution on such Interest Determination Date and for the purposes of the relevant Interest Payment Date "**Distributable Reserves**" shall mean such lower amount as set out in such certificate.

For the purposes of this Condition 5.8, "**Interest Determination Date**" shall mean, with respect to any Interest Payment Date, the day falling two Business Days prior to such Interest Payment Date.

## 5.9 **Distribution Stopper**

*This Condition 5.9 applies only to Notes specified in the applicable Pricing Supplement as being AT1 Notes.*

If on any Interest Payment Date, payment of any amount of interest of any AT1 Note scheduled to be made on such date is not so made by reason of an insufficiency of Distributable Reserves in accordance with Condition 5.8, the Issuer shall not,

- (a) declare or pay, or permit any subsidiary of the Issuer to declare or pay, any dividends or other distributions in respect of Junior Obligations (or contribute any monies to any sinking fund for the payment of any dividends or other distributions in respect of such Junior Obligations); or
- (b) declare or pay, or permit any subsidiary of the Issuer to declare or pay, any dividends or other distributions in respect of Parity Obligations, 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 monies to any sinking fund for the payment of any dividends or other distributions in respect of any such Parity Obligations); or
- (c) 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 monies to any sinking fund for the redemption, capital reduction, buy-back or acquisition of any such Junior Obligations); or
- (d) 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 monies to any sinking fund for the redemption, capital reduction, buy-back or acquisition of any such Parity Obligations),

in each case, until:

- (i) interest scheduled to be paid in respect of the AT1 Notes in respect of consecutive Interest Periods equal to or exceeding 12 calendar months shall have been paid in full (or an equivalent amount shall have been paid or irrevocably set aside in a separately designated trust account for payment to the Noteholders); or
- (ii) the Issuer is permitted to take any such action as contemplated in any of paragraphs (a) to (d) above by an Extraordinary Resolution of Noteholders.

## 6. **PAYMENTS**

### 6.1 **Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro and Renminbi will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);

- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (c) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

Save as provided in Condition 8, payments will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

## 6.2 **Presentation of Definitive Bearer Notes, Receipts and Coupons**

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the U.S. (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form not held in the CMU Service becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than

the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Note.

### 6.3 **Payments in respect of Bearer Global Notes**

Payments of principal and interest (if any) in respect of any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes or otherwise in the manner specified in the relevant Bearer Global Note (i) in the case of a Bearer Global Note lodged with the CMU Service, to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited as being held by the CMU Service in accordance with the CMU Rules, or (ii) in the case of a Bearer Global Note not lodged with the CMU Service, against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the U.S. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made (in the case of a Global Note not lodged with the CMU Service) on such Bearer Global Note by the Paying Agent to which it was presented or (in the case of a Global Note lodged with the CMU Service) on withdrawal of the Bearer Global Note by the CMU Lodging and Paying Agent, and in each such case such record shall be prima facie evidence that the payment in question has been made.

### 6.4 **Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**") (i) where in global form at the close of the business day (being for this purpose, in respect of Notes clearing through CDP, Euroclear and Clearstream, Luxembourg, a day on which CDP, Euroclear and Clearstream, Luxembourg are open for business and, in respect of Notes clearing through the CMU Service, a day on which the CMU Service is open for business) before the relevant due date and (ii) where in definitive form at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment (in the case of a currency other than Renminbi) will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and, in the case of a payment in Renminbi, means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro and Renminbi) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro and (in the case of a payment in Renminbi) a bank in Hong Kong.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency (other than Renminbi) drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register, (i) where in global form at the close of the business day (being for this purpose, in respect of Notes clearing through CDP, Euroclear and Clearstream, Luxembourg, a day on which CDP, Euroclear and Clearstream, Luxembourg are open for business and, in respect of Notes clearing through the CMU Service, a day on which the CMU Service is open for business) before the relevant due date and (ii) where in definitive form at the close of business on the fifth day (in the case of Renminbi) and the 15th day (in the case of currency other than Renminbi, whether or not such 15th day is a business day) before the relevant due date (the "**Record Date**") at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest or an instalment of principal (other than the final instalment) in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holder by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

#### 6.5 **General provisions applicable to payments**

The holder of a Global Note shall be the only person(s) entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of CDP, Euroclear, Clearstream, Luxembourg or the CMU Service, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to CDP, Euroclear, Clearstream, Luxembourg or the CMU Service, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Definitive Bearer or Bearer Global Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the U.S. if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the U.S. of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

- (b) payment of the full amount of such principal and interest at all such specified offices outside the U.S. is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under U.S. law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

## 6.6 **Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day (as defined below), the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) the relevant place of presentation;
  - (ii) each Financial Centre specified in the applicable Pricing Supplement; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open or (C) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments.

## 6.7 **Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.7); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 and any Arrears of Interest (if applicable).

## 6.8 **Currency Fallback**

If the Notes are denominated in Renminbi and the Renminbi is not available for delivery outside the PRC when any payment on the Notes is due as a result of circumstances beyond the control of the Issuer, the Issuer shall be entitled to satisfy the obligations in respect of such payment by making such payment in U.S. dollars on the basis of the Spot Rate on the second Business Day prior to such payment or, if such rate is not available on such second Business Day, on the basis of the rate most recently available prior to such second Business Day.

Any payment made under such circumstances in U.S. dollars will constitute valid payment, and will not constitute a default in respect of the Notes.

In the event of a payment pursuant to this Condition 6.8, the following modifications shall be made in respect of the Conditions:

- (a) the following language shall be included at the end of Condition 6.1 (a);  
"unless Condition 6.8 applies, in which case payments will be made by credit or transfer to a U.S. dollar denominated account with a bank in New York City"; and
- (b) for the purpose of Condition 6.6(b), the Specified Currency will be deemed to be U.S. dollars;

For the purpose of this Condition 6.8:

**"Spot Rate"** means the spot U.S. dollar/Renminbi exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong, as determined by the Fiscal Agent at or around 11.00 a.m. (Hong Kong time) on the date of determination, on a deliverable basis by reference to Reuters Screen page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen page TRADNDF. If neither rate is available, the Fiscal Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the date of determination as the most recently available Renminbi/U.S. dollar official fixing rate for settlement in two Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

The Fiscal Agent will not be responsible or liable to the Issuer or any holder of the Notes for any determination of any Spot Rate determined in accordance with this Condition 6.8 in the absence of its own gross negligence or wilful misconduct.

## 7. **REDEMPTION AND PURCHASE**

### 7.1 **Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note (other than the AT1 Note) (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

### 7.2 **Redemption for tax reasons**

Subject (in the case of Subordinated Notes or AT1 Notes) to the Redemption Conditions, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor

more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable) on the occurrence of a Tax Event, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or give effect to such treatment, as the case may be, were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent, as its agent, a certificate signed by two Directors of the Issuer (i) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem have occurred, (ii) attaching an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts or, in the case of Subordinated Notes or AT1 Notes is no longer entitled to obtain the relevant deductions, as a result of such change or amendment and (iii) in the case of Subordinated Notes or AT1 Notes, certifying that BNM or any successor thereto has consented to such redemption; and the Fiscal Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, Receiptholders and the Couponholders, and shall make available such certificates for inspection during normal business hours at its registered office for the time being.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.7 below together (if appropriate) with interest accrued to (but excluding) the date of redemption (which in the case of AT1 Notes shall mean such interest that is accrued but uncancelled and unpaid).

For the purposes of these Conditions "**Tax Event**" means:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes of the relevant Series; or
- (b) in the case of Subordinated Notes and AT1 Notes only, the Issuer is no longer entitled, or would not be entitled to obtain deductions for the purposes of Malaysian corporation tax in respect of payments of interest on the Subordinated Notes or AT1 Notes, as the case may be, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Subordinated Notes or AT1 Notes, as the case may be, of the relevant Series; and
- (c) in either case of (a) or (b), such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

### 7.3 **Redemption at the option of the Issuer ("Issuer Call")**

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Fiscal Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the



Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued (which for the AT1 Notes shall include any interest accrued but uncanceled and unpaid) to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of CDP and/or Euroclear and/or Clearstream, Luxembourg and/or the CMU Service (as appropriate), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Calculation Amount. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

Subordinated Notes and AT1 Notes may be redeemed at the option of the Issuer on any Optional Redemption Date falling at least five years from the date of issue of the relevant tranche of such Subordinated Notes or the AT1 Notes (as the case may be).

Any redemption of Subordinated Notes or AT1 Notes pursuant to an Issuer Call, a Tax Event or a Regulatory Capital Event (as defined below) will be subject to the following conditions (the "**Redemption Conditions**"):

- (i) the Issuer is solvent at the time of and immediately following the redemption of that tranche of Subordinated Notes or AT1 Notes, as the case may be;
- (ii) the Issuer has obtained the prior written approval of BNM; and
- (iii) the Issuer:
  - (a) shall, on or before the redemption of the Subordinated Notes or AT1 Notes, as the case may be, replace the Subordinated Notes or AT1 Notes, as the case may be, to be redeemed with capital of the same or better quality on terms that are sustainable for the income capacity of the Issuer; or
  - (b) demonstrates that its capital position following redemption of the Subordinated Notes or AT1 Notes, as the case may be, is well above the minimum capital requirements of the Capital Regulations.

A certificate signed by two Directors of the Issuer and delivered to the Fiscal Agent on or before the redemption certifying compliance with the Redemption Conditions shall (i) be sufficient evidence for Noteholders that the Issuer has complied with the Redemption Conditions and (ii) in the absence of manifest error, be binding on all Noteholders.

#### 7.4 **Redemption at the option of the Noteholders**

Neither Subordinated Notes nor AT1 Notes may be redeemed at the option of the Noteholders. If Investor Put is specified in the applicable Pricing Supplement, then, if and to the extent specified in the applicable Pricing Supplement, upon the holder of a Note, giving to the Issuer,

in accordance with Condition 14, not less than 15 nor more than 30 days' notice (or such other notice period as is specified in the applicable Pricing Supplement) (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Pricing Supplement in whole (but not in part) such Note on the Optional Redemption Date and at the relevant Optional Redemption Amount as specified in, or determined in the manner specified in, the applicable Pricing Supplement, together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement.

## 7.5 **Put Notices**

If the Note is in definitive form, to exercise the right to require redemption of such Note, the holder thereof must deliver such Note on any Business Day (as defined in Condition 5) falling within the notice period at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), at any time during the normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by, if such Note is in definitive form, such Note or evidence satisfactory to the Paying Agent concerned that such Note will, following delivery of the Put Notice, be held to its order or under its control and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If such Note is represented by a Global Note or is in definitive form and held through CDP, Euroclear, Clearstream, Luxembourg or the CMU Service, to exercise the right to require redemption of such Note, the holder thereof must, within the notice period, give notice to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) of such exercise in accordance with the standard procedures of CDP, Euroclear, Clearstream, Luxembourg and the CMU Service (which may include notice being given on his instruction by CDP, Euroclear or Clearstream, Luxembourg or the CMU Service or any common depositary, as the case may be, for them to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) by electronic means) in a form acceptable to CDP, Euroclear, Clearstream, Luxembourg and the CMU Service from time to time and, if such Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of CDP, Euroclear, Clearstream, Luxembourg or the CMU Service given by a holder of any Note pursuant to this Condition 7.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph.

## 7.6 **Redemption of Subordinated Notes or AT1 Notes on a Regulatory Capital Event**

*This Condition 7.6 applies only to Notes specified in the applicable Pricing Supplement as being Subordinated Notes or AT1 Notes.*

Subject to the Redemption Conditions, if, as a result of a change to the Capital Requirements which change is continuing, in relation to:

- (a) the qualification of any Subordinated Notes as Tier 2 Capital Securities or the AT1 Notes as Tier 1 Capital Securities, as the case may be; or
- (b) the inclusion of any Subordinated Notes or any AT1 Notes, as the case may be, in the calculation of the Issuer's capital adequacy ratio,

which change or amendment:

- (i) becomes, or would become, effective on or after the date of issue of such Subordinated Notes or AT1 Notes, as the case may be; or
- (ii) is issued by BNM on or after the date of issue of such Subordinated Notes or AT1 Notes, as the case may be,

the relevant Subordinated Notes or the relevant AT1 Notes, as the case may be, (in whole or in part) would not qualify as Tier 2 Capital Securities or as Tier 1 Capital Securities, respectively (excluding, for the avoidance of doubt where such Subordinated Notes cease to qualify solely by virtue of the Issuer already having, or coming to have, Tier 2 Capital Securities in issue with an aggregate principal amount equal to or in excess of the limit for Tier 2 Capital Securities permitted under the Capital Requirements in force as at the date of issue of the Subordinated Notes or, as the case may be, where such AT1 Notes cease to qualify solely by virtue of the Issuer already having, or coming to have, Tier 1 Capital Securities in issue with an aggregate principal amount equal to, or in excess of, the limit for Tier 1 Capital Securities permitted under the Capital Regulations in force as at the date of issue of the AT1 Notes) (a "**Regulatory Capital Event**"), then the Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (or such other notice period as specified in the Pricing Supplement) redeem all, but not some only, of the Subordinated Notes or AT1 Notes, as the case may be, on the date specified in such notice at their Early Redemption Amount referred to in Condition 7.7 below together (if appropriate) with interest accrued to (but excluding) the date of redemption (which, the case of AT1 Notes, shall mean such interest that is accrued but uncanceled and unpaid).

For the purposes of these Conditions, "**Capital Requirements**" means the relevant capital adequacy requirements issued from time to time by BNM and currently set out in the *Capital Adequacy Framework (Capital Components)* issued by BNM on 2 February 2018.

#### 7.7 **Early Redemption Amounts**

For the purpose of Condition 7.2, Condition 7.6 and Condition 10.1 (if this Note is a Senior Note) or Condition 10.2 (if this Note is a Subordinated Note or AT1 Note), each Note will be redeemed at its Early Redemption Amount calculated by the Calculation Agent as follows:

- (a) in the case of a Note (other than a Zero Coupon Note, an Instalment Note and a Partly Paid Note) with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or

- (c) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

<sup>y</sup> is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Pricing Supplement.

#### 7.8 **Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7.7.

#### 7.9 **Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

#### 7.10 **Conditions for Purchases in respect of Senior Notes**

*This Condition 7.10 applies only to Notes specified in the applicable Pricing Supplement as being Senior Notes.*

The Issuer, any of its Subsidiaries, any of its agents or any related corporation of the Issuer may at any time purchase Senior Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) in any manner and at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Senior Notes purchased by the Issuer, any of its Subsidiaries and/or any of its agents (other than those purchased in the ordinary course of business) must be surrendered to any Paying Agent and/or the Registrar for cancellation and accordingly may not be reissued or resold. Such Senior Notes purchased by any related corporation of the Issuer (other than its Subsidiaries) may be held, reissued, resold or, at the option of the Issuer or such related corporation of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

Such Senior Notes purchased (i) by the Issuer, any of its Subsidiaries or any of its agents in the ordinary course of business or (ii) by any related corporation of the Issuer (other than its Subsidiaries), and in each case not cancelled shall be deemed not to remain outstanding for the purposes of attending and/or voting at any meeting of the Noteholders of any Series of the Notes and for the purposes of determining the quorum and/or majority required for requisitioning, or voting at, any such meeting as set out in the Agency Agreement.

In these Conditions, "**related corporation**" and "**Subsidiary**" have the meaning given to them in the Malaysian Companies Act 2016.

In these conditions, the term "**ordinary course of business**" includes those activities performed by the Issuer or any of its related corporation for third parties and excludes those activities performed for the funds of the Issuer or related corporation.

**7.11 Conditions for Purchase in respect of Subordinated Notes and AT1 Notes**

*This Condition 7.11 applies only to Notes specified in the applicable Pricing Supplement as being Subordinated Notes or AT1 Notes.*

Provided that no Trigger Event has occurred and is continuing, the Issuer, any of its Subsidiaries, any of its agents or any related corporation 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 made in the ordinary course of business), Subordinated Notes or AT1 Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) in any manner and at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. All Subordinated Notes or AT1 Notes which are purchased by the Issuer, any of its Subsidiaries, any of its agents or any related corporation of the Issuer (other than in the ordinary course of business) must be surrendered to any Paying Agent and/or the Registrar for cancellation and accordingly may not be reissued or resold.

Such Subordinated Notes and AT1 Notes purchased in the ordinary course of business and not cancelled shall be deemed not to remain outstanding for the purposes of attending and/or voting at any meeting of the Noteholders of any Series of the Notes and for the purposes of determining the quorum and/or majority required for requisitioning, or voting at, any such meeting as set out in the Agency Agreement.

**7.12 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.10 and 7.11 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

**7.13 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.7(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 14.

**7.14 Variation instead of redemption of Subordinated Notes or AT1 Notes**

*This Condition 7.14 applies only to Notes specified in the applicable Pricing Supplement as being Subordinated Notes or AT1 Notes.*

If at any time a Regulatory Capital Event occurs in respect of Subordinated Notes or AT1 Notes, the Issuer may, instead of giving notice to redeem under Condition 7.6 and subject to Condition 7.15, without any requirement for the consent or approval of the Noteholders or

Couponholders, and having given not less than the 30 nor more than 60 days' notice to the Fiscal Agent and the Noteholders (which notice shall be irrevocable), at any time vary the terms of the Subordinated Notes or AT1 Notes, as the case may be, solely in order that they remain or become Qualifying Securities provided that:

- (a) such variation does not itself give rise to any right of the Issuer to redeem the Subordinated Notes or AT1 Notes, as the case may be, that is inconsistent with the redemption provisions of the Subordinated Notes or AT1 Notes, as the case may be, prior to such variation;
- (b) neither a Tax Event nor a Regulatory Capital Event arises as a result of such variation; and
- (c) the Issuer is in compliance with the rules of any stock exchange on which the Subordinated Notes or AT1 Notes, as the case may be, are for the time being listed or admitted to trading.

For the purposes of these Conditions, "**Qualifying Securities**" means securities, whether debt, equity, interests in limited partnerships or otherwise issued directly or indirectly by the Issuer that:

- (i)
  - (A) qualify (in whole or in part) as Tier 2 Capital Securities or Tier 1 Capital Securities, as the case may be; or
  - (B) may be included (in whole or in part) in the calculation of the capital adequacy ratio,

in each case, of the Issuer (either on a consolidated or non-consolidated basis);

- (ii) shall:
  - (A) rank at least equally to the Subordinated Notes or AT1 Notes, as the case may be;
  - (B) bear interest at a rate no lower than the Subordinated Notes or AT1 Notes, as the case may be, and have Interest Payment Dates that fall on the same dates as the Subordinated Notes or AT1 Notes, as the case may be;
  - (C) have the same redemption rights as the Subordinated Notes or AT1 Notes, as the case may be;
  - (D) preserve any existing rights under the Subordinated Notes or AT1 Notes, as the case may be, to accrued but unpaid interest in respect of the period from (and including) the Interest Payment Date immediately preceding the date of variation; and
  - (E) if applicable, are assigned (or have affirmed) no lower credit rating by any relevant international statistical rating agency as was assigned to the Subordinated Notes or AT1 Notes, as the case may be, immediately prior to the date of variation; and
- (iii) if applicable, are listed or admitted to trading on such stock exchange as the Subordinated Notes or AT1 Notes, as the case may be, were so listed or admitted to trading immediately prior to the date of variation.

Any such notice shall specify the relevant details of the manner in which such variation shall take effect and where the Noteholders can obtain or inspect copies of the new terms and conditions of the Notes. Such variation will be effected without any cost or charge to the Noteholders. The Fiscal Agent shall agree to such changes to the Agency Agreement as are

necessary to effect such variation provided that it shall not be required to agree to any variation that would impose more onerous obligations on it than those existing prior to such variation.

No variation pursuant to this Condition 7.14 shall constitute an Event of Default.

**7.15 Redemption or Variation of Conditions of Subordinated Notes or AT1 Notes**

*This Condition 7.15 applies only to Notes specified in the applicable Pricing Supplement as being Subordinated Notes or AT1 Notes.*

Any redemption or variation of the terms of Subordinated Notes or AT1 Notes by the Issuer is subject to the Issuer obtaining the prior written approval of BNM and any other regulatory approvals that may be required, and satisfying any conditions that BNM (and/or any other regulator) may impose at the time of such approval.

**7.16 Loss Absorption upon a Trigger Event in respect of Subordinated Notes and AT1 Notes**

*This Condition 7.16 applies only to Notes specified in the applicable Pricing Supplement as being Subordinated Notes or AT1 Notes.*

Following the occurrence of the earlier of the following (each a "**Trigger Event**"):

- (i) in respect of AT1 Notes only, the Common Equity Tier 1 ("**CET1**") Capital Ratio (as defined in the BNM Capital Adequacy Framework) of the Issuer on a consolidated or unconsolidated basis falls below 5.125 per cent.; or
- (ii) in respect of Subordinated Notes and AT1 Notes, BNM, jointly with the Malaysia Deposit Insurance Corporation ("**PIDM**"), so long as the Issuer is a Member Institution (as defined in Section 2 of the Malaysia Deposit Insurance Corporation Act 2011), or BNM, if the Issuer is no longer such a Member Institution (the "**Relevant Malaysian Authority**") has notified the Issuer in writing that the Relevant Malaysian Authority is of the opinion that a write-off of the principal and/or interest and (if applicable) any amounts owing under each Subordinated Note or AT1 Note, as the case may be, is necessary, without which the Issuer would cease to be viable; or
- (iii) in respect of Subordinated Notes and AT1 Notes, 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,

the Issuer, (in the case of paragraphs (ii) and (iii) above, only as directed by the Relevant Malaysian Authority), shall write-off, irrevocably and without the consent of the Noteholders, in whole or in part, amounts owing under the Subordinated Notes or AT1 Notes, as the case may be (a "**Write-off**") and each of the Noteholders will be automatically deemed to have irrevocably waived and no longer have any rights against the Issuer with respect to (1) its right to receive payment of the principal amount of the Subordinated Notes or AT1 Notes, as the case may be, or such portion to be written off, (2) its right to any interest on the Subordinated Notes or AT1 Notes, as the case may be (including any interest accrued but unpaid up to the date of the occurrence of the Trigger Event), and (3) its right to any amounts owing under each Subordinated Note or AT1 Note, as the case may be.

Upon the occurrence of a Trigger Event, the Issuer shall give an irrevocable notice (a "**Trigger Event Notice**") to the Noteholders and the Fiscal Agent, which notice shall:

- (A) state that a Trigger Event has occurred and provide reasonable detail of the nature of the relevant Trigger Event;
- (B) state the relevant amount to be written off per Subordinated Note or AT1 Note, as the case may be: and

- (C) be given no later than two (2) Business Days after the occurrence of the relevant Trigger Event.

The Trigger Event Notice (in the absence of manifest error) shall be irrevocable and binding on all parties.

By purchasing Notes, each Noteholder shall be deemed to have acknowledged that, following the occurrence of a Trigger Event, it shall not with effect from the date of the relevant Trigger Event Notice transfer or attempt to transfer its Notes until such time as any Write-off shall have been effected.

For the avoidance of doubt, such Write-off (a) shall not constitute an Event of Default; (b) shall reduce the claim of the Noteholders in respect of the relevant Subordinated Notes or relevant AT1 Notes, as the case may be, in a Winding-up by the amount of such Write-off and (c) shall reduce the Early Redemption Amount in respect of such Subordinated Notes or AT1 Notes, as the case may be, by the amount of such Write-off. With respect to all Interest Payment Dates falling on or after the date of a Write-off, the amount of interest payable shall be calculated by reference to the principal amount of each Note as reduced by such Write-off.

Any reference to the principal amount in respect of Subordinated Notes or AT1 Notes, as the case may be, shall refer to such principal amount, as reduced by any applicable Write-off(s).

Where only part of the principal, interest and (if applicable) any other amounts owing under any Tier 1 Capital Securities or Tier 2 Capital Securities is to be written-off, the Issuer shall, with the prior written approval of the Relevant Malaysian Authority, use reasonable endeavours to conduct any Write-off such that:

- (i) the holders of any Series of Subordinated Notes are treated equally and rateably;
- (ii) the holders of any Series of AT1 Notes are treated equally and rateably;
- (iii) the Write-off of any Subordinated Notes is conducted:
  - (a) to the extent that the relevant Trigger Event Write-off Amount exceeds the aggregate principal amount of all Tier 1 Capital Securities of the Issuer that are capable of being converted or written-down under any applicable laws and/or their terms of issue, so as to Write-off Tier 2 Capital Securities of the Issuer (including the Subordinated Note) only in an aggregate principal amount equal to such excess; and
  - (b) on a *pro rata* and proportionate basis with all other Tier 2 Capital Securities of the Issuer, to the extent that such Tier 2 Capital Securities are capable of being converted or written-down under any applicable laws and/or their terms of issue; and
- (iv) the Write-Off of any AT1 Notes is conducted on a *pro rata* and proportionate basis with all other Tier 1 Capital Securities of the Issuer, to the extent that such Tier 1 Capital Securities are capable of being converted or written down under any applicable laws and/or their terms of issue.

For the purposes of these Conditions "**Trigger Event Write-off Amount**" means (i) in the case of a Write-Off consequent on paragraph (i) of the definition of Trigger Event, the principal and/or interest of each AT1 Note and (if applicable) any other amounts owing under such AT1 Note as shall be required to be written-off by the Issuer to restore the CET1 Capital Ratio of the Issuer on both a consolidated and unconsolidated basis to 5.75 per cent. (which amount may be the entire principal amount and interest (if any) or other amounts (if any) owing on such AT1 Note and, for the avoidance of doubt, the Write-Off shall be effected in full even if the principal amount of each AT1 Note written-off is insufficient to restore the CET1 Capital Ratio to 5.75 per cent.) and (ii) in all other cases, the principal and/or interest of each Subordinated Note or AT1 Note, as the case may be, and (if applicable) any other



amounts owing under each Subordinated Note or AT1 Note, as the case may be, as BNM shall determine to be required, or direct to be, written-off by the Issuer, without which the Issuer would cease to be viable. For the avoidance of doubt, the Write-off shall be effected in full even if the principal amount of each Subordinated Note or AT1 Note written-off is insufficient for the Issuer to cease to be non-viable.

## 8. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of a Relevant Jurisdiction unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of the withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of such Note, Receipt or Coupon by reason of his having some connection with a Relevant Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Payment Day (as defined in Condition 6.6).

As used herein:

- (i) "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or the Registrar on or prior to such due date, it means the date on which, the full amount of the money having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14; and
- (ii) "**Relevant Jurisdiction**" means:
  - (A) where the Issuer is not acting through any of its branches, Malaysia or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes; or
  - (B) where the Issuer is acting through its Hong Kong Branch, Malaysia or any political subdivision or any authority thereof or therein having power to tax, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes; or
  - (C) where the Issuer is acting through its Singapore Branch, Malaysia or any political subdivision or any authority thereof or therein having power to tax, Singapore or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes; or

- (D) where the Issuer is acting through a branch located in another jurisdiction (the "**Taxing Jurisdiction**"), Malaysia or any political subdivision or any authority thereof or therein having power to tax, the Taxing Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

## 9. **PRESCRIPTION**

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) thereof.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

## 10. **EVENTS OF DEFAULT AND ENFORCEMENT**

### 10.1 **Events of Default relating to Senior Notes**

*This Condition 10.1 applies only to Notes specified in the applicable Pricing Supplement as being Senior Notes.*

If, in respect of any Senior Notes, any one or more of the following events (each an "**Event of Default**") shall occur and be continuing:

- (a) **Payment default:** default is made in the payment of any principal or interest due in respect of the Senior Notes and the default continues for a period of seven Business Days;
- (b) **Other defaults:** the Issuer fails to perform or comply with any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy, when no such continuation or notice as hereinafter mentioned is required) the failure continues for the period of 30 days next following the service by any Noteholder on the Issuer of notice requiring the same to be remedied;
- (c) **Cross-acceleration:** (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment, or, as the case may be, within any originally applicable grace period; or (iii) default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this subparagraph (c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iii) above, amounts to at least U.S.\$50,000,000 (or its equivalent in any other currency);
- (d) **Winding-up of the Issuer:** an order is made by any competent court or an effective resolution is passed for the winding-up or dissolution of the Issuer;
- (e) **Insolvency:** the Issuer ceases to carry on the whole or substantially the whole of its business, save for the purpose of reorganisation on terms previously approved by an Extraordinary Resolution of the Noteholders, stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall

due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent;

- (f) **Security enforced:** (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the whole or any substantial part of the Issuer's undertaking or assets or, an encumbrancer takes possession of the whole or any substantial part of the Issuer's undertaking or assets or, a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any substantial part of the Issuer's undertakings or assets, (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company, is not discharged within 60 days and (iii) provided that where this Condition 10.1(f) relates to part only of the Issuer's assets, such parts shall amount to at least U.S.\$50,000,000 (or its equivalent in any other currency);
- (g) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Senior Notes; or
- (h) **Analogous events:** any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in paragraphs (a) to (f) above,

then any holder of a Note may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare any Senior Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of this Condition 10.1:

**"Indebtedness for Borrowed Money"** means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money.

## 10.2 **Events of Default relating to Subordinated Notes and AT1 Notes**

*This Condition 10.2 applies only to Notes specified in the applicable Pricing Supplement as being Subordinated Notes or AT1 Notes.*

- (a) If default is made in the payment of any amount of principal or interest due in respect of the Subordinated Notes or AT1 Notes, as the case may be, (each, an **"Event of Default"**) and the default continues for a period of seven Business Days, then in order to enforce the obligations of the Issuer, any holder of a Note may institute a Winding-Up Proceeding against the Issuer provided that such Noteholder shall have no right to accelerate payment under such Subordinated Note or AT1 Note, as the case may be, in the case of such default in the payment of interest on or other amounts owing under such Subordinated Note or AT1 Note, as the case may be, or a default in the performance of any other obligation of the Issuer in such Subordinated Note or AT1 Note, as the case may be, or under the Agency Agreement. For the avoidance of doubt, no AT1 interest will be due and payable if such AT1 interest has been cancelled or is deemed cancelled (in each case, in whole or in part) as described under Condition 5.7 (*Limitation on Payment*) or Condition 5.8 (*Distributable Reserves*). Accordingly, no default in payment under the AT1 Notes will have occurred or be deemed to have occurred in such circumstances. Non-payment in respect of one tranche of the AT1 Notes shall not trigger an Event of Default in respect of the other tranches of the AT1 Notes.

- (b) If an order is made or an effective resolution is passed for the Winding-Up of the Issuer (whether or not an Event of Default has occurred and is continuing) then any holder of a Note, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt there by the Fiscal Agent, declare any Subordinated Note or AT1 Note, as the case may be, held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest to the date of repayment, without presentment, demand, protest or other notice of any kind.

In this Condition 10.2:

**"Winding-Up"** shall mean, with respect to the Issuer, a final and effective order or resolution for the bankruptcy, winding-up, liquidation, receivership or similar proceeding in respect of the Issuer (except for the purposes of a consolidation, amalgamation, merger or reorganisation the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders); and

**"Winding-Up Proceedings"** shall mean, with respect to the Issuer, (a) proceedings shall have been instituted or a decree or order shall have been entered in any court or agency or supervisory authority in Malaysia having jurisdiction in respect of the same for the appointment of a receiver or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities, or similar arrangements involving the Issuer or all or substantially all of its property, or for the winding up of or liquidation of its affairs and such proceeding, decree or order shall not have been vacated or shall have remained in force, undischarged or unstayed for a period of 60 days; or (ii) the Issuer shall file a petition to take advantage of any insolvency statute.

### 10.3 **Enforcement**

In the case of Subordinated Notes and AT1 Notes and subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 10.2 above, will be available to the Noteholders, Receiptholders or Couponholders.

## 11. **REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or the Paying Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar or the Transfer Agent (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 12. **AGENTS**

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional Agents and/or approve any change in the specified office through any of the same acts, provided that:

- (a) there will at all times be a Fiscal Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Registrar and Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

- (c) so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.2. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, and do not assume any obligation to, or relationship of agency with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. **EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. **NOTICES**

All notices regarding Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in Asia, which is expected to be the *Asian Wall Street Journal*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding Registered Notes form will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, addition, if and for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of CDP and/or Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to CDP and/or Euroclear and/or Clearstream, Luxembourg and/or the CMU Service for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to CDP and/or Euroclear and/or Clearstream, Luxembourg and/or the CMU Service.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the

Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Fiscal Agent or the Registrar through CDP and/or Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, as the case may be, in such manner as the Fiscal Agent, the Registrar and CDP and/or Euroclear and/or Clearstream, Luxembourg, and/or the CMU Service, as the case may be, in such manner as the Fiscal Agent, the Registrar, the CMU Lodging and Paying Agent and CDP and/or Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, as the case may be, may approve for this purpose.

Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 14.

## 15. MEETINGS OF NOTEHOLDERS AND MODIFICATIONS

### 15.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent, in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent, in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

### 15.2 Modifications

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Receipts, the Coupons, the Deeds of Covenant or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Receipts, the Coupons, the Deeds of Covenant or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

## 16. SUBSTITUTION

### 16.1 Senior Notes

*This Condition 16.1 applies only to Notes specified in the applicable Pricing Supplement as being Senior Notes.*

The Issuer, or any previous substituted company (if applicable), may at any time, without the consent of the Noteholders, Receiptholders or the Couponholders, substitute for itself as principal debtor under any Series of the Senior Notes, the Receipts, the Coupons and the Talons any Subsidiary, branch or affiliate of the Issuer, or the successor company of the Issuer, or jointly and severally one or more companies to whom the Issuer has transferred all of its assets and business undertakings (in each case the "**Substitute**") provided that the substitution shall be made by a deed poll (the "**Deed Poll**") to be substantially in the form scheduled to the Agency Agreement and may take place only if:

- (i) no Event of Default pursuant to Condition 10.1 has occurred and is continuing;
- (ii) the Substitute, by means of the Deed Poll, agrees to indemnify each Noteholder, Receiptholder and Couponholder against any tax, duty, assessment, withholding, deduction or governmental charge which is imposed on it by (or by any taxing authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Senior Note, Receipt, Coupon, Talon or the relevant Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
- (iii) unless the Substitute is the successor company of the Issuer or one or more companies to whom the Issuer has transferred all of its assets and business undertakings each of whom are to be jointly and severally liable as principal debtor under the relevant Series of Senior Notes, Receipts, Coupons and Talons, the obligations of the Substitute under the Deed Poll, the Senior Notes, the Receipts, the Coupons and the Talons are unconditionally and irrevocably guaranteed by the Issuer or its successor or each of the companies to whom together the Issuer has transferred all of its assets and business undertakings (each a "**Guarantor**") by means of a guarantee substantially in the form contained in the Deed Poll (the "**Senior Guarantee**");
- (iv) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Senior Notes, the Receipts, the Coupons, the Talons and the relevant Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and, in the case of the Senior Guarantee, of the Guarantor have been taken, fulfilled and done and are in full force and effect;
- (v) the Substitute has become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (vi) legal opinions addressed to the Noteholders have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (ii) above as to the fulfilment of the preceding conditions of this Condition 16 and the other matters specified in the Deed Poll;
- (vii) the substitution does not affect adversely the rating of the Senior Notes by any one internationally recognised rating agency of the Issuer or the Issuer's debt; and
- (viii) the Issuer has given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies of all documents (in draft or final form) in relation to the substitution which are referred to above, or which might otherwise reasonably be

regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents.

Such substitution effected in accordance with this Condition 16.1 will release the Issuer or any previously substituted company and the Noteholders, Receiptholders and Couponholders expressly consent hereto. References in Condition 10.1 to obligations under the Senior Notes shall be deemed to include obligations under the Deed Poll and, where the Deed Poll contains a Senior Guarantee, the events listed in Conditions 10.1(a) and 10.1(b) shall be deemed to include such Senior Guarantee not being (or being claimed by the Guarantor not to be) in full force and effect. In addition, the Senior Guarantee shall contain (A) events of default in respect of the Senior Notes in the same terms as Condition 10.1 relating to the Guarantor (except that references in Condition 10.1 (a) to failure to pay principal and interest on the Senior Notes shall be a reference to failure to pay under the Senior Guarantee), (B) provisions relating to the Senior Guarantee in the form of Condition 3.1, (C) provisions relating to the Guarantor in the form of Conditions 7.10 and 7.12 and (D) a negative pledge in relation to the Senior Guarantee in the form of Condition 4.

References to "outstanding" in relation to the Senior Notes of any Series shall, on a substitution of the Issuer where the Guarantor guarantees the Senior Notes, not include Senior Notes held by the Guarantor and its subsidiaries for the purposes of (i) ascertaining the right to attend and vote at any meeting of the Noteholders and (ii) the determination of how many Senior Notes are outstanding for the purposes of Condition 15.

## 16.2 Subordinated Notes and AT1 Notes

*This Condition 16.2 applies only to Notes specified in the applicable Pricing Supplement as being Subordinated Notes or AT1 Notes*

Subject to the provisions of this Condition 16.2, the Noteholders, Receiptholders and the Couponholders, by subscribing to or purchasing any Subordinated Notes or AT1 Notes, as the case may be, Receipts or Coupons, expressly consent to the Issuer, or any previously substituted company (if applicable), at any time, but where applicable, with the prior approval of BNM, substituting for itself as principal debtor under any Series of the Subordinated Notes or AT1 Notes, as the case may be, the Receipts, the Coupons and the Talons any Subsidiary, branch or affiliate of the Issuer or, the successor company of the Issuer or jointly and severally one or more companies to whom the Issuer has transferred all of its assets and business undertakings (in each case the "**Substitute**") provided that the substitution shall be made by a deed poll (the "**Deed Poll**") to be substantially in the form scheduled to the Agency Agreement and may take place only if:

- (i) no Event of Default pursuant to Condition 10.2 has occurred or is continuing;
- (ii) the Substitute, by means of the Deed Poll, agrees to indemnify each Noteholder, Receiptholder and Couponholder against any tax, duty, assessment, withholding, deduction or governmental charge which is imposed on it by (or by any taxing authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Subordinated Note or AT1 Notes, as the case may be, Receipt, Coupon or Talon and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
- (iii) unless the Substitute is the successor company of the Issuer or one or more companies to whom the Issuer has transferred all of its assets and business undertakings each of whom are to be jointly and severally liable as principal debtor under the relevant Series of Subordinated Notes or AT1 Notes, as the case may be, Receipts, Coupons and Talons, the obligations of the Substitute under the Deed Poll, the Subordinated Notes, the Receipts, the Coupons and the Talons are unconditionally and irrevocably guaranteed by the Issuer or its successor or each of the companies to whom together the Issuer has transferred all of its assets and business undertakings (each a "**Guarantor**")



by means of a guarantee on a subordinated basis substantially in the form contained in the Deed Poll (the "**Subordinated Guarantee**");

- (iv) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Subordinated Notes or AT1 Notes, as the case may be, the Receipts, the Coupons and the Talons and the relevant Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and, in the case of the Subordinated Guarantee, of the Guarantor have been taken, fulfilled and done and are in full force and effect;
- (v) the Substitute has become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (vi) legal opinions addressed to the Noteholders have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (ii) above as to the fulfilment of the preceding conditions of this Condition 16.2 and the other matters specified in the Deed Poll;
- (vii) the substitution does not affect adversely the rating of the Subordinated Notes or AT1 Notes, as the case may be, by any one internationally recognised rating agency of the Issuer or the Issuer's debt; and
- (viii) the Issuer has given at least 14 days' prior notice to such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents.

Such substitution effected in accordance with this Condition 16.2 will release the Issuer or any previously substituted company and the Noteholders, Receiptholders and Couponholders expressly consent hereto. References in Condition 10.2 to obligations under the Subordinated Notes or AT1 Notes, as the case may be, shall be deemed to include obligations under the Deed Poll and, where the Deed Poll contains a Subordinated Guarantee, the events listed in Conditions 10.2 shall be deemed to include such Subordinated Guarantee not being (or being claimed by the Guarantor not to be) in full force and effect. In addition, the Subordinated Guarantee shall contain (A) rights of enforcement in the form of Condition 10.2 (except that references in Condition 10.2 to failure to pay principal and interest on the Subordinated Notes or AT1 Notes, as the case may be, shall be a reference to failure to pay under the Subordinated Guarantee), (B) provisions relating to the Subordinated Guarantee in the form of Condition 3.2 and (C) provisions relating to the Guarantor in the form of Condition 7.11 and 7.12.

#### 17. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes (whether in bearer or registered form) having terms and conditions of the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding notes of any series (including the Notes).

#### 18. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. **CURRENCY INDEMNITY**

The Issuer shall indemnify the Noteholders, the Receiptholders and the Couponholders and keep them indemnified against:

- (i) any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses incurred by any of them, on a full indemnity basis, arising from the non-payment by the Issuer of any amount due to the holders of the Notes and the relevant Receiptholders or Couponholders by reason of any variation in the rates of exchange between those used for the purposes of calculating the amount due under a judgment or order in respect thereof and those prevailing at the date of actual payment by the Issuer, as the case may be; and
- (ii) any deficiency arising or resulting from any variation in rates of exchange between (a) the date as of which the local currency equivalent of the amounts due or contingently due under these Conditions (other than this Condition 19) is calculated for the purposes of any bankruptcy, insolvency or liquidation of the Issuer and (b) the final date for ascertaining the amount of claims in such bankruptcy, insolvency or liquidation. The amount of such deficiency shall be deemed not to be reduced by any variation in rates of exchange occurring between the said final date and the date of any distribution of assets in connection with any such bankruptcy, insolvency or liquidation.

The above indemnities shall constitute obligations of the Issuer separate and independent from its other obligations under the other provisions in these Conditions and shall apply irrespective of any indulgence granted by the Noteholders, the Receiptholders or the Couponholders from time to time and shall continue in full force and effect notwithstanding the judgment or filing of any proof or proofs in any bankruptcy, insolvency or liquidation of the Issuer for a liquidated sum or sums in respect of amounts due under these Conditions (other than this Condition 19). Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Noteholders, the Receiptholders and the Couponholders and no proof or evidence of any actual loss shall be required by the Issuer or its liquidator or liquidators. The above indemnities shall continue in full force and effect notwithstanding the termination or discharge of the Agency Agreement.

20. **GOVERNING LAW AND SUBMISSION TO JURISDICTION**

(a) **Governing law**

- (i) The Agency Agreement, the ECC Deed of Covenant, the Notes, the Receipts, the Coupons, the Talons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the ECC Deed of Covenant, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law, except that the subordination provisions set out in Condition 3.2, Condition 3.3 and Condition 10.2 shall be governed by and construed in accordance with the laws of Malaysia.
- (ii) The CDP Deed of Covenant shall be governed by and construed in accordance with Singapore law.

(b) **Jurisdiction**

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes expressed to be governed by English law (including any dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and accordingly any legal action or proceedings arising out of or in connection with the Notes (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with the

Notes) may be brought in such courts. The Issuer irrevocably submits to the exclusive jurisdiction of such courts and waives any objection to proceedings in such courts whether on the ground of venue or on the ground that the proceedings have been brought in an inconvenient or inappropriate forum. This submission is made for the benefit of each of the Noteholders and shall not limit the right of any of them to take proceedings in any other court of competent jurisdiction, nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).

(c) **Agent for service of process**

The Issuer irrevocably appoints Malayan Banking Berhad, London Branch at its registered office at 77 Queen Victoria Street, London, EC4V 4AY, United Kingdom as its agent in England to receive service of process in any proceedings in England. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) **Waiver of immunity**

The Issuer hereby irrevocably and unconditionally waives with respect to the Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any proceedings.

## **USE OF PROCEEDS**

Unless otherwise specified in the Pricing Supplement, the net proceeds from each issue of Notes will be applied by the Issuer for its working capital, general banking and other corporate purposes.

## INVESTMENT CONSIDERATIONS

*Investors should carefully consider, among other things, the risks described below, as well as the other information contained in this Offering Circular, before making an investment decision. Any of the following risks could materially adversely affect the business, financial condition, results of operations, prospects or reputation of the Group and of the Issuer and, as a result, investors could lose all or part of their investment. The risks below are not the only risks the Group faces. Additional risks and uncertainties not currently known to the Group (and the Issuer), or that it currently deems to be immaterial may also materially adversely affect the business, financial condition, results of operations, prospects or reputation of the Group and of the Issuer. Words and expressions defined elsewhere in this Offering Circular shall have the same meanings in this section.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the Issuer's inability to pay any amounts on or in connection with any Note may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate, and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any document incorporated by reference) and reach their own views prior to making any investment decision. In making an investment decision, each investor must rely on its own examination of the Issuer and the terms of the offering of the Notes.*

### **Considerations relating to the Group**

In the course of its business activities, the Group is exposed to a variety of risks, mainly consisting of credit risk, market risk, non-financial risk and liquidity risk. The Group ensures that the risk management framework, practices and processes remain robust by continuously adapting and strengthening its risk management approach and capabilities to effectively manage and mitigate risks to which it is exposed. While the Group believes that it has implemented the appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to adequately manage these risks could be greater than anticipated and could result in adverse effects on the business, financial condition, results of operations, prospects or reputation of the Group.

#### **Credit risk**

Credit risk arises from the loss of principal or income arising from the failure of an obligor or counterparty to perform its contractual obligations in accordance with agreed terms. Such risks could arise from adverse changes in the credit quality and recoverability of loans, advances and amounts due from counterparties which are inherent in a wide range of the Group's businesses or from a general deterioration in local or global economic conditions or from systemic risks within the financial system, all of which could affect the recoverability and value of the Group's assets and require an increase in the Group's provisions for the impairment of its assets and other credit exposures.

The Group believes that it has adopted effective credit strategies and sound risk management policies and processes. However, there is no assurance that these will remain effective or adequate in the future. Any failure to manage the credit risks of the Group may adversely affect the business, financial condition, results of operations, prospects or reputation of the Group.

#### **Market risk**

Market risk arises as a result of losses or the adverse impact on earnings or capital arising from changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates, commodity prices and equity prices. Such risks can be further categorised based on trading and non-trading/banking book activities whereby traded market risk arises mainly from proprietary trading, flow trading and market making activities. These activities may create positions held with trading intent to express a market view, to benefit from short term price movements or to lock in arbitrage profits. Non-traded market risk is primarily inherent risk arising from banking book activities. The major risk classes are interest rate risk in the banking book and foreign exchange risk.

The Group believes that it has adopted effective strategies and sound market risk management policies and processes. However, there is no assurance that these will remain effective or adequate in the future. Any failure to manage the market risk of the Group may adversely affect the business, financial condition, results of operations, prospects or reputation of the Group.

### **Interest rate risk in the Banking Book (“IRRBB”)**

IRRBB is defined as risk of loss in earnings or economic value on banking book exposures arising from movements in interest rates. Sources of IRRBB include repricing, basis, yield curve and option risk. Accepting IRRBB is a normal part of banking and can be an important source of profitability and shareholder value. However, excesses of this risk can be detrimental to the Group’s earnings, capital, liquidity and solvency. Banking book policies and limits are established to measure and manage non-traded market risk. Repricing gap analysis remains one of the building blocks for Interest Rate Risk/Rate of Return Risk in the Banking Book assessment for the Group.

Through Group Asset and Liability Management Committee (“**Group ALCO**”) supervision, the lines of business are insulated from IRRBB through fund transfer pricing whereby non-traded market and liquidity risks are centralised at the group corporate treasury unit for active risk management and balance sheet optimisation. The group corporate treasury unit reviews the risk exposures regularly and recommends strategies to mitigate any unwarranted risk exposures in accordance with the approved policies. Although the Group believes that it has adopted sound interest rate risk management strategies, there is no assurance that such strategies will remain effective or adequate in the future.

Certain portfolios such as products with non-deterministic characteristics are subjected to periodic statistical modelling to understand the customer/product’s behavioural patterns in relation to changing rates and business cycles. Regular risk assessment and stress testing are applied to ensure the portfolios can withstand the risk tolerance and adverse rate scenarios.

### **Non-Financial Risk**

Non-financial risk refers to the risk of loss arising from operational events and/or external factors that could result in monetary losses or negative impact to the brand value and stakeholder’s perception of the Group. Non-financial risk comprises of operational risk, information risk, reputational risk as well as other downside risks.

Although the Group has implemented risk controls and loss mitigation strategies and substantial resources are devoted to developing efficient procedures, it is not possible to entirely eliminate non-financial risks. In addition, the Group seeks to protect its computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems caused by the Group’s increased use of the internet. Computer break-ins and power disruptions could affect the security of information stored in, and transmitted through, these computer systems and network infrastructure. The Group employs various controls designed to minimise the risk of security breaches. A significant fraud, system failure, calamity or failure in security measures could have a material adverse effect on the business, financial condition, results of operations, prospects or reputation of the Group. In addition, the Group’s reputation could be adversely affected by significant frauds committed by employees, customers or other third parties.

### **Liquidity risk**

Liquidity risk is defined as the risk of an adverse impact to the financial condition or overall safety and soundness arising from the inability (or perceived inability) of, or unexpected higher cost to, the Group of meeting its obligations. It is also known as consequential risk, triggered by underlying problems which can be endogenous (e.g. credit risk deterioration, rating downgrade, operational risk events) or exogenous (e.g. market disruption, default in the banking payment system and deterioration of sovereign risk). Liquidity risk can be further classified into funding and market liquidity risk of which the former reflects the risk of a firm not being able to meet both expected and unexpected current and future cash flow and collateral needs effectively without affecting either daily operations or the financial condition of the firm. The latter refers to the risk of which a firm cannot easily offset or eliminate the position at market price because of inadequate market depth or market disruption.

Although the Group has sound policies as well as balance sheet strategies in place, there is no assurance that there will not be a liquidity crisis affecting the Group, and the failure to maintain adequate sources of funding may adversely affect the business, financial condition, results of operations, prospects or reputation of the Group.

#### **A deterioration in asset quality could adversely affect the Group**

Asset quality is one of the key drivers of a financial institution's performance. The Group adopts prudent credit risk management policies to manage its asset quality. The Group recognises that credit policies need to be responsive to the changing environment and diverse market conditions. Additionally, the establishment and application of lending rules, policies and guidelines must be consistently applied throughout the Group. The Group appreciates that loan pricing has to reflect the cost of risk in order to generate an optimal return on capital.

Although the Group believes that it has adopted effective policies and processes in managing asset quality and intends to maintain them, there is no assurance that the policies and processes will remain effective or adequate in the future. A deterioration of asset quality may adversely affect the business, financial condition and results of operations of the Group.

#### **Deterioration in collateral values or inability to realise collateral value may necessitate an increase in the Issuer's provisions**

A significant portion of the Issuer's loans are secured by collateral such as real estate and securities, the values of which may decline with a downturn in global economic conditions and/or outlook. Any downward adjustment in collateral values may lead to a portion of the Issuer's loans exceeding the value of the underlying collateral. Such downward adjustment, which will impact the future cash flow recovery, combined with a deterioration in the general credit worthiness of borrowers, may result in an increase in the Issuer's loan loss provisions and potentially reduce its loan recoveries from foreclosures of collateral, which could have an adverse effect on the business, financial condition and results of operations of the Group.

#### **Expansion into Asian markets may increase the Group's risk profile**

Building growth in overseas markets, particularly in the Association of Southeast Asian Nations ("ASEAN") region, forms a key pillar of the Group's strategy. The Group has presence in all 10 ASEAN countries with Singapore and Indonesia being its key markets outside Malaysia. Such regional expansion increases its risk profile and exposure to asset quality problems. The Group is also subject to regulatory supervision arising from a wide variety of banking and financial services laws and regulations including in each jurisdiction which is the focus of its regional expansion plans. Failure by the Group to comply with any of these laws and regulations could lead to disciplinary action, the imposition of fines and/or the revocation of the relevant licence, permission or authorisation to conduct the Group's business in the jurisdiction in which it operates, or result in civil or criminal liability for the Issuer. There can be no assurance that such regional expansion will not have a material adverse effect on the Group's business, financial condition or results of operations or that the Group's credit and provisioning policies will be adequate in relation to such risks.

#### **The Group's business is inherently subject to the risk of market fluctuations**

The Group's business is inherently subject to risks in financial markets and in the wider economy, including changes in, and increased volatility of, exchange rates, interest rates, inflation rates, credit spreads, commodity, equity, bond and property prices and the risk that its customers act in a manner which is inconsistent with business, pricing and hedging assumptions. In particular, as a result of the Group's expansion into foreign markets, the Group may become increasingly exposed to changes in, and increased volatility of, foreign currency exchange rates.

Market movements may have an impact on the Group in a number of key areas. For example, changes in interest rate levels, yield curves and spreads affect the interest rate margin realised between lending and borrowing costs. Competitive pressures on fixed rates or product terms of existing loans and deposits sometimes restrict the Group in its ability to change interest rates applying to customers in response to changes in official and wholesale market rates.

Any failure by the Group to implement, or consistently follow, its risk management systems may adversely affect its business, financial condition and results of operations, and there can be no assurance that the Group's risk management systems will remain effective. In addition, the Group's risk management systems may not be fully effective in mitigating risk exposures that are unidentified or unanticipated.

### **The Group may face potential pressure on its capital due to Basel III**

On 2 February 2018, BNM issued its regulatory capital adequacy framework entitled "Capital Adequacy Framework (Capital Components)" (superseding the policy document on "Capital Adequacy Framework (Capital Components)" issued on 13 October 2015 and 4 August 2017) implementing the Basel III reforms ("**Capital Adequacy Framework**"). The capital requirements set out by BNM in the updated policy document require banking institutions, including the Group, to maintain the following minimum capital ratios:

- (a) a minimum Common Equity Tier 1 ("**CET1**") capital ratio of 4.5 per cent.;
- (b) a minimum Tier 1 capital ratio of 6.0 per cent.; and
- (c) a minimum total capital ratio of 8.0 per cent. of risk-weighted assets.

In addition, banks are required to maintain additional capital buffers in the form of CET1 capital above the minimum CET1, Tier 1 and total capital ratio set out above in the form of a capital conservation buffer ("**CCB**") and a countercyclical capital buffer ("**CCyB**").

The CCB is to enable the banking system to withstand future periods of stress and requires banks to maintain an additional buffer equal to a minimum of 1.875 per cent. (for the 2018 calendar year) and 2.50 per cent. (from 2019 calendar year onwards). If there is excess credit growth in any given country resulting in a system-wide build-up of risk, a CCyB within a range of 0.0 per cent. to 2.5 per cent. of risk-weighted assets will also apply to the minimum CET1, Tier 1 and total capital ratio (as increased by the capital conservation buffer). The CCyB is determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which the relevant banking institution has credit exposures. BNM will communicate any decision on the CCyB rate up to 12 months before the date from which the rate applies.

For the capital buffer for domestic systemically important banks, BNM will assess at a later date the need to require large banking institutions to operate at higher levels of capital, commensurate with their size, extent of cross-border activities and complexity of operations.

To the extent a bank fails to maintain such a ratio, BNM may impose penalties on such a bank ranging from a fine to revocation of its banking licence. See "*Regulation and Supervision*".

The Group's and Bank's CET1 ratio before deducting final dividends were 14.773 per cent. and 15.853 per cent., respectively, their Tier I capital adequacy ratio before final dividends were 16.459 per cent. and 17.950 per cent., respectively, and their total capital ratio before final dividends were 19.383 per cent. and 19.313 per cent. as at 31 December 2017. The Group's capital base and capital adequacy ratio may deteriorate in the future if its results of operations or financial condition deteriorate for any reason, including as a result of any deterioration in the asset quality of its loans, or if the Group is not able to deploy its funding into suitably low-risk assets. If the Group's capital adequacy ratio deteriorates, it may be required to obtain additional CET1, Tier I or Tier II capital in order to remain in compliance with the applicable capital adequacy guidelines. However, the Group may not be able to obtain additional capital on favourable terms depending on the market conditions and circumstances prevailing at the time of the intended capital raising, or at all.

Furthermore, there can be no assurance that the Basel Committee on Banking Supervision will not amend the package of reforms described above or that BNM will not amend the Capital Adequacy Framework in a manner which imposes additional capital requirements on, or otherwise affects the capital adequacy requirements relating to, Malaysian banks. The approach and local implementation of Basel III will depend on BNM's response which may potentially impact the Group in various ways depending on the composition of its qualifying capital and risk weighted assets. Although the Group



has always maintained a strong capital position that consistently ensures an optimal capital structure to meet the requirements of various stakeholders, there can be no assurance that the Group will not face increased pressure on its capital in the future to comply with Basel III standards and the Capital Adequacy Framework which may have an adverse effect on the business, financial condition, results of operations, prospects or reputation of the Group.

**The Group is dependent on its directors and senior management**

The Group relies on its directors and senior management for its business direction and business strategy. The loss of directors or members of the senior management team could adversely affect its ability to operate its business or to compete effectively, and in turn, affect its financial performance and prospects. The senior management has developed succession plans and training programmes for the development of talent within the Group. However, there can be no assurance that such measures will be sufficient to prevent any loss of directors or members of the senior management team throughout the tenor of any Notes.

**The Group may be unable to comply with the restrictions and covenants contained in its debt agreements**

If the Group is unable to comply with the restrictions and covenants in its current or future debt agreements, there could be a default under the terms of those agreements. In the event of a default under those agreements, the creditors of the debt could terminate their commitments to lend to the Group, accelerate the debt and declare all amounts borrowed due and payable and/or terminate such debt agreements, whichever the case may be. Such actions may result in an Event of Default under the Terms and Conditions of the Notes issued.

**The Group may not be successful in implementing new business strategies or penetrating new markets**

The Group's business strategy includes developing new products and increasing the Group's presence regionally. The expansion of the Group's business activities may expose it to a number of risks and challenges including, among other things, the following:

- (a) new and expanded business activities may have less growth or profit potential than the Group anticipates, and there can be no assurance that new business activities will become profitable at the level the Group desires or at all;
- (b) the new business strategy may alter the risk profile of the Group's portfolio;
- (c) the Group may fail to identify and offer attractive new services in a timely manner, putting it at a disadvantage with competitors;
- (d) the Group's competitors may have substantially greater experience and resources in the new and expanded business activities therefore the Group may not be able to attract customers from its competitors; and
- (e) economic conditions such as changes in interest rates, inflation or the regulatory environment such as changes in laws and regulations may hinder the Group's expansion.

The Group's inability to implement its business strategy could have a material adverse effect on its business, financial condition, results of operations, prospects or reputation.

**Any failure to keep pace with technological advances or to maintain an appropriate level of investment in information technology may adversely affect the business, financial condition, results of operations, prospects or reputation of the Group**

The Group is committed to keeping pace with technological advances and has invested in information technology to foster and support the Group's business objectives. Although the Group intends to continue to make investments to promote new levels of process efficiency and effectiveness to improve its business performance and risk management capabilities, these investments and the ensuing changes

with respect to its information technology may expose the Group to technical or operational risks or difficulties associated with transitioning or integrating its existing systems and infrastructure with the introduction of new technologies, systems or other equipment. There can be no assurance that the Group's efforts in enhancing its information technology will be successful or adequate. Any strategic error in implementing its new information technology platform and any failure to maintain an appropriate level of investment in information technology for the Group could adversely affect its business, financial condition, results of operations, prospects or reputation.

### **Considerations relating to Malaysia**

As at 31 December 2017, approximately 59.5 per cent. of the Group's net operating income is derived from activities in Malaysia. Any factors which could materially or adversely affect the macroeconomic conditions of Malaysia could have a similar effect on the business, financial condition, results of operations, prospects or reputation of the Group.

### **Global or regional developments may have a material adverse impact on the Group**

The economic, market, political and policy conditions in other countries, particularly in major advanced economies (e.g. the U.S., Europe, Japan), large emerging market economies (e.g. the PRC) and Asia (e.g. North East Asia, ASEAN) that are Malaysia's key trading partners and sources of foreign direct investment and portfolio capital, could have an influence on the Malaysian economy. Any deterioration in economic conditions, widespread financial market and currency instability, as well as volatility in commodity prices causing significant loss of consumer, business and investor confidence in these economies, may adversely affect the Malaysian economy, which in turn could materially and adversely affect the business, financial condition, results of operations, prospects or reputation of the Group.

Examples of such external factors or conditions that are outside the Group's control include, but are not limited to the following:

- (a) entry of new competitors into the Malaysian banking market from foreign countries and other actions by new and existing local and foreign competitors;
- (b) impact of technological innovation and adoption such as digital economy, e-commerce, blockchain and crypto-currency on the banking industry and financial sector due to the entry of, and competition from, financial technology or "fintech" companies, and a changing regulatory landscape via developments in regulation technology or "regtech";
- (c) general economic, markets, political and social conditions in Malaysia and key foreign economies;
- (d) financial markets, currency and interest rate fluctuations;
- (e) movements in commodity prices where Malaysia and key foreign economies are major producers and exporters, namely crude oil, palm oil, natural gas and coal;
- (f) consumer spending patterns in Malaysia and key foreign economies;
- (g) inflationary pressure in Malaysia and key foreign economies;
- (h) international events and circumstances such as major policy changes, wars, terrorist attacks, natural disasters and political instability; and
- (i) changes in legal regimes and governmental regulations, such as licensing and approvals, taxation, duties and tariffs in Malaysia and key foreign markets.

The most recent major episode of global economic downturn and financial market instability began in the second half of 2007 and intensified in 2008-2009. The Global Financial Crisis ("GFC") in 2008-2009 triggered monetary and fiscal policy stimulus by central banks and governments around the world, including Malaysia, to stabilise economies and financial markets as well as to restore consumer, business and investor confidence. In particular, the major central banks – namely the U.S. Federal

Reserve, The European Central Bank (“**ECB**”), the Bank of Japan and the Bank of England – aggressively cut their benchmark interest rates to zero per cent, accompanied by quantitative easing (“**QE**”) policies (the expansion of their balance sheets via purchases of financial market assets such as government and corporate bonds as well as equities), to provide cheap and ample liquidity in the banking system and the economy as a whole to stimulate credit growth, spur capital and asset markets, and hence economic activity.

The global economic recovery and the stabilisation of global financial markets immediately after the GFC following the massive global monetary and fiscal stimulus, however, was punctuated by the Eurozone Sovereign Debt Crisis between late-2010 and 2013, which affected the economies of Greece, Ireland, Portugal and Cyprus leading to a series of bailout packages by the European Union (“**EU**”), the International Monetary Fund (“**IMF**”) and ECB for these economies to contain the crisis from spreading to other vulnerable larger Eurozone economies with high government budget deficits and debts such as Spain and Italy. Monetary policy stimulus by ECB and the conditional financial assistance packages by the EU, IMF and ECB for the affected Eurozone economies stabilised the region’s economies and the financial markets in 2014.

From 2013 onwards, the economic, market, political and policy developments in major economies such as the U.S., the Eurozone, Japan and China, have been the major factors affecting the global economy, financial markets and currencies. These include:-

- (a) the on-going normalisation of U.S. monetary policy following the end of QE and zero-interest rate policies (“**ZIRP**”) as the U.S. Federal Reserve ended its QE in October 2014, started raising interest rates from December 2015 and kicked off its balance sheet reduction programme in October 2017;
- (b) the adoption of negative interest rate policies in the Eurozone (since June 2014) and Japan (since January 2016); and
- (c) PRC's economic growth re-balancing away from the investment-and-export driven growth to consumption-driven growth and policies such as the on-going process of de-leveraging and de-risking, currency and stock market interventions, as well as capital controls that has led to slower economic growth of sub-8 per cent. since 2012 and sub-7 per cent. since 2015.

Following the election of President Donald Trump, the U.S. administration has outlined a policy agenda that, in certain ways, significantly differs from previous positions, especially on trade, fiscal policy, climate change, financial sector regulation and foreign relations. Some of the major policy shifts have been and are being implemented, including the U.S. withdrawals from the Trans-Pacific Partnership Agreement in January 2017 and from the Paris Accord on Climate Change in June 2017; the review of existing trade agreements such as the North American Free Trade Agreement and the U.S.-South Korea Free Trade Agreement; the corporate and income tax cuts and reform measures approved by the Congress in December 2017 and effective in 2018; and the imposition of import tariffs on washing machines, solar panel equipment, steel and aluminium within the first quarter of 2018 that mainly target the biggest source of the U.S. trade deficit (i.e. PRC), but also affect other major U.S. trading partners like Canada, Mexico, Japan and South Korea. U.S. President Trump’s administration is also in favour of easing the regulations on banks as opposed to the financial sector re-regulation post-GFC, and has taken a more confrontational foreign policy stance against the likes of Iran and North Korea. In this respect, the extent, implementation and outcome of U.S. policy changes resulting from his agenda, and its impact for the global economy, world trade, financial markets, commodity prices and geopolitics, is uncertain and may negatively impact the Group.

The political and policy uncertainties in the U.S. are coupled with the United Kingdom's (“**UK**”) “Brexit” vote in 2016, the effect of which still remains unclear as at the date of this Offering Circular and will remain so until resolution of the precise terms and conditions of the UK’s exit from the EU and the subsequent relationship between the UK and the EU, which is expected to be finalised by October 2018 at the earliest.

The post-GFC period was also characterised by heightened geopolitical risk and risk of terrorism amid the unstable political situation in the Middle East and North Africa region given the Iranian nuclear programme crisis, the outbreak of the Syrian civil war and the rise of Islamic State, while in East Asia

there are the unresolved overlapping territorial claims in the East and South China Seas involving the PRC and its regional neighbours, and the nuclear arms threat from North Korea. Such risks may adversely affect global and regional security and hence global and regional economies and trade activities, which in turn will impact the Group's performance.

Meanwhile, the crude oil output cut deal between OPEC members and a number of non-OPEC producers in late-2016 effective January 2017 and which has been extended until the end of 2018 has boosted the crude oil price to around U.S.\$70 per barrel (based on Brent crude oil) at the time of preparation of this Offering Circular compared with as low as U.S.\$28 per barrel in the middle of January 2016, although crude oil prices remains substantially below U.S.\$100 per barrel amid the surge in U.S crude oil output.

All these factors have constrained global growth during the post-GFC years of 2010-2017 at 3.8 per cent. p.a. versus pre-GFC growth of 5.1 per cent. p.a. in the period 2003-2007 amid cautious lending activities between financial institutions and in commercial lending markets following the volatility in capital flows, financial markets, currencies, and commodity prices that are compounded by policy and political developments. These factors could also affect the economies, sectors and activities in which the Group operates and to which it is exposed, and may therefore adversely affect the business, prospects, financial condition and results of operations of the Group.

There can be no assurance on the condition and prospects of the global economy, financial markets, currencies and commodity prices despite the world economy entering 2018 on a positive note amid the pickups in output and trade, the appreciation of major and regional currencies against the U.S. dollar, and firmer crude oil prices. Key risks to current global economic, financial market, currency and commodity outlooks include the pace of the U.S. Federal Reserve's monetary policy normalisation (i.e. interest rate hikes); the danger of protectionist trade policies or a trade war because of retaliatory responses by major and regional economies that are affected by the imposition of tariffs on selected U.S. import products; the possibility of further unexpected political developments after Brexit and the U.S. Presidential election in 2016, especially in view of a number of key elections in 2018 such as the U.S. Mid-Term Election (November 2018) and the general elections in Malaysia and Thailand; and the outlook for the PRC's economic growth and financial stability. These factors may adversely affect the business, prospects, financial condition and results of operations of the Group.

#### **Developments in Asia may negatively impact the Group and affect the Issuer's ability to make payments due under the Notes**

In mid-1997, following the substantial depreciation of the Thai Baht which triggered the Asian Financial Crisis ("AFC"), many countries in Asia, including Malaysia, experienced downward pressures on their currencies, asset prices and economies. As a result of the sharp currency depreciations, asset deflation and economic recession across the region during the AFC, a number of Asian governments and many companies had difficulty in servicing foreign currency denominated debt and many corporate customers defaulted on their debt repayments. As the crisis spread and deepened across the region, central banks raised interest rates to stabilise their currencies, which however exacerbated the weak economic and financial market conditions. In addition, liquidity was substantially reduced as foreign investors withdrew from - or reduced investment in - the region, and as banks in the region restricted additional lending activity. The vicious cycle of currency depreciations, rises in interest rates, falls in asset prices, tightening liquidity and credit conditions, and economic contractions, materially and adversely affected the economies of many countries in Asia, with some – namely South Korea, Indonesia and Thailand – receiving financial assistance from the IMF.

Current issues in Asia revolve around the outlook for the PRC's economic growth and financial stability amid lower real GDP growth post-GFC as the economy goes through "re-balancing" from an export-and-investment-led growth to a consumption-led growth. The main risk to the PRC's economic prospects are the corporate sector's high leverage and the role of the shadow banking industry in driving up debt, as well as the bouts of speculation in the equity and property markets. Aside from the above-mentioned economic restructuring, policies in recent years have focused on de-leveraging and de-risking by slowing credit growth, containing shadow banking activities, curbing speculation in financial and property markets, and controlling direct and portfolio capital outflows. Policymakers in

PRC face the challenge of striking a balance between engineering the soft-landing and maintaining sustainability of economic growth while ensuring financial stability.

A notable development post-GFC is the rise in foreign currency debt among Asian economies, especially amid cheap funding from ZIRP and QE by the central banks in major economies, namely the U.S., Eurozone and Japan. For example, total cross border loans by the Bank of International Settlement reporting banks to banking and non-bank sectors in Asia (PRC, India, North East Asian NIEs, ASEAN) jumped from the GFC low of U.S.\$1.1 trillion in the first quarter of 2009 to U.S.\$3.3 trillion as at the end of the fourth quarter of 2017. The previous record high was U.S.\$1.4 trillion in the second quarter of 2008.

The lessons learnt from the Asian Financial Crisis in 1997-1998 have led to a prudent regulatory approach on foreign currency borrowing. For instance, BNM insists on corporates that are borrowing in foreign currencies to have revenues and assets denominated in foreign currencies as well to prevent "original sin" or "asset-liability mismatch". At the same time, the government of Malaysia's ("**Government**") debt is largely domestic and Ringgit-denominated, with external or foreign-currency borrowing accounting for only 2.4 per cent. of current total Government debt outstanding.

Adverse economic developments in Asia could recur in future and could have a negative effect on Malaysia and its economy and consequently on the Group's business, financial condition and results of operations. In addition, other adverse changes in trends or a general economic slowdown as a result of changes in labour costs, inflation, interest rates, taxation or other political or economic developments in Malaysia could adversely affect the business, financial condition and results of operations of the Group and ultimately the ability of the Issuer to make the payments due under the Notes.

#### **The Malaysian Ringgit may be subject to exchange rate fluctuations**

BNM has in the past intervened in the foreign exchange market to stabilise the Ringgit, and had on 2 September 1998, maintained a fixed exchange rate of RM3.80 to U.S.\$1.00. Subsequently on 21 July 2005, BNM adopted a managed float system for the Ringgit exchange rate, which benchmarked the Ringgit to a currency basket to ensure that the Ringgit does not deviate too far from economic fundamentals as well as not being subjected to excessive volatility.

The period between mid-2013 and early 2017 saw renewed pressures on Emerging Market currencies, including the Ringgit amid several key global developments. Among the key factors was the signalling from the then Chairman of the U.S. Federal Reserve, Ben S. Bernanke, that U.S. monetary policy would be normalised, which led to the commencement of tapering of the U.S. Federal Reserve asset purchase programme or QE during the course of 2014. The normalisation of U.S. monetary policy remains a major factor driving the global currency markets as the end of QE tapering was followed by the signalling of normalisation in the ZIRP that resulted in a total of 125 basis points hike in the federal funds rate since the 15-16 December 2015 Federal Open Market Committee ("**FOMC**") meeting up to the 12-13 December 2016 FOMC meeting.

Over the same period, PRC's economy went through a slowdown that is seen as structural rather than cyclical. Among the key concerns arising from this is PRC's exchange rate policy and its implication on global currency markets (i.e. competitive devaluation of the Renminbi resulting in downward pressures on other Emerging Market currencies). Indeed, during the period from early-2014 to early-2017, the Renminbi's exchange rate versus the U.S. dollar depreciated by 13.3 per cent (from the high of 6.0406 on 14 January 2014 to the low of 6.9640 on 3 January 2017). With the Renminbi being perceived as a "managed currency", the devaluation against the U.S. dollar was seen as an attempt to weaken the Renminbi and boost export competitiveness and support growth. Furthermore, downward pressure on the Renminbi also comes from the domestic capital outflows that contributed to the drop in China's external reserves from the record high of U.S.\$3.990 trillion in June 2014 to the low of U.S.\$2.998 trillion in January 2017.

The pressures on Emerging Market currencies – including the Ringgit – have been exacerbated by the drop in commodity prices, led by crude oil, as many Emerging Market economies are net exporters of commodities. Among the worst hit currencies during 2014 and 2016, coinciding with the plunge in commodity prices were those of commodity-exporting economies (i.e. Canadian Dollar, Australian Dollar, Brazilian Real, Russian Ruble, Indonesian Rupiah and the Malaysian Ringgit).

Overall, U.S. monetary policy normalisation, PRC's growth and exchange rate policy outlook, as well as the weakness in commodity prices has led to heightened risk aversion on the Emerging Markets, in turn resulting in the outflow of capital from Emerging Economies' financial markets. During the period between 8 May 2013 when the Ringgit was at a high of 2.9625 against the U.S. dollar to 4 January 2017 when it reached the low of 4.4975 against the U.S. dollar, the Ringgit declined by 34.1 per cent against the U.S. dollar.

However, during 2017, the Ringgit has appreciated 10.9 per cent. compared with the 4.3 per cent .depreciation in 2016. As at 11 April 2018, the closing exchange rate was RM3.875 to U.S.\$1.00 compared with the low of RM4.4975 at 4 January 2017 and RM 4.0465 at the end of 2017. This reversal in the Ringgit against the U.S. dollar reflects a shift in market and investor sentiment towards Emerging Market currencies in general amid factors like firmer economic growth registered in 2017 in Emerging Markets and Malaysia amid the pick up in the global economy that was driven by the synchronised expansions in the major economies, namely the U.S. Eurozone and Japan; the rebound in crude oil prices as the crude oil output cut by OPEC members and participating non-OPEC producers takes effect which also eased the pressures on Malaysia's current account and fiscal balances; and the gain in the Renminbi that significantly reversed the previous devaluation against the U.S. dollar. At the same time, in late-2016, BNM's enforcement of existing rules and regulations regarding onshore financial institutions' involvement in the offshore Ringgit's non-deliverable forward market, as well as the re-imposition of the requirement for exporters to repatriate their earnings which was liberalised during 2011-2016, had the effect of stabilising the Ringgit against the U.S. dollar and restoring trade-related inflows which is positive for the Ringgit as the repatriation of export earnings helps in rebuilding the external reserves that were depleted due to the earlier outflows of foreign portfolio capital from the domestic equity and bond market.

While the BNM has adopted a managed float system for the Ringgit exchange rate, there can be no assurance that BNM will, or would be able to intervene in the foreign exchange market in the future or that any such intervention or fixed exchange rate would be effective in achieving the objective of BNM's policy. The Issuer revalues its foreign currency borrowings and its investments on its balance sheet to account for changes in currency rates and recognise the resulting gains or losses in its income statement. While the Issuer usually engages in foreign currency hedging transactions to minimise its foreign currency exposure, fluctuations in the value of the Ringgit against other currencies can have a direct effect on the Issuer's results of operations and shareholders' equity and may adversely affect the Issuer's business, financial condition, results of operations and prospects.

#### **Impact of re-imposition of capital controls**

As part of the package of policy responses to the 1997 economic crisis in Southeast Asia, the Government introduced, on 1 September 1998, selective capital control measures. The Government subsequently liberalised such selective capital control measures in 1999 to allow foreign investors to repatriate principal capital and profits, subject to an exit levy based on a percentage of profits repatriated. On 1 February 2001, the Government revised the levy to apply only to profits made from portfolio investments retained in Malaysia for less than one year. On 2 May 2001, the Government lifted all such controls in respect of the repatriation of foreign portfolio funds (largely consisting of proceeds from the sale of stocks listed on Bursa Securities).

There can be no assurance that the Government will not re-impose these or other forms of capital controls in the future. If the Government re-imposes or introduces foreign exchange controls, investors may not be able to repatriate the proceeds of the sale of the Notes and interest and principal paid on the Notes from Malaysia for a specified period of time or may only be able to do so after paying a tax or levy.

#### **Inflationary pressures in Malaysia and potential impact upon the Malaysian economy**

The inflation rate, as measured by the annual change in consumer price index, averaged 3.7 per cent. in 2017, faster than 2.1 per cent. registered in 2016. The key factor behind the acceleration in inflation rate is the direct effect of the rebound in the crude oil price on the domestic retail fuel prices as Malaysia adopted a floating fuel price mechanism since December 2014 following the abolition of fuel price subsidies. Consequently, the "Transport" component of the Consumer Price Index ("CPI")

which is used to measure the inflation rate jumped 13.2 per cent. in 2017 compared to the decline of 4.6 per cent. in 2016. Inflationary pressures in 2017 were also exacerbated by the prolonged earlier weakness in Ringgit that forced businesses to pass the higher costs of imported goods and services to consumers. The latest indication is that inflationary pressures may be receding in 2018 as the CPI increased by a slower pace of 1.4 per cent. year-on-year (“YoY”) in February 2018 compared with 4.5 per cent. YoY in February 2017 and 3.5 per cent. YoY in December 2017. Any re-emergence of inflationary pressures in the Malaysian economy could adversely affect the business, financial condition, prospects and results of operations of the Issuer and the Group.

## **Considerations relating to the Malaysian Banking Industry**

### **Regulatory Environment**

The Issuer is regulated by BNM. The Group is also subject to relevant banking, securities and other laws of Malaysia. BNM has extensive powers to regulate the Malaysian banking industry under the Financial Services Act 2013 (“FSA”) and the Islamic Financial Services Act 2013 (“IFSA”). This includes the power to limit the interest rates charged by banks on certain types of loans, establish caps on lending to certain sectors of the Malaysian economy and establish priority lending guidelines in furtherance of certain social and economic objectives. BNM also has broad investigative and enforcement powers. Accordingly, potential investors should be aware that BNM could, in the future, set interest rates at levels or restrict credit in a way which may be adverse to the operations, financial condition or asset quality of banks and financial institutions in Malaysia, including the Group, and may otherwise significantly restrict the activities of the Group and Malaysian banks and financial institutions generally.

### **Increasing competition and market liberalisation**

The banking industry has been transforming as part of BNM's implementation of its first Financial Sector Master Plan (2001-2010), which has resulted in the liberalisation of the banking industry to allow for a greater presence of foreign and Islamic banks as well as providing greater opportunities for banks to widen their scope of business beyond traditional commercial banking. BNM's second Financial Sector Master Plan (2011-2020), which was launched in December 2011, is more focused on the future development of the financial sector in promoting the effective intermediation towards the achievement of a high-income economy.

The liberalisation of the banking industry has brought greater competition among banking institutions and this trend is expected to continue.

As a result, banking institutions are encouraged to become more nimble and efficient by, amongst other things, improving customer service and experience, adapting and adopting digital technology, exploring cost effective solutions and introducing product and service innovation.

The Group faces competition from other domestic banking groups as well as foreign banks operating in Malaysia. The increased competition may adversely impact the business, financial conditions and results of operations of the Issuer and the Group.

### **Scope and cost of deposit insurance in Malaysia**

BNM is not required to act as lender of last resort to meet liquidity needs in the banking system generally or for specific institutions. In the past, BNM has on a case-by-case basis provided a safety net for individual banks with an isolated liquidity crisis. However, there can be no assurance that BNM will provide such assistance in the future.

Effective from 1 September 2005, BNM introduced a deposit insurance system (the “**Deposit Insurance System**”). The Deposit Insurance System is administered by Malaysia Deposit Insurance Corporation (*Perbadanan Insurans Deposit Malaysia*), an independent statutory body. All licensed commercial banks (including subsidiaries of foreign banks operating in Malaysia) and Islamic banks are member institutions of the Deposit Insurance System.

In addition to the above, based on announcements by the Malaysia Deposit Insurance Corporation, the Issuer took a risk based approach and implemented the new differential premium system framework in February 2008 to replace the flat rate premium system. Under the differential premium system, the premium payable by a banking institution will depend on the institution's risk profile. Eligible deposits that are insured are capped at RM250,000 (inclusive of principal and interest) per depositor, per member institution. The eligible deposits include foreign currency deposits as part of the deposit coverage.

### **Considerations related to the structure of a particular Issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features and risks associated.

### **Notes subject to optional redemption by the Issuer**

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### **Subordinated Notes and AT1 Notes subject to early redemption by the Issuer**

The Issuer may, at its option, redeem all or some only of the Subordinated Notes or the AT1 Notes on any Optional Redemption Date or redeem any tranche of the Subordinated Notes or AT1 Notes, if there is any occurrence of a Tax Event (including where the Issuer is no longer entitled, or would not be entitled to obtain deductions for the purposes of Malaysian corporation tax in respect of payments of interest on the Subordinated Notes or AT1 Notes, as the case may be, as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Subordinated Notes or AT1 Notes, as the case may be, of the relevant Series) or a Regulatory Capital Event, subject to the Redemption Conditions being satisfied, in accordance with Condition 7.2, Condition 7.3 and Condition 7.6 respectively.

The redemption of one Series of the Subordinated Notes or AT1 Notes pursuant to the Issuer Call, Tax Event or Regulatory Capital Event does not trigger the redemption of other Series of the Subordinated Notes or AT1 Notes.

### **Partly-Paid Notes**

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment on a Partly-Paid Note could result in an investor losing all of its investment.

### **Variable rate Notes with a multiplier or other leverage factor**

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

### **Inverse Floating Rate Notes**

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes are typically more volatile than



market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### **Fixed/Floating Rate Notes**

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or vice versa. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

### **Notes issued at a substantial discount or premium**

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### **Index Linked Notes and Dual Currency Notes**

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a "**Relevant Factor**"). In addition, it may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) the payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

## Considerations relating to the Notes generally

### Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”**

Interest rates and indices which are deemed to be “benchmarks” (including LIBOR, EURIBOR, SIBOR and SOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a “benchmark”.

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and is applicable from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The Benchmarks Regulation could have a material impact on any Notes linked to or referencing LIBOR, EURIBOR, SIBOR and SOR, in particular, if the methodology or other terms of LIBOR, EURIBOR, SIBOR and SOR are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of LIBOR, EURIBOR, SIBOR and SOR. More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise

participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the following effects on certain “benchmarks” (including LIBOR, EURIBOR, SIBOR and SOR): (i) discourage market participants from continuing to administer or contribute to the “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead to the disappearance of the “benchmark”.

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing LIBOR, EURIBOR, SIBOR and SOR. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing LIBOR, EURIBOR, SIBOR and SOR.

#### **Future discontinuance of LIBOR or SIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR or SIBOR**

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions of the Notes, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR. Uncertainty as to the nature of the potential changes, alternative reference rates or other reforms may adversely affect the trading market for LIBOR-based securities, including the Floating Rate Notes.

Similarly, The Association of Banks in Singapore has also proposed to discontinue certain tenors for SIBOR and to amend the methodology for determining SIBOR.

The potential elimination of the LIBOR or SIBOR benchmarks or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

#### **Investors should pay attention to any modification, waivers and substitution**

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

### **Bearer Notes where denominations involve integral multiples: definitive bearer Notes**

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in bearer form in respect of such holding (should such Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes in bearer form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### **Noteholders' ability to enforce claims is uncertain**

Substantially all the assets of the Issuer are located in Malaysia. Generally, since the United Kingdom is a reciprocating country, any final and conclusive judgment obtained against the Issuer in any of the superior courts of the United Kingdom or other reciprocating countries as listed in the Reciprocal Enforcement of Judgments Act, 1958 of Malaysia, other than a judgment of such a court given on appeal from a court which is not a superior court, can be registered in the Malaysian High Court without re-examination or re-litigation of the matters adjudicated upon, if:

- (i) the judgment was not obtained by fraud;
- (ii) the enforcement of the judgment would not be contrary to natural justice or the public policy of Malaysia and the adjudicating court has jurisdiction over the Issuer according to the principles of private international laws of Malaysia or would not be an enforcement of the penal or revenue laws of any jurisdiction other than Malaysia;
- (iii) the enforcement of the judgment would not be an enforcement of penal or revenue laws;
- (iv) the judgment was not obtained in proceedings in which the defendant did not (notwithstanding that process may have been duly served on him in accordance with the laws of England) receive notice of those proceedings in sufficient time to enable it to defend the proceedings and did not appear;
- (v) there has not been an earlier judgment of a competent court;
- (vi) the judgment is for a fixed sum and not for multiple damages;
- (vii) enforcement of proceedings is instituted within six years after the date of the judgment;
- (viii) an appeal is not pending, and the judgment creditor is not entitled and intending to appeal, against the judgment;
- (ix) the judgment was made by a court of competent jurisdiction; and
- (x) the judgment has not been wholly satisfied and is enforceable by execution in the courts of England.

As a result, Noteholders with claims against the Issuer, its directors or executive officers, will generally be able to pursue such claims by registering such judgments obtained in the recognised English courts or those of other reciprocating countries in the Malaysian High Court. In addition, where the sum payable under a judgment which is to be registered is expressed in a currency other than Malaysian currency, the judgment shall be registered as if it were a judgment for such sum in Malaysian currency as is equivalent to the sum so payable on the basis of the rate of exchange prevailing at the date of the judgment of the original court.

**Global financial turmoil has led to volatility in international capital markets which may adversely affect the market price of the Notes**

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market price of the Notes.

**Limited rights of enforcement and subordination of the Subordinated Notes and AT1 Notes could impair an investor's ability to enforce its rights or realise any claims on the Subordinated Notes or AT1 Notes**

In most circumstances, the sole remedy against the Issuer available to the holders of Subordinated Notes or AT1 Notes to recover any amounts owing in respect of the principal of or interest on the Subordinated Notes or AT1 Notes will be to institute proceedings for the winding-up of the Issuer in Malaysia. See Condition 10.2 of the "*Terms and Conditions of the Notes*".

If the Issuer defaults on the payment of principal or interest on the Subordinated Notes or AT1 Notes or fails to perform its covenants, the holders of the Subordinated Notes or AT1 Notes will have no right to accelerate payment of the Subordinated Notes or AT1 Notes, except as they may be so permitted under the Terms and Conditions of the Notes.

The Subordinated Notes will be direct, unconditional, unsecured and subordinated obligations of the Issuer and will be subordinated in right of payment to the claims of all Unsubordinated Creditors of the Issuer. The AT1 Notes will be direct, unconditional, unsecured, and subordinated obligations of the Issuer and will be subordinated in right of payment to the claims of all Senior Creditors (including, but not limited to creditors in respect of Tier 2 Capital Securities). Upon the occurrence of any Winding-up Proceeding, the rights of the holders of the Subordinated Notes or AT1 Notes to payments on such Subordinated Notes or AT1 Notes will be subordinated as set out in the Terms and Conditions of the Notes and the applicable Pricing Supplement. In a Winding-up Proceeding, the holders of the Subordinated Notes or AT1 Notes may recover less than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer, as applicable. As there is no precedent for a winding-up of a major financial institution in Malaysia, there is uncertainty as to the manner in which such a proceeding would occur and the results thereof. Although Subordinated Notes or AT1 Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes or AT1 Notes will lose all or some of his investment should the Issuer become insolvent.

The winding-up of the Issuer is subject to prior written approval of BNM. Under the FSA, no application for the winding-up of a licensed person (i.e. all banks, which includes the Issuer), an operator of a payment system or an approved person can be presented to the Malaysian High Court without the prior written approval of BNM. In addition, a copy of such an application to the Malaysian High Court must also be delivered to BNM at the same time as it is presented to the Malaysian High Court. The failure to comply with such requirements is an offence and a person convicted of such offence is liable to imprisonment and/or a fine.

As a consequence of the subordination provisions, in the event of a winding up of the Issuer's operations, the holders of any Subordinated Notes or AT1 Notes may recover less rateably than the holders of deposit liabilities or the holders of the Issuer's other unsubordinated liabilities. The Issuer believes that all of these deposit liabilities rank senior to the Issuer's obligations under the Subordinated Notes or AT1 Notes. Any Subordinated Notes or AT1 Notes and the Terms and Conditions of the Notes do not limit the amount of the liabilities ranking senior to the Subordinated Notes or AT1 Notes which may be hereafter incurred or assumed by the Issuer.

There is also no restriction on the amount of securities which the Issuer may issue and which rank *pari passu* with the Subordinated Notes or AT1 Notes. The issue of any such securities may reduce the amount recoverable by the holders of the Subordinated Notes or AT1 Notes on a winding-up of the Issuer. In the winding-up of the Issuer and after payment of the claims of senior creditors and of depositors, there may not be a sufficient amount to satisfy the amounts owing to the holders of the Subordinated Notes or AT1 Notes.

#### **The Subordinated Notes and the AT1 Notes may be varied by the Issuer**

The Issuer may, subject to the approval of BNM and as set out in the Terms and Conditions of the Notes and the applicable Pricing Supplement, vary the terms of the Subordinated Notes or AT1 Notes, as the case may be, in order that they remain Tier 1 Capital Securities or Tier 2 Capital Securities, respectively. Any such variation may have adverse consequences for holders of the Subordinated Notes or the AT1 Notes, depending on numerous factors, including the nature and terms and conditions of the relevant variation provisions and the tax laws to which a particular holder is subject to.

#### **No Events of Default under the Subordinated Notes or AT1 Notes**

Issues of Subordinated Notes and AT1 Notes do not provide for events of default allowing acceleration of the Subordinated Notes or AT1 Notes, as the case may be, except upon the Winding-up of the Issuer. Upon a payment default, the sole remedy available to the holders of the Subordinated Notes and AT1 Notes for recovery of amounts owing in respect of any payment or principal of, or interest on, the Subordinated Notes or AT1 Notes, as the case may be, will be the institution of proceedings in Malaysia for the winding-up of the Issuer. See Conditions 10.2 and 10.3 of the "*Terms and Conditions of the Notes*".

#### **Subordinated Notes and AT1 Notes that include a loss absorption feature are novel and complex financial instruments.**

Subordinated Notes and AT1 Notes that include a loss absorption feature are complex financial instruments and the regulations on non-viability loss absorption are untested in Malaysia and will be subject to the interpretation and application by the relevant authority in Malaysia. It is uncertain how the relevant Malaysian authority would determine the occurrence of a Trigger Event and the range of circumstances in which the relevant Malaysian authority could rely upon to determine such occurrence is wide. See Condition 7.16 of the "*Terms and Conditions of the Notes*".

The Relevant Malaysian Authority has full discretion to elect to require a Write-off when the Issuer has ceased, or is about to cease, to be viable or when a capital injection or equivalent support has been provided. Even if the option to Write-off is not exercised, holders of the Subordinated Notes and AT1 Notes may still be exposed to losses from any winding-up resolution of the Issuer.

A Write-off does not constitute an event of default or enforcement event, nor would it trigger a cross-default under the Subordinated Notes and AT1 Notes. A Trigger Event is deemed to have occurred, among other events, on the day on which the Issuer receives notification from BNM.

A potential investor should not invest in such Subordinated Notes and AT1 Notes unless it has the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of a Write-off and the value of such Subordinated Notes and AT1 Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular or incorporated by reference herein.

#### **AT1 Notes are perpetual securities and investors have no right to require redemption**

The AT1 Notes are perpetual and have no maturity date. AT1 Noteholders have no ability to require the Issuer to redeem their AT1 Notes whereas the Issuer can redeem the AT1 Notes in certain circumstances as described in the Terms and Conditions of the Notes. However, the Issuer is under no obligation to redeem the AT1 Notes at any time. The ability of the Issuer to redeem AT1 Notes is subject to the Issuer satisfying the Redemption Conditions at that time.

Consequently, this means that AT1 Noteholders have no ability to realise their investment, unless the Issuer exercises its right to redeem the AT1 Notes or by selling their AT1 Notes. However, there can be no guarantee that the Issuer will be able to meet the Redemption Conditions. AT1 Noteholders who wish to sell their AT1 Notes may be unable to do so at a price at or above the amount they paid for them, or at all, if insufficient liquidity exists in the market for the AT1 Notes.

**The AT1 Notes may be written-off upon breach of common equity tier 1 capital ratio**

If the CET1 Capital Ratio of the Issuer (or a consolidated or unconsolidated basis) falls below 5.125 per cent., the Issuer shall, without the need for the consent of the AT1 Noteholders, write-off the AT1 Notes (in whole or in part). The aggregate amount to be written-off must be at least the amount required to restore the Issuer's consolidated and unconsolidated CET1 Capital Ratio to at least 5.75 per cent. If this is not possible, then the full principal value of the AT1 Notes will be written-off in any case.

Such write-off shall not constitute an Event of Default or enforcement event, nor would it trigger a cross-default under Notes other than the AT1 Notes.

As there is no precedent for the application of such write-off requirement in respect of a financial institution in Malaysia, there is uncertainty as to the manner in which such requirement would be applied and the results thereof. AT1 Noteholders should note that any amount that is written-off upon the occurrence of such event in accordance with the terms of the AT1 Notes is permanent and will not be restored under any circumstances, even after the CET1 Capital Ratio is restored to at least 5.75 per cent. Accordingly, there is a potential risk that an investor of the AT1 Notes may lose all or some of his investment and may not receive a full or any return of the principal amount or any unpaid amounts due under the AT1 Notes should the requirement be applied. For the avoidance of doubt, the Issuer, the Dealers and the Fiscal Agent are not liable for any liabilities arising upon the Issuer's CET1 Capital Ratio (on a consolidated or unconsolidated basis) falling below 5.125 per cent.

**Interest on the AT1 Notes is discretionary, non-cumulative and may be cancelled**

The Issuer may, at its sole discretion and without prior notice to the AT1 Noteholders, taking into account its specific financial and solvency condition, elect to cancel any payment of Interest, in whole or in part, on a non-cumulative basis. The Issuer may make such election for any reason. Any Interest that has been cancelled shall no longer be due and payable at any time thereafter by the Issuer and shall not accrue thereafter, whether or not funds are, or subsequently become, available. AT1 Noteholders will have no right to such interest whether in a winding up situation or otherwise. Cancellation of such interest shall not constitute an Event of Default and does not entitle the AT1 Noteholders to petition for the insolvency or Winding-Up of the Issuer.

In addition, the Issuer will not be obliged to pay, and will not pay, any Interest if the Issuer has insufficient Distributable Reserves. As both an operating company and a holding company, the level of the Issuer's Distributable Reserves is affected by a number of factors, principally its ability to remain profitable from its operations and to receive funds, directly or indirectly, from its operating subsidiaries in a manner which creates Distributable Reserves for the Issuer. Consequently, the Issuer's future Distributable Reserves, and therefore its ability to pay Interest, are a function of its existing Distributable Reserves, future profitability and the ability to distribute dividend or profits from its operating subsidiaries up the group structure to the Issuer. In addition, the Issuer's Distributable Reserves may also be adversely affected by the servicing of more instruments that rank senior in priority of payment to the AT1 Notes.

The Issuer's Distributable Reserves, and therefore its ability to pay interest, may be adversely affected by the performance of the Issuer's business in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Issuer's control. In addition, adjustments to earnings, as determined by the Board of Directors of the Issuer, may fluctuate significantly and may materially adversely affect Distributable Reserves.

Further, the ability of the Issuer's subsidiaries to pay dividends and the Issuer's ability to receive distributions and other payments from its investments in other entities is subject to applicable local

laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws. These laws and restrictions could limit the payment of dividends, distributions and other payments to the Issuer by its subsidiaries, which could in time restrict the Issuer's ability to fund other operations or to maintain or increase its Distributable Reserves.

The level of the Issuer's Distributable Reserves may be further affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Reserves in the future.

If the Issuer does not pay Interest on the relevant Interest Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment or part-payment shall serve as evidence of the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly, such interest payment (or the portion thereof not paid) shall not be due and payable.

If practicable, the Issuer shall provide notice of any cancellation of Interest (in whole or in part) to the AT1 Noteholders on or prior to the relevant Interest Payment Date. If practicable, the Issuer shall endeavour to provide such notice at least five (5) business days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give the AT1 Noteholders any rights as a result of such failure.

No AT1 Noteholder shall have any claim whatsoever in respect of any Interest or part thereof cancelled and/or not due or payable. Accordingly, such cancelled interest or part thereof shall not accrue or accumulate for the benefit of the AT1 Noteholders or entitle the AT1 Noteholders to any claim in respect thereof against the Issuer.

If Interest is not paid for whatever reason, the AT1 Notes may trade at a lower price. If an AT1 Noteholder sells his AT1 Notes during such a period, he may not receive the same return on investment as an AT1 Noteholder who continues to hold his AT1 Notes until interest payments are resumed.

#### **No equity conversion for the AT1 Notes**

An investor of the AT1 Notes will only receive cash if interest payments are made or the AT1 Notes are redeemed. The AT1 Notes shall not entitle the AT1 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 AT1 Noteholders upon a write-off of the AT1 Notes following the Issuer's CET1 Capital Ratio (consolidated or entity level) falling below 5.125 per cent., the occurrence of any other Trigger Event or otherwise. The AT1 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.

#### **Tax treatment of Subordinated Notes and AT1 Notes that contain non-viability loss absorption provisions is unclear.**

Investors and holders of any tranche of the Subordinated Notes or AT1 Notes should consult their own accounting and tax advisers regarding the Malaysian income tax consequences of their acquisition, holding and disposal of such tranche of the Subordinated Notes or AT1 Notes.

#### **U.S. Foreign Account Tax Compliance Withholding**

Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that U.S. federal income tax law, commonly known as "FATCA" will affect the amount of any payment received by the ICSDs (see "Taxation"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of



withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide such custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the Common Depositary for the ICSDs (as holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries

### **Malaysian Taxation**

Under present Malaysian law, all interest payable to non-residents in respect of the Notes is exempted from withholding tax. However, there is no assurance that this present position will continue and in the event that such exemption is revoked, modified or rendered otherwise inapplicable, such interest shall be subject to withholding tax at the then prevailing withholding tax rate. However, notwithstanding the foregoing, the Issuer shall be obliged pursuant to the terms of the Notes, subject to customary exceptions, in the event of any such withholding, to pay such additional amounts to the investors so as to ensure that the investors receive the full amount which they would have received had no such withholding been imposed.

### **Change of law**

The conditions of the Notes are based on English law or, in the case of the subordination provisions set out in such conditions in the Subordinated Notes and the AT1 Notes, Malaysian law, in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or, as the case may be, Malaysian law, or administrative practice after the date of this Offering Circular.

### **Reliance on procedures of clearing systems**

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with (i) a common depositary for Euroclear and Clearstream, Luxembourg, (ii) a subcustodian for the CMU Service, or (iii) CDP (collectively the "**Clearing Systems**"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each relevant Clearing System and their respective direct and indirect participants (if any) will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants (if any).

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant Clearing Systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System and its participants (if any) to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System and its participants to appoint appropriate proxies.

### **Considerations related to the market generally**

#### **The secondary market generally**

The Notes may have no established trading market when issued and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to

interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of the Notes. Even if the Notes are traded, they may trade at a discount from their initial issue price, depending on prevailing interest rates, the market for similar securities, the Group's performance and other factors.

Application has been made to the SGX-ST for permission to deal in and for the listing and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST but there can be no assurance that such listing will occur. Application has been made to the LFX for the listing of, and permission to deal in, any Notes that may be issued under the Programme but there can be no assurance that such listings will occur on or prior to the date of issue of such Notes or at all. In addition, the Programme has also been admitted for the listing of the Notes on TSE in its capacity as the market operator of the TOKYO PRO-BOND Market in accordance with the rules and regulations of TSE. Application will also be made to the TPEX for the listing of, and permission to deal in, any Notes which are agreed at the time of issue thereof to be so listed on the TPEX pursuant to the applicable rules of TPEX. Admission to the listing and trading of the Notes on the TPEX shall not be taken as an indication of the merits of the Issuer or the Notes. No assurance can be given that such application will be approved or that the TPEX listing will be maintained. If for any reason the Notes are not listed, the liquidity of the Notes may be negatively impacted.

Historically, the market for debt securities by South East Asian issuers has been subject to disruptions that have caused substantial volatility in the prices of such securities. There can be no assurance that the market for any Notes will not be subject to similar disruptions. Any such disruption may have an adverse effect on holders of such Notes.

#### **Exchange rate risks and exchange controls**

The Issuer will pay principal and interest on the Notes in the currency specified in the applicable Pricing Supplement (the "**Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Currency. These include the risk that foreign exchange rates may significantly change (including changes due to devaluation of the Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Currency would decrease (i) the Investor's Currency-equivalent interest on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable foreign exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### **Interest rate risks**

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

#### **Inflation risk**

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

#### **The market value of the Notes may fluctuate**

Trading prices of the Notes are influenced by numerous factors, including the business and/or financial condition of the Issuer, political, economic, financial and any other factors that can affect the capital markets, the industry and/or the Issuer generally. Adverse economic developments, acts of war and

health hazards in countries in which the Issuer operates, amongst other factors, could have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects or reputation.

#### **Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time.

#### **Considerations relating to Renminbi-Denominated Notes**

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

#### **Renminbi is not freely convertible. There are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Notes**

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

In respect of Renminbi foreign direct investments ("**FDI**"), the People's Bank of China ("**PBoC**") promulgated the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (the "**PBoC FDI Measures**") on 13 October 2011 as part of the implementation of the PBoC's detailed Renminbi FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, PBoC issued a circular setting out the operational guidelines for FDI. Under the PBoC FDI Measures, special approval for FDI and shareholder loans from PBoC, which was previously required, is no longer necessary. In some cases however, post-event filing with PBoC is still necessary.

On 3 December 2013, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the "**MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

As the PBoC FDI Measures and the MOFCOM Circular are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

Subject to the prior receipt of all necessary governmental approvals, the Issuer may remit the net proceeds from the offering of Renminbi Notes into the PRC. There is no assurance that such approvals will be granted and, if granted, will not be revoked or amended in the future. With effect from 1

October 2016, the IMF has determined the Renminbi to be a freely usable currency and has accordingly added it to the IMF's Special Drawing Right valuation basket (along with the U.S. dollar, the euro, Japanese yen and pounds sterling). However, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

**There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service the Renminbi Notes**

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. While the PBoC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “**Renminbi Clearing Banks**”), including but not limited to Hong Kong, London, Frankfurt and Singapore, and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi-denominated financial assets outside the PRC is limited. There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

**Investment in the Renminbi Notes is subject to exchange rate risks**

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to the Renminbi Notes in Renminbi. As a result, the value of these Renminbi payments in U.S. dollars or other foreign currencies may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of investment in U.S. dollars or other applicable foreign currencies will decline. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Renminbi Notes.

**Payments in respect of the Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes**

All payments to investors in respect of the Renminbi Notes will be made solely by (i) when the Renminbi Notes are represented by a global certificate, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when the Renminbi Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Bank cannot be required to make

payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

## CAPITALISATION OF THE GROUP

As at 31 December 2017, the share capital of the Issuer is RM44,250,380,043 and the issued ordinary share is 10,782,745,278 units.

The following table sets forth the liabilities and shareholders' equity of the Group as at 31 December 2017 derived from the audited consolidated financial statements of the Group as at 31 December 2017:

	<u>Audited</u>	<u>Translated</u>
	<u>As at 31 December 2017</u>	
	<i>(RM million)</i>	<i>(U.S.\$ million)</i>
<b>Liabilities</b>		
Deposits from customers	502,017	123,955
Investment accounts of customers	24,555	6,063
Deposits and placements from financial institutions	42,598	10,518
Obligations on financial assets sold under repurchase agreements	5,367	1,325
Bills and acceptances payable	1,894	468
Derivative liabilities	7,221	1,783
Financial Liabilities at fair value through profit or loss ("FVTPL")	6,376	1,574
Insurance/takaful contract liabilities and other insurance payable	25,119	6,202
Other liabilities	19,179	4,736
Recourse obligation on loans and financing sold to Cagamas	1,544	381
Provision for taxation and zakat	747	184
Deferred tax liabilities	732	181
Borrowings	34,506	8,520
Subordinated obligations <sup>^</sup>	11,979	2,958
Capital securities <sup>#</sup>	6,284	1,552
<b>Total Liabilities</b>	<u>690,118</u>	<u>170,400</u>
<b>Equity attributable to equity holders of the Bank</b>		
Share capital	44,250	10,926
Shares held-in-trust	(183)	(45)
Retained profits	25,269	6,239
<b>Other Reserves</b>		
Statutory reserve	203	50
Regulatory reserve	2,747	678
AFS reserve	30	7
Exchange fluctuation reserve	859	212
ESS reserve	219	54
Capital reserve	13	3

	<b>Audited</b>	<b>Translated</b>
	<b>As at 31 December 2017</b>	
	<i>(RM million)</i>	<i>(U.S.\$ million)</i>
<b>Other Reserves (cont'd.)</b>		
Revaluation reserve	(2)	*
Defined benefit reserve	(41)	(10)
Net investment hedge & cash flow hedge reserve	(375)	(93)
	<u>72,989</u>	<u>18,021</u>
Non-controlling interests	2,195	542
	<u>75,184</u>	<u>18,563</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>765,302</u>	<u>188,963</u>

Notes:

(1) Under the Malaysian Companies Act 2016 (the "Act") which took effect from 31 January 2017, the ordinary shares of the Bank will cease to have par or nominal value and the Bank's share premium will become part of the share capital. Therefore, the capital amount includes share premium associated with the share issuance.

(2) There has been no material change in the liabilities of the Group since 31 December 2017.

^ Includes RM250.0 million subordinated notes due in 2023, RM2,100.0 million subordinated notes due in 2024, RM1,600.0 million subordinated notes due in 2024, RM2,200.0 million subordinated notes due in 2025, RM1,100.0 million subordinated notes due in 2025, USD500.0 million subordinated notes due in 2026, RM500.0 million subordinated notes due in 2023, RM300.0 million subordinated sukuk due in 2024, IDR1.5 trillion subordinated bond due in 2018, IDR500.0 billion subordinated bond due in 2018, IDR1.0 trillion subordinated bond due in 2019, IDR1.5 trillion subordinated bonds due in 2021, IDR800.0 billion subordinated bond due in 2023 and RM1,500.0 million subordinated sukuk due in 2024.

# Includes the following:

- RM3,500.0 million stapled capital securities

On 10 September 2014, the Bank had completed a partial redemption of RM3,437.0 million in nominal value.

- SGD600.0 million innovative Tier 1 capital securities ("IT1CS")

On 21 January 2015, the Bank had purchased SGD78.0 million out of the SGD600.0 million IT1CS through a private treaty arrangement. The SGD78.0 million IT1CS bought back was cancelled on 28 January 2015.

- RM1,100.0 million innovative Tier 1 capital securities
- RM3,500.0 million additional Tier 1 capital securities

\* Denotes amount below USD 1 million.

Save as disclosed, as at 31 December 2017, there are no contingent liabilities (arising in the normal course of business or otherwise) that may have a material adverse impact on the financial conditions of the Group.

## SELECTED FINANCIAL INFORMATION OF THE GROUP

The following tables present; (i) summary audited consolidated financial information for the financial year ended 31 December 2016 and 31 December 2017 in respect of the Group's income statement; and (ii) summary audited consolidated financial information as at 31 December 2016 and 31 December 2017 in respect of the Group's statement of financial position.

The financial information below has been derived from, and should be read in conjunction with, the Group's historical financial statements and their related notes incorporated by reference into this Offering Circular. The Group's financial statements are reported in Ringgit Malaysia and presented in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Act.

	<u>Audited</u>	<u>Audited</u>	<u>Translated</u>
	<b>For the financial year ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2017</b>
	<i>(RM million)</i>	<i>(RM million)</i>	<i>(U.S.\$ million)</i>
<b>Income Statement</b>			
Interest income	20,940	22,056	5,446
Interest expense	<u>(9,582)</u>	<u>(9,909)</u>	<u>(2,447)</u>
Net interest income	11,358	12,147	2,999
Income from Islamic Banking Scheme operations	4,189	4,900	1,210
Net earned insurance premiums	4,444	5,251	1,297
Other operating income	<u>6,289</u>	<u>6,027</u>	<u>1,488</u>
Total operating income	26,280	28,325	6,994
Net insurance benefits and claims incurred, net fee and commission expenses, change in expense liabilities and taxation of life and takaful fund	<u>(4,107)</u>	<u>(5,057)</u>	<u>(1,249)</u>
Net operating income	22,173	23,268	5,745
Overhead expenses	<u>(10,487)</u>	<u>(11,357)</u>	<u>(2,804)</u>
Operating profit before impairment losses	11,686	11,911	2,941
Allowances for impairment losses on loans, advances, financing and other debts, net	<u>(2,833)</u>	<u>(1,959)</u>	<u>(484)</u>
Allowances for impairment losses on financial investments, net	<u>(182)</u>	<u>(69)</u>	<u>(17)</u>
Operating profit	8,671	9,883	2,440
Share of profits in associates and joint ventures	<u>173</u>	<u>215</u>	<u>53</u>
Profit before taxation and zakat	8,844	10,098	2,493
Taxation and zakat	<u>(1,880)</u>	<u>(2,301)</u>	<u>(568)</u>
Profit for the financial year	<u>6,964</u>	<u>7,797</u>	<u>1,925</u>



	<b>Audited</b>	<b>Audited</b>	<b>Translated</b>
	<b>For the financial year ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2017</b>
	<i>(RM million)</i>	<i>(RM million)</i>	<i>(U.S.\$ million)</i>
<b>Income Statement (cont'd.)</b>			
Attributable to:			
Equity holders of the Bank	6,743	7,521	1,857
Non-controlling interests	221	276	68
	<u>6,964</u>	<u>7,797</u>	<u>1,925</u>
Basic earnings per ordinary share (sen)	<u>67.8</u>	<u>72.0</u>	<u>17.8</u>
Net dividends per ordinary share (sen)	<u>52.0</u>	<u>55.0</u>	<u>13.6</u>

	<b>Audited</b>	<b>Audited</b>	<b>Translated</b>
	<b>As at 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2017</b>
	<i>(RM million)</i>	<i>(RM million)</i>	<i>(U.S.\$ million)</i>
<b>Statement of Financial Position</b>			
<b>Assets</b>			
Cash and short-term funds	58,141	50,334	12,428
Deposits and placements with financial institutions	13,445	16,989	4,195
Financial assets purchased under resale agreements	2,492	8,514	2,102
Financial assets at FVTPL	23,496	25,118	6,202
Financial investments available-for-sale	92,385	109,070	26,931
Financial investments held-to-maturity	15,022	20,185	4,984
Loans, advances and financing	477,775	485,584	119,897
Derivative assets	8,312	6,705	1,655
Reinsurance/retakaful assets and other insurance receivables	4,140	3,934	971
Other assets	10,526	9,698	2,395
Investment properties	758	754	186
Statutory deposits with central banks	15,384	15,397	3,802
Interest in associates and joint ventures	3,210	2,772	684
Property, plant and equipment	2,595	2,635	651
Intangible assets	7,345	6,754	1,668
Deferred tax assets	930	859	212
<b>Total assets</b>	<u><u>735,956</u></u>	<u><u>765,302</u></u>	<u><u>188,963</u></u>

	<u>Audited</u>	<u>Audited</u>	<u>Translated</u>
	<b>As at 31 December</b>		
	<u>2016</u>	<u>2017</u>	<u>2017</u>
	<i>(RM million)</i>	<i>(RM million)</i>	<i>(U.S.\$ million)</i>
<b>Statement of Financial Position (cont'd.)</b>			
<b>Liabilities</b>			
Deposits from customers	485,524	502,017	123,955
Investment accounts of customers	31,545	24,555	6,063
Deposits and placements from financial institutions	30,855	42,598	10,518
Obligations on financial assets sold under repurchase agreements	2,958	5,367	1,325
Bills and acceptances payable	1,808	1,894	468
Derivative liabilities	8,828	7,221	1,783
Financial liabilities at FVTPL	3,587	6,376	1,574
Insurance/takaful contract liabilities and other insurance payables	23,948	25,119	6,202
Other liabilities	17,288	19,179	4,736
Recourse obligation on loans and financing sold to Cagamas	974	1,544	381
Provision for taxation and zakat	420	747	184
Deferred tax liabilities	778	732	181
Borrowings	34,867	34,506	8,520
Subordinated obligations	15,901	11,979	2,958
Capital securities	6,200	6,284	1,552
<b>Total liabilities</b>	<u>665,481</u>	<u>690,118</u>	<u>170,400</u>
<b>Equity attributable to equity holders of the Bank</b>			
Share capital	10,193	44,250	10,926
Share premium	28,879	-	-
Shares held-in-trust	(125)	(183)	(45)
Retained profits	14,409	25,269	6,239
Reserves	15,160	3,653	901
	<u>68,516</u>	<u>72,989</u>	<u>18,021</u>
Non-controlling interests	1,959	2,195	542
	<u>70,475</u>	<u>75,184</u>	<u>18,563</u>
<b>Total liabilities and shareholders' equity</b>	<u><u>735,956</u></u>	<u><u>765,302</u></u>	<u><u>188,963</u></u>

The following financial ratios are unaudited:

	<b>As at/for the financial year ended 31 December</b>	
	<b>2016</b>	<b>2017</b>
<b>Financial Ratios</b>		
Return on assets <sup>(1)</sup>	0.9%	1.0%
Return on equity <sup>(2)</sup>	9.8%	10.6%
Net interest margin <sup>(3)</sup>	2.3%	2.4%
Net impaired loans ratio <sup>(4)</sup>	1.60%	1.58%
Loan loss coverage <sup>(5)</sup>	72.0%	71.5%
Loans and advances/total deposits <sup>(6)</sup>	93.9%	93.8%
Cost to income ratio <sup>(7)</sup>	47.1%	48.7%
CET1 capital ratio <sup>(8)</sup>	13.990%	14.773%
Tier 1 capital ratio <sup>(9)</sup>	15.664%	16.459%
Total capital ratio <sup>(10)</sup>	19.293%	19.383%

Notes:

(1) 
$$\frac{\text{Profit attributable to equity holders of the Bank for the year}}{\text{Average total assets}} \times 100$$

(2) 
$$\frac{\text{Profit attributable to equity holders of the Bank for the year}}{\text{Average equity attributable to equity holders of the Bank}} \times 100$$

(3) 
$$\frac{\text{Net interest/profit income\# for the year}}{\text{Average interest earning assets*}} \times 100$$

\* Average interest earning assets consist of cash and short-term funds, deposits and placements with financial institutions, securities purchased under resale agreements, financial instruments portfolio, loans, advances and financing and derivative assets.

# Net profit income for the Islamic Banking Scheme consists of finance income and hibah less expenses directly attributable to depositors and Islamic Banking Funds, income attributable to depositors and finance cost.

(4) 
$$\frac{\text{Net impaired loans, advances and financing}}{\text{Gross loans, advances and financing less individual allowance and loans funded by investment accounts of customers}} \times 100$$

(5) 
$$\frac{\text{Total allowances for loans, advances and financing}}{\text{Total gross impaired loans}} \times 100$$

(6) 
$$\frac{\text{Gross loans, advances and financing}}{\text{Total deposits from customers and investment accounts of customers}} \times 100$$

(7) 
$$\frac{\text{Total overhead expenses for the year}^{\wedge}}{\text{Net operating income for the year}} \times 100$$

<sup>^</sup> Excluding amortisation of intangible assets for PT Bank Maybank Indonesia Tbk and Maybank Kim Eng Holdings Limited.

(8) 
$$\frac{\text{Common Equity Tier 1 Capital}}{\text{Total risk-weighted assets for credit, market and operational risks}} \times 100$$

(9) 
$$\frac{\text{Total Tier 1 Capital}}{\text{Total risk-weighted assets for credit, market and operational risks}} \times 100$$

(10) 
$$\frac{\text{Total Capital}}{\text{Total risk-weighted assets for credit, market and operational risks}} \times 100$$

## DESCRIPTION OF THE BANK AND THE GROUP

### Introduction

The Bank was incorporated on 31 May 1960 and is registered with the Companies Commission of Malaysia. The name "Maybank" was adopted as its official trade name in July 1993. The Bank was incorporated with an authorised share capital of RM20.0 million and an initial issued and paid-up share capital of RM7.5 million. The Bank was officially listed on the Kuala Lumpur Stock Exchange, now known as Bursa Malaysia Securities Berhad, on 17 February 1962. As at 31 December 2017, the Bank had an issued and paid-up share capital of 10,782,745,278 ordinary shares. The Bank is the largest company in Malaysia by market capitalisation with a market capitalisation of RM105.67 billion as at 31 December 2017.

The Bank is principally engaged in all aspects of commercial banking and related financial services. The Bank's subsidiaries are principally engaged in the businesses of banking and finance, Islamic banking, investment banking including stockbroking, underwriting of general and life insurance, general and family Takaful, trustee and nominee services and asset management.

As at 31 December 2017, the Bank and the Group had RM509.7 billion and RM765.3 billion in total assets, RM328.9 billion and RM502.0 billion in customer deposits and RM296.8 billion and RM493.8 billion in gross loans, advances and financing, respectively. Profit before taxation of the Bank and the Group amounted to RM7.4 billion and RM10.1 billion for the financial year ended 31 December 2017, respectively.

The Group's primary operations are in Malaysia, Singapore and Indonesia. The Group has presence in Singapore with 21 branches through the "Maybank Singapore" brand. As at 31 December 2017, Maybank Singapore accounted for 25.7 per cent. of the Group's total gross loans, advances and financing and 9.4 per cent. of the Group's profit before taxation for the financial year ended 31 December 2017. In Indonesia, the Group has a presence through its subsidiary, PT Bank Maybank Indonesia Tbk ("**Maybank Indonesia**"). As at 31 December 2017, Maybank Indonesia accounted for 7.8 per cent. of the Group's total gross loans, advances and financing and 8.6 per cent. of the Group's profit before taxation for the financial year ended 31 December 2017.

The Group is among Asia's leading banking groups and South East Asia's fourth largest bank by assets. The Group has an international network of over 2,200 offices in Malaysia, Singapore, Indonesia, Philippines, Brunei Darussalam, Vietnam, Cambodia, Thailand, the PRC, Bahrain, Uzbekistan, Myanmar, Laos, Pakistan, India, Saudi Arabia, Great Britain and the United States of America. The Group has over 43,000 employees worldwide.

The registered office of the Bank is located at 14th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur, Malaysia.

### Group Strategy

The Group has embarked on Maybank<sup>2020</sup> as its strategy until the year 2020, which taps into the opportunities in the ASEAN region and growth in Asia.

With its vision of 'Advancing Asia's Ambitions With You', the Group is guided by the following Maybank<sup>2020</sup> strategic objectives:

- (i) **the top ASEAN community bank**: by leveraging on its regional presence, banking expertise and growth opportunities in ASEAN;
- (ii) **the leading ASEAN wholesale bank linking Asia**: by leveraging on its ASEAN leadership capabilities to deliver client solutions across Asia;
- (iii) **the leading ASEAN insurer**: by leveraging synergies between the Group's regional banking footprint and Etiqa's expertise in takaful and bancassurance;

- (iv) **the global leader in Islamic finance:** by continuing to deliver innovative client-centric universal financial solution, building on the Group's global leadership in Islamic finance; and
- (v) **the digital bank of choice:** by putting its customers' preferences first and transforming to deliver next-generation customer experience.

As part of the Group's mission of 'Humanising Financial Services', it is committed to: ensure convenient access to financing in both the physical and digital environments; offer fair terms and pricing; advise customers based on their needs; prioritise customer experience using next generation digital technologies; and continue to be passionate about being at the heart of the community.

### **2018 Focus Areas**

The Group will continue to build upon the achievements in 2017 and accelerate growth momentum in 2018 guided by the following:

- pursuing new revenue streams by growing its distribution channels and strengthening capabilities to offer our customers best-in-class services;
- strengthening existing income drivers by maximising growth potential and leveraging regional footprint;
- accelerating migration of its customers onto digital platforms, by enhancing customer experience to become the Digital Bank of Choice;
- ensuring its talents are geared for an operating environment increasingly shaped by digital enablers, by intensifying up-skilling of its employees;
- continuing to maintain strict cost discipline and improve productivity levers across the Group; and
- continuing to proactively manage asset quality and keeping capital and liquidity positions strong.

Guided by the Group's mission of 'Humanising Financial Services', it is leveraging on next generation digital technologies to better analyse, understand and reach out to customers across its network.

### **Competitive Strengths**

#### ***Strong Competitive Positioning***

The Group is the largest financial services group in Malaysia with an established presence in all 10 ASEAN countries, as well as key international financial centres. Its key "home markets" are Malaysia, Singapore and Indonesia. The Group also has an expanded presence in Greater China through its branches in Shenzhen, Hong Kong, Beijing, Shanghai and Kunming.

The Group has also realised operational efficiencies across all business sectors through the implementation of its cost management programs. Through these initiatives, the Group has achieved a cost to income ratio of 48.7 per cent. in financial year 2017 - the eighth consecutive year that the Group has been able to maintain this ratio below the 50 per cent. threshold.

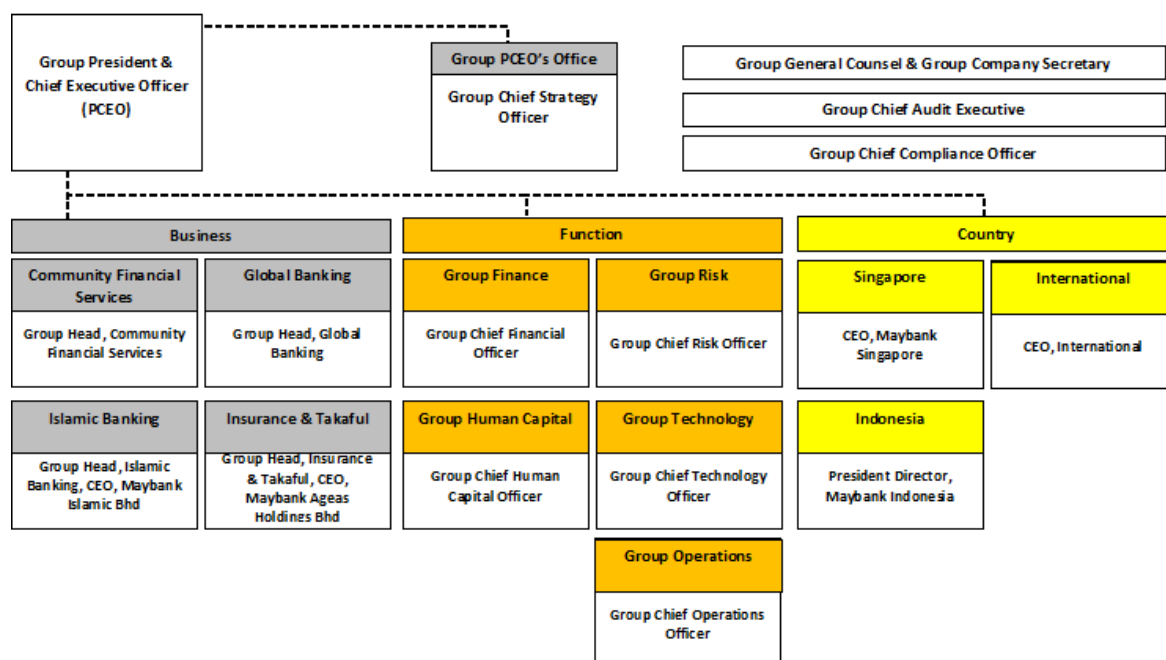
The Group has long been acknowledged for its leadership and financial strength, and was recognised as the 'Brand of the Year' (Banking – Malaysia) for the fourth consecutive year by World Branding Awards 2017 and was named the 'Best Global Islamic Financial Institution' at the Global Finance Awards 2017. Maybank also became the first listed company in Malaysia to exceed the RM100 billion mark in market capitalisation (RM117 billion as at 20 April 2018).

As part of the Group's strategy to strengthen its digital presence and become the digital bank of choice in the region, it progressively rolled out various digital initiatives in 2017 which included: Malaysia's first bank to enable facial and voice recognition security authentication service via the Maybank2U

App; first in Malaysia to offer a cashless mobile payment option via QR codes (Maybank QRPay); first bank in Malaysia to enable Alipay for Chinese tourists at 2,000 merchant locations; Malaysia's first bank to offer online merchant registration via the Maybank2U PAY; first bank in Malaysia to provide digital tokens (Secure2U); and first in ASEAN to launch a FinTech ecosystem via Maybank Sandbox.

## Group Structure

The structure of the Group's management as at the date of the Offering Circular is set out below:



## Business Sectors

The Group provides a comprehensive range of financial services via its three business pillars: Group Community Financial Services; Group Global Banking; and Group Insurance and Takaful. The Group adopts a leverage model for Islamic finance where it utilises the Group's current infrastructure and network to distribute its products and services across the three business pillars. Meanwhile, the Group's international business operations are embedded within each business pillar.

### Group Community Financial Services

Group Community Financial Services ("**Group CFS**") is a leading provider of retail financial services in Malaysia, to Consumer, Small and Medium Enterprise ("**SME**") and Business Banking ("**BB**") customers. It offers a wide variety of products and services such as wealth management services, mortgage, automobile financing, bancassurance and credit cards to its retail consumers; and short and longer term financing and cash management services to its SME and BB customers.

Group CFS, being the largest business line within Maybank, achieved a strong profit-before-tax of RM5.3 billion for 2017, up 23.4 per cent. from RM4.3 billion a year earlier. This was attributable to a 6.9 per cent. rise in net fund based income to RM10.3 billion underpinned by loans growth of 2.9 per cent. and improved net interest margin, while net fee based income rose by 4.8 per cent. to RM3.2 billion as the Group benefitted from its strong consumer franchise in its key markets. In addition, its robust asset quality management has resulted in reduction of net loan loss by 40.7 per cent.

Group CFS currently operates in Malaysia, Singapore, Indonesia, Philippines, Cambodia, Laos and Brunei with Private Wealth desks in Hong Kong and London. These operations form an integral part of Group CFS' regional value propositions and distribution capabilities, enabling the Group to serve the banking needs of both local and cross-border customers through a network of physical branches, Self-Service Terminals and extensive digital services. In Malaysia, the Bank has the largest physical

footprint with 356 branches and over 2,000 ATMs across the nation and review of its network and footprint remain a continuous effort by the Group to achieve greater efficiencies.

As part of the regional set-up, Group CFS also has three Centres of Excellences to drive key regional businesses across the ASEAN markets, namely Group Wealth Management, Regional Retail SME and Regional Cards. The Group aims to strengthen its positioning in the retail and commercial banking space via consistent branding and a consistent operating model in the markets in which the Group operates. The Group also expects to continue the sharing of best practices and collaboration on common initiatives for better economies of scale and to create better shareholder value.

### ***Group Wealth Management***

Group CFS offers wealth management services to three target customer segments, namely the High Net Worth ("HNW") segment, Affluent segment and Emerging Affluent segment, through its regional wealth franchise Group Wealth Management ("GWM"), covering mainly Malaysia, Singapore, Indonesia and the Philippines. As at 31 December 2017, Group CFS serves close to 650,000 wealth customers and total financial assets under management grew 7.8 per cent. to RM278 billion as at 31 December 2017 as compared to a year earlier.

The strength of the wealth management growth was based on tailored offerings to its private, premier and privilege customers. GWM focused on building meaningful relationships with its customers, tailoring products and services according to their changing needs across their lifespan. GWM not only seeks to help customers protect their wealth, but aims to deliver consistent returns for them.

In Malaysia, Group CFS increased its customer reach through Virtual Relationship Managers, who cater to its affluent customers who are banking digitally, while maintaining the human interaction between the customer and the Bank. 2017 is the third consecutive year that CFS Malaysia has received the Asian Private Banker award for Best Private Bank in Malaysia, for delivering a seamless and differentiated customer experience.

### ***Regional Retail SME Banking***

Regional Retail SME Banking provides "easy access" and "hassle-free" financial services tailored to small business owners. Products offered comprise overdrafts, current accounts, term loans, trade bills and short-term revolving credit. The Group prides itself in providing fast, best-in-market turnaround for approvals through an improved risk framework and reengineered business processes adopted across the region. As a result, in 2017, it saw a net income growth for Regional Retail SME Banking of 8.3 per cent. from the financial year ended 31 December 2016, underpinned by loans growth of 8.2 per cent.

In Malaysia, the retail SME portfolio grew by 18.3 per cent. in 2017 compared to the financial year ended 31 December 2016 driven by term financing, and represented 7 per cent. of CFS Malaysia's total loans portfolio. Its gross impaired loans ("GIL") ratio remained stable despite challenging environment as a result of a rigorous collection strategy and early customer engagement to assist in restructuring and rescheduling activity if required. Continuous growth in retail SME business is expected through collaboration with Credit Guarantee Corp Malaysia Bhd., an increase in trade business utilisation through campaigns and the introduction of M2U Biz, a digital platform for SME customers to manage payment of expenses. In 2017, Maybank was awarded the Best SME Bank of the Year in Malaysia by Alpha Southeast Asia.

### ***Regional Cards***

The Group provides commercial cards through collaborations with American Express, Visa and MasterCard for business travel, entertainment and expense payments as well as debit cards through collaborations with Visa and Mastercard. In 2017, the Regional Cards team introduced cross-selling with existing mortgage and automobile financing customers in Malaysia, Singapore, Indonesia and the Philippines in order to increase cards penetration in the respective markets. The Group continuously enhanced its cards value propositions and rewards programmes through attractive campaigns such as partnership with Starwood Hotels and Resorts Group for an exquisite hotels and dining experience, and the return of its 5 per cent. cashback on weekend spend as well as 5x Treatspoints for its Maybank2 American Express card in Malaysia.

Maybank credit cards in Malaysia retained its position as the leader in customer card-base, with a 20.0 per cent. market share. Both cards receivables and billings for the year grew at 7.4 per cent. and 10.4 per cent. respectively, ahead of industry figures of 3.0 per cent. and 7.8 per cent.

### ***Group CFS Malaysian operations***

Group CFS Malaysia's net operating income grew by 8.5 per cent. for the financial year ended 31 December 2017 as compared to the financial year ended 31 December 2016, with an increase in profit before taxation of 33.5 per cent., primarily driven by initiatives targeting the right segments (including HNW, Affluent, Emerging Affluent, SME, BB and Mass) where campaigns, products and initiatives were designed to cater to the different needs of these segments, increased cross-selling efforts, prudent asset quality management measures and stringent cost management strategies. As at 31 December 2017, its total gross loans grew by 5.1 per cent. compared to 31 December 2016 mainly driven by an increase in mortgage loans (7.6 per cent.), auto loans (5.3 per cent.) and SME loans (19.7 per cent.). Total deposits as at 31 December 2017 contracted by 0.8 per cent. as Group CFS reduced its dependency on more costly fixed deposits. CFS' GIL ratio improved by 10 basis points (bps) in 2017 from 2016 as a result of robust asset quality management. Its cost-income ratio decreased to 49 per cent. as at 31 December 2017 from 53 per cent. as at 31 December 2016, reflecting more prudent spending.

### ***Mortgage Financing***

CFS Malaysia's total mortgage financing portfolio was RM80.7 billion as at 31 December 2017, representing an increase of 7.6 per cent. compared to 31 December 2016. The growth was mainly driven by housing loans due to the continued focus on portfolio rebalancing, improved approval turnaround time and effective retention strategies. Apart from properties in Malaysia, mortgage financing is also extended to overseas properties within selected locations in Sydney, Perth, Singapore and London. As at 31 December 2017, the mortgage financing portfolio represented 49 per cent. of CFS Malaysia's total loan portfolio. The Group managed to keep its mortgage GIL ratio stable at 0.6 per cent. despite the growth in loan base as a result of prudent lending practices and effective asset quality management.

### ***Automobile Financing***

As at 31 December 2017, CFS Malaysia's automobile financing portfolio registered a total outstanding loan balance of RM45.7 billion, which was an increase of 5.3 per cent. compared to 31 December 2016. This balance represented 22 per cent. of CFS Malaysia's total loan portfolio. The business continues to be selective in growing its automobile financing portfolio by adopting a rebalancing strategy as well as offering integrated product bundling for end-customers based on the customer segments and lifestyle. Automobile financing also has strategic alliances with car manufacturers and dealers and offers tailored financing packages through these alliances.

### ***Retail Financing***

CFS Malaysia's retail financing portfolio comprises unit trust, salary and other consumer loan financing such as overdrafts and term loans. The Group holds a significant domestic market share in unit trust financing of approximately 51.5 per cent. as at 31 December 2017. Unit trust loans represented 13 per cent. of CFS Malaysia's total loan portfolio, CFS Malaysia remains competitive in its loans turnaround time for loan applications and aims to achieve higher productivity and continuously drive to enhance its customer service quality in this area.

### ***Bancassurance***

CFS Malaysia offers a wide range of Bancassurance products such as Life, Family Takaful, Credit and General Insurance, and remains as one of the largest providers in Malaysia, with approximately 18.1 per cent. market share for regular and normalised single premium policies as at 31 December 2017. It achieved a year-on-year growth of 41.7 per cent. and 159.7 per cent. in life regular premium and single premium policies, respectively, for the financial year ended 31 December 2017. In 2017, the team introduced the Insurance Advisor model to support its sales personnel which saw an accelerated growth in fee income, attributable to improvements in premium sizes and collected premiums.



### ***Business Banking***

Business Banking Malaysia provides financial services to enterprise customers that have an annual turnover of more than RM25 million. Business Banking's services include trade financing, cash management and factoring.

In 2017, total loans for Business Banking in Malaysia contracted slightly by 4.0 per cent. compared to 31 December 2016. Nonetheless, the Group remain as one of the largest providers of enterprise loans in Malaysia with a market share of 18.9 per cent. as at 31 December 2017. Throughout 2017, Business Banking embarked on a transformation journey to re-balanced its portfolio to better quality and smaller loans, an enhanced loans origination process and established an early fraud detection process. As a result, the exposure to high-risk customers has gradually reduced, as seen in the downward trend of its GIL ratio in 2017.

### ***Digital Banking***

Group CFS is the leading internet banking service provider in Malaysia, with a market share of 41.0 per cent. and 10.5 million registered users as at 31 December 2017. In the mobile banking sphere, CFS Malaysia currently has 4.6 million unique mobile banking users and market share of 31.7 per cent.

Keeping abreast with digital evolution, Group CFS continues to innovate using digital technology to enrich its customers' experience, enhance cost efficiencies for customer service and create tomorrow's solutions. The Maybank2u (M2U) app in Malaysia was redesigned in 2017 to be more user-friendly, making it easier, faster and more convenient for customers to transact anytime, anywhere. Its enhanced features allow customers to get instant access to their balances and an aggregated balance of all accounts, leveraging on fingerprint, facial and voice multi-factor authentication technology. With the enhanced offerings, Maybank was awarded the Best Digital Bank and Best Mobile App in Malaysia at the World Finance Digital Banking Awards 2017.

### ***Funding and Deposits***

CFS Malaysia's deposits comprise fixed deposits, current accounts, savings deposits and money market deposits.

As at 31 December 2017, CFS Malaysia's deposits of RM212.3 billion contracted slightly by 0.8 per cent. as compared to 31 December 2016 as the business focused on growing Current Accounts and Savings Accounts ("CASA") and reduced dependency on costly fixed deposits. The focus on consumer CASA yielded YoY growth of 3.5 per cent., and maintained CFS Malaysia's market share leadership at 25 per cent. as at 31 December 2017.

### ***Group Global Banking***

Group Global Banking provides a wide range of financing and investment solutions to corporate, institutional and retail clients in 19 markets globally. The Group's client-centric business model is anchored on a Client Coverage team and supported by five key product groups: Investment Banking; Corporate Banking, Transaction Banking, Global Markets and Asset Management.

The Client Coverage team acts as single point of contact for both domestic and regional clients and is supported by product specialists to deliver innovative and customised end-to-end financial solutions. In 2017, the Financial Institutions Group was re-organised to become a standalone business unit where it acts as a platform and focal point for all banks' and non-bank financial institutions' end-to-end relationships across the Group. It also offers financing, securities services and correspondent banking businesses as well as connects and facilitates cross-sell with product partners. Group Global Banking combines local in-country expertise with regional capabilities to provide consistent and integrated financial solutions to its clients across the region.

The **Investment Banking division** of the Group, which operates under the brand "Maybank Kim Eng", comprises Maybank Investment Bank Berhad, Maybank Kim Eng Holdings Limited and their subsidiaries. Maybank Kim Eng currently operates in 11 countries and offers its clients a comprehensive suite of investment banking and stockbroking products and services through two

business pillars, namely, investment banking and advisory and equities, with services such as corporate finance, debt capital markets, equity capital markets, derivatives, retail and institutional securities broking, and research.

**Corporate Banking** offers a wide range of funding solutions, from short-term working capital financing to complex lending solutions, such as cross-border project financing, syndicated loans and bridging loans. It works in collaboration with its product partners, including Transaction Banking, Global Markets, Investment Banking and Maybank Islamic Berhad, leveraging on its country, industry and credit expertise to structure high quality loans.

**Transaction Banking** offers a comprehensive suite of working capital solutions through cash management and trade and supply chain financing products and services. Its regional capabilities, coupled with extensive presence globally, places it in a unique position to facilitate cross border trade and payment flows between ASEAN and its key trading partners in Greater China, Europe and the U.S. To remain relevant in the market and compete with top transaction services providers, the Group has continued to invest and enhance its regional electronic platforms and people, with the aim to strengthen its domestic and cross border offerings.

**Global Markets** provides a comprehensive range of treasury products and services, including foreign exchange, money market instruments, fixed income securities, currency/interest rate derivatives and other structured solutions. Global Markets in Singapore functions as the Group's regional centre of excellence for trading and structuring derivatives, cross market and credit trading and serves the treasury needs of the Group's customers in Malaysia, Singapore, Indonesia, Hong Kong, Philippines, Greater China and other countries where the Group has a presence.

**Maybank Asset Management Group Berhad** is the fund management arm of the Group and provides a diverse range of multi-asset investment solutions, both conventional and Islamic, through its fund management and private equity divisions. Its core competencies lie in its Asia-focused expertise and strong on-the-ground presence in key ASEAN markets - Malaysia, Singapore and Indonesia - giving the Group first-hand advantage to local and regional market insights.

### **Group Insurance and Takaful**

Etiqa represents the Group's Insurance and Takaful businesses, offering a full range of Life and General conventional insurance policies as well as Family and General Takaful plans via the Group's multi distribution channels of over 10,000 agents, 24 standalone branches throughout Malaysia, over 350 Bancassurance network via Maybank branches and third-party banks; as well as co-operatives and brokers.

Etiqa is one of the pioneers for online direct sales through [www.etiqa.com.my](http://www.etiqa.com.my) and [www.motortakaful.com](http://www.motortakaful.com) as well as the Group's Maybank2u online platform and is the leading digital insurance player in Malaysia, with total premium/contribution of more than RM100 million for the year ended 31 December 2017.

Etiqa International Holdings Sdn. Bhd., wholly-owned by Maybank, is the holding company of Etiqa. Apart from Malaysia (via Etiqa Insurance Berhad ("**EIB**") and Etiqa Takaful Berhad ("**ETB**")), Etiqa also has presences in Singapore (via Etiqa Insurance Pte Ltd ("**EIPL**")), Indonesia (via PT Asuransi Asoka Mas) and the Philippines (via AsianLife and General Assurance Corporation).

Etiqa's wide range of life and family products includes endowment, term, personal accident, education, investment-linked and medical insurance while the general conventional insurance and takaful range includes fire, motor, aviation, marine and engineering policies.

Following BNM's requirement for composite license insurers to split their businesses into respective business lines with effect from 1 January 2018, Group Insurance and Takaful in Malaysia now operates as four different entities comprising Etiqa Life Insurance Berhad, Etiqa General Insurance Berhad, Etiqa Family Takaful Berhad, and Etiqa General Takaful Berhad.

During the financial year ended 31 December 2017, Group Insurance and Takaful's gross written premium and contribution was a total of RM 6.2 billion and grew 13 per cent. from the previous year. Its profit before taxation was RM 1.0 billion for the financial year ended 31 December 2017, an increase of 19 per cent. from previous year.

In 2017, EIB and ETB (each as a separate entity before the split effective 1 January 2018) had their respective Insurer Financial Strength ratings of 'A-' reaffirmed by Fitch Ratings. The rating reflects EIB's strong business profile in the domestic life and general insurance market, its extensive distribution capacity, consistent operating performance, sound quality and prudent investment approach. The rating also acknowledges EIB's solid capital position on a risk-adjusted basis and sound reserving practices.

ETB's rating of 'A-', the highest rated takaful operator in Malaysia, reflects ETB's leading position in Malaysia's takaful market, its extensive distribution coverage with an operating history of 20 years and its sound liquidity and favourable operating margins. The rating also recognises ETB's position as a core operating subsidiary within the Group.

In Singapore, EIPL has also been assigned an 'A-' rating by Fitch Ratings.

EIB also received a long-term rating of 'AA1' from RAM Rating Services Berhad ("**RAM Ratings**") on EIB's subordinated bonds of up to RM500 million. Concurrently, EIB's respective insurer financial strength ratings have been reaffirmed at 'AAA' and 'P1' by RAM Ratings. Both long-term ratings had a stable outlook.

RAM Ratings also reaffirmed a long-term rating of 'AA1/stable' to ETB's Subordinated Sukuk Musharakah Facility of up to RM300 million. Concurrently, RAM Ratings reaffirmed the 'AAA/Stable/P1' insurer financial strength ratings of ETB. The ratings reflect ETB's position as Malaysia's largest takaful operator, with its general takaful accounting for almost half of the industry's gross contributions.

### **International Operations**

The Group has operations in all 10 ASEAN countries and other international financial markets including Hong Kong, Shanghai London, New York and Bahrain, to offer clients its unique business propositions and investment opportunities.

The strategic regional organisational structure of the Group's international operations has gained traction since its establishment in 2014, leveraging the Group's in-depth knowledge of Asian markets to meet its clients' banking needs across the region. In 2015, the Group continued to expand market share with large corporates, SMEs, institutional investors and HNW individuals in the countries in which the Group operates, especially in its growth markets such as Greater China, the Philippines and Indochina. The Group successfully set up Maybank Shenzhen branch in 2016 to tap into ASEAN-Greater China opportunities, following the set up of branches in Kunming and Yangon in the previous year. 2017 was a year to enhance retail banking franchises with the focus of strengthening asset quality and serving key clients in ASEAN.

International's revenue for the financial year ended 31 December 2017 grew 5.6 per cent. YoY to RM1.8 billion. Profit before taxation for the financial year ended 31 December 2017 rose by 176.2 per cent. YoY from RM 390.9 million in the financial year ended 2016 to RM1.1 billion in the financial year ended 2017. Overheads increased by 1.5 per cent. YoY, in line with expansionary activities during the year.

International's total gross loans stood at RM39.1 billion as at 31 December 2017, accounting for 7.9 per cent. of Group's total gross loans. Deposits stood at RM33.9 billion.

### ***Greater China***

Maybank Greater China consists of branches in Hong Kong, Shanghai, Beijing, Kunming and Shenzhen. The Group provides wholesale banking services to corporate clients in Hong Kong and

China, primarily to ASEAN corporates, Chinese and Hong Kong corporates with regional operations and projects as well as financial institutions. The Hong Kong branch also offers a spectrum of wealth management products to cater to the Group's HNW clients.

### ***The Philippines***

Maybank Philippines Incorporated ("**MPI**") is a full-fledged commercial bank with 74 branches - the largest branch network amongst foreign banks in the Philippines. Providing both retail and wholesale banking services, MPI offers a wide array of financial solutions customised for emerging affluent and affluent clients, retail SMEs, top and mid-tier corporations in the Philippines, MPI is also involved in treasury business, including money market and foreign exchange as well as trust services.

### ***CLMV***

Maybank CLMV represents Maybank's presence in Cambodia, Laos, Myanmar, and Vietnam ("**CLMV**"). In Cambodia, the Bank operates through its subsidiary, Maybank Cambodia PLC ("**MCP**"), which was established in 1993 and locally incorporated in 2012. MCP provides a full range of banking services to emerging affluent and affluent consumers, retail SMEs and corporate clients through 21 branches across Cambodia. In Laos, the Group serves retail SMEs and corporate clients through its two branches in Vientiane. In Myanmar and Vietnam, Maybank offers wholesale banking services including capital expenditure financing, working capital, trade and FX products and project financing to regional corporate clients. Maybank is also the first and only Malaysian bank to be granted a foreign banking license by the Central Bank of Myanmar since 2015.

### ***Maybank New York***

Maybank's New York branch has been in operation since 1984 and engages in wholesale banking, with emphasis in corporate lending, treasury and capital markets as well as trade finance. The branch also participates in loan syndications and bilateral arrangements.

### ***Maybank London***

Established in 1962, Maybank London serves as an ASEAN-Europe banking partner to corporate clients and financial institutions, focusing primarily on corporate lending, treasury, capital markets and trade finance. It also provides Shariah-compliant products to both corporate and HNW retail clients.

### ***Maybank Brunei***

Established for 57 years, Maybank Brunei provides a full range of retail and commercial banking services and products. It has two branches located at Bandar Seri Begawan, the main commercial district, and one branch in Seria which operates within the heart of the oil and gas area of Brunei.

### ***Key Associates***

#### ***MCB Bank Ltd***

MCB Bank Ltd ("**MCB**") is an 18.78 per cent. owned associate of Maybank. Incorporated in 1947 and privatised in 1991, it operates as one of the premier financial institutions in Pakistan with more than 70 years of experience. MCB serves through a network of 1,405 branches within Pakistan and 11 branches outside the country and has presences in Sri Lanka, Dubai, Bahrain and Azerbaijan. MCB also caters to the financial needs of the growing Islamic segment through its wholly owned subsidiary (MCB Islamic Bank Limited). In 2017, MCB acquired NIB Bank Limited through a share swap arrangement.

#### ***An Binh Bank***

An Binh Bank ("**ABBank**") is a 20 per cent. owned associate of Maybank. Founded in May 1993, ABBank offers a full range of retail and commercial banking products and services through its network of 165 branches and sub-branch offices across 34 provinces in Vietnam.

### *Uzbek Leasing International A.O.*

Uzbek Leasing International A.O. is a 19.7 per cent. owned associate of Maybank. It specialises in providing a wide spectrum of financial and leasing services across eight representative offices in Uzbekistan and is a member of the Association of International Business and Technology which brings together experts and partners in the field of international business.

### **Singapore**

Maybank Singapore has established a significant presence in the retail and wholesale banking markets in Singapore, with over 1,800 employees. As at 31 December 2017, Maybank Singapore accounted for 25.7 per cent. of the Group's total gross loans, advances and financing and 9.4 per cent. of the Group's profit before taxation.

Maybank Singapore's network includes 27 service locations in Singapore. The bank is also part of "atm<sup>5</sup>", Singapore's only shared ATM network among the six participating Qualifying Full Banks in Singapore, with a combined reach of more than 200 ATMs. Maybank Singapore aims to continue to strengthen its domestic franchise.

Maybank Singapore's funding base is primarily deposit taking. As at 31 December 2017, 71.9 per cent. of the deposit base was fixed deposits with the remaining 28.1 per cent. in other savings and demand deposits. Most of these deposits were denominated in Singapore dollars.

The Group aims to leverage on the collective strengths of Maybank Singapore, Maybank Kim Eng and Etiqa to help achieve its goal of increasing the profit contribution of its international operations.

### **Indonesia**

In Indonesia, the Group's primary presence is through its subsidiary, PT Bank Maybank Indonesia Tbk ("**Maybank Indonesia**"). As at 31 December 2017, Maybank Indonesia accounted for 7.8 per cent. of the Group's total loans, advances and financing and 8.6 per cent. of the Group's profit before taxation. Maybank Indonesia's current presence stretches across all Indonesian provinces and includes 407 branches with 79 main branch offices, 301 sub-branches offices, 1 cash office, 10 Shariah branch offices, 1 micro sub-branch office, 13 micro functional offices and also one overseas branch in Mumbai, India.

Maybank Indonesia operates 1,606 ATMs, including 96 cash deposit machines in Indonesia and it is one of the few banks that connects to all Indonesian banking networks, namely ATM PRIMA, ATM BERSAMA, ALTO and CIRRUS as well as Malaysia's MEPS network and the Group's ATMs in Malaysia and Singapore.

Maybank Indonesia offers a full range of financial services for both individual and corporate clients through retail, business and global banking while its subsidiaries, PT Wahana Ottomitra Multiartha Tbk and PT Maybank Indonesia Finance, provide motorcycle and car financing respectively.

### **Group Islamic Banking**

Group Islamic Banking is the Islamic banking arm of Maybank Group delivering Shariah-compliant solutions across the Group CFS and Group Global Banking business lines. The Group Islamic Banking business has operations in Malaysia, Indonesia, Singapore, Hong Kong, Labuan, London and Bahrain.

For the financial year ended 31 December 2017, Maybank Islamic's total income rose 12.3 per cent. to RM3.82 billion as financing grew 9.1 per cent. YoY to RM163.56 billion. The growth in financing was mainly led by mortgage, corporate and SME financing.

As a result of the financing growth, the contribution to Maybank Malaysia's total loans and financing portfolio increased to 56.9 per cent. as at 31 December 2017 from 54.5 per cent. in 2016. Meanwhile, total deposits and unrestricted investment account growth was 11.8 per cent. YoY to RM154.45 billion which was mainly driven by CASA and term deposit. Maybank Islamic has continued to maintain the domestic market share leadership with total assets, financing and customer deposits including

investment account of 31.0 per cent., 33.8 per cent. and 30.4 per cent., respectively, as at 31 December 2017.

The Group's Islamic banking business leverages on both the Group's presence in Islamic and conventional banking through over 454 retail outlets. By having a universal Islamic banking licence, Maybank Islamic is able to cater to customers from diverse business segments and in various aspects of the Shariah-compliant banking business.

### ***Pioneering Innovation***

Group Islamic Banking's commitment to drive value-based solutions to Customers is demonstrated through the following services and offerings:

- Rent-to-own or HouzKEY: Providing customers with alternative solutions to own a home by bridging the gap between the renter's market and the existing home financing market for the approved target segment.
- Maybank Islamic Mastercard Ikhwan: The card that provides an allocation to charity and allows customers to be given the opportunity to perform umrah.
- Joint venture agreement with Perak Islamic Religion and Malay Customs Council to develop the state's waqf (endowment) boat project.

Aside from coming up with innovative products, Group Islamic Banking also championed the development of the Green Sukuk and Sustainable and Responsible Investment ("SRI") Sukuk market in Malaysia. Maybank jointly led the successful closing of the RM1.00 billion Green SRI Sukuk issuances and continues to promote such issuances in line with the Malaysian regulators' initiative to develop green and SRI Sukuk as part of the fast-growing global economic, finance and sustainable development agenda.

### ***Strengthening the Global Presence***

The effort towards strengthening the Group's global presence is driven by the desire to ensure the stakeholders are assured a world class and industry leading Islamic Financial service. Maybank Islamic has maintained its position as the largest Islamic Finance provider in Malaysia and Asia Pacific. Globally, Maybank Islamic ranks among the 5 largest Islamic financial institutions in the world by assets.

Among the key accomplishments for 2017 include:

- Ranked No. 1 Global Sukuk Lead Manager on Bloomberg's Global Sukuk League Table, with a notable increase in market share to 12.9 per cent. in 2017 from 11.0 per cent. in 2016.
- Ranked No. 1 Lead Manager on Bloomberg's Ringgit Malaysia Sukuk League Table, with a market share of 30.6 per cent., an increase of 3.7 per cent. YoY.
- Maybank Indonesia's Unit Usaha Syariah is the leading Unit Usaha Syariah in the country.

### **Group Technology**

Group Technology's main focus is to support the Group's businesses in achieving their regional growth objectives by improving turnaround time of operations and services in an efficient manner. Group Technology and the Issuer's subsidiary, Maybank Shared Services Sdn Bhd, is responsible for managing all aspects relating to technology which covers the development and running of technology applications and infrastructure across all business units and countries in which the Group operates. This includes managing all aspects relating to technology which covers delivery of project implementation, solution architecture and system design, application development and testing, operational support services and safeguarding against cyber threats. Other responsibilities include the definition of technology standards and frameworks, governing the Group's IT architecture principles and ensuring compliance of the Group's technology solutions with national and international security standards.

## Group Operations

Group Operations ("GO") oversees the back office banking operation activities of the Group, which include the Payments, Self Service Terminals, Trade Operation, Credit Administration, Property Services and Valuation functions, as well as Treasury Operations. As at the date of this Offering Circular, GO centrally monitors 3,930 self-service terminals in Malaysia and five other countries via the Global ATM-eSST Monitoring Solution, manages trade processing centrally at the Trade Operation Hubs in Kuala Lumpur and Singapore, and all inward and outward cheque clearing in Malaysia and Singapore via the One-Stop Clearing Hub in Kuala Lumpur. These functions are supported by the Finance and Risk Management department within GO, which monitors GO's operating expenses against budgets, and tracks key risk indicators of Group Operations. This information is reported monthly at the Group Operations Council meeting as well as the various executive committees such as the Group Executive Committee ("Group EXCO"), Group Executive Risk Committee ("Group ERC"), Risk Management Committee ("RMC") and Board of Director.

## Awards and Accolades

As a testimony of the Group's banking excellence, the Group has received the following awards and accolades:

Awarded by	Description of Award/Accolade
<b>Group Awards</b>	
The Edge Billion Ringgit Club (BRC) Awards	1st Company to Breach RM100b Market Capitalisation Highest Growth in Profit After Tax over Three Years (RM10B & above market cap - Finance Sector)– Silver Highest Returns to Shareholders over Three Years (RM10B & above market cap - Finance Sector) – Silver
National Annual Corporate Reporting Awards (NACRA) 2017	Best Annual Report in Bahasa Malaysia – Platinum Most Outstanding Annual Report of the Year – Gold Inclusiveness and Diversity Reporting Award – Gold Sustainability Reporting Award – Silver
Asiamoney Best Bank Awards 2017	Best Domestic Bank (Malaysia)
World Branding Awards 2017	Brand of the Year (Banking)
Brand Finance	Top 100 Global Banking Brands 2017
Global Finance	Safest Bank in Malaysia
Karnival Kewangan 2017	Best Innovation Award
Customer Experience Management (CEM) Asia Excellence Awards	Best Social Media Strategy – Silver Best Contact Centre – Bronze Best Brand Experience – Honorary Mention Best Omni-Channel Experience – Honorary Mention

Awarded by	Description of Award/Accolade
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<b>Group Human Capital</b>	
HR Excellence Awards Malaysia 2017	Excellence in Talent Management – Gold Excellence in Leadership Development – Gold Excellence in Graduate Recruitment & Development – Silver Excellence in HR Innovation – Silver Excellence in HR Change Management – Bronze
Willis Towers Watson (WTW)	Global High Performing Company 2017
Malaysia's 100 Leading Graduate Employers (M100) Awards	The Graduate Employer of the Year – 2nd Runner-Up Most Popular Graduate Employer in Banking and Financial Services 2017 – Winner gradmalaysia Best Innovation on Campus – Winner gradmalaysia Best Management Trainee Programme – Winner
Asia Recruitment Awards 2017	In-House Corporate Recruitment Team (Overall) – Grand Winner Best Regional Recruitment Programme – Gold Best Candidate Experience by a Corporate HR Team – Gold Best Recruitment Innovation by a Corporate HR Team – Gold Best Diversity & Inclusion Strategy – Gold Best Recruitment Advertising Strategy – Bronze

<b>Group Legal</b>	
ALB Malaysia Law Awards 2017	Banking and Financial Services In-House Team of the Year
<b>Sustainability</b>	
ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2017	Best Overall Reporting – First Runner-up
<b>Group Community Financial Services</b>	
Retail Banker International Trailblazer	Excellence in SME Banking (Products & Services)



<b>Awarded by</b>	<b>Description of Award/Accolade</b>
Awards 2017	Best Staff Training and Development Programme (People) Best Social Media Marketing Campaign – Highly Commended Excellence in Service Innovation – Highly Commended Best Initiative in Financial Inclusion – Highly Commended (Maybank SME Banking) Best Marketing – Highly Commended (Overall)
Cards and Electronic Payments International Asia Awards 2017	Best Initiative for Customer Engagement – Winner Best NFC-enabled Service Initiative – Winner Most Innovative Digital Solution – Highly Commended (Consumer)
The Asian Banker Technology Innovation Awards 2017	Best Mobile Security Project
Customer Experience in Financial Services (CXFS) Awards 2017	Best Use of Social Media for MyM2U Challenge – Winner Best Client On-Boarding Initiative for Cards STP Application via M2U Mobile – Winner Best Customer Experience on M2U website – Highly Commended
ABF Retail Banking Awards 2017	Mobile Banking Initiative of the Year - Malaysia (e-Ang Pow) Social Media Initiative of the Year - Malaysia (e-Ang Pow) Online Banking Initiative of the Year - Malaysia (e-Ang Pow) Credit Card Initiative of the Year - Malaysia (Cards STP)
Marketing Excellence Awards 2017 - Malaysia	Excellence in Mobile Marketing (Bronze - e-Duit Raya/Salam & Menang) Excellence in Viral Marketing (Finalist - e-Duit Raya/Salam & Menang)

<b>Group Global Banking</b>	
Alpha Southeast Asia Best Financial Institution Awards 2017	Best Broker in Southeast Asia Best Equity House in Malaysia Best Cash Management Bank in Malaysia

	Best Institutional Broker in Indonesia & Philippines Best Retail Broker in Philippines & Thailand
Asiamoney 2017 Brokers Poll Awards	Best Local Brokerage in Malaysia Best for Overall Country Research in Malaysia Best Overall Sales Service in Malaysia Best for Events and/or Conferences in Malaysia
Asian Banking & Finance – Wholesale Banking Awards 2017	Malaysia Domestic Cash Management Bank Of The Year Malaysia Domestic Project Finance Bank Of The Year
Euromoney Country Awards for Excellence 2017	Best Investment Bank in Malaysia
Finance Asia Country Awards for Achievement 2017	Best ECM House in Malaysia Best Broker in Malaysia
Global Banking & Finance Awards 2017	Best New Islamic Asset Management Company in Malaysia Best Asset Management Company in Singapore
Global Finance Awards 2017	Best Investment Bank in Malaysia Best Foreign Exchange Providers in Malaysia Best Trade Finance Providers in Malaysia Best Treasury and Cash Management Provider in Malaysia Best Securities Services in Malaysia

<b>Group Islamic Banking</b>	
Asset Triple A Islamic Finance Awards 2017	Islamic Bank of the Year - Asia Pacific Islamic Bank of the Year - Malaysia Islamic Bank of the Year - Singapore Best Islamic Retail Bank - Malaysia Best Islamic Retail Bank - Singapore Best Islamic Deal – Singapore
Global Finance Awards 2017	Best Global Islamic Financial Institution Best Global Sukuk Bank Best Global Provider of Shariah-Compliant Short-Term

	Investments Best Islamic Financial Institution in Asia Pacific Country Award – Malaysia Country Award – Singapore
The Banker Awards 2017	Islamic Bank of the Year - Malaysia Islamic Bank of the Year - Asia Pacific
KLIFF Islamic Finance Awards	Most Outstanding Islamic Bank
World Islamic Banking Conference Performance Awards 2017	Best Performing Islamic Bank - South East Asia Best Performing Islamic Bank – Malaysia
Benchmark Wealth Management Awards 2017	Outstanding Achiever - Malaysia
Islamic Business & Finance – South East Asia Awards 2017	Best Retail Bank Best Investment Product

<b>Maybank Indonesia</b>	
9th Annual Global CSR Summit & Awards	Best Community Programme Award (Companies with more than USD1 billion market capital) – Bronze (Maybank Foundation)
Global Finance	Safest Bank in Indonesia

<b>Maybank Singapore</b>	
Asia Recruitment Awards 2017	Best Use of Digital Media – Gold Best Candidate Experience by a Corporate HR Team – Gold Best Graduate Recruitment Programme – Silver
Champion of Good Award	Presented by National Volunteerism & Philanthropy Centre (NVPC)
27th Private Banker International (PBI) Awards	Winner: Outstanding Private Bank for growth strategy – Organic Winner: Outstanding Wealth Management Technology Initiative – Back Office Winner: Most Innovative Business Model Highly Commended: Outstanding Private Bank - Southeast Asia
Her World Nuyou Credit Card Awards	Best Air Miles Card - Maybank Horizon Visa Signature

2017	Card Best Golf Card - Maybank World MasterCard
The Asset Triple A Islamic Finance Awards 2017	Bank of the Year, Asia-Pacific Bank of the Year, Singapore Best Retail Bank, Singapore Best Islamic Deal, Singapore (RB Capital SGD260 million Islamic financing)
Global Finance	Singapore's Best Islamic Financial Institution 2017

### Subsidiaries

The following is a description of the Bank's principal subsidiaries, deemed control structured entities, associates and joint ventures as at 31 December 2017:

### Details of subsidiaries

As at 31 December 2017			
Name of Company	Principal Activities	Country of Incorporation/Principal Place of Business	Effective Interest held by the Group (per cent.)
<b>Banking</b>			
Maybank Islamic Berhad	Islamic banking	Malaysia	100.00
PT Bank Maybank Syariah Indonesia	Islamic banking	Indonesia	100.00
Maybank International (L) Ltd.	Offshore banking	Malaysia	100.00
Maybank Philippines, Incorporated	Banking	Philippines	99.97
PT Bank Maybank Indonesia Tbk	Banking	Indonesia	98.31
Maybank (Cambodia) Plc.	Banking	Cambodia	100.00
<b>Finance</b>			
Myfin Berhad	Ceased operations	Malaysia	100.00
Maybank Allied Credit & Leasing Sdn. Bhd.	Financing	Malaysia	100.00
PT Maybank Indonesia Finance	Multi-financing	Indonesia	98.31
PT Wahana Ottomitra Multiartha Tbk	Multi-financing	Indonesia	67.39
Kim Eng Finance (Singapore) Pte. Ltd.	Money lending	Singapore	100.00
<b>Insurance</b>			
Maybank Ageas Holdings Berhad	Investment holding	Malaysia	69.05
Etiqa Life International (L) Ltd.	Offshore investment linked insurance	Malaysia	69.05
Etiqa Insurance Berhad	General insurance, life insurance and investment-linked business	Malaysia	69.05

As at 31 December 2017

Name of Company	Principal Activities	Country of Incorporation/Principal Place of Business	Effective Interest held by the Group (per cent.)
<b>Insurance (cont'd.)</b>			
Etiqa Takaful Berhad	General takaful, family takaful and investment-linked business	Malaysia	69.05
Etiqa Offshore Insurance (L) Ltd.	Provision of bureau services in Federal Territory of Labuan	Malaysia	69.05
Etiqa International Holdings Sdn. Bhd.	Investment holding	Malaysia	100.00
AsianLife & General Assurance Corporation	Insurance provider	Philippines	95.24
Etiqa Insurance Pte. Ltd.	Underwriting of general insurance and life insurance business	Singapore	69.05
PT Asuransi Asoka Mas	Insurance provider	Indonesia	75.00
Etiqa Life Insurance Berhad	Life and investment - linked business	Malaysia	69.05
Etiqa General Takaful Berhad	General takaful business	Malaysia	69.05
<b>Investment Banking</b>			
Maybank Investment Bank Berhad	Investment banking	Malaysia	100.00
Maysec Sdn. Bhd.	Investment holding	Malaysia	100.00
PhileoAllied Securities (Philippines) Inc.	Dormant	Philippines	100.00
BinaFikir Sdn. Bhd.	Business/Economic consultancy and advisory	Malaysia	100.00
Maybank International Holdings Sdn. Bhd.	Investment holding	Malaysia	100.00
Maybank Kim Eng Holdings Limited	Investment holding	Singapore	100.00
Maybank Kim Eng Securities Pte. Ltd.	Dealing in securities	Singapore	100.00
PT. Maybank Kim Eng Securities	Dealing in securities	Indonesia	80.00
Maybank Kim Eng Securities (Thailand) Public Company Limited	Dealing in securities	Thailand	83.50
Maybank Kim Eng Securities (London) Limited	Dealing in securities	United Kingdom	100.00
Maybank Kim Eng Securities USA Inc.	Dealing in securities	U.S.	100.00
Kim Eng Securities India Private Limited	Dealing in securities	India	75.00
Ong Asia Limited	Under member's voluntary liquidation	Singapore	100.00
Ong Asia Securities (HK) Limited	Securities trading	Hong Kong	100.00
Maybank Kim Eng Research Pte. Ltd.	Provision of research services	Singapore	100.00
Kim Eng Securities (Hong Kong) Limited	Dealing in securities	Hong Kong	100.00
Kim Eng Futures (Hong Kong) Limited	Futures contracts broker	Hong Kong	100.00
Maybank ATR Kim Eng Capital Partners, Inc.	Corporate finance & financial and investment advisory	Philippines	100.00
Maybank ATR Kim Eng Securities, Inc.	Dealing in securities	Philippines	100.00
Maybank Kim Eng Securities Limited	Dealing in securities	Vietnam	100.00

As at 31 December 2017

Name of Company	Principal Activities	Country of Incorporation/Principal Place of Business	Effective Interest held by the Group (per cent.)
<b>Asset Management/Trustees/Custody</b>			
Maybank Asset Management Group Berhad	Investment holding	Malaysia	100.00
Maybank (Indonesia) Berhad	Dormant	Malaysia	100.00
Cekap Mentari Berhad	Securities issuer	Malaysia	100.00
Maybank International Trust (Labuan) Berhad	Investment holding	Malaysia	100.00
Maybank Offshore Corporate Services (Labuan) Sdn. Bhd.	Investment holding	Malaysia	100.00
Maybank Trustees Berhad	Trustee services	Malaysia	100.00
Maybank Private Equity Sdn. Bhd.	Private equity investments	Malaysia	100.00
Maybank Asset Management Sdn. Bhd.	Fund management	Malaysia	100.00
Philmay Property, Inc.	Property leasing and trading	Philippines	60.00
Maybank (Nominees) Sdn. Bhd.	Nominee services	Malaysia	100.00
Maybank Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	100.00
Maybank Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	100.00
Maybank Nominees (Singapore) Private Limited	Nominee services	Singapore	100.00
Maybank Nominees (Hong Kong) Limited	Nominee services	Hong Kong	100.00
Maybank Securities Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	100.00
Maybank Securities Nominees (Asing) Sdn. Bhd.	Nominee services	Malaysia	100.00
Maybank Allied Berhad	Investment holding	Malaysia	100.00
Dourado Tora Holdings Sdn. Bhd.	Investment holding	Malaysia	100.00
Aurea Lakra Holdings Sdn. Bhd.	Property investment	Malaysia	100.00
KBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	Malaysia	100.00
KBB Properties Sdn. Bhd.	Ceased operations	Malaysia	100.00
Etiqa Overseas Investment Pte. Ltd.	Investment holding	Malaysia	69.05
Double Care Sdn. Bhd.	Under member's voluntary liquidation	Malaysia	69.05
Sorak Financial Holdings Pte. Ltd.	Investment holding	Singapore	100.00
Rezan Pte. Ltd.	Investment holding	Singapore	100.00
Maybank KE Strategic Pte. Ltd.	Investment holding	Singapore	100.00
Maybank Kim Eng Properties Pte. Ltd.	Property investment	Singapore	100.00
Strategic Acquisitions Pte. Ltd.	Investment holding	Singapore	100.00
Kim Eng Investment Limited	Investment holding	Hong Kong	100.00
KE Sovereign Limited	Investment holding	British Virgin Islands	100.00
FXDS Learning Group Pte. Ltd.	Financial education	Singapore	100.00
Ong & Company Private Limited	Under member's voluntary liquidation	Singapore	100.00
Maybank Kim Eng Securities Nominees Pte. Ltd.	Acting as nominee for beneficiary shareholders	Singapore	100.00
St. Michael's Development Pte. Ltd.	Under member's voluntary liquidation	Singapore	100.00
Maybank Asset Management Singapore Pte. Ltd.	Fund management	Singapore	100.00
Kim Eng Nominees (Hong Kong) Limited	Nominee services	Hong Kong	100.00
Maybank Kim Eng Properties USA Inc.	Property investment	U.S.	100.00

As at 31 December 2017

<b>Name of Company</b>	<b>Principal Activities</b>	<b>Country of Incorporation/Principal Place of Business</b>	<b>Effective Interest held by the Group (per cent.)</b>
<b>Asset Management/Trustees/Custody (cont'd.)</b>			
PT Prosperindo	Investment holding	Indonesia	100.00
Maybank Shared Services Sdn. Bhd.	IT shared services	Malaysia	100.00
PT Maybank Asset Management	Fund management	Indonesia	99.00
Maybank Islamic Asset Management Sdn. Bhd.	Fund management	Malaysia	100.00
MAM DP Ltd.	Fund management	Malaysia	100.00
MBB Labs Private Limited	IT Development Services	India	100.00

#### Details of the deemed controlled structured entities

As at 31 December 2017			
Name of Company	Principal Activities	Country of Incorporation/ Principal Place of Business	Effective Interest held by the Group (per cent.)
<b>Held by the Bank</b>			
Akshayam Asia Fund Limited	Equity Fund	British Virgin Islands	90
Akshayam Asia Master Fund Limited	Equity Fund	British Virgin Islands	90
Maybank Bluewaterz Total Return Bond Fund	Fixed Income Fund and other securities	Cayman Islands	63
Maybank Syariah Equity Fund	Equity Fund	Indonesia	99
<b>Held through subsidiaries</b>			
MAM PE Asia Fund I (Labuan) LLP	Private Equity Fund	Malaysia	100
Maybank Asian Equity Fund	Equity Fund	Singapore	84
Maybank Asian Income Fund	Fixed Income Fund	Singapore	88
Maybank Malaysia Equity-I Fund	Equity Fund	Malaysia	84

#### Details of the associates

As at 31 December 2017			
Name of Company	Principal Activities	Country of Incorporation/ Principal Place of Business	Effective Interest held by the Group (per cent.)
<b>Held by the Bank</b>			
Maybank Malaysia Sukuk Fund	Fixed Income Fund	Malaysia	37
Uzbek Leasing International A.O.	Leasing	Uzbekistan	20
Philmay Holding, Inc.	Investment holding	Philippines	33
An Binh Commercial Joint Stock Bank	Banking	Vietnam	20
<b>Held through subsidiaries</b>			
Pak-Kuwait Takaful Company Limited	General takaful business	Pakistan	22
MCB Bank Limited	Banking	Pakistan	19
Asian Forum, Inc.	Under member's voluntary liquidation	Malaysia	23
Tullet Prebon (Philippines), Inc.	Broker between participants in forex and fixed income	Philippines	49
Adrian V. Ocampo Insurance Brokers, Inc.	Insurance brokerage	Philippines	40



## Details of the joint ventures

As at 31 December 2017			
<u>Name of Company</u>	<u>Principal Activities</u>	<u>Country of Incorporation/ Principal Place of Business</u>	<u>Effective Interest held by the Group (per cent.)</u>
<b>Held through subsidiary</b>			
Anfaal Capital	Investment banking	Kingdom of Saudi Arabia	35

## Legal Proceedings

As at 31 December 2017, neither the Bank nor any member of the Group was involved in any legal or arbitration proceedings (including any proceedings which were pending or threatened of which the Bank was aware) which would have had a significant and material effect on the financial position of the Bank or the Group.

#### **DESCRIPTION OF THE ISSUER'S HONG KONG BRANCH**

Malayan Banking Berhad, Hong Kong Branch was registered on 22 January 1962 under the Banking Ordinance (Cap. 155) of Hong Kong (the "**Banking Ordinance**") with its current registered office at 29/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong and licence number 183. It is a full licensed banking branch and has been in operation since February 1962 and is an authorised institution under the Banking Ordinance.

## DESCRIPTION OF THE ISSUER'S SINGAPORE BRANCH

Malayan Banking Berhad, Singapore Branch (UEN: S60FC1376L) was registered on 9 December 1960 under the Companies Act, Chapter 50 of Singapore with its registered office at 2 Battery Road, Maybank Tower, Singapore 049907. The Singapore Branch currently holds the status of a Qualifying Full Bank in Singapore and conducts the corporate and retail banking business of the Group in Singapore.

Maybank is designated by the Monetary Authority of Singapore (“MAS”) to be a domestic systemically important bank. In accordance with the Framework for Domestic Systematically Important Banks (the "**MAS Framework**") issued by the MAS, banks that have a significant retail presence in Singapore will be required to locally incorporate their retail operations. Accordingly, on 1 February 2018, Maybank International Holdings Sdn. Bhd. incorporated a new wholly-owned subsidiary in Singapore, namely Maybank Singapore Limited and is working towards compliance with the local incorporation requirement under the MAS Framework.

## FUNDING AND CAPITAL ADEQUACY

### Funding

The Group has a liability structure primarily comprising fixed deposits and negotiable instruments of deposit ("NIDs"), demand deposits and savings deposits representing 59.2 per cent., 22.9 per cent., and 14.3 per cent. of total deposits from customers, respectively, as at 31 December 2017. As at 31 December 2017, 76.2 per cent. of total fixed deposits and NID had maturities of less than six months. Based on the Group's experience and historical trends in respect of customer behaviour, the rollover rate of traditional deposits has been consistent and predictable, hence providing the Issuer with a steady source of funding.

As at 31 December 2017, 40.9 per cent. of the Group's deposits were from individuals and the remainder were from corporate and institutional clients. Other sources of funding include interbank deposits, Cagamas borrowing, and term borrowing. The following tables sets out the profile of the Group's customer deposits:

### Profile of deposits from customers

	<b>Audited</b>	<b>Audited</b>
	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
<b>Fixed deposits and negotiable instruments of deposits</b>		
One year or less.....	285,822	280,378
More than one year.....	11,606	11,232
	297,428	291,610
Money market deposits .....	18,167	15,200
Savings deposits .....	71,592	68,143
Demand deposits .....	114,830	110,571
	502,017	485,524

### Capital Adequacy

The capital adequacy ratios of the Issuer and the Group are computed in accordance with the Capital Adequacy Framework (Capital Components) and the Capital Adequacy Framework (Basel II - Risk Weighted Assets) issued by BNM.

The total risk-weighted assets of the Issuer and the Group are computed based on the following approaches:

- (i) Credit risk under Internal Ratings Based Approach;
- (ii) Market risk under Standardised Approach; and
- (iii) Operational risk under Basic Indicator Approach

As at 31 December 2017, the CET1 capital ratio before deducting the proposed final dividend for the financial year ended 31 December 2017 was 15.853 per cent. (Issuer level) and 14.773 per cent. (Group

level). The Tier 1 capital ratio was 17.950 per cent. (Issuer level) and 16.459 per cent. (Group level) whereas the total capital ratio was 19.313 per cent. (Issuer level) and 19.383 per cent. (Group level) as at 31 December 2017. The Issuer's and the Group's CET1 capital ratio, Tier 1 capital ratio and total capital ratio are well above BNM's regulatory minimum capital adequacy ratios of 4.5 per cent., 6.0 per cent. and 8.0 per cent. respectively.

The following table sets forth the capital adequacy ratios of the Group as at 31 December 2016 and 31 December 2017.

	<u>Audited</u>	<u>Audited</u>
	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(per cent.)</i>	<i>(per cent.)</i>
CET1 Capital Ratio.....	14.773	13.990
Tier 1 Capital Ratio.....	16.459	15.664
Total Capital Ratio.....	19.383	19.293

The breakdown of the Group's capital base in the various categories of capital are set out below:

	<u>Audited</u>	<u>Audited</u>
	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
<b>CET1 Capital</b>		
Share capital.....	44,250	10,193
Share premium .....	-	28,879
Retained profits <sup>(1)</sup> .....	20,451	10,482
Other reserves <sup>(1)</sup> .....	3,620	15,048
Qualifying non-controlling interests .....	137	112
Less: Shares held-in-trust.....	<u>(183)</u>	<u>(125)</u>
CET1 capital before regulatory adjustments.....	68,275	64,589
Less: Regulatory adjustments applied on CET1 Capital:	12,864	11,482

Deferred tax assets .....	802	875
Goodwill .....	5,756	6,317
Other intangibles .....	855	955
Gain on financial instruments classified as “available-for-sale” .....	18	-
Regulatory reserve .....	2,747	1,058
Investment in ordinary shares of unconsolidated financial and insurance/ takaful entities <sup>(3)</sup> .....	2,686	2,277
Regulatory adjustments due to insufficient Additional Tier 1 and Tier 2 Capital .....	-	-
<b>Total CET1 Capital</b> .....	<b>55,411</b>	<b>53,107</b>
<b>Additional Tier 1 Capital</b>		
Capital Securities .....	6,244	6,280
Qualifying CET1 and Additional Tier 1 capital instruments held by third parties .....	80	74
<b>Total Tier 1 Capital</b> .....	<b>61,735</b>	<b>59,461</b>
<b>Tier 2 Capital</b>		
Subordinated obligations .....	9,272	13,077
Qualifying CET1, Additional Tier 1 and Tier 2 capital instruments held by third parties .....	488	473
Collective allowance <sup>(2)</sup> .....	278	409
Surplus of total eligible provision over total expected loss	1,602	1,333
Less: Investment in capital instruments of unconsolidated financial and insurance/ takaful entities <sup>(3)</sup> .....	672	1,518
<b>Total Tier 2 Capital</b> .....	<b>10,968</b>	<b>13,774</b>
<b>Total Capital</b> .....	<b>72,703</b>	<b>73,235</b>

Notes:

- (1) The amount excludes retained profits and other reserves from insurance and takaful business.
- (2) Excludes collective allowance for impaired loans, advances and financing restricted from Tier 2 Capital/Eligible Tier 2 Capital of the Group.
- (3) Represent adjustments in the capital of unconsolidated insurance/takaful subsidiaries and associates.

The breakdown of the Group's risk-weighted assets in the various categories of risk weights are set out below:

	<b>Audited</b>	<b>Audited</b>
	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
Standardised Approach exposure .....	53,706	52,450
IRB Approach exposure after scaling factor .....	266,947	277,056
Total risk-weighted assets for credit risk .....	320,653	329,506
Total risk-weighted assets for market risk .....	14,351	12,876
Total risk-weighted assets for operational risk .....	40,076	37,218
<b>Total risk-weighted assets</b> .....	<b>375,080</b>	<b>379,600</b>

## ASSET QUALITY

The Group's loans are predominantly made to corporations and individuals based in Malaysia. The remainder of the Group's loans, amounting to 41.5 per cent., of its total loan portfolio as at 31 December 2017, are made to customers and institutions outside Malaysia. The Group monitors country exposures and manages its country risks by undertaking on a regular basis, analysis of the political, economic, financial and social developments of those countries where it has significant exposures. The Group also sets limits for countries based on country-specific strategic business considerations.

As at 31 December 2017, the Group's total net outstanding loans were RM485,584 million, which represented 63.5 per cent. of the Group's total consolidated assets.

The Group's net impaired loan ratio stood at 1.58 per cent. as at 31 December 2017 compared to 1.60 per cent. as at 31 December 2016. The Group's net credit charge-off rate was 40 basis points for the financial year ended 31 December 2017, due to impairments made for specific corporate banking and business banking accounts.

The composition of the Group's loan portfolio as at 31 December 2017 and 31 December 2016 is set out below:

### Loan Portfolio

#### Loans, advances and financing by type

	<b>Audited</b>	<b>Audited</b>
	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
Overdrafts/cashline	22,177	21,874
Term loans:		
Housing loans/financing	149,070	144,805
Syndicated loans/financing	39,921	38,015
Hire purchase receivables	73,151	64,120
Lease receivables	121	61
Other loans/financing	216,034	223,604
Credit card receivables	8,991	8,359
Bills receivables	3,868	4,154
Trust receipts	4,528	4,420
Claims on customers under acceptance credits	11,493	11,576
Loans/financing to financial institutions	2,040	2,248
Revolving credits	54,765	55,041
Staff loans	3,447	3,525
	<u>589,606</u>	<u>581,802</u>
Loans to:		
Executive directors of the Bank	4	4
Executive directors of subsidiaries	5	3
Others	4,190	3,372
	<u>593,805</u>	<u>585,181</u>



	<b>Audited</b>	<b>Audited</b>
	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
Unearned interest and income	(99,960)	(99,445)
Gross loans, advances and financing	493,845	485,736
Allowances for impaired loans, advances and financing:		
Individual allowance	(4,121)	(3,765)
Collective allowance	(4,140)	(4,196)
Net loans, advances and financing	<u>485,584</u>	<u>477,775</u>

Note:

- (1) Pledged as collateral to secured borrowings.

### Loans, advances and financing by geographical location

	<b>Audited</b>	<b>Audited</b>
	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
Malaysia	289,103	275,061
Singapore	124,388	121,562
Indonesia	39,010	42,213
Labuan Offshore	14,478	18,612
Hong Kong SAR	8,572	10,856
U.S.	814	836
People's Republic of China	4,101	3,553
Vietnam	861	834
United Kingdom	1,693	1,414
Brunei	660	639
Cambodia	2,263	2,515
Bahrain	120	450
Philippines	5,861	5,580
Thailand	1,516	1,399
Laos	135	125
Myanmar	231	43
Others	39	44
<b>Gross loans, advances and financing</b>	<u><u>493,845</u></u>	<u><u>485,736</u></u>

## Loans Outside of Malaysia

As at 31 December 2017, loans outside of Malaysia constituted 41.5 per cent. of the Group's total loan portfolio. The Group monitors country exposures and manages its country risks by undertaking on a regular basis analysis of the political, economic, financial and social developments of those countries where it has significant exposures. The Group also sets limits for countries based on country-specific strategic business considerations.

## Loan Maturity Profile

The following table sets out the breakdown of the Group's gross loan portfolio by maturity profile as at 31 December 2017 and 31 December 2016:

	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
Within one year	130,157	134,071
One year to three years	56,735	56,348
Three years to five years	58,058	62,071
After five years	248,895	233,246
Gross loans, advances and financing	<u>493,845</u>	<u>485,736</u>

## Critical Accounting Policies

### Classification of loans, advances and financing as impaired

- Loans, advances and financing are classified as impaired when:
- principal or interest/profit or both are past due for more than three (3) months; or
- loans, advances and financing in arrears for less than three (3) months which exhibit indications of credit weaknesses; or
- impaired loans, advances and financing have been rescheduled or restructured, the loans, advances and financing will continue to be classified as impaired until repayments based on the rescheduled or restructured terms have been observed continuously for a period of six (6) months; or
- default occurs for repayments scheduled on intervals of three (3) months or longer.

### Impairment process — individual assessment

The Group and the Issuer assess if objective evidence of impairment exists for loans, advances and financing which are deemed to be individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the carrying amount of the loans, advances and financing and the present value of the estimated future cash flows discounted at the original effective interest rate of the loans, advances and financing. The carrying amount of the loans, advances and financing is reduced through the use of an impairment allowance account and the amount of the impairment loss is recognised in the income statements.

### **Impairment process — collective assessment**

Loans, advances and financing which are not individually significant and that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment assessment. These loans, advances and financing are grouped within similar credit risk characteristics for collective assessment, whereby data from the loans, advances and financing portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios, etc.) and concentrations of risks (such as the performance of different individual groups) are taken into consideration.

Future cash flows in a group of loans, advances and financing that are collectively evaluated for impairment are estimated based on the historical loss experience of the Group and of the Issuer.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that do not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for a group of assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Issuer to reduce any differences between loss estimates and actual loss experience.

### **Impairment process — written-off accounts**

When there is no realistic prospect of future recovery, the loan, advances and financing are written-off against the related allowance for loan impairment. Such loans, advances and financing are written-off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts which were previously written-off are recognised in the income statements under the caption of 'allowances for impairment losses on loans, advances and financing'.

### **Interest/Profit income and expense**

Interest/profit-bearing financial assets classified as loans, advances and financing, financial investments available-for-sale ("AFS"), financial assets held-for-trading ("HFT") and financial assets designated at FVTPL are recognised in the income statements under the caption of 'interest income' using the effective interest method. Interest/profit-bearing financial liabilities classified as deposits from customers, investment accounts of customers, deposits and placements from financial institutions, financial liabilities designated at FVTPL, debt securities and payables are recognised in the income statements under the caption 'interest expense' using effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group and the Issuer take into account all contractual terms of the financial instrument and include any fees or incremental costs that are directly attributable to the instrument, which are an integral part of the effective interest rate, but do not consider future credit losses.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Profit income and expense from Islamic banking business is recognised on an accrual basis in accordance with the principles of Shariah.

### **Profile of impaired loans, advances and financing**

As at 31 December 2017 and 31 December 2016, the Group's net impaired loans amounted to RM7,429 million and RM7,290 million respectively. The ratio of net impaired loans to total net loans was 1.58 per cent. and 1.60 per cent. for the corresponding financial year. Based on BNM statistics as at 31

December 2017 and 31 December 2016, the net impaired loans ratio for the Malaysian banking system was 1.1 per cent. and 1.2 per cent. respectively. Shown in the table below are the trends in the Group's impaired loans for the last two audited financial years, being the financial year ended 31 December 2017 and 31 December 2016:

	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
Gross impaired loans, advances and financing at 1 January	11,055	8,555
Impaired during the financial year	7,105	9,291
Reclassified as non-impaired	(2,276)	(2,999)
Amount recovered	(2,262)	(2,293)
Amount written-off	(1,648)	(1,693)
Exchange differences	(424)	194
Gross impaired loans, advances and financing at 31 December	<u>11,550</u>	<u>11,055</u>
Less: Individual allowance	<u>(4,121)</u>	<u>(3,765)</u>
Net impaired loans, advances and financing at 31 December	<u>7,429</u>	<u>7,290</u>

#### **Impaired loans, advances and financing by economic purpose**

The following table shows the Group's impaired loans, advances and financing by economic purpose as at 31 December 2017 and 31 December 2016:

	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
Purchase of securities	276	202
Purchase of transport vehicles	370	330
Purchase of landed properties:		
Residential	717	617
Non-residential	993	925
Purchase of fixed assets (excluding landed properties)	1,512	475
Personal use	160	151
Credit card	91	92
Purchase of consumer durables	*	*
Constructions	1,505	1,440
Working capital	5,381	6,094
Others	545	729
<b>Total</b>	<u>11,550</u>	<u>11,055</u>

Note:

(\*) Denotes amount below RM 1 million

## Financial Assets at FVTPL

Financial assets at FVTPL include financial assets HFT and financial assets designated at FVTPL upon initial recognition. Financial assets are classified as HFT if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets HFT include derivatives (including separated embedded derivatives), debt securities and equities. Financial assets designated at FVTPL are debt securities and structured deposits which are managed on a fair value basis under insurance life fund and a family takaful fund.

Subsequent to initial recognition, financial assets held-for-trading and financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in the income statements under the caption of 'other operating income'.

As at 31 December 2017, the Group's Financial Assets at FVTPL constituted 3.3 per cent. of its total assets. The Group's financial assets at FVTPL as at 31 December 2017 mainly comprised Corporate Bonds and Sukuk (59.5 per cent.).

	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
Financial assets designated upon initial recognition	13,187	12,910
Financial assets held-for-trading	11,931	10,586
	<u>25,118</u>	<u>23,496</u>
<b>Financial assets designated upon initial recognition</b>		
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government Securities	244	225
Malaysian Government Investment Issues	142	198
Negotiable Islamic Certificates of Deposits	254	249
Foreign Government Securities	255	103
Foreign Government Treasury Bills	111	25
	<u>1,006</u>	<u>800</u>
<b>Quoted securities:</b>		
In Malaysia:		
Shares, warrants, trust units and loan stocks	18	55
Outside Malaysia:		
Shares, warrants, trust units and loan stocks	189	234
	<u>207</u>	<u>289</u>
<b>Unquoted securities:</b>		
Foreign Corporate Bonds and Sukuk	747	428
Corporate Bonds and Sukuk in Malaysia	10,840	11,057
Structured deposits	387	336
	<u>11,974</u>	<u>11,821</u>
<b>Total financial assets designated upon initial recognition</b>	<u>13,187</u>	<u>12,910</u>

	<b>As at 31</b> <b>December 2017</b>	<b>As at 31</b> <b>December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
<b>Financial assets held-for-trading</b>		
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government Securities	441	233
Malaysian Government Investment Issues	55	38
Negotiable instruments of deposits	505	-
Foreign Government Securities	3,925	2,932
Bank Negara Malaysia Bills and Notes	50	-
Foreign Government Treasury Bills	74	*
Cagamas Bonds	-	57
	<u>5,050</u>	<u>3,260</u>
<b>Quoted securities:</b>		
In Malaysia:		
Shares, warrants, trust units and loan stocks	1,078	806
Private and Islamic debt securities	-	5
Outside Malaysia:		
Shares, warrants, trust units and loan stocks	1,743	1,245
Foreign Corporate Bonds and Sukuk	-	*
Foreign Government Bonds	98	75
	<u>2,919</u>	<u>2,131</u>
<b>Unquoted securities:</b>		
Foreign Corporate Bonds and Sukuk	2,032	3,761
Corporate Bonds and Sukuk in Malaysia	1,321	982
Foreign Government Bonds	609	452
	<u>3,962</u>	<u>5,195</u>
<b>Total Financial assets held-for-trading</b>	<b><u>11,931</u></b>	<b><u>10,586</u></b>

Note:

(\*) Denotes amount below RM 1 million

## Financial investments AFS

Financial investments AFS are financial assets that are not classified in any of the three preceding categories. Financial investments AFS include equity and debt securities. Financial investments in this category are intended to be held for an indefinite period of time and may be sold in response to liquidity needs or changes in market conditions.

After initial recognition, financial investments AFS are subsequently measured at fair value. Unrealised gains and losses are recognised directly in other comprehensive income and in the 'AFS reserve', except for impairment losses, foreign exchange gains or losses on monetary financial assets and interest/profit income calculated using the effective interest method are recognised in the income statements.

Dividends on financial investments AFS are recognised in the income statements when the Group's and the Issuer's right to receive payment is established. When the Group and the Issuer derecognise financial investments AFS, the cumulative unrealised gain or loss previously recognised in the 'AFS reserve' is reclassified to the income statements under the caption of 'other operating income'.

The Group's AFS portfolio as at 31 December 2017 mainly consisted of Local and Foreign Corporate Bonds and Sukuk (41.9 per cent.) and Malaysian Government Investment Issues (18.4 per cent.).

	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
<b>At fair value</b>		
<b>Money market instruments:</b>		
Malaysian Government Securities	12,276	10,004
Malaysian Government Investment Issues	20,114	12,622
Negotiable instruments of deposits	1,453	4,574
Foreign Government Securities	9,744	10,611
Foreign Government Treasury Bills	7,968	5,808
Khazanah Bonds	2,405	1,917
Cagamas Bonds	794	728
Bankers' acceptances and Islamic accepted bills	166	-
Foreign Certificates of Deposits	-	45
	<u>54,920</u>	<u>46,309</u>
<b>Quoted securities:</b>		
In Malaysia:		
Shares, warrants, trust units and loan stocks	2,682	2,188
Outside Malaysia:		
Shares, warrants, trust units and loan stocks	222	142
Foreign Corporate Bonds and Sukuk	66	97
Foreign Government Bonds	23	23
Foreign Government Treasury Bills	-	34
	<u>2,993</u>	<u>2,484</u>

	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
<b>At fair value, or at cost for certain unquoted equity instruments, less accumulated impairment losses</b>		
<b>Unquoted securities:</b>		
Shares, trust units and loan stocks in Malaysia <sup>#</sup>	361	348
Shares, trust units and loan stocks outside Malaysia <sup>#</sup>	3	95
Foreign Corporate Bonds and Sukuk	22,214	18,715
Corporate Bonds and Sukuk in Malaysia	23,486	17,215
Foreign Government Bonds	4,773	6,641
Malaysian Government Bonds	320	577
Structured deposits	-	1
	<u>51,157</u>	<u>43,592</u>
	<u>109,070</u>	<u>92,385</u>

<sup>(#)</sup> Stated at cost, net of impairment losses.

#### **Financial investments held-to-maturity**

Financial investments held-to-maturity (“**HTM**”) are non-derivative financial assets with fixed or determinable payments and fixed maturity, which the Group and the Issuer have the intention and ability to hold to maturity.

Subsequent to initial recognition, financial investments HTM are measured at amortised cost using the effective interest method, less accumulated impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in the income statements under the caption of 'interest income'. The losses arising from impairment are recognised in the income statements under the caption of 'allowance for impairment losses on financial investments' and the gain or loss arising from derecognition of such investments are recognised in the income statements under the caption of 'other operating income'.

If the Group and the Issuer were to sell or reclassify more than an insignificant amount of financial investments HTM before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as financial investments available-for-sale. Furthermore, the Group and the Issuer would be prohibited from classifying any financial investments as held-to-maturity over the following two (2) years.

As at 31 December 2017, financial investments HTM constituted 2.6 per cent. of the Group's total assets. The Group's financial investments HTM as at 31 December 2017 mainly consisted of Malaysian Government Investment Issues (12.5 per cent.) and Corporate Bonds and Sukuk (63.3 per cent.).



	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
	<i>(RM million)</i>	<i>(RM million)</i>
<b>At amortised cost less impairment losses</b>		
<b>Money market instruments:</b>		
Malaysian Government Securities	2,023	2,018
Malaysian Government Investment Issues	2,526	2,523
Foreign Government Securities	1,398	1,276
Foreign Government Treasury Bills	19	67
Khazanah Bonds	860	828
Cagamas Bonds	50	50
Foreign Certificates of Deposits	174	93
	<u>7,050</u>	<u>6,855</u>
<b>Unquoted securities:</b>		
Foreign Corporate Bonds and Sukuk	2,832	1,373
Corporate Bonds and Sukuk in Malaysia	9,946	5,531
Foreign Government Bonds	359	1,285
Others	2	2
	<u>13,139</u>	<u>8,191</u>
Accumulated impairment losses	<u>(4)</u>	<u>(24)</u>
<b>Total financial investments held-to-maturity</b>	<u><u>20,185</u></u>	<u><u>15,022</u></u>

#### **Critical Accounting Policies – Adopted on 1 January 2018**

The Group adopted MFRS 9 Financial Instruments with effect from 1 January 2018. This new accounting standard introduces new requirements for Classification and Measurements, Impairment and Hedge Accounting.

Details of the new MFRS 9 requirements are documented in Note 4 to the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2017, which are incorporated by reference in this Offering Circular.

## RISK MANAGEMENT

### Overview

The Group continues to strengthen its risk capabilities and has adapted strong risk management practices in its business. The management of risk remains an important driver for strategic decisions in support of the Group's aspirations to maintain sound performance and a sound capital position to ultimately enhance shareholder value.

### Risk Governance Structure

#### Board of Directors

The Board is the Group's ultimate governing body with overall risk oversight responsibility including defining the appropriate governance structure and risk appetite. The Board is assisted by the following board level committees in its overall responsibility for risk oversight within the Group.

#### *Board Level Committees*

#### Risk Management Committee ("RMC")

The RMC provides Board level oversight of risk exposures as well as oversight on the effective implementation of risk management strategies, frameworks, policies and risk appetite limits.

#### Credit Review Committee ("CRC")

The CRC provides Board level oversight of transactional credits underwritten and portfolios.

#### *Executive, Level Management Risk Management Committees*

The Group ERC, Group Non-Financial Risk Management Committee ("GNFRC"), Group ALCO and Group Management Credit Committee ("GMCC") are Executive Level Management Risk Committees. The scope of Group ERC encompasses all risk types, whilst the GNFRC oversees the management of non-financial risk. The Group ALCO is primarily responsible for the management of market and liquidity risk through the formulation of broad strategies for the balance sheet profile and funding structure of the Group. The GMCC is responsible for the approval of loan proposals as per thresholds set based on authority limits.

### Integrated Risk Management Framework

The Group's risk management is underpinned by a comprehensive, best-practice Integrated Risk Management Framework ("**IRM Framework**"), which is constantly evolving to remain relevant and effective in the current changing risk environment.

The broad overarching IRM Framework is underpinned by seven core principles to ensure the integration of risk strategies, governance, culture, processes and infrastructure within the Group's regional footprint.

### Independent Group Risk Function

The Group Risk function, spearheaded by the Group Chief Risk Officer, plays an independent role with the following distinct key functions:

- supporting the Group's regional expansion and businesses in the achievement of strategic objectives;
- a strategic partner to the business in budget planning and risk appetite implementation;
- enhancing risk functions across the regions in which the Group has operations and embedding the Group's risk culture;

- providing authority limits for both central and regional approvals, controls, risk systems and architecture leadership;
- managing various risk committees to facilitate pro-active monitoring and controlling of the Group's risk exposures and enterprise risk reporting;
- acting as a strategic partner to the business in addressing external stakeholders including regulators and analysts pertaining to risk issues; and
- engaging in business development activities such as new product sign-offs and approvals, post-implementation reviews and due diligence exercises as part of its day-to-day operations.

### **Risk Appetite and Strategy**

The Group's risk appetite is a critical component of its robust risk management framework and is driven by both top-down Board leadership and bottom-up involvement of management at all levels. The Group's risk appetite enables the Board and senior management to communicate, understand and assess the types and levels of risk that the Group is willing to accept in pursuit of its business objectives.

The Group's development of its risk appetite has been integrated into the annual strategy and business planning process and is adaptable to changing business and market conditions. Risk appetite is articulated through a set of Board approved Risk Appetite Statements that define the Group's risk appetite towards all material risks in the Group. The Group's risk appetite balances the needs of all stakeholders by acting both as a governor of risk, and a driver of future and current business activities.

### **Risk Culture**

The Group views risk culture as a vital component in strengthening risk governance and forms a fundamental tenet of the Group's risk management. It serves as the foundation upon which a strong enterprise wide risk management structure is built.

The risk and compliance culture of the Group is driven from the top and complemented by the tone from the middle to ingrain the expected values and principles of conduct that shape the behaviour and attitude of employees at all levels of business and activities.

### **Capital Management**

Effective capital management is fundamental to the sustainability of the Group. As such, the Group proactively manages its capital to meet the expectations of key stakeholders such as regulators, shareholders, investors, rating agencies and analysts whilst ensuring that the return on capital commensurate with the risks undertaken by respective business units. Effective capital management aims to:

- maintain adequate capital ratios at levels sufficiently above regulatory minimum requirements;
- support the Group's strong credit ratings from local and international rating agencies;
- deploy capital efficiently to the business and to optimise return on capital;
- remain flexible to take advantage of future strategic opportunities; and
- build and invest in the business, even in a reasonably stressed environment.

The Group's approach to managing capital is set out in various frameworks approved by Group ALCO, Group EXCO, and the Board.

## **Internal Capital Adequacy Assessment Process ("ICAAP")**

The Group's overall capital adequacy in relation to its risk profile is assessed through a process articulated in the Maybank Group ICAAP Policy ("**ICAAP Policy**"). The ICAAP Policy is designed to ensure that adequate levels of capital, including capital buffers, are held to support the Group's current and projected demand for capital under existing and stressed conditions. Regular ICAAP reports are submitted to the Group ERC and RMC for comprehensive review of all material risks faced by the Group and assessment of the adequacy of capital to support them. The Group's ICAAP closely integrates the risk and capital planning and management processes.

Since March 2013, the Group has prepared a Board-approved ICAAP document to meet the requirements set by BNM. The document includes an overview of ICAAP, current and projected financial and capital position, ICAAP governance, risk assessment models and processes, risk appetite and capital management, stress testing and capital planning and use of ICAAP. Annually, the Group submits an update of the material changes made to the ICAAP document to BNM.

### **Comprehensive Risk Assessment under ICAAP policy**

Under the Group's ICAAP methodology, the following risk types are identified and measured:

- risks captured under Pillar 1 (credit risk, market risk and operational risk);
- risks not fully captured under Pillar 1 (such as model risk);
- risks not specifically addressed under Pillar 1 (such as interest rate risk/rate of return risk in the Banking Book, liquidity risk, business and strategic risk, reputational risk, credit concentration risk, IT risks (such as security risk and cyber risk), regulatory risk, country risk, compliance risk, capital risk, profitability risk and shariah non-compliance risk, industry risk, information risk, conduct risk, workforce risk and data quality risk, amongst others); and
- external factors, including changes in economic environment, regulations and accounting rules.

The Group has in place processes which identify material risks that may arise through the introduction of new products and services. Material risks are defined as "risks which would materially impact the financial performance (profitability), capital adequacy, asset quality and/or reputation of the Group should the risk occur".

### **Assessment of Pillar 1 and Pillar 2 Risks**

In line with the industry's best practices, the Group quantifies its risks using methodologies that have been reasonably tested and determined to be fit-for-purpose.

Where risks may not be easily quantified due to the lack of commonly accepted risk measurement techniques, expert judgment is used to determine the size and materiality of risk. The Group's ICAAP would then focus on the qualitative controls in managing such material non-quantifiable risks. These qualitative measures include the following:

- adequate governance process;
- adequate systems, procedures and internal controls;
- effective risk mitigation strategies; and
- regular monitoring and reporting.

### **Regular and Robust Stress Testing**

The Group's stress testing programme is embedded within the risk and capital management process of the Group and is a key function of capital and business planning processes. The programme serves as a

forward-looking risk and capital management tool to understand the Group's risk profile under extreme but plausible conditions. Such conditions may arise from economic, political and environmental factors.

The Maybank Group Stress Test Policy considers the potential unfavourable effects of stress scenarios on the Group's profitability, asset quality, risk-weighted assets ("RWA"), capital adequacy and ability to comply with the risk appetites set.

Specifically, the stress test programme is designed to:

- highlight the dynamics of stress events and their potential implications on the Group's trading and banking book exposures, liquidity positions and likely reputational impacts;
- proactively identify key strategies to mitigate the effects of stress events; and
- produce stress results as inputs into the Group's ICAAP in determining capital adequacy and capital buffers.

There are three types of stress tests conducted across the Group:

- group stress tests — A Group-wide stress test using a common scenario approved by RMC and the results are submitted to BNM. It also includes periodic industry-wide stress tests organised by BNM where the scenarios are specified by BNM;
- localised stress tests — Limited scope stress tests undertaken at portfolio, branch or sector or entity levels based on scenarios relevant at the specific localities; and
- ad-hoc stress tests — Periodic stress tests conducted in response to emerging risk events.

### **Credit Risk**

For the definition of credit risk, refer to "Investment Considerations - Credit risk".

### **Management of Credit Risk**

Corporate and institutional credit risks are assessed by business units and evaluated and approved by an independent party within the Group, where each customer is assigned a credit rating based on the assessment of relevant qualitative and quantitative factors including the customer's financial position, future cash flows, types of facilities and securities offered.

Reviews are conducted at least once a year with updated information on the customer's financial position, market position, industry and economic conditions, and conduct of account. Corrective actions are taken when the accounts show signs of credit deterioration.

The Group manages its credit risk using a two-pronged approach:

- managing the Credit Risk; and
- managing the Credit Portfolio.

Retail credit exposures are managed on a programmed basis. Credit programmes are assessed jointly between credit risk and business units. Reviews on the credit programmes are conducted at least once a year to assess the performance of the portfolios.

A Group-wide hierarchy of credit approving authorities and committee structures is in place to ensure appropriate underwriting standards are enforced consistently throughout the Group.

### **Concentration Risk**

Concentration risk can materialise from excessive exposures to a single counterparty and persons connected to it, a particular instrument or a particular market segment/sector.

In managing large exposures and to avoid undue concentration of credit risk in its loans and financing portfolio, the Group has in place, amongst others, limits and related lending guidelines for:

- countries;
- business segments;
- economic sectors;
- single customer groups;
- banks and non-bank financial institutions;
- counterparties; and
- collateral.

### **Asset Quality Management**

The Group has dedicated teams to effectively manage vulnerable corporate, institutional and consumer credits of the Group. Special attention is given to these vulnerable credits where more frequent and intensive reviews are performed in order to accelerate remedial actions.

The Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. Group Risk is responsible for developing, enhancing and communicating effective and consistent credit risk management policies, tools and methodologies across the Group to ensure appropriate standards are in place to identify, measure, control, monitor and report such risks.

In view that the authority limits are directly related to the risk levels of the borrower and transaction, a Risk-Based Authority Limit structure is implemented based on Expected Loss principles and the internally developed Credit Risk Rating System.

### **Market Risk Management**

For the definition of market risk, refer to "Investment Considerations - Market risk". The Group manages market risk of its trading and non-trading activities using a variety of measurement techniques and controls.

### **Traded Market Risk**

For the definition of traded market risk, refer to "Investment Considerations - Market risk".

The overall trading book portfolio is governed by trading limits, trading book policies and procedures. Policy requires the Group to set trading limits against the various quantitative and qualitative measures outlined below to manage the Group's traded market risk.

- The Group employs a Value-at-Risk model to measure the expected loss in the trading book arising from severe market movements over a specified period of time within a given probability of occurrence.
- Risk sensitivity measures: The Group measures first order and second order movements in market prices. The trading portfolio's risk sensitivity to interest rate movements is measured using the present value exposure to one basis point. For the trading portfolio's risk sensitivity to foreign exchange rate movements, the foreign exchange net open position ("FX NOP") measure is employed. For non-linear risk sensitivity to market prices, option risk sensitivities are employed to manage options risk. For measuring the adverse impact of severe market price movements to trading profit in stress event scenarios, stressed profit/loss methods are employed.

For traded credit risk, the Group adopts measures of Jump-to-Default (“JTD”) and credit spread sensitivity to a basis point (“CS01”). JTD measures the immediate impact to the value of the portfolio during a credit event (e.g. issuer default) while CS01 measures the change in value of the portfolio when the credit spread changes by 1 basis point.

- The Group’s approved policies require disciplined trading conduct. Dealers are to adhere to the limits set at all times and are strictly prohibited from transacting in any non-permissible instruments/activities as stipulated in the approved policies.
- In the event that trading risks require to be brought to management attention, there is a robust escalation process to inform designated authorities to ensure prompt action is taken for any non-adherence. Monthly reports are escalated and presented to Senior Management/committee for further deliberation.

### **Non-traded Market Risk**

For definition of non-traded market risk, refer to "Investment Considerations - Market risk".

### ***Interest Rate Risk/Rate of Return Risk in the Banking Book ("IRR/RoR BB")***

For definition of IRRBB and the party involved in managing this as well as the behavioural assumptions used, refer to "Investment Considerations - Interest rate risk in the Banking Book ("IRRBB")".

Banking Book policies and limits are established to measure and manage the non-traded market risk. Repricing gap analysis remains one of the building blocks for IRR/RoR BB assessment for the Group. Earnings-at-Risk and Economic Value-at-Risk are derived to gauge the maximum tolerance level of the adverse impact of market interest rate towards earnings and capital.

### ***Foreign Exchange Risk in the Banking Book***

Foreign exchange ("FX") risk arises from adverse movements in the exchange rates of two currencies.

FX risk exposures can be attributed to structural and non-structural positions. Structural FX positions are primarily net investments in overseas branches and subsidiaries whereas other FX positions are non-structural in nature. Generally, structural FX positions need not be hedged as these investments are by definition "perpetual" and revaluation losses will not materialise if they are not sold. The residual or unhedged FX positions are managed in accordance with approved policies and limits.

All foreign currency assets in the banking book must be match-funded by the same currency to minimise FX NOP. In addition, the Group implements qualitative controls such as listing of permissible on/offshore currencies and hedging requirements for managing FX risk.

The FX risk is primarily assessed from both earnings and capital perspectives. The Group ALCO plays an active role in ensuring FX risk is managed within the stipulated limits.

### **Liquidity Risk Management**

For definition of liquidity risk, refer to "Investment Considerations - Liquidity risk".

Balance sheet risk measures structurally maintain a diverse and stable funding base while achieving an optimal portfolio. These measures drive the desired targets for loans to deposits ratio, sources of funds through borrowings, wholesale borrowing and swaps market in order to support the growing asset base regionally. Through these measures, the Group shapes its assets and liabilities profile to achieve its desired balance sheet.

The net cash flow mismatch along different time horizons, also known as liquidity gap analysis, provides management with a clear picture of the imminent funding needs in the near term as well as the structural balance sheet for the medium term and long term tenors. The sources of fund providers are reviewed to maintain a wide diversification by currency, provider, product and term, thus minimising excessive funding concentration.

The Group runs liquidity stress scenarios to assess the vulnerability of cash flows under stressed market situations. The Group continuously reviews and maintains unencumbered high quality liquid assets that can be easily sold or pledged as readily available sources of funds for immediate cash to determine the funding capacity to withstand stressed situations. In line with leading practices, the Group has established the Liquidity Coverage Ratio which is aligned to Basel Committee on Banking Supervision and BNM standards. The ratio aims to assess the Group's ability to withstand significant liquidity stress over a short term horizon.

### **Non-Financial Risk Management**

For definition of non-financial risk, refer to "Investment Consideration - Non-Financial Risk".

The Group has evolved and broadened its management of operational risk to encompass a wider range of emerging non-financial risks. This is utmost critical in enabling the Group to effectively manage the risk of loss arising from operational failures due to inadequate or failed internal processes, people and systems or external factors that could result in monetary losses or negative reputational implications to the brand value and stakeholder's perception towards the Group.

The management of non-financial risk is anchored on an established risk strategy that provides the overall principles and objectives, with defined risk appetite reflecting the Group's acceptable tolerance level for non-financial risk. A sound risk governance model premised on the Three Lines of Defence and a robust risk culture are vital in driving the management of non-financial risk in the Group.

To further strengthen the management of non-financial risk, risk methodologies and tools are deployed and integrated into processes to support businesses from point of discovery of an incident until its resolution. The risk methodologies and tools complement each other for an effective process to identify, assess and measure, control, monitor and report non-financial risk exposures on a timely basis, in minimising the resulting reputational risk towards the Group. An integrated risk management system for non-financial risk forms the foundation to enable the implementation of the methodologies and tools.



## MALAYSIAN BANKING INDUSTRY

### OVERVIEW

#### *Financial sector continues to support growth*

The monetary policy stance remains accommodative while ensuring price stability despite uncertainties in the external environment. These uncertainties include the prospect of increasing divergence in monetary policies between the U.S. and other major economies which could lead to tighter financial market conditions. Although several major economies shifted their monetary stances to withstand these uncertainties, the domestic monetary policy continues to support the Malaysian economy. In this respect, the Monetary Policy Committee kept the Overnight Policy Rate ("**OPR**") unchanged in the first seven months of 2017. Meanwhile, the Ringgit appreciated following encouraging domestic economic developments. Stronger Ringgit was also supported through various measures taken by the Financial Markets Committee ("**FMC**"), particularly on enhancing liquidity in the bond market and allowing for greater hedging flexibility in the onshore market.

The Malaysian banking system remains strong and well-supported by sound institutions and sustained confidence in the financial system. As at end-July 2017, the banking system was well capitalised with more than 75 per cent. of high quality capital. The quality of the loan portfolio remained steady with a Net Impairment Ratio to total loans of 1.2 per cent. Profitability of the banking system remained sound supported by efficiency gains from the adoption of new technologies and optimisation of the workforce.

The domestic capital market continues to grow and plays a vital role in the economy. In the first seven months of 2017, the capital market was supported by financial market development measures and sustained domestic institutional investors' demand. The overall size of the capital market grew to RM3.1 trillion during the same period. In response to the global needs for sustainable and responsible financing, Malaysia issued the world's first green sukuk on 27 July 2017 with a value of RM250 million. This effort is in line with Malaysia's pioneering role in strengthening Islamic capital markets.

In addition, the growth of digital finance is changing the landscape of the global financial market. Digital finance has led to the introduction of new business models and solutions for greater efficiency and better risk management. In this regard, the Government has provided a supportive regulatory environment to promote financial technology (fintech) to modernise and increase the efficiency of the financial sector. In the meantime, the Government is also emphasising the importance of financial inclusion by implementing several initiatives and awareness programmes. This has led to the improvement in the Financial Inclusion Index from 0.77 in 2011 to 0.90 in 2016.

### MONETARY DEVELOPMENTS

#### **Monetary Policy**

##### *Monetary policy remains accommodative*

Monetary policy in 2017 continued to focus on supporting the sustainable growth of the Malaysian economy while maintaining price stability. In the first seven months of 2017, the OPR and Statutory Reserve Requirement ("**SRR**") were held steady at 3.00 per cent. and 3.50 per cent., respectively. At the current level of the OPR, monetary policy remains accommodative to balance the risks of domestic growth and inflation prospects.

##### *Steady interest rates*

Interest rates in the banking system remained stable in the first seven months of 2017 in line with the unchanged OPR since July 2016. The weighted Base Rate of commercial banks stood at 3.62 per cent. as at end-July 2017 (end-July 2016: 3.83 per cent.). The weighted Average Lending Rate was at 5.20 per cent. (end-July 2016: 5.27 per cent.). Meanwhile, the interest rate on the savings deposit of commercial banks decreased by two basis points to 0.96 per cent. as at end-July 2017 (end-July 2016: 0.98 per cent.). The interest rates on fixed deposits of 1-month to 12-month maturities were stable ranging between 2.88 per cent. and 3.10 per cent. (end-July 2016: 2.90 per cent.; 3.06 per cent.).

### *Monetary aggregates expanded further*

Monetary aggregates continued to expand during the first seven months of 2017. M1 or narrow money grew 10.9 per cent. to RM392.8 billion as at end-July 2017 (end-July 2016: 2 per cent.; RM354.2 billion), mainly supported by higher demand deposits, which increased 11 per cent. (end-July 2016: -0.1 per cent.). Similarly, M3 or broad money, rose 4.8 per cent. to RM1,675 billion (end-July 2016: 2.3 per cent.; RM1,597.8 billion) driven by net portfolio inflows during the second quarter of 2017. The higher net claims on Government and extension of credit to the private sector also contributed to the growth, particularly through corporate bonds during the first half of 2017.

### *Ringgit advanced against the U.S. dollar*

The Ringgit, along with most major and regional currencies ended stronger against the U.S. dollar in the first eight months of 2017. The appreciation of the ringgit was underpinned by resumption of non-resident inflows into Malaysia's financial markets following encouraging domestic macroeconomic conditions. In particular, the measures announced by the FMC in December 2016 and April 2017 further buoyed the positive Ringgit sentiment. Some of the measures announced were the promotion of foreign exchange hedging within the domestic foreign exchange market and non-deliverable forward (NDF). Other measures are the requirement of conversion of foreign currency export proceeds into Ringgit and further liberalisation of the bond market.

## **FINANCIAL SECTOR DEVELOPMENTS**

### **Banking System Performance**

#### *Vibrant banking system*

Banking system remains vibrant as all financing indicators expanded during the first seven months of 2017, following strong economic performance. Loan applications, approvals and loan disbursements rebounded 4.1 per cent., 11.2 per cent. and 10 per cent. to RM477.5 billion, RM212.2 billion and RM632.5 billion, respectively (January – July 2016: 0.5 per cent., -15.4 per cent., -2.7 per cent.; RM458.9 billion, RM190.7 billion, RM574.8 billion). Total loans outstanding grew 5.6 per cent. to RM1,549.4 billion as at end-July 2017 (end-July 2016: 5.9 per cent.; RM1,467.3 billion).

During the same period, business loan approvals rebounded 10.4 per cent. to RM86.9 billion (January – July 2016: -11.6 per cent.; RM78.7 billion) and loan disbursements grew 14.3 per cent. to RM416.4 billion (January – July 2016: -2.3 per cent.; RM364.5 billion). The manufacturing sector continued to account for most of the loans disbursed by the banking system at 19.4 per cent., followed by the wholesale and retail trade, restaurants and hotels sector at 18.7 per cent. Meanwhile, loan applications decreased 1.4 per cent. to RM189 billion (January – July 2016: -0.2 per cent.; RM191.7 billion), mainly by small and medium enterprises. Business sector loans outstanding increased 6.7 per cent. to RM567.4 billion as at end-July 2017 (end-July 2016: 5 per cent.; RM531.9 billion).

Financing to SMEs registered a strong growth with loans disbursed increasing significantly by 13.4 per cent. to RM160.7 billion (January – July 2016: -3.8 per cent.; RM141.7 billion). Total loans outstanding rose 8.1 per cent. to RM292 billion, accounting for 51.5 per cent. of total business loans outstanding as at end-July 2017 (end-July 2016: 9.8 per cent.; RM270.2 billion; 50.8 per cent.). The bulk of loans outstanding were for working capital (43.9 per cent.) and purchase of landed properties (36.2 per cent.). However, loan applications and approvals declined 3.5 per cent. and 3.3 per cent. to RM97.5 billion and RM34.4 billion, respectively (January – July 2016: -9.1 per cent., -7.3 per cent.; RM101 billion, RM35.5 billion).

SMEs financing was also supplemented by BNM's special revolving funds that provide financing at a reasonable cost. Through the funds, more than 75,000 SMEs have been assisted since its establishment, with total financing approvals of RM30.1 billion as at end-July 2017, reflecting an average utilisation rate of 75.8 per cent. (end-July 2016: 69,274 SMEs; RM28.6 billion; 76.2 per cent.). During the first seven months of 2017, total financing approved amounted to RM0.7 billion for 3,242 SMEs (January – July 2016: RM1.2 billion; 3,144 SMEs).

In order to meet the demand for financing from SMEs, BNM has consolidated Fund for Small and Medium Industries 2, New Entrepreneurs Fund 2, Fund for Food, Micro Enterprise Fund and Disaster Relief Facility into an omnibus fund called BNM's Special Funds for SMEs, which has been effective since 19 June 2017. Features of the fund were enhanced to enable SMEs with difficulties in obtaining financing from banks, such as start-up companies and entrepreneurs without established records or collateral. Access points have been increased to include all licensed banks and prescribed development financial institutions. Meanwhile, another special fund, the Bumiputera Entrepreneurs Project Fund – Islamic was implemented through the Credit Guarantee Corporation Malaysia Berhad.

Financial institutions also provide financing to micro-enterprises under the Micro Financing Scheme. Currently, seven banking institutions and three development financial institutions are providing financing to micro-entrepreneurs through both conventional and Islamic products via more than 2,000 access points. During the first seven months of 2017, total financing approved under the scheme amounted to RM223.5 million for 8,984 accounts. Since its inception in 2006 until July 2017, more than RM3.6 billion financing to 209,954 accounts have been approved.

Lending to households remained steady with loan applications, approvals and disbursements increasing significantly by 11.9 per cent., 14.1 per cent. and 4.2 per cent. to RM270.9 billion, RM114.9 billion and RM169.3 billion respectively, in the first seven months of 2017 (January – July 2016: -2.4 per cent., -20.7 per cent., -7.9 per cent.; RM242.2 billion, RM100.6 billion, RM162.5 billion). Loans disbursed to households are predominantly for consumption credit totalling RM79.1 billion or 46.7 per cent. of total loans disbursed to households (January – July 2016: RM76.6 billion; 47.2 per cent.). This was followed by loans for purchases of residential properties at RM44.3 billion or 26.1 per cent. (January – July 2016: RM44.7 billion; 27.5 per cent.). Meanwhile, as at end-July 2017, total households loans outstanding grew 5.1 per cent. or RM883.8 billion, accounting for 57 per cent. of total loans outstanding in the banking system (end-July 2016: 5.7 per cent.; RM841.2 billion; 57.3 per cent.).

Total household debt continued to moderate since 2012. As at end-July 2017, total household debt grew 5.1 per cent. to RM1,111.9 billion (end-July 2016: 5.8 per cent.; RM1,057.8 billion), mainly driven by loans for residential properties which expanded by 8.8 per cent. Total household debt accounted for 85.6 per cent. of GDP as at the second quarter of 2017 (end-2016: 88.4 per cent.). The bulk of household debt was for wealth accumulation with 63 per cent. secured by properties and principal guaranteed investments. The moderating growth trend in household debt was mainly attributed to a series of prudential measures introduced by the Government in 2010 to rein in debt accumulation by households. Households are also more cautious in acquiring debt and are mindful of their ability to pay.

Overall, household debt repayment capacity remained strong in the first seven months of 2017, supported by steady income growth and stable labour market conditions. Total household financial assets grew 8.1 per cent. to RM2,339.4 billion (end-July 2016: 4.4 per cent.; RM2,164.5 billion). Deposits and deposit like instruments continued to form the major component (43.2 per cent.) of household financial assets, providing households with access to quick liquidity to meet any increase in expenditure. Meanwhile, household delinquencies and impairment for total loans remained low at 1.4 per cent. and 1.7 per cent., respectively (end-July 2016: 1.5 per cent.; 1.7 per cent.).

#### *Well-capitalised banking system*

The capacity of the banking system to absorb losses remains strong, supported by high levels of capitalisation. As at end-July 2017, the banking system remained well-capitalised with common equity tier 1 capital, tier 1 capital and total capital ratios at 13.3 per cent., 14.2 per cent. and 17.5 per cent., respectively, well above Basel III minimum regulatory levels (end-2016: 13.1 per cent.; 14 per cent.; 16.5 per cent.). More than 75 per cent. of banks' total capital consists of high quality capital comprising retained earnings, paid-up capital and reserves. The total capital buffer in excess of the minimum regulatory requirement was sustained at above RM138.9 billion (end-2016: RM124.5 billion).

Performance of the banking system remained sound, supported by efficiency gains from the adoption of new technologies and optimisation of workforce. The pre-tax profit of the banking system increased by 4.2 per cent. to RM19.8 billion for the first seven months of 2017 due to an increase in income from intermediation and fee-based activities (January – July 2016: 11.9 per cent.; RM19 billion). As a result,

return on assets and equity of banks remained stable at 1.4 per cent. and 12.4 per cent., respectively (end-2016: 1.3 per cent.; 12.8 per cent.).

Loan quality of the banking system continued to remain sound throughout the period with a stable Net Impaired Loans Ratio of 1.2 per cent. as at end-July 2017 (end-2016: 1.2 per cent.). Loan Loss Coverage Ratio of the banking system stood at 81.4 per cent. (end-2016: 86.5 per cent.). Taking into account regulatory reserves for loans and financing, the banking system maintained sufficient buffers for potential credit losses.

Banking system liquidity remained sufficient with surplus ringgit placed with BNM at RM180 billion (end-2016: RM184.5 billion). This amount can be released into the financial system to meet liquidity needs. The banking system's Liquidity Coverage Ratio ("**LCR**") stood at 137.1 per cent. (end-2016: 124.3 per cent.), with almost all banks recording a LCR of higher than 100 per cent. The improvement in LCR is due to higher holding of high quality liquid assets by banks, notably in the form of Government securities.

To embrace the digital economy, Malaysia has made considerable progress in accelerating the transition from paper-based payments to electronic payments. The launch of the Digital Free Trade Zone on 22 March 2017 and the entry of global electronic wallet (e-wallet) providers is expected to transform the payment system landscape in Malaysia. Furthermore, the migration from signature-based payment cards to PIN-based payments was enforced on 1 July 2017 to enhance the security of payment cards. In addition, to enhance financial inclusion, several initiatives were introduced. These include widening the outreach of agent banking and organising the Finance Carnival. This has led to significant improvement in the Financial Inclusion Index, which increased to 0.90 in 2016 from 0.77 in 2011.

#### *Favourable growth in DFIs*

The development financial institutions ("**DFIs**") continue to support the economy as reflected by favourable growth in financing. Following the Development Financial Institutions (Amendment) Act 2015, prudential measures have been taken to improve the resilience and effectiveness of DFIs, particularly in the areas of corporate governance, related party transactions and internal audit. As at end-July 2017, DFIs' total financing outstanding grew 4.2 per cent. to RM143.7 billion (end-July 2016: 4.6 per cent., RM138 billion) supported by the growth in the households, construction and agricultural sectors. Financing disbursed by DFIs to SMEs rebounded 28.3 per cent. to RM4.3 billion in the first seven months of 2017 (January – July 2016: -10.6 per cent.; RM3.3 billion). Meanwhile, financing approved to SMEs recorded RM4.2 billion (January – July 2016: RM5.9 billion). As at end-July 2017, DFIs' financing outstanding to SMEs totalled RM13.7 billion (end-July 2016: RM14.7 billion), mainly to the primary agriculture; wholesale and retail trade, restaurants and hotels; and construction sectors.

#### *Sustained demand for Islamic banking*

The Islamic banking industry continued to expand in terms of assets, deposits and financing. As at end-July 2017, total assets of Islamic banks and DFIs offering Islamic banking products recorded an increase of 9.5 per cent. to reach RM783 billion (end-July 2016: 9.8 per cent.; RM714.8 billion), representing 28.8 per cent. of total banking system assets (end-July 2016: 27.3 per cent.). Total financing rose 12 per cent. to RM578.4 billion, accounting for 34.2 per cent. of total loans in the banking system (end-July 2016: 10.4 per cent.; RM516.2 billion; 32.6 per cent.), reflecting sustained demand for Shariah-compliant financial solutions.

The growth in total financing was supported by increased disbursements to businesses at 16.3 per cent. and households at 9.4 per cent. (end-July 2016: 12 per cent.; 9.5 per cent.). More than half of the total financing was extended to the households sector (60.4 per cent.) totalling RM349.5 billion as at end-July 2017. This was followed by the finance, insurance business services and real estate sector, accounting for 11.2 per cent. or RM64.6 billion as well as the construction sector at 4.8 per cent. or RM27.9 billion. Total deposits and investment accounts grew 10.3 per cent. to RM640 billion and comprised 33.4 per cent. of total deposits in the banking system (end-July 2016: 9.6 per cent.; RM580.5 billion; 31.7 per cent.). During the period, total amount of funds mobilised through investment accounts increased to RM74.8 billion (end-July 2016: RM68.3 billion).

Malaysia remains at the forefront of Islamic finance innovation with the establishment of the Investment Account Platform ("IAP") in February 2016. IAP utilises financial technology to provide an efficient intermediation to customers. Financing raised via the IAP in the first half of 2017 tripled to RM72 million (end-June 2016: RM20 million). The types of businesses listed on the IAP are diverse, which include cooperatives, SMEs and established companies. Financing raised by businesses are particularly for working capital and project financing, with the size of financing between RM5 million to RM10 million. Most of the financing was for a period of between one to three years.

The Shariah non-compliance risk in the Malaysian Islamic finance sector is relatively low, given various safeguards to mitigate such risk. This includes providing greater clarity on each Shariah contractual requirement to support innovation and mitigate risks in the industry. During the first half of 2017, policy documents on wa'd (promise) were issued.

## **Capital Market Performance**

### *Robust fund raising activity*

Fund raising activity in the capital market expanded significantly in the first seven months of 2017 following stronger-than-expected issuances. Gross funds raised in the capital market recorded a double-digit growth of 21.4 per cent. to RM134.6 billion (January – July 2016: 3.9 per cent.; RM110.9 billion). After adjusting for redemptions, net funds raised in the capital market turned around by 56 per cent. to RM90.8 billion (January – July 2016: -5.2 per cent.; RM58.2 billion). There was also a balanced contribution to the overall gross funds raised in the capital market by both the private and public sector amounting to RM67.2 billion and RM67.4 billion, respectively (January – July 2016: RM53.2 billion; RM57.7 billion) during the period. Gross funds raised by the public sector rebounded 16.9 per cent. reflecting the Government's ongoing initiatives to develop the Malaysian economy through the implementation of the Eleventh Malaysia Plan. The issuances of Malaysian Government Securities (MGS) rose 14.3 per cent. to RM35.3 billion (January – July 2016: 10 per cent.; RM30.9 billion). After adjusting for redemptions, total net funds raised by the public sector rebounded 27.5 per cent. to RM42.5 billion (January – July 2016: -20.6 per cent.; RM33.3 billion).

Gross funds raised by the private sector through new corporate bond issuances were higher by 26.3 per cent. (January – July 2016: 20.8 per cent.) in the first seven months of 2017. The bulk of new issuances were medium-term notes, accounting for 94.4 per cent. of total corporate bonds. The increase was driven by improved sentiment regarding Malaysia's favourable economic performance and higher investors' confidence, which attracted local and foreign institutional funds into the corporate bond market. Finance, insurance, real estate and business services sectors continued to account for the bulk of the funds raised at RM35.4 billion or 62.1 per cent. of total corporate bonds issuances (January – July 2016: RM24.1 billion; 51.3 per cent.), whereby the funds were mainly used to finance infrastructure projects, working capital and general business activities. Despite external headwinds, funds raised in the domestic equity market also increased significantly with 10 initial public offerings (IPOs) worth RM7.4 billion recorded in the first seven months of 2017 (January – July 2016: 7 IPOs; RM0.4 billion) in tandem with improving domestic economy.

During the first seven months of 2017, Government bond yields were broadly on a declining trend. However, yields of short-term notes moved upward at the beginning of the year until March following the expectation of the U.S. Federal Reserve's interest rate hike in March 2017. Yields remained high during the period as investor sentiments were dragged lower following uncertainties in the external environment. These include the U.S. policy reforms and the phase of the U.S. Federal Reserve's interest rate normalisation coupled with Brexit and the elections in EU countries. Nevertheless, the sustained and strong demand by domestic institutional investors kept yields at low levels despite non-residents unwinding their holdings of Malaysia government securities ("MGS").

MGS yields began to decline in April 2017 amid the resumption of non-resident inflows into Government bonds across all tenors. The declining trend partly reflected positive developments arising from FMC's second initiatives announced on 13 April 2017 where registered investors were able to conduct full dynamic hedging and resident investors were allowed to short-sell MGS. As at end-July 2017, yields on 3-year and 10-year MGS saw a year-to-date decline of 11 and 24 basis points, respectively, while yields on 5-year notes remained unchanged during the period. Non-resident

holdings of Government bonds fell to 25.4 per cent. of total Government bonds outstanding as at end-July 2017 (end-July 2016: 34.1 per cent.). In the MGS market, non-resident investors sold RM19.6 billion of MGS in the first seven months of 2017 (January – July 2016: +RM23.2 billion), bringing the share of non-resident holdings down to 40.1 per cent. of total outstanding MGS (end-July 2016: 51.9 per cent.).

In the corporate bond market, yields of the higher-rated notes also continued to benefit from the demand by domestic institutional investors. Investors' confidence was also boosted by the strengthening Ringgit and strong economic growth owing to healthy domestic demand and firm exports. Yields were also lower as demand for Malaysian bonds was driven by BNM's initiative to liberalise capital market regulations for foreign investors, which had become effective since 2 May 2017. As at end-July 2017, the yields on the 5-year AAA-rated, AA-rated and A-rated corporate bonds recorded a year-to-date decline of 11, 13 and 4 basis points, respectively.

Corporate bond credit spreads narrowed in the first seven months of 2017, reflecting continued demand in the corporate bond market. Credit spreads also were tighter as investors bought corporate bonds in the first half of 2017 due to improved risk appetite and better credit conditions. As a result, the 5-year corporate bond credit spreads for AAA-rated, AA-rated and A-rated debt narrowed by 10, 12 and 4 basis points, respectively. Likewise, the MGS term spreads also narrowed by 18 basis points during the same period.

*Based on the Economic Report 2017/2018 of the Ministry of Finance, Malaysia*

## MANAGEMENT

### Board of Directors

As of 12 April 2018, the Board consists of ten Directors, comprising:

- one Executive Director;
- two Non-Independent Non-Executive Directors;
- one Senior Independent Non-Executive Director; and
- six Independent Non-Executive Directors.

The composition of the Board exceeds the minimum one-third requirement of independent directors as stipulated in the Main Market Listing Requirements of Bursa Securities and meets the requirement of having a majority of independent directors as set out in the Bank Negara Malaysia Corporate Governance Policy.

The Board has the responsibility to approve and periodically review the overall business strategies and significant policies of the Group, premised on sustainability and promoting ethical conduct in business dealings, understanding the major risks faced by the Group, setting acceptable levels of risk taking and ensuring that the senior management takes the necessary steps to identify, measure, monitor and control these risks. The Board also approves the organisational structure and ensures that senior management is monitoring the effectiveness of the internal control system. Among the primary obligations of the Board are as follows:

- Approving group strategy, business plans and the annual budget and its half yearly review;
- Approving the recruitment, appointment, promotion, confirmation and termination of service, as well as the remuneration package, compensation and benefits policies and the terms and conditions, including the job grade of executives in key management positions;
- Establishing and approving policies with Group wide applicability, which include Human Capital, Information Technology, Property, Procurement, Communications, Reporting, Funding, Capital Allocation/Raising, Risk Management, Anti-Money Laundering, etc.;
- Establishing and approving policies on compliance for the Group;
- Approving changes to the corporate organisation structure of the Group;
- Determining the general composition of the Board (size, skill and balance between executive directors and non-executive directors) in order to ensure that the Board consists of the requisite diversity of skills, experience, gender qualification, and other core competencies required;
- Approving a framework of remuneration for directors, covering fees, allowances, and benefits-in-kind (directors of all boards and committees);
- Approving policies pertaining to corporate image, brand management, community relations, investor relations and shareholder communications programs;
- Ensuring that the Group has a beneficial influence on the economic well-being of the communities within which it operates, especially via its oversight of the Maybank Foundation, and endorsement of the initiatives and programmes carried out via the same;
- Approving a Leadership Development framework for the Group, further to identifying and ensuring succession planning within the Group;

- Ensuring that the Board is supported by a suitably qualified and competent Company Secretary;
- Ensuring that the Board members have access to appropriate education and training programmes to keep abreast of the latest developments in the industry, and as may be prescribed by the regulatory authorities from time to time; and
- Approving the Group's financial statements (and ensuring the reliability of the same) as well as the interim dividend and recommend the final dividend to shareholders and the application of the 'Dividend Reinvestment Plan' thereto (where applicable) prior to public announcements and publications as well as all circulars and press releases for release to the relevant authorities and media.

The Board has established a board charter which outlines among others, the respective roles, responsibilities and authorities of the Board (both individually and collectively) in setting the direction, management and control of the Group ("**Board Charter**"). The Board Charter also includes the division of responsibilities and powers between the board and management, and between the Chairman and the Group President & Chief Executive Officer.

Besides the Board Charter, the Board has in place a board manual, which acts as guidance to the Board in discharging its duties effectively ("**Board Manual**"). The Board Manual highlights the guiding principles and matters relating to Board organisation, responsibilities, and relevant internal policies and procedures which are applicable to the Board, including those mentioned in the Board Charter.

The Board meets on monthly basis, and the meeting dates are scheduled well in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on ad hoc basis to consider urgent matters. All Directors attended more than 75% of Board meetings held during financial year 2017.

In compliance with the Main Market Listing Requirements of Bursa Securities and consistent with the best practices and recommendations of the Green Book, each member of the Board holds not more than five directorships in public listed companies. This has enabled the Directors to focus, commit and devote sufficient time in discharging their duties and responsibilities effectively.

With regard to directorships in subsidiaries, the current practice of Maybank is to appoint Board members to sit on subsidiary boards, in particular those of the key overseas subsidiaries. The purpose is to maintain oversight and ensure the operations of the respective subsidiaries are aligned with the Group's strategies and objectives.

At the same time, key members of the Group EXCO would also have requisite membership on subsidiary level boards to further ensure that the Group's governance remains linked with strategic and operational focus in line with Maybank's corporate aspirations and expanding regional footprint.

The directors of the Bank as at the date of the Offering Circular are as follows:

<b>Name of Director(s)</b>	<b>Position</b>
Datuk Mohaiyani Shamsudin	Chairman / Non-Independent Non-Executive Director
Datuk Abdul Farid Alias	Group President and Chief Executive Officer / Non-Independent Executive Director
Datuk R. Karunakaran	Member / Senior Independent Non-Executive Director
Cheng Kee Check	Member / Non-Independent Non-Executive Director
Edwin Gerungan	Member / Independent Non-Executive Director
Nor Hizam Hashim	Member / Independent Non-Executive Director



Dr Hasnita Dato' Hashim	Member / Independent Non-Executive Director
Anthony Brent Elam	Member / Independent Non-Executive Director
Datin Paduka Jamiah Abdul Hamid	Member / Independent Non-Executive Director
Che Zakiah Che Din	Member / Independent Non-Executive Director

The Board has established the following committees:

#### **Credit Review Committee**

The CRC is tasked by the Board to review all loan applications of a certain sum approved by the GMCC of the senior management.

In relation to the proposals which would need final approval by the Board, these proposals would be reviewed by the CRC, prior to being recommended to the Board. The CRC is also entrusted to review any director and staff-related loans as well as policy loans.

The responsibilities of the CRC include, amongst others, the following:-

- (i) to review or veto loans exceeding the discretionary power;
- (ii) to review or veto, with power to object or support, all proposals recommended by the GMCC to the Board for approval/affirmation;
- (iii) to review or veto, with power to object or support, all global limits (and any increase thereto), recommended by the GMCC to the Board for approval. To also affirm annually existing global limits approved by the Board and recommended by the GMCC for renewal; and
- (iv) to provide oversight of the entire credit management function covering but not limited to portfolio, end-to-end process, infrastructure, resources and governance.

#### **Risk Management Committee**

The roles and responsibilities of the RMC include the following:

- to ensure that the risk exposures and risk outcomes of the overall remuneration system for the Bank are adequately considered;
- to review and approve risk management strategies, risk frameworks, risk policies, risk tolerance and risk appetite limits;
- to review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks and the extent to which they operate effectively;
- to ensure infrastructure, resources and systems are in place for risk management, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independently of the financial institution's risk-taking activities; and
- to review management's periodic reports on risk exposure, risk portfolio composition and risk management activities.

The specific duties of the RMC in managing risks cover the following:

- to review and recommend revised changes in Group Credit Authority Limits for Board's approval

- to review the impact of risk on capital adequacy and profitability and asset quality under stress scenarios;
- to review and assess the ICAAP, levels of regulatory and internal capital for the Bank, vis-a-vis its risk profile;
- to review and recommend strategic actions to be taken by the Bank arising from regulatory rules impacting risk management practices for Board's approval;
- to review, recommend and approve corrective measures to address risk concerns as highlighted by various home-host regulatory authorities, where relevant;
- to review and approve new products and services and ensure compliance with the prevailing guidelines issued by BNM or other relevant regulatory body.
- to review and approve model risk management and validation framework;
- to oversee the resolution of BNM Composite Risk Rating findings for the Group;
- to provide oversight of specific risk management concerns in the Business Sectors of the Group;
- to delegate appropriate operational issues to management for their further actions; and
- to carry out such other responsibilities as may be delegated to it by the Board from time to time.

#### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises exclusively Non-Executive Directors, the majority of whom are independent and presently chaired by the Senior Independent Non-Executive Director of the Group.

The main responsibilities of the Nomination and Remuneration Committee include, amongst others, the following:

- to oversee the composition of the Boards of Maybank and its subsidiaries in terms of size, skill and balance between Executive Directors and Non-Executive Directors;
- to recommend to the Board, suitable persons for appointment as members of the Board and Board Committees.
- to recommend to the Board, a framework of remuneration for Non-Executive Directors, covering fees, allowances and benefits-in-kind in respect of their work as Non-Executive Directors of all boards and Board Committees of Maybank and its group of companies.
- to recommend to the Board, the remuneration package for Executive Directors, the Group President and Chief Executive Officer ("**Group PCEO**") and senior officers of the Group;
- to recommend to the Board the appointment, promotion and remuneration as well as compensation policies for executives in key management positions;
- to assess the performance and effectiveness of individuals and collective members of the Boards and Board Committees of the Group and its subsidiaries, as well as the procedure for the assessment;
- to recommend measures to upgrade the effectiveness of the Boards and Board Committees of the Group and its subsidiaries;
- to review the training requirements and programmes for the Directors

- to recommend to the Board a performance management framework or model, including the setting of the appropriate performance target parameters and benchmark for the Group Balanced Scorecard at the start of each financial year;
- to oversee the succession planning and talent management of senior management of the Group;
- to assess annually the fitness and propriety of Directors, key responsible persons and Company Secretary of the Bank / Maybank and its BNM regulated subsidiaries; and
- to consider and recommend solutions to issues of conflict of interest affecting Directors.

### **Audit Committee**

The primary duties and responsibilities of the Audit Committee based on the Terms of Reference in relation to the Group's Internal Audit function, external auditors, financial reporting, related party transactions, annual reporting and investigation are as follows:

#### 1. Internal Audit

- to review and approve the scope of internal audit and the audit plan of the internal audit, covering both local and overseas operations, the adequacy of the scope, functions, and resources of the internal audit functions and whether it has the necessary authority to carry out its work;
- to review and assess internal audit reports and ensure that senior management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions;
- to appraise and approve the appointment and termination of the Group Chief Audit Executive (“GCAE”);
- to review and assess the performance of senior internal audit staff, including their remuneration and annual increment;
- to take cognisance of the resignation of internal audit staff and the reason for resigning;
- to note significant disagreements between the GCAE and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings; and
- to establish a mechanism to assess the performance and effectiveness of the internal audit function.

#### 2. External Audit

- to review the appointment, termination and resignation of the external auditors and the audit fee, and to make appropriate recommendations to the Board regarding the same, as the Audit Committee deems fit;
- to approve the scope of external audit and the audit plan of the external auditors covering both local and overseas operations (to the extent permissible pursuant to the applicable laws, rules and regulations of each jurisdiction in which the Group operates);
- to review the performance of the external auditors and to assess the qualification, expertise, resources and effectiveness of the external auditors, including the assessment of the external auditors’ objectivity and performance;

- to review the independence of the external auditors (excluding the review of external auditors appointed by operating entities which have established their own audit committees (that will likewise review the independence of their respective external auditors));
- to review the external auditor’s evaluation of the adequacy and effectiveness of the system of internal controls;
- to review the Memorandum of Recommendations by the external auditors and the Management’s responses, including the status of previous audit recommendations;
- to review the assistance given by the Group’s officers to the external auditors and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;
- to approve the non-audit fees/services provided by the external auditors; and
- to maintain regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to the Board and the Audit Committee on significant matters.

### 3. Financial Reporting

Review the quarterly and year-end financial statements focusing on:

- any changes in accounting policies and practices;
- significant and unusual events; and
- compliance with applicable Financial Reporting Standards and other legal and regulatory requirements.

### 4. Related Party Transactions

Review any related party transactions and conflict of interest situations that may arise within the Bank or the Group including transactions, procedures or courses of conducts that may raise questions of management's integrity.

### 5. Annual Report

Report the Audit Committee's activities for the financial year.

### 6. Investigation

Instruct the conduct of investigation into any activity or matter within its terms of reference

### 7. Other Matters

- Act on other matters as the Committee considers appropriate or as authorised by the Board.
- To review and approve the contents of the Audit Committee Report for inclusion in the Group's Annual Report.
- To review the annual “Statement of Risk Management & Internal Control” for inclusion in the Group’s Annual Report.
- To monitor compliance with the Board’s Conflict of Interest Policy.

### **Compliance Committee of the Board (“CCB”)**

The main objective of the establishment of the CCB is to ensure the Group’s compliance risk management is given the needed attention at the highest level and to ensure regulatory compliance risk

is effectively managed to support the Group's business growth in line with the Group's aspiration and risk appetite.

The responsibilities of the CCB include, amongst others, the following:

- (i) formulate policies and framework to identify, assess, monitor and manage regulatory compliance risk for the Group;
- (ii) review, recommend and oversee the implementation of policies on compliance for the Group including but not limited to the relevant policies for the prevention of money laundering, terrorism financing, bribery and corruption;
- (iii) review and assess the adequacy of infrastructure, resources and systems to manage compliance risk and recommend improvement to ensure effectiveness;
- (iv) at least annually, evaluate the effectiveness of the group's overall management of compliance risk, having regard to the assessments of senior management and internal audit, as well as the Group Compliance team and recommend improvement needed to the Board;
- (v) review, assess and recommend to the Board corrective measures to address compliance risk concerns as highlighted by the Group Compliance team and various home-host regulatory authorities, where relevant;
- (vi) review the Compliance Report prior to submission to the Board; and
- (vii) review and assess the performance of the Group Chief Compliance Officer and the senior team of Group Compliance including their remuneration and annual increment and recommend to the Board.

#### **Employees' Share Scheme Committee ("ESS Committee")**

The ESS was established to serve as a long-term incentive plan as well as to align the interests of employees with the objectives of the Group to create sustainable value enhancement for the organisation and the shareholders.

The Board has delegated to the ESS Committee the responsibility for determining all questions of policy and expediency arising from the administration of the ESS and to generally undertake the necessary actions to promote Maybank's best interests.

The responsibilities of the ESS Committee as outlined in its Terms of Reference include to administer the ESS and to recommend the financial and performance targets/criteria to the Board for approval prior to implementation and such other conditions as it may deem fit.

#### **Employees' Share Grant Plan Committee ("ESGP Committee")**

The ESGP Committee was established by the Board to administer the employees' share grant plan for the award of shares to eligible Executive Director(s) and employees of the Group that fulfil the criteria for eligibility as stipulated in the by-laws.

The responsibilities of the ESGP Committee as outlined in its Terms of Reference include to administer the ESGP and to recommend the financial and performance targets/criteria to the Board for approval prior to implementation and such other conditions as it may deem fit.

## PROFILE OF DIRECTORS

### DATUK MOHAIYANI BINTI SHAMSUDIN

*Chairman, Non-Independent Non-Executive Director*

**Nationality:** Malaysian

**Age:** 69

**Date of Appointment:** 22 August 2011

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#### QUALIFICATION(S):

- Master of Business Administration (Finance), Cornell University, Ithaca, New York, USA
- Bachelor of Arts in Economics, Knox College, Galesburg, Illinois, USA

#### WORKING EXPERIENCE AND OTHER DIRECTORSHIPS

##### Present:

Within Maybank Group

- Chairman of Maybank
- Chairman of Maybank Investment Bank Berhad
- Chairman of Maybank Kim Eng Holdings Ltd
- Chairman of Maybank Foundation

Other Companies/Bodies

- Director of Universiti Teknologi MARA (UiTM)
- Director of Capital Market Development Fund, Securities Commission
- Member / Trustee of Perdana Leadership Foundation
- Member / Trustee of IJN Foundation
- Member / Trustee of NUR Foundation
- Member / Trustee of National Council of Women's Organisations Malaysia

##### Past:

- Chairman of Maybank Asset Management Group Berhad and Maybank Asset Management Sdn Bhd from August 2012 to December 2016
- Member of several high level national working groups such as National Economic Action Council, National Economic Consultative Council II, National Information Technology Council, Ministry of Finance High Level Finance Committee for Corporate Governance, National Advisory Council for Women, Ministry of Women, Family and Community Development
- Chairman of Association of Stockbroking Companies Malaysia
- Deputy Chairman of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) from 1999 to 2004

- Owner and Managing Director of Mohaiyani Securities Sdn Bhd from 1985 to 2004
- Dealer at Seagroatt & Campbell Securities Sdn Bhd from 1982 to 1984
- Deputy Chief Executive Officer, Amanah Chase Merchant Bank Berhad from 1976 to 1981

Datuk Mohaiyani Shamsudin has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. She has no conflict of interest with Maybank and has never been charged for any offence.

### **DATUK ABDUL FARID ALIAS**

*Group President & Chief Executive Officer, Non-Independent Executive Director*

**Nationality:** Malaysian

**Age:** 50

**Date of Appointment:** 2 August 2013

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### **QUALIFICATION(S):**

- Master of Business Administration (Finance), University of Denver, USA
- Bachelor of Science in Accounting, Pennsylvania State University, University Park, USA
- Advanced Management Programme, Harvard Business School, Harvard University, USA
- Chartered Banker of Asian Institute of Chartered Bankers

### **WORKING EXPERIENCE AND OTHER DIRECTORSHIPS**

#### **Present:**

Within Maybank Group

- Group President & Chief Executive Officer / Executive Director of Maybank
- President Commissioner of PT Bank Maybank Indonesia Tbk
- Director of Etiqa International Holdings Sdn Bhd

Other Companies/Bodies

- Chairman of The Association of Banks in Malaysia
- Vice Chairman of Asian Institute of Chartered Bankers (AICB)
- Director of Cagamas Holdings Berhad
- Member of the ASEAN Banking Council
- Member of the Asian Bankers Association Policy Advocacy Committee
- Member of Visa Asia Pacific Senior Client Council
- Investment Panel of Kumpulan Wang Persaraan (Diperbadankan)
- Member of the Emerging Markets Advisory Council of the Institute of International Finance, Washington DC
- Member of ASEAN Business Advisory Council Malaysia

- Director of Asian Banking School Sdn Bhd
- Director of STF Resources Sdn Bhd
- Director of Payments Network Malaysia Sdn Bhd

**Past:**

- Director of Maybank Ageas Holdings Berhad from November 2013 to September 2017
- Chairman of Malaysian Electronic Payment System Sdn Bhd from November 2013 to August 2017
- Director of Maybank Investment Bank Berhad from June 2011 to August 2017
- Deputy President & Head, Global Banking of Maybank from July 2010 to August 2013
- Head, International of Maybank from 2009 to 2010
- Khazanah Nasional Berhad from 2005 to 2008
- J.P. Morgan from 1997 to 2005
- Malaysian International Merchant Bankers Berhad from 1996 to 1997
- Schroders from 1994 to 1995
- Aseambankers Malaysia Berhad from 1992 to 1994

**Membership of Board Committees in Maybank:**

- Credit Review Committee (Member)

Datuk Abdul Farid has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

**DATUK R. KARUNAKARAN**

*Senior Independent Non-Executive Director*

**Nationality:** Malaysian

**Age:** 67

**Date of Appointment:** 16 July 2014

**QUALIFICATION(S):**

- Post Graduate Course on Industrial Project Planning, University of Bradford, UK
- Bachelor of Economics (Accounting) Hons., University of Malaya

**WORKING EXPERIENCE AND OTHER DIRECTORSHIPS**

**Present:**

Within Maybank Group

- Director of Maybank
- Chairman of Maybank Ageas Holdings Berhad



- Chairman of Etiqa International Holdings Sdn Bhd
- Chairman of Etiqa Life Insurance Berhad
- Chairman of Etiqa General Insurance Berhad (formerly known as Etiqa Insurance Berhad)

Other Companies/Bodies

- Director of Bursa Securities
- Director of IOI Corporation Berhad
- Director of Integrated Logistics Berhad

**Past:**

- Chairman of Etiqa Family Takaful Berhad (formerly known as Etiqa Takaful Berhad) from March 2016 to December 2017
- Director of Sime Darby Motors Sdn Bhd from December 2010 to November 2017
- Director of Maybank (Cambodia) Plc from October 2012 to October 2017
- Chairman / Director of Maybank Private Equity Sdn Bhd from May 2013 to December 2016
- Director of Maybank Asset Management Group Berhad from August 2012 to December 2016
- Director of Maybank Asset Management Sdn Bhd from November 2010 to January 2017
- Director of Maybank Investment Bank Berhad from February 2009 to November 2014
- Director of Maybank Agro Fund Sdn Bhd from May 2012 to March 2016
- Member of the Cabinet Committee on Investment for High Impact Projects and PEMUDAH
- Joined the Malaysian Investment Development Authority (formerly known as Malaysian Industrial Development Authority (MIDA)) in August 1972 and served in various positions including Deputy Director, Director, Deputy Director-General and Director-General

**Membership of Board Committees in Maybank:**

- Nomination and Remuneration Committee (Chairman)
- Employees' Share Scheme Committee (Chairman)
- Employees' Share Grant Plan Committee (Chairman)
- Risk Management Committee (Member)

Datuk R. Karunakaran has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

## **CHENG KEE CHECK**

*Non-Independent Non-Executive Director*

**Nationality:** Malaysian

**Age:** 53

**Date of Appointment:** 19 November 2014

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### **QUALIFICATION(S):**

- LLB (Hons), National University of Singapore, Singapore

### **WORKING EXPERIENCE AND OTHER DIRECTORSHIPS**

#### **Present:**

Within Maybank Group

- Director of Maybank
- Chairman of Maybank Trustees Berhad

Other Companies/Bodies

- Corporate lawyer and partner of Messrs Skrine

#### **Past:**

- Director of PNB Development Sdn Berhad from March 2009 to August 2017
- Director of Seriemas Development Sdn Berhad from July 2009 to August 2017
- Member of the Investment Committee of Amanah Saham Wawasan 2020 from 15 October 2012 to 1 January 2018

#### **Membership of Board Committees in Maybank:**

- Credit Review Committee (Member)
- Audit Committee (Member)
- Nomination and Remuneration Committee (Member)
- Compliance Committee (Member)
- Employees' Share Scheme Committee (Member)
- Employees' Share Grant Plan Committee (Member)

Cheng Kee Check has no family relationship with any director and is a nominee of Permodalan Nasional Berhad, a major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

## **EDWIN GERUNGAN**

*Independent Non-Executive Director*

**Nationality:** Indonesian  
**Age:** 69  
**Date of Appointment:** 24 August 2015

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### **QUALIFICATION(S):**

- Bachelor of Arts in Philosophy from Principia College, Elmhurst, Illinois, USA

### **WORKING EXPERIENCE AND OTHER DIRECTORSHIPS**

#### **Present:**

Within Maybank Group

- Director of Maybank
- Commissioner of PT Bank Maybank Indonesia Tbk

#### **Past:**

- Independent Commissioner of PT Indonesia Infrastructure Finance from 6 December 2014 to 1 March 2018
- President Director of PT BHP Billiton Indonesia from 2007 to 2013
- President Commissioner of Bank Mandiri from 2005 to 2014
- Independent Commissioner of Bank Danamon from 2003 to 2005
- Independent Commissioner of Bank Central Asia from 2002 to 2003
- Chief Executive Officer of Indonesian Banking Restructuring Agency from 2000 to 2001
- Executive Vice President, Treasury and International, Bank Mandiri from 1999 to 2000
- Senior Advisor at Atlantic Richfield from 1997 to 1999
- Vice President, Head of Treasury, Citibank N.A. from 1972 to 1997

#### **Membership of Board Committees in Maybank:**

- Risk Management Committee (Chairman)
- Nomination and Remuneration Committee (Member)
- Employees' Share Scheme Committee (Member)
- Employees' Share Grant Plan Committee (Member)

Edwin Gerungan has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

## **NOR HIZAM BIN HASHIM**

*Independent Non-Executive Director*

**Nationality:** Malaysian

**Age:** 69

**Date of Appointment:** 13 June 2016

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### **QUALIFICATION(S):**

- Bachelor Degree in Commerce (Finance, Accounting and Economics), University of Western Australia, Australia
- Bachelor Degree in Jurisprudence (Hons), University of Malaya, Malaysia
- Member of the Malaysian Institute of Accountants (MIA)

### **WORKING EXPERIENCE AND OTHER DIRECTORSHIPS**

#### **Present:**

Within Maybank Group

- Director of Maybank
- Director of Maybank Islamic Berhad

Other Companies/Bodies

- Director of MCB Bank Limited
- Director of Minority Shareholder Watchdog Group (Badan Pengawas Pemegang Saham Minoriti Berhad)

#### **Past:**

- Expert Officer to the Public Private Partnership Unit, Economic Planning Unit in the Prime Minister's Department from 2007 to 2011
- Chief Executive Officer of TM International Corporation from 2000 to 2003
- Chief Financial Officer/Executive Director of Telkom SA Ltd. (South Africa) from 1997 to 1999
- Chief Operating Officer of Telekom Malaysia Berhad from 1995 to 1996
- Senior General Manager of Corporate Finance, Telekom Malaysia Berhad from 1992 to 1994
- General Manager of Corporate Finance, Telekom Malaysia Berhad from 1988 to 1991
- Financial Controller of Mamor Sdn Bhd (a subsidiary of the Unilever Group) from 1982 to 1985
- Accountant and Financial Analyst of ESSO Malaysia Berhad from 1975 to 1981

#### **Membership of Board Committees in Maybank:**

- Audit Committee (Chairman)

- Credit Review Committee (Member)

Nor Hizam bin Hashim has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

### **DR HASNITA BINTI DATO' HASHIM**

*Independent Non-Executive Director*

**Nationality:** Malaysian

**Age:** 56

**Date of Appointment:** 1 July 2016

#### **QUALIFICATION(S):**

- PhD in Nuclear Physics, Oxford University, UK
- Bachelor of Science in Physics, Surrey University, UK
- Associate of the Institute of Actuaries, Staple Inn, London, UK
- Investment Advisors License from the Securities Commission Malaysia

#### **WORKING EXPERIENCE AND OTHER DIRECTORSHIPS**

##### **Present:**

Within Maybank Group

- Director of Maybank
- Chairman of Maybank Asset Management Group Berhad
- Chairman of Maybank Asset Management Sdn Bhd

Other Companies/Bodies

- Director, Guidance Atel Investments Ltd
- Director, Guidance Investments (Labuan) Ltd
- Director of Guidance SEARE Advisors GP Limited
- Director, Redachem Malaysia Sdn Bhd

##### **Past:**

- Chief Executive Officer of Guidance Investments Sdn Bhd from 2012 to 2016
- Head of Institutional Business, Guidance Financial Group from 2002 to 2011
- Chief Executive Officer of IslamiQ from 1998 to 2001
- Chief Executive Officer of Commerce MGI Sdn Bhd from 1994 to 1998
- Fund Manager with Rashid Hussain Asset Management from 1992 to 1994
- Actuary with Coopers and Lybrand Deloitte, London, UK from 1988 to 1992

**Membership of Board Committees in Maybank:**

- Credit Review Committee (Member)
- Risk Management Committee (Member)
- Compliance Committee (Member)

Dr Hasnita Dato' Hashim has no family relationship with any director and/or major shareholder of Maybank. She has no conflict of interest with Maybank and has never been charged for any offence.

**ANTHONY BRENT ELAM**

*Independent Non-Executive Director*

**Nationality:** American

**Age:** 59

**Date of Appointment:** 15 November 2016

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**QUALIFICATION(S):**

- Master in Business Administration (Finance and International Business), New York University, USA
- Bachelor of Science, Foreign Service, Georgetown University, USA

**WORKING EXPERIENCE AND OTHER DIRECTORSHIPS****Present:**

Within Maybank Group

- Director of Maybank
- Director of Maybank (Cambodia) Plc

Other Companies/Bodies

- Commissioner of PT Lombok Saka
- Advisor of PT Sarana Menara Nusantara Tbk

**Past:**

- Chief Risk Officer / Director of PT Bank Central Asia Tbk from May 2002 to April 2016
- Advisor at PT Bahana Pembinaan Usaha Indonesia from November 1996 to December 2001
- Vice President at Dieng Djaya from February 1994 to November 1996
- Vice President at Citibank from 1986 to 1994

**Membership of Board Committees in Maybank:**

- Credit Review Committee (Chairman)
- Risk Management Committee (Member)

- Compliance Committee (Member)

Anthony Brent Elam has no family relationship with any director and/or major shareholder of Maybank. He has no conflict of interest with Maybank and has never been charged for any offence.

### **DATIN PADUKA JAMIAH BINTI ABDUL HAMID**

*Independent Non-Executive Director*

**Nationality:** Malaysian

**Age:** 63

**Date of Appointment:** 3 January 2017

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#### **QUALIFICATION(S):**

- Master in Business Administration, Universiti Kebangsaan Malaysia, Malaysia
- Bachelor of Science (Finance), Northern Illinois University, USA
- Diploma in Public Administration, Universiti Teknologi MARA, Malaysia
- Certified Financial Planner

#### **WORKING EXPERIENCE AND OTHER DIRECTORSHIPS**

##### **Present:**

Within Maybank Group

- Director of Maybank
- Director of Maybank Islamic Berhad

Other Companies/Bodies

- Chairman of Turnpike Synergy Sdn Bhd
- Chairman of Prolintas Expressway Sdn Bhd
- Chairman of Projek Lintasan Kota Sdn Bhd
- Chairman of Projek Lintasan Kota Holdings Sdn Bhd
- Chairman of Projek Lintasan Shah Alam Sdn Bhd
- Chairman of Projek Lintasan Damansara-Shah Alam Sdn Bhd
- Chairman of Projek Lintasan Sungai Besi-Ulu Klang Sdn Bhd
- Director of Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd
- Director of Manfaat Tetap Sdn Bhd
- Director of Pernec Integrated Network Systems Sdn Bhd
- Trustee of Tabung Pendidikan 1Billion

##### **Past:**

- Director of Unilever (Malaysia) Holdings Sdn Bhd from October 1987 to January 2018

- Deputy President, Corporate and International, Permodalan Nasional Berhad from 2009 to 2016

**Membership of Board Committees in Maybank:**

- Compliance Committee (Chairman)
- Audit Committee (Member)
- Nomination and Remuneration Committee (Member)
- Employees' Share Scheme Committee (Member)
- Employees' Share Grant Plan Committee (Member)

Datin Paduka Jamiah Abdul Hamid has no family relationship with any director and/or major shareholder of Maybank. She has no conflict of interest with Maybank and has never been charged for any offence.

**CHE ZAKIAH BINTI CHE DIN**

*Independent Non-Executive Director*

**Nationality:** Malaysian

**Age:** 59

**Date of Appointment:** 1 March 2018

**QUALIFICATION(S):**

- Bachelor of Economics (Hons), University of Malaya, Malaysia

**WORKING EXPERIENCE AND OTHER DIRECTORSHIPS**

**Present:**

Within Maybank Group

- Director of Maybank

Other Companies/Bodies

- External Expert, International Monetary Fund (Ad hoc basis)
- Public Interest Director, Federation of Investment Managers Malaysia

**Past:**

- Director, Financial Conglomerates Supervision Department, Bank Negara Malaysia from 2004 to 2017
- Director, Development Financial Institutions Regulations Department, Bank Negara Malaysia from 2002 to 2004
- Deputy Director, Bank Regulations Department, Bank Negara Malaysia from 1998 to 2002



- Bank Supervision Departments, Bank Negara Malaysia from 1984 to 1998
- Economics Department, Bank Negara Malaysia from 1982 to 1984

Che Zakiah Che Din has no family relationship with any director and/or major shareholder of Maybank. She has no conflict of interest with Maybank and has never been charged for any offence.

### Senior Management

The Group EXCO, which is the highest management committee within the Group, is responsible for the formulation and implementation of business, development and operating plans in accordance with the Group's strategic goals and objectives as guided and approved by the Board. The Group EXCO is chaired by the Group PCEO and consists of eleven other members of senior management comprising heads of business and corporate and support functions.

The Group EXCO members as at the date hereof are as follows:

Name	Position
Datuk Abdul Farid Alias	Group President and Chief Executive Officer
Datuk Lim Hong Tat	Group Head, Community Financial Services
Dato' Muzaffar Hisham	Group Head, Global Banking
Dato' Mohamed Rafique Merican Mohd Wahiduddin Merican	Group Head, Islamic Banking, Chief Executive Officer ("CEO"), Maybank Islamic Berhad
Kamaludin Ahmad	CEO, Maybank Ageas Holdings Bhd
Dato' Amirul Feisal Wan Zahir	Group Chief Financial Officer
Gilbert Kohnke	Group Chief Risk Officer
Nora Abd Manaf	Group Chief Human Capital Officer
Mohd Suhail Amar Suresh Abdullah	Group Chief Technology Officer
Michael Foong Seong Yew	Group Chief Strategy Officer
Jerome Hon	Group Chief Operations Officer
Dr John Lee Hin Hock	CEO, Maybank Singapore
Taswin Zakaria	President Director, Maybank Indonesia
Pollie Sim	CEO, International

The Group PCEO, with the Board's support, has established various Executive Level Management Committees ("ELCs") and delegated authority to them as appropriate to assist and support the relevant Board Committees in managing the operations of the Group. The ELCs are as follows:

- Group Executive Committee
- Group Management Credit Committee
- Group Internal Audit Committee

- Group Executive Risk Committee
- Group Asset and Liability Management Committee
- Group Staff Committee
- Group Procurement & Property Committee
- Group IT Steering Committee
- Group Transformation Steering Committee

## PRINCIPAL SHAREHOLDERS

The Group's substantial shareholders (with shareholding of 5.0 per cent. and above) as at 31 March 2018 are as follows:

<u>Name of Shareholders</u>	<u>Number of shares held</u>	<u>Percentage of Shareholding (per cent.)</u>
Amanah Raya Trustees Berhad (B/O: Amanah Saham Bumiputera) .....	3,683,382,847	33.77
Citigroup Nominees (Tempatan) Sdn Bhd (B/O: Employees Provident Fund Board).....	1,206,626,360	11.06
Permodalan Nasional Berhad .....	792,479,650	7.27

## **BANKING REGULATION AND SUPERVISION**

The Bank is regulated by BNM, which was established on 26 January 1959 pursuant to the Central Bank of Malaya Ordinance, 1958 (renamed the Central Bank of Malaysia Act, 1958, which has been repealed by the Central Bank of Malaysia Act, 2009 on 25 November 2009) as the central bank of Malaysia. BNM is directly involved in the regulation and supervision of Malaysia's financial system. Its principal functions are to (i) formulate and conduct monetary policy in Malaysia; (ii) issue currency in Malaysia; (iii) regulate and supervise financial institutions which are subject to the laws enforced by BNM; (iv) provide oversight over money and foreign exchange markets; (v) exercise oversight over payment systems; (vi) promote a sound, progressive and inclusive financial system; (vii) hold and manage the foreign reserves of Malaysia; (viii) promote an exchange rate regime consistent with the fundamentals of the economy; and (ix) act as financial adviser, banker and financial agent of the Government.

BNM and the Minister of Finance of Malaysia (the "MOF") have extensive powers under the FSA and the IFSA. The FSA is the principal statute that sets out the laws for, amongst others, the regulation and supervision of financial institutions in Malaysia and the IFSA is the principal statute that sets out the laws for, amongst others, the regulation and supervision of Islamic financial institutions in Malaysia. In addition to the FSA and the IFSA, Malaysian licensed banks and Islamic banks are subject to guidelines issued by BNM from time to time.

The following discussion sets out information with respect to some regulations of the banking industry in Malaysia:

### **Licensing and Limitation of Business Activities of Banks**

Under the FSA, banking business, which is defined to include the business of deposit taking and provision of financing, can only be conducted by a public company which has obtained a licence from the MOF on the recommendation of BNM.

Similarly, under the IFSA, Islamic banking business, which is generally defined as banking business carried out in accordance with Shariah principles, can only be conducted by a public company which has obtained a licence from the MOF on the recommendation of BNM.

Banks are also subject to a number of other restrictions on the operation of their business. Amongst others, a bank may not: (i) pay any dividend on its shares except with the prior written approval of BNM or where BNM has specified standards on prudential matters permitting the declaration of payments of any dividend; (ii) grant any credit facilities to any of its directors or officers except as permitted by prescribed regulation; (iii) except as permitted under the FSA, the IFSA (as the case may be) or by prescribed regulation, establish or acquire a subsidiary in or outside Malaysia or acquire or hold any material interest in any other corporation without the prior written approval of BNM; and (iv) establish or relocate an office (including a branch) in or outside Malaysia except with the prior written approval of BNM.

### **Statutory Reserves**

BNM requires Malaysian banks to maintain a sum equivalent to the SRR in the form of non-interest bearing reserves with BNM. The SRR is currently set at 3.5 per cent. of total eligible liabilities.

### **Capital Adequacy Requirements**

BNM has issued Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components) both issued on 2 February 2018 (collectively, the "Frameworks") which set out the capital adequacy requirements for conventional banks and Islamic banks, respectively. The conventional banks and Islamic banks are required to comply with the Frameworks.

The Frameworks specify that the ratios of the following categories of capital to the total RWA shall be as follows:

<u>Calendar Year</u>	<u>Common Equity Tier 1 Ratio (per cent.)</u>	<u>Tier 1 Capital Ratio (per cent.)</u>	<u>Total Capital Ratio (per cent.)</u>
2018 onwards .....	4.5	6.0	8.0

The total RWA shall be calculated as the sum of credit RWA, market RWA, operational RWA and large exposure risk requirements as determined in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets) or the Capital Adequacy Framework (Basel II – Risk Weighted Assets) for Islamic Banks, as the case may be.

Further, the Frameworks specify certain capital buffer requirements which must be complied with by 2019 with certain transitional arrangements.

### **Single Counterparty Exposure Limit**

Pursuant to the Single Counterparty Exposure Limit guidelines and the Single Counterparty Exposure Limit for Islamic Banks guidelines issued by BNM which came into effect on 9 July 2014, banks are prohibited from extending credit facilities to a single counterparty (including the exposure to any group of persons connected to such single counterparty but shall not include any exposure to, and any exposure explicitly guaranteed by, BNM or the Government) in excess of 25 per cent. of the total capital of the bank (total capital has the same meaning assigned to it in the relevant Framework), subject to certain exemptions.

The single counterparty exposure limit is exempted for the following:

- (a) exposures of an overseas branch or subsidiary of a banking institution or an Islamic banking institution (as the case may be) to the sovereign government or central banks in the jurisdiction where it is located, where the exposure is denominated in local currency and held to meet regulatory requirements imposed by the central bank in that jurisdiction;
- (b) exposures to a banking institution or an Islamic banking institution (as the case may be) licensed by BNM, or a development financial institution, arising from interbank money market transactions;
- (c) exposures arising from granting of intra-day facilities; and
- (d) exposures deducted in the calculation of a banking institution's total capital or an Islamic banking institution's total capital (as the case may be) as specified in regulatory adjustments of the relevant Frameworks such as investments in financial subsidiaries.

### **Lending to Connected Parties**

Effective 1 January 2008, BNM revised the "Guidelines on Credit Transactions and Exposures with Connected Parties" and "Guidelines on Credit Transactions and Exposures with Connected Parties for Islamic Banks" (collectively the "**Connected Parties Guidelines**") to provide greater flexibility for licensed institutions, including banks, to extend credit and make investments in the ordinary course of business to/in connected parties which are of good credit standing, while ensuring that connected parties, who by virtue of their positions which could potentially exert influence over the credit approval process, do not inappropriately derive more favourable terms and conditions than other loan customers. The current Connected Parties Guidelines (issued on 16 July 2014) sets out the broad parameters and conditions relating to the conduct of such transactions with connected parties to ensure an appropriate level of prudence. It also outlines the roles and responsibilities of the management and the board of the licensed institution.

## Corporate Appointments

Under the FSA and the IFSA (as the case may be), the appointment of directors, chief executive officer ("CEO"), and the chairman of a bank is subject to the prior written approval of BNM. A person is disqualified from being appointed or elected, or reappointed or reelected as a chairman of the Board or a director or a CEO of a bank if, for example, that person is an undischarged bankrupt, has suspended payments or has compounded with his creditors whether in or outside of Malaysia; a charge for a criminal offence relating to dishonesty or fraud under any written law or the law of any country, territory or place outside Malaysia, has been proven against that person; that person is prohibited from being a director of a company or in any way, whether directly or indirectly, be concerned or take part in the management of a company in Malaysia pursuant to a court order made under section 199 of the Malaysian Companies Act, 2016 and has not obtained any leave of the court under the same section; or under any law relating to prevention of crime, drug trafficking or immigration, an order of detention, supervision, or deportation has been made against that person or any form of restriction or supervision by bond or otherwise, has been imposed on that person. BNM may specify fit and proper requirements to be complied with by a chairman or a director or a CEO of a bank, which may include minimum criteria relating to probity, personal integrity and reputation, competency and capacity, and financial integrity.

BNM expects banks to have in place effective corporate governance arrangements consistent with the long-term viability of the bank. BNM revised and issued its Guidelines on Corporate Governance on 3 August 2016 which supersede the Guidelines on Corporate Governance for Licensed Institutions previously issued on 19 June 2013. The Guidelines on Corporate Governance (subject to certain transitional arrangements set out below) came into effect on 3 August 2016 and set out strengthened expectations on directors' oversight responsibilities and the composition of the Board. Amongst others, the Guidelines on Corporate Governance provide that:

- (1) the Board of a bank has overall responsibility for promoting the sustainable growth and financial soundness, and for ensuring reasonable standards of fair dealing, without undue influence from any party;
- (2) the Board and Board committees of a bank must be of a size that promotes effective deliberation, encourages the active participation of all directors and allows the work of the various board committees to be discharged without giving rise to an over-extension of directors that are required to serve on multiple Board committees;
- (3) the Chairman of the Board must not be an executive, and must not have served as CEO of the bank in the past five years;
- (4) the Board of a bank must have a majority of independent directors by 3 August 2021;
- (5) there should not be more than one executive director on the Board of a bank unless BNM approves otherwise in writing;
- (6) the terms of the appointment of a director must include provisions for the removal of a director who no longer meets the minimum requirements for his appointment, or has been assessed to be ineffective, errant or otherwise unsuited to carry out his responsibilities; and
- (7) a director of a bank must not be an active politician.

BNM is also empowered under the FSA and the IFSA (as the case may be) to remove any director of a bank if BNM is of the opinion that the director of the bank no longer fulfils the fit and proper requirements specified under the FSA or the IFSA (as the case may be) and fails to cease holding such office or acting in such capacity or the director has breached, contravened or failed to comply with or, by action or negligence, has contributed to the breach or contravention of, or non-compliance with any provision of the FSA or the IFSA (as the case may be), a direction issued by BNM or an enforceable undertaking accepted by BNM.

## **Interest Rate Regulation**

On 12 December 2014, BNM issued a new Reference Rate Framework to replace the base lending rate ("**BLR**") with the base rate ("**Base Rate**") as the main reference rate for new retail floating rate loans. With effect from 2 January 2015, the Base Rate is determined by the financial institutions' benchmark cost of funds and the SRR. Other components of loan pricing such as borrower credit risk, liquidity risk premium, operating costs and profit margin is reflected in a spread above the Base Rate. The Base Rate is used for new retail floating rate loans and the refinancing of existing loans extended from 2 January 2015 onwards. After the effective date, BLR based loans prior to 2015 continue to be referenced against the BLR. However, when a financial institution makes any adjustments to the Base Rate, a corresponding adjustment to the BLR is also made. As such, financial institutions are required to display both their Base Rate and BLR at all branches and websites.

## **Exchange Control Policy**

Malaysia has historically maintained a liberal system of exchange controls. Prior to September 1998, the few exchange control rules that were in place were aimed at monitoring the settlement of payments and receipts for compilation of balance of payments statistics and to ensure that funds raised abroad were channelled to finance productive investments in Malaysia which either directly or indirectly generate foreign exchange.

On 1 September 1998, the Government introduced a series of selective exchange control measures. These measures were designed to eliminate the internationalisation of the Ringgit to contain speculation and to stabilise short-term capital flows. On 2 September 1998, the exchange rate was fixed at RM3.80 to U.S.\$1.00. With effect from 22 July 2005, the exchange rate had been allowed to operate in a managed float by BNM with its value being determined by various economic factors. BNM will monitor the exchange rate against a currency basket.

With the coming into effect of the FSA and the IFSA, BNM has on 28 June 2013 revoked all previous exchange control notices and related circular letters and issued 7 Foreign Exchange Administration notices ("**FEA notices**") in exercise of the powers conferred to BNM under the FSA and IFSA. The FEA notices set out transactions permitted by BNM which are otherwise prohibited under the FSA and the IFSA. The FEA notices, which remains liberal, are prudential measures aimed at further developing the domestic financial market and enhancing competitiveness of the economy of Malaysia through the creation of a more supportive and facilitative environment for trade, business and investment activities.

## **Priority Sector Lending Guidelines**

Under BNM's guidelines on Lending/Financing to the Priority Sectors 2015-2016 (issued on 26 December 2014), banking institutions, including the Bank, are required to internally set and submit to BNM their lending/financing targets for the following sectors: (i) lending/financing to SMEs with at least 50 per cent. comprising Bumiputera SMEs; and (ii) lending/financing for affordable housing.

Under the guideline on lending/financing to SMEs, SMEs as defined by SME Corp Malaysia, are domestic business enterprises with (i) annual sales turnover not exceeding RM50 million and not more than 200 full-time employees for manufacturing and the manufacturing-related services sector and annual sales turnover not exceeding RM20 million and not more than 75 full-time employees for services and other sectors. The guidelines also identified the following SME sub-sectors for individual monitoring by BNM: (i) agriculture; and (ii) new growth areas, which includes: (a) green technology; (b) biotechnology; and (c) innovative sector.

The agriculture subsector includes, amongst others activities, growing of crops, market gardening, horticulture, livestock farming, forestry and logging, and fishing operations. The green technology subsector covers SMEs that have obtained a valid "Green Project Financing Recommendation Certificate" from Malaysian Green Technology Corporation. The biotechnology subsector covers SMEs that have obtained a BioNexus status from Malaysian Biotechnology Corporation. The innovative subsector refers to (i) SMEs with intellectual property rights, which are registered with the Intellectual Property Corporation of Malaysia; (ii) SMEs that have obtained the 1-InnoCERT

certification from SME Corporation Malaysia, and; (iii) SMEs in Information Communications & Technology that have obtained MSC-status from Multimedia Development Corporation.

The housing-related guidelines cover houses costing up to RM250,000 for Peninsular Malaysia and an additional 20.0 per cent. on the value of houses for the states of Sabah and Sarawak. Under the housing loan lending guideline, the maximum prescribed interest rate on housing loan lending is Base Rate plus 2.5 per cent. for commercial banking institutions and a maximum profit rate of 9 per cent. for Islamic banking institutions.

### **Powers of Enforcement**

BNM has broad powers to enforce the FSA and the IFSA. In particular, where BNM is of the opinion that in respect of a bank, (i) the bank has breached or contravened any provision of the FSA, IFSA, the Central Bank of Malaysia Act, 2009 or any written law, regardless that there has been no prosecution or other action in respect of the breach or contravention; (ii) the bank has failed to comply with any direction under section 156 of the FSA or section 168 of the IFSA (as the case may be); (iii) the assets of the bank are not sufficient to give adequate protection to its depositors or creditors, as the case may be; (iv) the capital of the bank has reached a level or is eroding in a manner that may detrimentally affect its depositors, creditors or the public generally; (v) the bank has become or is likely to become insolvent or is likely to become unable to meet all or any of its obligations; or (vi) any other state of affairs exists in respect of the bank that may be materially prejudicial to the interests of the depositors or creditors of the bank, including where proceedings under a law relating to bankruptcy or insolvency have been commenced in Malaysia or elsewhere in respect of the holding company of the bank, including its financial holding company, BNM may (1) with the approval of the MOF assume control of the whole or part of the business, affairs or property of the bank and manage the whole or such part of its business and affairs, or appoint any person to do so on its behalf; (2) make a court application to appoint a receiver or manager to manage the whole or part of the business, the affairs or property of the bank; (3) with the approval of the MOF vest in a bridge institution or any other person, the whole or part of the business, assets or liabilities of the bank and BNM may provide the bridge institution with such financial assistance as BNM thinks appropriate; (4) with the approval of MOF provide financial assistance to another institution or any other person to purchase any shares, or the whole or any part of the business, assets or liabilities of the bank; or (5) recommend to the MOF and on such recommendation, the MOF may authorize BNM to file an application for the winding up of the bank.

BNM also has the power to issue a direction of compliance to a bank, its director, CEO or senior officer if BNM is of the opinion that the bank, its director, CEO or senior officer is committing or pursuing an unsafe act or unsound practice in conducting the business of the bank and/or has failed to manage its business and affairs in a manner that is consistent with sound risk management and good governance. If the bank, its director, CEO or senior officer fails to comply with any such direction of compliance, it will be an offence and upon conviction, shall be liable to imprisonment for a term not exceeding 10 years or to a fine not exceeding RM50 million or both.

### **Inspections by BNM**

BNM is empowered to examine, without any prior notice, the business and affairs of a bank and its offices, related corporations and any agents of the bank in or outside Malaysia. For this purpose, BNM may also examine such persons' directors, officers or controllers, and shall have access to the bank's documents including documents of title to its assets, all securities held by it in respect of its customers' transactions and investments held by it, cash, premises, apparatus, equipment or machinery, and the bank shall produce to BNM all such documents or cash, as BNM may require within such time as BNM may specify.

### **Deposit Insurance**

Deposit insurance is a system established by the Government to protect depositors against the loss of their deposits in the event a member institution is unable to meet its obligations to depositors. As an integral component of an effective financial safety net, a deposit insurance system enhances consumer protection by providing explicit protection to depositors.



In Malaysia, the deposit insurance system was brought into effect in September 2005 and is managed by PIDM. PIDM is an independent statutory body established under the Malaysia Deposit Insurance Corporation Act 2005 ("**PIDM Act**").

Benefits to insurance depositors include:

- PIDM insures depositors holding insured deposits with member institutions;
- deposit insurance is automatic;
- there are no direct costs to depositors for deposit insurance protection; and
- should a member institution fail, PIDM will promptly reimburse depositors up to the limit of the deposit insurance coverage provided under the PIDM Act.

Benefits to the financial system include:

- PIDM promotes public confidence in Malaysia's financial system by protecting depositors against the loss of their deposits;
- PIDM reinforces and complements the existing regulatory and supervisory framework by providing incentives for sound risk management in the financial system;
- PIDM minimises costs to the financial system by finding least cost solutions to resolve failing member institutions; and
- PIDM contributes to the stability of the financial system by dealing with member institution failures expeditiously and reimbursing depositors as soon as possible.

With effect from 31 December 2010, the Malaysia Deposit Insurance Corporation Act 2011 ("**2011 Act**") came into effect and replaced the PIDM Act.

The 2011 Act was enacted to implement an enhanced financial consumer protection package, whereby, amongst others, the deposit insurance limit was increased to RM250,000 per depositor per member bank. In addition, under the 2011 Act, foreign currency deposits will now benefit from deposit insurance protection.

The enhanced financial consumer protection package also includes the expansion of PIDM's mandate to include the administration of the Takaful and Insurance Benefits Protection System ("**TIPS**"). TIPS is an explicit, limited Government protection system which covers takaful and insurance benefits and will be administered broadly along the same approach as provided for in the current deposit insurance system.

Licensed insurance companies and registered takaful operators ("**insurer members**") will automatically become member institutions of PIDM. In addition, the 2011 Act includes powers for PIDM to intervene in or resolve troubled insurer members and ensure prompt payments to claimants under the policies or takaful certificates protected under TIPS.

The 2011 Act widens PIDM's mandate, roles and responsibilities, and provide it with a wider toolkit to fulfil its mandate to protect depositors in the event of a member institution failure.

### **Guidelines on Investor Protection**

The Guidelines on Investor Protection, which took effect on 17 December 2010 and was jointly issued by BNM and the SC, sets out the requirements that must be complied with by financial institutions which are specified as "registered persons" in Part 1 of Schedule 4 pursuant to Section 76(1)(a) of the CMSA and their employees when carrying on permitted capital market activities. Registered persons must ensure that their employees who carry out permitted capital market activities on their behalf are "fit and proper" as well as maintain a register containing the names of such employees. The standard on "fit and proper" is met through compliance with (i) minimum "fit and proper" criteria, (ii) examination

requirements, and (iii) continuing professional education requirements. A registered person shall also maintain adequate operational resources and efficient procedures necessary for the proper conduct of the permitted capital market activities at all times. Non-compliance of the Guidelines on Investor Protection may result in an action being instituted against the registered person or its employees by BNM or the SC.

### **Guidelines on Responsible Finance**

On 18 November 2011, BNM introduced guidelines to financial institutions aimed at promoting prudent, responsible and transparent retail financing practices. BNM subsequently issued revised guidelines to financial institutions on 5 July 2013 ("**Guidelines on Responsible Finance**"). The Guidelines on Responsible Finance complement other measures that promote better protection for financial consumers and a sustainable credit market that contributes towards preserving financial and macro-economic stability.

The Guidelines on Responsible Finance require financial institutions to make assessments of a borrower's ability to afford financing facilities based on a prudent debt service ratio as inputs to their credit decisions. Financial service provider must make appropriate enquiries into a prospective borrower's income after statutory deductions for tax and contributions to the Employees Provident Fund and Social Organisation Security, and consider all debt obligations, in assessing affordability. While this is consistent with the current practice of most financial institutions, the Guidelines on Responsible Finance facilitates a sharper focus and more consistent approaches across the industry to assessments of individual affordability. The Guidelines on Responsible Finance aims to ensure that the increasingly competitive conditions will not lead financial institutions to compromise prudent and responsible financing practices. The Guidelines on Responsible Finance also stipulate that the maximum tenor for vehicle financing applications should not exceed nine (9) years.

Additionally, the Guidelines on Responsible Finance aims to encourage sound borrowing decisions by consumers through better engagements with financial institutions that will help consumers carefully consider their ability to service all their debt obligations without recourse to further debt or substantial hardship. Clear expectations are also placed on financial institutions to ensure that consumers are treated fairly in the sales, marketing and administration of financing facilities. Financial institutions are also required to at least provide consumers with specific information on, amongst others, the total repayment amount and total interest cost as well as the impact of an increase in the financing rate to ensure that consumers understand the full implications of a borrowing decision. BNM will continue its surveillance and supervisory activities to ensure that the requirements under the Guidelines on Responsible Finance are properly implemented.

## **BOOK-ENTRY CLEARANCE SYSTEMS**

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg, CMU or CDP (together, the Clearing Systems) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer, the Arranger nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer, the Arranger nor any Dealer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

### **Book-entry Systems**

#### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

#### **CMU**

The CMU Service is a central depository service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Instruments**") which are specified in the CMU Reference Manual as capable of being held within the CMU Service. The CMU Service is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the services is open to all members of the Hong Kong Capital Markets Association, "authorised institutions" under the Banking Ordinance and other domestic and overseas financial institutions at the discretion of the HKMA.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. For example, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest in the Notes through an account with either Euroclear or Clearstream, Luxembourg will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

## **CDP**

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the "**Depository System**") maintained by CDP. CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ( "**Depository Agents**") approved by CDP under the Securities and Futures Act, Chapter 289 of Singapore to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, Arranger, any Dealer, the Paying Agent, any other agent or any other person (other than CDP) will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note within Euroclear, Clearstream, Luxembourg, CDP or the CMU Service will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System. Euroclear, Clearstream, Luxembourg, CDP and the CMU Service have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among accountholders of Euroclear, Clearstream, Luxembourg, CDP and the CMU Service. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Paying Agents, the Registrar and the Dealers will be responsible for any performance by Euroclear, Clearstream, Luxembourg, CDP or the CMU Service or their respective accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## TAXATION

*The statements herein regarding taxation are based on the laws in force as at the date of this document and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all types of Notes or to all categories of investors, some of which (such as dealers or certain professional investors) may be subject to special rules. Investors should consult their own tax advisers regarding the tax consequences of an investment in the Notes of a specific Series.*

### **Malaysian Taxation**

All payments by the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of any present or future tax, duty or charge of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Notes:

- (a) presented for payment by or on behalf of a Noteholder who is liable to the taxes in respect of such Note by reason of his having some connection with Malaysia other than the mere holding of such Note; or
- (b) presented for payment more than 30 days after the the date on which such payment first becomes due, except to the extent that a Noteholder would have been entitled to Additional Amounts on presenting the same for payment on the last day of the period of 30 days.

### **The proposed financial transactions tax ("FTT")**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate. The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current European Commission proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **U.S. Foreign Account Tax Compliance Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"),

which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1st January, 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 17 of the Terms and Conditions of the Notes) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

### **Singapore Taxation**

The statements below are only applicable to Notes excluding AT1 Notes issued by the Issuer acting through its Singapore Branch, are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the MAS in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders and prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger, the Dealers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

The disclosure below is on the assumption that the Inland Revenue Authority of Singapore ("IRAS") regards Subordinated Notes containing non-viability loss absorption provisions as debt securities for the purposes of the Income Tax Act, Chapter 134 of Singapore ("ITA") and eligible for the qualifying debt securities scheme. If any tranche of the Subordinated Notes is not regarded as debt securities for the purposes of the ITA and/or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. In addition, the disclosure below does not cover AT1 Notes. Investors and holders of any tranche of the Subordinated Notes or AT1 Notes (as the case may be) should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of such Notes.

### **Interest and Other Payments**

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside

Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

#### ***Withholding Tax Exemption on Qualifying Payments by Specified Entities***

Pursuant to Section 451 of the ITA, payments of income which are deemed under Section 12(6) of the ITA to be derived from Singapore and which are made by a specified entity shall be exempt from withholding tax if such payments are liable to be made by such specified entity for the purpose of its trade or business under a debt security which is issued within the period from 17 February 2012 to 31 March 2021. Notwithstanding the above, permanent establishments in Singapore of non-resident persons are required to declare such payments in their annual income tax returns and will be assessed to tax on such payments (unless specifically exempt from tax).

A specified entity includes a bank licensed under the Banking Act, Chapter 19 of Singapore or a merchant bank approved under the Monetary Authority of Singapore Act, Chapter 186 of Singapore.

#### ***Qualifying Debt Securities Scheme***

In addition, with respect to any tranche of the Notes issued as debt securities under the Programme (the "**Relevant Notes**") during the period from the date of this Offering Circular to 31 December 2018 where more than half of the issue of such Relevant Notes is distributed by Financial Sector Incentive (Bond Market), Financial Sector Incentive (Standard Tier) or Financial Sector Incentive (Capital Market) Companies (as defined in the ITA), such tranche of Relevant Notes would be qualifying debt securities ("**QDS**") for the purposes of the ITA.

If the Relevant Notes are QDS:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant

Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

- (b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require ), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (c) subject to:
  - (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
  - (ii) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (i) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to less than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and
- (ii) even though a particular tranche of the Relevant Notes are QDS, if, at any time during the tenor of such tranche of Relevant Notes, 50 per cent., or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:
  - (1) any related party of the Issuer; or
  - (2) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.



The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

"break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Notwithstanding that the Issuer (acting through its Singapore branch) is permitted to make payments of Qualifying Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

It was announced in the Singapore Budget Statement 2018 that the QDS Scheme will be extended until 31 December 2023, subject to details to be announced by the MAS.

Under the Qualifying Debt Securities Plus Scheme (the "**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as the MAS may specify and such other particulars in connection with the QDS as the MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenor shortened to less than 10 years from the date of their issue, except where:
  - (i) the shortening of the tenor is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and

- (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and
- (d) cannot be re-opened with a resulting tenor of less than 10 years to the original maturity date

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenor of such tranche of Relevant Notes, 50 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

- (i) any related party of the Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above

It was announced in the Singapore Budget Statement 2018 that the QDS Plus Scheme will be allowed to lapse after 31 December 2018, but debt securities with tenors of at least 10 years which are issued on or before 31 December 2018 can continue to enjoy the tax concessions under the QDS Plus Scheme if the conditions of such scheme as set out above are satisfied.

### **Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard ("**FRS**") 39 or FRS 109 may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39 or FRS 109. Please see the section below on "Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes".

### **Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes**

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition & Measurement".

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39, Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

### **Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## **Hong Kong Taxation**

### **Withholding Tax**

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

### **Profits Tax**

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Pursuant to the Exemption from Profits Tax (Interest Income) Order, interest income accruing to a person other than a financial institution on deposits (denominated in any currency and whether or not the deposit is evidenced by a certificate of deposit) placed with, *inter alia*, a financial institution in Hong Kong (within the meaning of section 2 of the Banking Ordinance (Cap. 155) of Hong Kong) are exempt from the payment of Hong Kong profits tax. Provided no prospectus with respect to the issue of the Notes is registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, the issue of Hong Kong Notes by the Issuer is expected to constitute a deposit to which the above exemption from payment will apply.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Bearer Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

### **Stamp Duty**

Stamp duty will not be payable on the issue of Bearer Notes provided either:

- (i) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent., of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes. Stamp duty will, however, not be payable on any transfers of Registered Notes provided that either:

- (i) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent., (of which 0.1 per cent., is payable by the seller and 0.1 per cent., is payable by the purchaser) normally by reference to the consideration or its value. If in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay an unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

## SUBSCRIPTION AND SALE

The Arranger and each Dealer have, in an amended and restated programme agreement (such programme agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated 25 April 2018, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### U.S.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and, subject to certain exceptions, the Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the U.S. or, in the case of Notes that are expressed in the applicable Pricing Supplement to be subject to the D Rules, to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder) except pursuant to an exemption, or a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes within the U.S., except as permitted by the Programme Agreement.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the U.S. or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code.

The Notes are being offered and sold outside the U.S. in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the U.S. by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the U.S. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the U.S. or, in the case of Notes that are expressed in the applicable Pricing Supplement to be subject to the D Rules, to any U.S. person. Distribution of this Offering Circular by any non-U.S. person outside the U.S. to any U.S. person or to any other person within the U.S., is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the U.S., is prohibited.

### United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act ("**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## European Economic Area

### *Prohibition of sales to EEA Retail Investors*

Unless the applicable Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the applicable Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area (EEA State) which has implemented the Prospectus Directive (each, a Relevant EEA State), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant EEA State (the Relevant Implementation Date) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant EEA State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant EEA State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant EEA State by any measure implementing the Prospectus Directive in that EEA State, the expression "Prospectus

Directive" means Directive 2003/71/EC as amended and including by Directive 2010/73/EU, and includes any relevant implementing measure in the Relevant EEA State.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will acknowledge that this Offering Circular has not and will not be registered as a prospectus with the Monetary Authority of Singapore and Notes will be issued in Singapore pursuant to an exemption invoked under Section 274 and/or Section 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) pursuant to Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an

exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other relevant laws and regulations of Japan.

### **Malaysia**

Each Dealer appointed under this Programme has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase the Notes may only be made directly or indirectly to persons to whom an offer or invitation to subscribe the Notes may be made and to whom the Notes are issued would fall within Part 1 of Schedule 6 or Section 229(1)(b) of the Capital Markets and Services Act 2007 of Malaysia, as amended from time to time (the "**CMSA**"), and Part 1 of Schedule 7 or Section 230(1)(b) of the CMSA, read together with Schedule 8 or Section 257(3) of the CMSA; and
- (b) no circulation or distribution or any offering document or material relating to the Notes shall directly or indirectly, be made to persons in Malaysia other than those to whom an offer or invitation to subscribe the Notes may be made and to whom the Notes are issued would fall within Part 1 of Schedule 6 or Section 229(1)(b) of the CMSA and Part 1 of Schedule 7 or Section 230(1)(b) of the CMSA, read together with Schedule 8 or Section 257(3) of the CMSA.

### **Hong Kong**

Each Dealer appointed under the Programme has represented and agreed, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**"), other than (i) to "professional investors" as defined in the SFO and any rules made under that SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) as amended of Hong Kong ("**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) unless it is a person permitted to do so under the applicable securities laws of Hong Kong, it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under SFO.

### **Taiwan**

In the case of Notes to be listed on the Taipei Exchange in Taiwan pursuant to the Rules Governing Management of Foreign Currency Denominated International Bonds of the Taipei Exchange, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to be represent and agree, that the Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly to investors other than "professional institutional investors" as defined under Paragraph 2 of Article 4 of the Financial Consumer Protection Act of the ROC. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a professional institutional investor.

### **General**

Each Dealer appointed under the Programme has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering



Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer and any other Dealer shall have any responsibility therefor.

None of the Issuer, the Arranger and any of the Dealers appointed under the programme represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction that would permit a public offering of any of the Notes, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, each relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and each relevant Dealer and set out in the applicable Pricing Supplement.

## GENERAL INFORMATION

### 1. Authorisation

The establishment of the Programme and the issue of Notes under the Programme was duly authorised by resolutions of the Board of the Issuer dated 23 February 2012.

The update of the Programme to, *inter alia*, revise the terms and conditions to allow the issuance of Basel III-compliant Subordinated Notes and to increase the Programme size was duly authorised by resolutions of the Board of the Issuer dated 25 November 2015.

The update of the Programme to, *inter alia*, revise the terms and conditions to allow the issuance of Basel III-compliant AT1 Notes was duly authorised by resolutions of the Board of the Issuer dated 30 November 2017.

### 2. Listing

Application has been made to the SGX-ST for permission to deal in and for the listing and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes. In addition, in the event that any of the Global Notes is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

An application has been made to the LFX for the listing of, and permission to deal in, any Notes that may be issued pursuant to the Programme, but there can be no assurance that such listings will occur on or prior to the issue date or at all.

The Programme has been admitted for the listing of the Notes on TSE in its capacity as the market operator of the TOKYO PRO-BOND Market in accordance with the rules and regulations of TSE.

Application will be made to the TPEX for the listing of, and permission to deal in, any Notes which are agreed at the time of issue thereof to be so listed on the TPEX pursuant to the applicable rules of the TPEX. Admission to the listing and trading of the Notes on the TPEX shall not be taken as an indication of the merits of the issuer or the Notes. No assurance can be given that such application will be approved or that the TPEX listing will be maintained.

### 3. Clearing systems

The Notes to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. The Issuer may also apply to have Notes accepted for clearance through the CMU Service. The relevant CMU instrument number will be specified in the applicable Pricing Supplement. The Issuer may also apply to have Notes accepted for clearance through CDP. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

### 4. No significant change

Save as disclosed in this Offering Circular, there has been no material adverse change in the financial position of the Issuer or of the Group since 31 December 2017.

**5. Litigation**

As at 31 December 2017, neither the Bank nor any member of the Group was involved in any legal or arbitration proceedings (including any proceedings which were pending or threatened of which the Bank was aware) which would have had a significant and material effect on the financial position of the Bank or the Group.

**6. Independent Auditors**

The independent auditors of the Issuer are Ernst & Young.

The consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2017, which are included elsewhere or incorporated by reference in this Offering Circular, have been audited by Ernst & Young, independent auditors, as stated in their reports appearing or incorporated by reference herein.

**7. Documents**

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Fiscal Agent for the time being in Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong:

- (a) the constitutional documents of the Issuer;
- (b) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2017 (together with the Directors' reports and the Independent Auditors' reports prepared in connection therewith) which have been previously published;
- (c) the most recently published audited consolidated financial statements of the Issuer since the date of this Offering Circular;
- (d) any interim consolidated and unconsolidated financial statements of the Issuer (whether audited or unaudited) published subsequent to the most recently published consolidated and unconsolidated audited financial statements of the Issuer since the date of this Offering Circular;
- (e) the Amended and Restated Programme Agreement, the Amended and Restated Agency Agreement, the ECC Deed of Covenant, the CDP Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (f) a copy of this Offering Circular; and
- (g) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

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