

Program Information

Malayan Banking Berhad

PROGRAM INFORMATION

Type of Information:	Program Information
Date of Announcement:	1 May 2014
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:	Attorney-in-Fact: Kozo Sasaki, Attorney-at-law Kosuke Miyashita, Attorney-at-law <i>Gaikokuho Kyodo-Jigyo Horitsu Jimusho</i> Linklaters Address: Meiji Yasuda Building, 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo Telephone: +81 3 6212 1200
Type of Securities:	Bonds
Scheduled Issuance Period:	1 May 2014 to 30 April 2015
Maximum Outstanding Issuance Amount:	U.S.\$5,000,000,000
Address of Website for Announcement:	http://www.tse.or.jp/rules/probond/index.html
Name of Arranger:	Crédit Agricole Corporate and Investment Bank
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 (*kaikai-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 U.S.\$5,000,000,000 Multicurrency Medium Term Note Programme under which the Offering Circular is incorporated in this Program Information, a rating of A- was assigned from Standard & Poor's Financial Services LLC on 11 June 2012.
7. The following documents shall be incorporated in, and to form part of, this Program Information:
 - (a) Offering Circular dated 14 May 2012 with respect to Malayan Banking Berhad U.S.\$5,000,000,000 Multicurrency Medium Term Note Programme;
 - (b) Letter dated 30 April 2014;
 - (c) Maybank Annual Report 2013 – Corporate;
 - (d) Maybank Annual Report 2013 – Financial Statements; and
 - (e) Write-up on "Banking Regulation and Supervision" section of the Offering Circular



Malayan Banking Berhad

(Company No. 3813-K)

(incorporated with limited liability in Malaysia)

U.S.\$5,000,000,000

Multicurrency Medium Term Note Programme

Under this U.S.\$5,000,000,000 Multicurrency Medium Term Note Programme (the **Programme**), Malayan Banking Berhad (the **Issuer** or the **Bank**) (from time to time acting through its Hong Kong Branch or its Singapore Branch as specified in the applicable Pricing Supplement), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the **Notes**) with a maturity of one year or more, 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.\$5,000,000,000 (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 on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (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 by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

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 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. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. The approval in-principle from, and the admission of any Notes to the Official List of, the SGX-ST are not to be taken as indications of the merits of the Issuer, the Programme or the 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.

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**). 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 SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**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 Money Markets 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, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. 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) 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, its rating will not necessarily be the same as the rating applicable to the Programme and (where applicable) 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, change or withdrawal at any time by the assigning rating agency.

The submission to the Securities Commission Malaysia in respect of the Programme was made by Maybank Investment Bank Berhad as Principal Adviser.

Arrangers

Barclays

Maybank Investment Bank Berhad

Nomura

The date of this Offering Circular is 14 May 2012

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 which they were made, misleading.

No person is or has been authorised by the Issuer to give any information or to make any representations other than those 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 Arrangers or the Dealers.

The Arrangers and the Dealers have not separately verified the information contained in this Offering Circular. None of the Arrangers nor 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. None of the Arrangers nor the Dealers accepts any responsibility for the contents of this Offering Circular. Each of the Arrangers 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 Arrangers 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. None of the Arrangers nor 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 any of the Arrangers 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, any of the Arrangers or 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 Arrangers 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.

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 Arrangers 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 Arrangers 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 United States, the European Economic Area (including the United Kingdom), Singapore, Japan and Hong Kong. See “*Subscription and Sale*”.

In accordance with the Capital Markets and Services Act 2007 of Malaysia (the CMSA), a copy of this Offering Circular will be deposited 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 applicable approval from the SC. The Programme is approved by the SC upon submission of the relevant documents and information to the SC for the issue, offer or invitation in relation to the notes pursuant to Section 212(4) of the CMSA together with this Offering Circular pursuant to the SC’s deemed approval process. The recipient of this Offering Circular acknowledges and agrees that the approval of 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 United States of America, 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 **PhP** are to the lawful currency of the Republic of the Philippines.

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 RM3.177 to U.S.\$1.00. 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 Securities Commission Malaysia, Maybank Investment Bank Berhad (**Maybank IB**) as Principal Adviser is required to declare that 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 role as Principal Adviser 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 Arranger in respect of the Programme is in the ordinary course of its business;
- (iii) the conduct of Maybank IB is regulated by the Banking and Financial Institutions Act 1989 of Malaysia and Maybank IB has in place its own internal controls and checks with regards to transactions involving its related corporations;
- (iv) the Programme 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 have confirmed that they are aware of the above potential conflict of interest situation and that notwithstanding such potential conflict, they are agreeable to proceed with the appointment of Maybank IB as Principal Adviser.

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”. 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.

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TABLE OF CONTENTS

	Page
DOCUMENTS INCORPORATED BY REFERENCE	2
GENERAL DESCRIPTION OF THE PROGRAMME	3
SUMMARY OF THE PROGRAMME	4
FORM OF THE NOTES	9
FORM OF PRICING SUPPLEMENT	14
TERMS AND CONDITIONS OF THE NOTES	24
USE OF PROCEEDS	67
INVESTMENT CONSIDERATIONS	68
CAPITALISATION OF THE GROUP	91
SELECTED FINANCIAL INFORMATION OF THE GROUP	93
DESCRIPTION OF THE BANK AND THE GROUP	98
DESCRIPTION OF THE ISSUER'S HONG KONG BRANCH	125
DESCRIPTION OF THE ISSUER'S SINGAPORE BRANCH	126
FUNDING AND CAPITAL ADEQUACY	127
ASSET QUALITY	130
RISK MANAGEMENT	138
MALAYSIAN BANKING INDUSTRY	150
ORGANISATION CHART	152
MANAGEMENT	153
PROFILE OF DIRECTORS	156
PRINCIPAL SHAREHOLDERS	163
REGULATION AND SUPERVISION	164
BOOK-ENTRY CLEARANCE SYSTEMS	170
TAXATION	173
SUBSCRIPTION AND SALE	181
GENERAL INFORMATION	185

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES OF THE SERIES (AS DEFINED BELOW) OF WHICH SUCH TRANCHE FORMS PART AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION 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, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. 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.

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 financial statements of the Issuer for the six-month period ended 31 December 2011 (together with the Directors' reports and the Auditors' reports prepared in connection therewith) which have previously been published;
- (b) the audited consolidated annual financial statements of the Issuer for the year ended 30 June 2011 (together with the Directors' reports and the Auditors' reports prepared in connection therewith) which have previously been published;
- (c) the unaudited interim consolidated financial statements of the Issuer for the six-month period ended 31 December 2010 which have previously been published;
- (d) the most recently published audited financial statements of the Issuer since the date of this Offering Circular;
- (e) 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
- (f) 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 and Bursa Malaysia Securities Berhad (**Bursa Securities**) website at this link, <http://announcements.bursamalaysia.com>. As of July 2011, the Group changed its financial year for all reporting purposes to 1 January to 31 December. The information incorporated by reference in paragraph (a) above has been audited to comply with this shift in financial year-end. The comparable numbers for the six-month period ending 31 December 2010 referred to herein have not been audited because they represent interim financial information within the financial year that ended 30 June 2011.

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 in such websites does not form part of this Offering Circular or any relevant Pricing Supplement and none of the Issuer, its Directors, the Arrangers and 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 through its Hong Kong Branch or its Singapore Branch as specified in the applicable Pricing Supplement) may from time to time issue Notes denominated in any currency, subject to 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 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.\$5,000,000,000 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.

Issuer:	Malayan Banking Berhad
	In relation to each Tranche of Notes, the applicable Pricing Supplement will indicate whether the Issuer is acting through its Hong Kong Branch or Singapore Branch, if applicable.
Description:	Multicurrency Medium Term Note Programme which caters for senior and subordinated note issues.
Arrangers:	Barclays Bank PLC, Maybank Investment Bank Berhad and Nomura International plc.
Dealers:	No dealers have been appointed as at the date of this Offering Circular. Pursuant to the Programme Agreement, the Issuer may from time to time appoint 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.
Certain Restrictions:	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> ”) including the following restrictions applicable at the date of this Offering Circular.
Fiscal Agent and Agent Bank:	The Hongkong and Shanghai Banking Corporation Limited
Registrar and Transfer Agent:	The Hongkong and Shanghai Banking Corporation Limited
CMU Lodging and Paying Agent:	The Hongkong and Shanghai Banking Corporation Limited
Principal Adviser	For purposes of making submission to the Securities Commission Malaysia, Maybank Investment Bank Berhad
Programme Size:	Up to U.S.\$5,000,000,000 (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.
Distribution:	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:.....	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.
Issue Price:	Notes may be issued on a fully-paid or (in the case of the Notes other than Subordinated 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 " <i>Form of the Notes</i> ". Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
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 Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> (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) or on such other basis as may be agreed between the Issuer and the relevant Dealer. <p>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.</p>
Index Linked Notes:	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.

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

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.

Dual Currency Notes:.....

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.

Zero Coupon Notes:.....

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.

Redemption:

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.

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.

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 Bank Negara Malaysia (**BNM**) (but which approval shall not be required for a purchase made in the ordinary course of business), the Subordinated Notes prior to its stated maturity in any manner and at any price. See Condition 7.10 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 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, ranking <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes will rank at least equally with all other unsecured and unsubordinated obligations of the Issuer, present and future, save for such exceptions as may be provided by applicable legislation and subject to Condition 4.
Status, Events of Default and other terms of Subordinated Notes:.....	The status of the Subordinated Notes and events of default applicable to Subordinated Notes are set out in Conditions 3.2 and 10.2, respectively. Subordinated Notes do not have the benefit of a negative pledge or cross default provision. Prior approval from BNM is required for each issuance of Subordinated Notes.
Variation instead of Redemption of the Subordinated Notes:	The Issuer may, subject to the approval of BNM, vary the terms of the Notes so they remain or become Qualifying Securities as provided in Condition 7.13.

Listing:	<p>Application has been made to the SGX-ST for permission to deal in and for the 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. Application has also been made to the LFX for the listing of, and permission to deal in, the Notes. 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. 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>Unlisted Notes may also be issued.</p> <p>The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).</p>
Ratings	<p>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.</p> <p>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.</p>
Governing Law:	<p>The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law, except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with, the laws of Malaysia.</p>
Selling Restrictions:.....	<p>There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom), Singapore, Japan, Malaysia and Hong Kong and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "<i>Subscription and Sale</i>".</p>
United States Selling Restrictions:	<p>Regulation S, Category 1; TEFRA C/TEFRA D/TEFRA not applicable, as specified in the applicable Pricing Supplement.</p>
Clearing Systems:	<p>Euroclear, Clearstream, Luxembourg, the CMU Service, CDP and/or any other clearing system as specified in the applicable Pricing Supplement, see "<i>Form of the Notes</i>".</p>

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 United States or persons who have purchased for resale to any person resident in the United States, 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 United States 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 or CDP against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

In respect of a Bearer Global Note held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited (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) and, save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose.

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 Paying 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 on or about the date of this Offering Circular, 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 in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Fiscal Agent. 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 Paying 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 Paying 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 Paying 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 and on all receipts and interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States 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 United States, 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 United States 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. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

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 **EEC 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 (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.

[Date]

Malayan Banking Berhad
(Company No. 3813-K)
(incorporated with limited liability in Malaysia)
[[acting through its [Hong Kong Branch/Singapore Branch]]]
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.\$5,000,000,000
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 14 May 2012 (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.]

[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 (i) is not resident in Singapore and (ii) 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]]
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. 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)*

9. Interest Basis: [[]% Fixed Rate] [[LIBOR/EURIBOR/HIBOR/SIBOR/SOR] +/- []% Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
11. 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*]
12. Put/Call Options: [Investor Put] [Issuer Call] [(further particulars specified below)]
13. (a) Status of the Notes: [Senior/Subordinated]
- (b) Date of [Board] approval for Notes obtained: [] [and [], respectively]]/[None required] (*N.B. Only relevant where 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.*)
14. Listing: [SGX-ST/LFX/*specify other*/None]
15. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **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): (Applicable to Notes in definitive form) [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (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]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Specified Period(s)/Specified Interest Payment Dates: []
- (b) First Interest Payment Date: []
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (d) Additional Business Centre(s): []
- (e) Manner in which the Rate of Interest and Interest Amount [Screen Rate Determination/ISDA Determination/specify other] is to be determined:
- (f) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Paying Agent): []
- (g) 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 EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

- (h) ISDA Determination:
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- (i) Margin(s): [+/-] []% per annum
- (j) Minimum Rate of Interest: []% per annum
- (k) Maximum Rate of Interest: []% per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) Other] (See Condition 5 for alternatives)
- (m) 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: []

18. 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 7.6(c) and 7.12 apply/specify other] (Consider applicable day count fraction if not U.S. dollar denominated)

19. 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) Additional Business Centre(s): []
- (g) Minimum Rate of Interest: []% per annum
- (h) Maximum Rate of Interest: []% per annum
- (i) Day Count Fraction: []
20. 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 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

21. Issuer Call: [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount method, if any, of calculation of such amount(s): [[] per Calculation Amount/*specify other*] and
- (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): [] (N.B. 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)
22. Investor Put: [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) Notice period (if other than as set out in the Conditions): [] (N.B. 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)
23. Final Redemption Amount: [] per Calculation Amount/specify other/see Appendix]
24. 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 7.6): [] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. 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.)

26. Additional 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 sub-paragraphs 16(b), 17(d) and 19(f) relate)*
27. 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]
28. 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 due 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]
29. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/give details]
- (b) Instalment Date(s): [Not Applicable/give details]
30. 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))
31. Other terms: [Not Applicable/give details]

DISTRIBUTION

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

Operational Information

36. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CDP/CMU/Not Applicable/give name(s) and number(s)]
37. Delivery: Delivery [against/free of] payment
38. Additional Paying Agent(s) (if any): []
- ISIN: []
- Common Code: []
- (insert here any other relevant codes such as a CMU instrument number)*
39. 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.)*

[LISTING APPLICATION

This Pricing Supplement comprises the pricing supplement required to list the issue of Notes described herein pursuant to the U.S.\$5,000,000,000 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 Programme or the Notes.

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.

Signed on behalf of the Issuer:

By:

Duly authorised

TERMS AND CONDITIONS OF THE NOTES

The following 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 through its Hong Kong Branch or its Singapore 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 Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 14 May 2012 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 Tranche 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 Notes) Interest Commencement Dates and/or Issue Prices.

In the case of Notes cleared through Euroclear, Clearstream, Luxembourg or 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 EEC Deed of Covenant is held by the common depository 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 (the **CDP Deed of Covenant**), together with the ECC Deed of Covenant, the **Deeds of Covenant**, and each a **Deed of Covenant**) dated 14 May 2012 and made by the Issuer.

Copies of the Agency Agreement, the Deed of Covenants 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 each of the Fiscal Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable during normal business hours at the specified office of each of the Paying Agents 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 or a Subordinated 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, *société anonyme* (**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. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) (**CMU Accountholders**) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

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 or Clearstream, Luxembourg, 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 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.

(a) **Subordination**

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

In the event of the Winding-Up (as defined in Condition 10.2) of the Issuer, the claims of the Noteholders, the Receiptholders and the Couponholders against the Issuer in respect of the Subordinated Notes and the relative Receipts and Coupons will be subordinated in right of payment to the claims of depositors and all other unsubordinated creditors of the Issuer (including liabilities of all offices and branches of the Issuer wherever located) and will rank at least *pari passu* in right of payment with all other Subordinated Indebtedness, present and future, of the Issuer. Claims in respect of the Subordinated Notes will rank in priority to the rights and claims of holders of subordinated liabilities which by their terms rank or are expressed to rank in right of payment junior to the Subordinated Notes and of all classes of equity securities of the Issuer, including holders of preference shares. For these purposes, **Subordinated Indebtedness** means all indebtedness which is subordinated, in the event of the Winding-Up of the Issuer, in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer, and for this purpose indebtedness shall include all liabilities, whether actual or contingent.

The provisions of this Condition 3.2(a) apply only to the principal and interest in respect of the Subordinated Notes. Each Noteholder, the Receiptholders and the Couponholders 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 Subordinated Notes.

(b) **Set-off**

Subject to applicable law, no Noteholder, Receiptholder or Couponholder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owned to it by the Issuer arising under or in connection with the Subordinated Notes, the relative Receipts or the Coupons and each Noteholder, Receiptholder and Couponholder shall, by virtue of being the holder of any Subordinated Note, Receipt or Coupon, be deemed to have waived all such rights of such set-off, counter-claim or retention.

In the event that any Noteholder, Receiptholder or Couponholder nevertheless receives (whether by set-off or otherwise) directly in a Winding-Up Proceeding (as defined in Condition 10.2) in respect of the Issuer any payment by, or distribution of assets of, the Issuer of any kind or character, whether in cash, property or securities, in respect of any amount owing to it by the Issuer arising under or in connection with the Notes, other than in accordance with this Condition 3.2, such Noteholder, Receiptholder or Couponholder shall, subject to applicable law, immediately pay an amount equal to the amount of such payment or discharge to the liquidator for the time being in the winding up of the Issuer for distribution and each Noteholder, Receiptholder or Couponholder, by virtue of becoming a holder of any Subordinated Note, Receipt or Coupon, shall be deemed to have so agreed and undertaken with and to the Issuer and all depositors and other unsubordinated creditors of the Issuer for good consideration.

As a consequence of these subordination provisions, if a Winding Up Proceeding should occur, the Noteholders, Receiptholder or Couponholder may recover less rateably than the holders of deposit liabilities or the holders of other unsubordinated liabilities of the Issuer. Moreover, Noteholders, Receiptholders or Couponholders would be required to pursue their claims on the Notes in proceedings in Malaysia as further described in Condition 10.2.

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**) 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.

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 LIBOR, the principal London office of four major banks in the London interbank market, in the case of a determination of 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 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 5.2, 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 5.2(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 London, Hong Kong, Singapore and each Additional 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, 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 London, Hong Kong, Singapore and any Additional Business Centre and which if the Specified Currency is Australian dollars, New Zealand dollars or Renminbi shall be Sydney, Auckland and Hong Kong, 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.

(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 the London interbank offered rate (**LIBOR**) on the Euro-zone interbank offered rate (**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 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 the Singapore dollar interbank offer rate (**SIBOR**) or the Singapore dollar swap offer rate (**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 5.2(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 “ASSOCIATION OF BANKS IN SINGAPORE — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 A.M. 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), the Fiscal Agent will, at or about the relevant time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears on the Reuters Screen SIBP page under the caption “SINGAPORE DOLLAR INTER-BANK OFFERED RATES — 11:00 A.M.” and the row headed “SIBOR SGD” (or such other replacement page thereof), being the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period;
 - (cc) if no such rate appears on the Reuters Screen SIBP page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen SIBP page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Fiscal Agent will request 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 $\frac{1}{16}$ 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 (cc) 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 $\frac{1}{16}$ 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 $\frac{1}{16}$ 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 which shall be the Average Swap Rate for such Interest Period (determined by the Fiscal Agent as being the rate which appears on the Reuters Screen ABSIRFIX01 page under the caption "ASSOCIATION OF BANKS IN SINGAPORE — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 A.M. SINGAPORE TIME" under the column headed "SGD SWAP OFFER" (or such other page as may replace Reuters Screen ABSIRFIX01 page for the purposes 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 ABSIRFIX01 page (or such other replacement page as aforesaid) or Reuters Screen ABSIRFIX01 page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Average Swap Rate (which shall be round up to the nearest $\frac{1}{16}$ per cent.) for such Interest Period in accordance with the following formula:

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 365)}{(T \times \text{Spot Rate})}$$

$$+ \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 365)}{(T \times \text{Spot Rate})}$$

$$- \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears on the Reuters Screen SIBOR page under the caption “SINGAPORE INTERBANK OFFER RATES (DOLLAR DEPOSITS) 11 A.M.” and the row headed “SIBOR USD” (or such other page as may replace Reuters Screen SIBOR page for the purpose of displaying Singapore inter-bank U.S. dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Dates for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate (determined by the Calculation Agent) being the composite quotation or, in the absence of which, the arithmetic mean of the rates quoted by the Reference Banks and which appear under the caption “ASSOCIATION OF BANKS IN SINGAPORE — SGD SPOT AND SWAP OFFER RATES AT 11.00 A.M. SINGAPORE TIME” and the column headed “SPOT” on the Reuters Screen ABSIRFIX06 page (or such other page as may replace the Reuters Screen ABSIRFIX06 page for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

- Premium or Discount** = the rate (determined by the Calculation Agent) being the composite quotation or, in the absence of which, the swap point (expressed in Singapore dollar per U.S. dollar) quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear under the caption “ASSOCIATION OF BANKS IN SINGAPORE — SGD SPOT AND SWAP OFFER RATES AT 11.00 A.M. SINGAPORE TIME” on the Reuters Screen ABSIRFIX06-7 pages (or such other page as may replace the Reuters Screen ABSIRFIX06-7 pages for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and
- T** = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Calculation Agent);

- (cc) if on any Interest Determination Date any one of the components for the purposes of calculating the Average Swap Rate under (bb) above is not quoted on the relevant Reuters Screen page (or such other replacement page as aforesaid) or the relevant Reuters Screen page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest $\frac{1}{16}$ per cent.) of the Swap Rates quoted by the Reference Banks to the Calculation Agent). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 365)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 365)}{(T \times \text{Spot Rate})} \\ - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate per annum at which U.S. dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells U.S. dollars spot in exchange for Singapore dollars in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium = the premium that would have been paid by that Reference Bank in buying U.S. dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore inter-bank market;

Discount = the discount that would have been received by that Reference Bank in buying U.S. dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore inter-bank market; and

T = the number of days in the Interest Period concerned;

(dd) if on any Interest Determination Date two but not all of the Reference Banks provide the Calculation Agent with quotations of their Swap Rate(s), the Average Swap Rate shall be determined in accordance with (cc) 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 Calculation Agent with quotations of their Swap Rate(s), the Average Swap Rate shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest $\frac{1}{16}$ per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation 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, in 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 and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Calculation Agent), or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation 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 the nearest $\frac{1}{16}$ 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.

(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 5.2:

- (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/365 (Sterling)** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if **Actual/360** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) 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;

- (vi) 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

- (vii) 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 (i) that day is the last day of February or (ii) 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 (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(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 Hong Kong, Kuala Lumpur, Singapore and New York City.

(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 5.2, 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.

5.3 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.

5.4 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.

5.5 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.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro 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, New Zealand dollars or Renminbi, shall be Sydney, Auckland and Hong Kong, respectively); and
- (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.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in any jurisdiction (whether by operation of law or agreement of the Issuer or the Agents), but without prejudice to the provisions of Condition 8.

6.2 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes not held in CMU Service 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 United States (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 not held in CMU Service, 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 not held in CMU Service (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 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.

In the case of Definitive Bearer Notes held in CMU Service, payment will be made to the person(s) for whose account(s) interests in the relevant Definitive Bearer Note are credited as being held with CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any relevant notification by CMU Service, which notification shall be conclusive evidence of the records of CMU Service (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

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 CMU Service, to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited as being held by CMU Service in accordance with the CMU Rules, or (ii) in the case of a Bearer Global Note not lodged with 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 United States. 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 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 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 CMU Service, a day on which CMU Services 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 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) 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) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, New Zealand dollars or Renminbi, shall be Sydney, Auckland and Hong Kong, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

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 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 CMU Service, a day on which CMU Service is open for business) before the relevant due date and (ii) where in definitive form at the close of business on the 15th day (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.

In the case of Definitive Registered Note or Registered Global Note held through the CMU Service, payment will be made at the direction of the registered holder to the CMU Accountholders and such payment shall discharge the obligation of the Issuer in respect of that payment.

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 (if the Global Note is not lodged with CMU Service) or (if the Global Note is lodged with CMU Service) the person(s) for whose account(s) interests in such Global Note are credited as being held in CMU Service in accordance with the CMU Rules as notified to the CMU Lodging and Paying Agent by CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by CMU Service (which notification, in either case, shall be conclusive evidence of the records of CMU Service save in the case of manifest error), 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 or such person(s) for whose account(s) interests in such Global Note are credited as being held in CMU Service (as the case may be) 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 Lodging and Paying Agent, 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 United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States 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 United States 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 United States 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 Additional 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, 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 Additional Financial Centre and which if the Specified Currency is Australian dollars, New Zealand dollars or Renminbi, shall be Sydney, Auckland or Hong Kong, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

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 7.6); 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 People's Republic of China 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 People’s Republic of China, 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 (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

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), if:

- (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; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

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 as a result of such change or amendment and (iii) in the case of Subordinated Notes, certifying that Bank Negara Malaysia (**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 7.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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 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.

7.4 Redemption 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 Condition 7.4 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 Early Redemption Amounts

For the purpose of Condition 7.2 and Condition 10.1 (if this Note is a Senior Note) or Condition 10.2 (if this Note is a Subordinated 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

y 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.

7.7 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 7.6.

7.8 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.

7.9 Conditions for Purchases in respect of 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) 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 1965.

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.

7.10 Conditions for Purchase in respect of Subordinated 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 prior approval of BNM (but which approval shall not be required for a purchase made in the ordinary course of business), Subordinated 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 which are (a) redeemed or (b) purchased (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 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.

7.11 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 7.9 and 7.10 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

7.12 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 7.6(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.

7.13 Variation instead of redemption of Subordinated Notes

This Condition 7.13 is applicable in relation to Notes specified in the applicable Pricing Supplement as Subordinated Notes and where this Condition 7.13 is specified as being applicable in the applicable Pricing Supplement and references to "Notes" in this Condition shall be construed accordingly. The Issuer may, subject to the approval of BNM (unless such prior consent is not required under the rules of BNM at the relevant time), (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) at any time vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Securities (as defined below) provided that such variation does not itself give rise to any right of the Issuer to redeem the varied securities that is inconsistent with the redemption provisions of the Notes.

Qualifying Securities means, for the purpose of this Condition 7.13, securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- (a) comply with any rules, regulations, policies or requirements of BNM (or any successor thereto) then in effect;
- (b) shall (1) include a ranking at least equal to that of the Notes, (2) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes, (3) have the same redemption rights as the Notes, (4) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of variation, and (5) if applicable, are assigned (or maintain) the same or higher credit ratings as were assigned to the Notes immediately prior to such variation; and

- (c) are listed on a recognised stock exchange if the Notes were listed immediately prior to such variation.

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) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any other Directive implementing the conclusions of the ECOFIN Council meetings of 26 and 27 November 2000 or any other law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (d) 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 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 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 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 or is capable of becoming 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 a substantial part 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, and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company, is not discharged within 60 days;
- (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

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

If default is made in the payment of any amount of principal or interest due in respect of the Subordinated Notes (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 in the case of such default in the payment of interest on or other amounts owing under such Subordinated Note or a default in the performance of any other obligation of the Issuer in such Subordinated Note or under the Agency Agreement.

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 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 these Conditions:

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) 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 (ii) the Issuer shall file a petition to take advantage of any insolvency statute.

10.3 Enforcement

In the case of Subordinated 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;
- (c) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) 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, in 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 (i) CDP and/or Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to CDP and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes or (ii) the CMU Service, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note and, in addition, in the case of both (i) and (ii) above, 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 persons shown in the relevant CMU Instrument Position Report.

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, 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, in the case of Notes lodged with the CMU Service, by delivery by such holder of such notice to the CMU Lodging and Paying Agent in Hong Kong, 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, MODIFICATIONS AND CONSOLIDATIONS

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 Deed of Covenant, the CDP Deed 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 Deed of Covenant, the CDP Deed 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 7.9 and 7.11 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

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

Subject to the provisions of this Condition 16.2, the Noteholders, Receiptholders and the Couponholders, by subscribing to or purchasing any Subordinated Notes, 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, 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, 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, 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, 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 by any one internationally recognised rating agency of the Issuer or the Issuer's debt or, if any such rating agency does not exist at the relevant time, any two existing internationally recognised rating agencies; 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 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 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 7.10 and 7.11.

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 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 English 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 shall be governed by and construed in accordance with the laws of Malaysia.
- (ii) The CDP Deed of Covenant shall be 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 74 Coleman Street, London EC2R 5BN England, 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 or results of operations 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 or results of operations 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, the most significant of which are credit risks, operational risks, liquidity risks and interest rate risks. 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 control these risks could be greater than anticipated and could result in adverse effects on the Group's financial condition, results of operations, prospects and reputation.

Credit risks

Credit risks arising from adverse changes in the credit quality and recoverability of loans, advances and amounts due from counterparties are inherent in a wide range of the Group's businesses. Credit risks could arise from a deterioration in the credit quality of specific counterparties of the Group, 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. See "Risk Management" for a description of the Group's exposure to credit risks.

Operational risks

Operational risks and losses can result from fraud, error by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, the failure of internal systems, equipment and external systems (e.g., those of the Group's counterparties or vendors) and occurrence of natural disasters. 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 any of the operational 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 security systems, including firewalls and password

encryption, designed to minimise the risk of security breaches. There can be no assurance that these security measures will be adequate or successful.

A significant fraud, system failure, calamity or failure in security measures could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, the Group's reputation could be adversely affected by significant frauds committed by employees, customers or other third parties. See "*Risk Management*" for a description of the Group's exposure to operational risks.

Liquidity risks

Liquidity risks could arise from the inability of the Group to anticipate and provide for unforeseen decreases or changes in funding sources which could have adverse consequences on the Group's ability to meet its obligations when they fall due. Although the Group's policy is to maintain prudent liquidity risk management, a diversified and stable source of cheaper funding and to minimise undue reliance on any particular funding source, there is no assurance that there will not be a liquidity crisis affecting the Group, and the failure to maintain such adequate sources of funding may adversely affect the business, financial condition and results of operations of the Group. See "*Risk Management*" for a description of the Group's exposure to liquidity risks.

Interest rate risk

The Group's exposure to interest rate risk arises from its balance sheet positions that are indexed against certain interest rates, such as loans, securities, traditional deposits and inter-bank deposits. The Group quantifies interest rate risk in the banking book through analysing the repricing mismatch between rate sensitive assets and rate sensitive liabilities. The Group has been maintaining a positive repricing gap profile for up to a one year tenor. When market interest rates decline, the Group's net interest margin generally decreases due to a repricing mismatch of the floating rate assets and liabilities coupled with basis risk that arise from imperfect correlation between changes in rates earned and paid on different instruments. On the other hand, part of the Group's loan portfolio, comprising fixed rate loans (including hire purchase loans), are protected in the declining rate environment.

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. Analysis of this risk is complicated by having to make assumptions on optionality of certain products such as prepayment of housing loans and hire purchase loans, and effective duration of liabilities, which are contractually repayable on demand such as current accounts and saving accounts. The impact on earnings is measured against the approved earnings at risk limit where new business and hedging strategies will be formulated and implemented to manage the interest rate risk exposure through approved frameworks and policies, which benchmark against international best practice, i.e., Bank for International Settlement (**BIS**) standards such as Basel II and Basel III.

Quality of assets

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 a sound asset quality management system and intends to maintain it, there is no assurance that the system 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 Issuer.

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.

Classification and Provisioning Policy for Impaired Loans

Prior to the adoption of FRS 139 with effect from the financial year beginning 1 July 2010, loans were classified as non-performing when principal or interest/profit or both are past due for three months or more. Since the adoption of FRS 139, loans are classified as impaired when principal or interest/profit or both are past due for three months or more; or where loans in arrears for less than three months exhibit indications of credit weaknesses, whether or not impairment loss has been provided for; or where an impaired loan has been rescheduled or restructured, the loan will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of six months.

The Issuer reviews the individually significant loans, advances and financing of the Group at each statement of financial position date to assess whether there is any objective evidence that a loan or group of loans is impaired. The loan or group of loans is deemed to be impaired only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loan (an incurred **loss event**) and that the loss event has an impact on future estimated cash flows of the loan or group of loans that can be reliably estimated. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), concentrations of risks and relevant economic data.

Sources of Funding

The Group has a diversified liability structure to meet its funding requirements. The primary sources of funding include customer deposits, interbank deposits, debt securities, interbank and swap market, bank loan syndication market and medium term funds. Another avenue for managing the Group's funding requirements is by improving liquidity through the sale of loans to Cagamas Berhad (**Cagamas**, the National Mortgage Corporation). As for overseas branches, funding sources are primarily interbank borrowings, customers' deposits and borrowings from head office.

Sources of liquidity are regularly reviewed to maintain a wide diversification by currencies, providers, products and terms to be in line with changes in the market.

The Group has a stable customer deposit base as its main source of long-term funding. The stable growth in deposits is attained through the Group's large branch network and its reputation as a leading financial institution in the domestic market. Based on customer behavioural profiling studies, the rollover rate of traditional deposits has been consistent, hence providing the Group with a steady source of funding. The Group's financial strength and strong credit rating also provides the basis for continued customer confidence and long-term growth.

The Group has several policies in place to ensure that the Group implements sound principles that facilitate the identification, measurement, monitoring, and control of liquidity risk exposure. These are governed by BNM's Liquidity Framework as well as benchmarked against leading practices (including BIS and Financial Services Authority of United Kingdom (**FSA**)). In addition, the liquidity positions of the Group are monitored regularly against the established policies, procedures and limits.

The Group actively monitors the market conditions to assess their impact on its sustainability. Impact studies were also conducted to analyse the Group's exposure to significant global events such as the Eurozone sovereign debt crisis, market turmoil in Middle East and North Africa (**MENA**), the substantial dislocations, liquidity disruptions and market corrections relating to U.S. sub-prime residential mortgage loans and related securities and the disaster caused by the earthquakes and the tsunami in Japan in 2011. As of the date of this Offering Circular, the Group has not experienced any substantial adverse effect as a result of the Eurozone sovereign debt crisis, MENA turmoil, as well as the Japan turmoil, on its assets or funding sources. Further, the Issuer does not have significant investments in assets or securities linked to, or the value of which is derived from, assets that could be classified as sub-prime residential mortgages, or in investment securities comprising asset funds and trusts which hold and invest in assets that are classified as sub-prime residential mortgages. As such, the Issuer currently does not have significant direct or indirect exposure to the sub-prime residential lending market in the U.S. or elsewhere. However, the value of a number of the investment securities that the Issuer holds is sensitive to the volatility of the credit markets and accordingly, such investment securities may be adversely affected by future developments in the credit markets.

Adverse and continued constraints in the supply of liquidity may adversely affect the cost of funding the business and extreme liquidity constraints may limit growth possibilities. An inability to access funds or to access the markets from which it raises funds may create stress on the Issuer's ability to finance its operations adequately. A dislocated credit environment compounds the risk that funds will not be available at favourable rates. In addition, the continued liquidity crises in other affected economies may create difficulties for the Issuer's borrowers to refinance or repay loans to the Issuer, which would result in deterioration of the credit quality of the Issuer's loan portfolio and potentially increase the Issuer's impaired loans levels. Moreover, if there is a downturn in confidence in the Malaysian banking sector as a result of a liquidity crisis, the depositors may withdraw term deposits prior to maturity and as a result have a negative impact on the Issuer's funding base and liquidity. There can be no assurance that if unexpected withdrawals of deposits by the Issuer's customers result in liquidity gaps, the Issuer will be able to cover such gaps.

If the Group perceives a likelihood of impending deterioration in economic conditions, it may decrease its risk tolerance in its lending activities, which could have the effect of reducing its interest margin and interest income and ultimately adversely affect the business, financial condition and results of operation of the Group.

The Group has sound frameworks and policies as well as hedging and exit strategies to proactively manage market disruption should the situation materialise. In addition, as part of the control process, the Group's Contingency Funding Plan is developed to provide a systemic approach in handling any unexpected liquidity disruptions. The plan encompasses strategies, decision-making authorities, internal and external communication and courses of action to be taken under different liquidity crisis

scenarios. Although the Group's policy is to maintain prudent liquidity risk management, diversified and stable sources of cheaper funding and to minimise undue reliance on any particular funding source, there is no assurance that there will not be a liquidity crisis affecting the Group, and the failure to maintain and ensure adequate sources of funding may adversely affect 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. Outside Malaysia, Singapore and Indonesia are key markets targeted by the Group. 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, and faces the risk of interventions by a number of regulatory and enforcement authorities 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 may fail to realise the business growth opportunities and other benefits anticipated from the acquisition of Kim Eng

On 10 May 2011, the Group announced the completion of the acquisition of 44.6 per cent. of the issued and paid up share capital of Kim Eng Holdings Ltd (**Kim Eng**), a leading stockbroker in the ASEAN region. On 3 August 2011, Maybank successfully completed the compulsory acquisition exercise of Kim Eng, which was subsequently delisted. In evaluating the acquisition of Kim Eng, the Group used prudent financial projections, where it was assumed that no integration synergies would be realised but that the transaction would be earnings accretive. As such, the Group believes that there are minimal integration risks arising from the transaction. Nevertheless, the stockbroking and investment banking businesses of Kim Eng makes the Group more susceptible to market volatility. While the Group expects Kim Eng to maintain its strong earnings record in times of market volatility, the level of its earnings remains susceptible to such market volatility.

There is no assurance that the Group will be able to successfully achieve the business growth opportunities and other benefits it had anticipated from the acquisition of Kim Eng. There is also no assurance that the assumptions upon which the Group assessed the acquisition, including the anticipated benefits and the factors it used to determine the acquisition consideration, will be achieved and actual results may be materially different from those anticipated.

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. Historically, there have been periods of high and volatile interbank lending margins over official rates (to the extent banks have been willing to lend at all), which have exacerbated

such risks. Competitive pressures on fixed rates or product terms in 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 financial condition and results of operations, and there can be no assurance that the Group's risk management systems will be effective. In addition, the Group's risk management systems may not be fully effective in mitigating risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicated.

A further downgrade in the U.S. government's sovereign credit rating could result in risks to the Group and general economic conditions that the Group is not able to predict. In addition, uncertainty about the financial stability of several countries in the European Union (EU) could have a significant adverse effect on the Group's business, financial condition and results of operations

On 5 August 2011, Standard & Poor's Ratings Services (**S&P**) downgraded its sovereign credit rating of the U.S. government from AAA to AA+. On 13 July 2011, Moody's Investors Services Limited (**Moody's**) placed the U.S. government under review for a possible credit downgrade, and on 2 August 2011, Moody's confirmed the U.S. government's existing sovereign rating, but stated that the rating outlook is negative. On 2 August 2011, Fitch Ratings Ltd (**Fitch**) affirmed its existing sovereign rating of the U.S. government, but stated that the rating is under review. Should a further downgrade of the sovereign credit ratings of the U.S. government occur, it is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade. Instruments of this nature are widely used as collateral by financial institutions to meet their day-to-day cash flows in the short-term debt market.

A downgrade of the sovereign credit ratings of the U.S. government and perceived creditworthiness of U.S. government-related obligations could impact the Group's ability to obtain funding that is collateralised by affected instruments, as well as affecting the pricing of that funding when it is available. A further downgrade may also adversely affect the market value of such instruments. The Group cannot predict if, when or how any changes to the credit ratings or perceived creditworthiness of these organisations will affect economic conditions. Such ratings actions could result in a significant adverse impact to the Group.

In 2010 and 2011, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these EU nations to continue to service their sovereign debt obligations. These conditions impacted financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations. Certain EU nations continue to experience varying degrees of financial stress and uncertainty over the outcome of the EU governments' financial support programmes and worries about sovereign finances persist. Market and economic disruptions have affected, and may continue to affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. There can be no assurance that the market disruptions in Europe, including the increased cost of funding for certain governments and financial institutions, will not spread, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilise the affected countries and markets in Europe or elsewhere. To the extent uncertainty regarding the economic recovery continues to negatively impact consumer confidence and consumer credit factors globally, the Group's business, financial condition and results of operations could be significantly and adversely affected.

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

Initiatives to strengthen banks' capital and reduce systemic risks have arisen in light of the unprecedented stresses that the global financial markets have been subjected to in the last few years. The Group is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet its minimum regulatory capital requirements. Currently, under Basel II, capital requirements are inherently more sensitive to market movements than under previous regimes and capital requirements will increase if economic conditions or negative trends in the financial markets worsen. Any failure of the Group to maintain its minimum regulatory capital ratios could result in administrative actions or sanctions, which in turn may have a material adverse impact on the Group's financial results or operations. A shortage of available capital might restrict the Group's opportunities for expansion.

In the future, under Basel III, capital and liquidity requirements are expected to be more stringent. Since 17 December 2009, the Basel Committee on Banking Supervision (**Basel Committee**) has published and issued various consultation papers and press releases outlining measures aimed at strengthening the resilience of the banking sector. On 16 December 2010 and on 13 January 2011, the Basel Committee issued its final guidance on Basel III. The Basel Committee's package of reforms includes increasing the minimum common equity (or equivalent) requirement from 2.0 per cent. (before the application of regulatory adjustments) to 4.5 per cent. (after the application of stricter regulatory adjustments). The total Tier I capital requirement will increase from 4.0 per cent. to 6.0 per cent. In addition, banks will be required to maintain, in the form of common equity (or equivalent), a capital conservation buffer of 2.5 per cent. to withstand future periods of stress, bringing the total common equity (or equivalent) requirements to 7.0 per cent. If there is excess credit growth in any given country resulting in a system-wide build up of risk, a countercyclical buffer within a range of 0 per cent. to 2.5 per cent. of common equity (or other fully loss absorbing capital) is to be applied as an extension of the conservation buffer. Furthermore, systemically important banks should have loss absorbing capacity beyond these standards. The Basel III reforms also require Tier 1 and Tier II capital instruments to have non-viability loss absorption features. The reforms therefore increase the minimum quantity and quality of capital which the Group is obliged to maintain. There can be no assurance as to the availability or cost of such capital. The capital requirements are to be supplemented by a leverage ratio, and a liquidity coverage ratio and a net stable funding ratio will also be introduced.

In its announcement dated 16 December 2011, BNM has indicated that it supports the implementation of these reform measures and will strengthen the existing capital and liquidity standards for banking institutions in Malaysia, bringing them in line with Basel III. BNM targets to implement the reform package in Malaysia in accordance to the globally-agreed levels and implementation timeline which provides for a gradual phase-in of the standards beginning 2013 until 2019.

There can be no assurance that, prior to its implementation in 2013, the Basel Committee will not amend the package of reforms described above. Further, Basel III may be implemented in Malaysia in a manner that is different from that which is currently envisaged, or regulations may be introduced in Malaysia which impose additional capital requirements on, or otherwise affect the capital adequacy requirements relating to, Malaysian banks. The approach and local implementation of Basel III will depend on BNM's response, with varying potential impact on the Group depending on the components of their qualifying capital and risk weighted assets. There is no assurance that the Group will not face increased pressure on its capital in the future under the Basel III standards. If the regulatory capital requirements, liquidity restrictions or ratios applied to the Group are increased in the future, any failure of the Group to maintain such increased regulatory capital ratios could result in administrative actions or sanctions, which may have an adverse effect on the Group's financial results or operations.

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.

Considerations relating to Malaysia

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

Approximately 75.2 per cent. of the Group's operating revenue is derived from activities in Malaysia. In mid-1997, following the substantial depreciation of the Thai Baht, many countries in Asia, including Malaysia, experienced a significant economic downturn and related economic, financial and social difficulties. As a result of the decline in value of a number of the region's currencies, many Asian governments and companies had difficulty in servicing foreign currency denominated debt and many corporate customers defaulted on their debt repayments. As the economic crisis spread across the region, governments raised interest rates to defend weakening currencies, which adversely impacted domestic growth rates. In addition, liquidity was substantially reduced as foreign investors withdrew or reduced investment in the region and banks in the region restricted additional lending activity. The currency fluctuations, as well as higher interest rates and other factors, had materially and adversely affected the economies of many countries in Asia. Similar adverse economic developments in Asia could recur in future and could have an adverse effect on Malaysia and its economy and consequently on the Group's business, financial condition and results of operation. In addition, other adverse change 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 operation of the Group and ultimately the ability of the Issuer to make the payments due under the Notes.

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 remains close to its fair value. However, 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. The Issuer usually engages in foreign currency hedging transactions to minimise its foreign

currency exposure. As a result, 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.

Worldwide inflationary pressures due to oil and food price increases

In 2011, inflationary pressures increased in both advanced and emerging economies, underpinned by higher food and energy prices. This upward trend was reflected in core inflation, with country-specific factors playing a role. Global food prices, which had been on an uptrend since the second half of 2010, rose further in 2011. Global cereal prices, in particular wheat, corn and rice, generally increased following adverse weather conditions and low stockpiles in key producing countries. The excessive heat experienced in Russia and the United States had led to reduced supplies of wheat and corn, driving their prices higher, while the floods in Thailand and Vietnam raised global prices for rice. Global energy prices were also higher. Global crude oil prices rose sharply during the first four months of 2011 due to supply concerns following political tensions in the MENA region. The increase in prices was further amplified by the increase in investors' yield-seeking activities due to the high global liquidity and low interest rate environment. The high global commodity prices, especially crude oil and food, had also led to higher inflation in Malaysia's key import partners. In addition to pressures from supply factors, some import partners also experienced higher inflation following stronger than expected growth in domestic demand. This led to higher imported prices and subsequently higher domestic retail prices in Malaysia. The upward price pressures from higher global commodity prices and inflation in key import partners were slightly mitigated by the appreciation of the Ringgit during the first half of 2011. Towards the latter part of 2011, the upward momentum of price increases slowed, and headline inflation rates started to stabilise in both the advanced and the emerging economies, reflecting in part the slower increases in commodity prices. The International Monetary Fund (IMF) projected inflation to fall to about 1.5 per cent. in 2012, down from a peak of about 2.8 per cent. in 2011 for advanced economies and around 6.3 per cent. during 2012, down from over 7.3 per cent. in 2011 for emerging and developing economies.

While Malaysia stands to benefit in the short term from higher prices of crude oil and other commodities like palm oil and rubber on account of it being a net commodity exporter, sustained increases in crude oil and food prices may negatively affect the global economic growth and stability, and consequently that of Malaysia and other Asian countries in which the Group operates, and which in turn could adversely affect the business, financial condition and results of operation of the Issuer and the Group.

Inflationary pressures in Malaysia and potential impact upon the Malaysian economy

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (**CPI**), averaged 3.2 per cent. in 2011 (2010: 1.7 per cent.). The increase in inflation in the first half of the year was due mainly to supply factors arising from higher food prices and the upward adjustments of administered prices. Inflation peaked in June 2010 at 3.5 per cent. and subsequently stabilised in the second half of 2011, as the impact from the upward adjustments in the prices of petroleum products and sugar in 2010 gradually diminished. Core inflation, an indicator of the demand-driven pressures on price pressures, rose to 2.7 per cent. in 2011 (2010: 1.5 per cent.). Under such circumstances, sustaining a low inflation environment domestically is more challenging than in the past and requires innovative measures. Such inflationary pressures in the Malaysian economy could adversely affect the business, financial condition and results of operation of the Issuer and the Group.

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

As at 31 December 2011, approximately 73.8 per cent. of the Group's net income is derived from activities in Malaysia while the rest is derived from its international operations, spanning 14 countries and territories, predominantly in the ASEAN region and in particular in Singapore. Malaysia is an open economy where external developments can have an impact on the performance of the Malaysian economy.

In the first half of 2011, the international financial markets were buoyed by the more favourable global economic outlook. This was reflected in the positive growth experienced in both major and regional equity markets, with the emerging markets continuing to experience large capital inflows. There were, however, periodic episodes of volatility following heightened geopolitical tensions in the MENA region, the disasters in Japan and renewed concerns over the sovereign debt crisis, particularly with respect to the Greek sovereign debt restructuring. The latter event also increased the risk of contagion to other Eurozone economies with relatively weaker fiscal positions, namely Portugal, Italy and Spain. The persistent market pressure on these economies was reflected in the elevated long-term bond yields, which eventually led to the EU and IMF providing Portugal with a financial package of €78 billion in May 2011. Financial market conditions worsened in the second half of the year. Intensified fiscal uncertainties in the US due to the debt ceiling debate and the downgrade of the US sovereign credit rating on 5 August 2011 triggered heightened risk aversion among investors. The sovereign debt crisis in the European Economic Area continued to spread, amid concerns about contagion to the core economies. The credit ratings of Italy and Spain were downgraded in October 2011 and subsequently the long-term bond yields of the two countries rose to record highs, despite the announcement of further fiscal austerity measures by the authorities. European banks with large exposures to troubled sovereign debt faced renewed funding stress towards the latter part of the year, raising concerns over potential credit disruptions with substantial contagion risk to the global financial markets.

The global economy is confronted with the challenge of managing a sustainable economic recovery in a highly challenging global environment. The international financial reforms and the required structural adjustments in several major economies will not only contribute towards increased uncertainty in the international financial markets but are likely to have negative near-term implications on overall global economic growth. While in these recent months there have been positive signs that conditions in the international financial markets and the major economies have improved, the fiscal austerity currently being undertaken, the ongoing deleveraging by both private and public sectors and the economic restructuring and its near-term resulting economic dislocation, can be expected to contain the potential of the recovery. The economic, market and policy conditions in other countries, particularly those in Asia and amongst Malaysia's major trading partners, could have an influence on the Malaysian economy. There is no assurance that such financial instability or significant loss of investor confidence may not recur in the future. Any such widespread financial instability or a significant loss of investor confidence may materially and adversely affect the Malaysian economy, which could materially and adversely affect the Group's business, financial condition, results of operations, prospects or reputation and ultimately the ability of the Issuer to make the payments due under the Notes.

Developments in the social, political, regulatory and economic environment in Malaysia may have a material adverse impact on the Group

The Group's business, prospects, financial condition and results of operation may be adversely affected by social, political, regulatory and economic developments in Malaysia. Such political and economic uncertainties include, but are not limited to, the risks of war, terrorism, nationalism, or nullification of contract, changes in interest rates, imposition of capital controls and methods of taxation. Negative developments in Malaysia's socio-political environment may adversely affect the business, financial condition, results of operations and prospects of the Issuer.

The Malaysian economy recorded a steady pace of growth of 5.1 per cent. in 2011 (2010: 7.2 per cent.), despite the challenging international economic environment, due to stronger domestic demand. Growth was lower in the first half of the year, particularly in the second quarter, as the economy was affected by the overall weakness in the advanced economies and the disruptions in the global manufacturing supply chain arising from the natural disaster in Japan. Although the global economic environment became increasingly more challenging and uncertain in the second half-year, Malaysia's economic growth improved due to stronger domestic demand. Domestic demand registered a strong growth of 8.2 per cent. in 2011 (2010: 6.3 per cent.) driven by both household and business spending, and higher public sector consumption. Private consumption is increasingly becoming an important driver of growth in the Malaysian economy and continued to strengthen in 2011, growing by 6.9 per cent. (2010: 6.5 per cent.) supported by a broad based growth in income following the overall improvement in labour market conditions and higher commodity prices.

Financing conditions for households remained supportive of consumer spending, with lending rates remaining low at an average of 5.1 per cent. (2010: 5.0 per cent.). Overall household indebtedness edged higher to 76.6 per cent. of Gross Domestic Product (**GDP**) as at the end of 2011 (end of 2010: 75.8 per cent.). Despite the higher level of debt, household balance sheets remained sound with the household debt to financial assets ratio remaining at 43.5 per cent. (2010: 42.0 per cent.). From the supply side, overall growth in 2011 was sustained by firm activity in the domestic oriented sectors. The services sector remained the key contributor to growth amid robust domestic demand throughout the year. The Federal Government fiscal deficit is expected to narrow further from 5.0 per cent. in 2011 to 4.7 per cent. of GDP in 2012. Total expenditure continues to remain supportive of growth with an allocation of RM181.6 billion for operating expenditure and RM49.2 billion for development expenditure. Development expenditure will be channelled for projects and programmes under the second rolling plan (**RP2**) of the 10th Malaysia Plan (**10MP**) including transformation initiatives under the National Key Result Areas (**NKRAs**), National Key Economic Areas (**NKEAs**) and Strategic Reform Initiatives (**SRIs**). The Government will continue to finance the fiscal deficit from domestic sources, mainly through the issuances of Malaysian Government Securities (**MGS**) and Government Investment Issues (**GII**), given the high domestic savings and the ample liquidity in the financial system.

Monetary policy is supportive of economic activity

Monetary policy will continue to facilitate economic growth while managing the risks to inflation and the build-up of financial imbalances. Prevailing monetary conditions remain supportive of economic activity. BNM's Monetary Policy Committee (**MPC**) has decided to maintain the Overnight Policy Rate (**OPR**) at 3.00 per cent. for the sixth straight meeting in March 2012. In the MPC's assessment, while global financial conditions have improved, downside risks to the global economy remain. The high global commodity prices continue to pose risks to inflation. The MPC will continue to carefully assess these evolving conditions and their implications on the overall outlook for growth and inflation. A key challenge to the conduct of monetary policy during the year was the significant and volatile portfolio inflows. The capital inflows and the consequent build-up of liquidity in the domestic financial system, if not managed, could lead to financial imbalances and create risks for macroeconomic and financial stability. As such, to pre-emptively respond to these risks, the Statutory Reserve Requirement was raised by 1 percentage point each time in March, May and July 2011 to 4.00 per cent. to reduce the size of the excess liquidity in the banking system.

In 2011, the performance of the Ringgit was influenced by volatility in international financial markets arising primarily from external developments. Between early January and July 2011, the Ringgit strengthened due to significant portfolio inflows. The appreciating trend of the Ringgit and other regional currencies was, however, reversed in August and September as investor risk aversion rose sharply following heightened uncertainty surrounding the global growth outlook and mounting concerns over the Eurozone sovereign debt crisis. The relief following the positive outcomes of the EU summit in October was brief, as capital outflows and Ringgit volatility increased towards the end of 2011 amidst renewed market concerns over the crisis in Europe. The Ringgit ended the year 2011 at RM3.1770 against the US dollar, a depreciation of 2.9 per cent.

Financial stability remained intact

Financial stability remained intact throughout the third quarter of 2011, underpinned by sound financial institutions and orderly financial markets which continued to provide support for efficient financial intermediation in the domestic economy. Overall risks to financial stability remained low even under a more challenging external environment.

Financing conditions remained supportive of economic activity. The reasonable cost of borrowing and ample liquidity in the financial system sustained financing to all segments of the economy. Net financing raised by the private sector through the banking system and the capital market expanded by 12.5 per cent. (2010: 10.9 per cent.) with strong demand for financing from both businesses and households.

The banking sector remained highly resilient, with strong capital buffers, sustained profitability and ample liquidity. The core capital ratio and risk-weighted capital ratio (**RWCR**) of the banking system were sustained at 12.5 per cent. and 14.6 per cent. respectively.

Going forward, the more challenging international environment could present greater downside risks to Malaysia's growth prospects. Nevertheless, growth in domestic demand is expected to continue to be the anchor of growth, supported by expansion in private consumption and private investment. Public spending and investment activity are also expected to lend support to growth.

Although the overall Malaysian economic environment (in which the Group predominantly operates) appears to be positive, there can be no assurance that this will continue to prevail in the future.

(Source: 2011 BNM Annual Report, BNM Monetary Policy Statement, 3 March 2012, Economic Report 2011/2012 and International Monetary Fund – World Economy Outlook Update (24 January 2012))

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 Banking and Financial Institutions Act, 1989. 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.

The Group is required to prepare its financial statements in accordance with generally accepted accounting principles in Malaysia (**Malaysian GAAP**) as modified by the BNM Guidelines, which differ in certain respects from the International Financial Reporting Standards (**IFRS**). This Offering Circular

does not contain a reconciliation of the financial statements presented in accordance with Malaysian GAAP with those presented in accordance with IFRS. Such a reconciliation, if included, may reveal material quantitative differences.

Increasing Competition and Market Liberalisation

The banking industry has been transforming through a deregulation process 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.

In addition, the Competition Act 2010 (**Competition Act**) which took effect on 1 January 2012, was introduced to promote economic development by promoting and protecting the process of competition in order to maximise consumer welfare through the prohibition of anti-competitive practices. The Competition Act applies to all commercial activities undertaken within Malaysia and those outside Malaysia which have effects on competition in the Malaysian market. The scope of the Competition Act includes prohibitions of anti-competitive agreements and the abuse of dominant position.

The liberalisation of the banking industry and the implementation of the Competition Act have brought greater competition among banking institutions and this trend is expected to continue.

As a result, banking institutions are encouraged to become more efficient, by improving customer service, exploring more effective uses of available technology and to explore cost effective solutions.

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 administrated 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. Revised guidelines on the Differential Premium Systems were issued in March 2011 where the eligible deposits that are insured changed from a prescribed limit RM60,000 to RM250,000 (inclusive of principal and interest) per depositor, per member institution. The eligible deposits under the new revised guidelines now include the 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.

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.

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.

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 could impair an investor's ability to enforce its rights or realise any claims on the Subordinated Notes

In most circumstances, the sole remedy against the Issuer available to the holders of Subordinated Notes to recover any amounts owing in respect of the principal of or interest on the Subordinated 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, the holders of the Subordinated Notes will only institute a proceeding in Malaysia for the winding-up of the Issuer if it is so contractually obliged. The holders of the Subordinated Notes will have no right to accelerate payment of the Subordinated Notes in the case of default in payment or failure to perform a covenant except as they may be so permitted under the Terms and Conditions of the Notes.

The Subordinated Notes will be unsecured and subordinated obligations of the Issuer and will rank junior in priority to the claims of senior creditors. Upon the occurrence of any winding-up proceeding, the rights of the holders of the Subordinated Notes to payments on such Subordinated Notes will be subordinated in right of payment to the prior payment in full of all deposits and other liabilities of the Issuer, as applicable, except those liabilities which rank equally with or junior to the Subordinated Notes. In a winding-up proceeding, the holders of the Subordinated 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 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 will lose all or some of his investment should the Issuer become insolvent.

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 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. Any Subordinated Notes and the Terms and Conditions of the Notes do not limit the amount of the liabilities ranking senior to the Subordinated 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. The issue of any such securities may reduce the amount recoverable by the holders of the Subordinated 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.

The Subordinated Notes may be varied by the Issuer

The Issuer may, subject to the approval of BNM, (without any requirement for the consent or approval of the Noteholders) vary the terms of the Subordinated Notes so that they remain, or become, Qualifying Securities as provided in Condition 7.13 of the "*Terms and Conditions of the Notes*". Any such variation may have adverse consequences for Noteholders, depending on numerous factors, including the nature and terms and conditions of the relevant Qualifying Securities and the tax laws to which a particular Noteholder is subject.

No Events of Default under the Subordinated Notes

Issues of Subordinated Notes do not provide for events of default allowing acceleration of the Subordinated Notes except upon the winding-up of the Issuer. Upon a payment default, the sole remedy available to the holders of the Subordinated Notes for recovery of amounts owing in respect of any payment or principal of, or interest on, the Subordinated Notes 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*”.

U.S. Foreign Account Tax Compliance Withholding

The Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made on or after 1 January 2017 in respect of (i) any Notes issued on or after 1 January 2013 and (ii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued, pursuant to the Foreign Account Tax Compliance Act (**FATCA**). This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (**FFI**) (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service (**IRS**) to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the Issuer a **Participating FFI**), (ii) the Issuer has a positive “passthru percentage” (as defined in FATCA), and (iii)(a) an investor does not provide information sufficient for the Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of the Issuer, or (b) any FFI through which payment on such Notes is made is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a holder’s failure to comply with these rules or as a result of the presence in the payment chain of a non-Participating FFI, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investor may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Noteholders should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

The application of FATCA to Notes issued on or after 1 January 2013 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in the relevant Pricing Supplement or a supplement to this Offering Circular, as applicable.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual or to certain other persons in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has imposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required, to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

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, 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, 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 depository for Euroclear and Clearstream, Luxembourg, (ii) sub-custodian 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.

If we are unable to make payments on the Notes from Hong Kong or Singapore and must make payments from Malaysia, including any additional amounts, we may experience delays in obtaining or be unable to obtain the necessary approvals from BNM

We are under no legal obligation to maintain liquidity at our Hong Kong Branch or Singapore Branch at levels sufficient to make payments on the Notes. If payment under the Notes is requested directly from us in Malaysia (whether by reason of a lack of liquidity of our Hong Kong Branch or Singapore Branch, as applicable, acceleration, enforcement of a judgment or imposition of any restriction under the law of our Hong Kong Branch or Singapore Branch, as applicable), and payment thereunder, including any additional amounts, is to be made from Malaysia, approval from BNM will be required for the remittance of funds outside Malaysia. Any such approval is within the discretion of BNM and we can provide no assurance that we would in fact be able to obtain such approval upon our request. In addition, there could be significant delays in obtaining BNM approval. In the event that no approvals are obtained or obtainable for the payment by us of amounts owed and payable by our Hong Kong Branch or Singapore Branch, through remittances from Malaysia, we may have to seek other mechanisms permitted by applicable laws to effect payment of amounts due under the Notes. However, we cannot assure you that other remittance mechanics permitted by applicable law will be available in the future, and even if they are available in the future, we cannot assure you that the payments due under the Notes would be possible through such mechanisms.

Considerations Related to the Market Generally

The secondary market generally

There is no existing market for any Notes and there can be no assurances that a secondary market for the Notes will develop, or if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of the Notes. 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.

The market value of any Notes may fluctuate. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Group's performance and the market for similar securities. No assurance can be given as to the liquidity of, or trading market for, any Notes and an investor in such Notes must be prepared to hold such Notes for an indefinite period of time or until their maturity. Application has been made to the SGX-ST for permission to deal in and for the 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. 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.

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 RMB Notes

The RMB is not freely convertible; there are significant restrictions on remittance of RMB into and outside the PRC

The RMB is not freely convertible at present. The PRC government continues to regulate conversion between the RMB and foreign currencies, including the U.S. dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. On 7 April 2011, The State Administration of Foreign Exchange of the PRC (**SAFE**) promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (the **SAFE Circular**), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border RMB (including offshore RMB and onshore RMB held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the prior written consent of the relevant Ministry of Commerce of the PRC (**MOFCOM**) to the relevant local branches of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that the foreign debts borrowed, and the external guarantee provided, by an onshore entity (including a financial institution) in RMB shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

On 12 October 2011, MOFCOM promulgated the Circular on Issues in relation to Cross-border RMB Foreign Direct Investment (the **MOFCOM RMB FDI Circular**). Pursuant to the MOFCOM RMB FDI Circular, MOFCOM and its local counterparts are authorised to approve RMB Foreign Direct Investment (**RMB FDI**) in accordance with existing PRC laws and regulations regarding foreign investment, with certain exceptions which require the preliminary approval by the provincial counterpart of MOFCOM and the consent of MOFCOM. The MOFCOM RMB FDI Circular also states that the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in PRC domestic listed companies through private placements or share transfers by agreement under the PRC strategic investment regime.

On 13 October 2011, the People's Bank of China (**PBoC**) issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (the **PBoC RMB FDI Measures**), to roll out PBoC's detailed RMB FDI administration system, which covers almost all aspects of RMB FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as RMB denominated cross-border loans. Under the PBoC RMB FDI Measures, special approval for RMB FDI and shareholder loans from the PBoC which was previously required is no longer necessary. The MOFCOM RMB FDI Circular and the PBoC RMB FDI Measures, which are new regulations, will be subject to interpretation and application by the relevant PRC authorities.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border RMB remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC.

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

As a result of the restrictions by the PRC government on cross-border RMB fund flows, the availability of RMB outside the PRC is limited. Since February 2004, in accordance with arrangements between the PRC government and the Hong Kong government, licensed banks in Hong Kong may offer limited RMB-denominated banking services to Hong Kong residents and specified business customers. PBoC has also established a RMB clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the **Settlement Agreement**) between the PBoC and Bank of China (Hong Kong) Limited (the **RMB Clearing Bank**) to further expand the scope of RMB business for participating banks in Hong Kong.

Pursuant to the revised arrangements, all corporations are allowed to open RMB accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert RMB; and there will no longer be any restriction on the transfer of RMB funds between different accounts in Hong Kong.

However, the current size of RMB-denominated financial assets outside the PRC is limited. As of 29 February 2012, the total amount of RMB deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately CNY566.2 billion. In addition, participating banks are also required by The Hong Kong Monetary Authority to maintain a total amount of RMB (in the form of cash and its settlement account balance with the RMB Clearing Bank) of no less than 25 per cent. of their RMB deposits, which further limits the availability of RMB that participating banks can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBoC. The RMB Clearing Bank only has access to onshore liquidity support from PBoC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers of up to CNY20,000 per person per day. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign

exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the offshore RMB 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 Agreement will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the liquidity of Notes denominated in RMB (the **RMB Notes**). To the extent the Issuer is required to source RMB in the offshore market to service the RMB Notes, there is no assurance that the Issuer will be able to source such RMB on satisfactory terms, if at all.

Investment in the RMB Notes is subject to exchange rate risks

The value of the RMB against the Hong Kong 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 RMB Notes in RMB. As a result, the value of these RMB payments in Hong Kong dollar terms may vary with the prevailing exchange rates in the marketplace. For example, when an investor buys the RMB Notes, such investor would need to convert Hong Kong dollars to RMB at the exchange rate available at that time. If the value of RMB depreciates against the Hong Kong dollar between then and when the Issuer pays back the principal of the RMB Notes in RMB at maturity, the value of the investment in Hong Kong dollar terms will have declined.

In addition, the PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. Consequently, the trading price of the Notes will vary with fluctuations in Renminbi interest rates. If a Noteholder attempts to sell the Notes before the maturity date of the Notes, the Noteholder may not receive value equivalent to its original investment.

Payments for the RMB Notes will only be made to investors in the manner specified in the RMB Notes

All payments to investors in respect of the RMB Notes will be made solely (i) for so long as the RMB Notes are represented by a Global Note held by the sub-custodian for an on behalf of the CMU, by transfer to a RMB bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) for so long as the RMB Notes are in definitive form, by transfer to a RMB bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency, by bank notes, cheques or drafts or by transfer to a bank account in the PRC).

CAPITALISATION OF THE GROUP

As at 31 December 2011, the total authorised share capital of the Issuer is RM10,000,000,000.00 divided into 10,000,000,000 ordinary shares of par value RM1.00 each, and the issued share capital is RM7,639,437,483 divided into 7,639,437,483 ordinary shares of RM1.00 each. All of the Issuer's issued share capital comprises fully paid shares.

The following table sets forth the liabilities and shareholders' equity of the Group as at 31 December 2011 derived from the audited consolidated financial statements of the Group as at 31 December 2011:

	<u>Audited</u>	<u>Translated</u>
	<u>As at 31 December 2011</u>	
	<i>(RM million)</i>	<i>(U.S.\$ million)</i>
Liabilities		
Deposits from customers	313,710	98,744
Deposits and placements of banks and other financial institutions	36,761	11,571
Obligations on securities sold under repurchase agreements	268	84
Bills and acceptances payable	4,473	1,408
Derivative liabilities	2,163	681
Other liabilities	10,576	3,329
Recourse obligation on loans sold to Cagamas	716	225
Provision for taxation and zakat	320	101
Deferred tax liabilities	264	83
Borrowing	7,185	2,261
RM1,500 million Subordinated Islamic bonds due in 2018	1,510	475
RM1,500 million Subordinated bonds due in 2017	1,513	476
U.S.\$300 million Subordinated Certificates due in 2017	954	300
RM3,100 million Subordinated Term Loan due in 2023	3,111	979
SGD1,000 million Subordinated Notes due in 2021	2,456	773
RM1,000 million Subordinated Sukuk due in 2021	1,011	318
IDR1.5 trillion Subordinated Bond due in 2018	405	127
RM2,000 million Subordinated Notes due in 2021	2,030	639
IDR500 billion Subordinated Bond due in 2018	170	54
RM750 million Subordinated Notes due in 2021	750	236
RM250 million Subordinated Notes due in 2023	250	79
RM3,500 million Stapled Capital Securities	3,501	1,102
SGD600 million Innovative Tier 1 Capital Securities	1,495	471
RM1,100 million Innovative Tier 1 Capital Securities	1,118	352
Life, general takaful and family takaful fund liabilities	2,886	908
Life, general takaful and family takaful policy holders' funds	17,017	5,356
Total liabilities	416,613	131,132

	Audited	Translated
	As at 31 December 2011	
	<i>(RM million)</i>	<i>(U.S.\$ million)</i>
Equity attributable to equity holders of the Bank		
Share capital	7,639	2,404
Reserves:		
Share premium	9,599	3,021
Statutory reserve	6,926	2,180
Capital reserve.	15	5
Unrealised holding reserve.	351	110
Exchange fluctuation reserve	(969)	(305)
Employees' share scheme reserve	127	40
Revaluation reserve	9	3
Profit equalisation reserve	35	11
Retained profits	9,713	3,057
	<u>33,445</u>	<u>10,526</u>
Minority interests	1,231	387
Total Liabilities and Shareholders' Equity	<u>451,289</u>	<u>142,045</u>

Notes:

(1) There has been no material change in the liabilities of the Group since 31 December 2011 except for the issuance of U.S.\$400.0 million Senior Unsecured Notes pursuant to the U.S.\$2.0 billion Multi-currency Medium Term Note Programme by the Issuer on 10 February 2012.

Solely for the convenience of the reader, the Ringgit Malaysia amounts in the tables above have been translated into U.S. dollar using the exchange rates of U.S.\$1.00 = RM3.177, in each case giving effect to rounding where applicable.

Save as disclosed, as at 31 December 2011, 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 unaudited consolidated interim financial information for the six-month period ended 31 December 2010 in respect of the Group's income statement; (ii) summary audited consolidated financial information for the six-month period ended 31 December 2011 in respect of the Group's income statement; and (iii) summary audited consolidated financial information as at 30 June 2011 and 31 December 2011 in respect of the Group's statement of financial position. As of 1 July 2011, the Group changed its financial year for all reporting purposes to 1 January to 31 December. As described, the information presented below with respect to 31 December 2011 has been audited to comply with this shift in financial year end. The comparable numbers for the six-month period ended 31 December 2010 have not been audited because they represent interim financial information for the year that ended 30 June 2011.

The interim and annual financial information below have 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 provisions of the Malaysian Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia as modified by BNM Guidelines.

On 19 November 2011, the Malaysian Accounting Standards Board (**MASB**) issued a new MASB approved accounting framework, the Malaysian Financial Reporting (**MFRS**) Framework.

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will need to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The summary selected financial information for the six-month period ended 31 December 2010, set out below, has been derived from the Group's unaudited consolidated interim financial statements. Such financial information has not been audited or reviewed. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial information, the information presented therein would not have been materially different, and investors should not place undue reliance upon them. Results for the interim periods should not be considered indicative of results for any other period or for the full financial year.

Solely for the convenience of the reader, the Ringgit Malaysia amounts in the tables below have been translated into U.S. dollar using the exchange rates of U.S.\$1.00 = RM3.177 as at 31 December 2011, in each case giving effect to rounding where applicable.

	Unaudited	Audited	Translated
	For the six-month period ended 31 December		
	2010	2011	2011
	<i>(RM million)</i>	<i>(RM million)</i>	<i>(U.S.\$ million)</i>
Income Statement Data			
Operating revenue	10,191	12,885	4,056
Interest income	5,898	7,004	2,205
Interest expense.	(2,311)	(2,978)	(937)
Net interest income.	3,587	4,026	1,268
Income from Islamic Banking Scheme operations.	731	1,008	317
Net income from insurance business	128	419	132

	<u>Unaudited</u>	<u>Audited</u>	<u>Translated</u>
	For the six-month period ended 31 December		
	<u>2010</u>	<u>2011</u>	<u>2011</u>
	<i>(RM million)</i>	<i>(RM million)</i>	<i>(U.S.\$ million)</i>
Non-interest income	1,989	2,374	747
Overhead expenses	(3,136)	(3,942)	(1,241)
Allowances for losses on loans, advances and financing, net	(382)	(329)	(104)
Impairment losses on securities, net	(20)	(67)	(21)
Share of profits of associates	69	74	23
Profit before taxation and zakat	2,966	3,563	1,121
Profit after taxation and zakat	2,180	2,676	842
Net profit attributable to equity holders of the Bank	2,153	2,583	813
Net dividends per share (sen)	21.0	27.0	8.5
Basic earnings per share (sen)	30.3	34.4	10.8
	<u>Audited</u>	<u>Audited</u>	<u>Translated</u>
	<u>As at 30 June</u>	<u>As at 31 December</u>	
	<u>2011</u>	<u>2011</u>	<u>2011</u>
	<i>(RM million)</i>	<i>(RM million)</i>	<i>(U.S.\$ million)</i>

Statement of Financial Position Data

Assets

Cash and short-term funds	38,804	49,089	15,451
Deposits and placements with financial institutions	10,292	6,453	2,031
Securities purchased under resale agreements	—	1,397	440
Securities portfolio	61,039	68,052	21,420
Loans, advances and financing	253,976	274,431	86,380
Interest in associates	2,440	2,406	757
Intangible assets	6,509	6,508	2,048
Derivative assets	1,652	1,955	615
Other assets	6,736	6,661	2,096
Investment properties	45	62	19
Statutory deposits with Central Banks	7,698	10,577	3,329
Property, plant and equipment	2,169	2,373	747
Deferred tax assets	1,403	1,422	447
Life, general takaful and family takaful fund assets	19,196	19,903	6,265
Total assets	411,959	451,289	142,045

	Audited	Audited	Translated
	As at 30 June	As at 31 December	
	2011	2011	2011
	<i>(RM million)</i>	<i>(RM million)</i>	<i>(U.S.\$ million)</i>
Liabilities			
Deposits from customers	281,976	313,710	98,744
Deposits and placements of banks and other financial institutions	33,304	36,761	11,571
Obligations on securities sold under repurchase agreements	374	268	84
Bills and acceptances payable	8,513	4,473	1,408
Derivative liabilities	1,534	2,163	681
Other liabilities	11,312	10,576	3,329
Recourse obligation on loans sold to Cagamas	528	716	225
Provision for taxation and zakat	135	320	101
Deferred tax liabilities	248	264	83
Borrowings	5,447	7,185	2,261
Subordinated obligations	10,801	14,160	4,456
Capital securities	6,121	6,114	1,925
Life, general takaful and family takaful fund liabilities	5,408	2,886	908
Life, general takaful and family takaful policy holders' funds	13,788	17,017	5,356
Total liabilities	379,489	416,613	131,132
Equity attributable to equity holders of the Bank			
Share capital	7,478	7,639	2,404
Reserves	23,983	25,806	8,122
Non-controlling interests	1,009	1,231	387
Total liabilities and shareholders' equity	411,959	451,289	142,045

The following financial ratios are unaudited:

	As at and for the year ended 30 June	As at and for the six-month period ended 31 December
	2011	2011
	(%)	(%)
Financial Ratios		
Return on assets ⁽¹⁾	1.23	1.24
Return on equity ⁽²⁾	15.00	15.92
Net interest margin ⁽³⁾	2.56	2.50
Net impaired loans ratio ⁽⁴⁾	2.25	1.86
Allowances for impaired loans	82.26	86.89
Loans and advances/total deposits ⁽⁵⁾	90.07	87.48
Cost to income ⁽⁶⁾	49.57	50.36
Core capital ratio ⁽⁷⁾	11.93	11.74
– full electable portion paid in cash ⁽⁸⁾	11.21	10.95
– full electable portion reinvested ⁽⁹⁾	11.84	11.65
Risk-weighted capital ratio ⁽¹⁰⁾	15.45	16.46
– full electable portion paid in cash ⁽¹¹⁾	14.72	15.66
– full electable portion reinvested ⁽¹²⁾	15.36	16.37

Notes:

<p>(1) As at 31 December:</p> $\frac{\text{Profit for the period}}{\text{Average total assets}} \times 100 \times 12/6 \text{ months}$	<p>As at 30 June:</p> $\frac{\text{Profit for the year}}{\text{Average total assets}} \times 100$
<p>(2) As at 31 December:</p> $\frac{\text{Profit attributable to equity holders of the Bank for the period}}{\text{Average equity attributable to equity holders of the Bank}} \times 100 \times 12/6 \text{ months}$	<p>As at 30 June:</p> $\frac{\text{Profit attributable to equity holders of the Bank for the year}}{\text{Average equity attributable to equity holders of the Bank}} \times 100$
<p>(3) As at 31 December:</p> $\frac{\text{Net interest/profit income}^\# \text{ for the period (excluding net interest on derivatives)}}{\text{Average interest earning assets}^*} \times 100 \times 12/6 \text{ months}$	<p>As at 30 June:</p> $\frac{\text{Net interest/profit income}^\# \text{ for the year (excluding net interest on derivatives)}}{\text{Average interest earning assets}^*} \times 100$

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

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)	$\frac{\text{Net impaired loans, advances and financing}}{\text{Gross loans, advances and financing (including Islamic loans sold to Cagamas) less individual allowance}} \times 100$
(5)	$\frac{\text{Net loans, advances and financing}}{\text{Total deposits from customers}} \times 100$
(6)	$\frac{\text{Total overhead expenses for the period/year}}{\text{Net income for the period/year}} \times 100$
(7)	$\frac{\text{Total Tier 1 Capital}}{\text{Total risk-weighted assets for credit, market and operational risks}} \times 100$
(8)	$\frac{\text{Total Tier 1 Capital – Proposed dividend}}{\text{Total risk-weighted assets for credit, market and operational risks}} \times 100$
(9)	$\frac{\text{Total Tier 1 Capital – Proposed dividend paid in cash}}{\text{Total risk-weighted assets for credit, market and operational risks}} \times 100$
(10)	$\frac{\text{Total capital base}}{\text{Total risk-weighted assets for credit, market and operational risks}} \times 100$
(11)	$\frac{\text{Total capital base – Proposed dividend}}{\text{Total risk-weighted assets for credit, market and operational risks}} \times 100$
(12)	$\frac{\text{Total capital base – Proposed dividend paid in cash}}{\text{Total risk-weighted assets for credit, market and operational risks}} \times 100$

DESCRIPTION OF THE BANK AND THE GROUP

INTRODUCTION

The Issuer 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 1993. The Issuer 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 Issuer was officially listed on the Kuala Lumpur Stock Exchange, now known as Bursa Malaysia, on 17 February 1962. As at 31 December 2011, the Issuer had an authorised share capital of RM10.0 billion divided into 10 billion ordinary shares of par value RM1.00 each and an issued and paid-up share capital of RM7.6 billion.

The Issuer is the largest of Malaysia’s commercial banks in terms of total assets, total loans and total deposits based on its most recent audited consolidated financial statements for the six-month period ended 31 December 2011. As at 31 December 2011, the Group maintains the largest market share in terms of total loans and total deposits in the Malaysian banking system which is approximately 17.9 per cent. and 17.4 per cent., respectively. The Issuer is also the largest company in Malaysia by market capitalisation with a market capitalisation of approximately RM65.5 billion as at 31 December 2011.

The Issuer is the Group’s holding company and main operating entity. The Group’s primary business is commercial banking, which is offered through the Issuer, PT Bank Internasional Indonesia Tbk (**BII**), Maybank Philippines Incorporated, Maybank (PNG) Limited, Maybank International (L) Ltd and Maybank Cambodia Plc. In addition to offering conventional financial services, the Group is the Asia Pacific region’s largest commercial Islamic finance provider in terms of total assets. The Group’s Islamic banking operation is conducted through MIB and PT Bank Maybank Syariah Indonesia.

The Group’s investment banking business is operated by Maybank IB and Maybank Kim Eng (previously Kim Eng Holdings Ltd, referred to herein as “Kim Eng” – see *“Investment Considerations – The Group may fail to realise the business growth opportunities and other benefits anticipated from the acquisition”*), which offers a wide range of services such as corporate finance advisory, equity and debt capital markets and stockbroking. The Group also provides insurance and takaful services to its customers through its insurance business arm under the Etiqa brand (**Etiqa**). Etiqa offers all types and classes of life and general conventional insurance as well as family and general takaful insurance plans through multi-channel distribution and a wide bancassurance and bancatakaful distribution network. The Group conducts other activities through various other subsidiaries, including asset management, venture capital and trustee and nominee services.

As at 31 December 2011, the Issuer has the largest branch network in Malaysia with 392 branches in Malaysia, and an extensive branch network across the ASEAN region, including 22 branches in Singapore and 351 branches in Indonesia through BII as well as more than 2,800 ATMs. The Issuer’s overseas operations have expanded in response to the growth of Asian economies and in order to service the needs of Malaysian and regional businesses expanding overseas. The Group’s pre-tax profit from overseas operations represented approximately 27.0 per cent. of the total pre-tax profit for the six-month period ended 31 December 2011.

The Issuer’s delivery network is enhanced by its extensive electronic delivery channels, which include self service terminals, telephone banking, desktop banking (cash management services for corporate customers) and internet banking.

The registered office of the Issuer is located at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur, Malaysia.

Group Strategy

In 2008, the Group refined its business strategies and embarked on a transformation programme named LEAP 30 (**Lead, Execute, Achieve, Progress**) with 30 initiatives identified to be executed with the aim to secure its leading position in the local Malaysian financial services industry and improve its regional presence by 2015. Initiatives that were introduced to transform the Group include strengthening client relationships management, improving the Group's processes and internal systems, enhancing the talent pool and improving customer service standards. In 2010, the Group further reframed its transformation programme with the aim of becoming the regional financial service leader by 2015. The current strategic objectives are as follows:

By 2015:

- to be the undisputed No. 1 retail financial services provider in Malaysia;
- to be the leading ASEAN wholesale bank and eventually to expand into the Middle East, China and India;
- to be the undisputed insurance and takaful leader in Malaysia and an emerging regional player;
- to be a truly regional organisation with approximately 40.0 per cent. of pre-tax profit derived from international operations; and
- to be a global leader in Islamic finance.

To be the undisputed No. 1 retail financial services provider in Malaysia

The Group aims to maintain the number one market position in Malaysia in terms of its overall market share across its core retail financing products which include mortgages, automobile financing, credit cards and unit trust financing and individual deposits. The Group aims to reinforce its leadership position in distribution network, positioned as a key community destination as well as being a focal point of the community. The Issuer's Customer Value Proposition centers around convenience and serving the needs of the community including individuals, small medium enterprise (**SME**) and commercial customers, which encompasses values such as "One Stop Shop", "Needs Based Selling" and "World Class Services". The Group will further leverage on a shared distribution model across all parts of the Group's network and customize and differentiate product offering for the different segments of its customers namely, high net worth (**HNW**), the affluent, the mass and the SME markets. The Group will also leverage on technology to achieve high performance in processing times and customer service. The Issuer believes innovation will further drive the Group's differentiation in the market.

To be the leading ASEAN wholesale bank

The Group aims to become the leading ASEAN wholesale bank through building domestic leadership whilst aggressively pursuing ASEAN market expansion. This will be pursued by enhancing the corporate relationship model. Strategic initiatives that have been identified include:

- improving domestic and regional market position for corporate and non-retail deposits;
- building a regional investment bank; and
- increasing contributions to revenue from non-domestic markets and increasing the fee to income ratio contribution.

The Group intends to build a leading asset management brand by providing strong investment support for retail funds, wholesale funds and institutional mandates as well as fully leveraging on the Issuer's extensive distribution network.

To be the undisputed insurance and takaful leader in Malaysia and an emerging regional player

The Group seeks to be the undisputed insurance and takaful leader in Malaysia as well as an emerging regional player by 2015 through the growth of its life, general insurance and takaful business, carried under the Etiqa brand. The Group intends to strengthen its number one position¹ in combined general insurance and general takaful business and its market leading position in fire insurance in terms of gross premium as at 31 December 2011. For life insurance and family takaful, the Group intends to become a top three leader in new business premium by developing a professional agency force to serve all of its customer segments. The Group is also focusing on products such as employee benefits and medical insurance.

To be a truly regional organisation with approximately 40.0 per cent. of pre-tax profit derived from international operations

The Group aspires to become a truly regional organisation with approximately 40.0 per cent. of pre-tax profit derived from international operations by 2015, driven by its key markets of Indonesia and Singapore and the operations of Maybank Kim Eng. At the same time, the Group is developing its presence in the Philippines, Cambodia, Vietnam and China by building scale and scope in these growth markets.

To be a global leader in Islamic finance

The Group targets to have one-third of the Group's domestic financing to be Islamic financial assets by 2015. In order to achieve this, the Group's Islamic banking operations will continue to utilise the extensive distribution channels of the Group in Malaysia including branches, electronic banking platforms and the various distribution outlets of the Group's strategic partners. The Group also aims to create a regional presence in key markets such as Indonesia, Singapore and Brunei Darussalam as well as a global presence in other markets such as Hong Kong, China, the Middle East and the United Kingdom.

Moving forward, the Group's Islamic banking operations will emphasise on delivering innovative and globally accepted products and services that would differentiate it from other Islamic financial institutions.

Organisational structure and capabilities

To support the Group's aspiration to become the Regional Financial Services Leader by 2015 and to realise the Group's business strategies, in July 2010, the Group re-aligned its organisation structure to focus on three business pillars, namely:

- Community Financial Services, which services its consumer, SME and Commercial/Business Banking clients;
- Global Wholesale Banking, which services its corporate clients under one single global relationship by offering corporate banking, Global Markets, investment banking, advisory, asset management services, trade and cash management products; and
- Insurance and Takaful, which offers both general and life insurance.

1 ISM's Statistical Bulletin.

At the same time the Group is focusing on the growth of its international and Islamic banking offerings and its investment banking offerings across these business pillars. Operationally, the business pillars are supported by the Group’s Enterprise Transformational Services which provides business enablement and aims to continually improve operational efficiencies. The Group’s Corporate Office units including Group Finance, Group Strategy and Transformation, Group Credit Risk Management, Group Human Capital, Group Compliance, Corporate and Legal Services and Corporate Affairs will provide risk management and governance support to the organisation.

The Group has adopted the mission “Humanising Financial Services Across Asia” in line with this organisational structure.



Competitive Position

- The Group is the largest financial services group in Malaysia in terms of total assets, total loans and total deposits and a market leader in many business areas. As at 31 December 2011, it has the largest branch network in Malaysia with a total of 392 branches in Malaysia, and an extensive branch network across the ASEAN region, including 22 branches in Singapore and 351 branches in Indonesia through BII as well as more than 2,800 ATMs in Malaysia. The convenience and accessibility of the Group’s services enable it to serve more than 12.0 million individual and corporate customers throughout Malaysia as at 31 December 2011.
- In the consumer banking segment, it is the market leader in unit trust financing with a market share of 63.9 per cent. in Malaysia as at 31 December 2011. In the cards business, the Group is the leader in Malaysia, in terms of card base, merchant sales and billings with market shares of 17.9 per cent., 30.4 per cent. and 24.3 per cent. respectively as at 31 December 2011. It is the leading issuer of debit cards and also operates the American Express franchise in Malaysia. The Group’s internet banking portal, Maybank2u.com (**M2U**), is the largest in Malaysia based on number of registered users with a 55.0 per cent. market share as at 31 December 2011. It also ranks among the top three for mortgage and hire purchase loans with a market share of 13.2 per cent. and 19.4 per cent. as at 31 December 2011, respectively. The Group’s extensive network enables the Group to maintain its leadership in current account and saving accounts (**CASA**) with a market share of 22.1 per cent. in Malaysia as at 31 December 2011.

- The Group is the leading provider of SME, business and corporate loans in Malaysia. Its entire network functions as “one-stop” relationship centres that service the Group’s individual, SME, business and corporate banking clients.
- The Group’s investment banking business, which is operated through Maybank IB and Maybank Kim Eng, is the market leader in debt capital markets and ranks among the top three from June to December 2011 in mergers and acquisitions, equity and rights offerings, equity brokerage and debt capital markets in Malaysia. Through Maybank Kim Eng, the Group has expanded its investment banking services beyond Malaysia and across the ASEAN region. The acquisition of Maybank Kim Eng provides the Group with a complementary investment banking business and an expanded reach in nine countries, 200,000 additional customers and access to two new markets in Thailand and India at the time of acquisition. Following the acquisition, the Group’s investment banking business is expected to become a much bigger business driver within the Group.
- The Group is the largest Islamic banking operator in Malaysia based on asset size as at 31 December 2011. The Group’s Islamic banking business is operated through MIB and PT Bank Maybank Syariah Indonesia. MIB has a market leading position within Malaysia, with a market share of 22.1 per cent. based on its total assets of RM74.0 billion as at 31 December 2011.
- The Group’s insurance and takaful business is the country’s leading provider of insurance and takaful with a market share of 16.4 per cent. and 12.7 per cent. in combined life/family new business and combined general insurance/takaful respectively for the year ended 31 December 2011. Etiqa has total assets of RM23.8 billion as of 31 December 2011.
- The Group’s banking brand is now present in over 17 countries and territories including Singapore, Indonesia, Vietnam, Cambodia and the Philippines. In Indonesia, the Group owns a stake in BII, which is the ninth largest bank in Indonesia in terms of total assets as at 31 December 2011. Through BII, the Group benefits from the largely under-penetrated Indonesian banking market. BII is also expanding its branch network and currently has a total of 351 branches, 1,152 ATMs and 986 cash deposit machines (**CDMs**) as at 31 December 2011.

Business Sectors

The Issuer provides a comprehensive range of financial services under three main business pillars — Community Financial Services, Global Wholesale Banking and Insurance and Takaful. Islamic financial services are also offered across all the business pillars.

Community Financial Services

Community Financial Services (**CFS**) comprises Consumer Finance, Cards, Wealth and Payments, Virtual Banking, HNW and Affluent Banking, SME Banking and Business Banking.

As at 31 December 2011, the Group’s CFS loans represented 67.6 per cent. of its total domestic loans. Retail loans accounted for 78.6 per cent. of the total CFS loans while the remaining 21.4 per cent. comprised loans from SME Banking and Business Banking. Mortgage, automobile, unit trust and cards financing remain the key contributors to the retail loan segment and accounted for 98.0 per cent. of the Group’s total retail portfolio as at 31 December 2011. The Group has a retail domestic loans market share of 16.4 per cent. as at 31 December 2011, making it one of the leading financing providers for Malaysia’s household sector.

Consumer Finance

Consumer Finance encompasses three major strategic business units of the Group's retail lending portfolio namely: Mortgages, Automobile Financing and Retail Financing. Mortgages, automobile loans and unit trust financing remain the main drivers of the consumer finance segment and 23.6 per cent. of the Group's total domestic gross loans was derived from mortgages as at 31 December 2011.

The Issuer's strong market presence is made possible by its large base of over 9.1 million customers as at 31 December 2011 and its ability to leverage on the cross-selling of its products and services. In addition, the Issuer is able to reach its domestic customer base through the Group's extensive branch network and ATMs in Malaysia, Singapore and Indonesia, its electronic delivery network and Kawanku telephone banking. The Issuer's established brand name also reinforces its leading position in the retail financial services sector.

Mortgages

The Group has a sizeable amount of the country's residential financing market with a market share of 13.3 per cent. for housing (plus other mortgage loans) and 12.8 per cent. for shophouses, ranking amongst the top three banks in terms of mortgage financing in Malaysia as at 31 December 2011.

As at 31 December 2011, the Group's domestic mortgages financing portfolio amounted to RM42.1 billion.

Automobile Financing

The Group's market share for providing financing for the purchase of transport vehicles in Malaysia stood at approximately 19.2 per cent. as at 31 December 2011.

As at 31 December 2011, the Group's domestic automobile financing portfolio registered an outstanding loan balance of RM27.7 billion. The Islamic finance components were approximately 60.4 per cent. as at 31 December 2011.

The Issuer has exclusive strategic alliances with leading car manufacturers and dealers and offers special financing packages through these alliances.

Retail Financing

The retail financing portfolio comprises unit trust, salary and other consumer loan financing such as overdrafts and term loans. As at 31 December 2011, retail financing loans outstanding amounted to RM19.8 billion, of which the unit trust business represented 93.5 per cent. of the portfolio. The Group holds a significant domestic market share in unit trust financing of approximately 63.9 per cent. as at 31 December 2011.

Cards, Wealth and Payments

Cards, Wealth and Payments comprises Cards, Deposits, Bancassurance and Payments.

Cards

The Group's card business (**Maybankard**), which includes the credit, charge and debit cards, operates in Malaysia, Singapore, Indonesia and the Philippines. It has a total card base of over 10.2 million cards as at 31 December 2011. The Issuer is the issuer of American Express in Malaysia and also issues Visa and MasterCard credit cards and Bankcard debit cards.

Maybankard continues to be a market leader amongst domestic banks with a market share of 15.3 per cent. as at 31 December 2011. The Group is the domestic market leader in terms of cards base, billing and merchant business with a market share of 17.9 per cent., 24.3 per cent. and 30.4 per cent. respectively as at 31 December 2011.

Deposits

As at 31 December 2011, the Group's CFS deposits represented 66.1 per cent. of the total domestic deposits. CFS deposits comprise fixed deposits, current accounts, savings deposits, money market deposits, negotiable instrument of deposits and others. As at 31 December 2011, core deposits which comprises fixed deposits, savings deposits and demand deposits are the major contributor, which accounted for more than 90.0 per cent. of the total CFS deposits.

Bancassurance

The Issuer was the first bank in Malaysia to introduce the Bancassurance concept in 1996. It is an integrated model between Maybank and Etiqa and has been one of the top bancassurance providers with a 25.3 per cent. market share for conventional life in terms of new business for the year ended 31 December 2011 (new business refers to the gross premium of new insurance policies sold during the relevant period in Malaysia). Bancassurance's success was due to the Issuer's comprehensive business modules and integrated systems in the business processes as well as its end-to-end services which allow a straight-through, simplified and transparent business process.

Payments

The payments business, develops and manages products which provide convenience to customer's banking needs. The payments business comprises payment services, remittances, ATM services and forex business.

Virtual Banking

M2U, the first financial portal in Malaysia, was launched on 9 June 2000 and has a market share of over 55.0 per cent. in terms of total registered users as at 31 December 2011. As at 31 December 2011, there were more than 6.1 million registered users of M2U, of which 1.8 million were active users.

The Group's business strategy for electronic banking is to complement its conventional delivery channels with an efficient and cost effective means of reaching customers. M2U currently offers customers the ability to conduct account enquiries and make bill payments, conduct funds transfers and share trading and make online applications for banking services, housing loans and hire purchases as well as online shopping.

As of 31 December 2011, M2U had, in total, over 800 payee corporations.

M2U serves a comprehensive consumer segment including individuals, sole proprietors, professionals and partnerships.

In the next five years, the Issuer plans to leverage M2U as part of its strategy to become the regional leader in financial services in ASEAN.

HNW and Affluent Banking

Since its inception in 1990, Maybank Private Banking has expanded to 28 Private Banking Centres and 18 Private Banking Lounges, serving HNW selective customers in Malaysia, comprising individuals with total financial assets of more than RM1 million. The business model of Maybank Private Banking has

also evolved from a product-centric approach to a customer-centric advisory approach, which essentially places increased emphasis on customers' needs and requirements. Maybank Private Banking seeks to meet such needs and requirements by expanding the range of products and services to cater to its customers' business and entrepreneurial pursuits as described below.

Affluent Banking serves customers whose total financial assets are between RM250,000 and RM1 million. Affluent Banking seeks to provide more convenience, rewards and recognition to these customers through, amongst others, differentiated products and services as well as a faster turnaround time for its services.

The Issuer believes that these strategies have contributed significantly to the robust growth of these segments. The growth is also supported by the Issuer's strong branding, extensive domestic network, regional footprint as well as a growing team of accredited professionals employed by the Issuer.

Maybank Private Banking has gained international recognition through the attainment of several prestigious awards such as Best Domestic Private Bank in Malaysia in 2011 by Asiamoney and Best Private Banking Services Overall in Malaysia in 2011 by Euromoney Private Banking Survey 2011. Maybank Private Banking has been the recipient of these awards for three consecutive years since 2009. See "*Awards and Accolades*".

For the calendar year ended 31 December 2011, the number of customers for the HNW segment grew by 12.9 per cent. whereas the number of customers for the Affluent segment grew by 9.0 per cent., compared to the previous calendar year. The total financial assets as of 31 December 2011 grew by 18.0 per cent. and 15.0 per cent. for the HNW segment and the Affluent segment respectively, compared to 31 December 2010.

Investment

In line with the Issuer's strategy to adopt a customer-centric advisory approach, the Issuer's primary objective in 2011 was to expand its range of wealth management products rapidly to cater to different customers' needs. The Issuer has established strategic partnerships with reputable providers with global exposure to develop various wealth management solutions. The Issuer has also introduced new investment instruments such as equity-linked investments, retail bonds and foreign currency denominated financial products to its customers. As at 31 December 2011, the Issuer's total assets under management (**AUM**) stood at RM5.23 billion, representing a growth of 52.0 per cent. compared to 31 December 2010.

SME Banking

SME Banking provides financial services to enterprise customers with an annual turnover of up to RM25.0 million. Products offered by SME Banking comprise overdraft current accounts, term loans, trade bills and short term revolving credit.

As at 31 December 2011, the Issuer's market share stood at 19.2 per cent. of the total SME banking business in Malaysia in terms of the value of loans outstanding. The Issuer is currently transforming its SME Banking business into a more customer- friendly and cost effective retail-like business model and by fully leveraging on the Issuer's branch network for business origination.

Business Banking

Business Banking provides financial services to enterprise customers with an annual turnover of more than RM25.0 million. Business Banking customers are provided with the full range of financial services such as trade finance, cash management and factoring. These financial services provide financing support to businesses in various industries such as finance, insurance, real estate, manufacturing,

construction, wholesale and retail trade, transport, communication and primary agriculture. For the six-month period ended 31 December 2011, Business Banking contributed approximately 14.2 per cent. to the total CFS revenue of the Issuer.

Global Wholesale Banking

Global Wholesale Banking comprises Investment Banking, Global Markets, Corporate Banking and Transaction Banking. The Client Coverage team was also established across these business units to offer customised, innovative products to clients and to meet these clients' diverse financial needs. This coverage model has enhanced the capabilities, sharpened focus and maximised cross-product collaboration to deliver superior product offerings such as advisory, treasury, trade finance, cash management as well as lending solutions.

Investment Banking

Maybank IB and Maybank Kim Eng provide a wide range of products and services to a substantial and diversified client base that includes corporations, financial institutions, governments and HNW individuals. The products and services provided by Maybank IB and Maybank Kim Eng include:

- Advisory Services — advising on mergers and acquisitions, restructuring and reorganisations, equity and equity-linked fund raising and issuances and structured solutions;
- Debt Markets — advising, arranging and distributing debt market instruments;
- Equities — facilitating the trading of securities listed on Bursa Securities via its network of dealers, remisiers, equities investment centres as well as online facilities, and is supported by in-house research as well as strategic global research partnerships;
- Equity Capital Markets — providing services such as sales and distribution of equity, equity-linked and equity derivative products, underwriting of IPOs and financial intermediation of Employee Share Option Schemes and IPOs;
- Strategic Advisory — providing financial, policy and strategy advice, focusing on energy, infrastructure and utilities sectors; and
- Venture Capital/Private Equity- assisting institutional and HNW individuals to invest in private companies which have high growth potential.

In Malaysia, Maybank IB's ranking in the league tables bears testimony to its strength in the capital markets. According to Bloomberg's end of December 2011 league table rankings, Maybank IB is ranked second by amount issued for both Malaysian Ringgit Islamic Bonds and Malaysian Domestic Bonds (with a market share of 27.2 per cent. and 26.4 per cent. respectively). Maybank IB was also ranked second in Bloomberg's end of December 2011 Mergers and Acquisitions league table in Malaysia by value with a market share of 34.6 per cent. and second in Bloomberg's end of December 2011 Equity Fund Raising league table in Malaysia by amount issued with a market share of 18.8 per cent. In the Bursa Trading Value league table in 2011, Maybank IB was ranked fifth, recording a market share of 6.0 per cent.

Maybank Kim Eng is a leader in most of the Asian markets that it operates in and has won numerous prestigious awards from various organisations. Maybank Kim Eng has an international presence, with an extensive network of 11 offices in Malaysia, Singapore, Hong Kong, Thailand, Indonesia, Philippines, India, Vietnam, the United Kingdom (London), the United States (New York), and also in the Middle East through its investment in Anfaal Capital, an Islamic Investment Bank in Saudi Arabia. Maybank Kim Eng's vision is to be a leading regional financial powerhouse by 2015. Maybank Kim Eng is currently rolling out regional expansion plans to capitalise on opportunities in priority markets.

Global Markets

Global Markets provides a fully integrated platform that is able to execute holistic capital market strategies across all geographies where the Group has a presence. Global Markets in Singapore is designated by the Group as the Regional Centre of Excellence for derivatives, serving the needs of the Group's corporate customers in Malaysia, Singapore, Indonesia, Hong Kong, the Philippines and China. The Group is currently increasing its regional talent pool as well as strengthening the products which it offers.

The designation of Singapore as the Regional Centre of Excellence for derivatives is based on its greater depth and liquidity compared to other emerging markets in which the Group operates. This initiative was designed to provide expertise and support for an integrated regional sales network. Cross-border sales initiatives promoting foreign exchange and exotic interest rate capabilities are intended to serve as the Global Markets' avenues for exponential growth in non-interest income.

The ongoing implementation of a single seamless straight through processing Global Markets Risk Management System across all trading centres will provide the necessary platform for managing trading risk and credit exposures globally.

The Group holds approximately 10.1 per cent. of the market share of foreign exchange transactions in Malaysia for the year ended 31 December 2011.

Corporate Banking

Corporate Banking provides lending solutions across all corporate clients which includes the subsidiaries, associate companies and key sponsors of the Group for all the segments such as the government-linked companies, large Malaysian corporate groups and multinational corporations.

Corporate Banking's strength lies in the relationships the Group has built and nurtured with corporate clients over the years. Aligned to the Group's vision of becoming a regional financial services leader, Corporate Banking aims to be the top financial solutions provider for valued corporate customers and to create value for its corporate customers via partnerships with its product specialists within the Group. It comprises a team who have dedicated and skilled resources with substantial experience specialising in loans origination, trade finance and cross-border project financing.

The creation of the Global Wholesale Banking business unit has facilitated Corporate Banking to be innovative and to offer corporate clients with more sophisticated, revolutionary products and integrated solutions. As the corporate world continues to evolve in a highly competitive and rapidly globalising environment, Corporate Banking aims to deliver superior value propositions to its clients.

Transaction Banking

Transaction Banking comprises six distinct and inter-linked business units involved in the manufacturing and provision of transactional banking services across all client segments. The business units under Transaction Banking are Cash Management, Trade Finance (including Structured Trade and Commodity), Factoring Solutions, Financial Institutions, Custody Services and Trustee Services. The Group holds the largest market share in Malaysia for Trade Finance and Cash Management at 25.0 per cent. based on trade assets and 30.0 per cent. based on electronic transaction volumes/values through the Issuer's internet banking platform which is designed specifically to cater to corporates, as at 31 December 2011.

Cash Management is a comprehensive service offered to Corporate, Commercial and SME customers aimed at optimising cash flows, balances and short-term investments via improving cost and process efficiencies and increasing control and visibility. This is provided through a suite of Payments, Collections and Liquidity Management products and delivery channels. Trade Finance assists

importers and exporters to facilitate and finance their domestic and international trading businesses. The Issuer's custody business provides asset safekeeping, settlement, asset servicing and fund administration to institutional clients in local and global markets. Trustee Services offer a wide range of fiduciary services to individuals, corporations and government bodies. Factoring offers cash advances by allowing companies to sell their invoices which forms part of a supply chain financing programme while Financial Institutions provides links with correspondent banks. All business units will be able to attain synergy from the various business opportunities which arise within Transaction Banking. Transaction Banking's main objective is to drive innovation, strategy and branding for transaction banking business and product lines to achieve the Global Wholesale Banking's domestic and regional business objectives and expansion plans.

Cash Management, Trade Finance and Custody Services have won a number of accolades and awards from prominent magazines such as The Asset, Alpha Southeast Asia, Finance Asia, The Asian Banker, Global Finance, Asiamoney Polls and Global Custodian. See "*Awards and Accolades*".

Transaction Banking will continue to play a key role in streamlining product offerings and structures in ASEAN countries and in building regional system capabilities. Moving forward, several strategies and initiatives to overcome the key challenges have been outlined by the Group, namely increasing customer sophistication, aggressive competition with local and global banks as well as maximising client's wallet share.

Insurance and Takaful

The Group offers a wide range of conventional insurance and takaful products through its conventional insurance and takaful subsidiaries under the brand name Etiqa. The holding company is Maybank Ageas Holdings Berhad (**MAHB**), formerly known as Mayban Fortis Holdings Berhad. MAHB is 69.05 per cent. owned by Etiqa International Holdings Sdn Bhd, a wholly-owned subsidiary of the Issuer and 30.95 per cent. owned by Ageas Insurance International (**Ageas**), formerly known as Fortis International N.V. The operating entities are grouped under two anchor subsidiaries, Etiqa Insurance Berhad (**EIB**) and Etiqa Takaful Berhad for conventional insurance and takaful respectively.

The Group also has a presence in Singapore and Brunei Darussalam (general conventional insurance) under EIB and in Pakistan (general takaful) through a 32.5 per cent. ownership in Pak-Kuwait Takaful Company Ltd, which is the first takaful company in Pakistan.

Under the brand name Etiqa, the Group offers many types and classes of life and general conventional insurance as well as family and general takaful plans through multi-channel distribution. Its conventional life insurance and family takaful products include endowment, education, investment-linked and medical insurance/takaful. General conventional insurance and takaful products range from fire, motor, aviation and engineering insurance. Products offered by Etiqa are usually tailored to each distribution channel in order to maximise the share of each channel's market segment. All products are distributed either through agents, Etiqa branches, the Issuer's branches, third party banks, brokers and affinity groups. Etiqa has a strong agency force comprising over 21,000 agents and 33 branches domestically. Etiqa also has a wide bancassurance and bancatakaful distribution network, with 386 branches and 21 third-party banks. In addition, Etiqa also has a firm business proficiency in conventional insurance and takaful through cooperatives, brokers, institutions, online banking and others, providing full accessibility and total convenience to customers.

Currently, Etiqa is the second largest Malaysian conventional insurance and takaful group and also the top player in combined life conventional insurance/family takaful in terms of new business, combined general conventional insurance/takaful business and overall takaful businesses in Malaysia, in terms of revenue. For the six-month period ended 31 December 2011, Etiqa's combined gross premium stood at RM2.3 billion, representing a 20.0 per cent. growth compared to the corresponding period in the previous year which stood at RM1.9 billion. This was mainly attributed to a steady increase in both life conventional insurance/family takaful and general conventional insurance/takaful businesses. Profit

before tax grew 15.7 per cent. in the six-month period ended 31 December 2011 against the corresponding period in the previous year, from RM235 million to RM272 million, as a result of improving business performance from the life conventional insurance/family takaful fund.

For the six-month period ended 31 December 2011, life conventional insurance and family takaful business recorded a 21.0 per cent. increase in terms of total premium and contribution, compared to the corresponding period in the previous year, which was mainly due to the significant increase of single premium investment from the bancassurance channel and group term life from the enterprise corporate channel. General conventional insurance/takaful business recorded a growth of 20.0 per cent. over the same period in terms of total premium and contribution, which was mainly due to the strong growth in motor business from the agency and direct retail distribution channels and marine, aviation and transit businesses.

The Group's takaful business continued its positive movement. Gross contribution for takaful grew by 12.0 per cent. for the six-month period ended 31 December 2011 compared to the corresponding period in the previous year. As at 31 December 2011, the Group's general takaful business had a market share of 45.5 per cent. and maintained its number one position among the takaful players in Malaysia. Family takaful new business had a market share of 38.6 per cent. and was also ranked first among its peers in Malaysia as at 31 December 2011.

On 25 September 2011, Fitch has assigned EIB with an "A" Insurer Financial Strength rating. The rating reflects EIB's strong business profile in the domestic life and general conventional insurance market, its extensive distribution capability, consistent operating performance, sound liquidity and prudent investment approach. The rating also acknowledges EIB's solid capital position on a risk-adjusted basis and sound reserves policy.

Etiqa has won numerous awards and accolades including:

- Most Outstanding Takaful Company at the Kuala Lumpur Islamic Finance Forum in 2011, 2010, 2009 and 2008;
- Best Takaful Company and Best Bancatakaful Operator in Asia at the Takaful Leadership Awards in 2011;
- 2011 Champion, Best of Malaysia Service to Care (Life Insurance category), Service to Care Award 2011 by MarkPlus Inc;
- Best Group Business Operator and Best Bancatakaful Operator at the Malaysia Takaful Association Annual Dinner and Awards Night in 2011;
- Bronze Award Best Social Media Programme in Contact Centre at the 12th CCAM Annual Contact Centre Awards in 2011;
- Best Takaful Operator (Asia) at the Islamic Business & Finance Awards in 2011; and
- Best Contact Centre Manager (below 100 seats) — Silver Award and Best In House Contact Centre (below 100 seats) — Bronze Award by the Customer Relationship Management and Contact Centre Association Malaysia in 2010.

International Operations

The Group has an international presence in 17 countries through a mixture of branches, subsidiaries, associate companies and a representative office. The Group has a presence in key Asian growth countries such as Singapore, Indonesia, the Philippines, Vietnam, Cambodia and China as well as Hong Kong, London and New York. Other countries and territories where the Group is present in are Labuan, Brunei Darussalam, Bahrain, Pakistan, Papua New Guinea and Uzbekistan.

The total loans of the Group's international operations were RM102.2 billion as at 31 December 2011 and accounted for 36.3 per cent. of the Group's total loans and advances as at 31 December 2011.

Revenue from international operations increased by 14.0 per cent. for the six-month period ended 31 December 2011 to RM2.4 billion, compared to RM2.1 billion in the six-month period ended 31 December 2010, contributing 31.1 per cent. of the Group's total revenues for that six-month period. Profit before taxation and zakat contribution from international operations stood at 27.4 per cent. for the six-month period ended 31 December 2011. Loans recorded a growth of approximately 14.0 per cent. from 31 December 2010 to RM102.2 billion as at 31 December 2011 and accounted for 36.3 per cent. of the Group's total loans and advances as at that date, with the Singapore Branch accounting for 59.0 per cent. of international operations' total loans.

In becoming a leading financial services provider in the region, the Group considers expansion into countries in which its clients have expanded operations, into countries with economic growth potential and other macroeconomic factors such as expected liberalisation of those countries' financial services sectors. These international expansion initiatives are intended to increase international operations' income contribution to the Group.

Singapore

Amongst the foreign banks operating in Singapore, the Issuer has the largest full-service branch network, with 22 full-service branches and 35 offsite ATM locations. As at 31 December 2011, Maybank Singapore accounted for 21.3 per cent. of the Group's total loans and advances. Whilst the Issuer has established itself as a niche player in the SME and corporate market, it also provides a range of retail products including home loan packages, hire purchase, third party insurance, unit trust distribution and Islamic banking. The Issuer is one of the eight foreign banks in Singapore accorded with the Qualifying Full Bank (**QFB**) status. Maybank Singapore, together with HSBC and Standard Chartered, launched Singapore's first and to date only shared ATM network in 2001, with ABN AMRO and Citibank joining the network in 2005 (forming the "atm⁵" network). Maybank Singapore aims to enhance its position in the Singapore retail market through this platform. The Issuer's Singapore operations also serve to facilitate trade flow between Singapore and Malaysia as well as other locations where Maybank is present.

The Issuer's funding base in Singapore is primarily deposit taking. As at 31 December 2011, the Issuer's deposit base in Singapore was divided into fixed deposits (78.0 per cent.), savings deposits (11.0 per cent.) and demand deposits (11.0 per cent.). Most of these deposits were denominated in Singapore dollars.

Indonesia

In Indonesia, the Issuer has a presence through its subsidiary, BII. As at 31 December 2011, BII accounted for 8.5 per cent. of the Group's total loans and advances. BII has a sizeable network of 351 branches in Indonesia and aims to expand this network. BII provides a range of products and services including mortgages, credit cards, deposits, wealth management services, trade finance and foreign exchange. BII's funding base in Indonesia is primarily deposit taking. As at 31 December 2011, BII's deposit base in Indonesia was divided into fixed deposits (57.3 per cent.), savings deposits (25.1 per cent.) and demand deposits (17.6 per cent.). Most of these deposits were denominated in Indonesian Rupiah. Following the completion of the acquisition of BII in 2008, the Issuer is to sell-down its stake in BII so as to achieve a public float of 20.0 per cent. for BII shares. In a letter dated 27 December 2011 from Badan Pengawas Pasar Modal dan Lembaga Keuangan (**Bapepam**) to the Issuer, Bapepam has granted a further extension of time for the Issuer to complete the said sell-down exercise by 1 June 2012.

Philippines

Maybank Philippines Incorporated (**MPI**) is a fully owned subsidiary of the Issuer in the Philippines. As at 31 December 2011, MPI has 52 branches in the Philippines with 27 in Metro Manila and 25 in key cities in Luzon, Visayas and Mindanao. MPI provides an extensive range of products and services and targets corporate clients, commercial business and consumer banking.

Cambodia

As at 31 December 2011, the Issuer had 11 branches operating country-wide in Cambodia. Maybank Cambodia provides a wide range of products and services and focuses on consumer, commercial and SME business. The Issuer has set-up "Global ATM" in Cambodia, a regional ATM network to enable customers to access their accounts in their home country.

The Issuer has been granted the required approvals to establish a banking subsidiary in Cambodia by incorporating all of its branches in Cambodia into a subsidiary. The subsidiary, Maybank Cambodia Plc. (**MCP**), was established on 2 April 2012. The incorporation of MCP will provide the Issuer with the opportunity for further expansion and puts in place the proper governance framework to support the Issuer's growth in Cambodia.

Vietnam

In Vietnam, the Issuer has had a foreign bank branch in Hanoi since October 1995, and a representative office in Ho Chi Minh City since March 1996. The representative office was later upgraded to a full service branch in October 2005. A new remittance product, Maybank Money Express Service (**MME**) between the Issuer in Malaysia and Vietnam was launched in April 2010 and this is a web-based system with DongA Bank Money Transfer and An Binh Bank as sub-agents. The Issuer owns a 20.0 per cent. strategic stake in An Binh Bank, which is one of the leading commercial joint-stock banks in Vietnam.

Other Countries

The Issuer has one branch in Shanghai and a representative office in Beijing; one branch each in Bahrain, Hong Kong, London and New York; three branches in Brunei Darussalam; and a subsidiary with two branches in Papua New Guinea. Since 2008, the Issuer has had a 20.0 per cent. stake in MCB Bank, Pakistan. The Issuer is currently in the process of obtaining a foreign branch licence to operate in Laos.

Acquisition of Kim Eng

On 10 May 2011, the Issuer, through its wholly-owned subsidiary Mayban IB Holdings Sdn Bhd (formerly known as Aseam Credit Sdn Bhd) (**MIBH**), completed the acquisition of Kim Eng Holdings Ltd (**Kim Eng**).

On 24 November 2011, the Group announced that Kim Eng will be known as Maybank Kim Eng going forward as part of its corporate rebranding exercise.

Pursuant to a tender offer which was completed on 18 July 2011 and an internal restructuring which was completed on 22 September 2011, MIBH held an aggregate shareholding of approximately 83.74 per cent. in Kim Eng Securities (Thailand) Public Company Limited through Maybank Kim Eng.

On 24 October 2011, Kim Eng launched a tender offer to acquire all the remaining ATR Kim Eng Financial Corporation (**ATR KE**) shares that it did not own at an offer price of PhP4.38 (equivalent to approximately RM0.31755 at the exchange rate of PhP1.00:RM0.0725 as at 24 October 2011 (*Source:*

Bloomberg) for each share in ATR KE. Prior to the tender offer, Kim Eng owned 797,405,432 ATR KE shares or approximately 74.64 per cent. of the ATR KE shares.

The tender offer closed on 29 November 2011 and Kim Eng received valid acceptances in respect of an aggregate of 261,518,034 ATR KE shares, representing approximately 24.48 per cent. of ATR KE shares. Upon the completion of the tender offer on 9 December 2011, Kim Eng's ownership in ATR KE had increased to 1,058,923,466 shares, representing approximately 99.11 per cent. of ATR KE shares.

As a result of the tender offer, ATR KE's public ownership level fell to 0.89 per cent., which is below the 10.0 per cent. minimum public ownership required of listed firms in the Philippines. ATR KE is currently considering the steps it can take to address the matter.

Kim Eng Securities (Thailand) Public Company Limited and ATR KE are the subsidiaries of Maybank Kim Eng.

Islamic Banking

MIB is a wholly-owned subsidiary of the Issuer which serves as the Islamic banking arm of the Group. The Issuer was the first domestic commercial bank to offer Islamic banking products and services through its Islamic window operations in 1993 until the commencement of MIB's operations on 1 January 2008 after the transfer of the Issuer's Islamic banking business. As at 31 December 2011, MIB is the largest domestic Islamic bank in Malaysia by asset size of RM74.0 billion with over four million customers. MIB's products and services are available at its 16 dedicated branches and co-located at the Issuer's over 380 branches and the various distribution channels in Malaysia.

MIB's business offers comprehensive Shariah compliant financial solutions to cater to the needs of its customers, cutting across the House of Maybank's pillars, namely Community Financial Services (**CFS**) and Global Wholesale Banking (**GWB**). MIB offers Islamic banking expertise both regionally and globally.

MIB Community Financial Services

CFS pillar remains the core business segment and major contributor to MIB. As at 31 December 2011, Islamic CFS pillar contributed approximately 75.0 per cent. of MIB's total financing.

CFS comprises mainly the following portfolios — automobile financing, mortgage financing, unit trust financing, other retail financing, personal financing, cards and small business financing.

MIB's strong market presence is made possible by its ability to leverage on Maybank's branch network and common infrastructure (including ATMs, M2U and telephone banking) to cross-sell its products and services.

As at 31 December 2011, automobile financing accounted for the largest component of MIB's retail financing with approximately 42.0 per cent. of MIB's total Community Financial Services. The outstanding amount of automobile financing stood at RM16.6 billion, including financing sold to Cagamas amounting to RM1.5 billion. MIB's automobile financing comprises retail hire purchase, business hire purchase, corporate auto scheme, floor stocking and block discounting.

MIB offers a comprehensive range of mortgage financing products to its customers, mainly consisting of house and shophouse financing facilities for new buyers and refinancing purposes, securing a share of 20.0 per cent. of MIB's total CFS financing as at 31 December 2011. House financing accounted for 91.0 per cent. of mortgage financing as at 31 December 2011.

The Islamic Credit Card (**Ikhwan**) continues to record positive growth, achieving 21.0 per cent. market share of the Islamic Banking industry and contributed to 6.5 per cent. of the Group's cards receivables as at 31 December 2011.

MIB Global Wholesale Banking

GWB accounted for approximately 25.0 per cent. of MIB's financing portfolio as at 31 December 2011. The key GWB portfolios for MIB are term financing, trade financing, short-term revolving credit, cash line and foreign currency financing.

As at 31 December 2011, MIB had a strong market share in Malaysia for a selected portfolio in term financing (24.0 per cent.), trade financing (30.0 per cent.) and cash line (44.0 per cent.).

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	Year
MSWG	Malaysian Corporate Governance Index Distinction Award	2011
Transformational Corporate Leader Brand Icon Leadership Award 2011	The Brand Laureate Award	2011
National Annual Corporate Report Awards (NACRA 2011)	Most Outstanding Annual Report of the Year (Silver Award)	2011
	Best Corporate Social Responsibility Award (Gold Award)	
IFR Asia Awards	Malaysia Bond House — Maybank Investment Bank	2011
	Malaysia Equity House — Maybank Investment Bank	
	Asia Islamic Deals — Wakala Sukuk Berhad/Government of Malaysia USD2 billion Sukuk	
Finance Asia Country Awards	Best Trade Finance Bank	2011
RAM Ratings Award (Maybank Investment Bank)	RAM Lead Manager Award 2010 — Number of Issues — 2nd Place	2011
	RAM Lead Manager Award 2010 (Islamic) Joint 1st Place	
	RAM Blueprint Award 2010 — New Structured — Finance Benchmark Deal	
	RAM Special Merit Awards 2010 — Malaysia Top Lead Manager 2010 (Corporate Sukuk Market)	
Reader's Digest Trusted Brands Award	Credit Card Issuing Bank — Gold Award	2011
	Islamic Financial Services — Gold Award	

Awarded By	Description of Award/Accolade	Year
Malaysian Institute of Directors	Innovative Leadership in Globalisation' Award — Banking & Finance — Maybank	2011
The Asian Banker International Excellence in Retail Financial Services Award	Best Retail Bank in Malaysia Best Deposit and Liability Business	2011
The Asian Banker Achievement Awards Technology Implementations Awards	Best Retail Payment Implementation	2011
Euromoney Awards	Best Private Banking Services Overall in Malaysia	2011
Association of Accredited Advertising Agents Malaysia/Malaysia's Most Valuable Brands — Putra Brand Awards 2011 — The People's Choice	Finance Gold Award	2011
The Triple Asset Award	Best Domestic Trade Transactions Banking Best E-commerce Bank Best Domestic Cash Management Bank Best SME Bank Best Domestic Trade Finance Bank	2011
Banking & Payments Asia Trailblazer	Product Excellence Award — Best in Category	2011
Asia Pacific Brands Foundation	Societe Award Best Brands — Corporate Responsibility	2011
The Brand Laureate Masters Awards	Best Brands in Banking	2011
KLIFF Islamic Finance Awards	Most Outstanding Retail Islamic Bank Awards Most Outstanding Takaful Company	2011
MPC Productivity Award	Services Category 2	2011
Philip Kotler Center — Malaysia Service to Care Champion	Credit Card Conventional Banking (Asset> USD20 billion)	2011
CCAM Excellence Award	Best Contract Centre Manager — Silver Award Best In House Contact Centre — Bronze Award	2011
Visa Malaysia Bank Award	Largest Consumer Credit Card Issuer	2011
Largest Consumer Product Purchase Volume — Visa credit & Visa Debit	Most Innovative Use of Visa Asset Largest Debit Card Issuer Largest Debit Card Purchase Volume	2011
KLIFF Islamic Finance Awards	Most Outstanding Takaful Company (Etiqua Takaful Berhad)	2011
Asian Banking & Finance Awards	Best Corporate Social Responsibility Program — Silver (Maybank Singapore)	2011

Awarded By	Description of Award/Accolade	Year
Asian Banking & Finance Awards	Best Corporate Social Responsibility Program — Silver (Maybank Singapore)	2011
People's Association Community Awards	Excellence Award (Corporate Partner) (Maybank Singapore)	2011
Asia Middle East Takaful Summit, Bahrain	Best Takaful Company	2011
Asia Middle East Takaful Summit, Bahrain	Best Bancatakaful Operator	2011
Malaysia Takaful Association (Etiqa Takaful Award)	Best Group Business Operator	2011
The Asian Banker International Excellence in Retail Financial Services Awards	Best Retail Bank in Malaysia Best Deposit and Liability Business	2011
Euromoney Awards	Best Private Banking Services Overall in Malaysia	2011
Association of Accredited Advertising Agents Malaysia/Malaysia's Most Valuable Brands — Putra Brand Awards 2011. The People's Choice	Finance Gold Award: Maybank	2011
The Asset Triple A Award: Maybank	Best Domestic Trade Transaction Banking Best E—commerce Bank Best Domestic Cash Management Bank Best SME Bank Best Domestic Trade Finance Bank	2011
NEF—Awani ICT Awards	Favourite Online Banking Service Provider	2011
MasterCard Hall of Fame Awards, 2010	Best Activation Campaign — Maybankard World MasterCard (Maybank)	2010
Prime Minister's CSR Awards	Outstanding Work in Community & Social Welfare (Honourable Mention) Outstanding Work in Workplace Practices (Honourable Mention)	2010 2010
Global Finance Magazine	Best Trade Finance Provider — Malaysia	2010
Malaysian Business-CIMA Enterprise Governance Awards	Overall — Second Runner-up	2010
Malaysian Business-CIMA Enterprise	CSR Category — First Runner-up	2010
Malaysia Institute of Human Resource Management	HR Excellence Category (Gold Award) HR Innovation Category (Silver Award)	2010 2010
Malaysian Rating Corporation Berhad	Top Lead Managers Award (Jan-Jun 2010) – No 1 by Issue Count – No 1 by Issue Value	2010

Awarded By	Description of Award/Accolade	Year
Asiamoney Private Banking Poll	Best Domestic Private Banking in Malaysia	2010
	Overall Best Domestic Private Bank in Malaysia (Asset under management of U.S.\$1 million — U.S.\$5 million)	2009 and 2010
	Overall Best Private Bank in Malaysia (Asset under management of U.S.\$5.01 million — U.S.\$25 million)	2010
Euromoney Wealth Management & Private Banking Survey	Best Private Banking Services Overall	2009 and 2010
	Best Local Bank	2010
Euromoney Awards	Best Private Banking Services Overall in Malaysia	2010
Credit Guarantee Corporation Malaysia	Top SMI Supporter Award	2010
	Best Financial Partner Award	2010
Reader's Digest Trusted Brands Awards	Bank Category — Gold Award	2010
	Credit Card Issuing Bank — Gold Award	
Association of Accredited Advertising Agents Malaysia/Malaysia's Most Valuable Brands Putra Brand Awards	Finance Gold Award	2010
The Asset Triple A Award	Best SME Bank in Malaysia	2010
	Best e-Commerce Bank in Malaysia	
Asian Banker Excellence in Retail Financial Services Awards	Best Improved Retail Bank in Asia for 2009	2009
	Excellence in Employee Engagement for Asia Pacific, Central Asia and Gulf Regions (Maybank Singapore)	2010
Asiamoney	Best FX Bank in Indonesia	2010
KLIFF Islamic Finance Awards	Most Outstanding Retail Islamic Bank Award	2010
	NACRA Awards	
	Certificate of Merit	
Trade Finance Magazine	Best Malaysian Trade Bank	2010
International Takaful Awards, London	Best Bancatakaful	2010
Alpha Southeast Asia Magazine	Best Trade Finance Bank in Malaysia	2009 and 2010
Finance Asia Magazine in 2009 and 2010	Best Trade Finance Bank in Malaysia	2009 and 2010
Most Outstanding Takaful Company	Kuala Lumpur Islamic Finance Forum (KLIFF)	2007, 2008 and 2009
International Takaful Awards, London	Best Takaful Marketing	2008
Insurance & Takaful, Brand Laureate Kuala Lumpur	Best Brands in Services	2009

Subsidiaries and Associates

The Issuer conducts some of its financial and non-financial service activities through its subsidiaries and associates. These subsidiaries and associates include commercial banking, insurance, finance, and investment banking companies.

The following is a description of the Issuer's principal subsidiaries and associates as at 31 December 2011:

Subsidiaries

Name	Business	Effective Interest (%)
Banking		
Maybank Islamic Berhad	Islamic banking	100.00
PT Bank Maybank Syariah Indonesia	Banking	100.00
Maybank International (L) Ltd	Offshore banking	100.00
Maybank (PNG) Limited	Banking	100.00
Maybank Philippines, Incorporated	Banking	99.97
PT Bank Internasional Indonesia Tbk	Banking	97.40
Finance		
Myfin Berhad	Ceased operations	100.00
Aseamlease Berhad	Leasing	100.00
Mayban Allied Credit & Leasing Sdn. Bhd. ⁽¹⁾	Financing	100.00
PT BII Finance Centre	Multi-financing	97.40
PT Wahana Ottomitra Multiartha Tbk	Multi-financing	60.39
Kim Eng Finance (Singapore) Pte. Ltd.	Money lending	100.00
Insurance		
Maybank Ageas Holdings Berhad ⁽²⁾	Investment holding	69.05
Sri MLAB Berhad	Under members' voluntary liquidation	69.05
Etiqa Life International (L) Ltd	Offshore investment — linked insurance	69.05
Sri MGAB Berhad	Under members' voluntary liquidation	69.05
Etiqa Insurance Berhad	Composite insurance	69.05
Etiqa Takaful Berhad	Family & general takaful	69.05
Etiqa Offshore Insurance (L) Ltd	Offshore general reinsurance	69.05
Etiqa International Holdings Sdn Bhd	Investment holding	100.00
AsianLife & General Assurance Corporation	Insurance provider	99.11
AsianLife Financial Assurance Corporation	Insurance provider	69.38
Investment Banking		
Maybank Investment Bank Berhad	Investment banking	100.00
Maysec Sdn Bhd	Investment holding	100.00
Maysec (KL) Sdn Bhd	Dormant	100.00
Maydis Berhad	Under members' voluntary liquidation	100.00

Name	Business	Effective Interest (%)
Mayban Futures Sdn Bhd	Dormant	100.00
Mayban Securities (HK) Limited	Dormant	100.00
Mayban Securities (Jersey) Limited	Under members' voluntary liquidation	100.00
PhileoAllied Securities (Philippines) Inc	Dormant	100.00
Budaya Tegas Sdn Bhd	Under members' voluntary liquidation	100.00
BinaFikir Sdn Bhd	Business/Economic consultancy and advisory	100.00
Mayban IB Holdings Sdn. Bhd. ⁽³⁾	Investment holding	100.00
Maybank Kim Eng Holdings Limited	Investment holding	100.00
Maybank Kim Eng Securities Pte. Ltd.	Dealing in Securities	100.00
Maybank Kim Eng Corporate Finance Pte. Ltd.	Provision of corporate finance & advisory services	100.00
PT Kim Eng Securities	Dealing in Securities	80.00
Kim Eng Research Sdn. Bhd.	Provision of research services	70.00
Maybank Kim Eng Securities (Thailand) Public Company Ltd.	Dealing in Securities	83.74
Maybank Kim Eng Securities (London) Ltd.	Dealing in Securities	100.00
Maybank Kim Eng Securities USA Inc.	Dealing in Securities	100.00
Maybank Kim Eng Securities India Private Limited	Dealing in Securities	75.00
Kim Eng Equities Malaysia Sdn. Bhd.	Dormant	70.00
Ong Asia Limited	Investment holding	100.00
Maybank ATR KimEng Fixed Income, Inc.	Fund raising advisers	99.82
Ong Asia Securities (H.K.) Limited	Securities Trading	100.00
Maybank Kim Eng Research Pte. Ltd.	Provision of research services	100.00
Kim Eng Securities (Hong Kong) Limited	Dealing in Securities	100.00
Kim Eng Futures (Hong Kong) Limited	Future contracts broker	100.00
KE India Securities Private Limited	Dormant	75.00
Maybank ATR Kim Eng Capital Partners, Inc.	Corporate finance & financial and investment advisory	99.11
ATR Kim Eng Land, Inc.	Real estate investments	99.11
Maybank ATR Kim Eng Securities, Inc.	Dealing in securities	99.11
ATR Kim Eng AMG Holding Inc.	Stock trading	81.95
Asset Management/Trustees/Custody		
Mayban (Indonesia) Bhd. ⁽⁴⁾	Dormant	100.00
Cekap Mentari Berhad	Securities issuer	100.00
Mayban International Trust (Labuan) Berhad ⁽⁵⁾	Investment holding	100.00
Mayban Offshore Corporate Services (Labuan) Sdn. Bhd. ⁽⁶⁾	Investment holding	100.00
Mayban Trustees Berhad ⁽⁷⁾	Trustee services	100.00
Mayban Ventures Sdn. Bhd. ⁽⁸⁾	Venture capital	100.00

Name	Business	Effective Interest (%)
Mayban-JAIC Capital Management Sdn Bhd	Investment advisory and administration services	51.00
Mayban Investment Management Sdn Bhd	Fund management	69.05
Philmay Property, Inc	Property leasing and trading	60.00
Mayban (Nominees) Sendirian Berhad ⁽⁹⁾	Nominee services	100.00
Mayban Nominees (Tempatan) Sdn. Bhd. ⁽¹⁰⁾	Nominee services	100.00
Mayban Nominees (Asing) Sdn. Bhd. ⁽¹¹⁾	Nominee services	100.00
Mayban Nominees (Singapore) Private Limited	Nominee services	100.00
Mayban Nominees (Hong Kong) Limited	Nominee services	100.00
Aseam Malaysia Nominees (Tempatan) Sdn Bhd	Nominee services	100.00
Aseam Malaysia Nominees (Asing) Sdn Bhd	Under members' voluntary liquidation	100.00
Mayban Securities Nominees (Tempatan) Sdn. Bhd. ⁽¹²⁾	Under members' voluntary liquidation	100.00
Mayban Securities Nominees (Asing) Sdn. Bhd. ⁽¹³⁾	Nominee services	100.00
AFMB Nominees (Tempatan) Sdn Bhd	Under members' voluntary liquidation	100.00
Mayban Allied Berhad ⁽¹⁴⁾	Investment holding	100.00
Anfin Berhad	Under members' voluntary liquidation	100.00
Dourado Tora Holdings Sdn Bhd	Dormant	100.00
Maysec (Ipoh) Sdn Bhd	Under members' voluntary liquidation	100.00
Aurea Lakra Holdings Sdn Bhd	Property investment	100.00
Mayban Property (PNG) Limited	Property investment	100.00
Mayban International Trust (Labuan) Ltd	Trustee services	100.00
MNI Holdings Berhad	Under members' voluntary liquidation	69.05
KBB Nominees (Tempatan) Sdn Bhd	Nominee services	100.00
KBB Properties Sdn Bhd	Ceased operations	100.00
Sri MTB Berhad	Under members' voluntary liquidation	69.05
Etiqa Overseas Investment Pte Ltd	Investment holding	69.05
Peram Ranum Berhad	Dormant	69.05
Double Care Sdn Bhd	Under members' voluntary liquidation	69.05
Sorak Financial Holdings Pte Ltd	Investment holding	100.00
Rezan Pte. Ltd.	Investment holding	100.00
Maybank KE Strategic Pte. Ltd.	Investment holding	100.00
Maybank Kim Eng Properties Pte. Ltd.	Property investment	100.00
Strategic Acquisitions Pte. Ltd.	Investment holding	100.00
Kim Eng Investment Limited	Investment holding	100.00
KE Sovereign Limited	Investment holding	100.00
FXDS Learning Group Pte. Ltd.	Financial education	100.00
Ong & Company Pte. Ltd.	Dormant	100.00

Name	Business	Effective Interest (%)
Ong Nominees Private Limited	Under members' voluntary liquidation	100.00
Maybank Kim Eng Securities Nominees Pte. Ltd.	Acting as nominee for beneficiary shareholders	100.00
St. Michael's Development Pte. Ltd.	Real estate development	100.00
KE Capital Partners Pte. Ltd.	Fund Management	80.10
PT Kim Eng Asset Management	Dormant	85.00
Kim Eng Consultant Limited (China)	Under members' voluntary liquidation	100.00
Kim Eng Nominees (Hong Kong) Limited	Nominee services	100.00
Kim Eng Properties USA Inc.	Property investment	100.00
Kim Eng Asset Management (Thailand) Company Limited	Asset Management	83.49
PT Prosperindo	Investment holding	100.00
ATR Kim Eng Asset Management, Inc.	Investment management	78.75
All Asia Asset Management, Inc.	Dormant	69.38
Maybank ATR Kim Eng Financial Corporation	Investment holding	99.11

Associates

Name	Business	Effective Interest (%)
UzbekLeasing International AO	Leasing	35.00
Philmay Holding, Inc	Investment holding	33.00
Pelaburan Hartanah Nasional Berhad	Property trust	30.00
Mayban Agro Fund Sdn. Bhd. ⁽¹⁵⁾	Fund specific purpose vehicle	33.33
Mayban Venture Capital Company Sdn. Bhd. ⁽¹⁶⁾	Venture capital	33.33
An Binh Commercial Joint Stock Bank	Banking	20.00
Baiduri Securities Sdn Bhd	Under members' voluntary Dormant	39.00
Pak-Kuwait Takaful Company Limited	Investment holding	22.44
MCB Bank Limited	Banking	20.00
Maybank JAIC Management Ltd	Fund management	50.00
Asian Forum Inc	Offshore captive insurance	23.01
Maybank MEACP Pte Ltd	Fund management	50.00
Kim Eng Vietnam Securities Joint Stock Company	Dealing in securities	48.55
Tullett Prebon (Philippines) Inc.	Insurance brokers	48.56
Adrian V. Ocampo Insurance Brokers, Inc.	Insurance agent between an insurer and the insured	3.56
Net Curricula, Inc.	Provision of internet services to public school teachers	46.25

Notes:

1. The name was changed to Maybank Allied Credit & Leasing Sdn. Bhd. with effect from 19 March 2012.
2. The name was changed to Maybank Ageas Holdings Berhad with effect from 28 March 2012.
3. The name was changed to Maybank IB Holdings Sdn. Bhd. with effect from 15 March 2012.
4. The name was changed to Maybank (Indonesia) Berhad with effect from 19 March 2012.
5. The name was changed to Maybank International Trust (Labuan) Berhad with effect from 19 March 2012.
6. The name was changed to Maybank Offshore Corporate Services (Labuan) Sdn. Bhd. with effect from 20 March 2012.
7. The name was changed to Maybank Trustees Berhad with effect from 19 March 2012.
8. The name was changed to Maybank Ventures Sdn. Bhd. with effect from 19 March 2012.
9. The name was changed to Maybank (Nominees) Sendirian Berhad with effect from 19 March 2012.
10. The name was changed to Maybank Nominees (Tempatan) Sdn. Bhd. with effect from 19 March 2012.
11. The name was changed to Maybank Nominees (Asing) Sdn. Bhd. with effect from 19 March 2012.
12. The name was changed to Maybank Securities Nominees (Tempatan) Sdn. Bhd. with effect from 5 March 2012.
13. The name was changed to Maybank Securities Nominees (Asing) Sdn. Bhd. with effect from 5 March 2012.
14. The name was changed to Maybank Allied Berhad with effect from 28 March 2012.
15. The name was changed to Maybank Agro Fund Sdn. Bhd. with effect from 19 March 2012.
16. The name was changed to Maybank Venture Capital Company Sdn. Bhd. with effect from 19 March 2012.

Legal Proceedings

The Group may from time to time be involved in a number of legal proceedings and regulatory relationships in the ordinary course of business. Save for the legal proceedings discussed below, neither the Issuer nor any member of the Group is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this Offering Circular a significant and material effect on the financial position of the Issuer or the Group.

Malaysia Discounts Berhad

In 2005, a subsidiary, Maybank Trustees Berhad (formerly, Mayban Trustees Berhad) (**MTB**) and eleven other defendants were served with a writ of summons by Malaysia Discounts Berhad and nine plaintiffs/bondholders, all of which are institutions, for an amount of approximately RM149.3 million. MTB was alleged to have acted in breach of trust and negligently in its capacity as Trustee for the bonds issued. MTB has defended the suit.

On 7 July 2008, the plaintiffs entered judgment by consent against certain defendants including the issuer of the bonds, but not including MTB, for the sum of RM149.3 million. The entering of the said judgment by consent is not in any way an admission of liability on the part of MTB.

On 4 August 2008, a defendant (the issuer of the bonds) served a counterclaim on MTB for approximately RM535 million, being losses allegedly incurred by it as a result of MTB unlawfully declaring an event of default on the bonds. The defendant had however, on 25 August 2009, withdrawn the counterclaim against MTB.

The High Court on 30 June 2010 awarded judgment against MTB and another defendant, being the arranger for the bonds, for RM149.3 million. The judgment sum in favour of the plaintiffs/bondholders was apportioned at 40.0 per cent. against MTB and 60.0 per cent. against the other defendant. The High Court also dismissed MTB's other claims.

Upon appeal by the parties, the Court of Appeal on 8 November 2011 ruled that MTB and the other defendant were instead to be equally liable to the plaintiffs/bondholders. In addition, the Court of Appeal ordered them to pay penalty charges on the judgment sum at the rate of three per cent. from 30 September 2005 to date of judgment. However, the Court of Appeal allowed MTB and the other defendant to seek an indemnity against the issuer of the bonds for two-thirds of the total liability and also allowed MTB to seek an indemnity against the issuer's Chief Executive Officer, one of the issuer's director and associate companies of the said Chief Executive Officer and the said director for one half

of the two-third of the total liability. Further, the Court of Appeal allowed MTB to seek an indemnity against one of the plaintiffs for one third of its liability (after deducting the sum to be indemnified by the issuer, the issuer's Chief Executive Officer, one of the issuer's directors and associate companies of the said Chief Executive Officer and the said director). MTB and other parties to the suit have filed their respective applications for leave of the Federal Court to appeal against the decision of the Court of Appeal and those leave applications were fixed for hearing on 5 April 2012.

Further to a suit unrelated to this suit, a third party had, pursuant to a winding-up petition against a defendant who was the issuer of the bonds, appointed a provisional liquidator against the said defendant on 16 February 2012 until 15 March 2012 for the purpose of monitoring and completing the sale of assets charged to the third party.

As a result of the appointment of the said provisional liquidator, all pending proceedings by all parties against the said defendant were effectively stayed and these included MTB's applications for leave at the Federal Court referred to above (**Leave Applications**). MTB had then sought and on 9 March 2012 obtained leave of the court to proceed with the Leave Applications. The Federal Court has on 5 April 2012 granted MTB and the other parties to the suit leave to appeal against the decision of the Court of Appeal.

The above contingent liability is covered by an existing Banker Blanket Bond Policy between the Bank and a subsidiary, Etiqa Insurance Berhad, which had entered into a facultative reinsurance contract for an insured sum of RM150 million with three other re-insurers.

Continental Nominees Sdn Bhd

In 2004, Etiqa Takaful Berhad (**ETB**), commenced a civil suit against a borrower, Continental Nominees Sdn Bhd (**First Defendant**) and three guarantors, for the sum of approximately RM25.8 million, following the recall of the relevant facility which was preceded by the First Defendant's failure to pay quarterly installments.

The First Defendant counterclaimed for loss and damage amounting to approximately RM284 million as a result of ETB's alleged failure to release the balance of the facility of RM7.5 million. It was alleged that the First Defendant was unable to carry on its project and therefore suffered loss and damage.

On 14 May 2009, the High Court allowed ETB's application for summary judgment, but directed that a rebate be given if there was early settlement. The Court had also dismissed the First Defendant's counterclaim against ETB with costs. All four defendants filed their respective applications for stay of execution of the summary judgment.

On 4 March 2010 the Court of Appeal reversed the decision of the High Court granting the earlier summary judgment and ordered that the matter be returned to the High Court for full hearing. The full trial including the counterclaim concluded on 4 May 2011. The High Court on 21 September 2011 entered judgment in favour of ETB and allowed ETB's claim (with costs) and dismissed the First Defendant's counterclaim (with costs). All four defendants have filed notices of appeal against the said decision and also applied for stay of the judgment. No hearing date has been fixed for the appeal. The application for stay of the judgment, heard on 25 January 2012 was dismissed with costs.

Shencourt Sdn Bhd

A corporate borrower, Shencourt Sdn Bhd, had issued a writ of summons and statement of claim against Maybank IB, in 2005 in the latter's capacity as agent bank for three financial institutions, claiming general, special and exemplary damages arising from alleged breach of duty owed by Maybank IB in connection with a syndicated facility.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4 million which were granted by Maybank IB and the three syndicated lenders. The loan was subsequently restructured to RM38 million with terms for repayment. In 2006, Maybank IB and the three syndicated lenders filed a suit against the corporate borrower for the recovery of the said credit facilities. The two claims were heard together.

The High Court on 6 May 2009 entered judgment against Maybank IB as agent for the syndicated lenders for, inter alia, a sum of RM115.5 million with interest at six per cent. per annum from date of disbursement to realization, with the balance of the corporate borrower's claim (including general damages) ordered to be assessed at a later date (**Judgment**). In the same Judgment, the recovery action by Maybank IB and the three syndicated lenders was also dismissed.

As at the date of this Offering Circular, the Issuer as one of the syndicated lenders has an exposure of approximately RM48 million out of the RM115.5 million awarded pursuant to the Judgment.

Maybank IB filed an appeal against the Judgment (**Appeal**) and an application for stay of execution of the Judgment on 8 May 2009. On 24 June 2009, Maybank IB successfully obtained a stay order for execution of the Judgment pending the disposal of the Appeal against the Judgment. The corporate borrower's appeal to the Court of Appeal against the decision on the stay order was dismissed on 23 November 2009.

The Appeal came up for hearing on 10 February 2012, wherein all parties agreed for the matter to be mediated. As the parties could not come to any consensus at the mediation on 9 March 2012, the Appeal is now fixed for hearing on 19 June 2012.

Maybank IB's solicitors are of the view that Maybank IB has a more than even chance of succeeding in the Appeal against the said Judgment.

Kamalul Arifin bin Yusof

MTB, as Trustee and Maybank IB as security agent for the senior bonds and junior notes issued by a corporation were served with a writ of summons, statement of claim and amended statement of claim on 29 December 2010 and 30 December 2010 respectively by an individual, Kamarul Arifin bin Yusof as the sole junior noteholder for the junior notes issued.

The individual as the sole junior noteholder of the junior notes issued, claimed against both MTB and Maybank IB, the sum of RM556.5 million together with interests and costs arising from the declaration made by MTB of an event of default of the senior bonds and subsequent event of default of the junior notes and for an alleged breach of fiduciary duties and duty of care by Maybank IB. MTB and Maybank IB do not admit any liability to this claim and are defending the suit. On 30 September 2011, the High Court gave judgment in favour of Maybank IB and MTB and dismissed the claim against Maybank IB and MTB with costs. The individual had filed an appeal to the Court of Appeal against the said decision which was heard on 5 and 6 March 2012 and dismissed on 7 March 2012.

The junior noteholder has on 5 April 2012 served on MTB's lawyers an unsealed motion to seek leave of the Federal Court to appeal against the decision of the Court of Appeal. On 19 April 2012, MTB's lawyers notified MTB that they have been served with the junior noteholder's sealed motion. As at 19 April 2012, no motion for leave to appeal has been filed by the junior noteholder against Maybank IB, thus the timeframe for him to proceed as such has expired.

Bistari Land Sdn Bhd

On 8 April 2010, a corporate borrower, Bistari Land Sdn Bhd (**Plaintiff**), had filed a civil suit against the Issuer and two other defendants at the Johor Bahru High Court (**JB High Court**) (the **JB High Court Suit**) alleging that the Issuer was in breach of its obligations to the Plaintiff under several banking facilities between them for refusing to allow the drawdown and/or refusing to allow the further drawdown of the banking facilities.

The Issuer had offered several banking facilities to finance the Plaintiff's development in a mixed development project. Amongst the many securities granted were several debentures which gave the Issuer a right to appoint a receiver and manager over the Plaintiff in the event of default of the banking facilities.

The second and third defendants were receivers and managers (**R&M**) appointed by the Issuer under debentures given by the Plaintiff.

The Plaintiff had defaulted under the banking facilities granted by the Issuer, resulting in the Issuer appointing the R&M.

Concurrent with this suit, the Plaintiff also filed an application for an interlocutory injunction to restrain the Issuer from exercising its right to appoint a R&M. The application was heard on 23 November 2010 and allowed by the JB High Court. The Issuer appealed against this decision. The appeal is fixed for hearing on 29 May 2012.

The Issuer was also served with a Writ of Summons and Statement of Claim on 25 March 2011 by the Plaintiff at the Kuala Lumpur High Court (**KL High Court Suit**) for a sum of approximately RM1.2 billion alleging that the appointment of the R&M was *mala fide* and with malice and that as a consequence thereof, it has purportedly suffered loss and damages.

The Issuer has also filed a counterclaim in the JB High Court Suit against the Plaintiff and its guarantors to recover all sums due and owing under the banking facilities granted to the Plaintiff. Pursuant thereto, the Issuer has also filed an application for summary judgment against the Plaintiff and its guarantors that was fixed for case management on 13 May 2011. The case management was deferred to 31 May 2011 where the JB High Court has allowed the Issuer's application to transfer and consolidate the JB High Court Suit to and with the Kuala Lumpur High Court (**KL High Court**) to be heard with the KL High Court Suit.

On 24 October 2011, the KL High Court allowed the Issuer's counterclaim against the Plaintiff and the guarantor in respect of the JB High Court Suit with cost on an indemnity basis and dismissed the Plaintiff's claims against the Issuer, ie the KL High Court Suit and the JB High Court Suit with costs on an indemnity basis. The Plaintiff has filed an appeal at the Court of Appeal against this decision and no hearing date has been fixed yet. In the meantime, the Issuer has filed an application for security for cost against the Plaintiff at the Court of Appeal. On 8 May 2012, the application was granted by the Court of Appeal and the Plaintiff's appeal is stayed pending payment of the costs awarded to the Issuer and the R&M.

On 13 December 2011, the KL High Court had dismissed the Plaintiff's application for essentially a stay of execution of the court order dated 24 October 2011 with costs. The Plaintiff did not file an appeal against that decision.

The Issuer has been advised by its solicitors that the Plaintiff's appeal to the Court of Appeal against the decision dated 24 October 2011 is without merit.

DESCRIPTION OF THE ISSUER'S HONG KONG BRANCH

Malayan Banking Berhad, Hong Kong Branch was registered on 22 January 1962 under the Banking Ordinance with its registered office at 21/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong and licence number 183. It obtained its licence for conducting full banking business in Hong Kong on 22 January 1962 and is an authorised institution by the Banking Ordinance of Hong Kong SAR. The Hong Kong Branch conducts the corporate banking business of the Group in Hong Kong.

DESCRIPTION OF THE ISSUER'S SINGAPORE BRANCH

Malayan Banking Berhad, Singapore Branch was registered on 9 December 1960 under the Companies Act, Chapter 50 of Singapore (the **Singapore Companies Act**) with its registered office at 2 Battery Road, Maybank Tower, Singapore 049907 and company number S60FC1376L. The Singapore Branch received its Qualifying Full Bank status in Singapore from the Monetary Authority of Singapore on 1 January 2002 and conducts the corporate and retail banking business of the Group in Singapore.

FUNDING AND CAPITAL ADEQUACY

Funding

The Issuer has a liability structure primarily comprising fixed deposits and negotiable instruments of deposit (**NIDs**), demand deposits and savings deposits representing 53.1 per cent., 20.3 per cent. and 15.0 per cent. of total deposits from customers, respectively, as at 31 December 2011 and 49.1 per cent., 21.8 per cent. and 15.9 per cent. of total deposits from customers, respectively as at 30 June 2011. The Issuer is able to maintain stable growth in deposits through its large branch network and leading domestic market position. As at 31 December 2011 and 30 June 2011, 75.0 per cent. and 71.7 per cent. of total fixed deposits and NID had maturities of less than six months. Based on the Issuer'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 2011 and 30 June 2011, 46.8 per cent. and 47.9 per cent., respectively of the Issuer's deposits were from individuals and the remainder from corporate and institutional clients.

Other sources of funding include interbank deposits, Cagamas borrowing, and term borrowing.

The following tables illustrate the profile of the Issuer's customer deposits:

Profile of Issuer Deposits by Type

	Audited	Audited
	Bank as at 31 December 2011	Bank as at 30 June 2011
	<i>(RM million)</i>	<i>(RM million)</i>
Fixed and NIDs	118,311	98,854
Demand	45,330	43,853
Savings	33,362	32,025
Money Market	24,002	24,615
Structured	1,890	2,118
Total	222,895	201,465

Note:

Fixed deposits may be withdrawn by the depositor prior to maturity subject to certain interest and early upliftment penalties.

Capital Adequacy

As at 31 December 2011 and 30 June 2011, the Issuer's core capital ratio before deducting proposed dividends for the six-month period ended 31 December 2011 and for the financial year ended 30 June 2011 was 15.80 per cent. and 13.44 per cent. (Issuer level) respectively and 11.74 per cent. and 11.93 per cent. (Group level) respectively. The risk-weighted capital ratio (**RWCR**) as of those dates before deducting proposed dividends for the six-month period ended 31 December 2011 and for the financial year ended 30 June 2011 was 15.80 per cent. and 13.44 per cent. (Issuer level) respectively and 16.46 per cent. and 15.45 per cent. (Group level) respectively. The Issuer's and the Group's core capital ratio and RWCR are well above the minimum requirements of BNM of 4.00 per cent. and 8.00 per cent. The

Issuer's Tier 1 capital has grown over the past two financial periods, mainly as a result of retained earnings and the increase in share capital and share premium that arose from the Dividend Reinvestment Plan.

With effect from 1 July 2010, the Issuer's and the Group's capital adequacy ratios are computed in accordance with BNM's Risk-Weighted Capital Adequacy Framework issued on 1 April 2010, and updated on 7 January 2011 by BNM, as follows:

- (i) Credit risk under Internal Ratings-Based (**IRB**) Approach;
- (ii) Market risk under Standardised Approach (**SA**); and
- (iii) Operational risk under Basic Indicator Approach (**BIA**).

The following table sets forth the capital adequacy ratios of the Group as at 31 December 2011 and 30 June 2011.

	Audited	Audited
	As at 31 December 2011	As at 30 June 2011
	(%)	(%)
Before deducting proposed dividends⁽¹⁾		
Core capital ratio	11.74	11.93
Risk-weighted capital ratio	16.46	15.45
After deducting proposed dividends		
Core capital ratio		
full electable portion paid in cash	10.95	11.21
full electable portion reinvested	11.65	11.84
Risk-weighted capital ratio		
full electable portion paid in cash	15.66	14.72
full electable portion reinvested	16.37	15.36

Breakdown of capital base in the various categories of capital:

	Audited	Audited
	As at 31 December 2011	As at 30 June 2011
	(RM million)	(RM million)
Tier 1 capital		
Paid-up share capital	7,639	7,478
Share premium	9,599	8,584
Other reserves	14,570	14,780
Capital securities	6,058	6,065
Less: Deferred tax assets	(1,407)	(1,383)
Less: Goodwill	(6,031)	(6,050)
Total Tier 1 capital	30,428	29,474

	Audited	Audited
	As at 31 December 2011	As at 30 June 2011
	<i>(RM million)</i>	<i>(RM million)</i>
Tier 2 capital		
Subordinated obligations	13,890	10,732
Collective allowance	892	996
Surplus of total EP over total EL ⁽²⁾	360	—
Total Tier 2 capital	15,142	11,728
Less: Investment in subsidiaries and associates	(2,892)	(2,925)
Less: Excess of EL over EP ⁽²⁾	—	(108)
Less: Other deductions	(31)	(18)
Total capital base	42,647	38,151

Breakdown of risk-weighted assets in the various categories of risk weights:

	Audited	Audited
	As at 31 December 2011	As at 30 June 2011
	<i>(RM million)</i>	<i>(RM million)</i>
Standardised Approach exposure	70,656	60,237
IRB Approach exposure after scaling factor	153,100	147,528
Total risk-weighted assets for credit risk	223,756	207,765
Total risk-weighted assets for market risk	10,379	15,991
Total risk-weighted assets for operational risk	24,984	23,224
Total risk-weighted assets	259,119	246,980

Notes:

- (1) In arriving at the capital base used in the ratio calculations of the Group, the proposed dividends for the respective financial period/year were not deducted.
- (2) EP is defined as eligible provision and EL is defined as expected loss.

ASSET QUALITY

Loan Portfolio

The Group's loans are predominantly made to corporations and individuals based in Malaysia. The remainder of the Group's loans, amounting to 36.8 per cent. and 35.0 per cent. of its total loan portfolio as at 31 December 2011 and 30 June 2011 respectively, 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 and by setting a specific country limit.

As at 31 December 2011 and 30 June 2011, the Group's total net outstanding loans were RM274.4 billion and RM254.0 billion respectively, which represented 60.8 per cent. and 61.7 per cent. respectively of the Group's total consolidated assets.

The composition of the Group's loan portfolio as at 31 December 2011 and 30 June 2011 is set out below.

Loans, Advances and Financing by Type

	<u>Audited</u>		<u>Audited</u>	
	<u>As at 31 December 2011</u>		<u>As at 30 June 2011</u>	
	<i>(RM million)</i>	<i>(%)</i>	<i>(RM million)</i>	<i>(%)</i>
Overdrafts	15,951	5.7	15,603	6.0
Term loan				
– Housing loans/financing	50,570	18.0	42,589	16.3
– Syndicated loans/financing	19,728	7.0	16,157	6.2
– Hire purchase receivables	48,099	17.1	46,848	17.9
– Lease receivables	4	—	4	—
– Other loans/financing	116,491	41.4	107,382	41.1
Credit card receivables	6,214	2.2	5,773	2.2
Bills receivables	5,371	1.9	4,069	1.6
Trust receipts	2,557	0.9	2,394	0.9
Claims on customer under acceptance credits . . .	11,368	4.0	12,202	4.7
Loans/financing to banks and other financial institutions	6,329	2.2	6,715	2.6
Revolving credits	27,085	9.6	25,876	9.9
Staff loans	1,608	0.6	1,976	0.7
Loans to:				
– Executive directors of subsidiaries	3	—	3	—
Others	1,808	0.7	1,765	0.7
	<u>313,186</u>	<u>111.3</u>	<u>289,356</u>	<u>110.8</u>
Unearned interest and income	<u>(31,773)</u>	<u>(11.3)</u>	<u>(28,177)</u>	<u>(10.8)</u>
Gross loans, advances and financing	281,413	100.0	261,179	100.0

	Audited	Audited
	As at 31 December 2011	As at 30 June 2011
	<i>(RM million)</i>	<i>(RM million)</i>
Allowances for losses on loans, advances and financing		
– Individual	(2,812)	(2,932)
– Collective	(4,170)	(4,271)
Net loans, advances and financing	<u>274,431</u>	<u>253,976</u>

Loans, Advances and Financing by Geographical Distribution

	Audited		Audited	
	As at 31 December 2011		As at 30 June 2011	
	<i>(RM million)</i>	<i>(%)</i>	<i>(RM million)</i>	<i>(%)</i>
Malaysia	177,833	63.2	169,774	65.0
Singapore	60,759	21.6	54,831	21.0
Indonesia	24,028	8.5	21,328	8.1
Hong Kong SAR.	6,508	2.3	4,471	1.7
Labuan Offshore.	4,486	1.6	3,875	1.5
Philippines.	1,856	0.7	1,419	0.5
United Kingdom	1,364	0.5	1,358	0.5
United States of America	1,105	0.4	1,177	0.5
People's Republic of China	1,210	0.4	986	0.4
Vietnam	556	0.2	525	0.2
Cambodia	535	0.2	426	0.2
Bahrain.	347	0.1	226	0.1
Brunei Darussalam	165	0.1	159	0.1
Papua New Guinea.	128	—	115	—
Thailand	503	0.2	466	0.2
Others	30	—	43	—
Gross loans, advances and financing.	<u>281,413</u>	<u>100.0</u>	<u>261,179</u>	<u>100.0</u>

Working Capital

The Group's largest concentration of loans, as at 31 December 2011, was to businesses and individuals for the purpose of working capital (capital used to facilitate daily business undertakings or transactions) comprising 37.0 per cent. of its total gross loans.

Purchase of Residential Property

The second largest concentration of the Group's gross loans, as at 31 December 2011, was for purchase of landed properties for residential purposes comprising 18.3 per cent. of its total gross loans. The Group retains its strategy of maintaining housing loans as a core product to provide the Group with both annuity income and opportunities for product bundling and cross-selling. Loans for this purpose are to individuals and are secured by charges on the properties being financed.

Overseas Loans

As at 31 December 2011, overseas loans constituted 36.8 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 and by setting a specific country limit.

Loan Maturity Profile

As at 31 December 2011, loans maturing in less than one year constituted 28.2 per cent. of the Group's gross loans, 12.2 per cent. of gross loans had maturities of one to three years, 13.4 per cent. of gross loans had maturities of three to five years and 46.2 per cent. of gross loans had maturities of more than five years. The category of loans with maturities of less than one year includes revolving credit, overdraft facilities and trade financing facilities.

The following table sets out the breakdown of the Group's gross loan portfolio by remaining maturity as at 31 December 2011 and 30 June 2011:

	Audited		Audited	
	As at 31 December 2011		As at 30 June 2011	
	<i>(RM million)</i>	<i>(%)</i>	<i>(RM million)</i>	<i>(%)</i>
Due within one year	79,432	28.2	75,170	28.8
One to three years	34,309	12.2	27,181	10.4
Three to five years	37,592	13.4	35,686	13.7
Over five years	130,080	46.2	123,142	47.1
Gross loans, advances and financing	<u>281,413</u>	<u>100.0</u>	<u>261,179</u>	<u>100.0</u>

Critical Accounting Policies

Impairment Losses on Loans, Advances and Financing

The Group and Issuer review its individually significant loans, advances and financing at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Issuer and the Group make judgments about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar credit risk characteristics, to determine whether allowance should be made due to incurred loss

events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes into account of data from the loan 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.

Classification of loans, advances and financing as impaired

Upon the adoption of FRS 139, loans are classified as impaired when principal or interest/profit or both are past due for three months or more or where loans in arrears for less than three months exhibit indications of credit weaknesses, whether or not impairment loss has been provided for. Where an impaired loan has been rescheduled or restructured, the loan will continue to be classified as impaired until repayments based on the revised and loan restructured terms have been observed continuously for a period of six (6) months.

Interest and Profit Income Recognition

For all financial instruments measured at amortised cost, interest/profit bearing and other financial assets classified as financial investments available-for-sale (**AFS**) and financial instruments designated at fair value through profit or loss, interest or profit income or expense is recorded using the effective interest rate (**EIR**) or effective profit rate (**EPR**), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR or the EPR, but does not consider future credit losses.

Write-Off Policies

As a general policy, the unsecured portion of impaired loans aged two years and above are to be written off irrespective of the status of ongoing recovery actions/repayment. For secured impaired loans aged five years and above, the Group conducts a review and an assessment of the recoverability of the outstanding loan and determines whether a full write-off would be required. Impaired Loans which are written off in such cases, are maintained in a Memorandum Account for further follow-up actions as if the debt has not been written off.

Profile of Impaired Loans

As at 31 December 2011 and 30 June 2011, the Group's Net Impaired Loans amounted to RM5,223.7 million and RM5,824.7 million respectively. The ratio of Net Impaired Loans to total net loans was 1.9 per cent. and 2.3 per cent. for the corresponding periods.

Based on BNM statistics as at 31 December 2011 and 30 June 2011, the Net Impaired Loans ratio for the banking system was 1.8 per cent. and 2.0 per cent. respectively.

Shown in the table below are the trends in the Group's Impaired Loans for the last two audited financial periods, being the six-month period ended 31 December 2011 and the year ended 30 June 2011.

Impaired Loans

	Audited	Audited
	As at 31 December 2011	As at 30 June 2011
	<i>(RM million)</i>	<i>(RM million)</i>
Gross loans, advances and financing	281,413	261,179
Add: Islamic financing sold to Cagamas	1,499	683
Gross loans, advances and financing including Islamic loans sold to Cagamas	282,912	261,862
Less: Individual Allowance	(2,812)	(2,932)
Net loans, advances and financing including Islamic loans sold to Cagamas	<u>280,100</u>	<u>258,930</u>
Impaired loans	8,036	8,756
Net Impaired loans	5,224	5,825
Allowances for losses on loans, advances and financing ⁽¹⁾	6,982	7,203
Ratios		
Net Impaired loans	1.9%	2.3%
Collective Allowance as a percentage of total loans less Individual Allowance	1.5%	1.7%

Note:

(1) Total for collective and individual allowances.

Distribution of Impaired Loans

Impaired Loans from the Group's Malaysian operations comprised, 78.5 per cent. and 76.7 per cent. of the total Impaired Loans as of 31 December 2011 and 30 June 2011, respectively.

Impaired Loans in the construction, purchase of residential landed properties and working capital purpose comprised 6.7 per cent., 12.9 per cent. and 59.7 per cent., respectively, of total Impaired Loans as of 31 December 2011.

Securities Portfolio

Securities Held-for-Trading (HFT)

HFT securities are acquired principally for the purpose of benefiting from actual or expected short-term price movement or to lock in arbitrage profits. Positions held with trading intent are frequently valued and actively managed. As at 31 December 2011 and 30 June 2011, the Group's HFT securities constituted 2.1 per cent. and 1.0 per cent., respectively, of its total assets. The Group's HFT portfolio as at 31 December 2011 comprised mainly of BNM Monetary Notes (45.0 per cent.) and unquoted securities (17.9 per cent.).

Securities Available-for-Sale (AFS)

The AFS portfolio covers the holding of approved securities that are not classified as held-for-trading or held-to-maturity investments. AFS securities are measured at fair value and are considered as quasi-trading positions. Unquoted shares in organisations set up for socio-economic purposes and equity instruments received as a result of loan restructuring or loan conversion are also classified as AFS securities. As at 31 December 2011 and 30 June 2011, AFS securities constituted 10.7 per cent. and 11.5 per cent., respectively, of the Group's total assets. The Group's AFS portfolio as at 31 December 2011 mainly consisted of Foreign Government Securities (16.0 per cent.), Malaysian Government Investment Issues (10.4 per cent.) and unquoted securities (46.4 per cent.).

Securities Held-to-Maturity (HTM)

These are financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold until maturity. As at 31 December 2011 and 30 June 2011, HTM securities constituted 2.2 per cent. and 2.3 per cent., respectively, of the Group's total assets. The Group's HTM portfolio as at 31 December 2011 mainly consisted of Malaysian Government Securities (63.1 per cent.) and unquoted securities (22.0 per cent.).

The following tables set out the Group's securities portfolio as at 31 December 2011 and 30 June 2011.

	Audited	Audited
	As at	As at
	31 December	30 June
	2011	2011
	<i>(RM million)</i>	<i>(RM million)</i>
Securities Held-for-Trading		
At fair value		
Money market instruments:		
Malaysian Government Securities	572	311
Malaysian Government Treasury Bills	24	112
Malaysian Government Investment Issues	267	51
Bank Negara Malaysia Bills and Notes	1,477	4
Khazanah Bonds	408	60
Bank Negara Malaysia Monetary Notes	4,352	251
Foreign Government Treasury Bills	24	155
Foreign Government Securities	313	316
Foreign Certificate of Deposits	146	241
Sukuk Ijarah Bonds	116	—
Cagamas Bonds	20	—
	<hr/> 7,719	<hr/> 1,501
Quoted securities:		
Shares	217	359
	<hr/> 217	<hr/> 359
Unquoted securities:		
Islamic Private Debt Securities in Malaysia	1,384	1,109
Foreign Government Bonds	3	—
Malaysia Global Sukuk	10	—
Foreign Private Debt Securities	333	1,173
	<hr/> 1,730	<hr/> 2,282
Total Securities Held-for-Trading	<hr/> 9,666	<hr/> 4,142

	Audited	Audited
	As at	As at
	31 December	30 June
	2011	2011
	<i>(RM million)</i>	<i>(RM million)</i>
Securities Available-for-Sale		
At fair value, or at cost less impairment losses for certain unquoted equity instruments		
<i>Money market instruments:</i>		
Malaysian Government Securities	2,242	3,751
Sukuk BNM Ijarah	11	11
Cagamas Bonds	1,588	1,526
Foreign Government Securities	7,743	9,054
Malaysian Government Investment Issues	5,021	7,071
Foreign Government Treasury Bills	4,093	1,157
Negotiable Instruments of Deposits	1,590	776
Bankers' Acceptance and Islamic Accepted Bills	1,503	588
Khazanah Bonds	1,532	1,174
	25,323	25,108
<i>Quoted securities:</i>		
In Malaysia		
Shares, Warrants, Trust Units and Loan Stocks	352	406
Outside Malaysia		
Shares, Warrants, Trust Units and Loan Stocks	322	312
	674	718
<i>Unquoted securities:</i>		
Shares, Trust Units and Load Stocks in Malaysia	636	572
Shares, Trust Units and Load Stocks outside Malaysia	35	36
Islamic Private Debt Securities in Malaysia	10,046	9,791
Malaysian Government Bonds	7	135
Foreign Government Bonds	880	1,330
Foreign Islamic Private Debt Securities	10,550	9,285
Credit Linked Notes	—	75
Malaysia Global Sukuk	306	163
Structure Deposits	47	45
	22,507	21,432
Total Securities Available-for-Sale	48,504	47,258

	Audited	Audited
	As at	As at
	31 December	30 June
	2011	2011
	<i>(RM million)</i>	<i>(RM million)</i>
Securities Held-to-Maturity		
At amortised cost		
<i>Money market instruments:</i>		
Malaysian Government Securities	6,235	6,275
Cagamas Bonds	—	12
Foreign Government Securities	795	802
Malaysian Government Investment Issues/Certificates	496	496
Khazanah Bonds	197	17
	<u>7,723</u>	<u>7,602</u>
<i>Unquoted securities:</i>		
Islamic Private Debt Securities in Malaysia	1,642	1,452
Malaysian Government Bonds	—	6
Foreign Government Bonds	176	49
Foreign Islamic Private Debt Securities	355	559
Others	2	2
	<u>2,175</u>	<u>2,068</u>
Accumulated impairment losses	(16)	(31)
Total Securities Held-to-Maturity	9,882	9,639
Total Securities Portfolio	68,052	61,039

RISK MANAGEMENT

The management of risk lies at the heart of the Group's business. The Group continues to take proactive measures to manage various risks posed by the rapidly changing business environment. These risks, which include credit risk, market risk, liquidity risk, reputational risk, business risk, strategic risk and operational risk, are systematically managed within the Group's risk management framework, covering governance, infrastructure and tools. Amidst the various risk factors impacting the Group's business operations, which include changing regulatory landscape, external competitive environment and economic landscape, the Group continues to plan, monitor and respond to these internal and external risk factors in an anticipative manner. The risk management framework that the Group has put in place is designed to meet these challenges. Various aspects are described below.

Risk Governance Structure

The Group invests extensively to ensure that adequate policies and procedures for the identification, measurement, monitoring and control of credit, liquidity, rate of return, foreign exchange and operational risks have been implemented and that a uniform standard of such measures exists across the Group. Risk management is a critical part of the Group's operating model. The existing risk management infrastructure for the Group was established by the Issuer and subsequently adopted by its subsidiaries, taking into account the respective business models and specific requirements of each individual entity.

The Board is assisted by the following Board committees in its overall responsibility (for risk oversight within the Group):

- (a) Risk Management Committee (**RMC**);
- (b) Credit Review Committee (**CRC**); and
- (c) Audit Committee (**ACB**).

The Executive Risk Committee (**ERC**), Group Operational Risk Management Committee (**GORMC**), Asset and Liability Management Committee (**ALCO**) and Group Management Credit Committee (**GMCC**) are Executive Level Committees responsible for the management of all material risks within the Bank.

The following chart illustrates the risk governance structures of the Group:

Board of Directors
The Board of Directors is the Group’s “ultimate governing body” who has overall risk oversight responsibility. It approves the Group’s risk management framework, risk appetite, plans and performance targets for the Group and its principal operating subsidiaries, the appointment of senior officers, the delegation of authorities for credit and other risks and the establishment of effective control procedures.

Board Level Committees

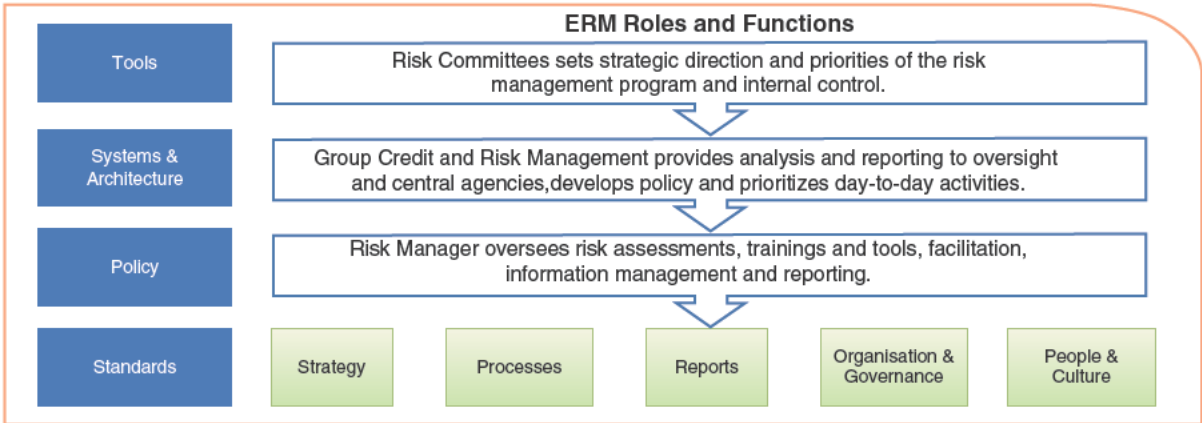
Risk Management Committee (RMC)
The RMC is a dedicated Board Committee responsible for the risk oversight function within the Group. It is principally responsible to review and approve key risk frameworks and policies for the various risks.
Credit Review Committee (CRC)
The CRC is tasked by the Board to review fresh or additional loan applications subject to pre-determined authority limits and credit risk ratings as may be recommended by the GMCC.

Executive Level Committees

Executive Risk Committee (“ERC”)	Group Operational Risk Management Committee (“GORMC”)	Asset & Liability Management Committee (“ALCO”)	Group Management Credit Committee (“GMCC”)
The ERC, GORMC, ALCO and GMCC are Executive Level Committees responsible for the management of all material risks within the Group. The scope of ERC encompasses all risks type, whilst the GORMC caters specifically to operational risk matters. The ALCO is primarily responsible for the development and implementation of broad strategies and policies for managing the consolidated balance sheet and associated risks. The GMCC is empowered as the centralised loans approval committee for the Group.			

Comprehensive Enterprise Risk Management Approach

In light of the Group’s operating structure and geographic expansion, the Group continuously enhances its integrated risk management approach towards the effective management of enterprise-wide risks in the Group. Key components of the Enterprise Risk Management (ERM) framework include:



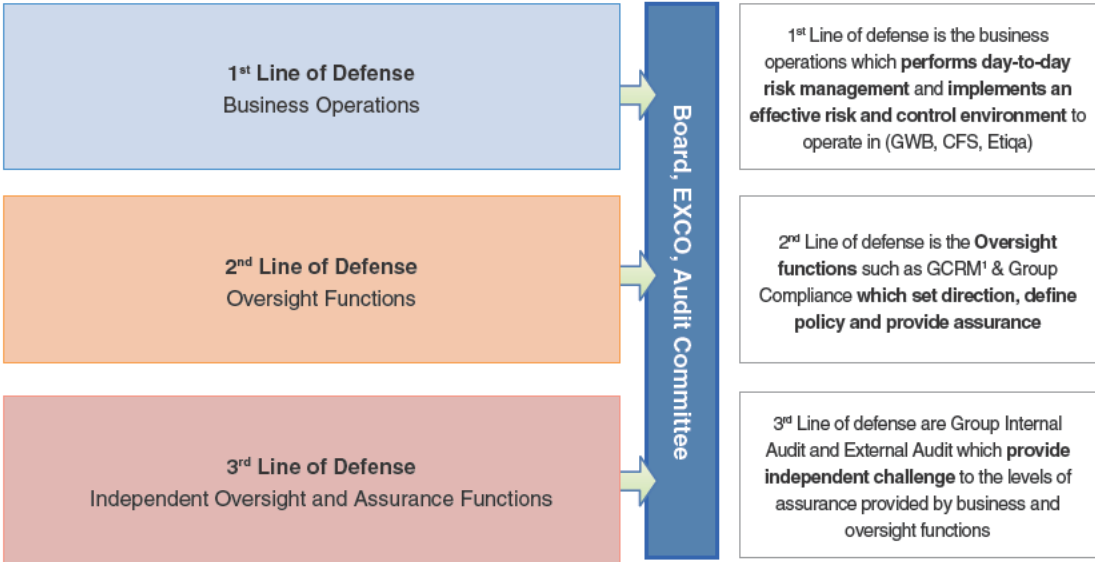
In line with the ERM, the Group has adopted and consistently practised the “Seven Broad Principles of Risk Management” to ensure integration in purpose, policy, methodology and risk culture.

The Group’s Seven Broad Principles of Risk Management

The “Seven Broad Principles” define the key principles on accountability, independence, structure and scope.

No	Principles
1	The risk management approach is premised on three lines of defence — risk taking units, risk control units and internal audit.
2	The risk taking units are responsible for the day-to-day management of risks inherent in their business activities while the risk control units are responsible for setting the risk management frameworks and developing tools and methodologies for the identification, measurement, monitoring, control and pricing of risk. Complementing this is internal audit which provides independent assurance of the effectiveness of the risk management approach.
3	Risk management provides risk oversight for the major risk categories including credit risk, market risk, liquidity risk, operational risk and other industry-specific risks.
4	Risk management ensures that the core risk policies of the Group are consistent, sets the risk tolerance level and facilitates the implementation of an integrated risk-adjusted measurement framework.
5	Risk management is functionally and organisationally independent of the business sectors and other risk taking units within the Group.
6	The Board, through the Board Risk Management Committee, maintains overall responsibility for risk oversight within the Group.
7	Risk management is responsible for the execution of various risk policies and related business decisions empowered by the Board.

The Group manages risk through clear delineation of the three lines of defence. The three lines of defence are defined as follows:



1. Group Credit and Risk Management.

Risk Appetite

Identifying the risk appetite and risk capacity of the business is an important starting point for ERM. A key element of the Risk Appetite Framework is the Risk Appetite Statement, which is a Board-approved document that defines the self-imposed constraints and drivers which we have chosen to limit or otherwise influence the amount of risk undertaken. This document shall have a set of quantitative and qualitative key measures, and shall be regularly reviewed, updated and approved by the Board Risk Management Committee and Board.

The Board has approved the Risk Appetite Statement and Framework for implementation across the Group. The risk appetite statements were articulated to better link the Group's business strategies with its risk taking capacities and optimise risk-return tradeoffs.

Capital Management

A strong capital position is essential to the Group's business strategy and competitive position. The Group's capital strategy focuses on long-term stability, which enables it to build and invest in its core businesses.

The impact of the overall net risk earnings and adequacy of the Group's capital to support the risk taking activities is assessed through group wide and business level stress testing as well as periodic review and update of the stress events library. Relevant business units are alerted on possible defensive actions.

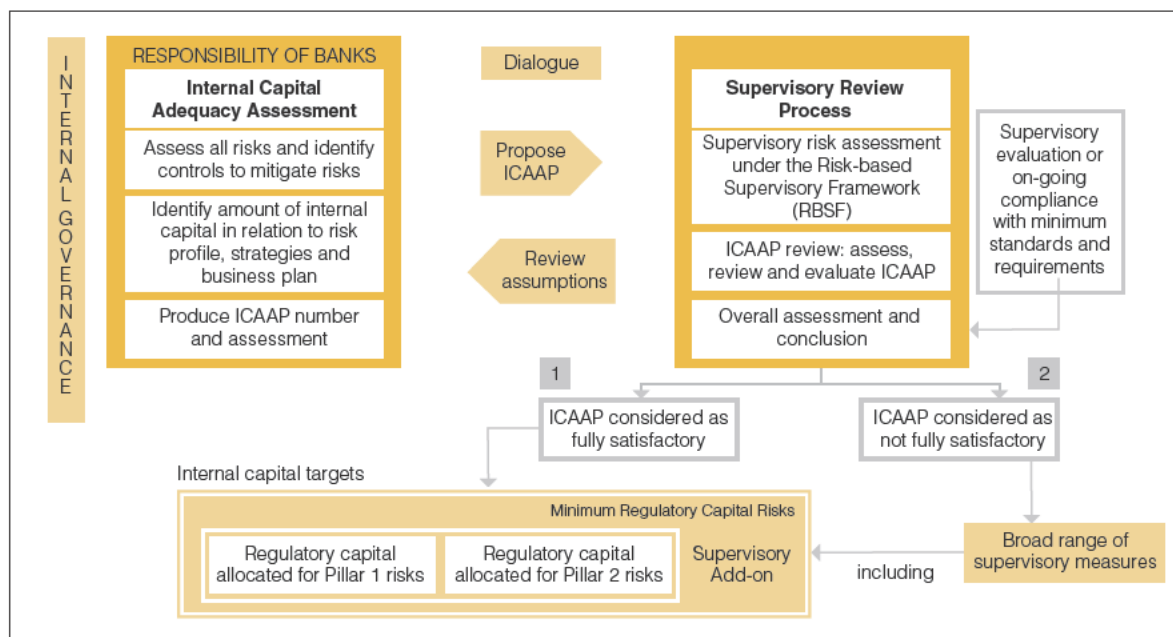
Internal Capital Adequacy Assessment Process (ICAAP)

At the Group, the overall capital adequacy in relation to its risk profile is assessed through a process articulated in the ICAAP. The ICAAP Framework has been formalised and approved by the Board in April 2008, with the latest fourth version revised in October 2011. The ICAAP has been implemented within the organisation to ensure all material risks are identified, measured and reported, and adequate capital levels consistent with the risk profiles are held.

The Group's ICAAP closely integrates the risk and capital assessment processes. The ICAAP framework is designed to ensure that adequate levels, 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 on half yearly basis to the ERC, the RMC and the Board for comprehensive review of all material risks faced by the Group and assessment of the adequacy of capital to support them. In line with BNM's Guideline on ICAAP which was last updated on 2 December 2011, the Group is required to submit to BNM a Board-approved ICAAP document by 31 March 2013. Additional Implementation Guidance as stipulated by BNM needs to focus on the following areas:

- Progress updates of action plans to close gaps identified to be presented to the Board on quarterly basis. Appropriate documentation shall be maintained to support the Board's monitoring of the action plans and made available for BNM's supervisory review upon request;
- Guidance is provided on the information to be included in the ICAAP document to be submitted to BNM by 31 March 2013. Subsequently, the Group is expected to highlight to BNM on annual basis key outcomes from its annual capital planning exercise, which should assess the adequacy of capital and appropriateness of internal capital targets.

ICAAP Framework



Supplementing the ICAAP reports is the Group Capital Plan, which is updated on annual basis, where the internal capital targets, among others, are set and reviewed as part of sound capital.

Comprehensive Risk Assessment under ICAAP Framework

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 (e.g. model risk);
- Risks not taken into account by Pillar 1 (e.g. interest rate risk in banking book, liquidity risk, business/strategic risk, reputational risk and credit concentration risk); and
- External factors, including changes in economic environment, regulations, and accounting rules.

A key process emplaced within the Group sets to identify material risks that may arise through introduction of new products and services. Material risks are defined as "risks which would materially impact the financial performance of the bank should the risk occur". In the Group's ICAAP Framework, the Material Risk Assessment Process (**MRAP**) is designed to create an ability to estimate the impact of risk drivers on earnings and capital. New material risks, if any, are reviewed on a quarterly basis and incorporated in the regular ICAAP reports tabled to the ERC and the RMC.

Assessment of Pillar 1 and Pillar 2 Risks

In line with industry best practices, the Group quantifies its risks using methodologies that have been reasonably tested and deemed to be accepted in the industry.

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 Stress Testing

The Group's stress testing programme is embedded in the risk and capital management process of the Group and is a key function of capital planning 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.

Under the Group Stress Test (**GST**) Framework as approved by the Board, the Group considers the potential unfavourable effects of stress scenarios on the Group's profitability, asset quality, risk weighted assets and capital adequacy.

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;
- Identify proactively key strategies to mitigate the effects of stress events; and
- Produce stress results as inputs into the Group's ICAAP in the determination of capital adequacy and capital buffers.

Stress test themes reviewed by the Stress Test Working Group in the past include the slowing Chinese economy, a repeat of the Asian Financial Crisis, U.S. dollar depreciation, pandemic flu, asset price collapse, interest rate hikes, a global double-dip recession scenario, Japan disasters and the Eurozone and US debt crises, amongst others. The Stress Test Working Group, which comprises of business and risk management teams, tables the stress test reports to the senior management and Board committees and discusses the results with regulators on a regular basis.

Credit Risk Management

Credit risk arises as a result of customers or counterparties not being able to or willing to fulfil their obligations to repay their loans or settle financial contracts.

The CRM is responsible for the formulation and implementation of the credit risk management framework within the Group, which encompasses the formulation/review of credit policies and the oversight of credit portfolio risk. The CRM also sets and reviews various categories of credit risk concentration limits such as countries, business segments, economic sectors, single customer groups, banks, counter parties and products.

In line with the Group's strategy to integrate the management and control of credit risks on a group-wide basis, the Group's Core Credit Policies have been established to ensure consistency of key credit risk management practices across the Group. The CRM independently monitors business units' compliance to key internal credit policies and lending guidelines, various credit concentration limits and regulatory requirements, where applicable.

The CRM adopts a policy-driven approach in managing the development of the Group's loan portfolio and thus engages a strategy to proactively diversify the Group's portfolio risk through monitoring of the credit concentration risks in business segments, customer groups, economic sectors, loan maturities, loan sizes, geographic locations, collateral categories, product types and off-balance sheet transactions.

The Group also places strong emphasis on the selection and training of credit processing personnel. Newly appointed credit processing personnel are required to undergo comprehensive credit training programs and are required to sit for the Certified Credit Professional examination conducted by the Institute of Banks Malaysia.

Loan Approval Process

The Group's loan approval process emphasises independent credit risk management in line with BNM's requirements. The Group's credit approval process consists of pre-approval evaluation, approval and post approval evaluation. The business units are responsible for credit origination.

The approval process is established with authority to approve credit transactions under joint authority limits between business units and Group Credit Management (**GCM**). The independent pre-approval evaluation of credit applications is carried out by credit analysts in GCM. Business units are only authorised to approve loans under single signer authority limits where the risk parameters are clearly defined in a standard template approved by the GMCC as well as for credit reviews.

Post-approval evaluation is undertaken by credit reviewers from Internal Audit.

Post-mortem review of non-performing loans is conducted by Corporate Remedial Management which reports to the Group's Chief Financial Officer and where necessary, credit policies are enhanced accordingly.

To facilitate the loan approval process, the Group has developed an internal Credit Risk Rating System for the Group. This involves building a set of statistically-based rating tools, including an expected loss framework. This brings on a consistent and optimised approach to credit risk rating for corporate and commercial borrowers. For retail customers, the Issuer has completed its Integrated Retail Scoring Solution Project (**IRSS Project**). This IRSS Project has developed application scorecards for the residential mortgage, auto loan and credit card portfolios of the Issuer.

The Group believes that the authority limit for credit approval should be directly related to the risk quantum of the borrower and transaction. In this respect, a risk-based authority limit is set based on an expected loss framework, leveraged on the Group's internally developed credit risk rating system.

Loan Review Process

The periodic credit review process is the Group's standard requirement. The loan review cycle's frequency will depend on the loan facility's risk characteristics. The review process is established with the following objectives:

- Review the borrower's current credit risk; and
- Review further business opportunities including cross-selling of the Group's product to achieve better group synergy.

Single Customer Limit

BNM's guidelines set a single customer limit which prohibits a bank from lending to any single customer or related group of customers an amount in excess of 25.0 per cent. of a bank's capital funds (the sum of Tier I and Tier II capital). The Issuer is in compliance with BNM's guidelines on single customer limits.

Loan Portfolio Management

With respect to maintaining a balanced loan portfolio to ensure a well-managed credit risk profile of assets, the Group has adopted a set of concentration policies covering areas such as the single counterparty credit limit, economic sectoral limit, country limit and bank counterparty limit. The Group also complies with BNM's guidelines on large loan limits, which prohibit a bank from entering into a large loan (defined as an exposure that exceeds 15.0 per cent. of a bank's capital funds) if the total of all large loans exceeds 50.0 per cent. of the Issuer's total loans.

Studies on vulnerable sectors are undertaken from time to time to assess an economic slowdown's impact on vulnerable sectors of the economy on the Group's portfolio quality. "Stress test" simulations are conducted periodically to determine the resilience of the Issuer's loan portfolio to external shocks and risk factors.

Loan Recovery

The Group has a dedicated independent team (Corporate Remedial Management) focusing on recovery and rehabilitation of corporate NPLs, and has management policies for prevention, remedial and recovery of consumer NPLs.

Lending Templates

To further support and facilitate lending units' marketing efforts, GCM and the business units have jointly developed lending templates for selected industries and sectors.

Product Sign-off

The Group has implemented a product approval programme to ensure that all risks inherent in new products, financing packages and related business activities are identified, with risk mitigation measures emplaced, prior to a product or financing package's launch.

Credit Risk Management (CRM) Framework

The Credit Risk Management framework includes comprehensive credit risk policies, frameworks, tools and methodologies for identification, measurement, monitoring and control of credit risk on a consistent basis. Components of the CRM framework constitute:

- Strong emphasis in creating and enhancing credit risk awareness;
- Comprehensive selection and training of lending personnel in the management of credit risk; and
- Leveraging on knowledge sharing tools including e-learning courses to enhance credit skills within the Group.

The Group's credit approving process encompasses pre-approval evaluation, approval and post-approval evaluation. Credit Risk Management is responsible for developing, enhancing and communicating an effective and consistent credit risk management framework across the Group to ensure appropriate credit policies are in place to identify, measure, control and monitor such risks.

In view that authority limits are directly related to the risk levels of the borrower and transaction, a Risk-Based Authority Limit structure was implemented based on the Expected Loss framework and internally developed Credit Risk Rating System (**CRRS**).

Market Risk Management

The Group has established a Market Risk Management Framework which serves as the base for overall and consistent management of market risk. The Market Risk Management Framework outlines the process of identifying, measuring, monitoring, controlling and reporting market risk exposures of the Group, which benchmarks against industry leading practices and regulatory requirements. This framework facilitates the Group to manage its market risk exposures in a systematic and consistent manner. Major market risk classes are Price Risk (Traded) and Interest Rate Risk/Rate of Return Risk in the Banking Book.

The ALCO, an executive committee chaired by the President and CEO, is primarily responsible for the development and implementation of broad strategies and policies for managing the consolidated balance sheet and associated risks.

MRM provides independent evaluation/recommendation to ensure efficient implementation of market risk management frameworks and that adequate market risk controls are in place within the Group to support business growth. Its primary responsibilities are the development, implementation and maintenance of consistent policies and methodologies to identify, measure, monitor, control and report market risks.

Price Risk (Traded) Management Process

Price risk is the risk to earnings as a result of adverse changes in foreign exchange rates, interest rates, equity and commodity prices and others as well as their respective correlations and volatilities. The risk measurement techniques employed by the Group comprise both qualitative and quantitative measures.

Value-at-Risk (**VaR**) measures the potential loss of future value resulting from adverse market movements over a specified period of time within a specified confidence level, under normal business situations. The Group's VaR is computed based on the historical simulation approach on a 10 day holding period at 99.0 per cent. confidence for one year observation period as per BNM's requirements. To ensure the accuracy and relevancy of the VaR computation, VaR is back tested on a daily basis

against actual clean profit and loss. It is also validated by an independent model validation team. Other risk management tools as per the above include interest rate sensitivity, Net Open Position (NOP) limits, Greek limits and others.

Interest Rate Risk/Rate of Return Risk in the Banking Book (Non Traded) Management Process

Interest rate risk/rate of return risk is the risk of loss to both earnings and economic capital of the Group arising from adverse movements in interest rates. The Group emphasises the importance of managing interest rate risk in the banking book as most balance sheet items of the Group generate interest income and interest expense which are indexed to interest rates. Volatility of earnings is an important focal point for interest rate risk analysis as reduction in earnings will pose a threat to the Group's capital adequacy.

To monitor the interest rate risk/rate of return risk, the tools used by the Group include repricing gap reports, sensitivity analysis and income simulations under various scenarios. These measures take into account both economic value and earnings perspectives.

Foreign Exchange Risk

Foreign exchange risk is the risk to earnings and value of foreign currency assets, liabilities and commitments caused by adverse movements in foreign exchange rates. Foreign exchange activities of the Group are derived substantially from customer-related transactions and Group foreign exchange trading activities. In providing foreign exchange services to customers, dealers are required to observe customer foreign exchange contract limits and BNM regulations. In general, the Group foreign exchange activities are focused on G10 currencies, regional currencies where the Group is present and other currencies approved by management. The Issuer uses tools such as VaR by Risk Factor, NOP Limit, and so forth to measure and manage the foreign exchange risk. Where appropriate, the Issuer mitigates/offsets the effect of its currency exposures through the use of various hedging instruments.

Liquidity Risk Management Process

Liquidity is the ability of the bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses.

Generally, there are two types of liquidity risk which are funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the firm will not be able to meet efficiently both expected and unexpected current and future cash flow needs without affecting either daily operations or the financial condition of the firm. Market liquidity risk is the risk that a firm cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

Liquidity Risk Governance

Liquidity policies and frameworks are reviewed annually and endorsed by ALCO and approved by RMC prior to implementation. The Group's liquidity risk position is actively discussed and managed at the ALCO and RMC on a monthly basis in line with the approved guidelines and policies.

Liquidity Risk Management Approach

The Group has taken BNM's Liquidity Framework and leading practices as a foundation to manage and measure its liquidity risk exposure. The Group also uses a range of tools to monitor and control liquidity risk exposure such as liquidity gap, early warning signals, liquidity indicators and stress testing. The liquidity positions of the Group are monitored regularly against the established policies, procedures and limits.

Generally, the Group has a diversified liability structure to meet its funding requirements. The primary source of funding include customer deposits, interbank deposits, debt securities, swap market, bank loan syndication and medium term funds. The Group also initiates and implements strategic fund raising programmes as well as institutes standby lines with external parties on a need basis. Sources of liquidity are regularly reviewed to maintain a wide diversification by currency, provider, product and term.

In terms of day-to-day liquidity management, the treasury operations will ensure sufficient funding to meet its intraday payment and settlement obligations on a timely basis.

Besides that, the process of managing liquidity risk also includes:

- Maintaining a sufficient amount of unencumbered high quality liquidity buffer as a protection against any unforeseen interruption to cash flow;
- Managing short- and long-term cash flow via maturity mismatch report and various indicators;
- Monitoring depositor concentration at entity and Group level to avoid undue reliance on large depositors;
- Managing liquidity exposure by domestic and significant foreign currencies;
- Diversifying funding sources to ensure proper funding mix;
- Conducting liquidity stress testing under various scenarios as part of prudent liquidity control;
- Maintaining a robust contingency funding plan that includes strategies, decision-making authorities, internal and external communication and courses of action to be taken under different liquidity crisis scenarios; and
- Conducting CFP testing to examine the effectiveness and robustness of the plans.

The recent global financial crisis has resulted in a significant change in the regulation and supervision of liquidity risk in financial institutions. Arising from the Basel III liquidity risk management requirements, two ratios have been recommended to manage liquidity risks, which are Liquidity Coverage Ratio (**LCR**) and Net Stable Funding Ratio (**NSFR**). These measures will be phased in from 1 January 2015 and 1 January 2018 respectively. Although the formal observation period has been indicated by BNM to commence from the third quarter of 2012 onwards, the Group has been reporting the preliminary ratios to the ALCO and the RMC on a monthly basis.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed internal process, people and systems or from external events. This includes legal risk but excludes strategic and reputation risks.

Operational Risk Management Framework



The Group's Operational Risk Management Framework focuses on the five causal factors of operational risk, i.e., internal processes, people, systems, external events and legal. It provides a transparent and formalised framework aligned to business objectives within which the Board, management teams, staff and contractors can discharge their operational risk management responsibilities.

Treatment for Operational Risk Capital Charge

Operational Risk capital charge is calculated using the Base Indicator Approach (**BIA**) as per BNM's Risk Weighted Capital Adequacy Framework (**RWCAF**). The BIA for operational risk capital charge calculation applies an alpha (15 per cent.) to the average of positive gross income that was achieved over the previous three years by the Group. The risk weighted assets (**RWA**) amount is computed by multiplying the minimum capital required with a multiplier of 12.5 (reciprocal of 8 per cent.).

The Group aims to move towards The Standardised Approach (**TSA**) for Operational Risk Capital Charge Calculation in due course. For this purpose, the Group has mapped its business activities into the eight business lines as prescribed by Basel II and the BNM RWCAF TSA requirements.

The Group has also automated the operational risk capital charge calculation process to produce accurate and reliable Operational Risk capital charge figures across the Group under both the BIA and TSA.

1. Risk Control and Self-Assessment.
2. Key Risk Indicator.

MALAYSIAN BANKING INDUSTRY

Banking System Stays Resilient

The Malaysian banking system continued to be resilient, supported by robust capitalisation, steady profitability and strong liquidity buffers during the first seven months of 2011. The regular stress tests conducted on credit, market and liquidity risks confirmed the capacity of the banking system to withstand potential adverse shocks. Banks were also able to provide financial intermediation to support economic activities and sustain growth. As at the end of July 2011, the banking system's capital buffer was more than RM62 billion. The core capital ratio (**CCR**) and RWCR of the banking system stood at 12.5 per cent. and 14.3 per cent., respectively. Approximately 80.0 per cent. of the total capital was in the form of Tier 1 capital, largely made up of paid-up capital and reserves.

In November 2011, BNM released revised lending guidelines to financial institutions which include commercial banks and development financial institutions aimed at promoting prudent, responsible and transparent retail financing practices. Effective from 1 January 2012, the guidelines require financial institutions to make assessments of a borrower's ability to afford the financing facilities sought based on a prudent debt service ratio as considerations for their credit decisions. The guidelines would be applicable to home and vehicle financing, credit and charge cards, personal financing including overdraft facilities as well as financing for the purchase of securities except for share margin financing which comes under stock exchange rules. The new guidelines aim to promote better protection for financial consumers and a sustainable credit market that contributes towards preserving financial and macro-economic stability.

(Source: Bank Negara Malaysia)

During the first seven months of 2011, the banking sector recorded pre-tax profits of RM15.6 billion (January to July 2010: RM13.3 billion), contributed by higher net interest and revenue from services provided relating to financing activities, corporate advisory, money transmission as well as cross-selling of bancassurance and wealth management products. Meanwhile, net gains from treasury activities improved as banks weathered market volatility arising from two-way portfolio investment flows and external challenges from the U.S. and Euro area.

Expanding Presence of Foreign Banks

The presence of foreign banks increased further to complement Malaysia's current financial sector as it makes progress in its economic transformation to become a high-income nation by 2020. Of the five foreign banks which received new commercial banking licences issued in 2010, two have commenced operations in April and June 2011. On 15 June 2011, another new international Islamic bank licence was issued to a foreign bank from Bahrain. Currently, more than half of the 20 foreign commercial banks originate from the Asian region, signifying Asia's growing importance in the global economic landscape and Malaysia's strengthened linkages within the region.

Investment Banks Boost Bond Market Growth

As at end-July 2011, the number of investment banks in Malaysia remained at 15, following the transformation and rationalisation of merchant banks, discount houses, stockbroking companies and universal brokers. The investment banks in Malaysia remained resilient with strong RWCR and CCR at 33.4 per cent. and 32.9 per cent., respectively (end of 2010: 35.0 per cent.; 34.4 per cent.). The enhanced role of investment banks as key financial market intermediaries is evident in the growth of Malaysia's bond market to become the largest in Southeast Asia. Several Malaysian investment banks have also emerged as notable players in the regional investment banking industry as part of longer-term growth strategies to diversify sources of income and tap new business opportunities.

Islamic Finance Developments

Efforts continued to be made to strengthen Malaysia's position as an International Islamic Financial Centre and contribute towards the internationalisation of Islamic finance by developing shariah-compliant products and services as well as tools to facilitate and support cross-border transactions. This included the establishment of the International Islamic Liquidity Management Corporation (**IILM**), which began operations on 1 February 2011 in Kuala Lumpur. The IILM is a collaboration of 12 central banks and regulatory agencies as well as two multilateral institutions. IILM is tasked to issue short-term shariah-compliant multi-currency liquidity instruments to facilitate cross-border liquidity management between financial centres, which will in turn enhance Islamic financial interlinkages. This would also contribute to more efficient management of financial flows across borders.

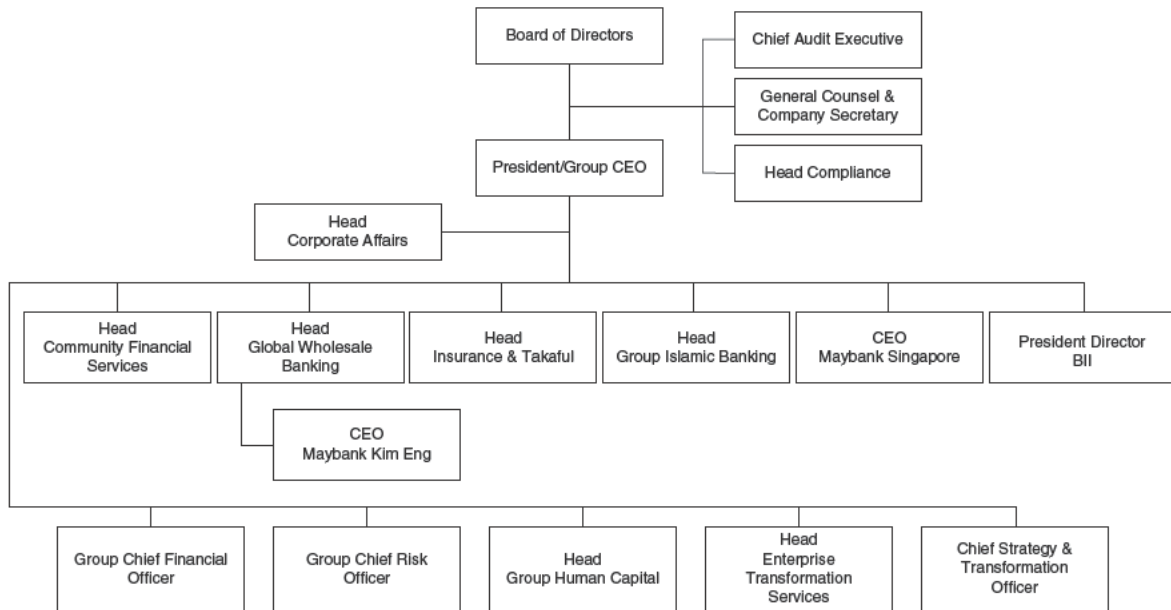
Islamic Banking Flourishes

The Islamic Banking business, which includes development financial institutions (**DFIs**) continued to grow with a significant expansion in assets, deposits and financing during the first seven months of 2011. Total assets expanded by 15.4 per cent. to RM389.3 billion as at the end of July 2011 and comprised 21.4 per cent. of total banking system assets. Total deposits grew by 13.5 per cent. to RM299.1 billion and accounted for 23.1 per cent. of total deposits in the banking system as at the end of July 2011. Islamic financing continued to be in demand with an increase of 16.8 per cent. to RM246.8 billion, which represented 23.3 per cent. of total loans in the banking system.

(Source: Economic Report 2010/2011, Ministry of Finance, Malaysia)

ORGANISATION CHART

The following chart sets out the management and organisation structure of the Group.



MANAGEMENT

Board of Directors

The Board has the responsibility to periodically review and approve the overall strategies, business and organisation, and significant policies of the Issuer. The Board also sets the Issuer core values and adopts proper standards to ensure that the Issuer operates with integrity and complies with the relevant rules and regulations. The Board is also responsible in reviewing and approving the strategic business plans for the Issuer and Group, identifying and managing principal risks affecting the Group, reviewing the adequacy and integrity of the Group's internal control system, overseeing the conduct and the performance of the Group's businesses, approving the appointment and compensation of senior management staff, approving new policies pertaining to staff salary and benefits, approving changes to the corporate organisations structure, approving the appointment of Directors and Directors' emoluments and benefits in accordance with relevant statutes and approving policies relating to corporate branding, public relations, investor relations and shareholder communication programmes.

The Issuer's Articles of Association provide that the number of the Issuer's directors shall not be less than five or more than 18, unless otherwise determined by its shareholders. The Board currently consists of a Chairman, a Vice Chairman, an executive director and eight other non-executive directors. The Chairman and Vice Chairman are also non-executive directors. One-third of these directors must retire from the Board (but are eligible for reappointment) at each annual general meeting of shareholders. The directors of the Issuer as at the date of this Offering Circular are as follows:

Name	Position	Appointment date
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor	Chairman — non-independent non-executive	1 October 2009
Dato' Mohd Salleh Hj Harun	Vice Chairman — independent non-executive	18 November 2009
Dato' Sri Abdul Wahid Omar	Member — non-independent executive	1 May 2008
Tan Sri Datuk Dr Hadenan A. Jalil.	Member — independent non-executive	15 July 2009
Dato' Seri Ismail Shahudin.	Member — independent non-executive	15 July 2009
Dato' Dr Tan Tat Wai	Member — independent non-executive	15 July 2009
Zainal Abidin Jamal	Member — non-independent non-executive	22 July 2009
Alister Maitland	Member — independent non-executive	26 August 2009
Cheah Teik Seng	Member — independent non-executive	26 August 2009
Dato' Johan Ariffin	Member — independent non-executive	26 August 2009
Datuk Mohaiyani Binti Shamsudin.	Member — independent non-executive	22 August 2011

The Board meets every month with additional meetings convened as and when urgent issues and important decisions are required to be taken between the scheduled meetings. The Issuer's corporate governance structure has incorporated and adopted the provisions of the Revised Malaysian Code on Corporate Governance, BNM's Revised Guidelines on Corporate Governance for Licensed Institutions (**Revised BNM/GP1**), Bursa Securities' Main Market Listing Requirements, Green Book on Enhancing Board Effectiveness by the Putrajaya Committee on GLC High Performance and Corporate Governance Guide by Bursa Securities.

Under the above mentioned governance structure, the Board has established the following four committees, the main functions and relationships of which are described below:

Credit Review Committee

The CRC consists of five members, comprising of four non-executive directors and an executive director.

The CRC meets weekly to review loan applications above a certain level, which had been approved by the GMCC. The CRC has the right to veto any decision of the GMCC if necessary and also to look into any required change in credit policy for recommendation to the Board. The Committee also reviews from time to time the total lending cap of the companies, which are granted facilities by the Issuer, and makes its necessary recommendation to the Board.

Risk Management Committee

The RMC consists of four members, comprising of three independent non-executive directors and one non-independent non-executive director. The Committee is responsible for formulating policies and frameworks for identifying, measuring, monitoring, managing and controlling credit risk, market risk, liquidity and operational risks. This Committee meets monthly, with additional meetings convened to attend to urgent matters that require its deliberation.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (**NRC**) is a merger of the Nomination Committee and Remuneration and Establishment Committee subsequent to the approval given by BNM on 14 April 2010, in line with the practice adopted by other major banks and GLCs and to reflect compliance with the Revised BNM/GP1.

The NRC consists of five members, all of whom are non-executive directors and of which majority are independent. The responsibilities of the NRC are to provide a formal and transparent procedure for the appointment of Directors and CEO as well as assessment of effectiveness of individual Directors, Board as a whole and the performance of the CEO and key senior management officers. The NRC also provides a formal and transparent procedure for developing a remuneration policy for Directors, CEO and key senior management officers and ensuring that compensation is competitive and consistent with the licensed institution's culture, objectives and strategy. The NRC meets monthly.

Audit Committee

The ACB, which is headed by an independent non-executive director as Chairman, meets at least once a month. The composition of the ACB is reviewed every three years.

The ACB reviews and, where appropriate, reports to the Board of Directors on the adequacy of the internal audit scope and plan, functions and resources of the internal audit function, Internal Audit Charter and that it has necessary authority to carry out its works, reviews the internal audit reports to evaluate the findings of their work and to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that are identified, approves the appointment or termination of the Chief Audit Executive and Heads of Department of Internal Audit, assesses the performance of the internal auditors, determines and approves the remuneration and annual increment of the internal auditors and takes cognisance of the resignation of internal audit staff and the reasons for any resignations.

The ACB also reviews the appointment and performance of external auditors, the audit fee and considers any question of resignation or dismissal of such auditors before making recommendations to the Board; assesses the qualification, expertise, resources and effectiveness of the external auditors; monitors the effectiveness of the external auditors' performance and their independence and objectivity; reviews the external auditors' audit scope and plan, including any changes to the planned scope of the audit plan; reviews major audit findings and the Management's responses, including the status of previous audit recommendations; reviews 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; and approves non-audit services provided by external auditors.

The ACB reviews any related party transaction and conflict of interest situations that may arise within the Issuer or the Group including transactions, procedures or courses of conducts that may raise questions of management's integrity and reviews the quarterly and year-end financial statements focusing on any changes in accounting policy and practices, significant and unusual events and compliance with applicable Financial Reporting Standards and other legal and regulatory requirements. The review also covers the ACB's activities for the financial year.

PROFILE OF DIRECTORS

Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor
Chairman

Non-Independent Non-Executive Director

B.Sc (Hons) in Mining Engineering, Imperial College of Science & Technology, University of London; Associate of the Royal School of Mines, United Kingdom

Tan Sri Dato' Megat Zaharuddin was appointed as a Director and Chairman of the Issuer on 1 October 2009. He had been an Independent Non-Executive Director of Maybank from July 2004 to February 2009.

He built an outstanding career in the oil and gas industry for 31 years with the Royal Dutch Shell Group of Companies and was the Regional Business Chief Executive Officer and Managing Director, Shell Exploration and Production B.V. prior to his retirement in early 2004. He was also the Chairman of Maxis Communications Berhad from January 2004 to November 2007, Etiqa Insurance & Takaful from January 2006 to February 2009, Malaysian Rubber Board from February 2009 to May 2010, Director of Capital Market Development Fund from January 2004 to January 2010 and Director of Woodside Petroleum Ltd, a company listed on the Australian Stock Exchange, from December 2007 to April 2011.

He is currently also the Chairman of Maybank Investment Bank Berhad and the President Commissioner of BII, both which are subsidiary companies of the Group. He is also a Director of The International Centre for Leadership in Finance (ICLIF) Leadership and Governance Centre.

Dato' Mohd Salleh Hj Harun
Vice Chairman

Independent Non-Executive Director

Member of the Malaysian Institute of Certified Public Accountants (MICPA); Fellow of the Institute of Bankers Malaysia

Dato' Mohd Salleh Hj Harun was appointed as a Director and Vice Chairman of the Issuer on 18 November 2009. He serves as Chairman of the Nomination and Remuneration and Employee Share Scheme Committees of the Board.

He started his career as a Senior Accountant with the Malaysian Treasury between 1971 and 1974 prior to joining the Group in 1974 as Investment Manager in Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad), before moving to Bank Rakyat for a short stint in 1978. Thereafter, Dato' Salleh returned to the Group where he served in various senior capacities culminating as Executive Director of Maybank from 1994 to 2000. In 2000, he was appointed as a Deputy Governor of Bank Negara Malaysia, a post he held up to 2004. Since then, he held directorships in the RHB Group including as Chairman of RHB Insurance Berhad until November 2009.

His current directorships in companies within the Group include being Chairman of Maybank Ageas Holdings Berhad, Etiqa Insurance Berhad, Etiqa Takaful Berhad, Mayban Investment Management Sdn Bhd and Maybank Philippines Inc. He is also a Director of Scicom (MSC) Berhad, Asia Capital Reinsurance Malaysia Sdn Bhd and FIDE Forum.

Dato' Sri Abdul Wahid Omar
President and CEO

Non-Independent Executive Director

Fellow of the Association of Chartered Certified Accountants (United Kingdom); Member of the Malaysian Institute of Accountants

Dato' Sri Abdul Wahid Omar was appointed as the President & CEO and Executive Director of the Issuer on 1 May 2008. He serves as Chairman of the Group Executive Committee and a member of the Credit Review Committee of the Board.

Prior to joining the Group, he was the Group CEO of Telekom Malaysia Berhad from 1 July 2004 to May 2008. He was also formerly the Managing Director/Chief Executive Officer of the UEM Group Berhad and UEM World Berhad as well as the Executive Vice Chairman of PLUS Expressways Berhad. This was preceded by serving at Telekom Malaysia Berhad as the Chief Financial Officer in 2001. He was previously a Director of Group Corporate Services cum Divisional Director, Capital Market & Securities of Amanah Capital Partners Berhad, Chairman of Amanah Short Deposits Berhad as well as a Director of Amanah Merchant Bank Berhad and several other financial services companies.

His current directorships in companies within the Group include as Director of Maybank Ageas Holdings Berhad, Maybank Investment Bank Berhad and BII. His directorships in other companies include as Chairman of Malaysia Electronic Payment System Sdn Bhd and as Director of Cagamas Holdings Berhad and ASEAN Finance Corporation Limited.

Dato' Sri Abdul Wahid Omar is also currently the Chairman of the Association of Banks in Malaysia, Vice Chairman of the Institute of Banks Malaysia, and member of the Investment Panel for Lembaga Tabung Haji and Kumpulan Wang Persaraan (**KWAP**).

Tan Sri Datuk Dr Hadenan bin A. Jalil
Member

Independent Non-Executive Director

PhD Henley Management College, United Kingdom; Master of Business Management, Asian Institute of Management, Philippines; Bachelor of Economics, University of Malaya

Tan Sri Datuk Dr Hadenan A. Jalil was appointed as a Director of the Issuer on 15 July 2009. He serves as Chairman of the Audit Committee and as a member of the Nomination and Remuneration and Employee Share Scheme Committees of the Board.

Tan Sri Datuk Dr Hadenan A. Jalil was Auditor General from 2000 to 2006. He served with the Government for 36 years in various capacities in the Treasury, the Ministry of International Trade and Industry and the Ministry of Works prior to his appointment as Auditor General.

His current directorships in companies within the Group include as Director of Maybank Islamic Berhad. He is also Chairman of ICB Islamic Bank Ltd (Bangladesh), Protasco Berhad and PNB Commercial Sdn Bhd. In addition, he sits on the boards of THP-Sinar Sdn Bhd, Unilever (Malaysia) Holdings Sdn Bhd and University Tun Abdul Razak Sdn Bhd as well as being a member of the Audit Committee, Johor Corporation.

Dato' Seri Ismail Shahudin
Member

Independent Non-Executive Director

Bachelor of Economics, University of Malaya

Dato' Seri Ismail Shahudin was appointed as a Director of the Issuer on 15 July 2009. He serves as Chairman of the Credit Review Committee of the Board.

He was Chairman of Bank Muamalat Malaysia Berhad from 2004 until his retirement in July 2008. He has held senior positions in Citibank, serving both in Malaysia and New York, United Asian Bank and Maybank where he was appointed Executive Director in 1997. He left the Group in 2002 to assume the position of Group Chief Executive Officer of MMC Corporation Berhad prior to his appointment to the Board of Bank Muamalat Malaysia Berhad.

His current directorships in companies within the Group include as Chairman of Maybank Islamic Berhad and as a director of MCB Bank Limited, Pakistan. He is also a director of several public listed companies which include PLUS Expressways Berhad, Nadayu Properties Berhad (formerly known as Mutiara Goodyear Development Berhad), SMPC Corporation Berhad, EP Manufacturing Berhad, Opus International Consultants Ltd and Aseana Properties Limited, a company listed on the London Stock Exchange.

Dato' Dr Tan Tat Wai
Member

Independent Non-Executive Director

PhD in Economics, Harvard University, USA; Master of Economics, University of Wisconsin (Madison), USA; Bachelor of Science in Electrical Engineering & Economics, Massachusetts Institute of Technology, USA

Dato' Dr Tan Tat Wai was appointed as a Director of the Issuer on 15 July 2009. He serves as Chairman of the Risk Management Committee and as a member of the Nomination and Remuneration Committee of the Board.

He started his career with Bank Negara Malaysia in 1978, undertaking research in economic policies. Subsequently, he assumed the role of a consultant to Bank Negara Malaysia, World Bank and the United Nations University for several years. He served as the Secretary and a member on the Council of Malaysian Invisible Trade, set up to formulate policies to reduce Malaysia's deficit in service trade. He was a member of the Government appointed Malaysian Business Council; the Corporate Malaysia Roundtable; the Penang Industrial Council; the Industrial Co-ordination Council (**ICC**) and the National Committee on Business Competitiveness (**NCBC**) set up by the Ministry of International Trade and Industry. He represented Malaysia as a member of the APEC Business Advisory Council (**ABAC**) and sat on the Council of Wawasan Open University.

Within the Group, he is a Director of Maybank Investment Bank Berhad and Mayban Trustees Berhad. He is the Group Managing Director of Southern Steel Berhad, a post he has held since December 1993. He also sits on the Boards of Shangri-La Hotels (M) Bhd, Titan Chemicals Corp Sdn Bhd and NSL Ltd (formerly known as Natsteel Ltd), a plc in Singapore, among several other private limited companies. He is also the President of the not-for-profit Lam Wah Ee Hospital.

Zainal Abidin Jamal
Member

Non-Independent Non-Executive Director

LL.B (Hons), University of Singapore

Zainal Abidin Jamal was appointed as a Director of the Issuer on 22 July 2009. He serves as a member of the Credit Review, Nomination and Remuneration and Employee Share Scheme Committees of the Board.

He is a practising corporate and commercial lawyer and established his firm, Zainal Abidin & Co, in 1987, where he is the Founder and Senior Partner. He was enrolled as an Advocate & Solicitor of the High Court of Malaya in 1986. Between 1983 and 1986, he served as the Company Secretary of Harrisons Malaysian Plantations Berhad. Prior to that, he had practised in Singapore where he was enrolled in 1980 as an Advocate and Solicitor of the Supreme Court of Singapore and had also served as a First Class Magistrate in Brunei Darussalam.

His current directorships in companies within the Group include as Chairman of Mayban Trustees Berhad and Director of Etiqa Insurance Berhad, Etiqa Takaful Berhad, Maybank Islamic Berhad, Maybank International (L) Limited, and Mayban International Trust (L) Ltd. He also serves on the Boards of Lam Soon (M) Berhad and Kesas Holdings Berhad, PNB Asset Management (Japan) Co Ltd, PNB International Limited, PNB-SBI ASEAN Gateway Investment Management Limited and several other private limited companies.

Alister Maitland
Member

Independent Non-Executive Director

Degree in Commerce, Victoria University, NZ; AMP Graduate, Harvard Business School, USA

Alister Maitland was appointed as a Director of the Issuer on 26 August 2009. He serves as a member of the Nomination and Remuneration, Employee Share Scheme and Risk Management Committees of the Board.

In his career spanning 35 years in Australia, New Zealand and the United Kingdom, he has held many key roles within the ANZ Banking Group Ltd including that of Chief Economist and Managing Director of ANZ New Zealand. In his last six years with the ANZ Group, he served on the main board of ANZ Bank as Executive Director International, directly responsible for ANZ Group's operations in 42 countries.

His current directorship in companies within the Group includes as Chairman of Maybank (PNG) Ltd.

Cheah Teik Seng
Member

Independent Non-Executive Director

Bachelor of Science, University of Manchester, United Kingdom; Fellow of the Institute of Chartered Accountants in England and Wales

Cheah Teik Seng was appointed as a Director of the Issuer on 26 August 2009. He serves as a member of the Audit and Risk Management Committees of the Board.

As a federal government Public Services Department scholarship holder, he served in the civil service in the early '80s. Since leaving government service, he took on various roles in the banking and financial services industry both locally as well as in London, Hong Kong and Singapore. He held positions in Public Bank, Chase Manhattan Bank, Merrill Lynch, Goldman Sachs, UBS and BNP Paribas holding the position of Managing Director for a tenure of nine years. He was appointed as CEO-designate of ECM Libra Avenue Group in 2006. He is currently a Director and partner of Aktis Capital Singapore Pte Ltd.

His current directorships in companies within the Group include as Chairman of Mayban Ventures Sdn Bhd, Mayban-JAIC Management Ltd, Mayban Venture Capital Company Sdn Bhd, Mayban Agro Fund Sdn Bhd, as well as Director of Maybank Investment Bank Berhad. He is also the Chairman of Kim Eng Holdings Ltd.

He sits as a board member of Kumpulan Wang Persaraan (KWAP) and on the boards of various private equity companies in Hong Kong, China and Cayman Islands. He is also an Independent Non-Executive Director of two hedge funds.

Dato' Johan Ariffin
Member

Independent Non-Executive Director

MBA, University of Miami, USA; BA Economics, Indiana University, USA

Dato' Johan Ariffin was appointed as Director of the Issuer on 26 August 2009. He serves as a member of the Audit and Credit Review Committees of the Board.

He started his career in the real estate division of Citibank. Thereafter, he held various senior positions in several subsidiaries of public listed companies while venturing into his own successful marketing and advertising consultancy and property development business. He then headed Danaharta's Property Division as Senior General Manager before moving on to head TTDI Development Sdn Bhd up to January 2009.

His current directorships in companies within the Group include Chairman of Maybank International (L) Limited and Mayban International Trust (L) Ltd as well as Director of Maybank Ageas Holdings Berhad, Etiqa Insurance Berhad, Etiqa Takaful Berhad and Mayban Investment Management Sdn Bhd.

He is currently also Chairman of Mitraland Properties Sdn Bhd, a Director of Sime Darby Property Berhad and a National Council member of the Real Estate Housing Developers' Association Malaysia (REHDA).

Datuk Mohaiyani Shamsudin
Member

Independent Non-Executive Director

MBA (Finance) Cornell University, Ithaca, New York, USA; BA (Economics) Knox College, Galesburg, Illinois, USA;

Datuk Mohaiyani Shamsudin was appointed as Director of the Issuer on 22 August 2011. She serves as a member of the Credit Review Committee of the Board.

She was with Amanah Chase Merchant Bank Berhad and Seagrott & Campbell Sdn Bhd before starting her own stockbroking company, Mohaiyani Securities Sdn Bhd, in 1985 and assumed the role of Managing Director. During her active involvement in the stockbroking industry, she was appointed as Deputy Chairman of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Bhd) and Chairman of Association of Stockbroking Companies Malaysia.

Her current directorship in companies within the Group include Director of Maybank Investment Bank Berhad. She had been appointed as a member of several high level national working groups such as National Economic Action Council (**NEAC**), National Economic Consultative Council II (**MAPEN II**), National Information Technology Council (**NITC**) and Ministry of Finance High Level Finance Committee for Corporate Governance.

She is a director of Capital Market Development Fund, a member of Member of the National Advisory Council for Women, Ministry of Women, Family and Community Development as well being a member and trustee of National Heart Institute Foundation.

Senior Management

The Group Executive Committee (**Group EXCO**), which is the highest management committee within the Group, is responsible for the implementation of the Group's business strategies, major plans and projects in accordance with the Group's vision and mission guided by the direction and approval of the Board of the Bank and the Boards of the subsidiaries. The Group EXCO is chaired by the President and Chief Executive Officer (**PCEO**) and consists of 11 other members of senior management comprising Heads of Business Pillars as well as support sectors.

The Group EXCO members are as follows:

Name	Position
Dato' Sri Abdul Wahid Omar	President and Chief Executive Officer
Dato' Khairussaleh Ramli*	President Director of BII
Lim Hong Tat	Deputy President and Head, Community Financial Services
Abdul Farid Alias	Deputy President and Head, Global Wholesale Banking
Hans De Cuyper	Head, Insurance & Takaful, Chief Executive Officer, Maybank Ageas Holdings Berhad
Muzaffar Hisham	Chief Executive Officer, Maybank Islamic Berhad
Dr. John Lee Hin Hock	Group Chief Risk Officer
Geoff Stecyk	Head, Enterprise Transformation Services
Nora Abd Manaf	Head, Group Human Capital
Tengku Dato' Zafrul Tengku Abdul Aziz	Chief Executive Officer, Maybank Investment Bank Berhad
Pollie Sim Sio Hoong	Chief Executive Officer, Maybank Singapore
Michael Foong Seong Yew	Chief Strategy and Transformation Officer

The PCEO, with the Board's support has established various Executive Level 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:

- (i) the Group Management Credit Committee which has been empowered as the centralised loans approval committee for the Group;

- (ii) the Executive Risk Committee which is responsible for reviewing and recommending risk management strategies, risk framework, risk policies, risk tolerance and risk appetite for all risk types to the Risk Management Committee for approval;
- (iii) the Asset and Liability Management Committee which is primarily responsible for the development and implementation of broad strategies and policies for managing the consolidated balance sheet and associated risks;
- (iv) the Group Staff Committee which is responsible for the formulation and reviews of all human resource framework and policies.

Note:

- * Pursuant to the Extraordinary General Meeting of Shareholders (**EGMS**), Dato' Khairussaleh Ramli was appointed as President Director of BII on 16 January 2012. His appointment is subject to the approval of Bank Indonesia (the **Central Bank of Indonesia**). Dato' Khairussaleh Ramli stepped down as the Group Chief Financial Officer (**Group CFO**) with effect from 6 April 2012. Mohamed Rafique Merican bin Mohd Wahiduddin Merican has been appointed as Group CFO with effect from 1 June 2012.

PRINCIPAL SHAREHOLDERS

The substantial shareholders (with shareholding of 5.0 per cent. and above) as at 31 December 2011 are as follows:

Name	Number of shares held	Percentage of shareholding
Amanah Raya Trustees Berhad (B/O: Skim Amanah Saham Bumiputera)	3,552,414,777	46.20
Citigroup Nominees (Tempatan) Sdn Bhd (B/O: Employees Provident Fund Board	870,681,670	11.40
Permodalan Nasional Berhad	398,320,265	5.21

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 (now 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) act as a banker and financial adviser to the Government; (ii) issue currency and keep reserves to safeguard the value of the currency; (iii) promote monetary stability and a sound financial structure; (iv) influence the credit situation to the advantage of Malaysia; and (v) manage public debt, administer exchange controls, supervise and regulate banks (including subsidiaries of foreign banks incorporated in Malaysia), banking and finance companies, investment banks, discount houses and money brokering businesses and deal with international monetary institutions.

BNM and the Minister of Finance of Malaysia (the **MOF**) have extensive powers under the Banking and Financial Institutions Act, 1989 (the **BAFIA**) and the Islamic Banking Act, 1983 (the **IBA**). The BAFIA is the principal statute that sets out the laws for the licensing and regulation of institutions carrying on banking, finance company, investment banking, discount houses and money-brokering businesses and the IBA is the principal statute that sets out the laws for the licensing and regulation of institutions carrying on Islamic banking. In addition to the BAFIA and the IBA, Malaysian licensed institutions are subject to guidelines issued by BNM from time to time.

The following discussion sets out information with respect to the regulation of the banking industry by BNM:

Licensing and Limitation of Business Activities of Banks

Under the BAFIA, banking business, which is defined to include deposit taking and provision of financing, can only be conducted by a public company (which includes domestic public limited companies and subsidiaries of foreign banks incorporated as public limited companies in Malaysia) which has obtained a licence from the MOF on the recommendation of BNM. Under the IBA, Islamic banking business, which is defined as banking business whose aims and operations do not involve any element which is not approved by the religion of Islam, can only be conducted by a 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. In particular, a bank may not: (i) pay any dividend on its shares until all of its capitalised expenditures have been written off in full and the prior approval of BNM has been obtained; (ii) grant any credit facilities to any of its directors or officers except as permitted under the BAFIA or the IBA (as the case may be); (iii) accept its own shares or shares of its holding company as security; (iv) acquire or hold any shares in any other corporation except as permitted under the BAFIA, the IBA (as the case may be) or by prescribed regulation; and (v) open any branch offices unless the approval of BNM has been obtained.

Statutory Reserves

BNM requires Malaysian banks to maintain a sum equivalent to the Statutory Reserve Requirement ratio (**SRR**) in the form of non-interest bearing reserves with BNM. The SRR is currently set at 4.0 per cent. of total eligible liabilities.

Capital Adequacy Requirements

With effect from 1 September 1989, capital adequacy regulations implementing the agreement reached by the Basel Committee on Banking Supervision Practices (the **Basel Committee**) in July 1988 were introduced into the Malaysian banking system. These regulations, which were phased in over a two-year period, specify a minimum Tier I capital to risk weighted assets ratio of 4.0 per cent. and a

minimum total capital to risk-weighted assets ratio of 8.0 per cent. Tier I capital includes paid-up ordinary share capital, share premium, statutory reserves, general reserves, retained profit/loss, minority interests, innovative and non-innovative Tier I capital instruments approved by BNM and after deducting goodwill and deferred tax assets. Tier II capital includes general allowances for loan losses, subordinated debts with an initial maturity of at least five years, any innovative and non-innovative hybrid Tier I capital instruments in excess of the limits set by BNM to qualify as Tier I capital which is approved by BNM as Tier II capital and revaluation surpluses.

Under BNM's Capital Adequacy Framework (Basel II – Risk-Weighted Assets Computation), risk-weighted assets is the sum of (i) the risk weighted assets for credit risk; (ii) the risk weighted assets equivalent for market risk; and (iii) the total risk weighted assets for operational risk. The credit risk weights and the credit conversion factors are provided in the said BNM guidelines.

Single Customer Limit

Banks are prohibited from extending credit facilities to any customer in excess of the prescribed percentage in relation to the capital funds of the bank, subject to certain exemptions.

Qualifications of Directors; Power to Remove Directors

Under the BAFIA and the IBA (as the case may be), a person cannot be appointed as a director of a bank if, for example, that person has been declared bankrupt; has suspended payments or has compounded with his creditors whether within or outside of Malaysia; has been convicted of any offence under the BAFIA, or the IBA (as the case may be), if there has been any order of detention, supervision, restricted residence, banishment or deportation made against him; or if that person has been a director of or directly concerned in the management of any company which is being or has been wound up by a court or has been a director of a bank whose licence has been revoked under the BAFIA. The appointment of directors, the chairman of the Board and the chief executive officer of a bank is subject to the prior written approval of BNM. The appointment of a director and the chief executive officer of a bank is subject to renewal every two years upon re-assessment by BNM pursuant to an application submitted by the bank for the re-appointment. BNM's Guidelines on Corporate Governance for Licensed Institutions stipulate (as updated 17 March 2011), *inter alia*, that:

- (i) The Board of a licensed institution must have an appropriate number of directors commensurate with the complexity, size, scope and operations of the licensed institution.
- (ii) The Board should comprise of directors who as a group provide a mixture of core competencies such as finance, accounting, legal, business management, information technology and investment management.
- (iii) At least a third of the Board must be independent directors. However, in cases where BNM has concerns as to the effective functioning of the Board, a higher proportion of independent directors may be specified by BNM.
- (iv) There should not be more than one executive director on the Board of a licensed institution. However, under exceptional circumstances, BNM may allow up to a maximum of two executive directors.
- (v) Directors who are errant, ineffective or negligent in discharging their responsibilities may be removed from the Board. All resignation and removal of independent directors from the Board can only take effect after the Board has cleared the resignation and removal with BNM.
- (vi) There shall be clear separation between the roles of chairman and chief executive officer of a licensed institution.

(vii) Individuals who are active in politics cannot be appointed as a director of a licensed institution.

BNM is also empowered under the BAFIA and the IBA (as the case may be) to remove any director of a bank with the prior concurrence of the MOF if, *inter alia*, it is satisfied that the bank is carrying on its business in a manner detrimental to the interests of its depositors, its creditors or the public generally or is insolvent or has become or is likely to become unable to meet all or any of its obligations or is about to suspend payment of its debts.

Interest Rate Regulation

Effective 26 April 2004, BNM introduced an interest rate framework aimed at enhancing the effectiveness of monetary policy transmission process and efficiency of the operation of the financial markets as well as pricing by banking institutions. Under this interest rate framework, banking institutions are allowed to determine their own lending rates on all credit facilities and loan products, other than credit card loans, and loans where the lending rates are governed by legislation or prescribed by BNM.

In addition, under this interest rate framework, the Overnight Policy Rate (**OPR**) replaced the three-month intervention rate as the policy rate. BNM will announce its monetary policy stance through changes in the OPR. The implementation of monetary policy targets the overnight interbank rate to fluctuate within a corridor around the OPR. To minimise excessive volatility in the overnight interbank rate, BNM has set a corridor of +/- 25 basis points around the OPR. BNM will ensure that overnight interbank rates trade within this corridor by providing a lending facility and a deposit facility at the upper and lower limit of the corridor respectively.

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.

On 23 March 2005, BNM announced the relaxation of the foreign exchange administration rules governing overseas investments by residents (both individuals and corporations) and the retention of foreign currency in foreign currency accounts by residents. Limits on foreign currency credit facilities that can be obtained by residents from non-residents, licensed onshore banks and licensed merchant banks were increased, and the rules governing domestic borrowings by Non Resident Controlled Companies were removed. These changes in the foreign exchange administration rules became effective on 1 April 2005.

In 2007, the foreign exchange administration rules were further liberalised as part of the continuous efforts to increase efficiency and reduce cost of doing business in Malaysia.

In line with the liberalisation, registration requirements for forward foreign exchange contracts by residents; Ringgit-denominated loans to non-residents for purchase or construction of immovable properties in Malaysia; investment in foreign currency assets by residents; foreign currency borrowing

by residents; and prepayment or repayment of foreign currency borrowing by residents, were abolished. Monthly reporting on balances of foreign currency accounts of residents was also abolished.

In May 2008, BNM had further liberalised the rules on borrowing and lending by resident companies, Resident companies are free to borrow any amount in foreign currency from other resident companies within the same corporate group basis without prior approval from BNM. Furthermore, in terms of lending in Ringgit, a resident company or individual is free to lend in Ringgit any amount to non-resident non-bank companies or individuals to finance activities in the real sector in Malaysia (previously only up to RM10,000).

Priority Sector Lending Guidelines

There are currently three priority sector lending guidelines issued by BNM which are applicable to commercial banks, including the Bank. These are (i) loans for houses costing up to RM100,000 (for Peninsular Malaysia) and an additional 20.0 per cent. on the value of houses for the states of Sabah and Sarawak, (ii) lending to SMEs and Bumiputera SMEs; and (iii) agriculture financing. The housing loan lending guideline is to ensure that financing of home ownership is available to lower income groups. The prescribed interest rate on such loans is Base Lending Rate (**BLR**) plus 1.75 per cent. The guidelines on lending to SMEs aim to provide financial assistance to SMEs, including Bumiputera SMEs, to obtain financing for their business operations. The guideline for Bumiputera SMEs lending is to ensure a minimum level of loans is extended to this community. For this lending guideline, SME is defined as domestic business enterprises under three sectors, these being manufacturing (including agro-based and manufacturing related services), primary agriculture and the services sector (including information and communications technology) where the number of full-time employees must not be more than 150, 50 and 50 employees, respectively or annual sales turnover must not exceed RM25 million, RM5 million and RM5 million, respectively. The agriculture financing guideline will ensure the sector continues to have access to financing at reasonable cost. In this guideline, the agriculture sector refers to amongst others, agriculture (i.e. growing of crops, market gardening, horticulture, livestock farming, fisheries), agriculture related services and activities.

Powers of Enforcement

BNM has broad powers to enforce the BAFIA and the IBA. In particular, where a bank is insolvent or is likely to become unable to meet all or any of its obligations or is about to suspend payment, BNM may, with the prior concurrence of the MOF, remove from office any officer or director of the bank concerned, appoint any person as a director of the bank concerned, appoint any person to advise the bank in relation to the proper conduct of its business, recommend that the MOF place the bank under the control of BNM or authorise BNM to make a court application to appoint a receiver or manager to manage the affairs of the bank or authorise BNM to present a petition for winding-up of the bank concerned.

In addition, if BNM is of the opinion that a bank is likely to become unable to meet its obligations or is about to suspend payment, BNM may, with the concurrence of the MOF, grant loans (against the security of shares of such bank) to, or purchase shares of, such bank, or grant loans to another bank to purchase shares, or purchase part or all of the properties and liabilities, of such bank.

Inspections by BNM

BNM is empowered to examine from time to time, without any prior notice, the books or other documents, accounts and transactions of a bank and may be directed by the MOF to do so in the event the MOF suspects that the banking institution is carrying on its business in a manner which is, or which is likely to be, detrimental to the interests of its depositors or creditors or has insufficient assets to cover its liabilities to the public or is contravening any provisions of the BAFIA, the IBA or the Central Bank of Malaysia Act, 2009.

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 Perbadanan Insurans Deposit Malaysia (**PIDM**) or MDIC within the international context. PIDM/MDIC 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.

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 as **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 Connected Parties Guidelines 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. The Connected Parties Guidelines are issued pursuant to Section 62 and Section 126 of BAFIA and Section 25 and Section 53A of the IBA.

Competition Act 2010

The Competition Act which took effect on 1 January 2012, was introduced to promote economic development by promoting and protecting the process of competition in order to maximise consumer welfare through the prohibition of anti competitive practices. The Competition Act applies to all commercial activities undertaken within Malaysia and those outside Malaysia which have effects on competition in the Malaysian market. The scope of the Competition Act includes prohibitions of anti-competitive agreements and the abuse of dominant position. The Group believes it has established a robust antitrust compliance programme to ensure compliance with the Competition Act and therefore, at this point in time, the Competition Act should not affect the operations of the Group.

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 believe to be reliable, but neither the Issuer 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 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 its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various 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.

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. In particular (and unlike the European clearing systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Instruments. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, 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 (subject to the agreement of CDP and any restrictions or conditions as specified in the relevant Pricing Supplement), 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. Notes that are to be listed on the SGX-ST may be cleared through 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 organization. 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 (the **Depositors**). Delivery and transfer of Notes between Depositors is by electronic book-entries in 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 (the **Depository Agents**) approved by CDP under the Singapore Companies Act 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 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, the Paying Agent in Singapore or any other agent 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.

Malaysia 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) to or on behalf of a Noteholder who is treated as a resident of Malaysia or a permanent establishment in Malaysia for tax purposes;
- (b) to or on behalf of a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Notes by reason of his having some connection with Malaysia other than a mere holding of such Notes; and
- (c) presented for payment by or on behalf of a Noteholder who would not be liable or subject to such withholding or deduction by making a declaration of residence in Malaysia or other similar claim for exemption to the relevant tax authority and has failed to do so within the time prescribed by law or at all.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual or certain other persons in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

Singapore Taxation

The statements below are only applicable to 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 issued by the Monetary Authority of Singapore (the **MAS**) in force as at the date of this Offering Circular and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, 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 Arrangers, 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.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (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 17 per cent. with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 20 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 the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) Notification 2012, a qualifying payment which is made to a person who is neither resident in Singapore nor a permanent establishment in Singapore by a specified entity shall be exempt from tax if the qualifying payment is 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 1 April 2011 to 31 March 2021. A specified entity includes a bank licensed under the Banking Act, Chapter 19 of Singapore or approved under the Monetary Authority of Singapore Act, Chapter 186 of Singapore.

For the above purpose, the term “qualifying payment” means:

- (a) any interest, commission, fee or other payment; or
- (b) any income derived from loans,

which is deemed under section 12(6) of the Income Tax Act to be derived from Singapore.

Pursuant to the Singapore Budget Statement 2012 and the MAS Circular FDD Cir 01/2012 published by the MAS on 21 February 2012, it was announced that the above withholding tax exemption has been enhanced to include qualifying payments liable to be made to a permanent establishment in Singapore of a non-resident person by a 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, these 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).

The “specified entities” include banks licensed under the Banking Act, Chapter 19 of Singapore or approved under the Monetary Authority of Singapore Act, Chapter 186 of Singapore.

Qualifying Debt Securities Scheme

If the dealers for more than half of the principal amount of a tranche of Notes which are debt securities issued under the Programme during the period from the date of this Offering Circular to 31 December 2013 are:

- (i) financial institutions who have been awarded ‘Financial Sector Incentive (Bond Market) Company’ status by the Minister for Finance of Singapore or such person as he may appoint; or
- (ii) financial institutions in Singapore where their staff based in Singapore have a leading and substantial role in the distribution of such tranche of Notes,

such tranche of Notes (the **Relevant Notes**) would be “qualifying debt securities” under the ITA.

If the Relevant Notes are “qualifying debt securities”:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the **Comptroller**) may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and MAS, 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 Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and MAS), 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 Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and the MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, 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 "qualifying debt securities"; and
- (ii) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially 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.

Notwithstanding that the Issuer (acting through its Singapore branch) is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost 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.

The Qualifying Debt Securities Plus Scheme (the **QDS Plus Scheme**) has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the submission by the issuer, or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the Comptroller and the MAS), income tax exemption is granted on interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2013;
- (b) have an original maturity of not less than 10 years;
- (c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, interest, discount income, prepayment fee, redemption premium and break cost 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.

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 39 (**FRS 39**), 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. Please see the section below on “*Adoption of FRS 39 Treatment for Singapore Income Tax Purposes*”.

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition & Measurement” (the **FRS 39 Circular**). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “*opt-out*” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular 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).

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 (such as a partnership), 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 (Cap. 112) of Hong Kong) 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) are exempt from the payment of Hong Kong profits tax. The issue of Hong Kong Notes (other than Notes which are structured products) 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 Notes (apart from capital gains) 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 if the relevant transfer is required to be registered in Hong Kong. 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, whichever is higher. 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.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 commenced operation on 11 February 2006. Estates of persons who pass away on or after the commencement date of that ordinance are not subject to Hong Kong estate duty.

SUBSCRIPTION AND SALE

The Arrangers have, in a programme agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 14 May 2012, 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.

United States

Each Dealer appointed under the Programme will be required to represent and agree that:

- (a) The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act.
- (b) Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Bearer Notes will be issued in accordance with the provisions of U.S. Treasury Regulation section 1.163 – 5(c)(2)(i)(D), unless the relevant Pricing Supplement specifies that Notes will be issued in accordance with the provisions of U.S. Treasury Regulation section 1.163 – 5(c)(2)(i)(C). Bearer Notes issued in accordance with the D Rules will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code of the United States”.
- (c) In connection with any Notes which are offered or sold outside the United States in reliance on the exemption from the registration requirements of the Securities Act provided under Regulation S, each Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver such Notes within the United States or to a United States person, as such term is defined in the U.S. Internal Revenue Code of 1986 and regulations thereunder and neither it nor affiliates acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes.
- (d) Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.
- (e) Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

United Kingdom

Each Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Subscription Agreement:

- (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 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

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each 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 Member 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 Member 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 Member State:

- (a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 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
- (d) 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 (b) to (d) 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 Member 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 the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

Singapore

Each Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the 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 the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), (ii) to a relevant person pursuant to Section 275(1), or 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 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 interests (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 to any person arising from an offer referred to in Section 275(1A) of the SFA or 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; or
- (iv) as specified in Section 276(7) of the SFA.

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 **FIEA**) and each Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Malaysia

Each 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 Schedule 6 or Section 229(1)(b) of the Capital Markets and Services Act 2007 of Malaysia (the **CMSA**) or Schedule 7 or Section 230(1)(b) of the CMSA; and
- (b) it will not offer, sell or issue an invitation to purchase or subscribe the Notes, and that it will not circulate or distribute this Offering Circular or any other offering document or material relating to the Notes, directly or indirectly, 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 Schedule 6 or Section 229(1)(b) of the CMSA or Schedule 7 or Section 230(1)(b) of the CMSA.

The issue of the Notes shall at all times fall within Schedule 8 of the CMSA, in absence of which the relevant issue shall be subject to the provisions of Division 4 of Part VI of the CMSA, where applicable.

Hong Kong

Each Dealer appointed under the Programme will be required to represent and agree, 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 (the **Securities and Futures Ordinance**), other than (i) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) 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, any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in 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” within the meaning of the Securities and Futures Ordinance and any rules made under that Ordinance.

General

Each Dealer appointed under the Programme will be required to represent and agree 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 Arrangers 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, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the applicable Pricing Supplement.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme and the issue of Notes under the Programme have been duly authorised by resolutions of the Board of Directors of the Issuer dated 23 February 2012.

Listing

2. Application has been made to the SGX-ST for permission to deal in and for the 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.

Clearing systems

3. 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 Bearer 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.

No significant change

4. 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 2011.

Litigation

5. Save as disclosed in this Offering Circular, neither the Issuer nor any member of the Group is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant and material effect on the financial position of the Issuer or the Group.

Independent Auditors

6. The independent auditors of the Issuer are Ernst & Young.

7. The consolidated financial statements of the Issuer as at and for the year ended 30 June 2011 and the six-month period ended 31 December 2011, 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.

Documents

8. 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 financial statements of the Issuer for the six-month period ended 31 December 2011 (together with the Directors' reports and the Auditors' reports prepared in connection therewith) which have been previously published;
 - (c) the audited consolidated annual financial statements of the Issuer for the year ended 30 June 2011 (together with the Directors' reports and the Auditors' reports prepared in connection therewith) which have previously been published;
 - (d) the unaudited interim consolidated financial statements of the Issuer for the six-month period ended 31 December 2010 which have previously been published;
 - (e) the most recently published audited financial statements of the Issuer since the date of this Offering Circular;
 - (f) 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;
 - (g) the Programme Agreement, the Agency Agreement, the 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;
 - (h) a copy of this Offering Circular; and
 - (i) 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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Important Notice

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