

IMPORTANT NOTICE

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

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED.

FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THIS OFFERING CIRCULAR.

Confirmation of your Representation: In order to be eligible to view this offering circular or make an investment decision with respect to the securities, investors must be addressees who are purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S. By accepting this e-mail and accessing this offering circular, you shall be deemed to have represented to us that you and any customers you represent are eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S and not be a U.S. person (within the meaning of Regulation S). This offering circular is being sent at your request and by accepting the e-mail and accessing this offering circular, you shall be deemed to have represented to us that (1) you are not a U.S. person nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase the securities described in this Offering Circular, you will be doing so pursuant to Regulation S and (2) that you consent to delivery of such offering circular and any amendments and supplements thereto by electronic transmission.

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

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

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

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

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CIMB Bank Berhad

(Company No. 13491-P)

(incorporated with limited liability in Malaysia)

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

Euro Medium Term Note Programme

On 15 August 2014, CIMB Bank Berhad established its U.S.\$5,000,000,000 Euro Medium Term Note Programme. Such Euro Medium Term Note Programme is amended as at the date of this Offering Circular and this Offering Circular supersedes all previous offering circulars relating to such Programme (as defined below) and any supplement thereto. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are subject to the provisions described herein. The provisions described herein do not affect any Notes issued under the Programme prior to the date of this Offering Circular.

Under this U.S.\$5,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), CIMB Bank Berhad, subject to compliance with all relevant laws, regulations and directives, may from time to time issue Notes. The Notes may rank as senior obligations of the Issuer ("**Senior Notes**") or subordinated obligations of the Issuer ("**Subordinated Notes**"). The aggregate nominal amount of the Notes outstanding will not at any time exceed U.S.\$5,000,000,000 (or the equivalent in other currencies), subject to increases as described herein. The Notes may be denominated in a currency other than Malaysian Ringgit (the "**Notes**"). Senior Notes may be issued by CIMB Bank Berhad or any of its branches in or outside Malaysia (the "**Issuer**" or the "**Bank**") and Subordinated Notes may only be issued by CIMB Bank Berhad.

The Notes may be issued by the Issuer on a continuing basis to one or more of the Dealers appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the establishment of the Programme and application will be made to the SGX-ST for the permission to deal in and for the quotation of, any Notes 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 relevant Pricing Supplement (as defined herein) in respect of any series of Notes will specify whether or not such Notes will be listed on the SGX-ST or on any other stock exchange. There is no assurance that the application to the Official List of the SGX-ST for the listing of the Notes will be approved. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST and listing and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Group (as defined herein), its subsidiaries, its associated companies, the Programme or such Notes.

Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa**") for the Programme to be listed under Bursa's Exempt Regime. The Notes issued pursuant to the Programme may be listed under Bursa's Exempt Regime but will not be quoted for trading. Bursa takes no responsibility for the contents of this Offering Circular, makes no representation 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 the Offering Circular before investing. If in doubt, the investors should consult their advisers.

Unlisted series of Notes may also be issued pursuant to the Programme and Notes may also be listed on stock exchanges other than the SGX-ST or Bursa.

The Notes may be issued in bearer form (the "**Bearer Notes**") or in registered form (the "**Registered Notes**"). Each Series (as defined herein) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**" and, together with the temporary Global Note, the "**Global Notes**"). Interests in a temporary Global Note will be exchangeable in whole or in part, for interests in a permanent Global Note on or after the date 40 days after the later of the commencement of the offering and the relevant issue date (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership. Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's (as defined herein) entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to herein as "Global Certificates". Global Notes and Global Certificates may be deposited on the relevant issue date (i) in the case of a Series to be cleared through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), with a common depository on behalf of Euroclear or Clearstream, Luxembourg, as the case may be (the "**Common Depository**"); (ii) in the case of a Series to be cleared through The Central Depository (Pte) Limited ("**CDP**"), deposited with, any registered in the name of, CDP; (iii) in the case of a Series of Notes to be cleared through the Central Moneymarkets Unit Service ("**CMU**"), deposited with a sub-custodian for the CMU operated by the Hong Kong Monetary Authority ("**HKMA**"); and in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg, CDP or the CMU, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. The provisions governing the exchange of interests in Global Notes for other Global Notes and Notes in definitive form are described in "Summary of Provisions Relating to the Notes while in Global Form".

In relation to any Tranche (as defined herein), the aggregate nominal amount of the Notes of such Tranche, the interest (if any) payable in respect of the Notes of such Tranche, the issue price and any other terms and conditions not contained herein which are applicable to such Tranche will be set out in a Pricing Supplement.

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

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")).

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Prospective investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the relevant Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Prospective investors should also have regard, inter alia, to the factors described in "Investment Considerations".

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

Sole Arranger and Dealer

CIMB Investment Bank Berhad



Offering Circular dated 20 September 2019

NOTICE TO INVESTORS

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care 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 likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Sole Arranger (as defined herein), the Dealers (as defined herein) or the Agents (as defined herein) or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person. Save as expressly stated in this Offering Circular, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or the Group (as defined hereafter). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, or the Issuer and its subsidiaries (the “**Subsidiaries**”) (together, the “**Group**”) since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Sole Arranger and the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons. The Notes are being offered and sold outside the United States in reliance on Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Offering Circular, see “*Subscription and Sale*”.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Sole Arranger, The Bank of New York Mellon, London Branch as fiscal agent (the “**Fiscal Agent**”) and the other Agents (as defined in the terms and conditions of the Notes (the “**Terms and Conditions of the Notes**” and each term therein, a “**Condition**”) to subscribe for or purchase any Notes.

The Sole Arranger, the Dealers, the Fiscal Agent and other Agents have not separately verified the information contained in this Offering Circular. None of the Sole Arranger, the Dealers or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer. Further, none of the Sole Arranger, the Dealers or the Agents or any person who controls any of them, or any of their respective officers, employees, advisers or agents, or any affiliate of any such person, makes any

representation or warranty as to the Issuer or as to the accuracy, reliability or completeness of the information set out herein and the documents which are incorporated by reference in, and form part of, this Offering Circular.

To the fullest extent permitted by law, none of the Sole Arranger, the Dealers, the Fiscal Agent or the other Agents accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Sole Arranger, the Dealers, the Fiscal Agent or the other Agents or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Sole Arranger, the Dealers, the Fiscal Agent and the other Agents 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 other financial statements 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 Sole Arranger, the Dealers, the Fiscal Agent or the other Agents that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. The Sole Arranger, the Dealers, the Fiscal Agent and the other Agents do not, and will not, undertake to review the financial condition or affairs of the Issuer 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 its attention.

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Dealer Agreement (as defined herein) and the issue of the Notes by the Issuer pursuant to the Dealer Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Offering Circular shall (without any liability or responsibility) on the part of the Issuer, the Sole Arranger or the Dealers lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Dealer Agreement.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the relevant Pricing Supplement are provided as general information only.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. Investors should consult their own financial, tax, accounting and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

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

In accordance with the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**"), a copy of this Offering Circular will be deposited with 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. The Programme has been approved and authorised by the SC on 25 July 2014 and notification to the SC will be made in respect of the current update to the Programme pursuant to the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (issued on 9 March 2015 and subsequently revised on 11 October 2018), as amended from time to time. Please note that the approval and authorisation 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.

STABILISATION

In connection with the issue of any Tranche (as defined in "Overview of the Programme"), the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) in the relevant Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) 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 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 and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

CERTAIN DEFINED TERMS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**RM**", "**Malaysian Ringgit**", "**Ringgit**" and "**sen**" are to the lawful currency of Malaysia, all references to "**Renminbi**" and "**RMB**" are to the lawful currency of the PRC (as defined below), all references to "**Singapore dollars**" and "**SGD**" are to the lawful currency of Singapore, all references to "**U.S. dollars**", "**USD**" and "**U.S.\$**" are to the lawful currency of the United States of America (the "**United States**"), all references to "**Pounds Sterling**" and "**£**" are to the lawful currency of the United Kingdom, all references to "**Euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, all references to "**CNY**", "**Renminbi**" and "**RMB**" are to the lawful currency of the PRC, all references to "**Japanese Yen**" are to the lawful currency of Japan and all references to "**THB**" are to the lawful currency of Thailand.

All references in this Offering Circular to the "**PRC**" are to the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

All references in this Offering Circular to the "**Government**" are to the Government of Malaysia. All references in this Offering Circular to "**BNM**" are to Bank Negara Malaysia. All references in this Offering Circular to "**SC**" are to the Securities Commission Malaysia.

ROUNDING OF AMOUNTS

For convenience only and unless otherwise noted, all transactions from Ringgit into U.S. dollars in this Offering Circular were made at the closing exchange rate as at 28 June 2019 of RM4.1310 to U.S.\$1.00. No representation is made that the 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.

Certain figures in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

EEA RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID PRODUCT GOVERNANCE/TARGET MARKET

The Pricing Supplement in respect of any Notes may include a legend entitled “**MiFID II Product Governance**” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Sole Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE)

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise specified in the Pricing Supplement in respect of any Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

FORWARD-LOOKING STATEMENTS

All statements contained in this Offering Circular that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by terms such as, without limitation, “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue” or similar expressions or variations of such expressions. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, operating results, business strategies, plans and prospects of the Issuer or the Group, if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Offering Circular, undue reliance must not be placed on such forward-looking statements. Neither the Issuer nor the Group represents nor warrants that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements. Neither the delivery of this Offering Circular (or any part thereof) nor the issue, offering, purchase or sale of any Notes shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or that there will not be a change in the affairs of the Issuer or the Group or any statement of fact or information contained in this Offering Circular since the date of this Offering Circular or the date on which this Offering Circular has been most recently amended or supplemented.

The risks and uncertainties referred to above include but is not limited to:

- the Issuer’s ability to achieve and manage the growth of its business;
- the performance of the markets in Malaysia and the wider region in which the Issuer operates;
- the Issuer’s ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Issuer’s ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
- changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate;
- changes to the interest rate environment;
- the Issuer’s ability to access funding in the markets it operates in; and
- critical accounting estimates and assumptions involving management’s judgments.

Further, the Issuer and the Group disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statement contained herein to reflect any changes in the expectations with respect thereto after the date of this Offering Circular or to reflect any change in events, conditions or circumstances on which such statements are based.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the following:

- (a) the audited financial statements of the Group and the Bank in respect of the financial year ended 31 December 2018;
- (b) the unaudited interim financial statements of the Group and the Bank in respect of the six-month period ended 30 June 2019;
- (c) the most recently published audited annual financial statements and any interim financial statements (whether audited or unaudited) of the Group and the Bank published subsequently to the date of this Offering Circular from time to time;
- (d) each relevant Pricing Supplement; and
- (e) all amendments and supplements from time to time of this Offering Circular,

each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which, in the case of documents specified in paragraphs (a), (b) and (c) above, in each case with the report of the auditors in connection therewith (if any), each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular, save that any statement contained herein or in a document which is deemed to be incorporated by reference here in 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, except as so modified or superseded, constitute a part of this Offering Circular. The documents specified in (a), (b) and (c) above will also be published on the website of CIMB Group Holdings Berhad ("**CGHB**") and its subsidiaries (together, "**CIMB Group**") (www.cimb.com).

The above website 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, the directors of the Issuer, the Sole Arranger or the Dealers accepts 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.

Any published unaudited interim financial statements which are, from time to time, deemed to be incorporated by reference in this Offering Circular will not have been audited or subject to review by the auditors of the Bank or the Group. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance upon them.

Copies of documents incorporated by reference in this Offering Circular may be obtained without charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the registered office of the Issuer, currently at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia. In addition, such documents will be available without charge from the specified office of the Fiscal Agent, currently at One Canada Square, London E14 5AL, United Kingdom.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Sole Arranger that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Offering Circular which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Offering Circular is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, they shall prepare an amendment or supplement to this Offering Circular (each amendment or supplement, a “**Supplemental Offering Circular**”) or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to the Sole Arranger such number of copies of such supplement hereto as such Sole Arranger may reasonably request. References to this “Offering Circular” shall be taken to mean this document and all the documents from time to time incorporated by reference herein and forming part hereof.

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INVESTMENT CONSIDERATIONS

The Issuer believes that the following considerations may affect its ability to fulfil its obligations under the Notes issued under the Programme. All of these considerations are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the considerations described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes 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 therefore 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 and reach their own views prior to making any investment decision. Prior to making any decision to invest in the Notes, prospective investors are also advised to seek professional advice and undertake their own investigations on the Issuer and any other parties or matters connected with the Notes as they may consider necessary.

Considerations relating to the Group

Before investing in the Notes, prospective investors should pay particular attention to the fact that the Group and its activities are subject to the legal, regulatory and business environment in Malaysia and the other markets in which the Group operates. In the event of any of the following investment considerations materialising, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

Further, in the course of its business activities, the Group is exposed to a variety of risks, the most significant of which are market risks, credit risks, operational risks, liquidity risks and interest rate risks in the banking book. While the Group believes that it has implemented appropriate policies, systems and processes to prevent, control and mitigate these risks, an investor 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 business, financial condition and results of operations and prospects.

The Group's risk management and control framework may be inadequate or ineffective, thereby affecting the Group's ability to respond effectively to adverse circumstances

The Group recognises that sound risk management and internal control are integral parts of the Group's business and operations and are critical in ensuring the Group's success and sustainable growth. In pursuing these objectives, the Group has adopted the Group Enterprise-wide Risk Management Framework ("**Group EWRM Framework**") to manage its risks and opportunities. The Group EWRM Framework involves an on-going process of identifying, assessing, measuring, controlling, monitoring and reporting the significant risks affecting the achievement of the Group's business objectives. The Group EWRM Framework represents an integrated and structured risk management approach deployed on an enterprise-wide basis so that it is applied in a consistent manner across the entities within the Group. It aims to provide the board and senior management of the Group with the tools necessary to anticipate and manage both existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, operating and regulatory environment and functional activities.

The Group's risk management and governance structure is aligned to industry standards enabling the Group to operate within a sound business environment towards achieving its corporate objectives. At the apex of the governance structure are the respective boards of the entities within the Group which decide on the Group's risk appetite, taking into account its business strategies and direction. In accordance with the Group's risk management structure, the Board Risk and Compliance Committee ("**BRCC**") reports directly to the board of directors of the Bank (the "**Board**") and assumes responsibility on behalf of the Board for the supervision of risk management and control activities. The BRCC determines the Group's risk strategies, policies and methodologies, keeping them aligned with the risk management objectives and principles of the Group and within the Group's risk appetite. The BRCC also oversees the implementation of the Group EWRM Framework and provides strategic guidance and reviews the decisions of the Group Risk and Compliance Committee (the "**GRCC**"). In order to facilitate the effective implementation of the Group EWRM Framework, the BRCC has established various risk committees within the Group with distinct lines of responsibilities and functions.

The responsibility for risk management and control is delegated to the GRCC, which reports directly to the BRCC. The GRCC performs the oversight function on overall risks undertaken by the Group in delivering its business plan regarding the risk appetite of the Group. The GRCC is supported by several specialised sub-committees, each such sub-committee providing oversight and responsibility for a specific category of risk, namely, market risks, credit risks, liquidity risks, operational risks and capital risks.

Although the Group believes that it has established a comprehensive risk management and control framework comprising detailed processes and procedures, there can be no assurance that the Group's risk management structure will function effectively or be adequately supported to combat all risk exposures of the Group. The failure to maintain an effective and adequate framework may adversely affect the business, financial condition, results of operations and prospects of the Group. See "Risk Management" for a description of the Group's risk management structure.

Credit risks arising in connection with the Group's businesses or a deterioration in the credit quality of the Group's counterparties could affect the recoverability and value of the Group's assets and require increased provisioning

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 the Group's specific counterparties, from a general deterioration in local or global economic and market conditions or from systemic risks within the financial systems, all of which could affect the recoverability and value of the Group's assets and require an increase in the Group's provisions for the impairment of its assets and other credit exposures.

The Group adopts prudent credit risk management policies to manage its asset quality. The Group recognises the need for credit policies to be responsive to the changing environment and diverse market conditions and that lending rules, policies and guidelines must be consistently applied throughout the Group. Although the Group believes that it has adopted a sound asset quality management system and intends to maintain it, there is no assurance that such system will remain effective or adequate in the future. A significant deterioration in the Group's asset quality, any material non-compliance with its credit risk management policies or deficiencies in its asset quality management system may adversely affect the business, financial condition, results of operations and prospects of the Group. See "Risk Management" for a description of the Group's exposure to credit risks.

Operational risks arising in connection with the Group's failure or neglect to comply with rules and regulations could adversely impact the Bank and the Group

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 (such as clearing agents, exchanges, clearing houses or other financial intermediaries the Group uses to facilitate its securities transactions or those of the Group's counterparties or vendors) and the occurrence of natural disasters. Although the Group has implemented risk controls and loss mitigation strategies and substantial resources are devoted to developing effective procedures, it is not possible to completely eliminate operational risk events. Any failure to effectively adhere to the Group's risk management and control policies could have an adverse effect on the Group's business, financial condition, results of operations and prospects. See "Risk Management" for a description of the Group's exposure to operational risks.

A significant deterioration in the Group's asset quality could adversely affect the business, financial condition, results of operations or prospects of the Group if its loan impairment or credit and risk management policies are insufficient to cover its liabilities or ineffective for any reason

Asset quality is a key driver 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 significant deterioration of asset quality or material non-compliance with its credit risk management policies or asset quality management system may adversely affect the business, financial condition, results of operations and prospects of the Group.

Liquidity risks arising in connection with the Group's inability to efficiently meet its funding needs and regulatory obligations when they fall due could adversely impact the Group

Liquidity risks arise from mismatches in the timing of cashflows. The Group ensures that it can meet its cash obligations in a timely and cost-effective manner by maintaining high quality and well diversified portfolios of liquid assets and sources of funds under both normal business and stress conditions. The Group has a stable customer deposit base comprising savings, demand and fixed deposits as its main source of long-term funding.

Other sources of funding for the Group include interbank deposits, borrowings, bonds and debentures. Primary funding sources for overseas branches are customers' deposits, interbank borrowings and borrowings from the head office. Additionally, standby lines are available on a "as needed" basis for emergency contingency use. See "Capital Adequacy and Funding".

The Group continuously explores different avenues to diversify its funding sources both locally and globally through a variety of instruments, including certificates of deposit, debt securities issuance and asset securitisation.

Although the Group's policy is to maintain prudent liquidity risk management, to maintain a diversified and stable source of cheaper funding and to minimise undue reliance on any particular funding source, there is no assurance that such a policy can be maintained. In addition, although the Group has been in the position to rely on increases in or roll over upon maturity of a significant portion of its customers' deposits, there can be no assurance that this will continue indefinitely. This uncertainty could adversely affect the Group's liquidity position. The failure to maintain such a policy or position may adversely affect the business, financial condition, results of operations and prospects of the Group. See "Risk Management" for a description of the Group's exposure to liquidity risks.

Interest rate risks in the banking book arising in connection with the Group's loan portfolio, holdings of securities, customer deposits, interbank deposits and placements could adversely impact the Group

The Group's exposure to interest rate risk in the banking book arises from its loan portfolio, holdings of securities, customer deposits, interbank deposits and placements. When the market interest rates decline, the Group's net interest margin generally decreases due to the immediate re-pricing of its Base Rate based loans compared with slower adjustments in the interest rates paid on its customers' deposits. Interest rate risk in the banking book could also affect the economic value of the Group's potential future earnings and capital as the value of its asset and liability portfolios would rise and fall with changes in market interest rates. The actual effect on net interest income due to changes in interest rates will depend on the degree and timing of changes in interest rates, the behaviour and contractual re-pricing dates of the Group's assets and liabilities and the Group's ability to respond to changes in its interest rates on loans and deposits. Although the Group believes that it has adopted sound interest rate risk management strategies in relation to its banking book, there is no assurance that such strategies will remain effective or adequate in the future.

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

The Group's business is inherently subject to risks in the financial markets and in the wider economy, including changes in, and increased volatility of, exchange rates, interest rates, inflation rates, credit spreads, commodity prices, equity and bond prices.

Any failure by the Group to implement, or consistently follow, its risk management systems may adversely affect its financial condition and operating results, 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 of the risk management systems are based upon observed historical market behaviour. As a result, they may not accurately predict future market volatility, which could be significantly greater than the historical measures indicated.

The Group may not be successful in reaping the full benefits from the implementation of new business strategies

The Group's business strategy may include increasing the availability and scale of its existing products as well as developing new products to expand the Group's business activities. The expansion of the Group's business activities may expose it to a number of risks and challenges including, among other things, the following:

- (a) new and expanded business activities may have less growth or profit potential than the Group anticipates, and there can be no assurance that new business activities will become profitable at the level the Group desires or at all;

- (b) new business strategies may alter the risk profile of the Group's portfolio;
- (c) the Group may fail to identify and offer attractive new services in a timely fashion, putting it at a disadvantage with competitors;
- (d) the Group's competitors may have substantially greater experience and resources for the new and expanded business activities and so the Group may not be able to attract customers from its competitors; and
- (e) economic conditions, such as changes in interest rates or inflation, could hinder the Group's expansion.

The Group's inability to successfully reap the full benefits from the implementation of its business strategy could have a material adverse effect on its business, financial condition, results of operations and prospects.

Expansion into ASEAN markets may increase the Group's risk profile

Building growth in overseas markets, particularly in the Association of Southeast Asian Nations ("ASEAN") region, is part of the Group's strategy. Currently, the Group has presence in all ten ASEAN countries with Thailand and Singapore being its key markets outside Malaysia. 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. 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 licence, permission or authorisation to conduct the Group's business in the jurisdiction in which it operates. There can be no assurance that such regional expansion will not have a material adverse effect on the Group's business, financial condition, results of operations or prospects or that the Group's credit and provisioning policies will be adequate in relation to such risks.

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

A significant portion of the Bank'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 Bank's loans exceeding the value of the underlying collateral, resulting in an increase in the Bank's loan loss provisions and potentially reducing its loan recoveries from foreclosures of collateral, which could have an adverse effect on the business, financial condition, results of operations and prospects of the Group.

Challenges arising in connection with further consolidation of the Group's businesses or its future acquisitions or mergers may have an adverse effect on the Group

In the event the Group undertakes any mergers or acquisitions, the Group may be faced with challenges such as the integration of the relevant businesses and operations into its current operations, which could adversely affect the business, financial condition, results of operations and prospects of the Group. In particular, if the Group makes a decision relating to any acquisition or merger in uncertain or highly competitive economic or market conditions, respectively, or for a substantial consideration, such an acquisition or a merger may result in heightened risks for or a depletion of the resources of the Group, which could have an adverse effect on the business, financial condition, results of operations and prospects of the Group.

The Group may be required to raise additional capital if its capital adequacy ratio deteriorates in the future or in order to comply with any new regulatory capital framework

On 2 February 2018, BNM issued its capital adequacy framework entitled “Capital Adequacy Framework (Capital Components)” (superseding the policy document on “Capital Adequacy Framework (Capital Components)” issued on 13 October 2015 and 4 August 2017) implementing the Basel III reforms (“**Capital Adequacy Framework**”). The above-mentioned capital requirements set out by BNM require (i) financial institutions to maintain at entity and consolidated levels and (ii) financial holding companies to maintain at consolidated levels, the following minimum capital ratios:

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

In addition to complying with the minimum capital adequacy ratio requirements, financial institutions and financial holding companies are required to hold and maintain, at both entity and consolidated levels, a Capital Conservation Buffer (“**CCB**”) of 2.5 per cent. The CCB is intended to encourage the build-up of capital buffers by individual financial institutions during normal times that can be drawn down during stress periods.

In addition to the CCB, the Countercyclical Capital Buffer (“**CCyB**”) was introduced to protect the banking sector as a whole from the build-up of systemic risk during an economic upswing when aggregate credit growth tends to be excessive. The CCyB is determined as the weighted-average of the prevailing CCyB rates applied in the jurisdictions in which a financial institution has credit exposures. Currently there is no requirement for CCyB for exposure in Malaysia, and BNM shall communicate any decision on the CCyB rate by up to 12 months before the date from which the rate will apply.

The Capital Adequacy Framework also provides for the gradual phasing out of the regulatory capital recognition of outstanding non-CET1 and Tier 2 capital instruments that no longer meet, in full, the requirements set out in the Capital Adequacy Framework. Fixing the base at the nominal amount of such instruments outstanding as at 1 January 2013 that are eligible for the gradual phase-out treatment under the Capital Adequacy Framework, each such instrument’s recognition is capped at 90 per cent. of the base with effect from 1 January 2013, with this cap being reduced by 10 per cent. in each subsequent year, eventually resulting in such instruments being fully derecognised by 1 January 2022.

There are similar capital adequacy requirements under the Capital Adequacy Framework for Islamic Banks issued by BNM on 2 February 2018 which are applicable to Islamic financial institutions.

A severe deterioration in the results of operations or financial condition could adversely affect the Group’s capital positions and the Group’s ability to obtain additional capital on favourable terms, depending on the market conditions and circumstances prevailing at the time of the intended capital raising, to comply with the capital requirements set out in the Capital Adequacy Framework. In the event the Group’s CET1 capital ratio falls below 5.125 per cent. or upon the occurrence of a trigger event, as determined by the requirements set out in paragraph 32.1 to 32.3 of the Capital Adequacy Framework, Basel III compliant Additional Tier 1 Capital (as defined in the Terms and Conditions of the Notes) instruments may be required to be written-off or converted into ordinary shares to immediately restore the CET1 capital ratio to 5.75 per cent. The occurrence of a trigger event as determined by the requirements set out in paragraph 32.1 to 32.3 of the Capital Adequacy Framework may also cause Basel III compliant Tier 2 Capital Securities (as defined in the Terms and Conditions of the Notes) to be written-off or converted into ordinary shares.

As at 30 June 2019, the Group's and the Bank's capital positions are well above the minimum regulatory requirements. The Group's and the Bank's CET1 capital ratios were 13.07 per cent. and 12.50 per cent. respectively, their Tier 1 capital ratios were 14.11 per cent. and 13.89 per cent. respectively, and their total capital ratios were 17.79 per cent. and 18.47 per cent. respectively.

The Group's capital base and capital adequacy ratio may deteriorate in the future if its results of operations or financial condition deteriorate for any reason, including as a result of any deterioration in the asset quality of its loans, or if the Group is unable to deploy its funding into suitably low-risk assets. If the Group's capital ratios deteriorate, it may be required to obtain additional CET1, Tier 1 or Tier 2 capital in order to remain in compliance with the applicable capital adequacy guidelines. However, the Group may not be able to obtain additional capital on favourable terms depending on the market conditions and circumstances prevailing at the time of the intended capital raising, or at all. If the Group is unable to obtain sufficient additional capital in a timely and cost-effective manner, its business, financial condition, results of operations and prospects may be adversely affected. Also, BNM may require the Group to take corrective actions if it fails to meet the capital adequacy requirements, including restricting the growth of its loans and other assets, which could also adversely affect the Group's business, financial condition, results of operations and prospects.

As the banking landscape changes over time, there is a possibility that the Basel Committee on Banking Supervision ("BCBS") would amend the package of reforms to strengthen global capital and liquidity regulations in the future and that BNM may adopt amendments which may 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 which may potentially impact the Group in various ways depending on the composition of its qualifying capital and risk weighted assets. Although the Group has always maintained a strong capital position that consistently ensures an optimal capital structure to meet the requirements of various stakeholders, the Group may face increased pressure to comply with potential additional capital requirements set out by BCBS and BNM, which may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The Group is committed to investing in technology to foster and support its business objectives. To facilitate the appropriate level of investment in technology, the Group has earmarked considerable resources to building capabilities in areas such as information and strategic applications. In addition to enhancing applications to provide better capabilities, the Group is also investing appropriately to safeguard against emerging technology threats such as malware (e.g. cybercrime). The banking industry globally is seeing a lot of transformation, especially at the technology front end. This places enhanced demands on the safety of assets and customer data. As a result, the Group has accorded significant importance to fortifying data and information security. The Group has accorded board level importance to security and senior management focuses ongoing, detailed attention on IT security. Technology risks across the Group's footprint are reviewed and assessed on a monthly basis by senior management and self-assessments are then reviewed by the relevant risk committees. Risk exposure is therefore assessed, agreed and accepted in a transparent manner, with appropriate updates provided to the relevant boards of entities within the CIMB Group. There can be no assurance that the Group's efforts in enhancing its information technology will be successful or adequate. Any strategic error in implementing its new information technology platform and any failure to maintain an appropriate level of investment in information technology for the Group could adversely affect its business, financial condition, results of operations and prospects.

The Group depends on the recruitment and retention of qualified personnel and any failure to attract and retain such personnel could adversely affect the Group's business

The Group's success depends on the ability and experience of its senior management and other key employees. The ever-growing competition and dynamic market environment increases the pressure on the Group to attract, nurture and retain the right talent to future-proof the Group and its business. The Group's effective and efficient talent acquisition mechanisms need to be in place to ensure productivity, performance and competitiveness of its personnel for business continuity.

Outbreaks of infectious diseases in Asia and elsewhere could adversely affect the business, financial condition, results of operations or prospects of the Group

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concerns could have a negative effect on the economies, financial markets and business activities in the countries in which the Group operates, which could have an adverse effect on the Group's business. Since 2012, an outbreak of the Middle East Respiratory Syndrome corona virus has affected several countries, primarily in the Middle East while Southeast Asia is a hotspot for emerging infectious diseases, including those with pandemic potential. Emerging infectious diseases such as influenza H5N1 have exacted heavy public health and economic tolls and such diseases could seriously interrupt the Group's operations or the services or operations of its customers which could thereby adversely impact the Group's business, financial condition, results of operations and prospects. An outbreak of such infectious diseases or other contagious disease in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia and could thereby adversely impact the Group's business, financial condition, results of operations and prospects. There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

Interim financial information of the Group and the Bank contained in this Offering Circular has not been audited or reviewed

The Group's unaudited consolidated interim financial information and the Bank's unaudited unconsolidated interim financial information each as at and for the six months ended 30 June 2018 and 30 June 2019 have not been audited or reviewed by any independent auditor. Consequently, such unaudited consolidated and unconsolidated interim financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or a review by an independent auditor. Potential investors must exercise caution when using such data to evaluate the Group's and the Bank's financial condition, results of operations and credits.

Changes in accounting standards may impact the Group's and the Bank's financial condition

Each of the Group and the Bank prepares and presents its financial statements in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia, and there may be new and revised accounting standards and interpretations in the future requiring the adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or any change or amendment to or any interpretation of MFRS, or IFRS and/or the requirements of the Companies Act 2016 will not have a significant impact on the Group's or the Bank's financial condition and results of operations.

For example, with effect from 1 January 2018, the Group and the Bank adopted MFRS 9 and MFRS 15. For a discussion on the impact of the adoption of MFRS 9 and MFRS 15, please refer to “*Summary of Significant Accounting Policies for the financial year ended 31 December 2018 – Basis of Preparation*” and “*Notes to the Financial Statements for the financial year ended 31 December 2018 – Note 56 (Changes in Accounting Policies)*” of the Group’s audited consolidated financial statements and the Bank’s audited unconsolidated financial statements each as at and for the year ended 31 December 2018. As the Group and the Bank have applied the transitional provisions set out in MFRS 9 and the modified retrospective approach set out in MFRS 15, each without requiring any restatement of the corresponding figures of the prior period before 1 January 2018, the Group’s consolidated financial information and the Bank’s unconsolidated financial information each as at and for the year ended 31 December 2017 may not be directly comparable against the Group’s consolidated financial information and the Bank’s unconsolidated financial information after 1 January 2018, including the Group’s consolidated interim financial information and the Bank’s unconsolidated interim financial information each as at and for the six months ended 30 June 2018 and 30 June 2019 and the Group’s consolidated financial information and the Bank’s unconsolidated financial information each as at and for the year ended 31 December 2018. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2018, including the Group’s consolidated interim financial information and the Bank’s unconsolidated interim financial information each as at and for the six months ended 30 June 2018 and 30 June 2019 and the Group’s consolidated financial information and the Bank’s unconsolidated financial information each as at and for the year ended 31 December 2018 against the Group’s consolidated financial information and the Bank’s unconsolidated financial information prior to 1 January 2018 and when evaluating the Group’s and the Bank’s financial condition and results of operations.

In addition, with effect from 1 January 2019, the Group and the Bank adopted MFRS 16 “Leases”. For a discussion on the impact of the adoption of MFRS 16, please refer to “*Part A – Explanatory Notes – A1 Basis of Preparation*” of the Group’s unaudited consolidated financial statements and the Bank’s unaudited unconsolidated financial statements each as at and for the six months ended 30 June 2019. As the Group and the Bank have applied the modified retrospective approach set out in MFRS 16 without requiring any restatement of the corresponding figures of the prior period before 1 January 2019, the Group’s consolidated financial information and the Bank’s unconsolidated financial information each as at and for the years ended 31 December 2017 and 2018 and the Group’s consolidated interim financial information and the Bank’s unconsolidated interim financial information each as at and for the six months ended 30 June 2018 may not be directly comparable against the Group’s consolidated financial information and the Bank’s unconsolidated financial information after 1 January 2019, including the Group’s consolidated interim financial information and the Bank’s unconsolidated interim financial information each as at and for the six months ended 30 June 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2019, including the Group’s consolidated interim financial information and the Bank’s unconsolidated interim financial information each as at and for the six months ended 30 June 2019 against the Group’s consolidated financial information and the Bank’s unconsolidated financial information prior to 1 January 2019 and when evaluating the Group’s and the Bank’s financial condition and results of operations.

Considerations relating to Malaysia

As at 30 June 2019, approximately 80.9 per cent. of the Group’s net profit after taxation was derived from its activities in Malaysia. As such, any factors which could materially and adversely affect the macroeconomic conditions of Malaysia could have a similar effect on the Group’s business, financial condition, results of operations or prospects.

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

The economic, market and political conditions in other countries, particularly conditions in the major economies and Asian emerging markets, which are Malaysia's key trading partners, could have an influence on the Malaysian economy. Changes in economic conditions and outlook, widespread global financial and currency market instability or a significant loss of investor confidence in these economies may adversely affect the Malaysian economy, which could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

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

- (a) entry of new competitors into the Malaysian banking market from foreign countries and other actions by new and existing local and foreign competitors;
- (b) general economic, political and social conditions in Malaysia and key foreign markets;
- (c) consumer spending patterns in Malaysia and key foreign markets;
- (d) financial markets, currency and interest rate fluctuations;
- (e) inflationary pressure in emerging market economies;
- (f) international events and circumstances such as major policy changes, wars, terrorist attacks, natural disasters and political instability; and
- (g) changes in legal regimes and governmental regulations, such as licensing and approvals, taxation, duties and tariffs, in Malaysia and key foreign markets.

Trade tensions between the U.S. and major trading partners, most notably China, continue to escalate following the introduction of a series of tariff measures in both countries. Although China is the primary target of U.S. trade measures, value chain linkages mean that other emerging markets, primarily in Asia, may also be impacted. China's policy response to these trade measures also presents a degree of uncertainty. There is some evidence of China's monetary policy easing and the potential for greater fiscal spending, which could worsen existing imbalances in its economy. This could undermine efforts to address already high debt levels and increase medium-term risks.

In Europe: (i) the ongoing debate over the exit of the United Kingdom from the European Union ("**Brexit**"); (ii) the possible exit of Scotland, Wales or Northern Ireland from the United Kingdom; (iii) the possibility that other European Union countries could hold similar referendums to the one held in the United Kingdom and/or call into question their membership of the European Union; (iv) the possibility that one or more countries that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency; or (v) prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on international markets. These could include greater volatility of foreign exchange and financial markets in general due to the increased uncertainty.

Other factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdowns in economic growth in China and Renminbi devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and the global credit and financial markets. A lack of clarity over the process for managing Brexit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets.

There is also no assurance that such economic problems will not persist or that financial instability or significant loss of investor confidence may not repeat itself in the future. Any such widespread financial instability or significant loss of investor confidence may materially and adversely affect the Malaysian economy, which could likewise affect the Group's business, financial condition, results of operations and prospects.

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 operations 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. Any change in Government policies, changes to senior positions within the Government or any political instability in Malaysia arising from such changes may have an effect on the Group's business, financial condition, results of operations or prospects. In addition, the Group could be subject to changes in legal regimes and governmental regulations such as licensing and approvals, taxation, duties and tariffs. For additional information on the Government, economic policies and performance, financial system and exchange control policies of Malaysia, see "Overview of Malaysia".

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 registered a growth of 4.9 per cent. in the second quarter of 2019¹, supported by continued expansion in domestic demand. The country's growth was supported by higher household spending and private investment.

The Group is maintaining a cautious outlook in view of the sustained global and regional economic headwinds, which will continue to pose challenges to the domestic business sentiment and consumer demand. Growth in domestic demand remains moderate while private investment and consumption levels are steady. Credit and asset quality risk remains benign, while system liquidity continues to be ample amidst the cautious sentiment. Although the overall Malaysian economic environment (in which the Issuer predominantly operates) appears to be positive, there can be no assurance that this will continue to prevail in the future.

The Ringgit is subject to exchange rate fluctuations which may negatively impact the Bank

BNM has in the past intervened in the foreign exchange market to stabilise the Ringgit, and had, on 2 September 1998, adopted 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's exchange rate, which benchmarked the Ringgit against a currency basket to ensure that the Ringgit remains close to its fair value.

The Ringgit and most other regional currencies continue to be affected by recent global developments. The period between mid-2013 and 2015 saw renewed pressure on emerging market currencies, including the Ringgit, amid several key global developments. These include the indication from the then Chairman of the United States Federal Reserve, Ben S. Bernanke, that United States monetary policy would be normalised, which led to the commencement of the tapering of quantitative easing ("QE") in 2014. The normalisation of United States monetary policy remains a major factor in driving the global currency markets as the end of the QE tapering was followed by the signalling of the normalisation in the zero interest rate policies that resulted in a 25 basis points increase in the federal funds rate determined at the Federal Open Market Committee meeting held on 15 and 16 December 2015.

¹ Quarterly Bulletin of BNM – Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2019.

Over the same period, the PRC economy went through a slowdown that is regarded as structural rather than cyclical. Among the key concerns arising from this is the PRC's exchange rate policy and its implication on global currency markets (i.e. competitive devaluation of the Renminbi resulting in downward pressure on other emerging market currencies). With the Renminbi being perceived as a "managed currency", devaluation against the U.S. dollar in August 2015 and the further decrease between November 2015 and early January 2016 was regarded as an attempt to weaken the Renminbi, boost export competitiveness and support growth. Furthermore, downward pressure on the Renminbi was also attributable to monetary policy easing and capital outflows that contributed to the decrease in the PRC's external reserves.

Overall, the United States monetary policy normalisation, the PRC's growth and exchange rate policy outlook, as well as the weakness in commodity prices, led by crude oil, have contributed to heightened risk aversion in the emerging markets, in turn resulting in the outflow of capital from emerging economies' financial markets. The Ringgit depreciated by about 50 per cent. from RM2.9675 in May 2013 to the trough of RM4.4995 per U.S. dollar in January 2017².

However, in 2017, the Ringgit appreciated 10.9 per cent. compared with a 4.3 per cent. depreciation in 2016. This reversal in the Ringgit against the U.S. dollar reflects a shift in market and investor sentiment towards emerging market currencies in general amid factors such as stronger economic growth in 2017 in emerging markets, including Malaysia, during the pick-up in the global economy that was driven by the synchronised expansions in the major economies, namely the U.S., Eurozone and Japan; the rebound in crude oil prices due to the cut in crude oil output by the Organisation of Petroleum Exporting Countries ("OPEC") members and participating non-OPEC producers which eased the pressure on Malaysia's current account and fiscal balances; and the gain in RMB that significantly reversed the previous devaluation against the U.S. dollar. At the same time, in late-2016, BNM's enforcement of existing rules and regulations regarding onshore financial institutions' involvement in the offshore Ringgit's non-deliverable forward market, as well as the re-imposition of the requirement for exporters to repatriate their earnings which was liberalised during 2011-2016, had the effect of stabilising the Ringgit against the U.S. dollar and restoring trade-related inflows.

During the second half of 2018, the Ringgit depreciated by 6.7 per cent. against the U.S. dollar as a result of external developments which led to shifting investor sentiments. These included investor expectations for a faster pace of monetary policy normalisation in the U.S., an escalation in global trade tensions and volatile global crude oil prices. Furthermore, incidences of currency sell-offs in several vulnerable emerging market economies contributed to the deterioration of sentiments as investors were concerned over contagion risks³. For the year to date, the Ringgit depreciated by 1.3 per cent. against the U.S. dollar, in line with most regional currencies⁴. As at 13 September 2019, the closing exchange rate was RM4.1658 to U.S.\$1.00.

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

2 Bank Negara Malaysia Annual Report 2018

3 Bank Negara Malaysia Annual Report 2018

4 Bank Negara Malaysia Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2019

A re-imposition of capital controls may affect investors' ability to repatriate the proceeds from the sale of Notes and interest and principal paid on the Notes from Malaysia

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 initiated the liberalisation of the selective capital control measures in 1999 to allow foreign investors to repatriate principal capital and profits, subject to a system of graduated exit levies based on the duration of investment in Malaysia. 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).

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 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.

Corporate disclosure standards in Malaysia vary from those in other jurisdictions

There are different requirements to make information about Malaysian public companies, such as the Issuer, publicly available as compared to disclosure requirements for public companies in other jurisdictions. These differences may relate to: the timing and content of the disclosure of information concerning the beneficial ownership of equity securities by officers, directors and significant shareholders; officer certification of disclosure and financial statements in periodic public reports; and disclosure of off-balance sheet transactions in management's discussion of results of operations in periodic public reports.

Malaysian Taxation

Under present Malaysian law, all interest payable to non-residents in respect of the Notes is exempted from withholding tax since the Bank is a person carrying on the business of banking in Malaysia and licensed under the Financial Services Act, 2013 ("FSA"). 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 Bank 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.

Considerations relating to the Malaysian Banking Industry

The business, financial conditions, results of operations and prospects of the Bank may be adversely affected by changes to the Malaysian banking, regulatory and accounting environment

The Group operates in a highly regulated environment and is subject to the purview and scrutiny of various regulatory authorities and agencies such as, but not restricted to, BNM, the SC and Bursa, and banking, securities, corporate and other laws in Malaysia. In addition, the Ministry of Finance (the "MOF") and BNM have extensive powers to regulate and influence the business direction of the banks/securities companies either through fiscal, monetary or regulatory policies, which may or may not have an adverse effect on the operations of the Group.

Banking activity in Malaysia is regulated by BNM under the FSA and the Islamic Financial Services Act, 2013 (“**IFSA**”). Regulatory measures imposed on banks in Malaysia include restrictions on operations and measures requiring maintenance of reserves and minimum capital adequacy requirements. 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 Bank, and may otherwise significantly restrict the activities of the Bank and Malaysian banks and financial institutions generally.

The regulatory measures presently imposed, and as may be introduced from time to time, by the regulatory authorities and agencies could affect the Group’s business activities. For example, BNM imposes a maximum permissible credit exposure to a single customer group, maximum sectorial credit in respect of financing activity, limits on the interest rates charged by banks on certain types of loans, caps on lending to certain sectors of the Malaysian economy and has established priority lending guidelines in furtherance of certain social and economic objectives. A change in credit policies by BNM may restrict certain businesses of the Group and could require the Group to scale down its operations in a particular business area. On 3 November 2010, BNM announced, with immediate effect, a maximum loan-to-value ratio of 70.0 per cent., which is applicable to a loan taken out by a borrower to finance their third property. On 18 March 2011, BNM placed further restrictions on credit cards provided to low income individuals, raising the minimum income eligibility requirement to RM24,000.00 per annum (from RM18,000.00 per annum) and stipulating that persons earning RM36,000.00 per annum or below may only hold cards from a maximum of two card issuers and that the maximum credit limit on each card must not exceed two times the monthly income of the cardholder. On 18 November 2011, BNM issued new guidelines to financial institutions aiming to promote prudent, responsible and transparent retail financing practices which took effect on 1 January 2012. At present, all residential mortgages with a loan-to-value ratio greater than approved and disbursed by banking institutions on or after 1 February 2011 shall be risk-weighted at 100.0 per cent. These regulations place restrictions on the business of the Group and may cause the Group to scale down operations in the areas of its business most affected.

If there is any future change in applicable laws or regulations, or interpretations of applicable laws or regulations, the Group may be required to obtain further approvals and/or to meet additional regulatory requirements. Compliance with the requirements could impose substantial additional costs to the Group which could have a material adverse effect on its business, financial condition, results of operations and prospects.

BNM also has broad investigative and enforcement powers. Contravention of BNM regulations and guidelines may expose the Group to enquiries from an investigation by BNM and other Malaysian regulatory authorities and agencies. These enquiries or investigations may result in sanctions including fines, corrective orders, restriction of business lines and possible loss of licences required for the Group to operate its businesses and, in addition, may cause the Group’s reputation to be adversely affected. Contravention of regulations, policies or guidelines of BNM (or any other regulatory authority or agency) therefore carries with it financial and reputational risks that could materially and adversely affect the Group’s business, financial condition, results of operations and prospects.

Increasing competition and market liberalisation may have a material adverse impact on the Group

On 21 December 2011, BNM published the Financial Sector Blueprint 2011-2020 (“**FSB**”), which supersedes the Financial Sector Masterplan introduced in 2001. The FSB is a ten-year strategic plan that charts the future direction of the financial system as Malaysia transitions towards becoming a high value-added, high-income economy.

The Government continues to implement a policy of liberalising the Malaysian financial and banking sectors, *inter alia*, by allowing banks and financial institutions to provide their customers with a wider range of services, permitting increased competition from foreign banks and other financial institutions and by broadening the range of investment instruments available to the public. These policies are designed, in part, to transition Malaysia towards a competition-driven private sector-led economy.

The Malaysian banking industry operates in a very competitive environment fostered by BNM's policies (e.g. the entry of, *inter alia*, foreign banks and domestic licensed Islamic banks which are now allowed to offer/perform products and services that are similar to those of the Group). Further, BNM announced in 2009 further measures to liberalise the Malaysian financial sector, including a framework for the issuance of up to five new commercial banking licences and two new Islamic banking licences to foreign financial institutions and the increase of foreign equity limits to 70.0 per cent. for existing domestic Islamic banks, investment banks, insurance and takaful companies. The foreign equity limit for existing domestic commercial banks is currently 30.0 per cent. There can be no assurance that current foreign equity limits in the Malaysian financial sector will not be increased in the future.

All of the above mentioned new commercial banking licences have been issued to foreign financial institutions. Although these policies are designed, in part, to encourage development of financial institutions in Malaysia and to strengthen domestic financial institutions in preparation for increased foreign competition, any increased competition could have an adverse effect on the Group's operations in the form of reduced margins, smaller market share and reduced income generally. The issuance of new commercial banking licences to foreign financial institutions has resulted in intensified competition as domestic banks increase their efficiency to ensure sustainability over the medium to long term. This has created a more challenging business environment due to aggressive pricing, price offerings and product promotions (resulting in shrinking margins) and increasing customer demand for more sophisticated products and improved service standards.

Increased competition could result in lower growth rate of the Group's loan portfolio, lower asset quality, reduced net interest margins and spreads and increased non-interest expense, as well as a decline in the volume of the Group's related businesses and lead to an adverse effect on the Group's business, financial condition, results of operations or prospects. While the Group believes that it has formulated strategies to compete effectively in the market place, there can be no assurance that it will be able to execute its strategies or that it will be able to effectively compete against its existing and future competitors.

In addition, the Group's future growth will be subject to competition from other service providers in the markets into which the Group exports its services or in which it operates. The 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 Competition Act should not materially affect the operations of the Bank. However, there can be no assurance that in the future, the Bank's business and operations will be in full compliance with the Competition Act. Further, there can be no assurance that the Group will be able to maintain or increase its present market share in the future or that increased competition will not materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Any changes to the scope and cost of deposit insurance in Malaysia may have an adverse effect on the Group

BNM is not required to act as lender of last resort to meet liquidity needs in the banking system generally or for specific institutions, although it has, in the past and 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. On 1 September 2005, BNM introduced a deposit insurance system (the “**Deposit Insurance System**”) pursuant to the establishment of an independent statutory body namely Malaysia Deposit Insurance Corporation (Perbadanan Insurans Deposit Malaysia) (“**MDIC**”), under the Malaysia Deposit Insurance Corporation Act 2005 (“**PIDM Act**”) and all licensed commercial banks (including subsidiaries of foreign banks operating in Malaysia) and Islamic banks are member institutions of the Deposit Insurance System.

On 16 October 2008, the Government moved to guarantee all bank deposits in an effort to shore up confidence in the Malaysian financial system to curb potentially damaging capital outflows. BNM announced the guarantee for all local and foreign currency deposits from 16 October 2008 until 31 December 2010. With effect from 31 December 2010, the Malaysia Deposit Insurance Corporation Act 2011 (the “**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 other changes, the deposit insurance limit was increased to RM250,000.00 per depositor per member bank. In addition, under the 2011 Act, foreign currency deposits will now benefit from deposit insurance protection.

Under the Deposit Insurance System, explicit deposit protection is provided to eligible deposits up to the prescribed limit of RM250,000.00 per depositor, per member institution and such amount is inclusive of principal and interest effective as of 31 December 2010. The RM250,000.00 limit provides for 99.0 per cent. of existing depositors to be protected in full. A separate coverage for the same amount is provided for Islamic deposits (i.e. those accepted under Shariah principles), accounts held under joint ownership and trust accounts, sole proprietorships and partnerships. It is envisaged that the level of coverage will provide protection for up to 95.0 per cent. of such depositors.

Notwithstanding the aforesaid, the fact that deposits exceeding the prescribed limits are not insured up to their full amount could lead to or exacerbate liquidity problems, which, if severe, could have an adverse effect on the Group’s business, financial condition, results of operations or prospects, or on the Malaysian financial markets generally. In addition, the Deposit Insurance System could potentially decrease the Group’s stability by encouraging risk-taking on the part of the Group.

Considerations relating to the Notes generally

The Notes may not be a suitable investment for all investors

Each potential investor in the 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 Notes, the merits and risks of investing in the 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 Notes and the impact the Notes 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 Notes, including Notes with principal or interest 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 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 factors, interest rates 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 the Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Modification

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. The respective 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.

Change of law

The Terms and Conditions of the Notes are based on English law and Malaysian law (in respect of the subordination provisions), 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, Malaysian law, or administrative practice after the date of this Offering Circular.

Bearer Notes where denominations involve integral multiples: definitive 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 respect of such holding (should definitive 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 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.

Noteholders' ability to enforce claims is uncertain

Substantially all the assets of the Issuer are located in Malaysia. Generally, since the United Kingdom is a reciprocating country, any judgment rendered against the Issuer in any of the superior courts of the United Kingdom or other reciprocating countries as listed in the Reciprocal Enforcement of Judgments Act, 1958 (revised 1972) of Malaysia (the "**Enforcement Act**"), other than a judgment of such a court given on appeal from a lower court, can be recognised and

enforced by the courts of Malaysia without re-examination of the issues upon registration of the judgment with the courts of Malaysia under the Enforcement Act within six years after the date of the judgment, or, where there have been proceedings by way of appeal against the judgment, after the date of the last judgment given in those proceedings, so long as the judgment:

- (i) is not inconsistent with public policy in Malaysia;
- (ii) was not given or obtained by fraud or duress or in a manner contrary to the natural justice;
- (iii) is not directly or indirectly for the payment of taxes or other charges of a like nature or of a fine or other penalty;
- (iv) was of a court of competent jurisdiction of such jurisdiction and the judgment debtor being the defendant in the original court received notice of those proceedings in sufficient time to enable it to defend the proceedings;
- (v) has not been wholly satisfied;
- (vi) is final and conclusive between the parties;
- (vii) could be enforced by execution in the country of that original court;
- (viii) is for a fixed sum;
- (ix) is not directly or indirectly intended to enforce the penal laws or sanctions imposed by the authorities of such jurisdiction;
- (x) is not preceded by a final and conclusive judgment by a court having jurisdiction in that matter; and
- (xi) is vested in the person by whom the application for registration was made.

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

Where the Global Notes or Global Certificates are held by or on behalf of Euroclear and Clearstream, Luxembourg, CDP or the CMU, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, CDP or a sub-custodian for the CMU. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes or Certificates. The relevant Clearing System will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depository for Euroclear and Clearstream, Luxembourg, CDP or to the CMU, as the case may be, for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing Systems to appoint appropriate proxies.

Winding-up of the Issuer

Under the FSA, no application for the winding-up of a licensed person (i.e. all banks, which includes the Issuer), an operator of a payment system or an approved person can be presented to the Malaysian High Court without the prior written approval of BNM.

In addition, a copy of such an application to the Malaysian High Court must also be delivered to BNM at the same time as it is presented to the Malaysian High Court. The failure to comply with such requirements is an offence and a person convicted of such offence is liable to imprisonment and/or a fine.

Considerations relating 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 the most common of such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. 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 may also 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 significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Issuer 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) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (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.

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 could result in an investor losing all of his investment.

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 the London Interbank Offered Rate (“**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 from a floating rate to a fixed rate. 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, 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, the fixed rate may be lower than then prevailing rates on its Notes.

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

The Programme allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be “benchmarks”, including LIBOR, EURIBOR or SIBOR, in particular with respect to certain Floating Rate Notes where the Reference Rate (as defined in the Terms and Conditions of the Notes) may be LIBOR, EURIBOR, SIBOR or another such benchmark. The Pricing Supplement for the Notes will specify whether LIBOR, EURIBOR or SIBOR or another such benchmark is applicable.

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

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of LIBOR has been questioned as result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “**FCA Announcement**”). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

The elimination of the LIBOR, EURIBOR or SIBOR benchmarks or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks:

- (i) discouraging market participants from continuing to administer or contribute to the benchmark;
- (ii) trigger changes in the rules or methodologies used in the benchmark; or
- (iii) lead to the disappearance of the benchmark.

Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

In respect of the Notes, where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Terms and Conditions of the Notes provide that the Rate of Interest shall be determined by reference to:

- (a) in the case where the Reference Rate is not specified as being SIBOR, the Relevant Screen Page (or its successor or replacement); or
- (b) in the case where the Reference Rate is specified as being SIBOR, the Reuters Screen ABSIRFIX1 page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and the column headed “SGD SIBOR” (or such other Relevant Screen Page).

In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available. See Condition 5(b)(iii) (Rate of Interest for Floating Rate Notes) for more information on the mechanics for determination of the Rate of Interest in the case of discontinuation of the Original Reference Rate.

Benchmark Events include (amongst other events) permanent discontinuation of an Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Terms and Conditions of the Notes provide that the Issuer may vary the Terms and Conditions of the Notes and/or the Agency Agreement, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Terms and Conditions of the Notes also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (x) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (y) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate or (z) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser, or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, or if a Successor Rate or Alternative Rate is not adopted because it could reasonably be expected to prejudice the qualification of the Subordinated Notes as Tier 2 Capital and/or eligible liabilities or loss absorbing capacity instruments for the purposes of applicable loss absorption regulations, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the floating rate Notes, in effect, becoming Fixed Rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Terms and Conditions of the Notes provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an “IBOR” Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant “IBOR” is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessments about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Negative benchmark rates would reduce the rate of interest on Floating Rate Notes

The interest rate to be borne by Floating Rate Notes is based on the spread over the relevant benchmark including LIBOR, EURIBOR or SIBOR or another benchmark. Changes in the relevant benchmark rate will affect the rate at which Floating Rate Notes accrue interest and the amount of interest payments on Floating Rate Notes. To the extent that the relevant benchmark rate decreases below 0.00 per cent. for any interest period, the rate at which the Floating Rate Notes accrue interest for such interest period may be reduced by the amount by which such benchmark rate is negative.

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.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal 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.

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 or interest on the Subordinated Notes will be to institute proceedings for the Winding-Up (as defined in the Terms and Conditions of the Notes) of the Issuer in Malaysia. See Condition 11(b) (Events of Default in relation to Subordinated Notes).

If the Issuer defaults on the payment of principal or interest on the Subordinated Notes, the holders may only institute proceedings in Malaysia for the Winding-Up of the Issuer. The holders will have no right to accelerate payment of the Subordinated Notes in the case of default in payment of amounts owing in relation to the Subordinated Notes or failure by the Issuer to perform any of its other obligations relating to the Subordinated Notes, except as they may be so permitted in the Terms and Conditions of the Notes.

The Subordinated Notes will be direct, unconditional, subordinated and unsecured obligations of the Issuer and will rank junior in priority 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). Upon the occurrence of any Winding-Up Proceeding (as defined in the Terms and Conditions of the Notes) of the Issuer, 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 unsubordinated liabilities of the Issuer, as applicable, except those liabilities which rank equally with or junior to the Subordinated Notes. Accordingly, in a Winding-Up Proceeding, the holders of the Subordinated Notes may recover less than the depositors or the holders of other unsubordinated liabilities of the Issuer, as applicable. As there is no precedent for a Winding-Up of a major banking 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 risk that an investor in Subordinated Notes will lose all or some of its investment should the Issuer become insolvent.

The Subordinated Notes may be redeemed upon certain events

Upon the occurrence of a Tax Event or Regulatory Capital Event (each as defined in the Terms and Conditions of the Notes), but subject to the prior written approval of BNM and any other regulatory approvals that may be required, and satisfying any conditions that BNM (and/or any other regulator) may impose at the time of such approval, the Issuer may, at its option, redeem, as provided in the Terms and Conditions of the Notes, all but not only some of the Subordinated Notes, as applicable, at the Early Redemption Amount (as described in Condition 7(b) (Early Redemption)). For the avoidance of doubt and to the extent there has been a partial write-off of the Subordinated Notes, holders will only receive the remaining principal amount of the Subordinated Notes which remains outstanding on redemption. There can be no assurance that holders of Subordinated Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Subordinated Notes.

No Events of Default under the Subordinated Notes

The Subordinated Notes do not provide for events of default allowing acceleration of the Subordinated Notes. Upon a payment default of the principal of or interest on the Subordinated Notes, 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 Condition 11(b) (Events of Default in relation to Subordinated Notes).

The terms of the Subordinated Notes may contain non-viability loss absorption provisions

Under the Terms and Conditions of the Notes, to the extent that a Series of Subordinated Notes contains provisions relating to loss absorption upon the occurrence of a Trigger Event (as defined below), the Issuer may be required, subject to the terms of the relevant Series of Subordinated Notes and the discretion of the Relevant Malaysian Authority (as defined in the Terms and Conditions of the Notes), irrevocably (without the need for the consent or approval of the holders of such Subordinated Notes) to effect either a full or partial Write-off (as defined in the Terms and Conditions of the Notes) of the outstanding principal, any accrued and unpaid interest and other amounts owing under such Subordinated Notes. In the event of a partial Write-off, the sequence and amount of Write-off is at the discretion of the Issuer (as notified and acknowledged by the Relevant Malaysian Authority). The Write-off would be effected in full in the event that the amount Written-off is not sufficient for the Issuer or the CIMB Group, as the case may be, to cease to be viable.

To the extent relevant, in the event that such Subordinated Notes are Written-off, any Written-off amount is permanently lost and will not be restored under any circumstances, even if the Trigger Event has ceased. In addition, a Trigger Event may occur on one or more occasion and each Subordinated Note may be Written-off off on more than one occasion. In the event of a Write-off, holders of such Subordinated Notes will cease to have any claims for any principal amount Written-off and any accrued but unpaid interest on such Subordinated Notes since the last interest payment date falling on or prior to the Trigger Event Notice (as defined in the Terms and Conditions of the Notes). No Event of Default (as defined in the Terms and Conditions of the Notes) with respect to such Subordinated Notes and no trigger of a cross-default with respect to any Notes outstanding will have occurred or deemed to have occurred in such circumstances.

The trigger event would be the earlier of:

- (i) the Relevant Malaysian Authority notifying the Issuer in writing that the Relevant Malaysian Authority is of the opinion that a write-off or conversion is necessary, without which the Issuer or the CIMB Group, as the case may be, would cease to be viable; and
- (ii) the Relevant Malaysian Authority publicly announcing that a decision has been made by BNM, PIDM, or any federal or state government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the Issuer or the CIMB Group, as the case may be, would cease to be viable,

(for the purposes of this Offering Circular, each a “**Trigger Event**”).

The Subordinated Notes may be subject to a full or partial Write-off

Investors may lose the entire amount of their investment in any Subordinated Notes in which Write-off upon the occurrence of a Trigger Event is specified, which may lead to a full or partial Write-off. Upon the occurrence of a Trigger Event and if there is a partial Write-off, such portion of the principal amount of the Subordinated Notes will be Written-off and any accrued but unpaid interest on such Subordinated Notes since the last interest payment date falling on or prior to the Trigger Event Notice will be cancelled. If there is a Write-off in full, the principal amount will be Written-off completely and any accrued but unpaid interest on the full principal amount since the last interest payment date before the Trigger Event Notice will be cancelled and such Subordinated Notes will be automatically cancelled.

Furthermore, upon the occurrence of a Write-off of any Subordinated Notes, interest will cease to accrue and all interest amounts that would have accrued but for the Write-off of the Subordinated Notes shall become null and void.

In addition, the subordination provisions set out in Condition 3(c) (Subordination of Subordinated Notes) are effective only upon the occurrence of any Winding-Up Proceedings of the Issuer. In the event that a Trigger Event occurs, the rights of holders of Subordinated Notes shall be subject to Condition 6 (Loss Absorption upon a Trigger Event in respect of Subordinated Notes). This may not result in the same outcome for Subordinated Noteholders as would otherwise occur under Condition 3(c) (Subordination of Subordinated Notes) upon the occurrence of any Winding-Up Proceedings.

There is no assurance that any contractual provisions with loss absorption features, to the extent applicable, will be sufficient to satisfy the Basel III compliant requirements that the Relevant Malaysian Authority may implement in the future. There is a risk that the Relevant Malaysian Authority may deviate from the Basel III proposals by implementing reforms which differ from those envisaged by the BCBS.

Upon the occurrence of a Trigger Event, potential investors can expect a suspension period to be imposed on holders of a series of Subordinated Notes that contains provisions relating to loss absorption, during which holders will not be able to settle any transfers of such Subordinated Notes. Where such Subordinated Notes are represented by one or more Global Notes or Global Certificates, any sale or other transfer of the Subordinated Notes that has been initiated by a holder prior to the occurrence of such suspension and is scheduled to settle through Euroclear and Clearstream, Luxembourg from the time of notification of such suspension to Euroclear and Clearstream, Luxembourg to the end of such suspension period, may be rejected, and may not be settled, by Euroclear and Clearstream, Luxembourg.

While a Series of Subordinated Notes that contains loss absorption provisions is represented by one or more Global Notes or Global Certificates and a suspension period is imposed on the holders of such Subordinated Notes occurs, the records of Euroclear and Clearstream, Luxembourg or any other clearing system of their respective participants' position held in such Series of Subordinated Notes may not be immediately updated to reflect the written-off amount and may continue to reflect the principal amount of such Subordinated Notes prior to the Write-off as being outstanding, for a period of time. The update process of the relevant clearing system may only be completed after the date on which the Write-off will occur. Notwithstanding such delay, holders of such Subordinated Notes may lose the entire value of their investment in such Subordinated Notes on the date on which the Write-off occurs. No assurance can be given as to the period of time required by the relevant clearing system to complete the update of their records. Further, the conveyance of notices and other communications by the relevant clearing system to their respective participants, by those participants to their respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Global Note or Global Certificate will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The occurrence of a Trigger Event may be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control

The occurrence of a Trigger Event is dependent on a determination by the Relevant Malaysian Authority of the non-viability of the Issuer or the CIMB Group. Pursuant to the Capital Adequacy Framework, in assessing whether a financial institution or a financial group would cease to be viable, the Relevant Malaysian Authority may consider, amongst others, whether any of the following circumstances exist:

- (i) the financial institution fails to follow any directive of compliance issued by BNM, which is necessary to preserve or restore its or the group's financial soundness;
- (ii) the financial institution fails to meet all or any of its financial obligations as they fall due, that may significantly impair its ability to meet regulatory capital requirements on a continuing basis;
- (iii) the capital of the financial institution or financial group has reached a level or is eroding in a manner that may detrimentally affect its depositors, creditors or the public, and the financial institution or financial group is unable to recapitalise on its own;
- (iv) the financial institution's assets are insufficient to provide protection to its depositors and creditors; or
- (v) any other state of affairs exist in respect of the financial institution or financial group that would put the interest of the depositors or creditors at risk, including loss of confidence of depositors and the public.

The Relevant Malaysian Authority has the full discretion to elect not to require a Write-off when the Issuer or the CIMB Group has ceased, or is about to cease, to be viable or when a public capital injection or equivalent support has been provided. As a result, the Relevant Malaysian Authority may require or may cause a Write-off in circumstances that are beyond the control of the Issuer and with which the Issuer does not agree. Due to the inherent uncertainty regarding the determination of whether a Trigger Event exists, it will be difficult to predict when, if at all, a Write-off will occur. Accordingly, the trading behaviour in respect of Subordinated Notes which have the non-viability loss absorption feature is not necessarily expected to follow the trading behaviour associated with other types of securities. Any indication that the Issuer is trending towards a Trigger Event could have a material adverse effect on the market price of the relevant Subordinated Notes.

Potential investors should consider the risk that a holder of Subordinated Notes which have the non-viability loss absorption feature may lose all of their investment in such Subordinated Notes, including the principal amount plus any accrued but unpaid interest, in the event that a Trigger Event occurs.

Subordinated Notes that include a loss absorption feature are novel and complex financial instruments

Subordinated Notes that include a loss absorption feature are complex financial instruments and the regulations on non-viability loss absorption are new and untested in Malaysia and will be subject to the interpretation and application by the Relevant Malaysian Authority. It is uncertain how the Relevant Malaysian Authority would determine the occurrence of a Trigger Event and the range of circumstances in which the Relevant Malaysian Authority could rely upon to determine such occurrence is wide.

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

Tax treatment of Subordinated Notes that contain non-viability loss absorption provisions is unclear

It is not clear whether any particular tranche of the Subordinated Notes which contains non-viability loss absorption provisions will be regarded as debt securities by the Inland Revenue Board of Malaysia for the purposes of the Income Tax Act 1967 of Malaysia and whether any tax concessions would apply to such tranche of the Subordinated Notes.

If any tranche of the Subordinated Notes is not regarded as debt securities for the purposes of the Income Tax Act 1967 and/or holders thereof are not eligible for the tax concessions, the tax treatment to holders may differ. Investors and holders of any tranche of the Subordinated Notes should consult their own accounting and tax advisers regarding the Malaysian income tax consequences of their acquisition, holding and disposal of such tranche of the Subordinated Notes.

The Issuer may, in certain circumstances, vary the terms of Subordinated Notes

In certain circumstances, such as on a Capital Event (as defined in the Terms and Conditions of the Notes), the Issuer may, without the consent or approval of the holders of Subordinated Notes, but subject to the prior written approval of BNM and any other regulatory approvals that may be required, vary the terms of any Subordinated Notes so that they remain or, as appropriate, become Qualifying Securities (as defined in the Terms and Conditions of the Notes), subject to certain conditions. The terms of such varied Subordinated Notes may contain one or more provisions that are substantially different from the terms of the original Notes, provided that the Subordinated Notes remain Qualifying Securities in accordance with the Terms and Conditions of the Notes. While the Issuer cannot make changes to the terms of the Subordinated Notes that (i) give rise to any right of the Issuer to redeem the varied securities that is inconsistent with the redemption provisions of such Subordinated Notes, (ii) result in a Tax Event or Capital Event, and (iii) which do not comply with the rules of any stock exchange on which such Subordinated Notes may be listed or admitted to trading, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such varied Notes could be different for some categories of Noteholder from the tax and stamp duty consequences for them of holding the Notes prior to such variation.

Performance of Contractual Obligations

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Fiscal Agent, Transfer Agent, the Registrar, the CDP Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents and/or the Calculation Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Noteholders and the Couponholders (as defined in the Terms and Conditions of the Notes) in respect of the Notes.

The Notes to be issued under the CIMB SDG Bond Framework may not be a suitable investment for all investors seeking exposure to sustainable development assets, businesses, projects and/products

The Issuer has on 9 September 2019 received a second party opinion from Sustainalytics (the “**Second Party Opinion**”) confirming that the Bank’s sustainable development goals bond framework (the “**CIMB SDG Bond Framework**”) is in compliance with the International Capital Markets Association (“**ICMA**”) Green Bond Principles (2018) (the “**Green Bond Principles**”), the ICMA Social Bond Principles 2018 (the “**Social Bond Principles**”), the ICMA Sustainability Bond Guidelines 2018 (the “**Sustainability Bond Guidelines**”) and the ASEAN Sustainability Bond Standards (“**ASBS**”).

No assurance can be provided to potential investors that the new or existing assets, businesses, projects and/or products that comply with the guiding principles of the CIMB SDG Bond Framework (“**Eligible Assets**”) will continue to meet the relevant eligibility criteria.

The Second Party Opinion is not incorporated into, and does not form part of, this Offering Circular. The Second Party Opinion may not reflect the potential impact of all risks related to the structure of notes issued under the CIMB SDG Bond Framework (“**CIMB SDG Bonds**”), their marketability, trading price or liquidity or any other factors that may affect the price or value of the CIMB SDG Bonds. The Second Party Opinion is not a recommendation to buy, sell or hold securities and is only current as of its date of issue and is subject to certain disclaimers set out therein.

Whilst the Issuer has agreed to certain obligations relating to reporting and use of proceeds as described under the sections entitled “*Use of Proceeds*” and “*Sustainable Development Goals Bond Framework*”, it would not be an Event of Default under the Terms and Conditions of the Notes if (i) the Issuer were to fail to comply with such obligations or were to fail to use the proceeds in the manner specified in this Offering Circular and the applicable Pricing Supplement in respect of the CIMB SDG Bonds and/or (ii) the Second Party Opinion were to be withdrawn. Any failure to use the net proceeds of the CIMB SDG Bonds in connection with the Eligible Assets, and/or any failure to meet, or to continue to meet, the investment requirements of certain sustainable development focused investors with respect to the CIMB SDG Bonds may affect the value and/or trading price of the CIMB SDG Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in sustainable development assets, businesses, projects and/ products.

None of the Sole Arranger or the Dealers makes any representation or assurance as to (a) the suitability for any purpose of the Second Party Opinion, (b) whether the CIMB SDG Bonds will meet investor criteria and expectations regarding sustainable development for any investors, (c) whether the net proceeds from the CIMB SDG Bonds will be used to finance and/or refinance Eligible Assets or (d) the characteristics of Eligible Assets, including their sustainable development criteria. Prospective investors should have regard to the relevant Eligible Assets and eligibility criteria described in this Offering Circular. Each potential purchaser of CIMB SDG Bonds should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds of the issue of any CIMB SDG Bonds and its purchase of the CIMB SDG Bonds should be based upon such investigation as it deems necessary.

Considerations relating to Renminbi-Denominated Notes

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

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

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

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

Although starting from 1 October 2016, the Renminbi will be added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations, which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC, will not be promulgated in the future. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under the Renminbi-denominated Notes.

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

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. While the People's Bank of China ("PBOC") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and Singapore and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

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

Investment in the Renminbi Notes is subject to exchange rate risks

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. Recently, the PBOC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

Investment in Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

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

Except in limited circumstances stipulated in the Terms and Conditions of the Notes, all payments to investors in respect of Renminbi Notes will be made solely (i) when Renminbi Notes are represented by Global Certificates or Global Notes and transferred to a Renminbi bank account maintained in Hong Kong or Singapore as the case may be, in accordance with the prevailing rules and procedures of the relevant clearing systems; or (ii) when Renminbi Notes are in definitive form and transferred to a Renminbi bank account maintained in Hong Kong or Singapore, as the case maybe, in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Considerations relating to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit rating risk.

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rates, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest (if any) on the Notes in the currency specified in the relevant 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 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 yield 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 exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest Rate Risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Investors may suffer erosion on the return of their investments due to inflation. Investors would have an anticipated rate of return based on expected inflation rates on the purchase of the non-Ringggit 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 credit ratings may not reflect the potential impact of all risks related to 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, revised or withdrawn by the assigning rating agency at any time.

The market value of the Notes may fluctuate

Trading prices of the Notes are influenced by numerous factors, including the operating results, business and/or financial condition of the Issuer, political, economic, financial and any other factors that can affect the capital markets, the industry and/or the Issuer generally. Adverse economic developments, acts of war and health hazards in countries in which the Issuer operates could have a material adverse effect on the Issuer's operations, operating results, business, financial position and performance.

Developments in other markets may adversely affect the market price of the Notes

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reaction to developments in one country could affect the securities markets and the securities of issuers in other countries. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is qualified in its entirety by the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Series of Notes, the applicable Pricing Supplement. Words and expressions defined in “Terms and Conditions of the Notes” below or elsewhere in this Offering Circular have the same meanings in this overview.

Issuer	CIMB Bank Berhad or any of its branches in or outside Malaysia (in relation to Senior Notes) and CIMB Bank Berhad only (in relation to Subordinated Notes).
Description	Euro Medium Term Note Programme.
Programme Limit	U.S.\$5,000,000,000 (or its equivalent in other currencies at the trade date) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase this amount in accordance with the terms of the Dealer Agreement (as defined herein) and subject to obtaining the approval of each of the SC and/or BNM (where required).
Sole Arranger	CIMB Investment Bank Berhad.
Dealer	<p>CIMB Investment Bank Berhad.</p> <p>Pursuant to the Dealer 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. References in this Offering Circular to “Permanent Dealers” are to the persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
Fiscal Agent	The Bank of New York Mellon, London Branch (in respect of Notes other than CMU Notes and CDP Notes).
CDP Paying Agent	The Bank of New York Mellon, Singapore Branch (in respect of CDP Notes).
CMU Lodging and Paying Agent	The Bank of New York Mellon, Hong Kong Branch (in respect of CMU Notes).
Registrars	The Bank of New York Mellon SA/NV, Luxembourg Branch (in respect of Notes other than CDP Notes and CMU Notes), The Bank of New York Mellon, Singapore Branch (in respect of CDP Notes) and The Bank of New York Mellon, Hong Kong Branch (in respect of CMU Notes).

Currencies

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency as may be agreed between the Issuer and the relevant Dealer, other than Malaysian Ringgit.

Specified Denomination

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) save that the minimum denomination of each Note will be such 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 relevant Specified Currency.

Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Pound Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) will have a minimum denomination of £100,000 (or its equivalent in other currencies).

The minimum specified denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be £100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes). For the purposes of the foregoing, “Prospectus Directive” means Article 5.4 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area.

Form of Notes

The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”). Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the TEFRA D Rules (see “**Selling Restrictions**” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.

Clearing Systems

Euroclear, Clearstream, Luxembourg, CDP and/or the CMU in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the relevant Dealer and notified in writing to the Fiscal Agent, the CDP Paying Agent or the CMU Lodging and Paying Agent, as the case may be.

Initial Delivery of Notes

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for credit to the Fiscal Agent's distribution account with Euroclear or Clearstream, Luxembourg or with CDP or with the sub-custodian for the CMU for initial credit to the CMU Lodging and Paying Agent's account with the CMU.

Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Maturities

Subject to compliance with all relevant laws, regulations and directives, Senior Notes may have any maturity of more than one year, as may be agreed between the Issuer and the relevant Dealer and Subordinated Notes will have any maturity of more than one year but not less than five years as may be agreed between the Issuer and the relevant Dealer.

Method of Issue

The Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest, if any), the Notes of each Series being intended to be interchangeable with all other Notes, of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche of the Notes (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a "**Pricing Supplement**").

Issue Price	Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly Paid Notes denominated in a currency other than Malaysian Ringgit may be issued, the issue price of which will be payable in two or more instalments.
Fixed Rate Notes	For Notes (issued with coupon), fixed interest will be payable in arrear on such day(s) as may be agreed between the Issuer and the relevant Dealer (as specified in the relevant Pricing Supplement).
Floating Rate Notes	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> (i) 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 published by the International Swaps and Derivatives Association, Inc.; or (ii) by reference to LIBOR, EURIBOR, SOR, SIBOR or HIBOR, (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. <p>Interest periods will be specified in the relevant Pricing Supplement.</p>
Variable Rate Notes	Variable Rate Notes may be issued pursuant to the Programme on terms specified in the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
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 may be specified in the relevant Pricing Supplement.
Other Notes	Terms applicable to any other type of Notes which the Issuer and any relevant Dealer(s) may agree to issue under the Programme will be set out in the relevant Pricing Supplement.

Interest Periods and Interest Rates

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Redemption

The Pricing Supplement issued in respect of each issue of Senior Notes will state either that the Senior Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (if applicable) or for taxation reasons or following an Event of Default) or that such Senior Notes will be redeemable (in whole or in part) at the option of the Issuer 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 terms as are indicated in the relevant Pricing Supplement.

The Pricing Supplement issued in respect of each issue of Subordinated Notes will state either:

- (i) that the Subordinated Notes cannot be redeemed prior to their stated maturity other than (in whole, with the prior written approval of BNM (and/or any other regulatory authorities) that may be required, and satisfying any conditions that BNM (and/or any other regulatory authorities) may impose at the time of such approval) at the option of the Issuer for taxation reasons; or
- (ii) that such Subordinated Notes will be redeemable (in whole, with the prior written approval of BNM (and/or any other regulatory authorities) that may be required, and satisfying any conditions that BNM (and/or any other regulatory authorities) may impose at the time of such approval) following a Regulatory Capital Event (as defined in the Terms and Conditions of the Notes) on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the relevant Pricing Supplement; or
- (iii) that such Subordinated Notes will be redeemable (in whole or in part, with the prior written approval of BNM (and/or any other regulatory authorities) that may be required, and satisfying any conditions that BNM (and/or any other regulatory authorities) may impose at the time of such approval) at the option of the Issuer.

The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.

Redemption by Instalments

The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Variation instead of Redemption of the Subordinated Notes

The Issuer may, subject to the prior written approval of BNM (and/or any other regulatory authorities) that may be required, and satisfying any conditions that BNM (and/or any other regulatory authorities) may impose at the time of such approval and having given not less than 15 nor more than 30 days' notice to the Noteholders, vary the terms of the Subordinated Notes so that they remain or become Qualifying Securities as provided in Condition 7(h) (Variation instead of Redemption of Subordinated Notes).

Loss Absorption upon a Trigger Event in respect of Subordinated Notes

The relevant Pricing Supplement issued in respect of each issue of Subordinated Notes may provide that, in the event a Trigger Event occurs, the Loss Absorption Option is a Write-off in accordance with Condition 6(a) (Write-off on a Trigger Event) for such Subordinated Notes (or any other loss absorption measure specified in such Pricing Supplement).

Withholding Tax

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or, if different, the jurisdiction of tax residency of the Issuer (each such jurisdiction, a **"Relevant Taxing Jurisdiction"**) 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 as shall result in receipt by the Noteholders and the Couponholders of such amount as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as set out in Condition 9 (Taxation).

Status of the Senior Notes

The Senior Notes and the Receipts and Coupons relating to them will constitute direct, unsubordinated and (subject to Condition 4 (Negative Pledge in respect of Senior Notes)) 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 and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4 (Negative Pledge in respect of Senior Notes), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

**Status of the
Subordinated Notes**

The Subordinated Notes and the Receipts and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer, ranking *pari passu*, without preference among themselves. The rights of the holders of the Subordinated Notes will, in the event of the Winding-Up of the Issuer, be subordinated in right of payment in the manner provided in Condition 3(c) (Subordination of Subordinated Notes).

**Subordination of
Subordinated Notes**

In the event of the Winding-Up (as defined in Condition 3(c) (Subordination of Subordinated Notes)) of the Issuer, the claims of the Noteholders, the Receiptholders and the Couponholders against the Issuer in respect of the Subordinated Notes and the Receipts and Coupons relating to them 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 senior to the claims of the holders of all share capital of the Issuer and Tier 1 Capital Obligations and/or as otherwise specified in the applicable Pricing Supplement. The Subordinated Notes will rank *pari passu* in right of payment with Tier 2 Capital Securities and all other Subordinated Indebtedness (as defined in Condition 3(c) (Subordination of Subordinated Notes), present and future, of the Issuer and/or as otherwise specified in the applicable Pricing Supplement. Claims in respect of the Subordinated Notes will rank in priority to the rights and claims of holders of subordinated liabilities that 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.

The provisions of Condition 3(c) (Subordination of Subordinated Notes) apply only to the principal and interest in respect of the Subordinated Notes. Each Noteholder, the Receiptholder and the Couponholder 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.

**No Set-off of
Subordinated Notes**

Subject to applicable law, no holder of Subordinated Notes, or any Receipts or Coupons relating to such Notes, may exercise, claim or plead any right of set-off, counterclaim or retention in respect of any amount owned to it by the Issuer arising under or in connection with the Subordinated Notes or the Receipts or the Coupons relating to them. 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 to the fullest extent permitted by law. See Condition 3(d) (No Set-off of Subordinated Notes).

Negative Pledge	Applicable to Senior Notes only. See Condition 4 (Negative Pledge in respect of Senior Notes).
Cross Default	Applicable to Senior Notes only. See Condition 11(a)(iii) (Cross-Default).
Ratings	<p>Moody's Investors Service, Inc. has assigned the following provisional ratings to the Programme:</p> <p>the Senior Notes (P)A3; and</p> <p>the Subordinated Notes (P)Ba1.</p> <p>Each Tranche of Notes issued under the Programme may be rated or unrated. When a Tranche of Notes is rated, its rating will be specified in the relevant Pricing Supplement and its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Listing	<p>Approval in-principle has been received from the SGX-ST for the establishment of the Programme and application will be made to the SGX-ST for the permission to deal in, and for quotation of, any Notes which are agreed at the time of issue to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List. 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. If the application to the SGX-ST to list a particular series of Notes is approved, 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 SGD200,000 (or its equivalent in other currencies).</p> <p>Approval has been obtained from Bursa for the Programme to be listed under Bursa's Exempt Regime. The Notes issued pursuant to the Programme may be listed under Bursa's Exempt Regime but will not be quoted for trading.</p> <p>Unlisted Series of Notes may also be issued pursuant to the Programme.</p>

The Notes may 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 of Notes.

The applicable Pricing Supplement relating to each Series of Notes will state whether or not the Notes of such Series will be listed on any stock exchange(s) and, if so, on which stock exchange(s) the Notes are to be listed.

Governing Law

The Agency Agreement, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save that Conditions 3(b), 3(c), 3(d) and 11(b) in relation to Subordinated Notes are governed by, and shall be construed in accordance with, Malaysian law.

Legal Entity Identifier

SR3J0ZUTXT7OTFT2VU03

Selling Restrictions

The United States, the European Economic Area, the United Kingdom, Malaysia, Japan, Singapore, Hong Kong, the PRC and other restrictions as may be required in connection with a particular issue of Notes. See “*Subscription and Sale*”.

Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as such rules for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended (the “**Code**”)) (the “**TEFRA D Rules**”) unless (i) the relevant Pricing Supplement states that the Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form as such rules for purposes of Section 4701 of Code) (the “**TEFRA C Rules**”) or (ii) the Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, save for the words in italics and, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes (denominated in a currency other than Malaysian Ringgit) in definitive form (if any) issued in exchange for the Global Note(s) or Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (provided that such amendment, supplement or variation is not inconsistent with the terms and conditions submitted to the Securities Commission Malaysia and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions (as defined below) will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only and not to all Notes that may be issued under the Programme. References in the Conditions to the “Issuer” are to the Issuer issuing Notes under a Series, which (in relation to Senior Notes) shall be CIMB Bank Berhad or any of its branches in or outside Malaysia and (in relation to Subordinated Notes) shall be CIMB Bank Berhad only.

The Notes are issued pursuant to an Amended and Restated Agency Agreement (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Agency Agreement**”) dated 20 September 2019 between CIMB Bank Berhad (the “**Issuer**”), The Bank of New York Mellon, London Branch as fiscal agent in respect of Notes other than Notes cleared through The Central Depository (Pte) Limited (“**CDP**” and such Notes, the “**CDP Notes**”) and Notes held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU**” and such Notes, the “**CMU Notes**”), The Bank of New York Mellon, Singapore Branch as paying agent in respect of CDP Notes, The Bank of New York Mellon, Hong Kong Branch as lodging and paying agent in respect of CMU Notes and the other agents named in it and with the benefit of an Amended and Restated Deed of Covenant (as amended or supplemented as at the Issue Date, the “**Deed of Covenant**”) dated 20 September 2019 executed by the Issuer in relation to the Notes. The fiscal agent, the CDP paying agent, the CMU lodging and paying agent, the other paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**CDP Paying Agent**”, the “**CMU Lodging and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent, the CDP Paying Agent and the CMU Lodging and Paying Agent), the “**Registrars**”, the “**Transfer Agents**” (which expression shall include the Registrars) and the “**Calculation Agent(s)**” (together, the “**Agents**”). For the purposes of these Conditions, 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 (i) with respect to CMU Notes, be deemed to be a reference to the CMU Lodging and Paying Agent and (ii) with respect to CDP Notes, be deemed to be a reference to the CDP Paying Agent, and all such references shall be construed accordingly. Notes cleared through CDP are issued with the benefit of a deed of covenant (as amended, varied or supplemented as at the Issue Date, the “**CDP Deed of Covenant**”) dated 15 August 2014 and executed by the Issuer. Copies of the Agency Agreement, the Deed of Covenant and the CDP Deed of Covenant are available for inspection during usual business hours at the specified offices of each of the Paying Agents and the Transfer Agents.

Notes may be denominated in currencies other than Malaysian Ringgit. These Conditions apply only to Notes denominated in a currency other than Malaysian Ringgit.

The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments (the “**Receiptholders**”) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these terms and conditions (these “**Conditions**” and each a “**Condition**”), “**Tranche**” means Notes which are identical in all respects.

1 **Form, Denomination and Title**

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), in each case in the Specified Denomination(s) shown hereon.

*Notes which are listed on the Singapore Exchange Securities Trading Limited or any successor thereto (the “**SGX-ST**”) will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time. In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under Regulation (EU) 2017/1129, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).*

This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Zero Coupon Note, an Instalment Note, a Dual Currency Note or Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/ Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note the nominal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts, Coupons or Talons relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Bearer Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes, and the expression “**Senior Noteholder**” shall be construed accordingly in relation to Senior Notes and the expression “**Subordinated Noteholder**” shall be construed accordingly in relation to Subordinated Notes.

References in these Conditions to Coupons, Talons, Couponholders, Receipts and Receiptholders relate to Bearer Notes only.

2 No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Condition 6, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or any other Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrars and the Noteholders, and by the Registrars with the prior approval of the Noteholders. A copy of the current regulations will be made available by the Registrars to any Noteholder upon request.

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

Transfers of interests in any Subordinated Notes that are the subject of a Trigger Event Notice issued in accordance with Condition 6 shall not be permitted as specified in Condition 2(f) and Condition 6.

- (c) **Exercise of Options or Partial Redemption or Write-off in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of or a partial Write-off of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or Written-off, as the case may be. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the request for transfer, exercise, redemption or exchange, form of transfer or Exercise Notice (as defined in Condition 7(e)) or Purchase Notice (as defined in Condition 7(f)) and surrender of the Certificate for exchange, except for any Write-off pursuant to Condition 6 in which case any new Certificate to be issued shall be available for delivery as soon as reasonably practicable. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Purchase Notice

or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or Purchase Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption or partial write-off shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment by the relevant noteholder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the other relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(d), (iii) after any such Note has been called for redemption, (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8(c)(ii)), or (iv) in respect of any Subordinated Notes, during the period commencing from the date of the Trigger Event Notice (as defined in Condition 6(a)(ii)) and ending on (and including) the Write-off Date (as defined in Condition 6(d)).

3 Status

- (a) **Status of Senior Notes:** The senior Notes (being those Notes that specify their status as Senior in the relevant Pricing Supplement) (the “**Senior Notes**”) and the Receipts and Coupons relating to them constitute direct, 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 and the Receipts and the Coupons relating to them 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 other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.
- (b) **Status of Subordinated Notes:** The subordinated Notes (being those Notes that specify their status as Subordinated in the relevant Pricing Supplement) (the “**Subordinated Notes**”) and the Receipts and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer, ranking *pari passu* without preference among themselves. The rights and claims of the Noteholders, the Receiptholders and the Couponholders are subordinated as described in Condition 3(c) below.
- (c) **Subordination of Subordinated Notes:** In the event of the Winding-Up (as defined in this Condition 3(c)) of the Issuer, the claims of the Noteholders, the Receiptholders and the Couponholders against the Issuer in respect of the Subordinated Notes and the Receipts and Coupons relating to them 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 senior

to the claims of the holders of all share capital of the Issuer and Tier 1 Capital Obligations and/or as otherwise specified in the applicable Pricing Supplement. The Subordinated Notes will rank *pari passu* in right of payment with Tier 2 Capital Securities (as defined in Condition 6(e)) and all other Subordinated Indebtedness (as defined in this Condition 3(c)), present and future, of the Issuer and/or as otherwise specified in the applicable Pricing Supplement. Claims in respect of the Subordinated Notes will rank in priority to the rights and claims of holders of subordinated liabilities that 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.

The provisions of this Condition 3(c) apply only to the principal and interest in respect of the Subordinated Notes. Each Noteholder, Receipholder and Couponholder 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.

The subordination provisions set out in this Condition 3(c) are effective only upon the occurrence of any Winding-Up Proceeding of the Issuer. In the event that a Trigger Event occurs, the rights of holders of Subordinated Notes and the Receipts and Coupons relating to them shall be subject to Condition 6. This may not result in the same outcome for Subordinated Noteholders as would otherwise occur under this Condition 3(c) upon the occurrence of any Winding-Up Proceeding.

On a Winding-Up of the Issuer, there may be no surplus assets available to meet the claims of the Noteholders, Receipholders or Couponholders of the Subordinated Notes after the claims of the parties ranking senior to the Noteholders, Receipholders and Couponholders of the Subordinated Notes (as provided in this Condition 3) have been satisfied.

In relation to any amounts due to the Noteholders, Receipholders and Couponholders from the Issuer under the indemnification provision specified in Condition 16, such amounts will be similarly subordinated in right of payment with other amounts due on the Subordinated Notes or the Receipts or Coupons relating to them and payment thereof shall be subject to the provisions under this Condition 3 and Condition 11(b).

In these Conditions:

“Additional Tier 1 Capital” means any security or other similar obligation issued by the Issuer that constitutes Additional Tier 1 capital of the Issuer pursuant to the relevant requirements issued by BNM (currently set out in the Capital Adequacy Framework);

“BNM” means Bank Negara Malaysia, a body corporate established under the Central Bank of Malaysia Act, 1958, or any successor thereto;

“Capital Adequacy Framework” means the “Capital Adequacy Framework (Capital Components)” issued by BNM, as amended, replaced or supplemented from time to time;

“Common Equity Tier 1 Capital” means any security or other similar obligation issued by the Issuer that constitutes Common Equity Tier 1 capital of the Issuer pursuant to the relevant requirements issued by BNM (currently set out in the Capital Adequacy Framework);

“Subordinated Indebtedness” means all indebtedness that 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, but excludes Tier 1 Capital Obligations;

“Tier 1 Capital Obligations” means all outstanding debt securities and debt instruments of the Issuer that qualify or continue to qualify as Additional Tier 1 Capital and Common Equity Tier 1 Capital under BNM’s Capital Adequacy Framework applicable to the Issuer;

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

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

- (d) **No Set-off of Subordinated Notes:** Subject to applicable law, no holder of Subordinated Notes, or any Receipts or Coupons relating to such Notes, may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes or the Receipts or the Coupons relating to them. 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 to the fullest extent permitted by law.

In the event that any Noteholder, Receiptholder or Couponholder nevertheless receives (whether by set-off or otherwise) directly in a Winding-Up Proceeding 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 Condition 3(c), 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.

4 Negative Pledge in respect of Senior Notes

So long as any Senior Note or Coupon relating to such Senior Note remains outstanding (as defined in the Agency Agreement), the Issuer will not create, or have outstanding:

- (a) any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness;
- (b) any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Senior Notes and the Coupons relating to such Senior Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution of the Noteholders.

In this Condition 4, “**Relevant Indebtedness**” means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which: (i) for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and (ii) either are by their terms payable, or confer a right to receive payment, in any currency other than Malaysian Ringgit or are denominated in Malaysian Ringgit and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside Malaysia by or with the authorisation of the Issuer thereof.

This Condition 4 applies only to Notes specified as Senior Notes in the relevant Pricing Supplement.

5 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).
- (b) **Interest on Floating Rate Notes and Variable Rate Notes:**
 - (i) *Interest Payment Dates:* Each Floating Rate Note and Variable Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(i). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date, provided that the Agreed Yield (as defined in Condition 5(b)(iv)) in respect of any Variable Rate Note for any Interest Period shall be payable on the first day of that Interest Period.
 - (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day

Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes:

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual 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 ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**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.

(B) Screen Rate Determination for Floating Rate Notes where the Reference Rate is not specified as being SIBOR or SOR:

- (x) where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:
 - (1) the offered quotation; or

- (2) the arithmetic mean 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 either 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) on the Interest Determination Date in question as determined by the Calculation 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR, EURIBOR or HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon;

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) above of this Condition 5(b)(iii)(B) applies and no such offered quotation appears on the Relevant Screen Page or if sub paragraph (x)(2) above of this Condition 5(b)(iii)(B) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above of this Condition 5(b)(iii)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong 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, if the Reference Rate

is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such 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 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, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong 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 such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph (z), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SIBOR or SOR:

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.

- (x) The Rate of Interest payable from time to time in respect of each Floating Rate Note under this Condition 5(b)(iii)(C) will be determined by the Calculation Agent on the basis of the following provisions:

- (1) in the case of Floating Rate Notes which are SIBOR Notes:

- (aa) the Calculation 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 ABSIRFIX1 page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and the column headed “SGD SIBOR” (or such other Relevant Screen Page);

- (bb) if no such rate appears on the Reuters Screen ABSIRFIX1 page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if the Reuters Screen ABSIRFIX1 page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate nominal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Calculation Agent;
- (cc) if on any Interest Determination Date two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with sub-paragraph (bb) above on the basis of the quotations of those Reference Banks providing such quotations;
- (dd) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the 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, 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 Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date; and

- (ee) if paragraph (dd) above applies and the Calculation Agent determines that fewer than two Reference Banks are quoting the rate as being their cost of funding or quoting the prime lending rates for Singapore dollars on such Interest Determination Date, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX1 page under the caption "SGD SOR rates as of 11:00 hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period);
- (bb) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX1 page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX1 page (or such other replacement page as aforesaid) is unavailable for any reason, such Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates rounded up, if necessary, to the nearest 1/16 per cent.)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as such Calculation Agent may select;
- (cc) if on any Interest Determination Date such Calculation Agent is otherwise unable to determine the Rate of Interest under paragraph (bb) above of this Condition 5(b)(iii)(C)(2), the Rate of Interest shall be determined by such Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to such Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate 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 day one only or none of the Reference Banks provides such 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 four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date; and

(dd) if paragraph (cc) above applies and the Calculation Agent determines that fewer than two Reference Banks are quoting the rate as being their cost of funding or quoting the prime lending rates for Singapore dollars on such Interest Determination Date, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(y) 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) *Rate of Interest for Variable Rate Notes:*

(A) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this Condition 5(b)(iv). The interest payable in respect of a Variable Rate Note for each Interest Accrual Period relating to that Variable Rate Note, which shall be payable on the first day of such Interest Accrual Period, is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Accrual Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.

(B) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Accrual Period shall be determined as follows:

(x) not earlier than 9.00 a.m. (Kuala Lumpur time) on the ninth business day nor later than 3.00 p.m. (Kuala Lumpur time) on the fifth business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(1) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Accrual Period;

(2) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Accrual Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Accrual Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Accrual Period shall be zero); and

- (3) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Accrual Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Accrual Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Accrual Period; and
 - (y) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Accrual Period by 3.00 p.m. (Kuala Lumpur time) on the fifth business day prior to the commencement of such Interest Accrual Period, or if there shall be no Relevant Dealer during the period for agreement referred to in paragraph (x) above of this Condition 5(b)(iv)(B), the Rate of Interest for such variable Rate Note for such Interest Accrual Period shall automatically be the Fall Back Rate (as defined below).
- (C) The Issuer has undertaken to the Fiscal Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Kuala Lumpur time) on the next following business day:
 - (x) notify the Fiscal Agent and the Calculation Agent in writing of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Accrual Period; and
 - (y) cause such Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note to be notified by the Fiscal Agent to the relevant Noteholder at its request.
- (D) For the purposes of Condition 5(b)(iv)(B) above, the Rate of Interest for each Interest Accrual Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note shall be the rate (the “**Fall Back Rate**”) determined by reference to a Reference Rate as specified hereon.
- (E) The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(b)(iii)(B), as the case may be, (mutatis mutandis) and references therein to “**Rate of Interest**” shall mean Fall Back Rate.
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(b) (i)).

- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined by the Calculation Agent in the manner specified hereon.
- (e) **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 hereon.
- (f) **Accrual of Interest:**
- (i) Subject to Condition 5(f)(ii), interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 9).
 - (ii) Upon the occurrence of a Trigger Event (as defined in Condition 6(d)) and if the nominal amount of the Subordinated Notes were to be Written-off (as defined in Condition 6(d)) in whole or in part in accordance with Condition 6, interest ceases to accrue on each Subordinated Note that is the subject of a Write-off (as defined in Condition 6(d)), in whole or in part, with effect from the Write-off Date.
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
 - (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

- (h) **Calculations:** The amount of interest payable per calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the “**Calculation Amount**”) in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information, the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to a stock exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Any notification to be made to the stock change in this Condition 5(i) or other relevant authority shall be made by the Issuer and such notification shall be made only if the Notes are listed on a stock exchange and the rules of such stock exchange or other relevant authority so require. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5(i) but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (j) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of Notes denominated in a currency other than Singapore dollars, euro or Renminbi and other than where paragraph (v) of this definition applies, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in London and in the principal financial centre for such currency; and/or
- (ii) in the case of Notes denominated in euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of Notes denominated in Singapore dollars, if cleared through CDP, a day (other than a Saturday, Sunday or public holiday) on which commercial banks settle payments in Singapore and, if cleared through Euroclear Bank SA/NV (**“Euroclear”**) and Clearstream Banking S.A. (**“Clearstream, Luxembourg”**), a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or
- (iv) in the case of Notes denominated in Renminbi, if cleared through the CMU, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong, if cleared through CDP, a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong and, if cleared through Euroclear and Clearstream, Luxembourg, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or
- (v) in the case of Notes denominated in a currency and/or one or more Business Centres, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual”** or **“Actual/Actual – ISDA”** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).
- (ii) if **“Actual/365 (Fixed)”** is specified hereon, the actual number of days in the Calculation Period divided by 365.
- (iii) if **“Actual/360”** is specified hereon, the actual number of days in the Calculation Period divided by 360.

- (iv) (if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30.

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D2 will be 30.

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation 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 Calculation 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.

- (vii) if “**Actual/Actual-ICMA**” is specified hereon:

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“euro” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, (iii) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market and (iv) in the case of a determination of the relevant Reference Rate, SIBOR or Swap Rate, the principal Singapore office of three major banks in the Singapore inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the relevant Financial Centre specified hereon or, if none is specified, the local time in the relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the relevant Financial Centre or, if no such customary local time exists, 11.00 a.m. in the relevant Financial Centre and, for the purpose of this definition **“local time”** means, with respect to the Euro-zone as a relevant Financial Centre, Central European Time.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (k) **Calculation Agents:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as such in its place. Any Calculation Agent appointed in respect of the Notes may not resign its duties without a successor having been appointed as aforesaid.

(l) **Benchmark Discontinuation:**

(i) *Independent Adviser*

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(l)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(l)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(l) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it pursuant to this Condition 5(l).

If (x) the Issuer is unable to appoint an Independent Adviser; or (y) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(l)(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(l)(i).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

- (x) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(l)); or
- (y) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(l)).

(iii) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Adjustments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(l) and the Independent Adviser, determines (x) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (y) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(l)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5(l)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 5(l), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Subordinated Notes as Tier 2 Capital Securities and/or eligible liabilities or loss absorbing capacity instruments for the purposes of any applicable loss absorption regulations.

(v) *Notices, etc*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(l) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 15, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate in English signed by an authorised officer of the Issuer:

- (x) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate, (3) the applicable Adjustment Spread and (4) the specific terms of any Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(l); and

- (y) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Conditions 5(l)(i), 5(l)(ii), 5(l)(iii) and 5(l)(iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions*

As used in this Condition 5(l):

"Adjustment Spread" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (C) (if the Independent Adviser determines that no such spread is customarily applied) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(l)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

"Benchmark Amendments" has the meaning given to it in Condition 5(l)(iv);

“Benchmark Event” means:

- (A) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (B) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (C) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (E) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that in the case of sub-paragraphs (B), (C) and (D), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement;

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(l)(i);

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

6 Loss Absorption upon a Trigger Event in respect of Subordinated Notes

Any Write-off of any Subordinated Notes under this Condition 6 with respect to the clearing and/or settlement of any Subordinated Notes is subject to the availability of procedures to effect any such Write-off in the relevant clearing system(s). For the avoidance of doubt, however, any Write-off of any Subordinated Notes with respect to the Issuer under this Condition 6 will be effective upon the date that the Issuer specifies in the Trigger Event Notice notwithstanding any inability to operationally effect any such Write-off in the relevant clearing system(s).

(a) Write-off on a Trigger Event

If this Condition 6(a) and “**Write-off**” is specified as the Loss Absorption Option in the relevant Pricing Supplement for any Subordinated Notes, following the occurrence of a Trigger Event, the following provisions shall apply:

- (i) the Issuer shall have the option to require the full principal amount outstanding on the Subordinated Notes or such portion thereof and all other amounts owing under the Subordinated Notes to be Written-off, provided that such option shall be exercised only as directed by, and at the discretion of, the Relevant Malaysian Authority.

For the avoidance of doubt, the option of the Issuer to require full or partial Write-off of any Subordinated Notes upon the occurrence of a Trigger Event shall be at the discretion of the Relevant Malaysian Authority.

If, following a direction from the Relevant Malaysian Authority, the Issuer elects to exercise such option, subject to its terms and as of the date of occurrence of the Trigger Event, each of the holders of the Subordinated Notes will be deemed to have irrevocably waived their rights to, and will no longer have any rights against the Issuer with respect to, the repayment of:

- (A) the principal amount outstanding on the Subordinated Notes or such portion thereof to be Written-off;
- (B) any interest accrued but unpaid on each Subordinated Note that is the subject of a Write-off (in whole or in part) from (and including) the last Interest Payment Date falling on or prior to the date of occurrence of the Trigger Event; and
- (C) any other amounts owing under each Subordinated Note that is the subject of a Write-off (in whole or in part),

and such principal amount, interest amount and other amounts will not be restored in any circumstances, including where the relevant Trigger Event ceases to continue;

- (ii) following the occurrence of a Trigger Event, the Issuer shall give an irrevocable notice (the “**Trigger Event Notice**”) to the holders of the Subordinated Notes and to the Fiscal Agent and the rating agency, which notice shall:
 - (A) state that a Trigger Event has occurred and provide reasonable detail of the nature of the relevant Trigger Event;

- (B) state the relevant Trigger Event Write-off Amount per Subordinated Note to be Written-off;
- (C) state the Write-off Date; and
- (D) be given no later than one Business Day after the occurrence of the relevant Trigger Event.

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

- (iii) if a Trigger Event Notice has been given in respect of any Subordinated Notes in accordance with this Condition 6(a), transfers on any Subordinated Notes that are the subject of such notice shall not be permitted. On the date on which a Trigger Event Notice in respect of any such Subordinated Notes in accordance with this Condition 6(a) is issued by the Issuer, the Registrar shall cease to register any attempted transfer of the Subordinated Notes that are Registered Notes. Any attempted transfer will not be effective;
- (iv) any Write-off shall not constitute an Event of Default under Condition 11(b) or result in a cross-default of any other Notes outstanding; and
- (v) any reference in these Conditions to the principal amount in respect of the Subordinated Notes shall refer to the principal amount of the Subordinated Notes, as reduced by any applicable Write-off(s) in accordance with this Condition 6.

(b) Multiple Trigger Events and Write-offs in part

- (i) Where only part of the principal, interest and (if applicable) any other amounts owing under the Tier 1 Capital Obligations or Tier 2 Capital Securities is to be Written-off, the Issuer shall, with the written approval of the Relevant Malaysian Authority, use reasonable endeavours to conduct any Write-off such that:
 - (A) holders of any Series of Subordinated Notes are treated rateably and equally; and
 - (B) the Write-off of any Subordinated Notes is conducted:
 - (x) to the extent that the relevant Trigger Event Write-off Amount (as applicable) exceeds the aggregate principal amount of all Tier 1 Capital Obligations of the Issuer that are capable of being converted or written-down under any applicable laws and/or their terms of issue, so as to Write-off Tier 2 Capital Securities of the Issuer (including for this purpose, the Subordinated Notes) in an aggregate principal amount equal to the amount of that excess; and
 - (y) on a *pro rata* and proportionate basis with all other Tier 2 Capital Securities of the Issuer, to the extent that such Tier 2 Capital Securities are capable of being converted or written-down under any applicable laws and/or their terms of issue.

For the avoidance of doubt, upon the occurrence of a Trigger Event, where the Issuer elects, following a direction from the Relevant Malaysian Authority, to Write-off or convert only part of the principal, interest and (if applicable) any other amounts owing under Tier 1 Capital Obligations and Tier 2 Capital Securities of the

Issuer which, pursuant to their terms or by operation of law, are capable of being converted into equity or Written-off at that time, the Issuer shall first convert or Write-off the relevant Tier 1 Capital Obligations, to be followed by the Write-off or conversion of the relevant Tier 2 Capital Securities on a *pro rata* and proportionate basis.

- (ii) Any Series of Subordinated Notes may be subject to one or more Write-offs in part (as the case may be), except where such Series of Subordinated Notes has been Written-off in its entirety.

(c) Write-off

Following the occurrence of a Trigger Event, on the relevant Write-off Date:

- (i) without the need for the consent of the holders of any Subordinated Notes, the Issuer shall reduce the principal amount of each Subordinated Note by an amount equal to the relevant Trigger Event Write-off Amount per Subordinated Note;
- (ii) without the need for the consent of the holders of any Subordinated Notes, the Issuer shall cancel any accrued but unpaid interest of each Subordinated Note the subject of a Write-off (in whole or in part) from (and including) the last Interest Payment Date falling or on prior to the Trigger Event Notice;
- (iii) interest will cease to accrue on any Subordinated Notes which is the subject of a Write-off (in whole or in part) and all interest which would have accrued but for the Write-off of the Subordinated Notes (in whole or in part) shall become null and void; and
- (iv) the rights of any holder of Subordinated Notes which are the subject of a Write-off (in whole or in part) for payment of any other amounts not described in any of the sub-paragraphs of this Condition 6(c) (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence, of an Event of Default in relation to Subordinated Notes) shall become null and void, irrespective of whether such amounts have become due and payable or such claims have arisen prior to the occurrence of the Trigger Event, the date of the Trigger Event Notice or the relevant Write-off Date.

If a Trigger Event Notice has been given in respect of any Subordinated Notes in accordance with this Condition 6, transfers of any such Subordinated Notes that are the subject of such notice shall not be permitted during the period commencing from the date of the Trigger Event Notice and ending on (and including) the Write-off Date. From the date on which a Trigger Event Notice in respect of any Subordinated Notes in accordance with this Condition 6 is given by the Issuer to (and including) the Write-off Date, the Transfer Agents and the relevant Registrar, if applicable, shall not register any attempted transfer of any Subordinated Notes. As a result, such an attempted transfer will not be effective.

(d) Noteholders' Authorisation

Each Noteholder shall be deemed to have authorised, directed and requested the Fiscal Agent and the other Agents to take any and all necessary action to give effect to any Loss Absorption Option and any Write-off following the occurrence of a Trigger Event.

(e) **Definitions**

In these Conditions:

“CIMBGH Group” means CIMB Group Holdings Berhad and its subsidiaries;

“Loss Absorption Option” means such loss absorption as may be specified in the relevant pricing supplement in respect of any Subordinated Notes;

“Member Institution” has the meaning given to it in the Malaysia Deposit Insurance Corporation Act 2011;

“PIDM” means Malaysia Deposit Insurance Corporation;

“Relevant Malaysian Authority” means:

- (i) BNM, jointly with PIDM, so long as the Issuer is a Member Institution, as prescribed under the Malaysia Deposit Insurance Corporation Act 2011; or
- (ii) BNM, if the Issuer is no longer a Member Institution;

“Tier 2 Capital Securities” means any security or other similar obligation issued by the Issuer that constitutes Tier 2 capital of the Issuer pursuant to the relevant requirements issued by BNM (currently set out in the Capital Adequacy Framework);

“Trigger Event” means the earlier of:

- (i) the Relevant Malaysian Authority notifying the Issuer in writing that the Relevant Malaysian Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer or the CIMBGH Group, as the case may be, would cease to be viable; and
- (ii) the Relevant Malaysian Authority publicly announcing that a decision has been made by BNM, PIDM or any federal or state government in Malaysia to provide a capital injection or equivalent support to the Issuer, without which the Issuer or the CIMBGH Group, as the case may be, would cease to be viable;

“Trigger Event Write-off Amount” means the principal and/or interest of each Subordinated Note and (if applicable) any other amounts owing under each Subordinated Note as BNM shall determine to be required, or direct to be, written-off by the Issuer, without which the Issuer or the CIMBGH Group, as the case may be, would cease to be viable (a **“Write-off”**, and **“Written-off”** shall be construed accordingly). For the avoidance of doubt, the Write-off will be effected in full even in the event that the principal amount of each Subordinated Note Written-off is not sufficient for the Issuer or the CIMBGH Group, as the case may be, to cease to be non-viable; and

“Write-off Date” means the date specified as such in the relevant Trigger Event Notice which shall be the date that has been specified by the Relevant Malaysian Authority to the Issuer for the Write-off to take effect or, in the event no such date is specified, the date that falls 10 days or more after the issue of the Trigger Event Notice, but shall not be later than 30 days from the date of the relevant Trigger Event Notice.

7 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 7, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless otherwise provided hereon and unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within sub-paragraph (i) above, its final Instalment Amount.

(b) Early Redemption:

(i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 7(c) or if applicable, Conditions 7(d), 7(e), 7(f) and 7(g), or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of Condition 7(b)(i)(C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Conditions 7(c) or 7(g) or, if applicable, Conditions 7(d), 7(e) or 7(f) or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in Condition 7(b)(i)(B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this Condition 7(b)(i)(C) shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 7(b)(i) above), upon redemption of such Note pursuant to Conditions 7(c) or 7(g) or, if applicable, Conditions 7(d), 7(e) or 7(f) or upon it becoming due and payable as provided in Condition 11, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**

- (i) **Senior Notes**: The Senior Notes may be redeemed at the option of the Issuer in whole, but not in part (the “**Senior Notes Optional Tax Redemption**”), on any Interest Payment Date (if this Senior Note is a Floating Rate Note) or, if so specified thereon, at any time (if this Senior Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 7(b)) (together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption), if:

- (A) the Issuer has or will become obliged to pay additional amounts (as described under Condition 9) as a result of any change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction (as defined in Condition 9) or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which a Relevant Taxing Jurisdiction is a party, or any change in, or amendment to, the generally published application or interpretation of such laws or regulations, including a decision of any court or tribunal, or the generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any tax authority, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Senior 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 were a payment in respect of the Senior Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(c)(i), the Issuer shall deliver to the Fiscal Agent: (x) a certificate signed by one director of the Issuer 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 so to redeem have occurred; and (y) 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 the Fiscal Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above. Each such certificate and opinion if so accepted shall be conclusive and binding on the Senior Noteholders and the Couponholders.

- (ii) **Subordinated Notes:** Subject to Condition 7(l), the Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, (the “**Subordinated Notes Optional Tax Redemption**” and together with the Senior Notes Optional Tax Redemption, the “**Optional Tax Redemption**”) on any Interest Payment Date (if this Subordinated Note is a Floating Rate Note) or, if so specified thereon, at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 7(b)) (together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption), if:

- (A) the Issuer has or will become obliged to pay additional amounts (as described under Condition 9); or
- (B) the Issuer is no longer entitled or would not be entitled to claim tax deductions for the purposes of Malaysian corporate tax purposes in respect of payments of interest on the Subordinated Notes,

as a result of any change in, or amendment to, the laws or regulations of Malaysia or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which Malaysia is a party, or any change in, or amendment to, the generally published application or interpretation of such laws or regulations, including a decision of any court or tribunal, or the generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any tax authority, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Subordinated Notes and 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 were a payment in respect of the Subordinated Notes then due or would no longer obtain tax deductions for the purposes of Malaysian corporate tax for the payment of interest in respect of the Subordinated Notes.

Prior to the publication of any notice of redemption pursuant to this Condition 7(c)(ii), the Issuer shall deliver to the Fiscal Agent: (x) a certificate signed by one director of the Issuer 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 so to redeem have occurred; and (y) an opinion of independent legal or tax 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 or that the Issuer no longer, or will no longer, obtain tax deductions for the purposes of Malaysian corporate tax for the payment of interest in respect of the Subordinated Notes; and (z) a copy of the written consent of BNM or any successor thereto and other regulatory approvals, if any, as referred to in Condition 7(l), and the Fiscal Agent shall be entitled to accept such certificate, opinion and consent as sufficient evidence of the satisfaction of the conditions precedent set out above in this Condition 7(c)(ii), in which event each such certificate, opinion and consent shall be conclusive and binding on the Noteholders and the Couponholders.

(d) **Redemption at the Option of the Issuer**

- (i) **Senior Notes:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the holders of Senior Notes (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Senior Notes on the date(s) specified thereon (the "**Senior Notes Optional Redemption Date**"). Any such redemption of Senior Notes shall be at the Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 7(b)), together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption. Any such redemption or exercise must relate to Senior Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Senior Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 7(d)(i).

In the case of a partial redemption, the notice to holders of Notes shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (ii) **Subordinated Notes:** Subject to Condition 7(l), if Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the holders of Subordinated Notes (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Subordinated Notes on the date(s) specified thereon which shall fall at least five years from the date of issuance of such Subordinated Notes and shall fall on an Interest Payment Date (the "**Subordinated Notes Optional Redemption Date**" and together with the "**Senior Notes Optional Redemption Date**", the "**Optional Redemption Date**"). Any such redemption of Notes shall be at the Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 7(b)), together with interest accrued (but unpaid) (if any) to (but excluding) the date fixed for redemption. Any such redemption or exercise must relate to Subordinated Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Subordinated Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 7(d)(ii).

In the case of a partial redemption, the notice to holders of Subordinated Notes shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Holders of Senior Notes and Exercise of Noteholders' Options:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Senior Note, upon the holder of such Senior Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Senior Note on the Senior Notes Optional Redemption Date(s) at its Optional Redemption Amount (which may be the Early Redemption Amount (as described in Condition 7(b)), together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Senior Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Senior Note(s) with the Registrar or any Transfer Agent, in each case at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the notice period. No Senior Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

Unless otherwise provided in the relevant Pricing Supplement, the Subordinated Notes are not redeemable prior to the Maturity Date at the option of the Noteholders.

- (f) **Purchase at the Option of Holders of Variable Rate Notes:** If VRN Purchase Option is specified hereon, each holder of Variable Rate Notes shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Optional Redemption Amount (which may be the Early Redemption Amount (as described in Condition 7(b)) on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Variable Rate Notes (together with all unmatured Receipts and Coupons and unexchanged Talons) to be purchased with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option purchase notice ("**Purchase Notice**") in the form obtainable from any Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face thereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

Unless otherwise provided in the relevant Pricing Supplement, Variable Rate Notes which are Subordinated Notes are not redeemable prior to the Maturity Date at the option of the Noteholders.

- (g) **Redemption for Regulatory Reasons in respect of Subordinated Notes:** Subject to Condition 7(l), if as a result of a change to the relevant requirements issued by BNM in relation to:
- (i) the qualification of any Subordinated Notes as Tier 2 Capital Securities; or
 - (ii) the inclusion of any Subordinated Notes in the calculation of the capital adequacy ratio, of the Issuer, which change or amendment:
 - (A) becomes, or would become, effective on or after the Issue Date; or
 - (B) in the case of a change to the relevant requirements issued by BNM, if such change is issued by BNM, on or after the Issue Date,

the relevant Subordinated Notes (in whole or in part) would not qualify as Tier 2 Capital Securities of the Issuer (excluding, for the avoidance of doubt, non-qualification solely by virtue of the Issuer already having, or coming to have, an issue of securities with an aggregate nominal amount up to or in excess of the limit of Tier 2 Capital Securities permitted pursuant to the relevant legislation and statutory guidelines in force as at the Issue Date) (a **“Regulatory Capital Event”**), then the Issuer may, on giving not less than 15 nor more than 30 days’ irrevocable notice to the holders of Subordinated Notes (or such other notice period as may be specified hereon) redeem in whole, but not in part, the Subordinated Notes on the date(s) specified thereon (the **“Regulation Capital Event Redemption Date”**). Any such redemption of Subordinated Notes shall be at the Early Redemption Amount (together with interest accrued but unpaid (if any) to (but excluding) the date fixed for redemption).

Prior to the publication of any notice of redemption pursuant to this Condition 7(g), the Issuer shall deliver to the Fiscal Agent: (x) a certificate signed by one director of the Issuer stating that a Regulatory Capital Event has occurred as at the date of the certificate; and (y) a copy of the written consent of BNM or any successor thereto and other regulatory approvals, if any, as referred to in Condition 7(l), and the Fiscal Agent shall be entitled to accept such certificate and consent as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event such certificate and consent shall be conclusive and binding on the Noteholders and the Couponholders.

- (h) **Variation instead of Redemption of Subordinated Notes:** Where this Condition 7(h) is specified as being applicable in the Pricing Supplement for the relevant Subordinated Notes, subject to Condition 7(l), the Issuer may at any time without any requirement for the consent or approval of the Noteholders and having given not less than 15 nor more than 30 days’ notice to the Noteholders, vary the terms of those Subordinated Notes so that they remain or, as appropriate, become Qualifying Securities (as defined below) provided that:
- (i) 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 those Subordinated Notes;
 - (ii) neither a Tax Event nor a Capital Event arises as a result of such variation; and
 - (iii) the Issuer is in compliance with, and shall comply with, the rules of any stock exchange on which the Subordinated Notes are for the time being listed or admitted to trading.

In these Conditions:

“Additional Amounts” means such additional amounts the Issuer shall pay as will result (after withholding or deduction) in receipt by the Noteholders of the sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Subordinated Notes.

A **“Capital Event”** will be deemed to have occurred if the Subordinated Notes are not, or cease to be, eligible in their entirety to be treated as Tier 2 Capital Securities.

“Qualifying Securities” means securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- (i) (A) qualify (in whole or in part) as Tier 2 Capital Securities; or
 - (B) may be included (in whole or in part) in the calculation of the capital adequacy ratio;
- (ii) shall:
 - (A) include a ranking at least equal to that of the Subordinated Notes;
 - (B) have at least the same interest rate and the same Interest Payment Dates as those from time to time applying to the Subordinated Notes;
 - (C) have the same redemption rights as the Subordinated Notes;
 - (D) preserve any existing rights under the Subordinated 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
 - (E) if applicable, be assigned (or maintain) the same or higher credit ratings as were assigned to the Subordinated Notes immediately prior to such variation; and
- (iii) are listed on a recognised stock exchange if the Subordinated Notes were listed immediately prior to such variation.

A **“Tax Event”** is deemed to have occurred if, in making any payments on the Subordinated Notes, the Issuer has paid or will or would on the next payment date be required to pay any Additional Amounts or has paid, or will or would be required to pay, any additional tax in respect of the Subordinated Notes being in issue, in each case under the laws or regulations of a Relevant Taxing Jurisdiction or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which a Relevant Taxing Jurisdiction is a party, or any generally published application or interpretation of such laws, including a decision of any court or tribunal, or the generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any tax authority, and the Issuer cannot avoid the foregoing by taking measures reasonably available to it.

- (i) **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 provisions specified hereon.
- (j) **Purchases:** The Issuer and any of its Subsidiaries or any agent on behalf of the Issuer (in each case, with the prior written approval of BNM in the case of Subordinated Notes) may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

- (k) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries, at such entity's discretion, may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent, and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. Any Note held by or on behalf of the Issuer and any of its Subsidiaries shall not be entitled to vote at any meeting or resolutions of the Noteholders and shall not be considered to be outstanding (as defined in the Agency Agreement). Any Subordinated Note that is Written-off in full in accordance with Condition 6 shall be automatically cancelled.
- (l) **Redemption or Variation of Conditions of Subordinated Notes:** Any redemption or variation of Subordinated Notes by the Issuer is subject to the Issuer obtaining the prior written approval of BNM (and/or any other regulatory authorities) that may be required, and satisfying any conditions that BNM (and/or any other regulatory authority) may impose at the time of such approval.

8 Payments and Talons

- (a) **Bearer Notes not held in the CMU:** Payments of principal and interest in respect of Bearer Notes not held in the CMU shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relevant Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 8(h)(iv)) or Coupons (in the case of interest, save as specified in Condition 8(h)(iv)), as the case may be:
- (i) in the case of a currency other than Renminbi, by transfer to an account denominated in such currency with, a Bank; and
 - (ii) in the case of Renminbi, by transfer to a relevant account (as defined below in this Condition 8(a)) maintained by or on behalf of the Noteholder. If a holder does not maintain a relevant account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, provided that the Issuer shall not have any obligation to make any such arrangements.

For the purposes of this Condition 8:

"Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System; and

"relevant account" means the Renminbi account maintained by or on behalf of the Noteholder with:

- (i) in the case of Notes cleared through the CMU, a bank in Hong Kong; or
- (ii) in the case of Notes cleared through CDP, a bank in Singapore or Hong Kong.

(b) **Bearer Notes held in the CMU:** Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU 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 in a relevant CMU Instrument Position Report (as defined in the Rules of the CMU) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (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.

(c) **Registered Notes not held in the CMU:**

- (i) Payments of principal (which for the purposes of this Condition 8(c) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 8(c)(ii) below.
- (ii) Interest (which for the purpose of this Condition 8(c) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business (a) in the case of Notes denominated in a currency other than Renminbi, on the fifteenth day before the due date for payment thereof or (b) in the case of Notes denominated in Renminbi, on the fifth day before the due date for payment thereof (each, a **"Record Date"**). Payments of interest on each Registered Note shall be made:
 - (x) in the case of a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and
 - (y) in the case of Renminbi, by transfer to the registered account of the Noteholder. If a holder does not maintain a registered account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, provided that the Issuer shall not have any obligation to make any such arrangements.

For the purposes of this Condition 8(c), **"registered account"** means the Renminbi account maintained by or on behalf of the Noteholder with:

- (i) in the case of Notes cleared through the CMU, a bank in Hong Kong; or
- (ii) in the case of Notes cleared through CDP, a bank in Singapore or Hong Kong,

details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a relevant business day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

- (d) **Registered Notes held in the CMU:** Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU 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 in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (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.

For so long as any of the Notes that are cleared through the CMU are represented by a Global Note or a Global Certificate, payments of interest or principal will be made to the persons for whose account a relevant interest in that Global Note or, as the case may be, that Global Certificate is credited as being held by the operator of the CMU at the relevant time, as notified to the CMU Lodging and Paying Agent by the operator of the CMU in a relevant CMU Instrument Position Report (as defined in the rules of the CMU) or in any other relevant notification by the operator of the CMU. Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

- (e) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (f) **Payments subject to Fiscal Laws:** All payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 147 1(b) of the U.S. Internal Revenue Code of 1983 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (g) **Appointment of Agents:** The Fiscal Agent, the CDP Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent(s) initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the CDP Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrars, the Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the CDP Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, any Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer

shall at all times maintain (i) a Fiscal Agent, (ii) a CDP Paying Agent in relation to CDP Notes, (iii) a CMU Lodging and Paying Agent in relation to CMU Notes, (iv) a Registrar in relation to Registered Notes, (v) a Transfer Agent in relation to Registered Notes, (vi) one or more Calculation Agent(s) where the Conditions so require, (vii) a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes or Global Certificates (each as defined in the Agency Agreement) are exchanged for definitive Notes, for so long as the Notes are listed on the Singapore Stock Exchange Securities Limited or any successor thereto (the “**SGX-ST**”) and the rules of the SGX-ST so require and (viii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 8(e) above.

Notice of any such change or any change of the specified office of any Agent shall promptly be given to the Noteholders.

(h) Unmatured Coupons and Receipts and unexchanged Talons:

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes), those Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note or Dual Currency Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (i) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent, in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).
- (j) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 8(j), “**business day**” means a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
 - (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried out in the relevant currency in the principal financial centre of the country of such currency;
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day;
 - (iii) (in the case of Renminbi in relation to a Note, Receipt or Coupon cleared through the CMU) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong; or
 - (iv) (in the case of Renminbi in relation to a Note, Receipt or Coupon cleared through CDP) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Singapore and Hong Kong.
- (k) **Renminbi Fallback:** Notwithstanding any other provision in these Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi (in the case of Notes cleared through the CMU) in Hong Kong, or (in the case of Notes cleared through CDP) in Singapore, the Issuer shall, on giving not less than 10 nor more than 30 days’ irrevocable notice to the Noteholders and the Paying Agent prior to the due date for the relevant payment, settle any such payment (in the case of Notes cleared through the CMU) in U.S. dollars, or (in the case of Notes cleared through CDP) in Singapore dollars, on the due date at, (in the case of Notes cleared through the CMU), the U.S. Dollar Equivalent or, (in the case of Notes cleared through CDP), the Singapore Dollar Equivalent of any such Renminbi denominated amount.

In such event, payment of the U.S. Dollar Equivalent or the Singapore Dollar Equivalent (as applicable) of the relevant amounts due under the Notes shall be made by:

- (i) in the case of Notes cleared through the CMU, by transfer to a U.S. dollar denominated account with a bank in New York City; or
- (ii) in the case of Notes cleared through CDP, transfer to a Singapore dollar denominated account maintained by the payee with a bank in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8(k) by the Calculation Agent will (in the absence of wilful misconduct, fraud or manifest error) be binding on the Issuer, the Agents and all Noteholders.

In this Condition 8(k):

“Determination Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange):

- (i) in the case of Notes cleared through the CMU, in Hong Kong, in Singapore and in New York City; or
- (ii) in the case of Notes cleared through CDP, in Singapore;

“Determination Date” means the day which:

- (i) in the case of Notes cleared through the CMU, is two Determination Business Days before the due date of the relevant amount under these Conditions; or
- (ii) in the case of Notes cleared through CDP, is seven Determination Business Days before the due date of the relevant amount under these Conditions;

“Governmental Authority” means:

- (i) in the case of Notes cleared through the CMU, any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong; or
- (ii) in the case of Notes cleared through CDP, the Monetary Authority of Singapore or any other governmental authority or any other entity (private or public) charged with the regulation of the financial markets of Singapore;

“Illiquidity” means:

- (i) in the case of Notes cleared through the CMU, the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy in full its obligation to pay interest or principal in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers; or

- (ii) in the case of Notes cleared through CDP, the general Renminbi exchange market in Singapore becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy in full its obligation to pay interest or principal in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers selected by the Issuer;

“Inconvertibility” means the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in, in the case of Notes cleared through the CMU, Hong Kong, or, in the case of Notes cleared through CDP, Singapore, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

“Non-transferability” means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts:

- (i) in the case of Notes cleared through the CMU, inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation) in Hong Kong and in New York City; or
- (ii) in the case of Notes cleared through CDP, inside Singapore or from an account inside Singapore to an account outside Singapore and outside the PRC or from an account outside Singapore and outside the PRC to an account inside Singapore, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

“PRC” means the People’s Republic of China (excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan);

“Renminbi Dealer” means an independent foreign exchange dealer of international reports active in the Renminbi exchange market:

- (i) in the case of Notes cleared through the CMU, in Hong Kong; and
- (ii) in the case of Notes cleared through CDP, in Singapore;

“Singapore Dollar Equivalent” means the Renminbi amount converted into Singapore dollars using the relevant Spot Rate for the relevant Determination Date as promptly notified in writing by the Calculation Agent to the Issuer and the Agents;

“Spot Rate” means:

- (i) in the case of Notes cleared through the CMU, the spot Renminbi/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by an agent (the **“Calculation**

Agent") at or around 11.00 a.m. (Hong Kong time) on the Determination Date, 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 Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available Renminbi/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter 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; or

- (ii) in the case of Notes cleared through CDP, for a Determination Date, means the spot Renminbi/Singapore dollar exchange rate as determined by the Issuer at or around 11.00 a.m. (Singapore time) on such date in good faith and in a reasonable commercial manner, and if a spot rate is not readily available, the Issuer may determine the rate taking into consideration all available information which the Issuer deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Singapore or elsewhere and the PRC domestic foreign exchange market in Singapore.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8 by the Calculation Agent, will (in the absence of wilful misconduct, fraud or manifest error) be binding on the Issuer, the Agents and all Noteholders and Couponholders; and

"U.S. Dollar Equivalent" means the Renminbi amount converted into U.S. dollars using the relevant Spot Rate for the relevant Determination Date as promptly notified in writing by the Calculation Agent to the Issuer and the Agents.

9 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Malaysia or, if different, the jurisdiction of tax residency of the Issuer (each such jurisdiction, a **"Relevant Taxing Jurisdiction"**) 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 as shall result in receipt by the Noteholders and the Couponholders 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 with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Relevant Taxing Jurisdiction other than the mere holding of the Note, Receipt or Coupon; or

- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition 9.

10 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Events of Default

- (a) **Events of Default in relation to Senior Notes:**

This Condition 11(a) only applies to Notes specified as Senior Notes in the relevant Pricing Supplement.

If any of the following events (each, an “**Event of Default**”) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Senior Note is immediately repayable, whereupon the Early Redemption Amount of such Senior Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

- (i) **Non-Payment:** default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Senior Notes; or
- (ii) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Senior Notes which default is incapable of remedy or, where the default is capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or
- (iii) **Cross-Default:** (A) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any

such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 11(a)(iii) have occurred equals or exceeds U.S.\$25,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or

- (iv) **Enforcement Proceedings, etc.:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer which has a material adverse effect upon the business or operations of the Issuer and is not discharged or stayed within 90 days or a secured party takes possession, or a receiver, manager, receiver and manager or other similar officer is appointed of the whole or a material part of the property, assets or revenues of the Issuer; or
- (v) **Insolvency:** the Issuer is (or is, or could be, deemed by law or a court to be) insolvent, bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or a material part of (or of a particular type of) its debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any material part of (or of a particular type of) the debts of the Issuer; or
- (vi) **Winding-up:** an administrator is appointed in relation to the Issuer, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or cease or threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders; or
- (vii) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer to lawfully enter into, exercise its rights and perform and comply with its obligations under the Notes and the Agency Agreement, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Senior Notes and the Agency Agreement admissible in evidence in the courts of Malaysia is not taken, fulfilled or done; or
- (viii) **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 the Agency Agreement; or
- (ix) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 11(a)(i) through to 11(a)(viii) (both inclusive).

(b) **Events of Default in relation to Subordinated Notes:**

This Condition 11(b) only applies to Notes specified as Subordinated Notes in the relevant Pricing Supplement.

- (i) **Enforcement:** In the case of Subordinated Notes, if default is made in the payment of any amount of principal on the due date for payment thereof, or of any amount of interest and the default continues for a period of 14 days (each, an “**Event of Default**”), then in order to enforce the obligations of the Issuer, any holder of a Subordinated 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 principal, interest or other amounts owing under such Subordinated Notes or a default in the performance of any other obligations of the Issuer in such Subordinated Note and/or under the Agency Agreement.

No remedy against the Issuer, other than as referred to in this Condition 11(b), shall be available to any Noteholder whether for the recovery of amounts owing in relation to or arising from the Subordinated Notes or in respect of any breach by the Issuer of any of its other obligations relating to or arising from the Subordinated Notes and/or the Agency Agreement.

If any court awards money damages or other restitution for any default with respect to the performance by the Issuer of its obligations contained in the Subordinated Notes and/or in the Agency Agreement, the payment of such money damages or other restitution shall be subject to the subordination provisions set out herein.

If any Write-off has occurred pursuant to, or otherwise in accordance with, Condition 6, such event shall not constitute an Event of Default under these Conditions or result in a cross-default of any other Notes outstanding.

- (ii) **Winding-up Proceeding:** If a Winding-Up Proceeding occurs in respect of the Issuer or an effective resolution of the shareholders of the Issuer is passed for a Winding-Up in respect of the Issuer (whether or not an Event of Default has occurred and is continuing), then any holder of a Subordinated Note may, 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 immediately due and payable whereupon the same shall become immediately due and payable at its Early Redemption Amount, together with accrued but unpaid (if any) interest to (but excluding) the date of repayment, without presentment, demand, protest or other notice of any kind.

12 Meetings of Noteholders, Modification and Waiver

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Agency Agreement. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of

maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

Any application of a Successor Rate, Alternative Rate, an Adjustment Spread or any rate determined in accordance with Condition 5(l), as the case may be, and any related Benchmark Amendments shall not constitute a matter which is required to be approved by an Extraordinary Resolution.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

- (b) **Modification of the Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so in the sole opinion of the Issuer, could not reasonably be expected to be prejudicial to the interests of the Noteholders. The Fiscal Agent shall not have any responsibility or liability whatsoever with respect to such determination by the Issuer. Any such modification shall be binding on the Noteholders and any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

13 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt,

Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14 Further Issues

The Issuer may from time to time, without the consent of the Noteholders or Couponholders, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 14 and forming a single series with the Notes.

15 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation (which is expected to be the *Wall Street Journal Asia*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate.

A Trigger Event Notice to the holders of the relevant Subordinated Notes shall be deemed to have been validly given on the date on which such notice is published in a daily newspaper of general circulation (which is expected to be the *Wall Street Journal Asia*) or, so long as Notes are listed on Bursa Malaysia Securities Berhad (under the Exempt Regime) ("**Bursa**"), published on the website of Bursa, or, so long as Notes are listed on the SGX-ST, published on the website of the SGX-ST, or, so long as Notes are listed on any other relevant stock exchange (if any), published on the website of the relevant stock exchange. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

16 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify the recipient against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 16, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

18 Governing Law and Jurisdiction

- (a) **Governing Law:** The Agency Agreement, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save that Conditions 3(b), 3(c), 3(d) and 11(b) in relation to Subordinated Notes are governed by, and shall be construed in accordance with, Malaysian law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect 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) **Service of Process:** The Issuer irrevocably appoints CIMB Bank Berhad, London Branch of 27 Knightsbridge, London SW1 7YB, England as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to forthwith appoint a substitute process agent and shall immediately notify the Fiscal Agent in writing and Noteholders in accordance with Condition 15 of such appointment. Nothing shall affect the right to serve process in any manner permitted by law.

19 Headings

Headings are for convenience only and do not affect the interpretation of these Conditions.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”), CDP or a sub-custodian for the HKMA as operator of the CMU.

Upon the initial deposit of a Global Note with the Common Depository, CDP or a sub-custodian for the HKMA as operator of the CMU or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream, Luxembourg; (ii) CDP; and/or (iii) the HKMA as operator of the CMU, and delivery of the relevant Global Certificate to the Common Depository, CDP or the sub-custodian for the HKMA as operator of the CMU (as the case may be), Euroclear, Clearstream, Luxembourg, CDP or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, CDP or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the rules of the CMU as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or, in the case of Registered Notes, directed or deemed by the CMU as entitled, to receive payments in respect of Notes represented by such Global Note or Global Certificate and the payment obligations of the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the holder of a particular principal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the TEFRA C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Overview of the Programme – Selling Restrictions”), in whole, but not in part, for the Definitive Notes (as defined and described below); and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a permanent Global 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) have so certified.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

- (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent (in the case of Notes other than CMU Notes and CDP Notes) or the CMU Lodging and Paying Agent (in the case of CMU Notes) of its election for such exchange; or
- (iii) if the permanent Global Note is cleared through CDP and (a) an Event of Default entitling an accountholder to declare the Notes due and payable as provided in the Terms and Conditions of the Notes has occurred and is continuing; (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise); (c) CDP has announced an intention permanently to cease business and no alternative clearing system is available; or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the terms and conditions for the provision of depository services and no alternative clearing system is available.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Global Certificates

If the Pricing Supplement states that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear, Clearstream, Luxembourg, CDP, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) (Transfer of Registered Notes) may only be made in part:

- (i) if the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if the Global Certificate is cleared through CDP and:
 - (a) an Event of Default entitling the accountholder to declare the Notes due and payable as provided in the Terms and Conditions of the Notes has occurred and is continuing; or
 - (b) CDP is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise); or
 - (c) CDP has announced an intention permanently to cease business and no alternative clearing system is available; or
 - (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the terms and conditions for the provision of depository services and no alternative clearing system is available; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraphs 3.3(i) or 3.3(iii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Terms and Conditions of the Notes (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

3.5 Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent (in the case of Notes other than CDP Notes and CMU Notes) or the CDP Paying Agent (in the case of CDP Notes) or the CMU Lodging and Paying Agent (in the case of CMU Notes). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. In this Offering Circular, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

“Exchange Date” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located (in the case of Notes other than CDP Notes and CMU Notes) or the CDP Paying Agent is located (in the case of CDP Notes) or the CMU Lodging and Paying Agent is located (in the case of CMU Notes) and in the city in which the relevant clearing system is located.

4 Amendment to Terms and Conditions of the Notes

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the TEFRA D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A

record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 8(j) (Non-Business Days).

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through CDP or the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except 25 December and 1 January.

All payment in respect of Notes represented by a Global Certificate held through CDP will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the fifth business day in Singapore before the due date for payment thereof.

In respect of a Global Note or Global Certificate held through the CMU, 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 Global Note or Global Certificate 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) and, save in the case of final payment, no presentation of the relevant Global Note or Global Certificate shall be required for such purpose.

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9 (Taxation)).

4.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Terms and Conditions of the Notes to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Terms and Conditions of the Notes of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, CDP, the CMU or any Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Terms and Conditions of the Notes of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent (in the case of Notes other than CDP Notes or CMU Notes) or the CDP Paying Agent (in the case of CDP Notes) or the CMU Lodging and Paying Agent (in the case of CMU Notes) within the time limits relating to the deposit of Notes with a Paying Agent set out in the Terms and Conditions of the Notes substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent (in the case of Notes other than CDP Notes or CMU Notes) or the CDP Paying Agent (in the case of CDP Notes) or the CMU Lodging and Paying Agent (in the case of CMU Notes), or to a Paying Agent acting on behalf of the Fiscal Agent, the CDP Paying Agent or the CMU Lodging and Paying Agent (as the case may be), for notation.

4.8 Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 11 (Events of Default) by stating in the notice to the Fiscal Agent (in the case of Notes other than CDP Notes and CMU Notes) or the CDP Paying Agent (in the case of CDP Notes) or the CMU Lodging and Paying Agent (in the case of CMU Notes) the principal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant or CDP Deed of Covenant (each as defined in the Terms and Conditions of the Notes), in each case executed as a deed by the Issuer to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar, will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

4.9 Notices

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of:

- (i) Euroclear and/or Clearstream, Luxembourg or any Alternative Clearing System (except as provided in (ii) and (iii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions of the Notes or by delivery of the relevant notice to the holder of the Global Note or Global Certificate; or
- (ii) by CDP, subject to the agreement of CDP, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to CDP for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions of the Notes or by delivery of the relevant notice to the holder of the Global Note or Global Certificate; or
- (iii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of dispatch of such notice as holding interests in the relevant Global Note or Global Certificate.

5 Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Partly Paid Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Partly Paid Notes and shall have no further obligation to their holder in respect of them.

6 Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then, in respect of any resolution proposed by the Issuer or the Fiscal Agent:

- (a) where the terms of the proposed resolution have been notified to the Noteholders through the relevant clearing system(s), each of the Issuer and the Fiscal Agent shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Fiscal Agent (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75.0 per cent. in nominal amount of the Notes outstanding (an "Electronic Consent" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution (as defined in the Agency Agreement)) to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and

- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer and the Fiscal Agent shall be entitled to rely on consent or instructions given in writing directly to the Issuer by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Fiscal Agent have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “commercially reasonable evidence” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the CMU or CDP or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain as the Fiscal Agent may in its absolute discretion require and accept, in each case in relation to the holding of interests in the Notes. Any such certificate or other document shall, once it has been accepted by the Fiscal Agent and in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

SUSTAINABLE DEVELOPMENT GOALS BOND FRAMEWORK

Background

As a leading financial institution in ASEAN, the CIMB Group recognises the important role that it plays in influencing change and driving sustainability through its lending activities and day-to-day operations. Based on 'Banking for the Future' philosophy, the CIMB Group takes a long-term view on business, to build a sustainable future for itself as well as its partners in growth, including its employees, customers and communities. In 2018, the CIMB Group integrated sustainability as one of the strategic pivots of its Forward23 strategy with the objective of making the CIMB Group a visible 'shaper' of sustainable practices in the ASEAN community within the next five years. Such a move further underpins the CIMB Group's commitment to integrating environmental, economic and social ("**EES**") considerations into its risk assessments and capitalising various opportunities to create a net positive impact on its stakeholders.

CIMB SDG Bond Framework

In 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development (the "**2030 Agenda**"), which is comprised of the 17 Sustainable Development Goals ("**SDGs**"). The SDGs have a clear vision of "leaving no man behind" in pursuit of a sustainable future, and seek to promote cooperation among countries, businesses, civil societies and the general public in tackling issues such as poverty, hunger, inequality and climate change. The Business and Sustainable Development Commission, in its flagship report "*Better Business, Better World*" in 2017, stated that achieving the SDGs would open up at least U.S.\$12 trillion worth of market opportunities for the private sector by 2030, and well over 50 per cent. of the opportunities would be found in developing countries⁵.

In view of the significant benefits that the CIMB Group could potentially create by mobilising businesses and investors to contribute towards achieving the SDGs, the Bank established the CIMB SDG Bond Framework on 31 August 2019 in accordance with the Green Bond Principles ("**GBP**"), Social Bond Principles ("**SBP**") and the Sustainability Bond Guidelines ("**SBG**") of the International Capital Markets Association ("**ICMA**") as well as the ASEAN Sustainability Bond Standards ("**ASBS**"). The CIMB SDG Bond Framework sets out the guidelines for the issuances of notes under the CIMB SDG Bond Framework (the "**CIMB SDG Bonds**"). Out of the 17 SDGs of the 2030 Agenda, seven SDGs have been identified and selected as the core areas of the CIMB SDG Bond Framework due to their relevance to the CIMB Group's sustainability strategies. These are: (i) *Goal 8: Decent Work and Economic Growth*, (ii) *Goal 9: Industry Innovation and Infrastructure*, (iii) *Goal 10: Reduced Inequalities*, (iv) *Goal 12: Responsible Consumption and Production*, (v) *Goal 13: Climate Action*, (vi) *Goal 15: Life on Land* and (vii) *Goal 16: Peace, Justice and Strong Institutions*.

Use of Proceeds

The proceeds of each CIMB SDG Bond ("**Proceeds**") will be used to finance and/or re-finance, in whole or in part, new or existing assets, businesses, projects and/or products (collectively termed "**assets**") that comply with the guiding principles of the CIMB SDG Bond Framework (collectively, "**Eligible Assets**"). These include the Group's own operations provided that they are compliant with the CIMB SDG Bond Framework. For the avoidance of doubt, the Proceeds could be used to finance companies that derive 80 per cent. or more of their revenue from the Eligible Assets. In these instances, the Proceeds can be used by the companies for general purposes (including capital and operating expenses), so long as this financing does not fund expansion into activities falling outside the Eligible Assets.

5 For more information, please see http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf.

The guiding principles of the CIMB SDG Bond Framework, aligned with the above mentioned seven identified and selected SDGs, along with examples of Eligible Assets, are outlined in table below. Recognising that some Eligible Assets may contribute to more than one SDG, for ease of reference and communication, each Eligible Asset is categorised and placed under a specific SDG to which it creates the most significant impact.

Whilst the Eligible Assets are considered to be in congruence with the aspirations of the SDGs, the Group is cognizant of the inherent EES risks associated with some businesses, projects and/or products. In this regard, specific sustainability risk policies such as the Group Sustainability Policy (“**GSP**”) and Group Sustainable Financing Policy (“**GSFP**”) will be applied, where relevant, to ensure significant EES risks are duly identified, managed, prevented or mitigated. The Group will exercise professional judgment, discretion and sustainability knowledge in determining eligibility of businesses, projects and/or products and ensuring the ones selected for the use of Proceeds of a CIMB SDG Bond does not result in any undesirable and unacceptable impact on stakeholders or the environment.

Guiding Principles and Eligible Assets

SDG	SDG Targets	Guiding Principle(s)	Eligible Assets
Goal 8: Decent Work and Economic Growth	<p>8.3</p> <ul style="list-style-type: none"> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small-and medium-sized enterprises, including through access to financial services <p>8.5</p> <ul style="list-style-type: none"> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value <p>8.6</p> <ul style="list-style-type: none"> By 2020, substantially reduce the proportion of youth not in employment, education or training <p>8.10</p> <ul style="list-style-type: none"> Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all 	<ul style="list-style-type: none"> Activities that contribute to sustainable job creation, economic growth and societal wellbeing Activities that contribute to expanded access to affordable and responsible banking/financial products and services to vulnerable groups 	<p>Financing for:</p> <ul style="list-style-type: none"> Start-ups⁶ and micro, small and medium sized enterprises (“MSMEs”)⁷. To be eligible for the use of Proceeds, the assets should exhibit one or more of the following characteristics: <ul style="list-style-type: none"> Operate in sectors/activities that contribute to other SDGs in the CIMB SDG Bond Framework Benefit low-income populations⁸ or areas, in terms of employment and expanded access to basic needs such as food, healthcare and education Education or training for entrepreneurs from low-income populations Construction of public schools/universities/vocational schools/teaching institutions Construction of student housing/campuses for public schools and universities

⁶ Start-ups are defined as businesses that are less than 6 months in operation by SME Corporation Malaysia

⁷ MSME are defined by the Central Bank of Malaysia as follows:

- Manufacturing: Sales turnover not exceeding RM50 million or full-time employees not exceeding 200 workers
- Services and Other Sectors: Sales turnover not exceeding RM20 million OR full-time employees not exceeding 75 workers

⁸ Low-income populations are defined as bottom 40 per cent. of households with a monthly income of RM3,900 and below (“**B40**”) or individuals who are earning RM2,700 per month or lower

SDG	SDG Targets	Guiding Principle(s)	Eligible Assets
			<ul style="list-style-type: none"> • Free/subsidized education or vocational training for low-income populations, youth and professionals • Education loans with reasonable interest rates for low-income populations, youth and professionals • Microfinance schemes such as microcredits, microsavings and microinsurance/microtakaful for individuals or financing for Microfinance Institutions ("MFIs"). To be eligible for the use of Proceeds, the assets should be targeted at low-income populations and should also exhibit one or more of the following characteristics: <ul style="list-style-type: none"> – Accessible and affordable, e.g. reasonable interest rates, no collateral/guarantor required, innovative channels such as digital finance – Responsible, e.g. consultation and training support to customers – Flexible, e.g. deferment of repayment or restructuring of repayment schedule
Goal 9: Industry, Innovation and Infrastructure	<p>9.1</p> <ul style="list-style-type: none"> • Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all <p>9.4</p> <ul style="list-style-type: none"> • By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities <p>9.c</p> <ul style="list-style-type: none"> • Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020 	<ul style="list-style-type: none"> • Activities that result in quality, reliable and sustainable infrastructure to support affordable and equitable access for all, in particular, the low-income populations 	<p>Financing for:</p> <ul style="list-style-type: none"> • Development of roads in areas that lack connectivity or infrastructure • Construction, operation, maintenance and/or upgrade of: <ul style="list-style-type: none"> – mass transit, including rail, metro, subway and buses – water supply and distribution infrastructure or network with the intention to increase household and/or industrial access to water, decrease leakages or improve water quality – wastewater treatment infrastructure with the objective of reducing pollutant discharge load or improving plant efficiency – sanitation facilities

SDG	SDG Targets	Guiding Principle(s)	Eligible Assets
			<ul style="list-style-type: none"> Construction, renovation and/or purchase of buildings that meet recognised environmental standards, i.e. Green Building Index ("GBI") (Gold and above), Building Research Establishment Environmental Assessment Method ("BREEAM") (Excellent and above) or Leadership in Energy and Environmental Design ("LEED") (Gold and above) Acquisition, development, operation and/or maintenance of communication infrastructure and network with the intention to increase affordable internet coverage and speed and/or mobile phone usage
Goal 10: Reduced Inequality	<p>10.1</p> <ul style="list-style-type: none"> By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average <p>10.2</p> <ul style="list-style-type: none"> By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status 	<ul style="list-style-type: none"> Activities that contribute to parity within the society and enable the vulnerable and disadvantaged groups to have equal access to resources 	<p>Financing to:</p> <ul style="list-style-type: none"> construct and/or operate public or quasi-governmental hospitals/clinics/medical centers that offer free/subsidized healthcare services primarily to low-income populations or underserved communities in rural areas provide and/or distribute public/free/subsidized healthcare schemes, equipment, emergency medical responses or disease control services provide education and vocational training on healthcare build or purchase affordable housing or social housing. To be eligible for the use of Proceeds, such houses should target populations with a monthly household income of not more than RM4,360 and have a maximum property price of RM300,000⁹ support women-led MSME (including microfinance schemes and financing for MFIs). To be eligible, at least one of the conditions below should be met: <ul style="list-style-type: none"> At least 51 per cent. shareholding is owned by a woman or by women

⁹ This threshold may be adjusted based on nationally determined definition of affordable or social housing announced by the Malaysian Government as and when available.

SDG	SDG Targets	Guiding Principle(s)	Eligible Assets
			<ul style="list-style-type: none"> – The chief executive officer or the president is a woman – At least 51 per cent. of top management (i.e. C-suite) are women – 30 per cent. of the board of directors are made up of women • provide education or training for women, e.g. women empowerment workshops, career comeback programmes and women entrepreneurship programmes • provide education loans with reasonable interest rates for women
Goal 12: Responsible Consumption and Production	12.2 <ul style="list-style-type: none"> • By 2030, achieve the sustainable management and efficient use of natural resources 12.5 <ul style="list-style-type: none"> • By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse 	<ul style="list-style-type: none"> • Adoption of processes, infrastructure or technology that improve output, efficiency and growth of various economic sectors in a sustainable manner to recognised international standards • Pollution prevention and control 	Financing for: <ul style="list-style-type: none"> • Organic farming/certified farming or aquaculture (e.g. MyOrganic, Rainforest Alliance, Aquaculture Stewardship Council Farm ("ASC")) • Sustainable seafood development (i.e. with certification from the Marine Stewardship Council ("MSC")) • Manufacturing, distribution and/or purchase of water metering and water saving systems and technologies • Rainwater harvesting and storage • Training programmes on sustainable production or consumption (e.g. sustainable agriculture, sustainable fisheries management) • Waste management activities such as waste diversion from landfill for composting or conversion to market quality products and/or by-products • Construction, operation, maintenance and/or upgrading of recycling facilities or infrastructure for both public and industrial waste • Manufacture of recyclable or renewable substitutes (e.g. wood and bamboo) for single-use plastics • Landfill gas capture • Research into and development of processes, infrastructure, technology and facilities that promote efficient resource use and management (e.g. circular economy, water and energy conservation)

SDG	SDG Targets	Guiding Principle(s)	Eligible Assets
Goal 13: Climate Action	<p>13.1</p> <ul style="list-style-type: none"> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries <p>13.3</p> <ul style="list-style-type: none"> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning 	<ul style="list-style-type: none"> Mitigation and adaptation projects that contribute to reducing carbon emission/intensity or vulnerability to climate change 	<p>Financing for:</p> <ul style="list-style-type: none"> Natural disaster prevention infrastructure and/or measures (e.g. flood control and flooding mitigation systems, disaster preparedness measures) Construction and/or purchase of climate resilient buildings and/or infrastructure which reduce the risk of climate-related disruptions such as floods (e.g. using permeable paving surfaces to reduce run-offs) Development and/or application of climate resilient agricultural methods such as drip irrigation Acquisition, development, operation and/or maintenance of renewable energy facilities including wind, solar, small-scale hydro ($\leq 25\text{MW}$), geothermal (has direct emissions of less than $100\text{g CO}_2/\text{kWh}$) and biomass energy (has direct emissions of less than $100\text{g CO}_2/\text{kWh}$ and uses sustainable feedstock such as waste or by-products from certified agricultural or forestry activities such as Forest Stewardship Council ("FSC"), Programme for the Endorsement Forest Certification ("PEFC"), Malaysian Timber Certification Council ("MTCC")) Grid expansion/development that carries a minimum of 85 per cent. renewable energy Energy efficiency improvement projects (e.g. refurbishment of residential or commercial buildings, installation of smart grids, smart meters and energy storage, installation of energy-efficient lighting, appliances or equipment) that achieve a minimum of 15 per cent. improvement in energy performance

SDG	SDG Targets	Guiding Principle(s)	Eligible Assets
			<ul style="list-style-type: none"> Manufacturing and/or distribution of products or technologies to increase uptake of renewable energy, increase energy efficiency or address energy loss reduction. These include, but are not limited to, biomass combustion, solar thermal systems, LED lights and energy efficient pumps Construction, operation, maintenance and/or upgrade of infrastructure for clean energy vehicles (e.g. electric vehicle charging station) Manufacturing and/or purchase of electric, fuel cell or hybrid passenger vehicles with CO₂ emissions of less than 75g per km per passenger Education programmes for vulnerable communities (e.g. rural populations, residents located in floodplain areas) to increase awareness on climate related issues and their capability of responding and/or adapting to climate risks
Goal 15: Life on Land	<p>15.1</p> <ul style="list-style-type: none"> By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements <p>15.2</p> <ul style="list-style-type: none"> By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally 	<ul style="list-style-type: none"> Activities that help protect, restore and promote sustainable use of terrestrial ecosystems and resources 	<p>Financing for:</p> <ul style="list-style-type: none"> Forest and wildlife conservation and restoration projects Education programmes for local communities to increase their awareness and knowledge on responsible land use Sustainable forest management and avoided deforestation (i.e. with certification from the FSC, PEFC, MTCC)
Goal 16: Peace, Justice and Strong Institutions	Encapsulated in the rest of the six SDGs and sub-section “ <i>Process for evaluation and selection of Eligible Assets</i> ” where exclusions are applied.		

Process for evaluation and selection of Eligible Assets

The CIMB Group Sustainability Council (“**GSC**”) was established in 2018 in line with the Forward23 strategy and will hold ultimate responsibility and accountability for the CIMB SDG Bond Framework including approval of proposed assets, and specific definitions of Eligible Assets under the CIMB SDG Bond Framework.

The GSC is currently chaired by the Chief Executive Officer of the CIMB Group and its membership consists of senior representatives from various business and functional units within the Group. These include, among others, Group Wholesale Banking, Group Commercial Banking, Group Consumer Banking, Group Islamic Banking, Group Risk and Compliance.

The step-by-step process for evaluation and selection of Eligible Assets is as follows:

- (a) business units to screen (based on the Exclusion List¹⁰), select, and propose, new or existing Eligible Assets as part of their credit evaluation process and/or new product approval process;
- (b) the Group Sustainability Department (“the **GSD**”) to evaluate the proposed Eligible Assets against the CIMB SDG Bond Framework and ensure sustainability due diligence has been conducted on relevant assets in accordance with the GSP and GSFP. Where necessary, the GSD will consult with and obtain guidance from internal stakeholders including subject matter experts on their recommendations regarding the proposed assets;
- (c) the GSD to submit its recommendation to the GSC for ratification of inclusion or exclusion as use of Proceeds of the proposed assets. The recommendation will be made taking into account the following factors:
 - adherence of the proposed assets against the CIMB SDG Bond Framework and/or other relevant available standards and benchmarks;
 - compliance of the proposed assets with the GSP and/or GSFP, where relevant;
 - the intended beneficiaries of the proposed assets, where applicable; and
- (d) the GSC will review and provide approval for proposed assets that comply with the CIMB SDG Bond Framework.

Management of Proceeds

The Proceeds from the CIMB SDG Bonds will be allocated to a portfolio of Eligible Assets (“**Portfolio**”), selected as per the evaluation and approval process set out above. The Bank shall strive to achieve a level of allocation for the Portfolio that matches or exceeds the balance of net Proceeds from its outstanding CIMB SDG Bonds. Where necessary, additional Eligible Assets will be added to the Portfolio to ensure sufficient and timely allocation of the incremental net Proceeds. The Group will monitor the allocation of the Proceeds and the Portfolio through its internal information systems.

During the life of the issued CIMB SDG Bonds, if any of the Eligible Assets cease to comply with the CIMB SDG Bond Framework, the Group will identify other assets that comply with the CIMB SDG Bond Framework and allocate the Proceeds to those assets as soon as is practicable.

Where the aggregate amount in the Portfolio is less than the total outstanding amount of CIMB SDG Bonds issued, the Group may hold the balance unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments in the Group’s liquidity portfolio until the amount can be channelled towards the Portfolio.

¹⁰ Exclusion List: Assets that are involved in or associated with the activities listed below will not be considered as Eligible Assets for CIMB SDG Bonds issued under the CIMB SDG Bond Framework: illegal activities such as bribery, terrorism etc, arms and munitions, casino and gaming, tobacco, alcohol, bribery, breaches of national labour laws and human trafficking laws, illegal logging or uncontrolled fire, activities that impact World Heritage Sites, extraction, refining, transportation, distribution or combustion of fossil fuels, energy efficiency improvements in fossil fuel-based technologies and other activities such as production and distribution of pornography, predatory lending activities, alcohol and drugs, etc

Reporting

In light of growing investor demand for transparency of the use of Proceeds and decision-useful information relating to their investments, the Bank will issue a progress report on an annual basis until full allocation of the Proceeds. The progress report will consist of:

Allocation Reporting:

The allocation report section of the progress report will include, among others:

- (a) aggregate amounts of funds allocated to each of the SDGs/guiding principles of the CIMB SDG Bond Framework together with a summary on the types of assets financed (e.g. current book value of outstanding loans, geographical mix);
- (b) removal or substitution of Eligible Assets;
- (c) the remaining balance of unallocated Proceeds at the end of reporting period; and
- (d) confirmation that the use of Proceeds of the CIMB's SDG Bonds conforms to the CIMB SDG Bond Framework

Impact Reporting:

The impact report section of the progress report will include:

- (a) Specific examples of the assets financed by the CIMB SDG Bonds; and
- (b) The quantitative value of the EES impact arising from the assets financed, which may be measured using the indicative impact indicator examples provided in table below:

SDG	Indicative Impact Indicators
Goal 8: Decent Work and Economic Growth	<ul style="list-style-type: none">• Number of start-ups and MSME financed• Number of entrepreneurial workshops and/or total training hours and/or number of people trained• Number of educational institutions built, their locations and types• Number of education loans given out to low-income populations, youth and professionals• Number of B40 recipients of microcredit

SDG	Indicative Impact Indicators
Goal 9: Industry, Innovation and Infrastructure	<ul style="list-style-type: none"> • Length of roads built in rural areas (km) • Number of mass transit projects supported • Number of households/residents benefitted from new infrastructure such as roads • Volume of clean water provided • Number of water infrastructure projects built • Volume of wastewater treated (m³) • Internet coverage (%)
Goal 10: Reduced Inequalities	<ul style="list-style-type: none"> • Number of public hospitals and healthcare facilities built/upgraded • Number of residents benefitting from public healthcare facilities which are otherwise not accessible • Number of affordable and social houses financed • Number of women-led businesses financed, or amount of financing provided • Amount of education loans given out to women
Goal 12: Responsible Production and Consumption	<ul style="list-style-type: none"> • Number of certified green buildings financed • Volume of water saved • Number of training programmes on sustainable production and/or total training hours and/or number of people trained • Tonnes of recycled waste • Tonnes of waste diverted from landfill

SDG	Indicative Impact Indicators
Goal 13: Climate Action	<ul style="list-style-type: none"> • Carbon emissions avoided (tonnes of CO₂) • Number of flood mitigation projects financed • Energy produced from renewable sources (MWh) • Number of households/residents benefitted from renewable energy • Energy savings generated (MWh) • Number of electric/fuel cell/hybrid vehicles financed • Number of farmers trained on climate-resilient agricultural methods and/or total training hours and/or number of people trained
Goal 15: Life on Land	<ul style="list-style-type: none"> • Forest land restored or planted (hectares) • Number of species conserved • Carbon emissions avoided from reforestation (tonnes of CO₂)

External Review

The Bank has obtained a second-party opinion from Sustainalytics on 9 September 2019 to confirm the alignment of the CIMB SDG Bond Framework with the ICMA's GBP, SBP and SBG as well as the ASBS.

In addition to the second-party opinion, the Bank will also engage an independent provider on an annual basis to review our progress report and ensure its conformity to the CIMB SDG Bond Framework.

The second party opinion by Sustainalytics, as well as the reviewed annual progress report, will be published and made publicly available on www.cimb.com.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes (other than CIMB SDG Bonds) will be applied by the Issuer for repayment, refinancing and prepayment of offshore credit facilities, refinancing of onshore credit facilities, general corporate purposes, working capital requirements of the Issuer and its Subsidiaries and associates, investments of the Issuer and/or for on-lending to the Issuer's Subsidiaries and associates and CGHB and its subsidiaries and associates. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Pricing Supplement for the Notes.

The net proceeds from the issue of each Tranche of CIMB SDG Bonds will be applied by the Issuer to finance and/or re-finance, in whole or in part, new or existing businesses, projects and/or products that comply with the guiding principles of the CIMB SDG Bond Framework. These include the Group's own operations provided that they are compliant with the CIMB SDG Bond Framework. For more information, please see the section entitled "*Sustainable Development Goals Bond Framework*" of this Offering Circular. The Sole Arranger and the Dealers have not separately verified nor will make any assurance as to (i) whether the Notes issued under the CIMB SDG Bond Framework will meet investor criteria and expectations regarding sustainable development for any investors, (ii) whether the net proceeds from the Notes issued under the CIMB SDG Bond Framework will be used to finance and/or re-finance Eligible Assets or (iii) the characteristics of Eligible Assets, including their sustainable development criteria.

SUMMARY OF SELECTED FINANCIAL INFORMATION

The summary of the Group's audited consolidated financial information as at and for the year ended 31 December 2018 (which includes the comparative as at and for the year ended 31 December 2017) and the Bank's audited unconsolidated financial information as at and for the year ended 31 December 2018 (which includes the comparative as at and for the year ended 31 December 2017) set forth below are extracted from the Group's audited consolidated financial statements and the Bank's audited unconsolidated financial statements each as at and for the year ended 31 December 2018, which have been audited by PricewaterhouseCoopers PLT, Chartered Accountants, and disclosed in the Group's published audited consolidated financial statements and the Bank's published audited unconsolidated financial statements each for the year ended 31 December 2018. Such summary financial information should be read in conjunction with the Group's audited consolidated financial statements and the Bank's audited unconsolidated financial statements each as at and for the year ended 31 December 2018, including the notes thereto. The Group's and the Bank's published financial statements and the auditor's report for the year ended 31 December 2018 were unqualified.

The summary of the Group's unaudited consolidated financial information as at and for the six months ended 30 June 2019 (which includes the comparative as at and for the six months ended 30 June 2018) and the Bank's unaudited unconsolidated financial information as at and for the six months ended 30 June 2019 (which includes the comparative as at and for the six months ended 30 June 2018) set forth below are extracted from the Group's unaudited consolidated interim financial statements and the Bank's unaudited unconsolidated interim financial statements each as at and for the six-month period ended 30 June 2019. Such summary financial information should be read in conjunction with the Group's unaudited consolidated interim financial statements and the Bank's unaudited unconsolidated interim financial statements each as at and for the six months ended 30 June 2019, including the notes thereto.

The Group's audited consolidated financial information and the Bank's audited unconsolidated financial information each as at and for the years ended 31 December 2017 and 2018 were prepared and presented in accordance with MFRS, IFRS and the requirements of the Malaysian Companies Act, 2016. The Group's audited consolidated financial statements and the Bank's audited unconsolidated financial statements each as at and for the year ended 31 December 2018 were prepared in conjunction with the adoption of MFRS 9 and MFRS 15 which took effect from 1 January 2018. For a discussion on the impact of the adoption of MFRS 9 and MFRS 15, please refer to "*Summary of Significant Accounting Policies for the financial year ended 31 December 2018 – Basis of Preparation*" and "*Notes to the Financial Statements for the financial year ended 31 December 2018 – Note 56 (Changes in Accounting Policies)*" of the Group's audited consolidated financial statements and the Bank's audited unconsolidated financial statements each as at and for the year ended 31 December 2018. As the Group and the Bank have applied the transitional provisions set out in MFRS 9 and the modified retrospective approach set out in MFRS 15, each without requiring any restatement of the corresponding figures of the prior period before 1 January 2018, the Group's consolidated financial information and the Bank's unconsolidated financial information each as at and for the year ended 31 December 2017 may not be directly comparable against the Group's consolidated financial information and the Bank's unconsolidated financial information after 1 January 2018, including the Group's consolidated interim financial information and the Bank's unconsolidated interim financial information each as at and for the six months ended 30 June 2018 and 30 June 2019 and the Group's consolidated financial information and the Bank's unconsolidated financial information each as at and for the year ended 31 December 2018. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2018, including the Group's consolidated interim financial information and the Bank's unconsolidated interim financial information each as at and for the six months ended 30 June 2018 and 30 June 2019 and the Group's consolidated financial information and the Bank's unconsolidated financial information each as at and for the year ended 31 December 2018 against the Group's consolidated financial information and the Bank's unconsolidated financial information prior to 1 January 2018 and when evaluating the Group's and the Bank's financial condition, results of operations and results.

The Group's unaudited consolidated interim financial information and the Bank's unaudited unconsolidated interim financial information each as at and for the six months ended 30 June 2018 and 30 June 2019 were prepared and presented in accordance with MFRS 134 "Interim Financial Reporting". The Group's consolidated interim financial statements and the Bank's unconsolidated interim financial statements each for the six months ended 30 June 2019 were prepared in conjunction with the adoption of MFRS 16 which took effect from 1 January 2019. For a discussion on the impact of the adoption of MFRS 16, please refer to "*Part A – Explanatory Notes – A1 Basis of Preparation*" of the Group's unaudited consolidated financial statements and the Bank's unaudited unconsolidated financial statements each as at and for the six months ended 30 June 2019. As the Group and the Bank have applied the modified retrospective approach set out in MFRS 16 without requiring any restatement of the corresponding figures of the prior period before 1 January 2019, the Group's consolidated financial information and the Bank's unconsolidated financial information each as at and for the years ended 31 December 2017 and 2018 and the Group's consolidated interim financial information and the Bank's unconsolidated interim financial information each as at and for the six months ended 30 June 2018 may not be directly comparable against the Group's consolidated financial information and the Bank's unconsolidated financial information after 1 January 2019, including the Group's consolidated interim financial information and the Bank's unconsolidated interim financial information for the six months ended 30 June 2019. Investors must therefore exercise caution when making comparisons to any financial figures after 1 January 2019, including the Group's consolidated interim financial information and the Bank's unconsolidated interim financial information each as at and for the six months ended 30 June 2019 against the Group's consolidated financial information and the Bank's unconsolidated financial information prior to 1 January 2019 and when evaluating the Group's and the Bank's financial condition, results of operations and results.

The Group's unaudited consolidated interim financial information and the Bank's unaudited unconsolidated interim financial information each as at and for the six-months ended 30 June 2018 and 30 June 2019 have not been audited or reviewed by PricewaterhouseCoopers PLT, Chartered Accountants or any other independent auditor. Consequently, such unaudited consolidated and unconsolidated interim financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or a review by an independent auditor. None of the Sole Arranger, the Dealers or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited consolidated and unconsolidated interim financial information for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's and the Bank's financial condition, results of operations and results. Such unaudited consolidated financial information and unaudited unconsolidated interim financial information should not be taken as an indication of the expected financial condition, results of operations and results of the Group and the Bank for the full financial year ending 31 December 2019. See also "*Investment Considerations – Considerations relating to the Group – Interim financial information of the Group and the Bank contained in this Offering Circular has not been audited or reviewed*".

The Group

	Audited		Unaudited		
	For the Year Ended 31 December		For the Six-Month Period Ended 30 June		
	2017	2018	2018	2019	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(U.S.\$'000)
Consolidated Statements of Income					
Interest income	13,259,514	13,378,520	6,460,039	6,861,430	1,660,961
Interest income for financial assets at fair value through profit or loss	—	621,647	281,840	408,290	98,836
Interest expense	(6,452,725)	(7,333,806)	(3,456,577)	(3,988,319)	(965,461)
Net interest income	6,806,789	6,666,361	3,285,302	3,281,401	794,336
Income from Islamic banking operations	1,803,933	2,271,341	1,100,520	1,217,819	294,800
Net non-interest income	3,044,226	2,764,967	1,307,402	1,522,641	368,589
Net income	11,654,948	11,702,669	5,693,224	6,021,861	1,457,725
Overheads	(5,533,333)	(5,811,296)	(2,805,732)	(3,170,139)	(767,402)
Profit before allowances/expected credit losses	6,121,615	5,891,373	2,887,492	2,851,722	690,323
Allowance for impairment losses/ expected credit losses on loans, advances and financing	(1,158,455)	(721,164)	(279,931)	(210,125)	(50,865)
Allowance written-back/expected credit losses for commitments and contingencies	10,364	(21,813)	(7,488)	127,289	30,813
Allowance made for other impairment losses/other expected credit losses (made)/written back	(44,406)	(89,366)	(2,056)	2,304	558
Profit after allowance/expected credit losses	4,929,118	5,059,030	2,598,017	2,771,190	670,829
Share of results of joint venture	4,659	2,176	1,650	2,824	684
Profit before taxation and zakat	4,933,777	5,061,206	2,599,667	2,774,014	671,513
Taxation and zakat	(1,042,792)	(1,098,431)	(609,545)	(614,411)	(148,732)
Profit after taxation and zakat	3,890,985	3,962,775	1,990,122	2,159,603	522,781
Profit for the financial year/period attributable to:					
Owners of the Parent	3,884,409	3,946,402	1,979,588	2,152,291	521,011
Non-controlling interests	6,576	16,373	10,564	7,312	1,770
	3,890,985	3,962,775	1,990,122	2,159,603	522,781
Earnings per share attributable to ordinary equity holders of the Parent – basic (sen)					
	72.88	69.68	35.68	35.79	8.66

The Group

	Audited		Unaudited		
	For the Year Ended 31 December		For the Six-Month Period Ended 30 June		
	2017	2018	2018	2019	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(U.S.\$'000)
Consolidated Statements of Comprehensive Income					
Profit for the financial year/period	3,890,985	3,962,775	1,990,122	2,159,603	522,781
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss					
Remeasurement of post employment benefits obligations	8,036	6,996	360	(602)	(146)
– Actuarial gain on post employment benefits obligations	10,045	9,100	–	–	–
– Income tax effects	(2,009)	(1,858)	–	–	–
– Currency translation difference	–	(246)	360	(602)	(146)
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	–	6,171	8,313	(3,333)	(807)
Equity instruments at fair value through other comprehensive income	–	48,422	10,502	(11,406)	(2,761)
– Net gain/(loss) from change in fair value	–	69,814	8,919	(9,941)	(2,406)
– Income tax effects	–	(19,770)	867	219	53
– Currency translation difference	–	(1,622)	716	(1,684)	(408)
	8,036	61,589	19,175	(15,341)	(3,714)
Items that may be reclassified subsequently to profit or loss					
Revaluation reserve – financial investments available-for-sale	308,817	–	–	–	–
– Net gain from change in fair value	426,202	–	–	–	–
– Realised gain transferred to statement of income on disposal and impairment	(76,008)	–	–	–	–
– Income tax effects	(45,906)	–	–	–	–
– Currency translation difference	4,529	–	–	–	–

	Audited		Unaudited		
	For the Year Ended 31 December		For the Six-Month Period Ended 30 June		
	2017	2018	2018	2019	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(U.S.\$'000)
Debt instruments at fair value through other comprehensive income.	–	(81,903)	(131,765)	292,256	70,746
– Net (loss)/gain from change in fair value	–	(40,345)	(138,337)	473,181	114,544
– Realised gain transferred to statement of income on disposal	–	(35,490)	(17,541)	(150,909)	(36,531)
– Changes in expected credit losses . .	–	(1,900)	3,344	2,604	630
– Income tax effects	–	(5,149)	21,156	(32,571)	(7,885)
– Currency translation difference	–	981	(387)	(49)	(12)
Net investment hedge.	364,686	(74,993)	60,656	(15,483)	(3,748)
Cash flow hedge	8,085	6,302	2,847	800	193
– Net gain from change in fair value . .	10,882	7,917	3,521	910	220
– Income tax effects	(2,797)	(1,615)	(674)	(110)	(27)
Exchange fluctuation reserve	(701,171)	266,218	(212,742)	392,767	95,078
Deferred hedging cost	–	47,318	28,685	24,564	5,946
	(19,583)	162,942	(252,319)	694,904	168,215
Other comprehensive (expense)/income during the financial year/period, net of tax	(11,547)	224,531	(233,144)	679,563	164,501
Total comprehensive income for the financial year/period.	3,879,438	4,187,306	1,756,978	2,839,166	687,282
Total comprehensive income attributable to:					
Owners of the Parent	3,873,983	4,166,562	1,753,188	2,819,445	682,508
Non-controlling interests	5,455	20,744	3,790	19,721	4,774
	<u>3,879,438</u>	<u>4,187,306</u>	<u>1,756,978</u>	<u>2,839,166</u>	<u>687,282</u>

The Bank

	Audited		Unaudited		
	For the Year Ended 31 December		For the Six-Month Period Ended 30 June		
	2017	2018	2018	2019	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(U.S.\$'000)
Unconsolidated Statements of Income					
Interest income	11,489,960	11,759,081	5,683,024	5,897,540	1,427,630
Interest income for financial assets at fair value through profit or loss	–	552,057	256,206	353,514	85,576
Interest expense	(5,977,959)	(6,847,207)	(3,237,109)	(3,652,586)	(884,189)
Net interest income	5,512,001	5,463,931	2,702,121	2,598,468	629,017
Income from Islamic banking operations	169,339	149,396	84,640	72,376	17,520
Net non-interest income	3,233,164	2,492,261	1,141,559	1,674,428	405,332
Net income	8,914,504	8,105,588	3,928,320	4,345,272	1,051,869
Overheads	(3,950,275)	(4,061,358)	(1,981,123)	(2,464,727)	(596,642)
Profit before allowances/expected credit losses	4,964,229	4,044,230	1,947,197	1,880,545	455,227
Allowance for impairment losses/ expected credit losses on loans, advances and financing	(449,428)	(328,272)	(87,360)	(89,300)	(21,617)
Allowance (made)/expected credit losses for commitments and contingencies	(2,222)	8,857	12,214	75,742	18,335
Allowance made for other impairment losses/other expected credit losses (made)/written back	(37,412)	(84,578)	(4,437)	810	196
Profit before taxation	4,475,167	3,640,237	1,867,614	1,867,797	452,141
Taxation	(834,302)	(793,713)	(435,362)	(396,590)	(96,003)
Profit after taxation	3,640,865	2,846,524	1,432,252	1,471,207	356,138
Earnings per share attributable to ordinary equity holders of the Parent – basic (sen)	68.31	50.26	25.81	24.46	5.92

The Bank

	Audited		Unaudited		
	For the Year Ended 31 December		For the Six-Month Period Ended 30 June		
	2017	2018	2018	2019	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(U.S.\$'000)
Consolidated Statements of Comprehensive Income					
Profit for the financial year/period	3,640,865	2,846,524	1,432,252	1,471,207	356,138
Other comprehensive income/(expenses):					
Items that will not be reclassified to profit or loss					
Fair value changes on financial liabilities designated at fair value attributable to own credit risk	–	6,171	8,313	(3,300)	(799)
Equity instruments at fair value through other comprehensive income	–	51,343	11,147	(10,118)	(2,450)
– Net gain/(loss) from change in fair value	–	72,441	10,456	(10,351)	(2,506)
– Income tax effects	–	(20,153)	526	219	53
– Currency translation difference	–	(945)	165	14	3
	–	57,514	19,460	(13,418)	(3,249)
Items that may be reclassified subsequently to profit or loss					
Revaluation reserve – financial investments available-for-sale	256,899	–	–	–	–
– Net gain from change in fair value	344,411	–	–	–	–
– Realised gain transferred to statement of income on disposal and impairment	(59,183)	–	–	–	–
– Income tax effects	(32,406)	–	–	–	–
– Currency translation difference	4,077	–	–	–	–
Debt instruments at fair value through other comprehensive income	–	(59,688)	(94,645)	213,809	51,757
– Net (loss)/gain from change in fair value	–	(26,080)	(99,428)	324,759	78,615
– Realised gain transferred to statement of income on disposal	–	(25,829)	(12,895)	(84,419)	(20,435)
– Changes in expected credit losses	–	(3,009)	2,126	2,029	491
– Income tax effects	–	(5,751)	15,939	(28,511)	(6,902)
– Currency translation difference	–	981	(387)	(49)	(12)
Net investment hedge	335,443	(67,000)	60,171	(15,310)	(3,706)
Cash flow hedge	7,499	331	85	374	90
– Net gain from change in fair value	10,078	435	112	492	119
– Income tax effects	(2,579)	(104)	(27)	(118)	(29)
Exchange fluctuation reserve	(521,009)	106,064	(86,255)	28,100	6,802
Deferred hedging cost	–	46,513	28,897	24,277	5,877
	78,832	26,220	(91,747)	251,250	60,820
Other comprehensive income/(expense) during the financial year/period, net of tax	78,832	83,734	(72,287)	237,832	57,571
Total comprehensive income for the financial year/period	3,719,697	2,930,258	1,359,965	1,709,039	413,709

The Group

	Audited		Unaudited	
	As at 31 December		As at 30 June	
	2017	2018	2019	
	(RM'000)	(RM'000)	(RM'000)	(U.S.\$'000)
Consolidated Statements of Financial Position				
Assets				
Cash and short-term funds	33,341,519	28,593,411	25,783,042	6,241,356
Reverse repurchase agreements	6,484,687	11,102,259	14,286,531	3,458,371
Deposits and placements with banks and other financial institutions	1,194,205	2,354,294	3,772,700	913,266
Financial assets at fair value through profit or loss	—	28,895,987	32,900,314	7,964,249
Debt instruments at fair value through other comprehensive income	—	26,400,078	27,306,485	6,610,139
Equity instruments at fair value through other comprehensive income	—	543,694	531,909	128,760
Debt instruments at amortised cost	—	35,784,470	36,541,170	8,845,599
Financial assets held for trading	20,410,054	—	—	—
Derivative financial instruments	8,370,447	8,330,859	11,040,639	2,672,631
Financial investments available-for-sale	24,604,276	—	—	—
Financial investments held-to-maturity	34,323,102	—	—	—
Loans, advances and financing	261,788,709	284,469,491	292,789,342	70,876,142
Other assets	9,372,677	8,127,375	9,801,090	2,372,571
Tax recoverable	9,246	42,632	50,482	12,220
Deferred taxation	333,851	737,309	576,719	139,608
Statutory deposits with central banks	8,630,364	8,139,073	8,596,667	2,081,014
Amounts due from holding company and ultimate holding company	3,227	2,361	1,870	453
Amounts due from related companies	1,107,017	1,077,762	1,087,237	263,190
Investment in joint venture	169,688	171,864	174,687	42,287
Goodwill	5,177,536	5,213,838	5,299,370	1,282,830
Intangible assets	1,002,253	1,015,287	1,005,222	243,336
Prepaid lease payments	397	387	382	92
Property, plant and equipment	732,387	916,543	946,704	229,171
Right-of-use assets	—	—	781,856	189,268
	417,055,642	451,918,974	473,274,418	114,566,553
Non-current assets/disposal groups held for sale	4,199	13,775	7,467	1,808
Total assets	417,059,841	451,932,749	473,281,885	114,568,361

	Audited		Unaudited	
	As at 31 December		As at 30 June	
	2017	2018	2019	
	(RM'000)	(RM'000)	(RM'000)	(U.S.\$'000)
Liabilities				
Deposits from customers	295,900,121	319,242,889	327,072,632	79,175,171
Investment accounts of customers	907,763	1,769,270	999,059	241,844
Deposits and placements of banks and other financial institutions	17,101,949	19,307,856	26,062,079	6,308,903
Repurchase agreements	3,318,517	10,851,842	9,647,331	2,335,350
Financial liabilities designated at fair value through profit or loss	4,773,440	5,880,707	5,570,792	1,348,534
Derivative financial instruments	8,728,437	8,218,111	11,241,885	2,721,347
Bills and acceptances payable	1,926,089	1,244,944	1,159,522	280,688
Amounts due to related companies	13,267	2,460	2,131	516
Other liabilities	12,003,591	9,121,662	12,664,657	3,065,761
Lease liability	—	—	789,662	191,155
Recourse obligation on loans and financing sold to Cagamas	5,195,248	6,007,447	4,500,146	1,089,360
Provision for taxation	358,462	407,693	424,633	102,792
Deferred taxation	2,639	—	—	—
Bonds, Sukuk and debentures	13,263,385	12,193,530	13,110,013	3,173,569
Other borrowings	5,100,684	5,258,491	5,199,746	1,258,714
Subordinated obligations	10,361,318	11,298,376	11,357,961	2,749,446
Total liabilities	378,954,910	410,805,278	429,802,249	104,043,150
Equity				
Capital and reserves attributable to				
Ordinary share capital	17,610,939	20,088,345	20,753,114	5,023,751
Reserves	20,007,741	20,539,127	22,206,802	5,375,651
	37,618,680	40,627,472	42,959,916	10,399,402
Perpetual preference shares	200,000	200,000	200,000	48,414
Redeemable preference shares	29,740	29,740	29,740	7,199
Non-controlling interests	256,511	270,259	289,980	70,196
Total equity	38,104,931	41,127,471	43,479,636	10,525,211
Total equity and liabilities	417,059,841	451,932,749	473,281,885	114,568,361
Commitments and contingencies	854,570,236	1,106,170,733	1,215,710,184	294,289,563
Net assets per ordinary share attributable to owners of the Parent	6.80	6.80	7.05	1.71

The Bank

	Audited		Unaudited	
	As at 31 December		As at 30 June	
	2017	2018	2019	
	(RM'000)	(RM'000)	(RM'000)	(U.S.\$'000)
Unconsolidated Statements of Financial Position				
Assets				
Cash and short-term funds	19,642,521	17,428,021	17,041,154	4,125,189
Reverse repurchase agreements	5,000,601	10,973,923	14,218,651	3,441,939
Deposits and placements with banks and other financial institutions	9,227,427	10,938,420	12,098,243	2,928,648
Financial assets at fair value through profit or loss.	—	23,014,500	24,373,844	5,900,229
Debt instruments at fair value through other comprehensive income	—	17,391,402	19,119,910	4,628,397
Equity instruments at fair value through other comprehensive income	—	531,599	518,754	125,576
Debt instruments at amortised cost	—	27,773,741	27,246,138	6,595,531
Financial assets held for trading.	15,992,404	—	—	—
Derivative financial instruments	6,062,542	5,589,909	5,287,014	1,279,839
Financial investments available-for-sale	20,055,267	—	—	—
Financial investments held-to-maturity	28,698,561	—	—	—
Loans, advances and financing	176,897,036	183,056,816	182,701,106	44,226,847
Other assets	8,132,565	6,652,809	7,529,338	1,822,643
Deferred taxation	111,658	514,806	418,125	101,216
Statutory deposits with central banks	6,503,641	5,315,286	5,532,265	1,339,207
Amounts due from holding company and ultimate holding company	3,227	2,361	1,870	453
Amounts due from subsidiaries	63,827	5,051	6,565	1,589
Amounts due from related companies.	1,105,782	1,076,218	1,085,951	262,878
Investment in subsidiaries	6,002,931	6,531,132	6,531,020	1,580,978
Investment in joint venture.	125,000	125,000	125,000	30,259
Goodwill	3,555,075	3,555,075	3,555,075	860,585
Intangible assets	877,706	867,624	858,933	207,924
Property, plant and equipment	396,628	582,035	594,347	143,875
Right-of-use assets.	—	—	688,238	166,603
	308,454,399	321,925,728	329,531,541	79,770,405
Non-current assets/disposal groups held for sale.	—	9,576	7,467	1,808
Total assets	308,454,399	321,935,304	329,539,008	79,772,213

	Audited		Unaudited	
	As at 31 December		As at 30 June	
	2017	2018	2019	
	(RM'000)	(RM'000)	(RM'000)	(U.S.\$'000)
Liabilities				
Deposits from customers	207,442,951	217,572,712	215,634,141	52,199,017
Deposits and placements of banks and other financial institutions	16,164,109	17,776,291	25,053,063	6,064,649
Repurchase agreements	3,318,517	6,709,187	6,019,794	1,457,224
Financial liabilities designated at fair value through profit or loss	1,900,972	1,333,570	761,127	184,248
Derivative financial instruments	6,523,609	5,329,706	5,290,547	1,280,694
Bills and acceptances payable	1,086,455	479,398	362,795	87,823
Amounts due to subsidiaries	12,555	93,917	118,652	28,722
Amounts due to related companies	10,308	1,177	323	78
Other liabilities	10,430,514	7,954,646	10,091,517	2,442,875
Lease liability	—	—	695,406	168,338
Recourse obligation on loans and financing sold to Cagamas	3,122,948	4,091,944	2,989,180	723,597
Provision for taxation	300,254	314,364	289,167	69,999
Bonds, Sukuk and debentures	11,204,948	10,693,327	11,567,863	2,800,257
Other borrowings	5,697,728	5,560,100	5,374,758	1,301,079
Subordinated obligations	9,533,891	10,399,084	10,441,997	2,527,717
Total liabilities	<u>276,749,759</u>	<u>288,309,423</u>	<u>294,690,330</u>	<u>71,336,317</u>
Equity				
Capital and reserves attributable to owners of the Parent				
Ordinary share capital	17,610,939	20,088,345	20,753,114	5,023,751
Reserves	13,863,961	13,307,796	13,865,824	3,356,532
	31,474,900	33,396,141	34,618,938	8,380,283
Perpetual preference shares	200,000	200,000	200,000	48,414
Redeemable preference shares	29,740	29,740	29,740	7,199
Total equity	<u>31,704,640</u>	<u>33,625,881</u>	<u>34,848,678</u>	<u>8,435,896</u>
Total equity and liabilities	<u>308,454,399</u>	<u>321,935,304</u>	<u>329,539,008</u>	<u>79,772,213</u>
Commitments and contingencies	<u>557,231,592</u>	<u>611,671,542</u>	<u>695,387,496</u>	<u>168,333,938</u>
Net assets per ordinary share attributable to owners of the Parent (RM/U.S.\$)	<u>5.69</u>	<u>5.59</u>	<u>5.68</u>	<u>1.37</u>

Financial ratios of the Group

	As at and for the Year ended 31 December		As at and for the Six-Month Period Ended 30 June	
	2017	2018	2018	2019
Net Interest Margin	2.05%	1.99%	1.00%	0.93%
Return on Assets	0.96%	0.91%	0.46%	0.47%
Return on Equity	10.81%	10.09%	5.23%	5.15%
Cost to Income	47.48%	49.66%	49.28%	52.64%
Gross impaired loans ratio	2.33%	2.18%	2.31%	2.55%
Allowance for impairment losses/ expected credit losses on loans, advances and financing/impaired loans .	68.49%	80.14%	80.17%	65.12%
Loan loss charge	0.44%	0.25%	0.10%	0.07%
Loans, Advances and Financing/Total Deposits	88.95%	89.76%	92.83%	90.47%
Total capital ratio	16.99%	17.83%	17.52%	17.79%

The financial ratios used are defined below:

- (a) “Net Interest Margin” means net interest income as a percentage of the average of beginning and year/period-end total assets.
- (b) “Return on Assets” means net profit after taxation attributable to the owners of the Parent as a percentage of the average of beginning and year/period-end total assets.
- (c) “Return on Equity” means net profit after taxation attributable to the owners of the Parent as a percentage of the average of beginning and year/period-end shareholders’ funds.
- (d) “Cost to Income” means total overheads as a percentage of the net income.
- (e) “Gross impaired loans ratio” means gross impaired loans as a percentage of gross loans, advances and financing.
- (f) “Allowance for impairment losses/expected credit losses on loans, advances and financing/impaired loans” means total expected credit losses/total individual impairment allowance and portfolio impairment allowances as a percentage of gross impaired loans.
- (g) “Loan loss charge” means total allowance for impairment losses/expected credit losses on loans, advances and financing as a percentage of gross loans, advances and financing.
- (h) “Loans, Advances and Financing/Total Deposits” means gross loans, advances and financing, as a percentage of deposits from customers (inclusive of the contractual amount due on maturity of deposits under financial liabilities designated at fair value and investment accounts of customers).
- (i) “Total capital ratio” means the ratio of total capital (net of proposed dividend) to risk-weighted assets, computed based on Basel III Computation framework.

CAPITALISATION AND INDEBTEDNESS

As at 30 June 2019, the issued share capital of the Bank was RM10,072,797,898.74 comprising 6,097,099,686 ordinary shares, 200,000,000 perpetual preference shares and 2,974,009,486 redeemable preference shares.

The following tables set out the capitalisation and indebtedness of the Group and the Bank, in each case as at 30 June 2019. These tables are derived from, and should be read in conjunction with, the unaudited consolidated interim financial statements of the Group and the unaudited unconsolidated interim financial statements of the Bank, in each case, as at and for the period ended 30 June 2019.

The Group

	Unaudited as at 30 June	
	2019	2019
	(RM'000)	(U.S.\$'000)
Indebtedness		
Deposits from customers	327,072,632	79,175,171
Investment accounts of customers	999,059	241,844
Deposits and placements of banks and other financial institutions	26,062,079	6,308,903
Repurchase agreements	9,647,331	2,335,350
Financial liabilities designated at fair value through profit or loss	5,570,792	1,348,534
Derivative financial instruments	11,241,885	2,721,347
Bills and acceptances payable	1,159,522	280,688
Amounts due to related companies	2,131	516
Other liabilities	12,664,657	3,065,761
Lease liability	789,662	191,155
Recourse obligation on loans and financing sold to Cagamas	4,500,146	1,089,360
Provision for taxation	424,633	102,792
Bonds, Sukuk and debentures	13,110,013	3,173,569
Other borrowings	5,199,746	1,258,714
Subordinated obligations	11,357,961	2,749,446
Total Indebtedness	429,802,249	104,043,150
Capitalisation		
Ordinary share capital	20,753,114	5,023,751
Reserves	22,206,802	5,375,651
	42,959,916	10,399,402
Perpetual preference shares	200,000	48,414
Redeemable preference shares	29,740	7,199
Non-controlling interests	289,980	70,196
Total Capitalisation	43,479,636	10,525,211
Total Capitalisation and Indebtedness	473,281,885	114,568,361
Commitments and Contingencies	1,215,710,184	294,289,563

The Bank

	Unaudited as at 30 June	
	2019	2019
	(RM'000)	(U.S.\$'000)
Indebtedness		
Deposits from customers	215,634,141	52,199,017
Deposits and placements of banks and other financial institutions	25,053,063	6,064,649
Repurchase agreements	6,019,794	1,457,224
Financial liabilities designated at fair value through profit or loss	761,127	184,248
Derivative financial instruments	5,290,547	1,280,694
Bills and acceptances payable	362,795	87,823
Amounts due to subsidiaries	118,652	28,722
Amounts due to related companies	323	78
Other liabilities	10,091,517	2,442,875
Lease liability	695,406	168,338
Recourse obligation on loans and financing sold to Cagamas	2,989,180	723,597
Provision for taxation	289,167	69,999
Bonds, Sukuk and debentures	11,567,863	2,800,257
Other borrowings	5,374,758	1,301,079
Subordinated obligations	10,441,997	2,527,717
Total Indebtedness	294,690,330	71,336,317
Capitalisation		
Ordinary share capital	20,753,114	5,023,751
Reserves	13,865,824	3,356,532
	34,618,938	8,380,283
Perpetual preference shares	200,000	48,414
Redeemable preference shares	29,740	7,199
Total Capitalisation	34,848,678	8,435,896
Total Capitalisation and Indebtedness	329,539,008	79,772,213
Commitments and Contingencies	695,387,496	168,333,938

DESCRIPTION OF THE GROUP

Overview

The Group is part of the CIMB Group, which is the second largest financial services provider in Malaysia based on total assets as at 30 June 2019. As at 30 June 2019, the Group had total assets of RM473.28 billion, comprising of RM3.77 billion in deposits and placements with banks and other financial institutions, and RM292.79 billion in loans, advances and financing. As a financial institution, the Bank is regulated by BNM.

As one of the leading banks in Malaysia, the Bank possesses a strong and profitable domestic franchise. As at 30 June 2019, the Bank had total assets of RM329.54 billion, including RM12.10 billion in deposits and placements with banks and other financial institutions, and RM182.70 billion in loans, advances and financing. As at 30 June 2019, the total assets of the Bank amounted to approximately 69.6 per cent. of the total assets of the Group. For the six-month period ended 30 June 2019, the total profit after taxation of the Bank amounted to approximately 68.1 per cent. of the total profit after taxation of the Group.

The principal activities of the Bank are commercial banking and the provision of related financial services, including Islamic banking. The principal activities of the Bank's significant subsidiaries include Islamic banking, offshore banking, debt factoring, trustees and nominee services, and property ownership and management. A description of the Bank's principal subsidiaries is set out under the section "*Principal Subsidiaries*".

As at 30 June 2019, the Bank had 234 local branches, 3,255 self-service terminals, including 1,845 automated teller machines ("ATMs"), 848 cash recycling machines, 105 cash deposit machines, 179 cheque deposit terminals and 278 cheque scanning machines in Malaysia to serve its customers. In addition, the Bank has two branches in Singapore, one branch each in London, Shanghai and Hong Kong, one offshore subsidiary bank in Labuan, Malaysia, and one representative office each in Myanmar and Mumbai. The Bank operates a domestic network of 21 business centres to service mid-sized corporations and 24 auto finance centres to cater for hire purchase. The Bank also offers a wide range of telephone banking and internet banking facilities.

The Group has been recognised by financial institutions and publications of international standing for its improvements and achievements and received the following key achievements and awards in 2018 and 2019:

Awards	Awarded by
2018	
Best Private Bank in Malaysia 2018	2018 Global Private Banking Awards
Best Bank for SMEs – Malaysia	Asiamoney Best Bank Awards 2018
Best Bond House in Southeast Asia 2018	Alpha Southeast Asia Best Deal & Solution Awards 2018
Best Islamic Retail Bank – Indonesia	The Asset Triple A Islamic Finance Awards 2018
Best Islamic Finance House in Asia	FinanceAsia Achievement Awards 2018

Awards	Awarded by
2019	
Best Digital Bank in Malaysia	The Asian Banker Excellence in Retail Financial Services Awards 2019
Best Retail Bank in Malaysia	The Asian Banker Excellence in Retail Financial Services Awards 2019
Best Sukuk Bank	Global Finance World's Best Islamic Financial Institutions Awards 2019
Best Cash Management Bank in Malaysia	Alpha SEA Best Financial Institution Awards 2019
Best Islamic Trade Finance Provider	Global Finance World's Best Islamic Financial Institutions Awards 2019

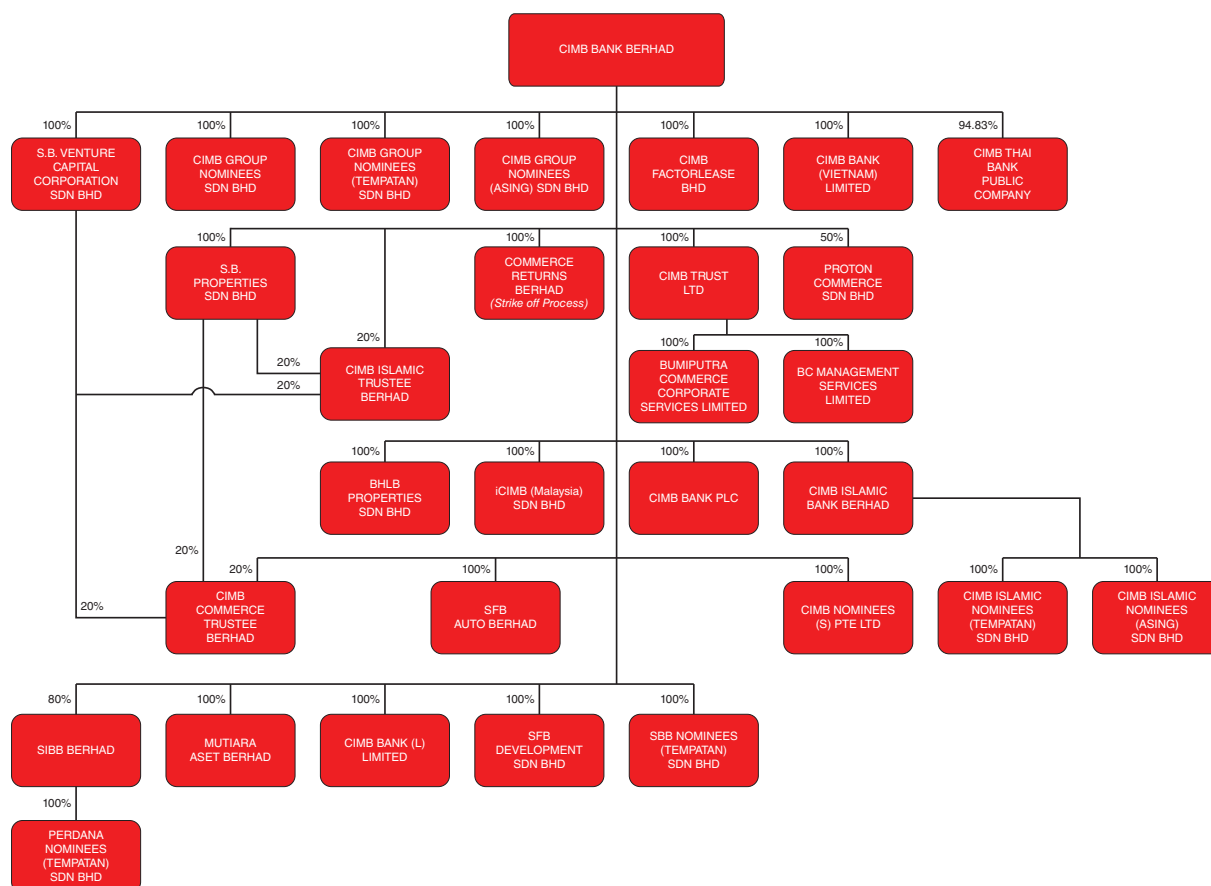
CGHB, through its wholly-owned subsidiary, CIMB Group Sdn Bhd ("**CIMBG**") is the ultimate holding company of the Bank. CGHB is Malaysia's second largest financial services provider in terms of total assets and one of ASEAN's leading universal banking groups. As at 30 June 2019, CGHB was the fifth largest listed company on the Main Market of Bursa, with a market capitalisation of RM52.3 billion. Through CIMBG, as at 30 June 2019, CGHB owned:

- 100.0 per cent. of CIMB Investment Bank Berhad, the investment banking and securities franchise of the CIMB Group;
- 50.0 per cent. of CGS-CIMB Securities International Pte Ltd, the joint venture with China Galaxy International Financial Limited and the stockbroking arm for the CIMB Group providing institutional and retail equity broking services and equities research;
- 100.0 per cent. of CIG Berhad, an insurance holding company; and
- 40.0 per cent. of Principal Asset Management Berhad (previously known as CIMB-Principal Asset Management Berhad), one of the largest asset management companies in Malaysia which develops and distributes a diverse range of unit trust funds and manages customised portfolio mandates for corporations, institutions, governments and pension funds.

As at 30 June 2019, CGHB (through CIMBG) held a direct and indirect stake of 92.50 per cent. in PT Bank CIMB Niaga Tbk, which is the sixth largest bank in Indonesia in terms of assets.

Simplified Group Structure

The following chart shows the relationship between the Bank and its Subsidiaries as at 30 June 2019:



History

The Bank was incorporated in Malaysia on 30 December 1972 under the Malaysian Companies Act, 1965 as United Asian Bank Berhad. Subsequently, on 31 October 1991 and 30 September 1999, the Bank was renamed as Bank of Commerce (M) Berhad and Bumiputra Commerce Bank Berhad (“**BCB**”), respectively.

In June 2005, the acquisition of BCB was announced subsequent to the decision by Commerce Asset-Holding Berhad (now known as CGHB) to create a universal bank by combining its commercial and investment banks. This restructuring was completed in January 2006 and resulted in CIMBG owning 99.99 per cent. of the Bank. The Bank’s acquisition and integration of SBB Berhad (“**SBB**”) was completed in November 2006. The acquisition of SBB enhanced the commercial banking platform of the Group by combining the Bank’s considerable resources and market reach with SBB’s substantial banking expertise in Malaysia. On 7 September 2006, the Bank became known by its present name, CIMB Bank Berhad.

Group Strategy

The Group's key business strategies are as follows:

Forward23 Strategy

Following the strong foundation set by the completion of its Target 2018 (“**T18**”) strategy, the CIMB Group announced its next transformational strategy – “Forward23”, a five-year blueprint to accelerate growth and future-proof its business. To reflect its strong commitment towards stakeholder value creation, the CIMB Group's new vision statement – “Advancing Customers and Society” aims to increase focus on customers, innovation and sustainable practices.

In line with the Forward23 blueprint, ASEAN will remain as the CIMB Group's geographical focus given the strong network and footprint that the CIMB Group has built over the last decade. The CIMB Group has also identified a fivefold strategy under Forward23 namely, customer-centricity, technology and data, people, ventures and partnerships, and sustainability.

As an ASEAN multinational corporation in a highly competitive industry, the CIMB Group needs to be both foundationally strong and agile to compete effectively in the fast-evolving banking landscape. Forward23 is the CIMB Group's plan to proactively disrupt itself in order to drive transformational growth, by building new capabilities or enhancing existing capabilities in particular to scale and accelerate its operations in Malaysia and Indonesia, reposition and grow its business in Thailand, Singapore and Cambodia and continue to incubate and invest in Vietnam, Philippines and other new ventures. The CIMB Group's strong execution capability led to the success of T18 and established presence in all 10 ASEAN countries with expansion to Vietnam in 2016, and establishment of the first ‘all-digital bank’ in the Philippines in 2018.

The CIMB Group has outlined three financial targets to be achieved by 2023 i.e., return of equity (“**ROE**”) of 12 per cent. – 13 per cent., a Common Equity Tier 1 (“**CET1**”) ratio of 13 per cent., and a cost to income ratio of 45 per cent. There are also three non-financial targets related to customer experience, sustainability rankings and ratio of digitally-skilled staff.

Harnessing Technological Advances

The Group acknowledges the rapid advancements in technology and the transforming digital landscape as “Industrial Revolution 4.0” takes shape, which will change the dynamics of the Group's business from product innovation to customer experience and operational efficiencies to performance improvements. Understanding, preparing and mitigating the risks associated with digitalisation is a priority of the Group in order to remain competitive while protecting the interests of the Group's stakeholders.

The Group continues to deliver safe and secure digital banking solutions to technology-savvy customers in the region in keeping with the Bank's long-term commitment to growing its presence and strengthening its position in key ASEAN markets. In Vietnam, the Group launched the Digital Lounge and OCTO mobile banking application in September 2018. In the Philippines, the Group launched the country's first all-digital mobilefirst bank, offering 24/7 safe and secure banking on smartphones devices on 29 January 2019. The CIMB Group has also entered into strategic partnerships with Ripple for cross-border payments using blockchain technology to further improve its network efficiency and effectiveness.

Technology and data are important pillars of the Forward23 strategic plan in building new capabilities and further enhancing existing capabilities for future competitive advantage in the digital economy. This is made possible through modern technology infrastructure and shifting towards automation and innovation. The Group will be investing in technology, particularly in the next two years.

Customer experience

Customer centricity has been identified as one of the five strategic pillars in Forward23. As customer needs and banking behaviours are fast evolving, the Group's focus on customer centricity will be optimised through ongoing efforts in strengthening the Group's current Customer Experience ("**CX**") model, which encompasses sustainable frameworks and tools that revolve around treating customers fairly, establishing clear CX metrics for performance monitoring, enabling employees to carry out their duties in a customer-centric way, as well as driving improvement initiatives through the adoption of Customer Journey Mapping ("**CJM**") to identify customer pain points which are then resolved using Lean Six Sigma ("**LSS**") methodology. The Group, through the Group Customer Experience Management department institutionalised in 2016, also focuses on driving internal synergies through best-in-class practices across the region, performing fixes on existing CX gaps, and creating game-changing experiences using agile and iterative design methodology. Keeping in mind the importance to fortify a "Customer FIRST" organisation, the Group has also set targets around a customer outcome measurement known as "Net Promoter Score" ("**NPS**") to steer the Group forward – where the aspiration is to position the Group amongst top the 15 per cent. versus its peer groups in the key markets in which the Group operates.

The Group will continue to use analytical insights on CX performance as a medium to generate ideas for sustaining improved customer experiences and discovering opportunity space. The Group remains on track to elevate the CX standards is by constantly upkeeping the Group's five CX promises to customers (making banking easy, efficient, go the extra mile for the Group's customers and empower and enable the employees to do the right thing).

Expense Management

Prudent expense management will continue to be a focus area of the Group. The Group will continue to pursue a long-term strategy for investment and seek to drive revenue growth through an emphasis on balance sheet expansion and fee income opportunities executed through a focus on wealth management products and remittance, among others.

Talent Management and Succession Planning

The Group seeks to instil a high-performance culture within its workforce and aims to identify employees who have consistently exhibited high levels of performance for further talent and career development. The Bank also conducts a bi-annual review on staff mobility and career progression opportunities for employees. This enables the Bank to continue to develop as a dynamic performance-oriented and competitive organisation, supported by a strong, professional, principled and dedicated workforce, focused on providing the best quality services to its customers.

Competition

The Group faces competition from a number of sources. The Group's primary competitors consist of other major Malaysian banks as well as other local and international banks operating in ASEAN. In addition, the Group faces indirect competition for customers from a variety of other types of financial services companies, such as credit and leasing companies, as well as specialist lenders and financial technology ("**FinTech**") startups. The Bank also faces competition from a variety of banks and financial institutions in international markets, many of which have extensive worldwide operations.

The rising trend towards liberalisation of the banking industry in Southeast Asia to allow an increased presence of foreign and Islamic banks, as well as digital banks, has also brought about greater competition among banking institutions in the jurisdictions in which the Group operates.

Despite the competition from these sources, the Group believes there are a number of operational and geographical factors that provide the Group with a competitive advantage, including:

- its strong market reputation through the “CIMB” brand which is widely recognised in Malaysia, and increasingly in other parts of the Southeast Asian region;
- its extensive branch and ATM network and effective delivery channels across Malaysia, Indonesia, Thailand, Singapore and Cambodia and its digital banking proposition in newer markets such as Vietnam and the Philippines;
- its broad and innovative product suite that allows it to offer various products across the retail, SMEs, corporate and Islamic banking customer base;
- its access to a diversified Asia-Pacific network within the wider CIMB Group – the CIMB Group has presence in all ten ASEAN countries;
- its balance sheet strength and its ability to access local currency funding sources; and
- its ability to provide differentiated offerings to a growing tech-savvy customer base by increasing digital banking options.

The Group's Business

For the years ended 31 December 2017 and 31 December 2018, the Group had five major operating divisions, namely (i) Consumer Banking, (ii) Commercial Banking, (iii) Wholesale Banking (which comprises Investment Banking, Corporate Banking, Treasury and Markets, Transaction Banking, Equities and Private Banking), (iv) Investments and (v) Support and Others.

In 2019, the Group was organised into four major operating divisions, namely (i) Consumer Banking, (ii) Commercial Banking, (iii) Wholesale Banking (which includes Investment Banking, Corporate Banking, Treasury and Markets, Transaction Banking, Equities and Private Banking) and (iv) Group Ventures & Partnerships and Funding.

The following tables show a breakdown by business segment of the Group's total income (consisting of net interest income, income from Islamic banking operations and non-interest income), profit/(loss) before allowances and profit/(loss) before taxation for the years ended 31 December 2017 and 2018 and for the six-month periods ended 30 June 2018 and 2019.

The Group

For the Year Ended 31 December						
	2017			2018		
	Total Income	Profit/ (Loss) Before Allowances	Profit/ (Loss) Before Taxation	Total Income	Profit Before Allowances	Profit Before Taxation
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Consumer Banking . . .	5,900,111	2,873,841	2,367,614	6,326,243	3,009,434	2,482,840
Commercial Banking . .	1,414,940	781,621	177,562	1,459,759	773,975	591,781
Wholesale Banking . . .	3,479,590	1,925,213	1,853,636	3,142,953	1,558,375	1,438,155
Investments	833,792	566,466	565,017	713,768	544,871	543,605
Support and Others . . .	26,515	(25,526)	(30,052)	59,946	4,718	4,825
Total	11,654,948	6,121,615	4,933,777	11,702,669	5,891,373	5,061,206

Unaudited						
For the Six-Month Period Ended 30 June						
	2018 ⁽¹⁾			2019		
	Total Income	Profit Before Allowances	Profit Before Taxation	Total Income	Profit Before Allowances	Profit Before Taxation
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Consumer Banking . . .	2,740,324	1,294,198	1,163,278	2,482,695	907,583	484,923
Commercial Banking . .	1,156,793	626,528	474,797	1,148,630	565,208	872,376
Wholesale Banking . . .	1,521,048	746,846	742,095	1,822,690	953,377	989,352
Group Ventures & Partnership and Funding	275,059	219,920	219,497	567,846	425,554	427,363
Total	5,693,224	2,887,492	2,599,667	6,021,861	2,851,722	2,774,014

Note:

(1) The numbers have been restated to follow current operating divisions.

Consumer Banking

The Group Consumer Banking Division provides a comprehensive range of consumer banking products and services. In Malaysia, Group Consumer Banking serves over eight million customers through a country-wide network of 234 local branches and 3,255 self-service terminals including 1,845 ATMs, 848 cash recycling machines, 105 cash deposit machines, 179 cheque deposit terminals and 278 cheque scanning machines.

Products and Services

The Group Consumer Banking Division provides a comprehensive suite of everyday banking solutions to individual customers covering both conventional and Islamic financial products and services which comprise the following:

- residential property loans/financing;
- non-residential property loans/financing;
- secured personal loans/financing;
- motor vehicle financing;
- credit cards and personal financing;
- wealth management and bancassurance;
- remittance and foreign exchange services; and
- deposits and internet banking services.

Residential Property Loans/Financing

Residential property loans/financing comprises the largest single asset of the Group's lending portfolio. These loans/financings are typically secured by the property being purchased or refinanced and are generally conventional or Islamic term loans or overdrafts (or a combination of both). The Group has introduced a wide range of residential property loans/financing marketed under various brand names (such as "Home Loans", "Home Flexi", "Home Fixed", "Home Xtra", "Variable Home Financing-i" and "Flexi Home Financing-i"), all of which offer multiple and varied financing options, including fixed or floating interest/profit rate options, flexible payment options and top-up loan/financing options.

The Group's residential property loan/financing policy is to provide its customers financing of up to 90 per cent. of the assessed market value of the relevant residential property. The marketing activities include various initiatives such as product-bundling options and active participation in sales launches and major property exhibitions. The Group will continue to focus on financing transactions in the mid-range residential property sector as it believes that this sector has the lowest default rate and therefore represents assets and a loan/financing book of higher quality.

Non-residential Property Loans/Financing

In addition to residential property loans/financing, the Group also has a non-residential property loan/financing portfolio which comprises non-residential conventional or Islamic property loans/financing under various brand names (such as "Business Premises Loans", "BizFlexi", "BizXtra", "Business Premises Financing-i" and "Flexi Business Premises Financing-i") with various flexible or built-in interest/profit rate or payment options to facilitate the customer's purchase of non-residential properties (such as factories, shop houses and vacant land for development). The Group's non-residential property loan/financing policy is to provide its customers financing of up to 85 per cent. of the assessed market value of the relevant non-residential property.

Secured Personal Loans/Financing

The Group's secured personal loan/financing portfolio comprises two main financial products, which are the Amanah Saham Bumiputera loans and secured overdraft facilities, each as further described below:

- **Amanah Saham Bumiputera ("ASB") Loans**

The Group offers financing in the form of term loan facilities to its customers for the purposes of financing their acquisition of ASB units. ASB is one of the funds managed by Amanah Saham Nasional Berhad, a wholly-owned subsidiary of Permodalan Nasional Berhad ("**PNB**") established in 1979 for the purposes of, *inter alia*, managing the unit trust funds launched by PNB. The Group's main source of revenue from ASB loans includes interest earned on the outstanding loans. In addition, the Group also earns income from transactional fees from PNB for ASB units purchased or sold by the Group's customers.

- **Secured Overdraft Facilities**

The Group also offers secured overdraft facilities designed to meet its retail customers' financing requirements through the provision of financial support without requiring its customers to encash their fixed deposits or investments. The Group's customers will therefore continue to earn full interest or dividends from their investments and capitalise on their interest payout based on the then prescribed locked-in rates.

Motor Vehicle Financing

Motor vehicle financing is an important component of the Group's retail lending business segment. The Group's motor vehicle financing businesses were consolidated within the Bank from 1 January 2006 following the acquisition of SBB. Motor vehicle financing is offered primarily on a flat rate basis and secured by the relevant motor vehicle(s) being purchased, with financing typically covering up to 90 per cent. of the assessed collateral value of the vehicle. The repayment term of such motor vehicle financing typically ranges from five to nine years.

Motor vehicle financing is managed through a specialised division, Automotive Financial Services ("AFS"), within the Group. AFS offers a wide range of domestic motor vehicle financing services and facilities, comprising retail hire purchase (both fixed and variable rate), block discounting and floor stocking through 24 auto finance centres and five mobile sales teams in Malaysia. The business covers conventional and Islamic products and caters for individuals as well as corporations.

Exclusive strategic alliances with leading vehicle dealers and manufacturers have been and continue to be formed to offer preferential rate motor vehicle financing to prospective customers. The Group also cross-sells and bundles certain retail products with key insurance players such as Berjaya Sompo Insurance Bhd, Sun Life Malaysia Takaful Bhd and Takaful Ikhlas Sdn Bhd to attract a larger customer base and create brand awareness.

Credit Cards and Personal Financing

Value added card products are offered to cater for different customer segments in Malaysia. The Group strives to strengthen its position as the market leader for premier credit cards in Malaysia and, in tandem, grow its mass market segments. The Group continues to lead in terms of regional privileges, such as the award-winning regional golf, dining and hotel stay programmes. Partnerships with key merchants will continue to be the business' main focus to offer greater value and benefits to card members.

The Group also offers unsecured personal and micro-financing to consumers. A feature of such unsecured personal and micro-financing to customers comprises of a faster loan approval process and disbursements which are targeted at a broad range of customer segments through differentiated pricing and service levels.

Wealth Management and Bancassurance

The Group offers a wide range of wealth management products and services comprising bancassurance and investment products such as unit trusts, structured instruments and retail bonds. In partnership with Sun Life Malaysia Assurance Bhd, Sun Life Malaysia Takaful Bhd and Berjaya Sompo Insurance Bhd, the Group also provides various types of insurance products such as ordinary life, credit insurance, critical illness, investment linked plans, medical, fire, motor and personal accident, on comparatively competitive terms to satisfy the increasing insurance needs of its customers.

Remittance Services and Foreign Exchange Services

The Group offers a wide range of remittance services including its own proprietary international money transfer service, "SpeedSend". Launched in 2012, SpeedSend is a quick and easy remittance service with operations across 18 countries that offers money transfer into banking accounts or cash collection at more than 120,000 locations. The Group also offers remittance services in partnership with MoneyGram, at its Bureau de Change outlets, branches and appointed agent locations. This allows the Group's customers to send and receive money at any mentioned locations and also send remittances via CIMB Clicks, the Group's flagship internet banking website. The Group will continue to strive for more efficient solutions through partnerships with international money transfer service providers.

The Group also caters to customers' foreign exchange needs through its network of Bureau de Change outlets which are conveniently located at major airports, malls and branches. Services offered by Bureau de Change include currency exchange services, remittance services and travel insurance.

Deposits and Internet Banking Services

The Group offers various innovative current accounts, savings accounts and fixed deposit products to cater to a customer's savings objective or need. These deposit products are offered in conventional and in Islamic variants.

The Group also offers simple, safe and secure internet banking services through CIMB Clicks. Customers are able to perform daily banking transactions such as balance checking and fund transfers. CIMB Clicks also allows its customers to apply for a credit card or personal financing conveniently online. In addition, purchasing of foreign currency notes has become more convenient via "CIMB TravelCurrency". This service enables customers (CIMB and non-CIMB) to purchase foreign exchange notes online for international travel via CIMB Clicks at competitive rates. Customers can buy at their desired time and collect at any of the Bank's currency exchange locations a day later. CIMB Clicks is also available on smart phones or tablets via the CIMB Clicks app which will allow customers to conduct their banking wherever they are.

The Group has also introduced CIMB EVA App, the first-in-market chat-based mobile banking application in Malaysia, that facilitates two-way messaging between customers and the Bank for services including account balances checks, payment of bills, performance of mobile reloads and receipt of the Group's latest offers. CIMB EVA App was developed in-house and is compliant with stringent security standards to ensure customers' data safety and privacy. CIMB EVA App positions the Group at the forefront of digital banking and enhances customer experience. Customers need only to download CIMB EVA App and utilise the relevant messaging service thereafter, activate it with their CIMB Clicks login credentials and will be able to perform banking transactions thereafter.

Commercial Banking

Commercial Banking operates as a regional business under the Group Commercial Banking Division and offers a range of products and services to SMEs and mid-sized corporates, including but not limited to the manufacturing, real estate and construction, soft and hard commodities, agriculture, trading and services sectors in Malaysia, Indonesia, Singapore, Thailand and Cambodia. In some of these countries, the Group's Commercial Banking Division provides both conventional and Islamic banking facilities, in line with the CIMB Group's dual banking concept.

The Group Commercial Banking Division business is an established regional franchise. As of the date of this Offering Circular, over half a million business customers are served by more than 150 SME centres and more than 700 branches throughout Malaysia, Indonesia, Singapore, Thailand and Cambodia. Alongside the increased utilisation of internet banking in the region, the Group offers advanced internet banking options to its customers in lending as well as cash management to maximise their growth potential.

The Group Commercial Banking Division adopts an integrated marketing approach with regards to its financial products and services, which are tailored to meet the individual needs of its customers covering core banking credit facilities (such as funding/loans, working capital, trade finance and foreign exchange facilities) as well as deposit products such as current accounts, savings accounts and fixed deposit accounts. The Group Commercial Banking Division is committed to ensuring that the different customer segments receive the service and solutions that are consistent with their needs.

In respect of mid-sized corporates, the Group offers a range of financing options customised to meet the specific and unique requirements of mid-sized corporates which include investment management, foreign currency hedging, conventional loan facilities, capital and debt market financing options as well as corporate finance services for enterprises with aspirations for an initial public offering.

The Group also offers loan products to SMEs through its SME Banking department. The Group believes it has several key advantages over its competitors and is in a position to cater to the SME. Through its wide distribution network of over 230 local branches in Malaysia, the Group is able to serve this market segment effectively. As the Group's SME customers continue to grow, the Group also provides more sophisticated services and cross-border opportunities through its regional network. In March 2019, the Bank announced its commitment to disburse at least RM15 billion in the next two years to help finance 100,000 SMEs in Malaysia. The Group is focused on helping SMEs have easier access to loans below RM500,000, which is aligned with the Government's promotion of an entrepreneur-friendly enabling environment to boost Malaysia's economy.

The Group places a strong emphasis on integrity as a central tenet of its customer relationship management. Relationship managers of the Group are equipped with in-depth knowledge of the Group's customers and their requirements and continue to provide a wide range of financial solutions to them. The Group Commercial Banking Division leverages on its regional network, linking all commercial banking businesses in Malaysia, Indonesia, Singapore, Thailand and Cambodia to partner and support customers that operate in the region.

To maintain and enhance the Group's position as a leading commercial bank in its key markets, the Group Commercial Banking Division will continue to focus on industry specialisation, quality service and product innovation by capitalising on its access to the extensive branch network and infrastructure of the CIMB Group, as well as through alliances with its strategic partners.

The Group Commercial Banking Division is committed and fully embraces the "Industrial Revolution 4.0". The digital economy is fast becoming a key contributor to the ASEAN region's gross domestic product ("**GDP**"). Within the business community, the Group is witnessing fast paced changes with new as well as existing players going digital in the SMEs space in particular.

The Group Commercial Banking Division is also cognisant of the emergence of FinTech in recent years that have an impact on the financial services sector. Recognising the positive innovation brought about by such Fintech startups, the Group Commercial Banking Division is committed to collaborating with such Fintech startups to enhance its customers satisfaction.

Wholesale Banking

Investment Banking

The Group Investment Banking Division is organised into two primary departments namely, the Senior Bankers Group ("**SBG**") department and Group Private Banking and Investment Banking ("**GPBIB**") department.

The SBG department is responsible for client coverage and focuses on sales and marketing for the CIMB Group. SBG is the focal point of contact to streamline external corporate clients' interaction with the CIMB Group. Together with the product departments, SBG serves as the one-stop centre for the CIMB Group's clients' financial and banking solutions.

The GPBIB department comprises of two business units, i.e. the Investment Banking Business Unit ("**IBBU**") and CIMB Private Banking Business Unit ("**CPBBU**").

Investment Banking Business Unit

The IBBU is made up of the Equity Capital Market (“**ECM**”) sub-unit, the Equity Syndicate (“**ES**”) sub-unit and the Corporate Finance (“**CF**”) sub-unit.

The ECM sub-unit and the ES sub-unit oversee the Group’s equity fundraising activities for its clients. This role encompasses origination, execution, distribution and after-market transactions that cater to clients’ financing needs. The core business activities of the ECM sub-unit are underwriting and placements. The ECM sub-unit underwrites initial public offerings, advises on rights issues, placements and other equity offerings. In the area of placements, the ECM sub-unit supports the origination of primary and secondary equity market transactions, which include structuring and distribution of initial public offerings, implementing book building (if not already undertaken by the ES sub-unit) and placements. The team also advises clients on marketing-related matters such as road shows and analyst briefings including media communication. The ES sub-unit, on the other hand, oversees pricing and syndication of ECM products and supports the ECM sub-unit in origination and structuring of ECM deals, where required.

The CF sub-unit offers financial advisory services in respect of takeovers, mergers and acquisitions, listing on the markets of Bursa including but not limited to real estate investment trusts, fundraising via issuance of equity and/or equity-linked instruments such as warrants, convertibles and exchangeables, restructuring and recapitalisation of companies including debt restructuring and general corporate advice to companies in respect of guidelines and rules of the relevant regulatory authorities.

CIMB Private Banking Business Unit

The CPBBU is the wealth management arm of the Group designed to cater to the requirements of the CIMB Group’s high net worth individuals. Headquartered in Singapore, the CPBBU offers a full suite of wealth management solutions and services to its high net worth individuals with the aim of enhancing and preserving wealth. The CPBBU also has private banking offices in Malaysia, Indonesia and Thailand.

The CPBBU is well-positioned to offer its customers a range of tailored and specialised wealth management solutions for both onshore and offshore investments requirements. High net worth individuals are provided access to a complete range of private banking services extending from investment to securities financing to trust services.

The CPBBU adopts an investment philosophy based on strategic asset allocation to ensure that its clients are advised based on their individual risk appetites and long-term investment goals.

Operating on an open architecture platform, investment solutions are sourced both from within the CIMB Group as well as from third parties. The assessment and selection of solutions are performed independently by the CPBBU. Services offered are supported by a full suite of integrated investment and banking solutions such as equities, fixed income, funds, alternative investments, foreign exchange, treasury products, credit solutions and more.

Corporate Banking

As an ASEAN regional financial services provider, the Group Corporate Banking Division delivers a comprehensive range of financial solutions to local corporates, regional corporates and multi-nationals.

The Group Corporate Banking Division continues to strengthen its conventional and Islamic funding solutions and services ranging from traditional trade financing to structured trade financing, capital expenditure financing, value-chain financing, leverage financing, merger and acquisition financing, project advisory and financing.

Continuous support and collaboration with its various product partners, including transaction banking, treasury and structured products and debt capital markets has enhanced the breadth and depth of the CIMB Group's product offerings. Strong partnerships with the SBG and investment bankers within the CIMB Group have resulted in enhanced products and services being offered to its corporate clients.

The Group Corporate Banking Division has offices in seven ASEAN and North Asian countries. In addition to Malaysia, the CIMB Group considers Singapore, Indonesia and Thailand as its home markets, given its substantial presence in these countries. It also has branch presence in international financial centres such as Hong Kong, Shanghai and London.

The Group Corporate Banking Division's coverage model ensures that its corporate bankers located within a single jurisdiction work together with the global corporate banker in its regional offices to deliver seamless service and solutions to its clients.

Financial Institution Group

The Financial Institution Group (the "**FIG**") is the relationship coverage team that is responsible for the delivery of the Group's financial solutions to its financial institution clients, with in-country teams set up in Malaysia, Singapore, Thailand, Indonesia and Vietnam. The Group's portfolio of financial institution clients include banking institutions, development organisations, supranationals as well as non-bank financial institutions including insurance and takaful, asset management, leasing and finance, stockbroking companies and other financial intermediaries.

The FIG was formed on 2 January 2017 through the consolidation of the relationship coverage functions for the Group's financial institution clients. Prior to the formation of the FIG, the Group's financial institution clients were previously serviced and handled by the Group's Corporate Banking Division and the Group's Transaction Banking Division. The FIG is committed to enable the Group to achieve better coordination in terms of onboarding of new clients and business lines for the financial institution segment. Through close collaboration with various product partners, the FIG delivers a wide range of offerings covering network services for payments and trade flows, trustee and custody services, investment and risk management solutions with the Group's Treasury and Markets team, as well as corporate advisory and capital markets deals and activities through the Group's Investment Banking team.

Treasury and Markets

Credit Markets

The credit markets team intermediates credit trading across various market segments including corporate, institutional, high net worth, retail and interbank markets domestically, as well as regionally across ASEAN and the Asia Pacific. The credit markets team also actively participates as a market maker in the local currency secondary markets to provide liquidity for various client segments within the Group.

Capital Markets

Regional Debt Capital Markets

The regional debt capital markets team specialises in the origination, structuring and execution of conventional and Islamic fixed income securities denominated in various currencies including ASEAN local currencies, as well as U.S. dollars, Euro and Japanese Yen (“**G3 currencies**”) and Renminbi for the Group’s sovereign and corporate clients worldwide. The products offered include bonds and sukuk which encompass project financing, corporate bonds, asset backed securities, corporate perpetual securities, sub-debt issuances and bank capital instruments.

Regional Debt Syndicate

The regional debt syndicate desk works closely with the origination and distribution teams to underwrite, price and syndicate a broad range of fixed income products, including equity-linked and hybrid securities. Through its regional and local teams, the regional debt syndicate desk is involved in G3 currencies, Renminbi and domestic currency denominated debt deals. This desk has extensive experience and is able to provide a global vantage point and distribution reach, while applying its local understanding of its clients.

Convertible Bonds and Exchangeable Bonds Structuring

The Group has a dedicated equity-linked structuring team with extensive experience in convertible bonds/sukuk and exchangeable bonds/sukuk in providing tailored convertible/exchangeable bond financing solutions to meet its customers’ funding objectives. The equity-linked structuring team works together with the regional debt capital markets team to provide a holistic suite of services to its clients.

Structuring

The structuring unit (the “**Structuring Unit**”) is responsible for developing both funded and unfunded financial solutions which covers various asset classes or a combination of asset classes such as interest rates, commodity, fund, equity, credit and foreign exchange. The Structuring Unit offers customised solutions for all client segments of the Group including corporates, SMEs, government agencies, institutional investors and individuals.

Rates Market Making

The rates market making unit (“**RMMU**”) is responsible for making markets for government bonds and interest rate derivatives on behalf of the Group. With respect to government bonds, in addition to being the primary dealer in the three major countries in which it operates, namely Malaysia, Indonesia, and Thailand, the RMMU also caters for the fixed income requirements of its clients globally through the Group’s network of overseas branches and subsidiaries. With respect to interest rate derivatives, the RMMU provides financial solutions for its clients across the spectrum, from retail individuals, SMEs, to multinational conglomerates, catering for their interest rate needs such as yield enhancement ideas, risk management of interest rate liabilities and other advisory works.

Commodities Trading and Structuring

The commodities trading and structuring unit offers customised commodity hedging, pricing and risk management solutions across a spectrum of commodities for various client segments within the Group through the use of derivative contracts in both exchange traded and over-the-counter markets.

Money Market and Funding

The money market and funding unit (“**MMFU**”) undertakes responsibility for managing the funding and liquidity gap of the Group’s balance sheet in an efficient manner, including its foreign branches in Singapore, London, Hong Kong, Shanghai, the Philippines and Labuan, Malaysia. The MMFU also acts as the interest rate risk clearing house of the banking book via on-balance sheet duration hedging and/or off-balance sheet hedging. In addition to managing the interest rate risk and liquidity risk of the Group’s balance sheet, the MMFU also offers a wide range of products to corporate, institutional investors and depositors to help them generate return on their funds, in a highly customised manner, across all local and major international currencies.

Treasury Sales, Distribution and Foreign Exchange

The treasury sales unit represents the client facing unit for the Group’s entire suite of treasury products while the distribution unit handles client transactions that come in from the Group’s network, (i.e. branches, private banking etc.). The treasury sale unit’s client activities are divided into four main areas, namely foreign exchange sales, money market sales, fixed income sales as well as derivatives and structured solution sales including both Islamic and conventional structured products.

The Group’s derivatives and structured solution sales team offers hedging and wealth management solutions to the Group’s client segments such as corporate, commercial and high net worth individuals.

The Group’s foreign exchange team manages exposure arising from client transactions aside from engaging in proprietary foreign exchange and over-the-counter foreign exchange options trading.

Equity Derivatives Group

The equity derivatives group (the “**EDG**”) is responsible for the issuance, sales, distribution and market-making of structured warrants, equity options, and equity-linked investments as well as equity and futures risk arbitrage trading. The EDG is also engaged in providing equity structured solutions to clients of the Group Wholesale Banking Division.

Islamic Treasury

The Islamic treasury unit, an operating division of CIMB Islamic, offers a wide range of Shariah-compliant treasury products and services covering foreign exchange, money market, fixed income, derivatives and structured products to various clients and investors.

Transaction Banking

The Transaction Banking Division comprises Trade Solutions (Finance & Trade Services), Cash Management, Securities Services and Financial Institutions Product teams which serve clients across ASEAN.

Trade Solutions

The Trade Solutions team offers a comprehensive range of conventional and Shariah-compliant trade finance and services that cater to the diversified needs of corporates and fulfils sophisticated trade requirements with its structured trade and commodity financing capabilities. Its solutions cover the entire trade value chain to address the business needs by providing funding, credit enhancement, risk mitigation and trade documentary services. The supply chain financing programmes are designed to optimise businesses efficiency by reducing accounts receivable financing or increasing sales to distributors, in addition to enhancing cash management capability.

Cash Management

The CIMB Group has developed innovative solutions to help various categories of clients including Government entities, large corporates, mid-size corporations or SMEs, by helping the companies manage their treasury requirements by accelerating their collections and managing payments efficiently, while maximising the return of idle or excess cash. The Cash Management team has successfully met the requirements of clients on domestic and international transactional flows.

Securities Services

The Securities Services team offers custody, corporate trustee and corporate agency services. These products are offered under a dual platform, i.e. conventional and Islamic. The team's client segments are corporate, institutional and asset managers. The division offers comprehensive custodial services with local market expertise as well as global capabilities through its appointed sub-custodian network. It acts as trustee for mutual funds, private debt securities, employee share option schemes and also offers escrow services. The corporate agency segment acts as a security agent and facility agent for corporate bonds, sukuk and syndicated loan/financing in Ringgit and foreign currencies.

Financial Institution Product

The Financial Institution Product team maintains foreign currency nostro accounts for the Group with international banks to facilitate cross-border payments and settlement of trade finance transactions and creates cross-border products and services by partnering with foreign correspondent banks and delivers attractive and efficient solutions for its customers.

Equities

The CIMB Group's equities business includes retail broking, institutional equities, derivatives, prime services, equities research, wealth management and online broking, and is backed by an award-winning research team. The equity business in Malaysia has since been transferred to CGS-CIMB Securities Sdn Bhd, a wholly-owned subsidiary of CGS-CIMB Holdings Sdn Bhd ("**CGS-CIMB Holdings**"). CGS-CIMB Holdings is the holding company for the Malaysia stockbroking business and is a joint venture between CIMBG and China Galaxy International Financial Limited. The stockbroking business will be operated by CGS-CIMB Holdings through its wholly-owned subsidiary, CGS-CIMB Securities Sdn Bhd ("**CGS-CIMB Malaysia**"). CGS-CIMB Malaysia officially commenced operations on 1 July 2019 and the stockbroking business comprises institutional and retail brokerage, share margin financing for broking clients, equity financing services and equities research, as well as exchange listed derivative broking through its wholly-owned CGS-CIMB Futures Sdn Bhd.

Analytics and Strategy

Analytics and Strategy is responsible for market, credit and operational risk analytics, asset quality management, business information systems and analytics, budgets and performance management and analytics for the Group's Wholesale Banking Division region-wide.

Group Ventures and Partnerships

Group Ventures and Partnerships ("**GVP**") focuses on creating new revenue streams at scale through product co-creation and key distribution partnerships with targeted platform companies in order to ensure that the CIMB Group continues to remain at the forefront of customer buying behaviours.

GVP also helps the CIMB Group to selectively venture into platform-type businesses through equity co-ownerships, to ensure the CIMB Group's participation in value creation opportunities in the future.

GVP also consists of the public and private markets businesses of the previous Group Asset Management and Investments unit, as well as the Group's digital banking-led operations in the Philippines and Vietnam.

Partnerships

The Partnerships pillar of GVP helps in identifying and pursuing bank-platform partnership initiatives across the region, with the view of creating new, sustainable and scalable revenue streams for the CIMB Group and thereby positioning the CIMB Group as the partner of choice for at-scale platforms across specific business lines. This is achieved through a multi-disciplined organisational setup, that ranges from areas of partnerships management, commercial narrative development, product and proposition design, data and technology proliferation, as well as advocacy of financial technology trends.

Ventures

The Ventures pillar of GVP involves selective co-ownership and growth of platform-based businesses outside the Bank to ensure the CIMB Group's participation in value creation opportunities in the future. This is also done with a view of maintaining a selected portfolio of businesses that could potentially uplift the CIMB Group's valuation in the long term. The Ventures pillar focuses on development of all areas of these businesses before such areas are run independently.

Investments

A Group-wide Centre of Excellence ("CoE"), helps the CIMB Group in originating, executing and managing a portfolio of equity investments, primarily in the financial technology space across the region. In addition, the CoE directly supports the Ventures practice and also manages the CIMB Group's current private markets proprietary equity portfolio including positions in Principal Asset Management Berhad and Touch 'n Go Sdn Bhd.

CIMB Bank Philippines Inc. ("CIMB Philippines") and CIMB Bank (Vietnam) Limited ("CIMB Vietnam")

On 6 September 2016, the CIMB Group received an operating licence from the State Bank of Vietnam to establish and operate a 100 per cent. owned subsidiary in Vietnam. On 9 September 2016, the Issuer completed a capital injection of VND3,203,200,000,000 into CIMB Vietnam.

The first branch of CIMB Vietnam located in Hanoi became fully operational in December 2016 offering a comprehensive range of banking products and services for individuals, businesses and corporates in the country and across ASEAN. The second branch was launched in Ho Chi Minh City in December 2018.

On 16 November 2017, the Bank received approval from the Monetary Board of the Bangko Sentral ng Pilipinas to establish and operate a branch in the Republic of the Philippines. On 3 December 2018, CIMB Philippines launched its digital retail banking business.

Both CIMB Philippines and CIMB Vietnam are focused on building alternative digitally-driven and mobile-first banking models in their respective markets. Fundamental strategies include the deployment of partnership-driven business models to deliver distribution scale, robust customer acquisition frameworks, bespoke and differentiated offerings, as well as ecosystem-driven propositions that are fulfilled digitally.

Properties

The majority of the Bank's branches and outlets are leased by the Bank. In the event that any of the Bank's leases are not renewed, the Bank believes that it would be able to secure alternative office space which would not have a material effect on the Bank's operations.

Technology

As part of the CIMB Group's commitment to investing in technology, the CIMB Group has undertaken and will continue to undertake holistic multi-year technology transformation initiatives and investments to modernise the CIMB Group's technology infrastructure. This is in line with the shift towards automation and innovation to drive greater resilience and speed, through building new capabilities and further enhancing existing capabilities for future competition in the digital economy.

In December 2016, the CIMB Group launched the CIMB EVA App, the first smartbot based conversational banking application in the region. The CIMB EVA App was launched within three months from the date of conception of its idea. Since its introduction, the CIMB EVA App has garnered positive user feedback and received multiple accolades including the Internet Banking Product of the Year at The Asian Banker's International Excellence in Retail Financial Services Awards Programme 2017. In February 2018, the CIMB Group further enhanced the CIMB EVA App by including "Spend Analyser" and natural language conversational capabilities.

In July 2017, the CIMB Group introduced CIMB Clicks, a mobile application equipped with a brand-new user interface, experience design and fingerprint feature. In March 2018, the CIMB Group launched a new and improved version of CIMB Clicks online banking portal for anytime, anywhere convenient access and extending greater functionality for the CIMB Group's web users.

The Bank was the first Malaysian bank to join the Ripple xCurrent Network in November 2018, which is a global blockchain network solution, empowering banks to enable real-time payments for customers. Ripple's blockchain-based solution has been deployed to enhance "Speedsend", the Group's proprietary remittance product. This will expand the "SpeedSend" network and open new payment corridors to improve consumer access to cross-border remittances, both inbound into ASEAN and outbound to other countries. The solution is now live on "Speedsend", enabling remittances via corridors such as Australia (in partnership with Instarem, also a member of RippleNet), USA, UK and Hong Kong.

In May 2018, the CIMB Group unveiled the CIMB 1-Minute InstaApproval™ series for auto and home financing. The CIMB 1-Minute InstaApproval™ series is a digital platform that approves auto financing within one minute upon full submission of information and documents and offers a fast, secure, paperless and complete online financing approval process involving, among others, biometric fingerprint identification.

The CIMB Group is also focused on enhancing information security. Information security requires an integrated strategy governing discipline over people, process and technology. In 2018, the CIMB Group enhanced its information security strategy planning in respect of each of people, process and technology with the objective of reducing overall risk. In order to enhance the level of information security management and adhere to BNM's Guidelines on Management of IT Environment, the CIMB Group developed a security architecture that integrates the technology processes by referencing recognised international technology, process and management standards. These standards include ISO 27001, which is an information security management system standard defined by the International Organisation for Standardisation ("ISO") and internationally accepted best practice to demonstrate regulatory, compliance and effective risk management on information security.

In line with the banking business growth and IT Infrastructure expansions, the CIMB Group's technology design has been constantly reviewed and improved to effectively mitigate both internal and external risks and threats through strengthened security control. The CIMB Group is further leveraging on enterprise end-point anti-malware, a data loss prevention system, an intrusion prevention system and content filtering on web and email technology which can significantly mitigate the security risks when data traverses the network.

Principal Subsidiaries

The Group engages in certain financial and non-financial service activities through its subsidiaries and affiliates. Each of these entities has the necessary licences, exchange memberships and other regulatory requirements to enable the Group to provide a comprehensive and diversified range of financial and non-financial services and products to its customers. The Bank's principal subsidiaries are CIMB Islamic Bank Berhad and CIMB Thai Bank Public Company Limited.

CIMB Islamic Bank Berhad

CIMB Islamic is the anchor operating entity of "CIMB Islamic", the global Islamic banking and financial services franchise of the CIMB Group, and a vital part of the Group's platform to become Southeast Asia's most valued universal bank. Headquartered in Kuala Lumpur, CIMB Islamic provides a wide range of Shariah-compliant products and services to personal, commercial and large corporate as well as institutional customers.

CIMB Islamic started in 2002 as an Islamic investment banking arm of the Group. Following the internal reorganisation of the Group in 2006, CIMB Islamic was transformed into an Islamic universal bank which is licensed in Malaysia.

Selected financial information of CIMB Islamic is set out below:

	Audited (except %)		Unaudited	
	As at or for the Year Ended 31 December		As at or for the Six-Month Period Ended 30 June	
	2017	2018	2018	2019
	(RM'000 except %)			
Total assets	85,277,423	97,513,968	91,883,415	104,355,722
Shareholders' funds	4,795,715	5,515,342	5,044,848	5,984,764
Profit after taxation	640,565	830,466	375,449	427,805
Percentage of total assets of the Group	20.4%	21.6%	21.1%	22.0%
Percentage of profit after taxation of the Group	16.5%	21.0%	19.0%	19.9%

CIMB Thai Bank Public Company Limited (“CIMB Thai”)

CIMB Thai was established in 1998 with the Financial Institutions Development Fund as the major shareholder. On 5 November 2008, the Bank became the largest shareholder of CIMB Thai and, through a mandatory general tender offer for the remaining CIMB Thai shares held by minority shareholders completed by the Bank on 6 January 2009, the Bank increased its equity holding in CIMB Thai to 92.0 per cent. resulting in CIMB Thai becoming a subsidiary of the Bank. Upon completion of CIMB Thai’s subsequent rights issue on 27 July 2012, the Bank’s shareholding in CIMB Thai was raised to 93.7 per cent. CIMB Thai is licensed by the Ministry of Finance of Thailand and related authorities to engage in commercial banking, which constitutes its primary business. As at 30 June 2019, the Bank’s shareholding in CIMB Thai was 94.83 per cent.

Selected financial information of CIMB Thai is set out below⁽¹⁾:

	Audited (except %)		Unaudited	
	As at or for the Year Ended 31 December		As at or for the Six-Month Period Ended 30 June	
	2017	2018	2018	2019
	(THB’000 except %)			
Total assets	296,307,015	350,377,489	336,502,503	375,172,100
Shareholders’ funds	31,323,887	34,380,378	31,161,413	34,657,985
Profit/(loss) after taxation	71,390	(804,282)	38,656	(59,891)
Percentage of total assets of the Group	8.8%	9.9%	9.4%	10.7%
Percentage of profit after taxation of the Group	0.2%	-2.5%	0.2%	-0.4%

Note:

(1) The figures in this table are based on generally accepted accounting principles in Thailand.

Litigation

As at 30 June 2019, neither the Bank nor any of its subsidiaries are involved in any legal or arbitration proceedings (including proceedings which, as far as the Bank is aware, are pending or threatened) outside the ordinary course of business which management of the Bank believes would, individually or taken as a whole, have a material adverse impact on its business, financial condition, results of operations or prospects of any of them.

Recent Developments

Changes to Management

Effective 1 October 2019, Ahmad Shahrman Mohd Shariff will be appointed as CEO of CIMB Islamic Bank Berhad and CEO of Group Islamic Banking. Shahrman brings with him 16 years of experience in various capacities and functions. He headed various positions at several global financial institutions, covering global banking and markets, as well as Islamic banking and Islamic structuring in Asia-Pacific.

Rafe Haneef, current CEO of Islamic Bank Berhad and Group Islamic Banking, will become the CEO of Group Transaction Banking effective 1 October 2019. Since joining CIMB, Rafe has successfully institutionalised the dual banking model, leveraging on the conventional banking business to expand CIMB's Islamic business.

Alongside these new appointments, Victor Lee Meng Teck, current CEO of Group Commercial Banking, will take on an additional role as Country Head Singapore and CEO of CIMB Bank Singapore, effective 1 January 2020. Victor will succeed Mak Lye Mun, who will retire from his current position as Country Head Singapore and CEO of CIMB Bank Singapore on 31 December 2019. Victor has more than 20 years' experience in retail and commercial banking across Singapore, Malaysia, Thailand and Indonesia.

Mak Lye Mun will remain in the Group as an Advisor to the CIMB Group CEO, effective 1 January 2020. In his new advisory capacity, he will continue to provide strategic inputs, specifically in Wholesale Banking, to further strengthen the Bank's presence and franchise in Singapore.

CAPITAL ADEQUACY AND FUNDING

Capital Adequacy

On 28 November 2012, BNM issued its initial Capital Adequacy Framework implementing the Basel III reforms by setting out regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital. Subsequently, on 2 February 2018, BNM issued the revised Capital Adequacy Framework, which took effect for all banking institutions and financial holding companies on 1 January 2018 and 1 January 2019 respectively.

As at 31 December 2018 and 30 June 2019, the Bank's Common Equity Tier 1 ratios (which is the ratio of Common Equity Tier 1 capital to risk-weighted assets, after deducting any proposed dividend) were 12.23 per cent. and 12.50 per cent., respectively, the Bank's Tier 1 ratios (which is the ratio of Tier 1 capital to risk-weighted assets, after deducting any proposed dividend) were 13.66 per cent. and 13.89 per cent., respectively, and the Bank's Total Capital ratios (the ratio of Total Capital to risk-weighted assets, after deducting any proposed dividend) were 18.35 per cent. and 18.47 per cent., respectively, all of which are considerably higher than BNM's minimum requirement (inclusive of capital conservation buffer) of 4.5 per cent. for Common Equity Tier 1 ratio, 6.0 per cent. for Tier 1 ratio and 8.0 per cent. for Total Capital ratio.

Pursuant to the Capital Adequacy Framework, capital adequacy is calculated as the percentage of the respective tier of capital divided by total risk-weighted assets. Total Tier 1 capital is the sum of Common Equity Tier 1 capital and Additional Tier 1 capital. Total capital is the sum of Total Tier 1 capital and Tier 2 capital. The amount of risk-weighted assets is the sum of: (i) the credit risk-weighted assets, which include on-balance sheet and off-balance sheet exposures; (ii) the risk-weighted assets equivalent for market risk calculated based on BNM's Market Risk Capital Framework; (iii) the operational risk-weighted assets; and (iv) large exposure risk-weighted assets for equity holdings.

The capital adequacy ratios of the Bank as at 31 December 2017, 31 December 2018 and 30 June 2019 are set out below.

Basel III – The Bank⁽¹⁾

	Audited		Unaudited
	As at 31 December		As at 30 June
	2017	2018	2019
	(RM'000)	(RM'000)	(RM'000)
Common Equity Tier 1 capital			
Ordinary shares	17,610,939	20,088,345	20,753,114
Other reserves	13,904,088	13,363,305	13,921,196
Less: Proposed dividends	(1,627,553)	(1,135,854)	(1,176,740)
Common Equity Tier 1 capital before regulatory adjustments	29,887,474	32,315,796	33,497,570
Less: Regulatory adjustments			
Goodwill	(3,555,075)	(3,555,075)	(3,555,075)
Intangible assets	(832,713)	(830,487)	(824,579)
Deferred tax assets	(157,309)	(552,391)	(452,816)

	Audited		Unaudited
	As at 31 December		As at 30 June
	2017	2018	2019
	(RM'000)	(RM'000)	(RM'000)
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(4,260,702)	(5,856,416)	(5,856,304)
Regulatory Reserve	(1,208,956)	(1,197,301)	(1,546,049)
Others	(276,973)	(2,182)	(66,292)
Common Equity Tier 1 capital after regulatory adjustments	19,595,746	20,321,944	21,196,455
Additional Tier 1 capital			
Perpetual preference shares	200,000	200,000	200,000
Innovative Tier 1 capital	1,000,000	1,000,000	0
Perpetual subordinated capital securities	1,400,000	1,400,000	2,400,000
Additional Tier 1 capital before regulatory adjustments	2,600,000	2,600,000	2,600,000
Less: Regulatory adjustments			
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(178,641)	(225,956)	(227,757)
Additional Tier 1 capital after regulatory adjustments	2,421,359	2,374,044	2,372,243
Total Tier 1 capital	22,017,105	22,695,988	23,568,698
Tier 2 capital			
Subordinated notes	7,050,000	7,900,000	7,900,000
Redeemable preference shares	29,740	29,740	29,740
Surplus eligible provisions over expected loss . . .	267,987	708,469	714,409
Portfolio impairment allowance and regulatory reserves ⁽²⁾	254,766	—	—
General provision ⁽²⁾	—	271,282	288,907
Tier 2 capital before regulatory adjustments	7,602,493	8,909,491	8,933,056
Less: Regulatory adjustments			
Investment in capital instruments of unconsolidated financial and insurance/ takaful entities	(1,911,008)	(1,112,125)	(1,165,146)
Total Tier 2 capital	5,691,485	7,797,366	7,767,910
Total capital	27,708,590	30,493,354	31,336,608
Common equity tier 1 ratio	11.879%	12.230%	12.495%
Tier 1 ratio	13.347%	13.659%	13.893%
Total capital ratio	16.797%	18.351%	18.472%

Notes:

- (1) Includes the operations of CIMB Bank (L) Limited.
- (2) The total capital of the Bank has excluded general provision/portfolio impairment allowance on impaired loans restricted from Tier II capital of RM160.0 million (2017: RM165.0 million) and RM147.0 million (2017: RM151.0 million) respectively.

The breakdown of the risk-weighted assets of the Bank by each major risk category as at 31 December 2017, 31 December 2018 and 30 June 2019 is as follows:

The Bank⁽¹⁾

	Audited		Unaudited
	As at 31 December		As at
	2017	2018	30 June
	(RM'000)	(RM'000)	2019
Credit risk	138,811,146	139,780,748	142,180,696
Market risk	11,050,726	10,773,681	11,629,960
Large exposure risk requirements	768,600	881,647	877,874
Operational risk	14,330,500	14,727,726	14,953,745
Total risk-weighted assets	164,960,972	166,163,802	169,642,275

Note:

- (1) Includes the operations of CIMB Bank (L) Limited.

Funding

The Group's primary source of funding is customer deposits (inclusive of the contractual amounts due on maturity of deposits under financial liabilities designated at fair value and investment accounts of customers), accounting for 78.5 per cent. and 76.5 per cent. of the Group's total liabilities as at 31 December 2018 and 30 June 2019, respectively, with other sources of funding (including interbank deposits, borrowings, subordinated obligations, bonds and debentures and other liabilities) comprising the remaining 21.5 per cent. and 23.5 per cent., respectively. The Group has established comprehensive funding and liquidity policy guidelines, setting out measures to manage and monitor its funding and liquidity requirements. Such measures include the diversification of funding sources, subjecting future cash flows to sensitivity and stress analyses as well as managing adequate contingent funding sources.

Customer Deposits

As at 30 June 2019, the Group's customer deposit structure (comprised primarily of fixed deposits, demand deposits, savings deposits, other deposits and negotiable instruments of deposits) represented 46.1 per cent., 21.7 per cent., 9.7 per cent., 22.4 per cent. and 0.1 per cent., respectively, of the Group's total customer deposits. The customer deposits were mainly sourced by the Commercial Banking, Consumer Banking and Wholesale Banking divisions or segments which amounted to RM48.9 billion, RM139.1 billion and RM138.7 billion respectively.

The top ten customer depositor to total customer deposit ratio increased to 15.6 per cent. as at 30 June 2019 compared to 14.9 per cent. as at 31 December 2018. Approximately 78.0 per cent. and 76.0 per cent. of total customer fixed deposits and negotiable instruments of deposit at 31 December 2018 and 30 June 2019 respectively, had maturities of less than six months and a

further 20.6 per cent. and 21.9 per cent. respectively were due within the period of six months to a year. Based on the Group's previous experience, a substantial portion of deposits will be rolled over upon maturity, thereby providing the Group with a stable source of funding.

Within the conventional segment (i.e., non-Islamic deposits), the Bank held 11.9 per cent. and 12.0 per cent. share of the total deposits in Malaysia as at 31 December 2018 and 30 June 2019 respectively. Further, the Bank's share of total fixed deposits, demand deposits and savings deposits in Malaysia amounted to approximately 10.8 per cent., 15.2 per cent. and 13.0 per cent., respectively as at 31 December 2018 and 10.4 per cent., 15.2 per cent. and 13.0 per cent., respectively as at 30 June 2019. For Islamic banking, CIMB Islamic had a 13.5 per cent. and 13.0 per cent. share of the total Islamic deposits in Malaysia as at 31 December 2018 and 30 June 2019. CIMB Islamic's share of total fixed deposits, demand deposits and savings in Malaysia amounted to approximately 6.7 per cent., 16.3 per cent. and 7.7 per cent., respectively as at 31 December 2018 and 8.1 per cent., 16.3 per cent. and 7.7 per cent., respectively as at 30 June 2019. On the whole, the Group is focusing on increasing both its Malaysian conventional and Islamic savings deposits by leveraging on its strong distribution network and bundling of service-offerings.

Other than those outlined below, the Group has issued structured investments and designated them at fair value in accordance with MFRS 9. The Group has the ability to do this when designating these instruments at fair value reduces an accounting mismatch, is managed by the Group on the basis of its fair value or includes terms that have substantive derivative characteristics. As at 30 June 2019, structured investments of the Group with contractual amounts due on maturity amounted to RM1,003,971,000 and such structured investments were classified under financial liabilities designated at fair value.

The following tables illustrate the profile of the Group's customer deposits and the maturity structure of fixed deposits and negotiable instruments of deposit as at 31 December 2017, 31 December 2018 and 30 June 2019.

The Group

	Audited		Unaudited
	As at 31 December		As at 30 June
	2017	2018	2019
	(RM'000)	(RM'000)	(RM'000)
Demand deposits	66,164,099	66,259,516	70,975,774
Saving deposits	29,843,398	29,110,587	31,865,371
Fixed deposits	128,087,555	142,848,736	150,786,325
Negotiable instruments of deposit	845,652	364,258	189,092
Others	70,959,417	80,659,792	73,256,070
	<u>295,900,121</u>	<u>319,242,889</u>	<u>327,072,632</u>

	Audited		Unaudited
	As at 31 December		As at 30 June
	2017	2018	2019
	(RM'000)	(RM'000)	(RM'000)
Due within six months	107,590,616	111,662,573	114,805,602
Six months to less than one year	20,232,288	29,451,170	33,002,692
One year to less than three years	678,297	1,982,700	3,061,808
Three years to less than five years	431,773	116,486	105,300
Five years and more	233	65	15
	<u>128,933,207</u>	<u>143,212,994</u>	<u>150,975,417</u>

Interbank Deposits

The Group has the capacity to obtain funds (including short term funds, deposits, and negotiable instrument of deposits) from other financial institutions in the interbank market. The Group obtains interbank funds primarily from financial institutions in Malaysia and offshore for periods spanning from overnight to 12 months at prevailing interbank rates and maintains similar credit lines for other onshore and offshore banks.

As at 31 December 2018 and 30 June 2019, deposits and placements from financial institutions accounted for approximately 4.7 per cent. and 6.1 per cent., respectively, of the Group's total liabilities.

Other Funding Sources

The Group's local and foreign currency funding and liquidity requirements are managed centrally and are sourced from the domestic and international debt capital markets. As at 30 June 2019, the other funding sources outstanding include but are not limited to the following:

(a) Bonds and Debentures

Year	Issuer	Issuance
2019	the Bank, acting through its Labuan Offshore Branch	USD30 million senior unsecured notes
2019	the Bank, acting through its Hong Kong Branch	HKD700 million senior unsecured notes
2019	the Bank	USD88 million senior unsecured notes
2017	the Bank	HKD874 million senior unsecured notes
2017	the Bank	USD500 million senior unsecured notes
2017	the Bank	USD600 million senior unsecured notes
2017	the Bank	USD15 million senior unsecured notes

(b) Subordinated obligations

Year	Issuer	Issuance
2019	CIMB Bank PLC	USD15 million subordinated loan
2018	the Bank	RM700 million Tier 2 subordinated debt
2018	CIMB Thai	RM390 million Tier 2 subordinated notes
2018	the Bank	RM1.0 billion perpetual subordinated capital securities
2017	the Bank	RM1.5 billion subordinated debt
2017	CIMB Islamic	RM300 million Tier 2 junior sukuk

Negotiable Certificates/Instruments of Deposits (the “NCDs”)

The Group has the capacity to obtain funds, comprising short-term and long-term funds by issuing NCDs. As at 31 December 2018 and 30 June 2019, the Group’s NCDs amounted to RM3.3 billion and RM3.8 billion, respectively.

Contingency Funding Plan

The Group has established and maintained a contingency funding plan that serves as an operational and procedural guide to avoid, minimise and manage funding threats in the event of a liquidity and funding crisis. The plan is periodically reviewed to ensure it remains relevant to the operating environment and two key components are:

- (a) An early warning system designed to alert the Group’s management whenever its liquidity position may be at risk that:
- provides the analytical framework to detect a likely liquidity problem and evaluates the Group’s funding needs in advance of a problem;
 - comprises a set of indicators with pre-determined thresholds monitoring financial strength and stability; and
 - includes a consolidated stress test performed on a semi-annual basis to identify vulnerabilities.
- (b) The formation of the funding and crisis management team in the event of a liquidity and funding crisis, including a list of members and clear description of their roles and responsibilities during a liquidity and funding crisis.

ASSET QUALITY

Loan Portfolio

The Group has a stable and diversified loan portfolio, with loans for the purchase of residential property (housing) and working capital purposes being the two largest exposures for both financial years ended 31 December 2017, 31 December 2018 and the six months ended 30 June 2019. As at 31 December 2017, 31 December 2018 and 30 June 2019, the Group's total outstanding gross loans were RM265.9 billion, RM289.5 billion and RM297.7 billion, respectively.

Loans, advances and financing by type

The following table sets out a breakdown of the Group's gross loan portfolio by product type as at 31 December 2017, 31 December 2018 and 30 June 2019:

	Audited		Unaudited
	As at 31 December		As at 30 June
	2017	2018	2019
	(RM'000)	(RM'000)	(RM'000)
At amortised cost			
Overdrafts	5,311,225	5,239,491	5,252,444
Term loans/financing			
– Housing loan/financing	79,878,492	87,236,765	91,341,953
– Syndicated term loans	16,393,012	17,141,144	15,972,437
– Other term loans/financing	99,087,551	107,298,306	114,426,781
– Factoring receivables	13,225	12,898	6,369
– Lease receivables	53,534	14,382	2,274
– Hire purchase receivables	18,164,036	19,656,618	20,753,818
Bills receivable	9,556,193	8,073,247	9,021,410
Trust receipts	1,764,126	1,981,916	2,081,084
Claim on customers under acceptance credit	3,788,108	3,927,566	3,747,893
Staff loans	850,565	1,137,639	1,152,305
Credit card receivables	7,131,703	7,002,267	6,830,861
Revolving credit	23,060,060	29,260,753	26,379,203
Share margin financing	888,736	715,119	104,101
Gross loans, advances and financing	265,940,566	288,698,111	297,072,933
Fair value changes arising from fair value hedges	86,537	30,104	21,737
	266,027,103	288,728,215	297,094,670
Expected credit losses	–	(5,062,405)	(4,935,418)
Individual impairment allowance	(2,464,883)	–	–
Portfolio impairment allowance	(1,773,511)	–	–
Net loans, advances and financing at amortised cost.	261,788,709	283,665,810	292,159,252

	Audited		Unaudited
	As at 31 December		As at 30 June
	2017	2018	2019
	(RM'000)	(RM'000)	(RM'000)
At fair value through profit or loss			
Term loans/financing			
– Syndicated term loan	–	803,501	630,090
– Other term loans/financing	–	180	–
Total net loans, advances and financing . . .	261,788,709	284,469,491	292,789,342
Total gross loans, advances and financing			
– At amortised cost	265,940,566	288,698,111	297,072,933
– At fair value through profit or loss	–	803,681	630,090
	265,940,566	289,501,792	297,703,023

Loans, advances and financing by economic purpose

The following table illustrates the breakdown of the Group's gross loan portfolio by economic purpose as at 31 December 2017, 31 December 2018 and 30 June 2019:

	Audited		Unaudited
	As at 31 December		As at 30 June
	2017	2018	2019
	(RM'000)	(RM'000)	(RM'000)
Personal use	11,804,630	12,694,905	13,251,371
Credit cards	7,131,703	7,002,267	6,830,861
Purchase of consumer durables.	90,220	79,553	80,386
Construction	10,097,252	11,919,288	11,515,306
Residential property (housing)	82,658,252	89,943,811	93,783,608
Non-residential property.	24,905,360	27,470,562	28,513,229
Purchase of fixed assets other than land and buildings	2,027,745	2,405,827	3,000,316
Merger and acquisition.	2,241,907	2,648,296	2,489,786
Purchase of securities	25,094,414	25,756,162	26,414,741
Purchase of transport vehicles.	18,967,461	20,107,369	21,098,280
Working capital.	56,042,714	61,036,920	60,540,203
Other purpose	24,878,908	28,436,832	30,184,936
Gross loans, advances and financing	265,940,566	289,501,792	297,703,023

Purchase of residential property (housing)

The Group's largest concentration of loans, as at 31 December 2017, 31 December 2018 and 30 June 2019, was for the purchase of residential property (housing). This sector accounted for 31.1 per cent., 31.1 per cent. and 31.5 per cent., respectively, of the Group's total gross loans as at 31 December 2017, 31 December 2018 and 30 June 2019.

Working capital

The Group's second largest concentration of loans, as at 31 December 2017, 31 December 2018 and 30 June 2019, was granted for working capital purposes. This sector accounted for 21.1 per cent., 21.1 per cent. and 20.3 per cent., respectively, of the Group's total gross loans as at 31 December 2017, 31 December 2018 and 30 June 2019. The Group produces internal economic sector information and guidelines on specific industrial sectors with clear indications on the direction of new marketing efforts and guidance on whether certain of the Group's exposures should be reduced or more closely monitored.

Other purpose

The third largest concentration of the Group's loans, as at 31 December 2018 and 30 June 2019 was for other purpose. This sector accounted for 9.8 per cent. and 10.1 per cent., respectively, of the Group's total gross loans as at 31 December 2018 and 30 June 2019.

Purchase of Securities

The third largest concentration of the Group's loans as at 31 December 2017 was for purchase of securities. This section accounted for 9.4 per cent. of the Group's total gross loans as at 31 December 2017.

Purchase of non-residential property

The fourth largest concentration of the Group's loans as at 31 December 2017, 31 December 2018 and 30 June 2019 was for the purchase of non-residential property, which made up 9.4 per cent. of the Group's total gross loans as at 31 December 2017, 9.5 per cent. as at 31 December 2018 and 9.6 per cent. as at 30 June 2019.

Loan maturity profile

As at 31 December 2017, 31 December 2018 and 30 June 2019, loans maturing in less than one year constituted approximately 24.4 per cent., 26.5 per cent. and 26.4 per cent. of the Group's gross loans, respectively. As at the 31 December 2017, 31 December 2018 and 30 June 2019, 9.1 per cent., 6.6 per cent. and 6.8 per cent. of gross loans, respectively, had maturities of one to less than three years, 8.2 per cent., 8.6 per cent. and 8.8 per cent., respectively, had maturities of three to less than five years, and 58.3 per cent., 58.4 per cent. and 58.0 per cent., respectively, had maturities of five years and more. The category of loans with maturities of less than one year includes revolving credit, credit cards, overdraft facilities and trade financing facilities.

The following table sets out the Group's gross loan portfolio as at 31 December 2017, 31 December 2018 and 30 June 2019 by maturity:

	Audited		Unaudited
	As at 31 December		As at 30 June
	2017	2018	2019
	(RM'000)	(RM'000)	(RM'000)
Maturing within one year	64,819,953	76,634,280	78,554,355
One year to less than three years	24,261,253	19,028,312	20,209,920
Three years to less than five years	21,766,631	24,846,353	26,174,514
Five years and more	155,092,729	168,992,847	172,764,234
Gross loans, advances and financing	<u>265,940,566</u>	<u>289,501,792</u>	<u>297,703,023</u>

20 Largest Borrowers/Customers

As at 31 December 2017, 31 December 2018 and 30 June 2019, the Bank and CIMB Islamic Bank Berhad's 20 largest borrowers/customers accounted for approximately RM25.1 billion, RM27.4 billion and RM27.8 billion, or 9.4 per cent., 9.5 per cent. and 9.3 per cent. of the Group's total gross loans/financing, respectively. These borrowers/customers are involved in diversified activities such as oil & gas, real estate, wholesale and retail, agriculture & forestry and manufactured goods.

Credit Approval

The Group determines its lending authority in accordance with the guidelines established for each of its strategic business units, namely group consumer banking, group commercial banking and group wholesale banking. There are several levels of approval authority across the Group, spanning from Consumer Sales and Distribution through the relevant branch managers (for fully secured, non-complicated retail products), Consumer Credit Operations, delegated authorities to front office within parameters, the joint delegated authority (whereby two signatories are required to approve credit extensions, one from a business unit and another from the group risk division ("**GRD**")) (the "**Joint Delegated Authority**"), the Group Credit Committee, the Group Executive Credit Committee and the Board. Generally, the applicable level of credit approval is determined by the aggregation of all credit lines or facilities of all related companies, their principals and guarantors, except for retail products (with certain exceptions), where aggregation is done at respective borrower and product level.

The risk rating of an obligor forms an integral part of the Group's credit approval and credit review processes. All new and existing non-retail customers of the Group who satisfy stipulated criteria set by the Group will be rated through the Group's Internal Credit Rating System ("**ICRES**"). A key feature of the ICRES involves the rating of obligors and guarantors using the relevant internal rating model depending on the type of counterparty. Essentially, the rating model represents the Group's opinion on an obligor's overall capacity to pay its financial obligations.

For retail customers, risk acceptance criteria and limit setting are based on fixed set of policies which incorporate internal scorecard (using demographic and bureau information) and segmentation strategy, in conjunction with the external Central Credit Reference Information System ("**CCRIS**") bureau information, with discretion given to underwriters to override under justified circumstances.

The Group has also developed and implemented the Centralised Retail Decision Engine to ensure automated and screening of loan applications so as to standardise and enhance credit underwriting and decision-making processes for its retail portfolio.

Classification and Allowance for Impairment Losses on Loans, Advances and Financing

The International Accounting Standards Board ("**IASB**") on 24 July 2014, announced the final version of the International Financial Reporting Standard 9 "Financial Instruments" ("**IFRS 9**"). The Malaysian Financial Reporting Standards 9 "Financial Instruments" ("**MFRS 9**") is equivalent to IFRS 9 as issued by IASB, including the effective and issuance dates. Entities that comply with MFRS 9 will simultaneously be in compliance with IFRS 9. MFRS 9 is a new accounting standard that will replace the existing International Accounting Standard 39/Financial Reporting Standard 139 "Financial Instruments: Recognition and Measurement" ("**MFRS 139**"). MFRS 9 will be applicable for annual periods beginning on or after 1 January 2018. The Group has adopted MFRS 9 since 1 January 2018.

Following the adoption of MFRS 9, loans, advances and financing are deemed to be impaired when it meets one or more of the following criteria:

- The principal or interest or both of the loan is past due for more than 3 months. In the case of revolving facilities (e.g. overdraft), the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of more than 3 months. For the purpose of ascertaining the period in arrears:
 - (i) Repayment on each of the instalment amount must be made in full. A partial repayment made on an instalment amount shall be deemed to be in arrears.
 - (ii) Where a moratorium on loan repayment is granted in relation to the rescheduling and restructuring, the determination of period in arrears shall exclude the moratorium period granted. The moratorium shall be for a period of not more than six months from the date of the obligor's/counterparty's application for the moratorium.
 - (iii) Where repayments are scheduled on interval of three months or longer, the loan is classified as impaired as soon as a default occurs, unless it does not exhibit any weakness that would render it classified according to the credit risk grading framework.
- Any financing that exhibits weaknesses in accordance with the Group's internal credit risk rating of 14 and above shall be classified as impaired upon approval by the relevant approving authority.
- The loan is forced impaired due to various reasons, including but not limited to bankruptcy and the appointment of an independent financial advisor. In the event where a loan is not in default or past due but force impaired, the loan shall be classified as impaired upon approval by Group Asset Quality Committee.
- Restructuring and rescheduling of a loan facility involves any modification made to the original repayment terms and conditions of the loan facility following an increase in the credit risk of a obligor/counterparty.
- When an obligor/counterparty has multiple loans with the Group and cross default obligation applies, an assessment of provision is required under which default of one debt obligation triggers default on another debt obligation (cross default). Where there is no right to set off clause is available, assessment of provision needs to be performed on individual loan level instead of consolidated obligor/counterparty level.
- The loan is classified as rescheduled and restructured in CCRIS.

The Group assesses on a forward-looking basis the expected credit loss ("**ECL**") associated with its financial assets carried at amortised cost and fair value through other comprehensive income ("**FVOCI**"). The impairment methodology applied depends on whether there has been a significant increase in credit risk. A summary of assumptions underpinning the Group's expected credit loss model is as follows:

(a) Stage 1: 12-Months

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-month ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

- (b) Stage 2: Lifetime ECL – not credit impaired
 Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.
- (c) Stage 3: Lifetime ECL – credit impaired
 Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

The following tables set out movements in the Group's allowance for impairment losses on loans, advances and financing/ECL as at 30 June 2019, 31 December 2018 and 31 December 2017:

Unaudited as at 30 June 2019:

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – Credit impaired (Stage 3)	Purchased credit impaired	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 January 2019	1,216,093	659,780	3,183,980	2,552	5,062,405
Changes in expected credit losses due to transferred within stages:	459,371	(271,080)	(188,291)	–	–
Transferred to Stage 1	639,242	(528,724)	(110,518)	–	–
Transferred to Stage 2	(178,516)	396,398	(217,882)	–	–
Transferred to Stage 3	(1,355)	(138,754)	140,109	–	–
Total charge to Income Statement: . . .	(594,714)	238,419	756,162	–	399,867
New financial assets originated	329,093	9,480	44,675	–	383,248
Financial assets that have been derecognised.	(209,664)	(34,245)	–	–	(243,909)
Writeback in respect of full recoveries . .	–	–	(78,483)	–	(78,483)
Change in credit risk	(714,143)	263,184	789,970	–	339,011
Write-offs	(359)	(38)	(649,226)	–	(649,623)
Exchange fluctuation	14,134	7,425	52,606	146	74,311
Other movements.	796	(2,931)	50,593	–	48,458
At 30 June 2019	<u>1,095,321</u>	<u>631,575</u>	<u>3,205,824</u>	<u>2,698</u>	<u>4,935,418</u>

Audited as at 31 December 2018:

	12-month expected credit losses (Stage 1)	Lifetime expected credit losses – not credit impaired (Stage 2)	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Individual impairment provision under MFRS 139	Portfolio impairment provision under MFRS 139	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 January 2018	–	–	–	–	2,464,883	1,773,511	4,238,394
Effect of adopting MFRS 9 and reclassification	1,025,503	763,907	3,355,289	7,561	(2,464,883)	(1,773,511)	913,866
Adjusted 1 January 2018	1,025,503	763,907	3,355,289	7,561	–	–	5,152,260
Changes in expected credit losses due to transferred within stages:	946,410	(800,647)	(145,763)	–	–	–	–
Transferred to Stage 1	1,370,646	(1,062,010)	(308,636)	–	–	–	–
Transferred to Stage 2	(370,278)	713,725	(343,447)	–	–	–	–
Transferred to Stage 3	(53,958)	(452,362)	506,320	–	–	–	–
Total charge to Income Statement:	(759,279)	679,858	1,186,919	(3,121)	–	–	1,104,377
New financial assets originated	619,018	12,505	79,382	–	–	–	710,905
Financial assets that have been derecognised	(397,046)	(101,080)	–	–	–	–	(498,126)
Writeback in respect of full recoveries	–	–	(144,189)	–	–	–	(144,189)
Change in credit risk	(981,251)	768,433	1,251,726	(3,121)	–	–	1,035,787
Write-offs	(1,931)	(225)	(1,005,614)	(2,011)	–	–	(1,009,781)
Exchange fluctuation	5,628	5,427	33,463	123	–	–	44,641
Transfer from related companies	49	51	792	–	–	–	892
Other movements	(287)	11,409	(241,106)	–	–	–	(229,984)
At 31 December 2018	1,216,093	659,780	3,183,980	2,552	–	–	5,062,405

Audited as at 31 December 2017:

	As at 31 December 2017 (RM'000)
Individual impairment allowance	
At 1 January 2017	2,350,633
Net allowance made during the financial year	713,087
Amount written off	(229,148)
Allowance for impaired loan disposed to third party	(323,132)
Exchange fluctuation	(46,557)
At 31 December 2017	<u>2,464,883</u>
Portfolio impairment allowance	
At 1 January 2017	1,977,802
Net allowance made during the financial year	778,441
Allowance made and charged to deferred assets	–
Amount written off	(869,500)
Sale of impaired loans	(96,292)
Exchange fluctuation	(16,940)
As at 31 December 2017	<u>1,773,511</u>

The Group seeks to prevent loans from being impaired through early detection and proactive action. The Group therefore maintains a “watchlist” of accounts in order to identify and monitor potential impairment while tracking information such as outstanding loan balances, interest and principal payments, targeted actions and responses and other information about the borrower. Generally, once the Group is concerned about a particular loan or sector, frequent reviews and proactive management of the relevant account is undertaken by the relevant account relationship officer and credit recovery officer.

On 6 April 2015, BNM issued a new guideline entitled “Classification and Impairment Provisions for Loans/Financing”. This guideline is applicable to loans which have been rescheduled and restructured post 1 April 2015 to be classified as Impaired in the financial statements. The Group has since been compliant with the said BNM guidelines.

Group Special Asset Management

With the establishment of Group Special Asset Management (“**G-SAM**”) on 1 July 2007, certain impaired loans were carved out enabling the “Good Bank” division to concentrate on its core business of lending, customer relationships, and quality loan asset growth, and avoid the distraction of impaired loans. Impaired loans (inclusive of written off loans) were sold to Southeast Asia Special Asset Management Berhad (“**SEASAM**”), severing such legacy impaired loans from the Bank.

G-SAM primarily comprises four frontline units consisting of commercial recovery and corporate recovery which are under the purview of the commercial banking division; retail recovery and CIMB Property Mart which are under the purview of the consumer banking division. G-SAM also services the impaired loans of SEASAM.

To proactively manage impaired loans, G-SAM will commence initial debt recovery or rehabilitation efforts by entering into negotiations with the borrowers, guarantors or other relevant parties with the aim of rescheduling debt payments or restructuring existing borrowings/ financings.

In the event of unsuccessful debt recovery or rehabilitation attempts, G-SAM will enforce the Bank's rights against relevant parties through the commencement of legal proceedings. These will usually relate to the recovery of the debt (including all accrued interest/profit, costs and expenses incurred therefrom), the winding up or bankruptcy of the relevant parties, foreclosure and sale of collateral properties and the appointment of receivers and managers or private liquidators against the relevant parties. The commencement of any legal proceedings against the borrowers, guarantors or other relevant parties usually compels, in the majority of cases, some form of settlement or compromise negotiations between the relevant parties and the Bank. G-SAM will deal with these negotiations on a case-by-case basis, depending on the prevailing circumstances.

Write-Off Policy

Write-off of all loans held within the Malaysian banking entities of the Group and CIMB Thai must be approved by the Board or its delegated authorities. The Group holds impaired loans on its books longer than is customary under international standards because Malaysian banks are required to comply with extensive recovery procedures prior to any write-off. Similar extensive recovery procedures are also carried out for all loans within CIMB Thai. Losses incurred by write-offs for the Malaysian banking entities of the Group are tax deductible under the Malaysian tax law only if it can be shown that all legally available and necessary steps for recovery have been taken and that all relevant supporting documents required are being made available, whereas losses incurred by write-offs for CIMB Thai are tax deductible only if it complies with the relevant Thai tax laws. Write-offs are automatically applied for credit cards and personal financing within the Malaysian banking entities of the Group and CIMB Thai. Where applicable to all other loans prior to writing off, the Group will begin legal proceedings, which, in the case of collateralised loans, will involve foreclosure proceedings. In the case of collateralised loans, the Group will attempt to sell the collateral. Alternatively, a court may conduct a public sale of the property and distribute the proceeds to the Group. Any proceeds recovered from a sale of collateral will reduce the amount of the classified loan. After foreclosure, any uncollected amounts with respect to interest, penalty or principal will be written off.

Partial write-off will be considered where full recovery is not possible taking the present value of securities held or where customers have been allowed time to repay on a negotiated settlement basis for an amount lower than the outstanding amount. The amount is written down to the value of collateral, which means the shortfall in collateral value over the outstanding balance is written off.

Profile of Impaired Loans

The Group's gross impaired loans stood at RM6.19 billion, RM6.32 billion and RM7.58 billion as at 31 December 2017, 31 December 2018 and 30 June 2019, respectively, representing 2.33 per cent., 2.18 per cent. and 2.55 per cent. of total loans as at 31 December 2017, 31 December 2018 and 30 June 2019, respectively.

The table below illustrates the movements of the Group's impaired loans as at 31 December 2017, 31 December 2018 and 30 June 2019:

Unaudited as at 30 June 2019:

	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Total
	(RM'000)	(RM'000)	(RM'000)
At 1 January 2019	6,309,599	7,553	6,317,152
Transfer within stages	1,431,043	–	1,431,043
New financial assets originated	829,514	–	829,514
Write-offs	(649,226)	–	(649,226)
Amount fully recovered	(210,284)	–	(210,284)
Other changes in loans, advances and financing	(242,661)	(40)	(242,701)
Exchange fluctuation	103,590	431	104,021
At 30 June 2019	<u>7,571,575</u>	<u>7,944</u>	<u>7,579,519</u>

Audited as at 31 December 2018:

	Lifetime expected credit losses – credit impaired (Stage 3)	Purchased credit impaired	Impaired loans under MFRS 139	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 January 2018	–	–	6,188,099	6,188,099
Effect of adopting MFRS 9	6,301,507	9,431	(6,188,099)	122,839
Adjusted 1 January 2018	6,301,507	9,431	–	6,310,938
Transfer within stages	1,976,739	–	–	1,976,739
New financial assets originated	126,638	–	–	126,638
Write-offs	(1,005,614)	(2,011)	–	(1,007,625)
Amount fully recovered	(303,418)	–	–	(303,418)
Other changes in loans, advances and financing	(846,489)	(101)	–	(846,590)
Transfer from related companies	2,788	–	–	2,788
Exchange fluctuation	57,448	234	–	57,682
At 31 December 2018	<u>6,309,599</u>	<u>7,553</u>	<u>–</u>	<u>6,317,152</u>

Audited as at 31 December 2017:

	As at 31 December 2017
	(RM'000)
At 1 January 2017	5,585,752
Classified as impaired during the year	5,381,049
Reclassified as not impaired during the financial year	(1,813,509)
Amount written-back in respect of recoveries	(1,065,227)
Amount written off	(1,098,983)
Sale of impaired loans	(754,596)
Exchange fluctuation	(46,387)
At 31 December 2017	<u>6,188,099</u>
Ratio of gross impaired/non-performing loans to total loans, advance and financing	<u>2.33%</u>

Impaired Loans by Economic Purpose

As at 31 December 2018, the Group's three largest components of impaired loans were for working capital purposes, construction and purchases of residential property (housing) and working capital purposes, which constituted 30.6 per cent., 21.6 per cent. and 19.7 per cent. of the Group's impaired loans, respectively. As at 30 June 2019, the Group's three largest components of impaired loans were for working capital purposes, purchases of residential property (housing) and construction, which constituted 36.5 per cent., 17.9 per cent. and 18.7 per cent. of the Group's impaired loans, respectively.

The table below sets out the Group's non-performing loans/impaired loans by economic purpose as at 31 December 2017, 31 December 2018 and 30 June 2019:

	Audited		Unaudited
	As at 31 December		As at 30 June
	2017	2018	2019
	(RM'000)	(RM'000)	(RM'000)
Personal use	203,153	203,341	256,817
Credit cards	120,180	107,599	105,548
Purchase of consumer durables	342	715	939
Construction	1,385,487	1,363,018	1,356,751
Residential property (housing)	1,045,612	1,243,435	1,416,753
Non-residential property	234,801	299,477	350,308
Purchase of fixed assets other than land and buildings	6,267	27,185	29,696
Purchase of securities	133,309	136,610	127,865
Purchase of transport vehicles	281,753	214,068	216,397
Working capital	1,864,785	1,931,637	2,766,454
Merger and acquisition	152,701	51,242	51,122
Other purposes	759,709	738,825	900,869
Gross impaired loans, advances and financing ...	<u>6,188,099</u>	<u>6,317,152</u>	<u>7,579,519</u>

Classification of Financial Assets

With effect from the financial year beginning on/after 1 January 2018 (upon the adoption of MFRS 9), the Group classifies its financial assets into the following measurement categories:

- Fair value (either through other comprehensive income ("**OCI**"), or through profit or loss), and
- Amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, it is determined by the irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI by the Group.

(i) Financial assets at fair value through OCI comprise:

- equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss, and
- debt securities where the contractual cash flows are solely principal, and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

(ii) The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

(iii) The Group classifies the following financial assets at fair value through profit or loss:

- debt investments that do not qualify for measurement at either amortised cost or fair value through comprehensive income
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

At initial recognition, the Group measures financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in which the Group classifies its debt instruments.

(iv) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(v) Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains or losses. Interest income from these financial assets is included in finance income using the effective interest rate method.

(vi) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost, FVOCI or financial assets held for trading are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of income within other gains or losses in the period in which it arises. Interest income from these financial assets is included in the finance income.

For equity investments, the Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain or losses in the statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

As at 31 December 2018 and 30 June 2019, the financial assets at fair value through profit or loss constituted 6.4 per cent. and 7.0 per cent. of the Group's total assets, respectively. As at 31 December 2018, the Group's financial assets at fair value through profit or loss comprised mainly negotiable instruments of deposit, other government treasury bills and other government securities, constituting 26.5 per cent., 19.6 per cent. and 15.7 per cent. of its total financial assets at fair value through profit or loss, respectively. As at 30 June 2019, the Group's financial assets at fair value through profit or loss comprised mainly negotiable instruments of deposit, other government securities and other government treasury bills constituting 17.7 per cent., 17.6 per cent. and 15.3 per cent. of its total financial assets at fair value through profit or loss, respectively.

The table below sets out the Group's financial assets at fair value through profit or loss as at 31 December 2018 and 30 June 2019:

	Audited	Unaudited
	As at 31 December	As at 30 June
	2018	2019
	(RM'000)	(RM'000)
Financial assets at fair value through profit or loss		
Fair Value		
Money market instruments		
Unquoted:		
Malaysian Government Securities	1,856,675	3,976,764
Cagamas bonds	626,157	585,686
Khazanah bonds	—	—
Malaysian Government treasury bills	9,967	516,162
Bank Negara Malaysia bills	—	—
Bank Negara Malaysia Monetary Notes	738,413	2,317,089
Bankers' acceptance	102,325	—
Negotiable instruments of deposit	7,663,918	5,830,054
Other Government securities	4,527,434	5,777,663
Government Investment Issues	237,414	1,903,179
Other Government treasury bills	5,667,495	5,017,521
Promissory Notes	413,965	413,815
Commercial papers	1,139,868	433,366
	<u>22,983,631</u>	<u>26,771,299</u>
Quoted securities:		
<u>In Malaysia</u>		
Shares	340,868	476,570
<u>Outside Malaysia</u>		
Shares	57,011	135,559
	<u>397,879</u>	<u>612,129</u>
Unquoted securities		
<u>In Malaysia</u>		
Shares	815,780	850,400
Corporate bond and Sukuk	2,633,581	1,923,270
	<u>3,449,361</u>	<u>2,773,670</u>
<u>Outside Malaysia</u>		
Corporate bond	1,666,191	2,436,991
Private equity and unit trusts funds	398,925	306,225
	<u>2,065,116</u>	<u>2,743,216</u>
	<u>28,895,987</u>	<u>32,900,314</u>

Debt instruments at fair value through other comprehensive income constituted 5.8 per cent. and 5.8 per cent. of the Group's total assets as at 31 December 2018 and 30 June 2019 and comprised

mainly corporate bonds and sukuk which constituted 75.8 per cent. and 81.3 per cent. of the total debt instruments at fair value through other comprehensive income as at 31 December 2018 and 30 June 2019 respectively.

The table below sets out the Group's debt instruments at fair value through other comprehensive income as at 31 December 2018 and 30 June 2019:

	Audited	Unaudited
	As at 31 December	As at 30 June
	2018	2019
	(RM'000)	(RM'000)
Debt instruments at fair value through other comprehensive income		
Fair Value		
Money market instruments		
Unquoted:		
Malaysian Government Securities	748,002	521,627
Cagamas bonds	280,390	256,304
Khazanah bonds	41,185	–
Other Government treasury bills	105,406	158,491
Other Government securities	3,585,795	2,189,206
Negotiable instruments of deposit	448,425	498,454
Government Investment Issues	1,146,627	1,249,190
Commercial papers	24,271	233,581
	<u>6,380,101</u>	<u>5,106,853</u>
Unquoted securities		
<u>In Malaysia</u>		
Corporate bond and Sukuk	13,286,077	15,885,663
<u>Outside Malaysia</u>		
Corporate bond and Sukuk	6,733,899	6,313,968
Unit trust fund	1	1
	<u>6,733,900</u>	<u>6,313,969</u>
	<u>26,400,078</u>	<u>27,306,485</u>

Equity instruments at fair value through other comprehensive income constituted 0.1 per cent. and 0.1 per cent. of the Group's total assets as at 31 December 2018 and 30 June 2019, and comprised mainly market shares, which constituted 48.3 per cent. and 49.3 per cent., of the total equity instruments at fair value through other comprehensive income as at 31 December 2018 and 30 June 2019 respectively.

The table below sets out the Group's equity instruments at fair value through other comprehensive income as at 31 December 2018 and 30 June 2019:

	Audited	Unaudited
	As at 31 December	As at 30 June
	2018	2019
	(RM'000)	(RM'000)
Equity instruments at fair value through other comprehensive income		
Quoted securities:		
<u>Outside Malaysia</u>		
Shares	2,349	2,803
Unit trusts	5,376	5,819
	7,725	8,622
Unquoted securities		
<u>In Malaysia</u>		
Shares	253,880	252,924
Perpetual corporate bonds	177,034	177,059
	430,914	429,983
<u>Outside Malaysia</u>		
Shares	6,175	6,388
Private equity and unit trusts funds	98,880	86,916
	105,055	93,304
	543,694	531,909

The Group's debt instruments at amortised cost constituted 7.9 per cent. and 7.7 per cent. of the Group's total assets as at 31 December 2018 and 30 June 2019, respectively, and comprised mainly corporate bonds/sukuk and Malaysia government investment issues, constituting 54.6 per cent. and 23.7 per cent., respectively, as at 31 December 2018 and constituting 55.9 per cent. and 24.3 per cent. of the total debt instruments at amortised cost, respectively, as at 30 June 2019.

The table below sets out the Group's debt instruments at amortised cost as at 31 December 2018 and 30 June 2019:

	Audited	Unaudited
	As at 31 December	As at 30 June
	2018	2019
	(RM'000)	(RM'000)
Debt instruments at amortised cost		
Money market instruments		
<u>Unquoted:</u>		
Malaysian Government Securities	3,183,451	3,579,832
Cagamas bonds	242,008	206,883
Other Government treasury bills	2,263,502	1,215,222
Other Government securities	1,736,645	1,843,922
Bank Negara Negotiable Notes	–	–
Malaysian Government Investment Issue	8,492,547	8,890,914
Khazanah bonds	364,199	364,199
Commercial papers	–	30,079
	<u>16,282,352</u>	<u>16,131,051</u>
<u>Quoted securities:</u>		
<u>Outside Malaysia</u>		
Corporate bond and Sukuk	<u>9,627</u>	<u>11,047</u>
<u>Unquoted securities</u>		
<u>In Malaysia</u>		
Corporate bond and Sukuk	16,865,347	17,795,398
<u>Outside Malaysia</u>		
Corporate bond and Sukuk	<u>2,657,619</u>	<u>2,625,113</u>
	<u>19,522,966</u>	<u>20,420,511</u>
Amortisation of premium net of accretion of discount	83,515	89,235
Less: Expected credit losses	<u>(113,990)</u>	<u>(110,674)</u>
	<u><u>35,784,470</u></u>	<u><u>36,541,170</u></u>

For the financial year ended 31 December 2017 (prior to the adoption of MFRS 9), the Group classifies its financial assets into the following categories:

1. Financial Assets Held for Trading

Financial assets are classified as held for trading if they are acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Financial assets held for trading are measured at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, in which case the investments are stated at cost. Gains and losses arising from changes in the fair value are included in the statement of income in the period which they arise.

2. Financial Investments Available-for-sale

Financial investments available for sale are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified into other types of financial assets. Financial investments available-for-sale are measured at fair value, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured in which case the investments are stated at cost. Gains and losses arising from changes in the fair value are recognised directly in other comprehensive income, until the securities are de-recognised or impaired at which time the cumulative gains or loss previously recognised in equity are recognised in the statement of income. Foreign exchange gains or losses of financial investments available for sale are recognised in the statement of income in the period it arises.

3. Financial Investments Held-to-maturity

Financial investments held-to-maturity are non-derivative instruments with fixed or determinable payments and fixed maturities that the Group's management has the positive intent and ability to hold to maturity. If the Group sells other than an insignificant amount of financial investments held-to-maturity, the entire category will be tainted and reclassified as financial investments available-for-sale. Financial investments held-to-maturity are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Gains or losses arising from the de-recognition or impairment of the securities are recognised in the statement of income.

The following tables set out the Group's financial assets and investment portfolio as at 31 December 2017:

	Audited
	As at
	31 December 2017
	(RM'000)
Financial assets held for trading	
<i>Money market instruments:</i>	
<i>Unquoted securities:</i>	
Malaysian Government Securities	365,484
Cagamas bonds	188,085
Malaysian Government treasury bills	25,298
Other Government securities	2,273,146
Other Government treasury bills	4,099,551
Bank Negara Malaysia Monetary Notes	99,343
Bankers' acceptances and Islamic accepted bills	22,149
Negotiable instruments of deposit	6,288,869
Commercial papers	72,816
Government Investment Issue	451,167
	<u>13,885,908</u>
<i>Quoted securities:</i>	
<u>In Malaysia</u>	
Shares	818,460
<u>Outside Malaysia</u>	
Shares	511,314
	<u>1,329,774</u>
<i>Unquoted securities:</i>	
<u>In Malaysia</u>	
Shares	1
Corporate bond and Sukuk	2,091,025
	<u>2,091,026</u>
<u>Outside Malaysia</u>	
Corporate bond and Sukuk	2,939,104
Private equity funds	164,242
	<u>3,103,346</u>
	<u><u>20,410,054</u></u>

	Audited
	As at
	31 December 2017
	(RM'000)
Financial investments available-for-sale	
<i>Money market instruments:</i>	
<i>Unquoted securities:</i>	
Malaysian Government Securities	289,569
Malaysian Government Sukuk	22,107
Khazanah bonds	132,052
Government Investment Issue	696,373
Negotiable instruments of deposit	482,401
Other Government securities	598,316
Cagamas bonds	140,874
Commercial papers	39,825
	<hr/> 2,401,517 <hr/>
<i>Quoted securities:</i>	
<u>Outside Malaysia</u>	
Shares	4,215
Unit trusts	6,001
	<hr/> 10,216 <hr/>
<i>Unquoted securities:</i>	
<u>In Malaysia</u>	
Corporate bond and Sukuk	13,763,383
Shares	1,046,808
Loan stocks	10,087
	<hr/> 14,820,278 <hr/>
<u>Outside Malaysia</u>	
Shares	32,937
Private equity and unit trust funds	480,263
Corporate bond and Sukuk	7,164,956
	<hr/> 7,678,156 <hr/>
Allowance for impairment losses	
Corporate bond and Sukuk	(67,627)
Private equity funds	(124,472)
Unquoted shares	(103,343)
Loan stocks	(10,087)
Unit trusts	(362)
	<hr/> (305,891) <hr/>
	<hr/> 24,604,276 <hr/> <hr/>

	Audited
	As at
	31 December 2017
	(RM'000)
Financial investments held-to-maturity	
<i>Money market instruments:</i>	
<i>Unquoted securities:</i>	
Malaysian Government Securities	2,973,797
Government Investment Issue	8,328,896
Other Government securities	1,004,223
Other Government treasury bills	2,311,257
Cagamas bonds	203,649
Khazanah bonds	443,597
	<hr/> 15,265,419 <hr/>
<i>Unquoted securities:</i>	
<u>In Malaysia</u>	
Loans stocks	7,020
Corporate bond and Sukuk	16,613,687
	<hr/> 16,620,707 <hr/>
<u>Outside Malaysia</u>	
Corporate bond and Sukuk	2,398,814
Accretion of premium net of accretion of discount.	45,342
Less: Allowance for impairment losses	(7,180)
	<hr/> 34,323,102 <hr/> <hr/>

RISK MANAGEMENT

A robust and effective risk management system is critical for the CIMB Group to achieve continued profitability and sustainable growth in shareholder value in today's globalised and inter-linked financial and economic environment.

The CIMB Group embraces risk management as an integral component of its business, operations and decision-making processes. In ensuring that the CIMB Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at an early stage in the risk-taking process by providing independent inputs including relevant valuations, credit evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk versus reward of their propositions and thus enable risk to be priced appropriately in relation to the return.

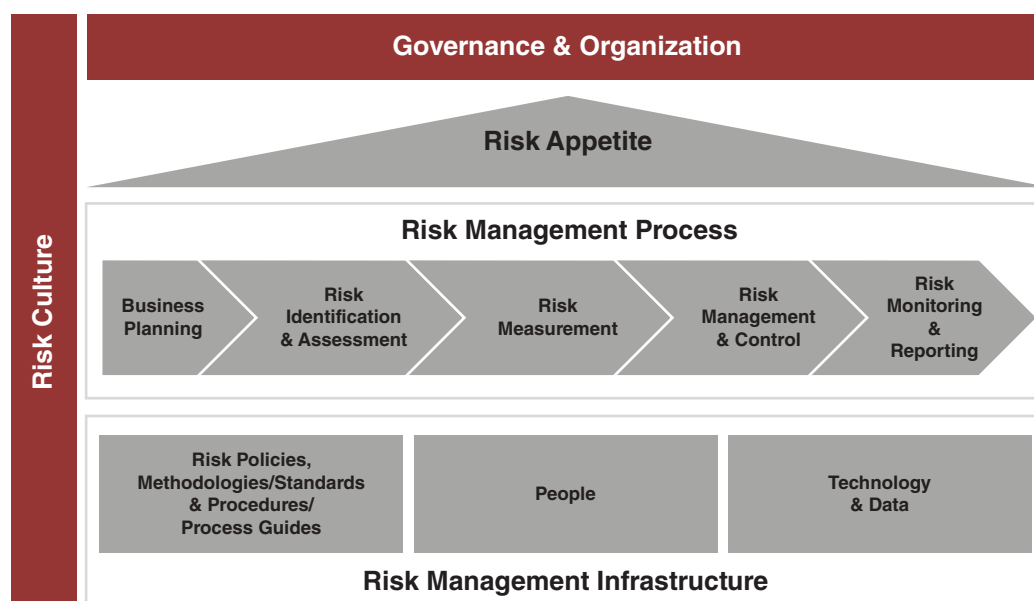
Generally, the objectives of the risk management activities are to:

- (i) identify the various risk exposures and capital requirements;
- (ii) ensure risk-taking activities are consistent with risk policies and the aggregated risk positions are within the risk appetite as approved by the Board of CGHB (the “**CGHB Board**”); and
- (iii) create shareholder value through a sound risk management framework.

An Integrated Risk Management and Control Framework

The CIMB Group employs a Group EWRM Framework as a standardised approach to effectively manage its risks and opportunities. The Group EWRM Framework provides the CGHB Board and management with tools to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, the external and/or regulatory environment.

The key components of the Group EWRM Framework are represented in the diagram below:



The design of the Group EWRM Framework incorporates a complementary “top-down strategic” and “bottom-up tactical” risk management approach with formal policies and procedures addressing all areas of significant risks for the CIMB Group.

The key features of the Group EWRM Framework are:

- (a) *Risk culture*: The CIMB Group embraces risk management as an integral part of its culture and decision-making processes. The CIMB Group’s risk management framework is embodied in the ‘three lines of defence’ model, whereby risks are managed at the point of risk-taking activity. There is clear accountability of risk ownership across the CIMB Group.
- (b) *Governance and organisation*: A strong governance structure is important to ensure an effective and consistent implementation of the Group EWRM Framework. The CGHB Board is ultimately responsible for the CIMB Group’s strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies and procedures. The CGHB Board is assisted by various risk committees and control functions in ensuring that the CIMB Group’s risk management framework is effectively maintained.
- (c) *Risk appetite*: It is defined as the amount and types of risk that the CIMB Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.
- (d) *Risk Management Process*:
 - Business planning: Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture and new product/new business activities.
 - Risk identification & assessment: Risks are systematically identified through the robust application of the CIMB Group’s risk policies, methodologies/standards and procedures/process guides.
 - Risk measurement: Risks are measured and aggregated using the group-wide methodologies across each of the risk types, including stress testing.
 - Risk management & control: Risk management limits and controls are used to manage risk exposures within the risk appetite set by the CGHB Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
 - Risk monitoring & reporting: Risks on an individual as well as on a portfolio basis are regularly monitored and reported to ensure they remain within the CIMB Group’s risk appetite.

(e) *Risk Management Infrastructure:*

- Risk Policies, Methodologies/Standards and Procedures/Process Guides: Well-defined risk policies by risk type provide the principles by which the CIMB Group manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures/Process Guides provide more detailed guidance to assist with the implementation of policies.
- People: Attracting the right talent and skills are key to ensuring a well-functioning Group EWRM Framework. The organisation continuously evolves and proactively responds to the increasing complexity of the CIMB Group as well as the economic and regulatory environment.
- Technology and Data: Appropriate technology and sound data management support risk management activities.

Risk Management Organisation

At the apex of the governance structure are the respective boards of entities within the CIMB Group, which decide an entity's risk appetite corresponding to its business strategies. Each BRCC reports directly to the respective boards and assumes responsibility on behalf of the respective boards for the supervision of risk management and control activities. Each BRCC determines the relevant entity's risk strategies and policies, keeping them aligned with the principles within the risk appetite. Each BRCC also oversees the implementation of the Group EWRM Framework, provides strategic guidance and reviews the decisions of the GRCC.

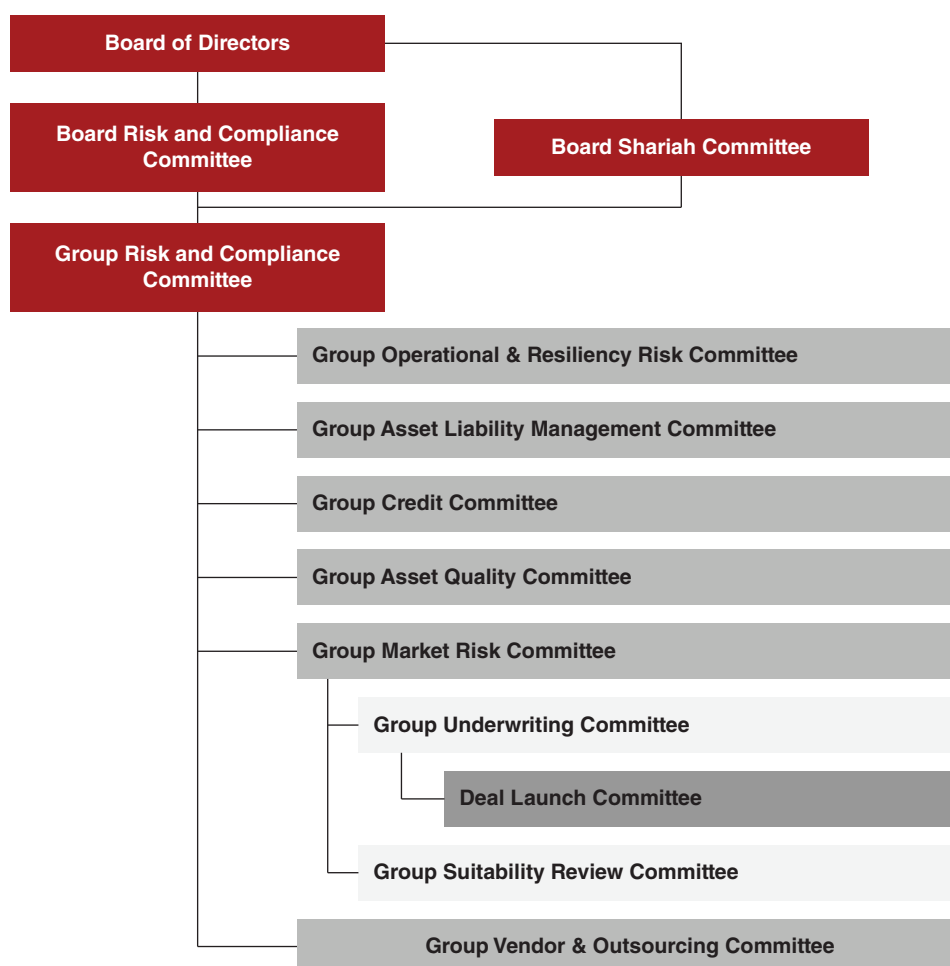
To facilitate the effective implementation of Group EWRM Framework, the BRCC has established various specialised/sub-risk committees within the CIMB Group with distinct lines of responsibilities and functions, which are clearly defined in the terms of reference.

The responsibility of the supervision of risk management functions is delegated to the GRCC, comprised of senior management, and reports directly to the BRCC. The GRCC performs the oversight function on the overall risks undertaken by the CIMB Group in delivering its business plans vis-à-vis the stated risk appetite of the CIMB Group. The GRCC is supported by specialised risk committees, namely Group Credit Committee, Group Market Risk Committee, Group Operational & Resiliency Risk Committee, Group Asset Liability Management Committee and Group Asset Quality Committee, each addressing one or more of the following:

- (i) Market risk, arising from fluctuations in the value of the trading or investment exposure, arising from changes to market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility;
- (ii) Credit risk, arising from the possibility of losses due to the obligor, market counterparty or an issuer of securities or other instruments held failing to perform its contractual obligations to the CIMB Group;
- (iii) Liquidity risk, arising from the CIMB Group's inability to efficiently meet its present and future funding needs or regulatory obligations, when they come due, which may adversely affect its daily operations and incur unacceptable losses;
- (iv) Operational risk, arising from the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events;
- (v) Interest rate risk in the banking book, which is the current and potential risk to the CIMB Group's earning and economic value arising from movement in interest rates;

- (vi) Capital risk, arising from the failure of not meeting the minimum regulatory and internal requirements which could incur regulatory sanction of the CIMB Group, thereby resulting in a potential capital charge; and
- (vii) Shariah non-compliance risk, arising from risk of possible failure to comply with the Shariah requirements determined by the Shariah Advisory Council of BNM and SC, the Board Shariah Committee (the “**BSC**”) of the Group and other Shariah regulatory authorities of the jurisdictions in which the CIMB Group operates.

An overview of the structure of the CIMB Group’s Risk Committee is provided below.



The overseas subsidiaries’ risk committees are set-up in a similar structure in their respective jurisdictions. Whilst recognising the autonomy of the local jurisdiction and compliance to local requirements, the CIMB Group strives to ensure a consistent and standardised approach in its risk governance process. As such, group and regional committees have consultative and advisory responsibilities on regional matters across the CIMB Group. This structure increases the regional communication regarding technical knowledge. It further enhances support towards managing and responding to risk management issues, thus allowing the CGHB Board with a comprehensive view of the activities within the CIMB Group.

Three Lines of Defence

The CIMB Group's risk management culture is embodied through the adoption of the "three lines of defence" philosophy, whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risk across the CIMB Group and risk management as an enabler of the business units. As a first line of defence, the line management (including key business pillars and enablers) is primarily responsible for risk management on a day-to-day basis by taking appropriate actions to mitigate risk through effective controls. The second line of defence provides oversight and performs independent monitoring of business activities with reporting to the board and management to ensure that the CIMB Group conducts business and operates within the approved appetite and is in compliance with regulations. The third line of defence is Group Corporate Assurance Division ("**GCAD**") who provides independent assurance of the adequacy and effectiveness of the internal controls and risk management process.

The roles of Group Chief Risk Officer and GRD

GRD is a function independent of business units within the second line of defence that provides assistance to the CIMB Group's management and stakeholders in monitoring and controlling risk exposures within the CGHB Board-approved risk appetite statement.

GRD is headed by the Group Chief Risk Officer ("**Group CRO**"), appointed by the CGHB Board to lead the CIMB Group-wide risk management functions, including the implementation of the Group EWRM framework. The Group CRO:

- (i) actively engages the respective board and senior management on risk management issues and initiatives; and
- (ii) maintains an oversight on risk management functions across all entities within the CIMB Group. In each country of operations, there is a local Chief Risk Officer ("**CRO**") or a local Head of Risk Management, whose main functions are to assess and manage the enterprise risk and liaise with regulators in the respective countries.

The organisational structure of GRD consists of two major components, namely the CRO and the risk centres of excellence ("**CoE**"):

- (i) CRO
 - (a) The CRO's main function is to assess and manage the enterprise risk and liaise with regulators in the respective country/entity under his/her purview.
 - (b) The CRO is supported by the CRO international offices, which oversee the risk management functions of the regional offices like branches and small overseas banking subsidiaries.
 - (c) For countries where a CRO is not present and/or not required, a local Head of Risk Management is appointed to be the overall risk coordinator for that country.
- (ii) Risk Centres of Excellence (the "**Risk CoEs**")
 - (a) These are specialised teams of risk officers responsible for the active oversight of the CIMB Group-wide functional risk management and the teams support respective CRO in the various geographies.
 - (b) The Risk CoEs consist of Risk Analytics and Infrastructure, Market Risk, Non-Financial Risk (comprising Operational, Shariah, Business Continuity Management, Technology, Outsourcing and Fraud Risk Management), Asset Liability Management and Credit Risk CoEs.

Risk Analytics and Infrastructure CoE

The Risk Analytics and Infrastructure CoE designs frameworks, validates credit risk models and tools and implements standardised infrastructure for risk measurement across the CIMB Group.

Market Risk CoE

The Market Risk CoE recommends the framework and policies for independent assessment, measurement and monitoring of market risk. This is operationalised through review of treasury positions versus limits, performing mark-to-market valuation, calculating value at risk and market risk capital as well as performing stress testing.

Non-Financial Risk Management CoE

The Non-Financial Risk Management (“**NFRM**”) CoE ensures that the first line of defence manages their operational risk effectively by providing an operational risk framework to identify, assess, manage and report their operational risks. The team also provides constructive challenge and assessment to the first line of defence’s execution of the operational risk framework and act as a consultant within the CIMB Group in providing operational risk expertise and reporting to senior management.

The Shariah Risk Management (“**SRM**”) unit within the NFRM CoE facilitates the process of identifying, measuring, controlling and monitoring Shariah non-compliance risks inherent in the CIMB Group’s Islamic banking businesses and services. It formulates, recommends and implements appropriate SRM policies and guidelines; as well as develops and implements processes for Shariah non-compliance risk awareness.

Then NFRM CoE also extends its specialist risk oversight to cover Business Continuity Management, Fraud, Technology and Outsourcing risks.

Asset Liability Management CoE

The Asset Liability Management CoE recommends the framework and policies for the independent assessment, measurement and monitoring of liquidity risk and interest rate risk in the banking book. It conducts regular stress testing on the CIMB Group’s liquidity and interest rate risk in the banking book profile, by leveraging on the standardised infrastructure it has designed, built and implemented across the region. It provides the framework and tools for maintenance of the early warning system indicators and contingency funding plan by business owners across the CIMB Group.

Credit Risk CoE

The Credit Risk CoE consists of retail and non-retail credit risk and is dedicated to the assessment, measurement, management, monitoring and reporting of credit risk of the CIMB Group. It ensures a homogenous and consistent approach taken towards credit risk policies, methodologies and procedures, credit risk models, underwriting and portfolio analytics.

In ensuring a standardised approach to risk management across the CIMB Group, all risk management teams within the CIMB Group are required to conform to the Group EWRM Framework, subject to necessary adjustments required for local regulations. For branches and subsidiaries without any risk management department, all risk management activities are centralised at the relevant Risk CoEs. Otherwise, the risk management activities are performed by the local risk management team with matrix reporting lines to the relevant Risk CoEs.

Key Areas of Risk Management

Credit Risk

Credit risk is defined as the possibility of losses due to an obligor, market counterparty, or an issuer of securities or other instruments held, failing to perform its contractual obligations to the CIMB Group.

Credit risk is inherent in banking activities and arises from traditional financing activities through conventional loans, financing facilities, trade finance as well as commitments to support clients' obligations to third parties, i.e. guarantees. In derivatives, sales and trading activities, credit risk arises from the possibility that the CIMB Group's counterparties will be unable or unwilling to fulfil their obligation on transactions on or before settlement dates. Without effective credit risk management, the impact of the potential losses overwhelming. The purpose of credit risk management is to keep credit risk exposure to an acceptable level vis-à-vis the capital, and to ensure the returns commensurate with risks.

Consistent with the three lines of defence model on risk management where risks are managed from the point of risk-taking activities, the CIMB Group implemented the risk-based delegated authority framework. This promotes clarity of risk accountability whereby the business unit, being the first line of defence, manages risk in a proactive manner with GRD, as a function independent from the business units as the second line of defence. This enhances the collaboration between GRD and the business units.

The risk-based delegated authority framework encompasses the joint delegated authority, enhanced credit approval process and a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals.

The CIMB Group adopts a multi-tiered credit approving authority spanning from the delegated authorities at business level, joint delegated authorities' holders between business units and GRD, to the various credit committees. The credit approving committees are set up to enhance the efficiency and effectiveness of the credit oversight as well as the credit approval process for all credit applications originating from the business units. For corporate, commercial and private banking loans, credit applications are independently evaluated by the Credit Risk CoE team prior to submission to the joint delegated authority or the relevant committees for approval; certain business units' officers are delegated with credit approving authority to approve low valued credit facilities. For all retail loans, all credit applications are evaluated and approved by Consumer Credit Operations according to the designated delegated authority with higher limit approved at joint delegated authority and relevant credit committee.

The GRCC, with the support of Group Credit Committee, Group Asset Quality Committee, other relevant credit committees as well as the GRD, is responsible for ensuring adherence to the CGHB Board's approved risk appetite and risk posture. This includes, *inter alia*, reviewing and analysing of portfolio trends, asset quality, watch-list reporting and reviewing policy. It is also responsible for articulating key credit risks and mitigating controls.

Adherence to and compliance with country sector limit, single customer and country and global counterparty limits are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual.

Adherence to the above established credit limits is monitored daily by the GRD, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. For retail products, portfolio limits are monitored monthly by the GRD.

It is the CIMB Group's policy that all exposures must be rated or scored based on the appropriate internal rating models, where available. Retail exposures are managed on a portfolio basis and the risk rating models are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts, performed by way of statistical analysis from credit bureau and demographic information of the obligors. The risk rating models for non-retail exposures are designed to assess the credit worthiness of corporations or entities in paying their obligations, derived from risk factors such as financial history and demographics or company profile. These rating models are developed and implemented to standardise and enhance the credit underwriting and decision-making process for the CIMB Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the non-retail credit exposures at minimum on an annual basis, and more frequently when material information on the obligor or other external factors come to light.

The exposures are actively monitored, reviewed on a regular basis and reported regularly to GRCC and BRCC. Asset quality is closely monitored so that deteriorating exposures are identified, analysed and discussed with the relevant business units for appropriate remedial actions including recovery actions, if required.

The employment of various credit risk mitigation techniques such as appropriate credit structuring and posting of collateral and/or third-party support form an integral part of credit risk management process. Credit risk mitigants are taken where possible and are considered secondary recourse to the obligor for the credit risk underwritten.

All extension of secured credit facilities as deemed prudent must be appropriately and adequately collateralised. A credit proposal is considered secured only when the entire proposal is fully covered by approved collateral/securities within their approved margins as set out in the relevant credit risk standard. The Group Credit Committee is empowered to approve any inclusion of new acceptable collaterals/securities.

In mitigating counterparty credit risks from foreign exchange and derivatives transactions, the CIMB Group enters into master agreements that provide for close-out netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

For each counterparty where a credit support annex has been executed in addition to a master netting agreement, the CIMB Group will request for additional collateral for any exposures above the agreed threshold, in accordance with the terms specified in the relevant credit support annex. The CIMB Group avoids unwanted credit or market risk concentrations by diversifying its portfolios through a number of measures. Amongst others, there are guidelines in place relating to maximum exposure by products, counterparty, sectors and country.

Market Risk

Market risk is defined as any fluctuation in the value of a trading or investment exposure arising from changes to market risk factors such as interest rates, currency exchange rates, credit spreads, equity prices, commodities prices and their associated volatility.

The CIMB Group hedges the exposures to market risk by employing various strategies, including the use of derivative instruments.

The CIMB Group adopts various measures as part of its risk management process. The GRCC with the assistance of the Group Market Risk Committee and its delegated committees ensures that the risk exposures undertaken by the CIMB Group is within the risk appetite approved by the CGHB Board.

The market risk CoE is responsible for measuring and overseeing the CIMB Group's market risk through robust measurement and market risk limit monitoring while facilitating business growth within a controlled and transparent risk management framework.

The market risk CoE evaluates the market exposures using the applicable market price and pricing model. The valuation process is carried out with the independent price verification requirements to ensure that financial assets/liabilities are recorded at fair value. The valuation methods and models used are validated by risk management quantitative analysts to assess their applicability relative to market conditions.

The CIMB Group also adopts the value-at-risk ("**VAR**") methodology as an approach in the measurement of market risk. VAR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level.

Stress testing is conducted to capture the potential market risk exposures from an unexpected market movement. In formulating stress scenarios, consideration is given to various aspects of the market; for example, identification of areas where unexpected losses can occur and areas where historical correlation may no longer hold true.

In addition to the above, the market risk CoE undertakes the monitoring and oversight process at Treasury and Markets' trading floors, which include reviewing and analysing treasury trading activities vis-à-vis changes in the financial markets, monitoring limits usage, assessing limits adequacy and verifying transaction prices.

Liquidity Risk

Liquidity risk is defined as the current and potential risk to earnings, shareholder funds or the reputation arising from the CIMB Group's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they are due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The objective of the CIMB Group's liquidity risk management is to ensure that it can meet its cash obligations in a timely and cost-effective manner. To this end, the CIMB Group's liquidity risk management policy is to maintain high quality and well diversified portfolios of liquid assets and sources of funds under both business-as-usual ("**BAU**") and stress conditions. Due to its large delivery network and marketing focus, the CIMB Group is able to maintain a diversified core deposit base comprising retail transactions accounts, savings, demand and term deposits, thus providing the CIMB Group with a stable, large funding base. The CIMB Group maintains large buffers of liquidity throughout the year to ensure safe and sound operations from a strategic, structural and tactical perspective.

The day-to-day responsibility for liquidity risk management and control in each individual entity is delegated to the respective Country Asset Liability Management Committee which subsequently report to the Group Asset Liability Management Committee. The Group Asset Liability Management Committee meets at least once a month to discuss the liquidity risk and funding profile of the CIMB Group. The key liquidity risks include internal liquidity gaps, cashflow maturity profile mismatches under business which are classified as usual and stress scenarios or regulatory liquidity coverage ratio ("**LCR**") which are measured and monitored regularly. LCR is a

quantitative regulatory requirement which seeks to ensure that banking institutions hold sufficient high-quality liquid assets (“**HQLA**”) to withstand an acute liquidity stress scenario over a 30-calendar-days horizon. The CIMB Group monitors and reports LCR in accordance with the BNM Liquidity Coverage Ratio Policy Document which took effect from 25 August 2016 and maintains its liquidity positions above the prudential requirement. In addition, the CIMB Group computes regulatory Net Stable Funding Ratio (“**NSFR**”) on a quarterly basis and maintains the ratio above the standard regulatory requirement. BNM issued the Net Stable Funding Ratio Policy Document on 31 July 2019 and the compliance requirement will take effect from 1 July 2020. Liquidity risk stress testing under various scenarios covering bank-specific (idiosyncratic), market-wide and combined crises is performed regularly to identify sources of potential liquidity strain.

In addition to regulatory limits, liquidity risk undertaken by the CIMB Group is governed by a set of established liquidity risk limits and appetite. Management action triggers have been established to alert management to potential and emerging liquidity pressures. The CIMB Group’s Liquidity Risk Management Policy is subjected to periodic review. The assumptions, risk limits and appetite are regularly reviewed in response to regulatory changes, changing business needs and market conditions.

The asset-liability management function, which is responsible for the independent monitoring of the CIMB Group’s liquidity risk profile, works closely with Treasury and Markets team in its surveillance on market conditions. Business units are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. Overseas branches and subsidiaries seek to be self-sufficient in funding at all times. The Treasury and Markets team only acts as a global provider of funds on a needs or contingency basis. Each entity has to prudently manage its liquidity position to meet its daily operating needs.

The CIMB Group’s contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during a liquidity or funding crisis and under adverse market conditions. The contingency funding plan is subjected to regular testing.

Operational Risk

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

The NFRM CoE, a second line of defence function provides the methodology, tools and processes for the identification, assessment, reporting, and management of operational risks for the implementation by respective risk owners across the CIMB Group. The NFRM CoE also independently oversees the operational risk controls monitoring that reside within the first line of defence.

Identified risks are rated using a defined risk rating methodology applied across the CIMB Group’s three lines of defence. Monitoring of the identified risks is primarily done through the Operational Risk Committee or relevant risk management committees operating in each material geography and business line. These committees report up to the relevant functional or country level committees.

The Group Operational & Resiliency Risk Committee (“**GORRC**”) is the senior management committee at the Group-level that is tasked to oversee the operational risk framework and policies to ensure they are appropriate for the size and complexity of the current and future operations of the CIMB Group and make recommendation to the GRCC for approval. The GORRC oversees and monitors the overall control environment of the CIMB Group and reports to the GRCC on material non-financial risks.

The CIMB Group recognises that the key determinant for a well-managed banking operation is to cultivate an organisation-wide risk management discipline and culture. The CIMB Group manages operational risks through the following key measures:

- (i) sound risk management practices in accordance with Basel II and regulatory guidelines;
- (ii) board and senior management oversight;
- (iii) well-defined responsibilities for all personnel concerned;
- (iv) establishment of a risk management culture;
- (v) deployment of operational risk management tools that include:
 - operational event and loss data management;
 - risk control self-assessment;
 - control issue management;
 - new product approval process;
 - key risk indicators; and
 - scenario analysis.

These tools form part of the operational risk framework that allows the CIMB Group to effectively identify, measure, mitigate and report its operational risks. Each material division of the CIMB Group independently assesses on their internal risks and control environment rating, and reports key control deficiencies with remediation plans.

Each new or varied product with changes to the process flow is subjected to a rigorous risk review, where all critical and relevant areas of risk are being appropriately identified and assessed independently from the risk takers or product owners.

The promotion of a risk management culture within the CIMB Group, whereby the demand for integrity and honesty is non-negotiable, and remains the core theme in the operational risk awareness programme. Additionally, the e-learning module on operational risk management has enhanced the awareness of operational risk amongst the staff.

Interest Rate Risk in The Banking Book

Interest rate risk in the banking book is defined as the current and potential risk to the CIMB Group's earnings and economic value arising from movement in interest rates.

The CIMB Group manages its exposure to fluctuations in interest rates through policies established by the Group Asset Liability Management Committee. Interest rate risk in the banking book undertaken by the CIMB Group is governed by an established risk appetite that defines the acceptable level of risk to be assumed by the CIMB Group. Risk appetite is established by the CGHB Board. The Group Asset Liability Management Committee is a board-delegated committee which reports to the GRCC. With the support from the Asset Liability Management CoE under the GRD, and Capital and Balance Sheet Management under Group Finance, the Group Asset Liability Management Committee is responsible for the review and monitoring of the CIMB Group's balance sheet, business and hedging strategies, the overall interest rate risk profile and ensuring that such risk profile is within the established risk appetite. Treasury and Markets is responsible for day-to-day management of exposure and gapping activities, including execution of hedging strategies.

Interest rate risk in the banking book is measured by:

- (i) Economic Value of Equity (“**EVE**”) sensitivity which measures the long-term impact of sudden interest rate movement across the full maturity spectrum of the CIMB Group’s assets and liabilities. It defines and quantifies interest rate risk as the change in the economic value of equity (e.g. present value of potential future earnings and capital) as asset portfolio values and liability portfolio values would rise and fall with changes in interest rates. This measure helps the CIMB Group to quantify the risk and impact on capital with the focus on current banking book positions.
- (ii) Earnings at Risk (“**EaR**”) is the potential impact of interest rate changes on accruing or reported earnings. It focuses on risk-to-earnings in the near term, typically the next one year. Fluctuations in interest rates generally affect reported earnings through changes in the bank’s net interest income, which is the difference between total interest income earned from assets and total interest expense incurred from liabilities. The CIMB Group’s EaR takes into consideration forecasts on budgeted new business generation and product pricing strategies.

Shariah Non-Compliance Risk

Shariah non-compliance risk is the risk that arises from the CIMB Group’s possible failure to comply with the Shariah requirements determined by Shariah Advisory Council of BNM and the SC, the BSC of the Group and other Shariah regulatory authorities of the jurisdictions in which the CIMB Group operates. Shariah non-compliance may result in financial and non-financial impact to the CIMB Group such as nullification of contract, non-recognition of income or earnings, regulatory breach, reputation risk etc. The appropriate treatment of any Shariah non-compliant income or earnings shall be advised by the BSC, which may include but not limited to, channelling the Shariah non-compliant income or earnings to charitable organisation or returning the Shariah non-compliant income or earnings to customers.

The CIMB Group has a Group Shariah Advisory & Board Shariah Committee Secretariat Policy & Procedure in place, which governs the roles and responsibilities of the BSC, overall Shariah compliance functions and Shariah governance processes of the CIMB Group. Monitoring of Shariah compliance and Shariah governance is carried out through Shariah Review and Shariah Audit functions, supported by Shariah Risk Management control measures and Shariah and Governance.

Shariah Risk Management is facilitated by the Shariah Risk Management Unit within the NFRM CoE by implementing a systematic and consistent approach to the management of Shariah non-compliance. The objectives, mission, guiding principles, governance structure, as well as the methodology and approach adopted by the CIMB Group in managing Shariah non-compliance risk, is articulated in the Shariah Risk Management Policy.

Apart from monitoring and analysing Shariah non-compliant events or incidences submitted by Risk Control Officer/Designated Compliance and Operational Risk Officers to Shariah Review & Assurance under Group Legal and Compliance CoE for escalation to the BSC and reporting to the relevant risk committees, Shariah Risk Management unit within NFRM CoE also actively participates in the Islamic products and services development process to ensure that all Shariah non-compliance risks are appropriately identified, assessed, managed and controlled. The new products and services as well as internal policies and procedures that are applicable to Islamic banking businesses and services are subject to prior approval from the BSC before implementation.

The Role of Internal Audit

The internal audit function is an integral part of an effective system of corporate governance. The CIMB Group's internal audit function is performed by the GCAD, which reports independently to the audit committee of the Bank, CIMB Investment Bank Berhad and CIMB Islamic Bank Berhad (collectively, the "**Banking Group AC**"), which is the audit and is independent of the activities and operations of the business and other support units. The principal responsibility of the GCAD is to provide independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by management. In evaluating internal controls, the GCAD adopts the 5 components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (the "**COSO**"); namely control environment, risk assessment, control activities, information and communication, and monitoring activities. The COSO is an internationally recognised organisation providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.

The GCAD's scope of coverage encompasses all business and support units, including subsidiaries that do not have their own audit units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by the Banking Group AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of the CIMB Group. Areas that are assessed to be high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. Notwithstanding the risk assessment, the annual audit plan will include areas that must be audited annually due to regulatory requirements, and other established criteria such as recent incidence of fraud, previous adverse audit rating or recent action by regulators. The GCAD also undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases and other incidences as and when required, and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

The GCAD has unrestricted access to information required in the course of its work. The GCAD's scope of work is established in accordance with the Institute of International Auditors' ("**IIA**") International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines. The audit report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal control together with detailed audit observations, management responses and timeline to implement the GCAD's recommendations. The Banking Group AC reviews any exceptions or non-compliance raised and ascertains that appropriate and prompt remedial actions are taken by the management.

The foreign banking subsidiaries have their own audit committees and their own internal audit divisions. The Banking Group AC meets with the relevant subsidiary's audit committee once a year to discuss governance and audit matters. The internal audit divisions of the foreign banking subsidiaries submit a report to the Banking Group AC once every quarter. These internal audit divisions follow the same audit planning and standards, and same audit rating methodology as the GCAD with such modifications as necessary to suit local environment and regulations.

The GCAD was awarded the ISO 9001:2015 Certification for its quality management system in 2017. In addition, external assessment of the GCAD's internal audit activity is conducted by qualified external independent reviewer at least once every five years to assess its conformance with the Institute of Internal Auditors ("**IIA**") International Standards for the Professional Practice of Internal Auditing and the pertinent regulations. The latest assessment was conducted in 2018 by one of the big four accounting firm in Malaysia which repeated that the GCAD had conformed to the IIA standards and pertinent regulations.

Business Continuity Management (“BCM”)

The BCM programme is part of the CIMB Group’s ongoing commitment in ensuring business resilience throughout the CIMB Group. Continuity of service to the CIMB Group’s customers, together with all the supporting business processes, is fundamental to meeting its business objectives. The respective board and management are responsible to ensure enterprise-wide implementation of sound BCM practices as part of good corporate governance and prudent risk management.

The CIMB Group’s BCM programme is aimed at delivering organisational resilience by ensuring that critical business process can continue or be recovered in a timely manner following a disruption and ensure that the CIMB Group meets its statutory and regulatory responsibilities and adheres to accepted best practices in the industry.

The BCM programme is aligned to the organisation’s business vision and strategy. This is done by calibrating the CIMB Group’s BCM programme to the target level of business preparedness, which is determined by the Group BCM Steering Committee.

Regular reviews, re-assessments and updates for BCM documentations/plans have been conducted to ensure adequacy, effectiveness and relevance of the business recovery strategies. These plans are rehearsed and tested on a regular basis.

The CIMB Group has a BCM department, whose primary role is to ensure effective coordination and supervision of all BCM activities by introducing integrated and standardised BCM approach across the organisation.

Annual BCM workshops are conducted for various business units within the CIMB Group and for regional counterparts with support from the Group BCM Steering Committee and Group Human Resources in its effort to increase employee awareness and efficiency, and to grow the BCM programme’s maturity.

Basel II Implementation

BNM adopted a two-phase approach for implementing the standards recommended by the Bank of International Settlements set out in “International Convergence of Capital Measurement and Capital Standards: A Revised Framework” (Basel II) in Malaysia. In the first phase, banking institutions are required to adopt the Standardised Approach for credit risk by the end of 2008. In the second phase, qualified banking institutions are allowed to migrate directly to the Internal Rating Based Approach (“**IRB**”) beginning from 2010.

The CIMB Group had in May 2007 applied for direct migration to the IRB. The approach adopted by the CIMB Group for credit risk will be Advanced IRB for retail exposure and Foundation IRB for corporate exposure. The Group has subsequently implemented various initiatives to enhance its risk management standards to meet Basel II requirements. BNM approved the CIMB Group to migrate to IRB for credit risk in July 2010.

The CIMB Group’s operational risk is based on the basic indicator approach.

Its enterprise-wide risk management requires the business and support units to identify all material risks affecting the CIMB Group’s business and operations on an on-going basis. The CIMB Group’s capital is then allocated to all relevant units for risk-taking purposes. The CIMB Group’s capital management framework provides the methodology and processes in capital management, including a capital allocation process that optimises risk-adjusted return of the capital. These initiatives were implemented under Basel II to further enhance the use of risk management parameters in the CIMB Group’s Capital Management Framework.

In 2010, BNM issued Risk Weighted Capital Adequacy Framework-Disclosure Requirements (Pillar 3) with the aim to promote better market discipline and enhance transparency by setting the minimum requirements for market disclosures of information of the risk management practices and capital adequacy of the banking institutions. In line with the requirement, the CIMB Group has, beginning 2011, published and updated its Basel II Pillar 3 disclosures in the Annual Reports of CGHB. It is also published and made available on the CIMB Group's corporate website (www.cimb.com).

The Implementation of Basel III

On 28 November 2012, BNM issued revised guidelines on the Capital Adequacy Framework which took effect from 1 January 2013 onwards. The Capital Adequacy Framework was then revised on 2 February 2018, which took effect for all banking institutions and all financial holding companies on 1 January 2018 and 1 January 2019, respectively. These guidelines are largely in line with the package of measures finalised by the Basel Committee in December 2010, which include enhancing the definition of capital, raising minimum capital requirements and introducing capital surplus, amortisation of non-Basel III compliant capital instruments as well as introducing liquidity standards and a leverage cap. BNM has adopted the Basel Committee timeline of a gradual phase-in of these standards beginning 2013 until 2019 as shown in the table¹ below:

Calendar Year	2013	2014	2015	2016	2017	2018	2019
Leverage Ratio	Observation period reporting					Standard in force	
Minimum Common Equity Capital Ratio . .	3.5%	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%
Capital Conservation Buffer				0.625%	1.250%	1.875%	2.5%
Minimum Common Equity + Conservation Buffer	3.5%	4%	4.5%	5.125%	5.750%	6.375%	7%
Minimum Tier 1 Capital	4.5%	5.5%	6%	6%	6%	6%	6%
Minimum Tier 1 Capital + Conservation Buffer . .	4.5%	5.5%	6%	6.625%	7.250%	7.875%	8.5%
Minimum Total Capital	8%	8%	8%	8%	8%	8%	8%
Minimum Total Capital + Conservation Buffer	8%	8%	8%	8.625%	9.25%	9.875%	10.5%
Capital Instruments that No Longer Qualify as Non-Core Tier 1 or Tier 2 Capital	Phased out over a 10-year horizon beginning 2013						
Liquidity Coverage Ratio	Observation period reporting		Standard in force				
Net Stable Funding Ratio	With effect from 1 July 2020						

¹ All dates are as of 1 January unless otherwise indicated. Shading indicates transition periods.

The Group seeks to maintain a strong capital position that consistently ensures an optimal capital structure to meet the requirements of various stakeholders. There can be no assurance that the Group will not face increased pressure on its capital in the future under the Basel III standards and that the Group will be able to raise additional capital on favourable terms, or at all. However, the Group will retain its policy to maintain capital sufficiently above regulated levels incorporating capital buffers introduced under the new framework.

BNM has, through the Capital Adequacy Framework, provided clarity on the capital adequacy requirements in Malaysia. In addition, in relation to the Basel III liquidity standards, BNM issued its LCR and NSFR guidelines dated 25 August 2016 and 31 July 2019 respectively. The effective date for the NSFR is 1 July 2020. As part of its ordinary course of business, the Group maintains the LCR and the NSFR above the regulatory requirements.

If the regulatory capital and/or liquidity requirements applied to the CIMB Group continue to increase in the future, the CIMB Group's return on equity and profitability could be adversely affected. Any failure by the CIMB Group to satisfy such increased regulatory capital and/or liquidity requirements within the applicable timeline could result in administrative actions or sanctions, which in turn may have a material adverse effect on the CIMB Group's business, financial condition and results of operations.

MANAGEMENT

The Board

The Board's primary responsibility is to approve and periodically review the Bank's overall business strategies and policies.

The Board consists of nine members comprising one Executive Director, three Non-Independent Non-Executive Directors and five Independent Directors, and is chaired by Dato' Zainal Abidin Putih.

Name	Position
Dato' Zainal Abidin Putih	Chairman/Non-Independent Non-Executive Director
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	Chief Executive Officer/Executive Director
Datuk Mohd Nasir Ahmad	Independent Director
Rosnah Dato' Kamarul Zaman	Independent Director
Venkatachalam Krishnakumar	Independent Director
Datin Grace Yeoh Cheng Geok	Independent Director
Chu Hong Keong	Independent Director
Dato' Lee Kok Kwan	Non-Independent Non-Executive Director
Serena Tan Mei Shwen	Non-Independent Non-Executive Director

In advance of each board meeting, each Director is provided with relevant documents and information (comprising financial performance reports, updates on corporate developments, business progress reports, risk and compliance reports and proposals) to enable him or her to discharge his or her duties. The Directors have access to unrestricted and independent advice and the services of the company secretary.

Board Committees

The Bank complies with BNM's policy document "Corporate Governance" (BNM/RH/PD 029-9) which came into effect on 3 August 2016 and international best practice. The Bank's governance structure incorporates the provisions of Malaysia's Code on Corporate Governance 2012 and best practice, such as the Green Book on Enhancing Board Effectiveness (Green Book) by the Putrajaya Committee on Government-Linked Companies (GLC)'s High Performance, the Corporate Governance Guide Towards Boardroom Excellence 3rd Edition (CG Guide) by Bursa, and the Minority Shareholders Watchdog Group (MSWG)'s Malaysia-ASEAN Corporate Governance Scorecard.

Under its governance structure, the Bank has its own Audit Committee ("**AC**") and BRCC and leverages on the other committees established by CGHB and CIMB Islamic, respectively. The main functions and relationships of the AC and the BRC are set out below:

- The AC comprises four Independent Directors and one Non-Independent Non-Executive Director who possess financial backgrounds and extensive experience in accounting and audit. The AC is responsible for the Bank, CIMB Islamic and CIMB Investment Bank and its subsidiaries. The key responsibilities of the AC include overseeing the effectiveness of the Bank's internal audit function and external auditors and reviewing the findings of major investigations, routine audit findings and any compliance issues reported in relation to the general audit function. The AC meets regularly to review, amongst others, semi-annual and

annual financial statements, audit reports which include observations pertaining to risk management, internal controls, as well as the status of major credit facilities granted and related party transactions. The role of the AC also includes assessing the performance, independence and objectivity of external auditors on an annual basis.

- The BRCC of the Bank comprises six members, of which four are Independent Directors and two are Non-Independent Directors. The BRCC is responsible for determining the risk appetite of the entity corresponding to its business strategies. The BRCC reports directly to the Board and assumes responsibility on behalf of the Board for the supervision of risk management and control activities, as well as non-compliance and deficiencies. The BRCC determines the risk strategies and policies, keeping them aligned with the principles within the risk appetite of the Group. The BRCC also oversees the implementation of the Group EWRM framework and provides strategic guidance and reviews the decisions by the Group Risk and Compliance Committee. For further details, see “*Risk Management – Risk Management Structure*”.

The Group Nomination and Remuneration Committee (the “**GNRC**”) is established by the CGHB. The GNRC of CGHB comprises five Independent Directors and one Non-Independent Non-Executive Director of CGHB. The GNRC is responsible for providing a formal, transparent and consistent procedure for the appointment of directors, CIMB Group’s Board committees and the Chief Executive Officer/Executive Officer, as well as assessing the effectiveness of individual directors, the Boards of CIMB Group as a whole, and CIMB Group’s Board committees, and the performance of the Chief Executive Officer and key management officers throughout CIMB Group. The GNRC also oversees the nomination process and remuneration package of Non-Executive Directors and key senior management of the local and regional subsidiaries and joint-venture entities of CIMB Group.

The BSC is responsible for overseeing overall Shariah matters of the CIMB Group in accordance with the relevant regulatory frameworks in the jurisdiction where CIMB Group operates. The BSC, amongst others, ensures that the Shariah rulings relating to the CIMB Group’s Islamic banking and capital market products and services comply with Shariah precepts and resolutions by the relevant Shariah authorities. Any non-compliance in respect of Shariah matters is reported to the BSC and deliberated before such reports are presented to the board of CIMB Islamic through the BRCC of CIMB Islamic. The Chief Compliance Officer presents a periodic report on Shariah non-compliance matters and rectification plans undertaken to address any such non-compliance.

Profile of Directors

As at the date of this Offering Circular, the profile of the Board is as follows:

Dato’ Zainal Abidin Putih is currently the Chairman and Non-Independent Non-Executive Director of the Bank. Dato’ Zainal Abidin qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Dato’ Zainal Abidin sits on the Board of Southeast Asia Special Asset Management Berhad. He is the Chairman of the Bank and Touch ‘n Go Sdn Bhd. He has extensive experience in audit, management consulting and taxation, having been involved as a practising accountant and consultant throughout his career. He was formerly the Country Managing Partner of Messrs Hanafiah Raslan and Mohamad which merged with Messrs Arthur Andersen in 1990 and was an Adviser with Messrs Ernst & Young Malaysia until his retirement on 31 December 2004.

Dato' Zainal Abidin was the Chairman of Pengurusan Danaharta Nasional Berhad up to December 2005 when it ceased operations. He is also the Past President of the Malaysian Institute of Certified Public Accountants, Malaysian Accounting Standards Board and previously served as a member of the Malaysian Communication and Multimedia Commission. He was also previously a member of the Investment Panel of the Employees Provident Fund.

Dato' Zainal Abidin sits on the boards of other public listed companies and is currently the Chairman of Dutch Lady Milk Industries Berhad and Land & General Berhad. He also sits on the boards of Petron Malaysia Refining and Marketing Berhad. He holds directorships in a number of private companies including as Chairman of Mobile Money International Sdn Bhd. He is also a Trustee of the National Heart Institute Foundation.

Tengku Dato' Sri Zafrul Tengku Abdul Aziz is the Chief Executive Officer and Executive Director of the Bank. He is also the Group Chief Executive Officer and Executive Director of CGHB.

With over 22 years of experience in the financial services sector, specialising in investment banking, Tengku Zafrul's last position was with Maybank Investment Bank Berhad and Maybank Kim Eng Holdings as Chief Executive Officer. He also held senior positions in Citigroup Malaysia, Kenanga Holdings Berhad and Avenue Securities (now known as ECM Libra). He also set up Tune Money Sdn Bhd, an Asian online financial service provider. He started his career as a Corporate Finance Executive in AM Investment Bank and after that joined Credit Agricole as a Senior Investment Analyst, after which he became the Advisor to the President of Tenaga Nasional Bhd.

Tengku Zafrul is currently a member of the APEC Business Advisory Council, representing Malaysia in promoting intra-trade and collaboration within Asia Pacific. Further, as an advocate of Malaysia's socio-economic development, he currently sits on the board of the National Sports Council of Malaysia, is also a Trustee of the Perdana Leadership Foundation and a member of the National Higher Education Entrepreneurship Council under the Ministry of Education. He is also an Honorary Commander of the Navy Volunteer Reserve under the Royal Malaysian Navy.

Tengku Zafrul graduated from the University of Bristol, United Kingdom with a Bachelor of Science (Hons) Economics and Accounting and obtained a Master of Arts (MA) in Finance and Management from the University of Exeter, United Kingdom. He also holds a fellowship with the Asian Institute of Chartered Bankers.

Datuk Mohd Nasir Ahmad is an Independent Director of the Bank. He was elected as a council member of the Association of Chartered Certified Accountants (United Kingdom) in September 2013 and was re-elected in September 2016. Datuk Mohd Nasir holds a Master of Business Administrations (Finance) from Universiti Kebangsaan Malaysia and was the President of the Malaysia Institute of Accountants from August 2011 to July 2013.

Datuk Mohd Nasir has 39 years of experience in finance and accounting. He started his career as a trainee with Tenaga Nasional Berhad ("**TNB**") in 1979 holding various positions in the finance division. In January 1993, he was seconded to TNB's subsidiary company, Malaysia Transformer Manufacturing Sdn Bhd as the financial controller before being appointed as the Chief Executive Officer in June 2014. In January 2000, he joined Syarikat Permodalan Kebangsaan Berhad as its CEO. He has also helmed several Government-linked companies such as Perbadanan Usahawan Nasional Berhad and Syarikat Permodalan Kebangsaan as its Chief Executive Officer on 1 June 2001 until his retirement on 1 June 2011.

Datuk Mohd Nasir is currently also the Chairperson of CGHB and sits on the boards of SIRIM Berhad and Prokhas Sdn Bhd. He is a council member of the Association of Chartered Certified Accountants and a Trustee of Yayasan Canselor UNITEN.

Rosnah Dato' Kamarul Zaman is an Independent Director of the Bank. She is currently a Trustee of CIMB Foundation. She started her career as a Management Trainee with the former Bank of Commerce in 1979, and left the Bank of Commerce in 2005, after its merger with the Bank. Her last appointment at the Bank was as Senior Executive Vice President heading the Banking Unit, responsible for Retail Banking, Business Banking, Corporate Banking, Treasury and International Banking.

Venkatachalam Krishnakumar is an Independent Director of the Bank. He is an experienced banker and began his career with Citibank (India) in 1974. He was the Chief Operating and Financial Officer for Citibank's Global Consumer Bank, Asia Pacific Region.

During his 31-year career with Citibank, he founded and was Chairman/Chief Executive Officer of Citicorp Overseas Software Limited ("COSL") in Bombay (1986), the first 100 per cent. foreign-owned software company in India's nascent days as a global software destination. During his tenure at Citibank, he acted in various senior capacities ranging from Chief Financial Officer for the International Banking & Finance Group (latterly Emerging Markets) to Chief of Staff and CFO, to the President of Citicorp/Citibank in New York. During his 7 years (1988-1994) with Citibank in New York, he saw Citibank work through a severe turnaround situation while serving as the Chief Business Analyst for the Chairman. He was Chairman of Citibank Malaysia between 2002 and 2004.

Since retirement he has served as Senior Advisor to McKinsey and Co and Barclays Bank. He has served on several boards including Singapore Technologies Engineering (Singapore), Mediacorp (Singapore) and Singapore Computer Systems. Mr. Krishnakumar currently chairs the Board of Oracle Financial Services Software Ltd (Asia Pac) in Singapore.

Datin Grace Yeoh Cheng Geok is an Independent Director of the Bank. She holds a Bachelor of Laws (Hons) (LLB) from the London School of Economics and Political Science and also a Master of Laws (LLM) from the University of London. She was called to the English Bar in 1984 and to the High Court of Malaya in 1985.

She has been in active practice since 1985 and is currently a partner of Shearn Delamore & Co. where she heads the Corporate and Commercial Law Department as well as the Energy, Natural Resources & Green Technology Practice Group. Prior to joining the Corporate and Commercial Law Department, she practised in the Dispute Resolution Practice Group for more than 10 years. Datin Yeoh currently sits on the Boards of Bursa Malaysia Berhad, Bursa Malaysia Securities Berhad and Bursa Malaysia Securities Clearing Sdn Bhd.

Chu Hong Keong is an Independent Director of the Bank. He is also a Member of the Board Risk and Compliance Committee and the CIMB Technology Strategic Panel.

Mr. Chu graduated in Electrical & Electronics Engineering from the University of Canterbury, New Zealand and started his career with the Telecommunications Authority of Singapore. He later joined HSBC Bank Malaysia Bhd from 1981 where he served up to his retirement in 2012. He was appointed on the Board of Malaysia Electronic Clearing (MyClear) Corp Sdn Bhd, a subsidiary of Bank Negara Malaysia from 2013 to 2017. He was also a Managing Director of Silverlake Group from 2012 to 2015.

Mr. Chu has over 30 years of experience in the banking and telecommunication industries and diverse expertise ranging from banking technology and operations, e-business, strategic and digital transformation to risk/fraud management, regulatory compliance review and quality reassurance as well as interbank clearing/payment standards and operating rules. Mr. Chu has also more than 15 years of experience in international awards judging for technology-related innovations and start-ups. Leveraging on his experience, he currently mentors Malaysian start-ups and entrepreneurs and had previously participated as an investor in ASEAN Business Angel Network's investment forums for start-ups.

Dato' Lee Kok Kwan is a Non-Independent Non-Executive Director and a member of the BRC of the Bank and a member of the Board Oversight Committee of CGHB. He holds a BBA Joint Honours (1st Class) degree and a Master of Business Administration from Simon Fraser University, Canada.

Dato' Lee was previously Adviser (Wholesale Banking) to the Group Chief Executive Officer and Chief Executive Officer of Corporate Banking, Treasury and Markets. His areas of responsibility included corporate banking; CIMB Group's markets; sales and trading businesses in interest rates, credit, foreign exchange, commodities, equity and their derivatives; debt capital markets; fixed income investments; transaction banking; and the treasury and funding operations for the CIMB Group.

Prior to joining the Group in 1996, Dato' Lee had more than seven years of markets and treasury experience in the Canadian banking industry. He was the Treasury Portfolio Manager responsible for interest rates and optionality risk and return for a leading Canadian bank and a member of its Senior Asset-Liability Management Committee.

Dato' Lee is also the President of the Financial Markets Association of Malaysia and the Vice-Chair of the ASEAN+3 Bond Market Forum established under the auspice of the ASEAN+3 Bond Markets Initiative and the ASEAN+3 Finance Ministers to promote development of cross-border activities in the ASEAN+3 local currency bond markets.

Serena Tan Mei Shwen is a Non-Independent Non-Executive Director of the Bank. She is an Executive Director of Investments in Khazanah Nasional Berhad ("**Khazanah**") where she oversees the Fintech, Insurance and Funds sectors. She also currently sits on the Board of Directors of CIMB Thai Bank Public Company Limited. Ms. Tan joined Khazanah in 2005 and has had several secondments to Khazanah investee companies, one of which is Bank Lippo (now CIMB Niaga) in Indonesia.

Prior to joining Khazanah, Ms. Tan was with Boston Consulting Group and McKinsey & Company where she predominantly focused on financial services. Ms. Tan holds a Degree in Accounting and Finance from Macquarie University, Sydney, Australia, and a Master of Business Administration Degree (Sloan Fellows Programme in Innovation and Global Leadership) from Massachusetts Institute of Technology, USA.

Group Management

As at the date of this Offering Circular, CIMB Group's and the Group's business was managed by the following senior officers:

Name	Position
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	Group Chief Executive Officer/Executive Director Chief Executive Officer/Executive Director, CIMB Bank Berhad
Shahnaz Jammal	Chief Executive Officer, Group Wholesale Banking
Samir Gupta	Chief Executive Officer, Group Consumer Banking
Effendy <u>Shahul</u> Hamid	Chief Executive Officer, Group Ventures & Partnership
Rafe Haneef	Chief Executive Officer, Group Islamic Banking Chief Executive Officer, CIMB Islamic Bank Berhad
Victor Lee Meng Teck	Chief Executive Officer, Group Commercial Banking Chief Executive Officer, Group Transaction Banking
Omar Siddiq	Group Chief Operating Officer
Tigor M. Siahaan	Country Head, Indonesia
Kittiphun Anutarasoti	Country Head, Thailand
Mak Lye Mun	Country Head, Singapore
Dato' Hamidah Naziadin	Group Chief People Officer
Gurdip Singh Sidhu	Group Chief Strategy & Design Officer
David Richard Thomas	Group Chief Risk Officer
Kwan Keen Yew	Group Chief Legal & Compliance Officer
Khairul Rifaie	Group Chief Financial Officer
Amran Mohamad	Group Chief Internal Auditor
Datin Rossaya Mohd Nashir	Group Company Secretary

PRINCIPAL SHAREHOLDER

As at 30 June 2019, 99.99 per cent. of the Bank's issued shares were held by its parent company, CIMBG. CIMBG is a wholly-owned subsidiary of CGHB.

SUPERVISION AND REGULATION

The Bank and certain entities within the Group are regulated by BNM, which was established on 26 January 1959 pursuant to the Central Bank of Malaya Ordinance, 1958 (renamed the Central Bank of Malaysia Act, 1958, which was repealed by the Central Bank of Malaysia Act, 2009 on 25 November 2009 (“CBA”)) as the central bank of Malaysia. BNM is directly involved in the regulation and supervision of Malaysia’s financial system. Its principal functions are to:

- (i) formulate and conduct monetary policy in Malaysia;
- (ii) issue currency in Malaysia;
- (iii) regulate and supervise financial institutions which are subject to the laws enforced by BNM;
- (iv) provide oversight over money and foreign exchange markets;
- (v) exercise oversight over payment systems;
- (vi) promote a sound, progressive and inclusive financial system;
- (vii) hold and manage the foreign reserves of Malaysia;
- (viii) promote an exchange rate regime consistent with the fundamentals of the economy; and
- (ix) act as financial adviser, banker and financial agent of the government of Malaysia.

BNM and the MOF have extensive powers under the FSA and the IFSA. The FSA is the principal statute that sets out the laws for, amongst others, the regulation and supervision of financial institutions in Malaysia (i.e. institutions licensed under the FSA to carry on banking business, insurance business or investment banking business and institutions approved under the FSA to carry on the business of the operation of specified payment systems, the business of issuance of designated payment instruments, insurance broking business, money-broking business and financial advisory business) and the IFSA is the principal statute that sets out the laws for, amongst others, the regulation and supervision of Islamic financial institutions in Malaysia (i.e. institutions licensed under the IFSA to carry on Islamic banking business, takaful business, international Islamic banking business or international takaful business and institutions approved under the IFSA to carry on the business of the operation of specified payment systems, the business of issuance of designated Islamic payment instruments, takaful broking business and Islamic financial advisory business). In addition to the FSA and the IFSA, these 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 FSA, banking business, which is defined to include the business of:

- (i) accepting deposits on current account, deposit account, savings account or other similar account;
- (ii) paying or collecting cheques drawn by or paid in by customers; and
- (iii) providing finance,

can only be conducted by a public company which has obtained a licence from the MOF on the recommendation of BNM.

Under the IFSA, Islamic banking business, which is defined to include the business of:

- (i) accepting Islamic deposits on current account, deposit account, savings account or other similar accounts, with or without the business of paying or collecting cheques drawn by or paid in by customers; or
- (ii) accepting money under an investment account; and
- (iii) providing finance,

can only be conducted by a public company which has obtained a licence from the MOF on the recommendation of BNM.

Banks are also subject to a number of other restrictions on the operation of their business. In particular, a bank may not, amongst others:

- (i) declare or pay any dividend on its shares except with the prior written approval of BNM or where BNM has specified standards permitting the declaration of payments of any dividend;
- (ii) grant any credit facilities to any of its directors or officers except as permitted by prescribed regulation;
- (iii) establish or acquire a subsidiary in or outside Malaysia or acquire or hold any material interest in any other corporation without the prior written approval of BNM, except as permitted under the FSA, the IFSA (as the case may be) or by prescribed regulation; and
- (iv) establish or relocate any offices (including a branch) in or outside Malaysia unless the approval of BNM has been obtained.

Statutory Reserves

BNM requires Malaysian banks to maintain a sum equivalent to the Statutory Reserve Requirement (“**SRR**”) in the form of non-interest bearing reserves with BNM. The SRR is currently set at 3.5 per cent. of total eligible liabilities.

Capital Adequacy Requirements

On 2 February 2018, BNM issued the revised Capital Adequacy Framework (Capital Components) which came into effect on 1 January 2018 (for a banking institution, subject to the transition arrangements set out in Part G thereto). The guidelines set out the general requirements concerning regulatory capital adequacy and components of eligible regulatory capital. It shall be read together with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets).

The risk-weighted assets of the Bank are computed in accordance with the Capital Adequacy Framework (Basel II – Risk-Weighted Assets), which was revised and issued by BNM on 3 May 2019. The Internal Ratings Based Approach (“**IRB**”) is applied for the major credit exposures with retail exposures on Advance IRB and non-retail exposures on Foundation IRB. The remaining credit exposures and Market Risk are on the Standardised Approach while Operational Risk is based on Basic Indicator Approach.

In addition, pursuant to BNM's Liquidity Coverage Ratio, all banking institutions are required to maintain the following liquidity coverage ratio levels in accordance with the timeline below:

With effect from	1 June 2015	1 January 2016	1 January 2017	1 January 2018	1 January 2019 and thereafter
Minimum liquidity coverage ratio . . .	60%	70%	80%	90%	100%

Pursuant to BNM's Liquidity Coverage Ratio, liquidity coverage ratio levels are calculated, at any time and from time to time, as the ratio of the banking institution's stock of eligible high quality liquid assets to its total net cash outflows over the next 30 calendar days. Eligible high quality liquid assets include cash, placements with BNM or other central banks, sovereign debt securities and marketable debt securities, with each category of high quality liquid assets having specified "haircut" levels to be used in determining the stock. Total expected cash outflows of banking institutions are to be calculated by multiplying the outstanding balances of various categories of liabilities and off-balance sheet commitments by the outflow rates as specified in the relevant paragraphs of BNM's Liquidity Coverage Ratio, unless otherwise prescribed by BNM.

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 (see "*Asset Quality – Credit Approval*").

Pursuant to the Single Counterparty Exposure Limit guidelines and the Single Counterparty Exposure Limit for Islamic Banking Institutions guidelines issued by BNM which came into effect on 9 July 2014, banking institutions (defined as licensed banks and licensed investment banks) and Islamic banking institutions (defined as licensed Islamic banks (excluding licensed international Islamic banks) and licensed banks and licensed investment banks approved to carry on Islamic banking business under section 15(1)(a) of the FSA) shall comply at all times with the single counter party exposure limit ("**SCEL**"). Under the SCEL, the total exposure to a single counterparty shall not exceed 25 per cent. of the total capital of the bank (total capital has the same meaning assigned to it in BNM's Capital Adequacy Framework (Capital Components) or Capital Adequacy Framework for Islamic Banks (Capital Components), as the case may be).

Exposures refers to all claims, commitments and contingent liabilities arising from on- and off-balance sheet transactions (in both the banking and trading books) in Ringgit and foreign currency denomination (based on their Ringgit-equivalent amounts), which include, but are not limited to the following:

- outstanding loans or financing, advances and receivables;
- deposit placements and margins held with counterparties (and in the case of Islamic banking institutions, placements (include deposit and investment account) and margins held with counterparties);
- debt and equity securities held, including exposures arising from holdings of primary market securities for distributions;
- investments in collective investment schemes;
- exposures arising from derivative contracts; and
- exposures arising from off-balance sheet instruments.

The SCEL is exempted from the following:

- (i) exposures of an overseas branch or subsidiary of a banking institution or an Islamic banking institution (as the case may be) to the sovereign government or central banks in the jurisdiction where it is located, where the exposure is denominated in local currency and held to meet regulatory requirements imposed by the central bank in that jurisdiction;
- (ii) exposures to a banking institution or an Islamic banking institution (as the case may be) licensed by BNM, or a development financial institution, arising from interbank money market transactions;
- (iii) exposures arising from granting of intra-day facilities; and
- (iv) exposures deducted in the calculation of a banking institution's total capital as specified in Regulatory Adjustments of the Capital Adequacy Framework (Capital Components) or an Islamic banking institution's total capital as specified in Regulatory Adjustments of the Capital Adequacy Framework for Islamic Banks (Capital Components), for example, investments in financial subsidiaries.

Qualifications of Directors; Power to Remove Directors

Under the FSA and the IFSA (as the case may be), the appointment of directors and the chairman of the board of directors of a bank is subject to the prior written approval of BNM. A person is disqualified from being appointed or elected, or reappointed or re-elected as a director or a chairman of the board of directors of a bank if, for example, that person is an undischarged bankrupt, has suspended payments or has compounded with his creditors whether in or outside Malaysia; a charge for a criminal offence relating to dishonesty or fraud under any written law or the law of any country, territory or place outside Malaysia, has been proven against that person; that person is prohibited from being a director of a company or in any way, whether directly or indirectly, be concerned or take part in the management of a company in Malaysia pursuant to a court order made under section 199 of the Malaysian Companies Act, 2016 and has not obtained any leave of the court under the same section; or under any law relating to prevention of crime, drug trafficking or immigration, an order of detention, supervision, or deportation has been made against that person or any form of restriction or supervision by bond or otherwise, has been imposed on that person. BNM may specify fit and proper requirements to be complied with by a director or a chairman of the board of directors of a bank, which may include minimum criteria relating to probity, personal integrity and reputation, competency and capacity, and financial integrity.

BNM's Guidelines on Corporate Governance, issued and effective on 3 August 2016 in accordance with the transitional arrangements provided therein, sets out broad principles and minimum standards well as specific requirements for sound corporate governance which are expected of a bank and its financial holding companies and stipulate, *inter alia*, that:

- (i) the board of a bank must have an appropriate number of directors commensurate with the complexity, size, scope and operations of the bank;
- (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) the board must have a majority of independent directors at all times;

- (iv) there should not be more than one executive director on the board of a bank, unless BNM approves otherwise in writing. Under exceptional circumstances, BNM may allow more than one executive director on the board of a bank;
- (v) the terms of the appointment of a director should provide an avenue for the removal of a director who no longer meets the minimum requirements set out in paragraphs 10.2 to 10.5 of the Guidelines on Corporate Governance, or who has been assessed to be ineffective, errant or otherwise unsuited to carry out the director's responsibilities;
- (vi) there shall be clear separation between the roles of chairman and chief executive officer of a licensed institution; and
- (vii) a director of a bank must not be an active politician.

BNM is also empowered under the FSA and the IFSA (as the case may be) to remove any director of a bank if BNM is of the opinion that the director of the bank no longer fulfils the fit and proper requirements specified under the FSA or the IFSA (as the case may be) and fails to cease holding such office or acting in such capacity or the director has breached, contravened or failed to comply with or, by action or negligence, has contributed to the breach or contravention of, or non-compliance with any provision of the FSA or the IFSA (as the case may be), a direction issued by BNM or an enforceable undertaking accepted by BNM.

Interest Rate Regulation

On 18 August 2016, BNM issued a Reference Rate Framework which aims to promote a transparent reference rate that allows meaningful comparison to be made for informed decision making by consumers, better reflect changes in the cost of funds arising from monetary policy or market funding conditions and encourage more disciplined and efficient practices by financial service providers ("**FSPs**") in the pricing of retail loans/financing facilities. With this framework, a FSP shall use the BR as the reference rate for the pricing of retail loans/financing facilities and the FSP shall determine the BR based on the FSP's benchmark cost of funds and statutory reserve requirement. The FSP must be able to demonstrate that the benchmark cost of funds reflects the FSP's specific funding strategies and changes in the benchmark cost of funds closely corresponds to changes in the FSP's funding costs.

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).

In May 2011, BNM further liberalised the rules on inter-company borrowing with the aim to further enhance business efficiency and competitiveness of the economy. Resident companies are permitted to borrow any amount in foreign currency from a resident associate and sister company, and any amount in Ringgit from a non-resident non-bank related company to finance activities in the real sector in Malaysia (unless the non-resident non-bank related company was solely set up to obtain foreign currency loans from a non-resident financial institution, whereby such borrowings in Ringgit by the resident company continues to be subject to the prevailing RM1,000,000 limit on Ringgit borrowings by residents from non-residents).

With effect from 31 January 2012, to enhance competitiveness in the economy and to develop the domestic financial markets, BNM had announced further liberalisation measures. To further spur the domestic foreign exchange market through greater product innovation, licensed onshore banks are now permitted to trade foreign currency against another foreign currency with a resident.

With the coming into effect of the FSA and the IFSA on 30 June 2013, BNM revoked all previous exchange control notices and related circular letters and issued seven Foreign Exchange Administration notices and six supplementary notices ("**FEA notices**") in exercise of the powers conferred to BNM under the FSA and IFSA. The FEA notices set out transactions permitted by BNM which are otherwise prohibited under the FSA and the IFSA. The FEA notices, which remains liberal, are prudential measures aimed at further developing the domestic financial market and enhancing competitiveness of the economy of Malaysia through the creation of a more supportive and facilitative environment for trade, business and investment activities.

Powers of Enforcement

BNM has broad powers to enforce the FSA and the IFSA. In particular, where BNM is of the opinion that in respect of a bank:

- (i) the bank has breached or contravened any provision of the FSA, IFSA, the CBA or any written law, regardless that there has been no prosecution or other action in respect of the breach or contravention;
- (ii) the bank has failed to comply with any direction under section 156 of the FSA or section 168 of the IFSA (as the case may be);
- (iii) the assets of the bank are not sufficient to give adequate protection to, amongst others, its depositors or creditors, as the case may be;

- (iv) the capital of the bank has reached a level or is eroding in a manner that may detrimentally affect, amongst others, its depositors, creditors or the public generally;
- (v) the bank has become or is likely to become insolvent or is likely to become unable to meet all or any of its obligations; or
- (vi) any other state of affairs exists in respect of the bank that may be materially prejudicial to the interests of, amongst others, the depositors or creditors of the bank, including where proceedings under a law relating to bankruptcy or insolvency have been commenced in Malaysia or elsewhere in respect of the holding company of the bank, including its financial holding company,

BNM may:

- (i) with the approval of the MOF, assume control of the whole or part of the business, affairs or property of the bank and manage the whole or such part of its business and affairs, or appoint any person to do so on its behalf;
- (ii) make a court application for an order to appoint a receiver or manager to manage the whole or part of the business, the affairs or property of the bank;
- (iii) with the approval of the MOF, vest in a bridge institution or any other person, the whole or part of the business, assets or liabilities of the bank and BNM may provide the bridge institution with such financial assistance as BNM thinks appropriate;
- (iv) with the approval of the MOF, provide financial assistance to another institution or any other person to purchase any shares, or the whole or any part of the business, assets or liabilities of the bank; or
- (v) make recommendations to the MOF and on such recommendation, the MOF may authorise BNM to file an application for the winding up of the bank.

Inspections by BNM

BNM is empowered under the FSA and IFSA to examine from time to time, without any prior notice, the business and affairs of a bank and its offices, related corporations and any agent of the bank, in or outside Malaysia and for this purpose, BNM may also examine such entity's directors, officers or controllers.

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 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 2011 Act 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 under TIPS. 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 provides 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**"). The Connected Parties Guidelines were further revised and issued on 16 July 2014. The Connected Parties Guidelines are intended 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 that could potentially exert influence over a licensed institution, do not inappropriately

benefit from such transactions to the detriment of the licensed institution. The Connected Parties Guidelines sets out the broad parameters and conditions relating to the conduct of credit transactions with connected parties to ensure an appropriate level of prudence. It also outlines the roles and responsibilities expected of the management and the Board of the licensed institution.

The Competition Act

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 Competition Act should not materially affect the operation of the Bank. However, there is no assurance that in the future, the Bank's business and operation will not be materially affected by the constraints imposed by the Competition Act and any guidelines issued by the Malaysia Competition Commission thereunder.

Guidelines on Investor Protection

The Guidelines on Investor Protection, which took effect on 17 December 2010 was jointly issued by BNM and the SC. It sets out the requirements that must be complied with by financial institutions which are specified as "registered persons" in Part 1 of Schedule 4 pursuant to Section 76(1)(a) of the CMSA and their employees when carrying on permitted capital market activities. Registered persons must ensure that their employees who carry out permitted capital market activities on their behalf are "fit and proper" as well as maintain a register containing the names of such employees. The standard on "fit and proper" is satisfied through compliance with (i) minimum "fit and proper" criteria, (ii) examination requirements, and (iii) continuing professional education requirements. A registered person shall also maintain adequate operational resources and efficient procedures necessary for the proper conduct of the permitted capital market activities at all times. Non-compliance of the Guidelines on Investor Protection may result in an action being instituted against the registered person or its employees by BNM or the SC.

Responsible Financing

The "Responsible Financing" policy document issued by BNM which came into effect on 5 July 2013 ("**Policy Document**") aims to promote a sustainable retail finance market by requiring the FSPs to engage in prudent, responsible and transparent financing practices. The Policy Document is applicable to home financing, personal financing (including overdraft facilities), vehicle financing, credit and charge cards and financing for the purchase of securities (except for share margin financing that is governed by Bursa rules or governed by internal policies that are of the same standard or stricter than Bursa rules), which are offered to individuals by a FSP, either directly or through the FSP's intermediaries.

The Policy Document requires a FSP to conduct suitability and affordability assessment for each new and additional financing it offers to ensure that a financing product sold suits the customer's needs and circumstances. A FSP shall take reasonable steps to establish that customers are offered financing products that are appropriate to their financial circumstances and ability to repay by observing a prudent debt service ratio. Further, the Policy Document provides that the tenure of vehicle financing shall not exceed nine years while the tenure of home financing shall not exceed 35 years.

The FSPs are also required to adhere to the standards in relation to the marketing and disclosure on financing products set out in the Policy Documents, including ensuring that advertisements and promotional materials on financing products are clear, fair and not misleading or deceptive. A FSP's sales and marketing staff and representatives are required to provide a product disclosure sheet to facilitate comparison and decision-making by customers and shall also highlight, amongst others, the total repayment amount and total interest cost or profit contained in the product disclosure sheet to the customers to facilitate comparison with similar products offered by other FSPs.

A FSP shall have in place and be able to demonstrate the effective functioning of systems and processes, including risk management and internal control review processes for ensuring compliance with the Policy Document. The board of directors of a FSP is ultimately responsible to ensure that appropriate actions are taken to address any deficiencies in the conduct of the FSP's retail financing business which would expose the FSP to financial and reputational risk.

OVERVIEW OF MALAYSIA

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Developments in Malaysia in the Second Quarter of 2019

Overview

The Malaysian economy grew at a stronger pace of 4.9 per cent. in the second quarter of 2019

GDP registered a higher growth of 4.9 per cent. in the second quarter of 2019 (compared to 4.5 per cent. in the first quarter of 2019), supported by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.0 per cent. (compared to 1.1 per cent. in the first quarter of 2019).

Private sector activity remained the key driver of growth

Domestic demand expanded by 4.6 per cent. in the second quarter (compared to 4.4 per cent. in the first quarter of 2019), supported by firm household spending and slightly higher private investment.

Private consumption expanded by 7.8 per cent. (compared to 7.6 per cent. in the first quarter of 2019), supported by continued income growth and festive spending during the quarter. Selected Government measures, such as the special Aidilfitri assistance and Bantuan Sara Hidup, also provided some lift to overall household spending.

After a strong growth in the first quarter of 2019 (6.3 per cent. in the first quarter of 2019), public consumption expanded marginally by 0.3 per cent., due to lower spending on supplies and services.

Growth in gross fixed capital formation (“**GFCF**”) registered a smaller contraction of 0.6 per cent. (compared to -3.5 per cent. in the first quarter of 2019), driven by a slightly higher private investment growth amid a continued decline in public investment. By type of assets, investments in structures turned around to register a positive growth of 1.2 per cent. (compared to -1.3 per cent. in the first quarter of 2019), reflecting some improvement in the residential property segment. Capital expenditure on machinery and equipment recorded a smaller decline of 4.2 per cent. (compared to -7.4 per cent. in the first quarter of 2019), following higher spending on information and communications technology (“**ICT**”).

Private investment expanded at a faster pace of 1.8 per cent. (compared to 0.4 per cent. in the first quarter of 2019), supported by increased capital spending in the services and manufacturing sectors. Nonetheless, uncertainty surrounding global trade tensions and prevailing weaknesses in the broad property segment continued to weigh on the investment growth performance.

Public investment registered a smaller contraction of 9.0 per cent. (compared to -13.2 per cent. in the first quarter of 2019), mainly reflecting higher fixed asset spending by the Federal Government which partially off set the continued weak investment by public corporations.

Expansion across all economic sectors

The services sector expanded by 6.1 per cent. in the second quarter of 2019 (compared to 6.4 per cent. in the first quarter of 2019). Growth in the wholesale and retail trade subsector was relatively sustained across the wholesale, retail and motor vehicle segments amid firm household spending. The finance and insurance subsector was supported by the fee-based income segment following a major initial public offering in the capital market. Growth in the transport and storage subsector was driven by higher air passenger traffic and port activity in both transshipment and gateway segments. However, growth in the information and communication subsector moderated following slower demand for data communication services.

Growth in the manufacturing sector registered a marginal improvement at 4.3 per cent. (compared to 4.2 per cent. in the first quarter of 2019) amid better performance in the domestic-oriented industries. Higher production of motor vehicles mainly reflected strong sales during the festive season. Demand for metal related materials for existing transport and infrastructure projects supported the higher production within the construction-related cluster. Meanwhile, within the export-oriented industries, the production of electronic components continued to be weighed by weaker global demand, with negative spill overs across the global semiconductor value chain.

Growth in the mining sector rebounded to 2.9 per cent. (compared to -2.1 per cent. in the first quarter of 2019), the first positive growth since the third quarter of 2017. The turnaround was supported mainly by the recovery in natural gas output following the pipeline disruptions in 2018. This had more than off set the continued drag to growth posed by lower oil production amid the planned facility shutdowns in East Malaysia.

The construction sector registered marginally higher growth at 0.5 per cent. (compared to 0.3 per cent. in the first quarter of 2019), on account of growth improvements in the residential and special trade subsectors. While the residential subsector registered a smaller contraction, activity remained weak amid the high unsold properties. The higher growth in the special trade subsector was due to end-works activity amid completion of some mixed development projects. The near completion of a large petrochemical project continued to affect growth in the civil engineering subsector, while the non-residential subsector remained weak amid the oversupply of commercial properties.

In the agriculture sector, growth moderated to 4.2 per cent. (compared to 5.6 per cent. in the first quarter of 2019) following the decline in fishing and forestry activities as well as the moderation in natural rubber output growth due to the wintering season¹¹. This had partially off set the continued recovery in oil palm yields from the adverse weather in 2018.

Headline inflation increased mainly reflecting the lapse in the impact of the GST zerorisation

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (“CPI”), averaged higher at 0.6 per cent. in second quarter of 2019 (compared to -0.3 per cent. in the first quarter of 2019).

The increase mainly reflected the lapse in the impact of the GST zerorisation that was implemented in June 2018. This contributed to the rise in headline inflation in June 2019 to 1.5 per cent. (0.2 per cent. in May 2019: 0.2 per cent. and 0.2 per cent. April 2019).

Fuel inflation recorded a smaller negative largely due to domestic fuel prices averaging higher during the quarter in addition to the base effect (the Average RON95 petrol price per litre in the second quarter of 2019 is RM2.08 and RM2.02 in the first quarter of 2019).

¹¹ The wintering season typically occurs between February and May during which the rubber trees shed their leaves and new leaves are formed, affecting both the metabolism of the trees and latex production.

Core inflation, excluding the impact of consumption tax policy changes, was unchanged at 1.6 per cent. Demand-driven inflationary pressures remained broadly stable and contained, amid the absence of excessive wage pressure and some degree of spare capacity in the capital stock.

Stable labour market conditions

During the second quarter, labour market conditions were stable. Employment growth was sustained at 2.1 per cent. (compared to 2.2 per cent. in the first quarter of 2019) while the unemployment rate remained unchanged at 3.3 per cent. (compared to 3.3 per cent. in the first quarter of 2019) as employment gains kept pace with labour force expansion during the quarter.

Private sector wages grew by 4.2 per cent. (compared to 4.9 per cent. in the first quarter of 2019), driven by the services sector (4.4 per cent. in the second quarter of 2019, compared to 3.8 per cent. in the first quarter of 2019) as the wholesale and retail trade subsector saw a pick-up in wage growth (4.1 per cent. in the second quarter of 2019, compared to 3.3 per cent. in the first quarter of 2019). However, growth in manufacturing wages were lower (3.9 per cent. in the second quarter of 2019, compared to 7.0 per cent. in the first quarter of 2019), especially in the export-oriented industries, such as the E&E (5.1 per cent. in the second quarter of 2019, compared to 9.7 per cent. in the first quarter of 2019) and petrochemical clusters (3.1 per cent.; compared to 6.7 per cent. in the first quarter of 2019).

Slight recovery in exports and smaller decline in imports

In the second quarter of 2019, gross exports turned around to register a positive growth of 0.2 per cent. (compared to -0.7 per cent. in the first quarter of 2019). This was supported by the rebound in commodities exports amid sustained manufactured exports. The trade surplus¹² remained sizeable, albeit narrower at RM30.1 billion (compared to RM37.0 billion in the first quarter of 2019).

Manufactured export growth was sustained at 0.3 per cent. (compared to 0.3 per cent. in the first quarter of 2019) as higher non-E&E exports helped off set the contraction in E&E exports. The improvement in non-E&E exports (0.9 per cent. in the second quarter of 2019, compared to -2.5 per cent. in the first quarter of 2019) was attributed to higher demand for both resource-based and non-resource based exports including iron & steel and chemicals & chemicals products. In contrast, E&E exports declined by 0.4 per cent. (compared to 3.7 per cent. in the first quarter of 2019) on account of lower demand from PR China due in part to the ongoing trade tensions. Commodities exports rebounded to 0.8 per cent. (compared to -3.7 per cent. in the first quarter of 2019), supported by LNG and palm oil exports.

Imports recorded a smaller decline of -1.2 per cent. (compared to -2.5 per cent. in the first quarter of 2019) on account of higher intermediate and consumption imports. Intermediate imports (7.5 per cent. in the second quarter of 2019, compared to 0.0 per cent. in the first quarter of 2019) were driven by higher crude petroleum imports to cater for refinery activities. Capital imports recorded a smaller contraction due to a lower drag from machinery and equipment investments.

Current account surplus remained sizeable

The current account surplus of the balance of payment remained sizeable at RM14.3 billion or 3.9 per cent. of GNI in the second quarter of 2019 (compared to RM16.4 billion or 4.7 per cent. of GNI in the first quarter of 2019). This was due to higher investment income earned by Malaysian firms abroad which partly off set the lower goods surplus.

¹² The difference between the goods surplus and trade surplus arises from the exclusion of goods for processing, storage and distribution in the goods accounts as per the 6th Edition of the Balance of Payments and International Investment Position Manual (BPM6) by the IMF.

As the improvement in import growth outpaced export growth, the goods surplus narrowed to RM28.1 billion (compared to RM33.8 billion in the first quarter of 2019).

The primary income account registered a smaller deficit of RM5.5 billion (compared to -RM10.1 billion in the first quarter of 2019) due to the increase in investment income earned by Malaysian firms abroad, particularly from direct and portfolio investments. These investments were mainly in the finance and insurance, mining, information and technology sectors. This development more than off set the increase in investment income accrued to foreign direct investors and foreign portfolio investors in publicly listed firms.

In the services account, the deficit widened to RM3.4 billion (compared to -RM1.8 billion in the first quarter of 2019). This was attributable to higher net payments to foreign providers for transport and insurance services, in line with higher trade activity during the quarter. The travel account surplus narrowed to RM7.1 billion (compared to RM7.9 billion in the first quarter of 2019) on account of lower tourist per capita spending.

The secondary income account deficit amounted to RM4.9 billion (compared to -RM5.5 billion in the first quarter of 2019), reflecting mainly outward remittances by foreign workers.

Financial account registered a net outflow

The financial account registered a net outflow of RM18.6 billion (compared to -RM13.8 billion in the first quarter of 2019), following outflows in the direct investment and portfolio investment accounts. These outflows have more than off set the marginal net inflow in the other investment account during the quarter.

The direct investment account registered a net outflow of RM8.2 billion (compared to a net inflow of RM16.3 billion in the first quarter of 2019). Foreign direct investments (“**FDI**”) registered a smaller net inflow of RM4.4 billion (compared to a net inflow of RM21.7 billion in the first quarter of 2019). Inflows were channelled mainly into the services and manufacturing sectors. Direct investments abroad (“**DIA**”) by Malaysian companies registered a larger net outflow of RM12.6 billion (compared to a net outflow of RM5.5 billion in the first quarter of 2019). DIA was channelled mainly into the services sector, particularly the financial services subsector and the accommodation and food services subsector, followed by the mining sector.

The portfolio investment account registered a net outflow of RM10.2 billion (compared to a net inflow of RM2.1 billion in the first quarter of 2019), following a reversal of non-resident portfolio investments. Non-resident portfolio investments recorded a net outflow of RM5.1 billion during the quarter (compared to +RM13.5 billion in the first quarter of 2019). Following increased risk aversion and more cautious sentiments, non-resident investors pared down holdings in both the domestic equity and debt markets. At the same time, residents’ portfolio investments abroad also recorded a smaller net outflow of RM5.0 billion (compared to -RM11.4 billion in the first quarter of 2019).

The other investment account recorded a marginal net inflow of RM0.3 billion (compared to -RM31.9 billion in the first quarter of 2019). This reflected inter-bank borrowings by the domestic banking system, which were almost entirely off set by interbank placements abroad and a net repayment of loans and trade credits by the private sector. Net errors and omissions amounted to RM2.9 billion, or 0.6 per cent. of total trade.

Manageable external debt

Malaysia's external debt amounted to RM931.1 billion, or 61.3 per cent. of GDP as at end-June 2019 (end-March 2019: RM903.7 billion or 59.5 per cent. of GDP). The increase reflects mainly the net drawdown of interbank borrowings and intercompany loans. There was also revaluation adjustment from the weaker ringgit against regional and major currencies during the period. These were partially off set by some liquidation of domestic debt securities and withdrawal of deposits by non-residents.

The country's external debt remains manageable, given its currency and maturity profiles, and the presence of large external assets. Close to one-third of external debt (31.7 per cent.) is denominated in ringgit (end-March 2019: 32.7 per cent.), mainly in the form of non-resident holdings of domestic debt securities (being 61.7 per cent. share of ringgit-denominated external debt) and in ringgit deposits (18.0 per cent. share of ringgit-denominated external debt) in domestic banking institutions. As such, these liabilities are not subject to valuation changes from the fluctuations in the ringgit exchange rate.

The remaining external debt of RM636.1 billion or 68.3 per cent. of total external debt is denominated in foreign currency ("**FC**"). As at end-June 2019, off shore borrowings increased to RM580.5 billion or 38.2 per cent. of GDP (end-March: RM546.9 billion or 36.0 per cent. of GDP). The corporate sector accounted for slightly more than half of FC-denominated external debt and are largely subject to prudential and hedging requirements.

By instrument, 36.9 per cent. (or RM234.9 billion) of FC-denominated external debt are accounted by interbank borrowings and FC deposits in the domestic banking system. 78.3 per cent. of the interbank borrowings are in the form of largely stable intragroup borrowings from related offices abroad, including parent banks, regional offices and subsidiaries. This reflects banks' centralised liquidity and funding management practices.

During the quarter, banks' FC-denominated short-term external debt increased by RM20.6 billion driven by higher interbank borrowings. This was largely attributable to parent bank placements with foreign banks' in Malaysia (including banks in Labuan International Banking and Financial Centre ("**LIBFC**") to facilitate lending and investment activities. Funds received by foreign LIBFC banks were largely invested abroad with non-resident clients, a reflection of LIBFC banks' 'out-out' business activities. For locally incorporated foreign banks, intragroup funds continue to be primarily used for short-term investments and lending in the domestic interbank market. Domestic banking groups accounted for the remaining increase in interbank borrowings reflecting their central role in managing liquidity and funding needs on a group-wide basis. In line with these developments, banks' total external assets also increased during the quarter by RM22.8 billion.

Overall, banks' funding and liquidity risks continue to be proactively managed via robust internal controls and policies, including internal limits on (i) interbank borrowings; (ii) foreign currency funding and liquidity positions; and (iii) foreign exchange market risk exposures. Foreign-currency risk measured in terms of the net open position of FC-denominated exposures¹³ remained low at 4.9 per cent. of banks' total capital.

Long-term bonds and notes issued off shore stood at RM161.7 billion as at end-June 2019, accounting for 25.4 per cent. of total FC-denominated external debt. These were mainly by non-financial corporations and channelled primarily to finance asset acquisitions abroad. Intercompany loans, which amount to RM110.5 billion and account for 17.4 per cent. of FC-denominated external debt, are typically on flexible and concessionary terms. About 80 per cent. of these intercompany loans were obtained by multinational corporations ("**MNCs**") from parent or affiliate companies abroad.

¹³ Refers to the aggregated sum of the net short or long foreign currency positions for all currencies across banks.

From a maturity perspective, 58.3 per cent. of the total external debt is skewed towards medium- to long-term tenure (end-March: 59.2 per cent.), suggesting limited rollover risks. Short-term external debt accounted for the remaining 41.7 per cent. of external debt. While rollover risks may be inherent, this is well contained. Close to half of the short-term external debt are intragroup borrowings among banks and corporations which are generally stable, while another 11 per cent. are accounted by trade credits, largely backed by export earnings. As at 31 July 2019, international reserves stood at USD103.9 billion, sufficient to finance 7.6 months of retained imports, and is 1.1 time the short-term external debt.

Of significance, reserves are not the only means for banks and corporations to meet their external obligations. The progressive liberalisation of foreign exchange administration rules has resulted in significant increase in non-reserves external assets. In particular, banks and corporations held roughly three-quarters of Malaysia's RM1.8 trillion external assets, which can be drawn down to meet their RM728.3 billion external debt obligations. While the flexible exchange rate remains the first line of defence, adequate international reserves and availability of substantial foreign currency external assets by banks and corporations continue to serve as important buffers against potential external shocks.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2019, Press Release dated 16 August 2019, Bank Negara Malaysia)

OVERVIEW OF THE MALAYSIAN BANKING INDUSTRY

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The Financial System in Malaysia

The Malaysian financial system comprises of a diversified range of institutions to serve the more varied and complex needs of the domestic economy. The financial system consists of the conventional financial system and the Islamic financial system which co-exists and operates in parallel.

(Source: Invest in Malaysia: Banking, Finance & Exchange Administration, <http://www.mida.gov.my>)

The Central Bank of Malaysia

The principal objective of BNM is to promote monetary stability and financial stability conducive to the sustainable growth of the Malaysian economy. Its primary functions as set out in the Central Bank of Malaysia Act 2009 are to:

- formulate and conduct monetary policy in Malaysia;
- issue currency in Malaysia;
- regulate and supervise financial institutions which are subject to the laws enforced by the BNM;
- provide oversight over money and foreign exchange markets;
- exercise oversight over payment systems;
- promote a sound, progressive and inclusive financial system;
- hold and manage the foreign reserves of Malaysia;
- promote an exchange rate regime consistent with the fundamentals of the economy; and
- act as financial adviser, banker and financial agent of the Government.

To achieve its mandates, BNM is vested with powers under various laws to regulate and supervise the banking institutions and other non-bank financial intermediaries. BNM also administers the country's foreign exchange regulations.

(Source: Invest in Malaysia: Banking, Finance & Exchange Administration, <http://www.mida.gov.my>)

Licensed Banking Institutions in Malaysia

The following table provides an overview of the number of licensed banking institutions in Malaysia:

Banking Institutions	Total	Malaysian-Controlled Institutions	Foreign-Controlled Institutions
Commercial Banks	26	8	18
Islamic Banks	16	11	5
International Islamic Banks	1	—	1
Investment Banks	11	11	—
Other Financial Institutions	2	2	—

(Source: List of Licensed Financial Institutions, <http://www.bnm.gov.my>)

Islamic Financial Industry

Islamic finance in Malaysia continues to demonstrate robust growth, supported by comprehensive regulatory, legal and Shariah governance frameworks, diverse industry, many players and professional ancillary service providers as well as high quality talent.

The Islamic banking industry continued to record strong growth in 2018. Total assets expanded 11.5 per cent. amounting to RM687 billion as at 31 July 2018, further expanding its role as a major component of the overall financial system in Malaysia since the implementation of the Financial Sector Blueprint 2011-2020. A wide range of competitive and innovative products are offered by over 40 financial institutions (these include Islamic banks, Islamic windows of conventional and investment banks, international Islamic banks and Development Financial Institutions) with the aim to deliver a positive and sustainable impact on the community, economy and environment.

In the takaful sector, the total takaful assets constitute 10.1 per cent. (RM29.3 billion) of market share of total insurance and takaful sector in Malaysia with an annual growth of 9.3 per cent. in 2017. The penetration rate for the takaful market is recorded at 14.7 per cent., signifying a growing public acceptance of the benefits provided by takaful scheme.

To support further development of Islamic finance in Malaysia, investment accounts were introduced pursuant to the Islamic Financial Services Act 2013 to provide customers the opportunity to invest and share profit from Shariah-compliant investment activities. Investment accounts also provides an additional avenue for businesses to access financing. As of the date of this Offering Circular, nine Islamic banks are offering investment accounts.

Malaysia remains a leading global hub for Islamic finance marketplace. Malaysia has the world's largest sukuk market with a 51.0 per cent. share of global sukuk outstanding, amounting to U.S.\$202.2 billion as at 31 December 2017. Additionally, Malaysia further achieved a major milestone in sukuk innovation with the inaugural issuance of world's first green SRI sukuk in 2017.

In terms of Islamic wealth management, Malaysia is the top domicile for Islamic funds, accounting for 36.5 per cent. of global market share with assets under management ("AUM") of U.S.\$28.3 billion as at 31 March 2017. Malaysia also ranked first globally in terms of number of funds, accounting for 27.9 per cent. of global share with a total of 394 funds registered. Presently, there are 47 fund managers offering Shariah-compliant fund offerings in Malaysia.

(Source: Invest in Malaysia: Banking, Finance and Exchange Administration, <http://www.mida.gov.my>; Economic Outlook 2019, Ministry of Finance, Malaysia)

Monetary and Financial Developments

Overview

In the near term, monetary and financial conditions will continue to be accommodative and supportive of economic growth. This will be backed by monetary operations which will ensure the orderly functioning of money and this will be backed by monetary operations which will ensure the orderly functioning of money and foreign exchange markets as well as intermediation activities. The domestic financial sector is expected to remain sound supported by financial institutions operating with strong capital and liquidity buffers. Similarly, the domestic capital market will remain resilient driven by diversified instruments as well as healthy market capitalisation level. Nevertheless, downside risks associated with global uncertainties, particularly the pace of monetary policy normalisation in the US and other major economies, geopolitical developments as well as escalating global trade tensions will be of concern.

Monetary Developments

Monetary Policy

In 2018, monetary policy continues to be supportive in providing a conducive environment to promote growth while maintaining price stability. The Overnight Policy Rate (“**OPR**”) was increased 25 basis points (“**bps**”) to 3.25 per cent. in January and kept unchanged during the subsequent nine months of 2018. Meanwhile, the SRR was held steady at 3.50 per cent. of eligible liabilities since 2016 as the current monetary policy stance remains supportive of economic activities. This is also in line with the anticipation of steady economic growth with inflation remaining benign.

Interest rates in the banking system rose in tandem with the OPR adjustment in January 2018. The OPR was adjusted upwards to normalise the degree of monetary accommodation amid steady growth of the economy. The weighted base rate of commercial banks was increased to 3.9 per cent. as at 31 July 2018. The weighted average lending rate was at 5.44 per cent. Meanwhile, interest rate on savings deposit of commercial banks increased six bps to 1.05 per cent. as at 31 July 2018. The interest rates on fixed deposits of 1-month to 12-month maturities ranged between 3.08 per cent. and 3.33 per cent., respectively.

Monetary aggregates continued to grow during the first seven months of 2018. M1 grew 4.7 per cent. to RM411.1 billion as at 31 July 2018 following higher demand deposit which increased 4.8 per cent. Similarly, M3 rose 6.6 per cent. to RM1,786.9 billion contributed by claims on private sector, particularly loans. Moving forward, money supply is expected to be supported by the extension of credit to private sector in the form of loans and securities.

The ringgit, along with all regional currencies, faced significant depreciation pressure against the US dollar, despite its strong performance in the first quarter of 2018. The ringgit’s performance in the first quarter was mainly driven by non-resident portfolio inflows as the OPR increase signalled a sustained strong growth outlook for the economy. However, from April onwards, expectations of a faster pace of monetary policy normalisation in the US and strengthening of the US dollar, led to non-resident portfolio outflows from regional economies including Malaysia. The escalation of global trade tensions and spillover effect of the crisis in Turkey and Argentina to other emerging markets also contributed to the negative sentiments and depreciation pressure during the period. As at 31 August 2018, the ringgit in line with other regional currencies depreciated within the range of 0.6 per cent. and 7.7 per cent. against the US dollar. However, the ringgit performed better against other regional currencies except for the Thai baht. Looking ahead, the ringgit will be more reflective of the underlying fundamentals of the domestic economy when external uncertainties recede.

Financial Sector Developments

Banking System Performance

During the first seven months of 2018, activities in the banking system remain resilient with all financing indicators expanding. Loan applications, approvals and disbursements increased 5.7 per cent., 5.1 per cent. and 7.3 per cent. to RM505 billion, RM223.1 billion and RM678.8 billion, respectively. Meanwhile, total loans outstanding expanded 5.3 per cent. to RM1,631 billion as at 31 July 2018. The banking system is expected to remain sound, operating with strong capital and liquidity buffers.

Lending to businesses recorded a stable growth during the same period. Loan applications rebounded 7.4 per cent. to RM221.8 billion. Total loan approvals increased 3.3 per cent. to RM100.5 billion. Meanwhile, total loan disbursements grew 5.2 per cent. to RM487 billion with the business sector accounting for about 72 per cent. Most of the loans were channelled to manufacturing (27.4 per cent.) as well as wholesale and retail trade, restaurants and hotels (26.1 per cent.) sectors. Total loans outstanding to the business sector increased 3.7 per cent. to RM588.5 billion as at 31 July 2018.

Lending to households continued to record firm growth with loan disbursements increasing significantly by 13.2 per cent. to RM191.7 billion in the first seven months of 2018. Loans disbursed to the household sector were mainly for consumption credit which totalled RM90.4 billion (47.2 per cent.), followed by residential properties at RM49.9 billion (26 per cent.) and passenger cars at RM22.8 billion (11.9 per cent.). As at 31 July 2018, total household loans outstanding expanded 6 per cent. amounting to RM936.7 billion, accounting for 57.4 per cent. of total loans outstanding in the banking system.

The overall household debt¹⁴ valued at RM1,165.7 billion stood at 83.8 per cent. of GDP as at 31 June 2018. The debt level has been moderating since 2015 following macro prudential measures implemented to rein in household debt levels. The bulk of debt comprises loans for purchase of residential properties (53 per cent.), followed by personal use (14.4 per cent.) and passenger cars (13.8 per cent.). Meanwhile, total household financial assets remain strong at RM2,458.4 billion. The debt servicing capacity of households remained intact, supported by stable income and employment growth. Given the stable employment and income, the household debt level is expected to remain manageable in 2018 and 2019. This is also supported by continuous measures taken by the Government to raise awareness and educate households on financial planning and management.

The banking system maintained its capacity to absorb losses supported by strong capital position. As at 31 July 2018, common equity tier 1 capital, tier 1 capital and total capital ratios stood at 13.3 per cent., 14.2 per cent. and 17.7 per cent., respectively, well above the Basel III minimum regulatory levels. Furthermore, the total capital buffer remained high at RM149.5 billion which exceeded the minimum regulatory requirement.

In the first seven months of 2018, the banking system recorded a higher pre-tax profit of RM22.3 billion despite a challenging operating environment. This was supported by interest-/finance-related activities, contributing approximately 70 per cent. to gross income. Meanwhile, returns on assets and equity remained steady at 1.5 per cent. and 13.1 per cent., respectively.

¹⁴ Comprising loans granted by the banking system, development financial institutions and non-bank financial institutions.

Loan quality of the banking system continued to remain sound throughout the period with stable net impaired loans ratio¹⁵ of 0.98 per cent. as at 31 July 2018. The banking system loan loss coverage ratio stood at 128 per cent. The banking system's liquidity remained sufficient with surplus ringgit placed with BNM amounted to RM177.8 billion although there was a sizeable portfolio outflow in recent months. As at 31 July 2018, the Liquidity Coverage Ratio ("**LCR**") of the banking system stood at 141.5 per cent. Although financial market is susceptible to external developments, including geopolitical and trade tensions, the outlook for domestic financial system remains stable and broadly intact. This is supported by deep and liquid financial market, sound financial institutions and sustained confidence in the system.

Capital Market Performance

Gross funds raised in the capital market decreased 2.4 per cent. to RM131.4 billion during the first seven months of 2018. This was due to lower fund-raising activity by the private sector with gross funds raised declining 9.7 per cent. to RM60.7 billion. Gross funds raised by the private sector through domestic equity market recorded a double-digit decline of 91.1 per cent. to RM0.9 billion during the period following lower initial public offerings which declined 92.2 per cent. due to cautious market sentiment. Nevertheless, funds raised through new corporate bond issuances increased 4.7 per cent. to RM59.9 billion. The bulk of new issuances were medium term notes, accounting for 94.7 per cent. of total corporate bonds. The majority of funds were raised by the finance, insurance, real estate and business services sector, accounting for 68.7 per cent. of new corporate bond issuances. The funds were mainly used to finance infrastructure projects and working capital. On the back of higher investment activities, fund raising in the capital market is expected to improve in 2019.

Meanwhile, gross funds raised by the public sector increased 4.8 per cent. to RM70.7 billion in the first seven months of 2018. The issuance of Malaysian Government Securities ("**MGS**") increased to RM35.4 billion, while Malaysian Government Investment Issues ("**MGII**") rose to RM35.2 billion. The Government bonds continued to receive strong support from local institutional and foreign investors. As at 31 July 2018, share of resident and non-residents holdings of MGS stood at 59.5 per cent. and 40.5 per cent. of total MGS outstanding, respectively. During the same period, share of resident and non-residents holdings of MGII stood at 95.3 per cent. and 4.7 per cent. of total MGII outstanding, respectively.

During the first seven months of 2018, MGS yields across all tenures trended upwards with yields on 1-year, 3-year, 5-year and 10-year ranging between 12 and 18 bps. The higher yields were due to investors rebalancing global portfolio investments towards safe-haven assets following external uncertainties. Similarly, in the corporate bond market, yields on the 5-year AAA-rated and AA-rated securities increased 12 and 11 bps, respectively.

The equity market remained resilient and continued to record gains despite heightened trade tensions and global monetary tightening during the first eight months of 2018. The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**FBM KLCI**") started to pick up in the first week of January 2018 and continued its positive trend. The uptrend was supported by an increase in OPR by 25 bps leading to buying interest in finance-related stocks, resulting in the index surging to 1,870.52 points on 29 January 2018.

Despite the United States Federal Reserve raised interest rates for the first time this year, the FBM KLCI continued to increase and closed at 1,876.87 points on 22 March 2018, the highest level since August 2014. Meanwhile, the local bourse rose to a new high of 1,895.18 points on 19 April 2018. The positive sentiment was largely driven by recovery in global crude oil prices. Nevertheless, the FBM KLCI declined in the final week of May and the market remained subdued

¹⁵ Beginning January 2018, impaired loans are reported based on Malaysian Financial Reporting Standards (MFRS) 9. The adoption of MFRS 9 requirement is based on the financial year of the banks. Classification of impaired loans/financing and provisioning for loan/financing impairments are in line with MFRS 9.

tracking major and regional bourses throughout June and July 2018. Several factors caused the market to trend downwards, among others, the trade war between the US and China as well as interest rate hikes in major economies.

The FBM KLCI advanced 1,819.66 points as at 31 August 2018, supported by sound macroeconomic fundamentals, continued growth of the corporate sector and the inflow of foreign funds into the equity market. Investors' confidence was also supported by positive external developments, including the statement by the United States Federal Reserve of its intention to maintain the benchmark rate. In addition, the reaffirmation by Fitch Ratings on Malaysia's long-term foreign-currency issuer default rating at A-with stable outlook also contributed towards higher performance of the FBM KLCI.

In terms of trading activity, total volume for the first eight months of 2018 rose 9.6 per cent. to 468.8 billion units. Meanwhile, total market transacted value increased 11.8 per cent. to RM454.2 billion. Average daily trading volume and value increased to 2.9 billion units and RM2.8 billion respectively. As at 31 August 2018, the market capitalisation increased 1 per cent. to RM1,865.8 billion. Market velocity was sustained at 34.3 per cent., while market volatility was at 8.3 per cent. At the same time, foreign holdings based on market capitalisation in the local bourse stood at 23.6 per cent. as at 31 August 2018. In 2019, the domestic equity market is expected to continue to record gains despite external headwinds due to a confluence of factors including concerns over election outcomes in the euro area as well as heightened trade and geopolitical tensions.

Islamic Banking and Capital Market Performance

The Islamic banking industry continued to record strong growth in 2018. Total assets expanded 11.5 per cent. amounting to RM687 billion as at 31 July 2018. The expansion was mainly driven by financing to household sector. The growth was also contributed from the completion of a merger involving an Islamic bank and a non-bank institution in early 2018. Total deposits of the Islamic banking system registered a strong growth of 12.6 per cent. to RM507.1 billion as at 31 July 2018.

The outlook of Islamic banking is expected to remain favourable given strong demand from both households and businesses for Shariah based financial products and services. This is further supported by growing commitments from a number of major players in promoting Islamic banking as the preferred financing solution. Moving forward, focus will be given on supporting the effective implementation and operationalisation of Shariah standards, particularly in broadening the range of product offerings and applications of a variety of Shariah contracts to cater to the diverse needs of customers.

The Islamic capital market ("ICM") comprising Shariah-compliant equities and sukuk continues to maintain its leading position in the global ICM market by offering a wide range of products and services. The share of ICM accounts for 60.5 per cent. or RM1,963.3 billion of total domestic market capitalisation as at 31 July 2018. Shariah-compliant equities contributed 58.2 per cent. or RM1,142.9 billion to total ICM, while the remaining was total sukuk outstanding.

Bursa Malaysia-i, the world's first end-to-end Shariah investment platform continues to make Malaysia a vibrant trading centre for Islamic-based financial offerings. The platform pioneered by nine Islamic Participating Organisations (“**POs**”) in 2016 has expanded to 14 Islamic POs as at 31 July 2018. Out of these, one is a full-fledged¹⁶ PO while the remainder operate on a window¹⁷ basis. As at 31 July 2018, ICM has engaged with more than 20,000 retail and institutional investors, domestically and internationally. Another Shariah-compliant platform, Bursa Suq Al-Sila’ (“**BSAS**”), which facilitates commodity trading for Murabahah¹⁸ and Tawarruq¹⁹ transactions have achieved daily average trading value of RM21.2 billion as at 31 July 2018 with 151 participants, of which 39 were non-residents. This signifies the acceptance of BSAS as a global platform to facilitate liquidity management. Meanwhile, to further develop Shariah-compliant securities, the world's first Shariah-compliant alternative, the Securities Borrowing and Lending Negotiated Transaction (“**iSSBNT**”) was launched in December 2017. The iSSBNT framework is expected to provide a facilitative trading environment, particularly for market players operating based on Shariah principles. As at May 2018, 77 per cent. of companies listed on Bursa Malaysia were Shariah-compliant.

Malaysia continues to be the main driver for sukuk issuances and outstanding. In the first seven months of 2018, the sukuk issuances stood at 50.9 per cent. of total global sukuk issuances while as at 31 July 2018, sukuk outstanding was 51.2 per cent. of total global sukuk outstanding. Malaysia also pioneered the world's first issuance of Green Sustainable and Responsible Investment (“**SRI**”) sukuk in July 2017. As at 31 July 2018, five green SRI sukuk with a total size of RM2.4 billion were issued. Several green SRI sukuk issuances are expected in 2019, especially for large-scale solar photovoltaic projects. In addition, the Securities Commission Malaysia has established Green SRI Sukuk Grant Scheme which aims at reducing the additional cost of certifying a debt instrument of meeting the green criteria.

Moving forward, ICM will continue to play a crucial role in Malaysia's capital market. This will be driven by growing demand for Shariah-compliant instruments. However, greater innovation in ICM is pertinent to ensure that Malaysia maintains its position as a leader in Islamic finance at the international level. In this regard, focus will be given to further develop ICM especially to internationalise Shariah-compliant intermediation activities through new product development, fund management and cross-border collaboration.

(Source: Economic Outlook 2019, Ministry of Finance, Malaysia).

Money aggregates

Money supply expanded 5.1 per cent. during the second quarter of 2019 (compared to 7.4 per cent. in the second quarter of 2018). The Overnight Policy Rate (“**OPR**”) held at 3.25 per cent since January 2018, was reduced to 3.00 per cent. in May 2019. The OPR adjustment by 25 basis points was intended to preserve the degree of monetary accommodativeness and support a steady growth path amid price stability.

During the second quarter of 2019, the ringgit depreciated against most major and regional currencies within the range of 0.4 per cent. to 4.6 per cent. However, the ringgit appreciated 0.4 per cent. against the Korean Won, Chinese renminbi (0.7 per cent.) and Pound sterling (1.6 per cent.). The downward trend of the ringgit was mainly attributed to moderating global growth as well as investors' concerns over the possibility of FTSE Russell excluding Malaysian bonds from the World Global Bonds Index (“**WGBI**”).

¹⁶ Islamic stockbroking services provided by the PO on a fully Shariah-compliant basis.

¹⁷ Islamic stockbroking services provided by the PO other than on a full-fledged basis.

¹⁸ Sales contract with a disclosure of the asset cost price and profit margin to the buyer.

¹⁹ Purchasing an asset with deferred price, either on the basis of musawamah (sales contract without the disclosure of the asset cost price and profit margin to the buyer) or murabahah, then selling it to a third party to obtain cash.

Equity market

The FBM KLCI posted gains in the second quarter of 2019 to close at 1,672.13 points as at end-June 2019. The local bourse commenced the quarter on a weaker note amid unfavourable external developments, including the intensified US-China trade tension, slower global growth forecast and the possibility of FTSE Russell excluding Malaysian Government bonds from the WGBI. However, the market rebounded and posted positive growth towards the end of secondquarter. This can be attributed to the Government reviving several strategic projects, anticipation of a rate cut by the Federal Reserve, and resumption of trade talks between the US and China.

(Source: Malaysian Economy Second Quarter 2019, Ministry of Finance Malaysia)

TAXATION

Malaysian Taxation

The description below is of a general nature and is only a summary of the law and practice currently applicable in Malaysia and should not be taken to be exhaustive. Prospective investors should consult their own professional advisers on the relevant taxation considerations applicable to the acquisition, holding and disposal of the Notes.

Withholding tax

Pursuant to section 109(1) of the Income Tax Act, where any person (the “**payer**”) is liable to pay interest derived from Malaysia to any other person not known to the payer to be resident in Malaysia, other than interest attributable to a business carried on by such other person in Malaysia, the payer shall upon paying or crediting the interest (other than interest on an approved loan or interest of the kind referred to in paragraphs 33, 33A, 33B, 35 or 35A of Part I, Schedule 6 of the Income Tax Act) deduct therefrom tax at the rate applicable to such interest. Accordingly, interest derived from the Notes payable to non-residents is subject to a withholding tax of 15.0 per cent. However, since the Notes are issued by a person carrying on the business of banking in Malaysia and licensed under the FSA, interest payable under the Notes to any person not resident in Malaysia is tax exempt under paragraph 33 of Schedule 6 of the Income Tax Act.

Capital gains tax

There is no capital gains tax in Malaysia, except in relation to real property gains tax chargeable on the disposal of real property or shares of real property companies. Pursuant to the Finance Act 2018, with effect on 1 January 2019, gains from the disposal of real properties by companies and individuals who is a Malaysian citizen or permanent resident that are disposed of within the first three years of the date of acquisition of such chargeable assets will be imposed a real property gains tax rate of 30.0 per cent. whereas the gains from the disposal of real properties that are disposed of after three years but not exceeding four years of the date of acquisition of such chargeable assets will be imposed a real property gains tax rate of 20.0 per cent. while the gains from the disposal of real properties that are disposed of after four years but not exceeding five years of the date of acquisition of such chargeable assets will be imposed a real property gains tax rate of 15.0 per cent. For disposals after five years from the date of acquisition, the gains from such disposal made by companies will be imposed a real property gains tax rate of 10.0 per cent and the gains from such disposal made by individuals who is a Malaysian citizen or permanent resident will be imposed a real property gains tax rate of 5.0 per cent. Gains made by individuals who are neither citizens nor permanent residents of Malaysia, will be affected by a real property gains tax rate of 30.0 per cent. for disposals within five years from the date of acquisition and a real property gains tax rate of 10.0 per cent. for disposals after five years from the date of acquisition.

Gift or Inheritance tax

There is neither gift nor inheritance tax in Malaysia.

Stamp duty

The Stamp Duty (Exemption) (No. 23) Order 2000 as amended by the Stamp Duty (Exemption) (No. 3) (Amendment) Order 2005 provides that all instruments relating to the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures or Islamic securities approved by the SC under section 32 of the Securities Commission Act 1993 (now section 212 of the CMSA) and the redemption or transfer of such debentures, are exempted from stamp duty.

Sales and Service Tax

The Sales and Service Tax, which came into effect on 1 September 2018 in Malaysia, consists of two elements: (i) a sales tax that is charged and levied on taxable goods manufactured in Malaysia by a taxable person and sold, used or disposed of by him and on taxable goods imported into Malaysia and (ii) a service tax that is charge on taxable services provided in Malaysia by a registered person carrying on his business. Currently, the service tax is fixed at a rate of 6 per cent. whereas the sales tax rate is 5 per cent., 10 per cent., or a specific rate.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Malaysia) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes that are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under “*Terms and Conditions of the Notes – Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Prospective investors should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement in respect of Notes

The Dealers have, in the amended and restated dealer agreement dated 20 September 2019 (as amended and/or restated from time to time, the “**Dealer Agreement**”), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes issued under the Programme. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Sole Arranger for certain of their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Sole Arranger and the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Sole Arranger, the Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Sole Arranger, the Dealers and their respective affiliates may have performed, and may in the future perform, certain banking and advisory services and other services for the Issuer and/or its affiliates and/or other persons and entities with relationships with the Issuer from time to time, which may also include swaps (for example, currency or interest rate swaps) and other financial instruments entered into for hedging purposes in connection with the issuance of any Notes under the Programme, for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer’s or their business. The Sole Arranger, the Dealers or certain of their respective affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution.

In the ordinary course of their various business activities, the Sole Arranger, the Dealers or any of their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer and/or its affiliates and/or persons and entities with relationships with the Issuer. The Sole Arranger, the Dealers or any of their respective affiliates may communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Sole Arranger, the Dealers or any of their respective affiliates may also purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected

counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

Selling Restrictions

General

These selling restrictions may be modified by the agreement of the Issuer and each Dealer following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer will be required to agree that, it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement therefore in all cases at its own expense.

United States of America

The Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or (in case of Bearer Notes) deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to Issuer by the Fiscal Agent (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States or to any U.S. person. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of MiFID II; or
 - (ii) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not 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 make an offer of such Notes to the public in that Member State:

- (i) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that 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 Member State or, where appropriate, approved in another Member State and notified to the competent authority in that 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 Regulation, 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;

- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (iii) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “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 for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (ii) 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
- (iii) 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.

Malaysia

At issuance, the Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person 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 CMSA, Schedule 8 or Section 257(1) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA. Thereafter, the Notes may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer

or invitation to purchase the Notes would fall within Schedule 6 or Section 229(1)(b), Schedule 8 or Section 257(1) of the CMSA, read together with Schedule 9 or Section 257(3) of the CMSA.

Singapore

Each Dealer has acknowledged and each further 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 has represented and agreed and each further 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 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 any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, 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 the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) 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
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) 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;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that all Notes issued or to be issued under the Programme are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong

Each Dealer has represented and agreed, and each further dealer appointed under the Programme will be required to represent and agree, that:

- (i) 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 “**SFO**”) other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) (the “**C(WUMP)O**”) of Hong Kong or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan Law (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

PRC

Each Dealer has represented and agreed, and each further dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by applicable laws of the People’s Republic of China.

FORM OF PRICING SUPPLEMENT

Pricing Supplement dated [●]

CIMB BANK BERHAD

[(acting through its [●] branch)]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.\$5,000,000,000 Euro Medium Term Note Programme

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

[PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS] – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.)¹

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. This Pricing Supplement applies only to Notes denominated in a currency other than Malaysian Ringgit.

¹ [For any Notes to be offered to investors in Singapore, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Offering Circular dated 20 September 2019 [and the supplemental [Offering Circular] dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. For the avoidance of doubt, the term “**Notes**” as used in this Pricing Supplement shall mean Notes denominated in a currency other than Malaysian Ringgit.

[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 Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Offering Circular dated [●] 2019. For the avoidance of doubt, the term “**Notes**” as used in this Pricing Supplement shall mean Notes denominated in a currency other than Malaysian Ringgit. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [●] 2019 [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [●] 2019 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 sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

- | | | |
|---|---|---|
| 1 | Issuer: | CIMB Bank Berhad[, acting through its [●] branch] |
| 2 | (i) Series Number: | [●] |
| | (ii) 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: | [●] |
| | (i) Series: | [●] |
| | (ii) Tranche: | |
| 5 | (i) Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (<i>in the case of fungible issues only, if applicable</i>)] |
| | (ii) [Net proceeds: | [●] (<i>Required only for listed issues</i>)] |
| 6 | (i) Specified Denominations: | [●] |
- Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).*

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].”

- | | | |
|------|---|---|
| (ii) | Calculation Amount | [●] |
| 7 | (i) Issue Date: | [●] |
| | (ii) Interest Commencement Date | [Specify/Issue date/Not Applicable] |
| 8 | Maturity Date: | [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year/None] ¹ |
| 9 | Interest Basis: | <p>[[●][●] per cent. Fixed Rate [from [●] to [●]]</p> <p>[[specify reference rate] +/-[●] per cent. Floating Rate]</p> <p>[Zero Coupon]</p> <p>[Other (specify)]</p> <p>(further particulars specified below)</p> |
| 10 | Redemption/Payment Basis: | <p>[Redemption at par]</p> <p>Dual Currency</p> <p>[Partly Paid]</p> <p>[Instalment]</p> <p>[Other (specify)]</p> |
| 11 | Change of Interest or Redemption/Payment Basis: | <p>[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]</p> <p>[Not Applicable]</p> |
| 12 | Put/Call Options: | <p>[Investor Put]</p> <p>[Issuer Call]</p> <p>[(further particulars specified below)]</p> |
| 13 | Status of the Notes: | [Senior/Subordinated] |
| 14 | Listing: | <p>[SGX-ST]</p> <p>[Bursa Malaysia Securities Berhad (under an Exempt Regime)]</p> <p>[(specify)/None]</p> |
| 15 | Method of distribution: | [Syndicated/Non-syndicated] |

¹ Note that for Hong Kong dollar or Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to specify the Interest Payment Date falling in or nearest to the relevant month and year.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 Fixed Rate Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [commencing on the [Issue Date/Interest Payment Date falling on [S] and ending on the [Interest Payment Date falling on [S]/Maturity Date]]¹ [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/ not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount²
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/specify other]
- (vi) [Determination Dates: [●] 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. only relevant where Day Count Fraction is Actual/Actual (ICMA))]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 17 Floating Rate Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Interest Period Date: [●]
(Not applicable unless different from Interest Payment Date)

¹ Note that for certain Renminbi or Hong Kong dollar denominated Fixed Rate Notes the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day."

² For Hong Kong dollar and Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest HK\$0.01, HK\$0.005 being rounded upwards, or in the case of Renminbi denominated Fixed Rate Notes, to the nearest CNY0.01, CNY0.005 being rounded upwards."

- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (v) Business Centre(s): [●]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●] shall be the Calculation Agent
- (viii) Screen Rate Determination: [●]
 – Reference Rate: [●]
[Either LIBOR, EURIBOR, SIBOR, SOR or other, although additional information is required if other]
 – Interest Determination Date(s): [●]
 – Relevant Screen Page: [●]
- (ix) ISDA Determination:
 – Floating Rate Option: [●]
 – Designated Maturity: [●]
 – Reset Date: [●]
- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction: [●]
- (xiv) Fall back provisions, rounding provisions, denominator 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** Variable Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Interest Period Date: [●]
(Not applicable unless different from Interest Payment Date)
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (v) Business Centre(s): [●]

- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●] shall be the Calculation Agent
- (viii) Screen Rate Determination:
- Reference Rate: [●]
 - Interest Determination Date(s): [●]
 - Relevant Screen Page: [●]
- (ix) ISDA Determination
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Variable Rate Date: [●]
- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction: [●]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating the Fall Back Rate on Variable Rate Notes, if different from those set out in the Conditions: [●]
- 19 Zero Coupon Note Provisions:** [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Amortisation Yield: [●] per cent. per annum
 - (ii) Any other formula/basis of determining amount payable: [●]
- 20 Dual Currency Note Provisions:** [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [*give details*]
 - (ii) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●] shall be the Calculation Agent
 - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
 - (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

PROVISIONS RELATING TO REDEMPTION

- 21** Call Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) If redeemable in part:
 - Minimum Redemption Amount: [●] per Calculation Amount
 - Maximum Redemption Amount: [●] per Calculation Amount
 - (iv) Notice period: [●]
(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)
- 22** Put Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
 - (iii) Notice period: [●]
(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** (i) VRN Purchase Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (ii) Purchase Option Period: [Specify maximum and minimum number of days for notice period]
- 24** Variation instead of Redemption (Condition 7(h)): [Applicable/Not Applicable]
(only relevant for Subordinated Notes)

- 25 Final Redemption Amount of each Note: [●] per Calculation Amount
- 26 Early Redemption Amount:
Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default[/due to a Regulatory Capital Event] and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]
(N.B. Specify any Amortised Face Amount)

PROVISIONS RELATING TO LOSS ABSORPTION

- 27 Loss Absorption Option: Write-off on a Trigger Event (Condition [6(a)]): [Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 28 Form of Notes: **Bearer Notes:**
[Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]
[Temporary Global Note exchangeable for Definitive Notes on [5] days' notice]
(For this option to be available, such Notes shall only be issued in denominations that are equal to, or greater than, €100,000 (or its equivalent in other currencies) and integral multiples thereof)
[Permanent Global Note/Global Certificate exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note/Global Certificate]
(N.B. The exchange upon notice/at any time options should not be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000." 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.)
Registered Notes:
[Global Certificate ([Currency] nominal amount) registered in the name of a nominee for Euroclear and Clearstream, Luxembourg]

- 29 Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details.] (*Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs [16(ii), 17(v) and 18(v)] relate*)
- 30 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*]
- 31 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 (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
- 32 Details relating to Instalment Notes: amount of each instalment ("**Instalment Amount**"), date on which each payment is to be made ("**Instalment Date**"): [Not Applicable/*give details*]
- 33 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [annexed to this Pricing Supplement] apply]
- 34 Consolidation provisions: [Not Applicable/The provisions [annexed to this Pricing Supplement] apply]
- 35 Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

- 36 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
(ii) Stabilising Manager (if any): [Not Applicable/*give name*]
- 37 If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 38 Additional selling restrictions: [Not Applicable/*give details*]
- 39 Whether D Rules or C Rules applicable or TEFRA rules not applicable: [D Rules/C Rules/TEFRA not applicable]

OPERATIONAL INFORMATION

- 40 Legal Entity Identifier of Issuer: [SR3J0ZUTXT7OTFT2VU03/[●]]
- 41 ISIN Code: [●]
- 42 Common Code: [●]
- 43 [CMU Instrument Number: [●]]
- 44 clearing system(s) other than The Central Depositary (Pte) Limited, The Central Moneymarkets Unit Service, Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- 45 Delivery: Delivery [against/free of] payment

- 46 CIMB SDG Bond Framework: [Not Applicable/Applicable]
- 47 Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable] *(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.)*
- 48 Additional Paying Agent(s) (if any): [●]
- 49 The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in U.S. dollars): [Not Applicable/U.S.\$[●]]

GENERAL

- 50 Governing Law: [English Law] [save that the provisions relating to Subordinated Notes in Conditions 3(c), 3(d) and 11(b) shall be governed by, and construed in accordance with, the laws of Malaysia]
- 51 Use of Proceeds: *[Give details if different from “Use of Proceeds” section in the Offering Circular].* [The Issuer shall use the proceeds in accordance with the CIMB SDG Bond Framework as set out in the “Use of Proceeds” section in the Offering Circular]
- 52 Ratings: [The Notes to be issued are unrated/give details]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for [issue and admission to trading on the Singapore Exchange Securities Trading Limited] [issue and admission to listing on the Bursa Malaysia Securities Berhad (under the Exempt Regime) (“**Bursa**”)] of the Notes described herein pursuant to the U.S.\$5,000,000,000 Euro Medium Term Note Programme of CIMB Bank Berhad.

[STABILISATION]

In connection with this issue, *[insert name of Stabilising Manager]* (the “**Stabilising Manager**”) (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) 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 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 Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.]

RESPONSIBILITY

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

[Bursa assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. The approval from, and the admission of the listing of the Notes on Bursa's Exempt Regime are not to be taken as indications of the merits of the Issuer, the Programme or the Notes.]

[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.]

Signed on behalf of CIMB Bank Berhad [acting through its [●] branch]:

By: _____

Duly authorised

CLEARING AND SETTLEMENT

The information set out below is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg, CDP and the CMU or any other clearing system currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer, the Sole Arranger nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer, any other party to the Agency Agreement, the Sole Arranger nor any Dealer 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.

The relevant Pricing Supplement will specify the clearing system(s) applicable for each Series.

The Clearing 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 depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures of CDP

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**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 Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a global note or global certificate for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors (“**Depository Agents**”) approved by CDP under the Companies Act, Chapter 50 of Singapore to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Sole Arranger, any Dealer, the CDP Paying Agent, any other agent or any other person (other than CDP) will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

The CMU

The CMU 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. The CMU 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 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.

Book-Entry Ownership

Bearer Notes

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through CDP, the CMU or an Alternative Clearing System. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with the Common Depositary, a sub-custodian for CDP, the CMU or an Alternative Clearing System. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal debt securities operating procedures of Euroclear and Clearstream, Luxembourg, CDP, the CMU or, if appropriate, the relevant Alternative Clearing System. Each Global Note will have an International Securities Identification Number (the "ISIN") and a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number.

Registered Notes

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The Issuer may also apply to have Notes to be represented by a Global certificate accepted for clearance through CDP, the CMU or an Alternative Clearing System. Each Global Certificate will have an ISIN and/or a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number. Investors in Notes of such Series may hold their interests in a Global Certificate only through Clearstream, Luxembourg or Euroclear or CDP.

All Registered Notes will initially be in the form of a Global Certificate. Definitive Certificates will only be available in amounts specified in the relevant Pricing Supplement.

Transfers of Registered Notes

Transfers of any interests in Notes represented by a Registered Global Note within Euroclear, Clearstream, Luxembourg, CDP or the CMU will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System. Euroclear, Clearstream, Luxembourg, CDP and the CMU 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. 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 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.

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in Malaysia in connection with the establishment of the Programme. The establishment of the Programme was authorised by the Board and passed on 11 December 2013.
2. Except as disclosed in this Offering Circular, neither the Issuer nor any of its Subsidiaries is nor has been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Circular which may have or has had in the recent past a material adverse effect on the financial position or profitability of the Issuer or the Group.
3. Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon 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 Sections 165(j) and 1287(a) of the Internal Revenue Code”.
4. The Notes to be issued under the Programme have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems and CDP. The Issuer may also apply to have Notes accepted for clearance through the CMU. The relevant CMU Instrument number will be set out in the relevant Pricing Supplement. The Common Code and the ISIN and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be set out in the relevant Pricing Supplement.
5. Approval-in-principle has been received from SGX-ST for the establishment of the Programme and application will be made to the SGX-ST for the permission to deal in, and for the quotation of, any Notes that may be issued under 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. If the application to the SGX-ST to list a particular series of Notes is approved, for so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded, will be traded on the SGX-ST in a minimum board lot size of SGD200,000 (or its equivalent in other currencies).

So long as the 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 the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes is exchanged for definitive Notes. In addition, in the event that the Global Notes is exchanged for definitive Notes, announcement of such exchange shall be made 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.

6. Approval has been obtained from Bursa for the Programme to be listed under Bursa's Exempt Regime. The Notes issued pursuant to the Programme may be listed under Bursa's Exempt Regime but will not be quoted for trading.

7. For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the specified office of the Fiscal Agent (currently at One Canada Square, London E14 5AL, United Kingdom) or the registered office of the Issuer (currently at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia) in respect of the Notes:
- (a) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - (b) the Deed of Covenant;
 - (c) the CDP Deed of Covenant;
 - (d) the Memorandum and Articles of Association of the Issuer;
 - (e) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (save that a Pricing Supplement relating to an unlisted Series of Notes will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference;
 - (f) a copy of this Offering Circular together with any supplement to this Offering Circular or further Offering Circular;
 - (g) a copy of the audited financial statements of the Group and the Bank in respect of the financial year ended 31 December 2018 (together with the audit report in connection therewith);
 - (h) a copy of the unaudited interim financial statements of the Group and the Bank in respect of the six-month period ended 30 June 2019; and
 - (i) a copy of the most recently published audited financial statements, and any interim financial statements (whether audited or unaudited) published subsequently to the date of this Offering Circular from time to time.
8. PricewaterhouseCoopers PLT of Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral PO Box 10192, 50706 Kuala Lumpur, Malaysia have audited, and issued unqualified audit reports on, the financial statements of the Issuer for the two years ended 31 December 2017 and 2018.
9. Save as disclosed below, after making enquiries as were reasonable in the circumstances, CIMB Investment Bank Berhad is not aware of any circumstances that would give rise to a conflict of interest in its capacity as the Sole Arranger and a Dealer in relation to the Programme.

As of the date of this Offering Circular, the Issuer is 99.99 per cent. owned by CIMBG and CIMB Investment Bank Berhad is a wholly-owned subsidiary of CIMBG. CIMBG is in turn wholly-owned by CGHB. In view of this, there may be potential conflict of interest arising from CIMB Investment Bank Berhad in its capacity as the Sole Arranger and a Dealer in relation to the Programme.

Notwithstanding the above, the Issuer has considered the factors involved and believes the objectivity and independence in carrying out its respective roles has been and/or will be maintained at all times for the following reasons:

- the conduct of CIMB Investment Bank Berhad is regulated by the FSA, the CMSA and its own internal controls and checks;
- CIMB Investment Bank Berhad is a licensed investment bank and its appointment as the Sole Arranger and a Dealer in relation to the Programme is in the ordinary course of its business;
- the roles of CIMB Investment Bank Berhad will be governed by the relevant agreements and/or documents which set out the rights, duties and obligations of CIMB Investment Bank Berhad acting in such capacities and shall be carried out on an arms-length basis; and
- the due diligence review in respect of the Programme has been undertaken by professional and independent advisers.

Further, the potential conflict of interest situation has been brought to the attention of the Board of Directors of the Issuer and the Board of Directors of the Issuer is fully aware of the same. The Board of Directors of the Issuer has acknowledged and confirmed that having considered the above situation, the Board of Directors of the Issuer is agreeable to proceed with the implementation of the Programme based on the present arrangement and terms.

ISSUER

CIMB Bank Berhad
Level 13 Menara CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

SOLE ARRANGER AND DEALER

CIMB Investment Bank Berhad
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Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

LEGAL ADVISERS

To the Sole Arranger and Dealer as to Malaysia Law To the Sole Arranger and Dealer as to English Law

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AUDITORS

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P O Box 10192
50706 Kuala Lumpur
Malaysia

FISCAL AGENT, PAYING AGENT AND CALCULATION AGENT IN RESPECT OF NOTES OTHER THAN CDP NOTES AND CMU NOTES

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR AND TRANSFER AGENT IN RESPECT OF NOTES OTHER THAN CDP NOTES AND CMU NOTES

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris 2-4 rue Eugène Ruppert
L-2453
Luxembourg

CDP PAYING AGENT, REGISTRAR, TRANSFER AGENT AND CALCULATION AGENT IN RESPECT OF CDP NOTES

The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

CMU LODGING AND PAYING AGENT, REGISTRAR, TRANSFER AGENT AND CALCULATION AGENT IN RESPECT OF CMU NOTES

The Bank of New York Mellon, Hong Kong Branch
Level 24 Three Pacific Place
Queen's Road East
Hong Kong