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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.

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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 obtained from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for the listing of any Notes which are agreed at 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. 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), the Programme or such Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular.

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 Depositary**"); (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).

Investing in Notes issued under the Programme involves certain risks. Prospective investors should have regard to the factors described under the section headed "Investment Considerations" in this Offering Circular.

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

Sole Arranger

CIMB Investment Bank Berhad

This Offering Circular is dated 31 October 2016

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").

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 or the Sole Arranger (as defined in Overview of the Programme). 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.

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 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 (the "Prospectus Directive"), the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

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 and the Sole Arranger 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 under the Securities Act. 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) to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Sole Arranger, 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 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 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 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 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.

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.

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" and "U.S.$" are to the lawful currency of the United States of America (the "United States") 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.

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 30 June 2016 of RM4.0288 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.

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. 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.

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 2015;

(b) the unaudited interim financial statements of the Group and the Bank in respect of the six-month period ended 30 June 2016;

(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 herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, 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, its directors or the Sole Arranger 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. 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 which 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 Enterprise-wide Risk Management Framework ("**EWRM Framework**") to manage its risks and opportunities. The 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 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 the 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 best practices 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 Committee ("**BRC**") 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 BRC 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 BRC also oversees the implementation of the EWRM Framework and provides strategic guidance and reviews the decisions of the Group Risk Committee (the "**GRC**"). In order to facilitate the effective implementation of the EWRM Framework, the BRC 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 GRC, which reports directly to the BRC. The GRC performs the oversight function on overall risks undertaken by the Group in delivering its business plan vis-à-vis the risk appetite of the Group. The GRC 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 efficient procedures, it is not possible to entirely eliminate any of the operational risks. Any failure to successfully implement 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 need 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, a diversified and stable source of cheaper funding and 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 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 ("**BR**") 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 Group's economic value of its 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:

- 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;

- new business strategies may alter the risk profile of the Group's portfolio;

- the Group may fail to identify and offer attractive new services in a timely fashion, putting it at a disadvantage with competitors;

- 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

- 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 seven 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 license, 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 pending or future acquisitions or mergers may have an adverse effect on the Group

In the event the Group undertakes any mergers or acquisitions exercises, 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 an increase to its risk factor 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 17 December 2009, the Basel Committee on Banking Supervision (the "**BCBS**") proposed a number of fundamental reforms to the regulatory capital framework. On 16 December 2010, the BCBS released two documents entitled "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems" and "Basel III: International Framework for Liquidity Risk Management, Standards and Monitoring" and on 13 January 2011 issued a press release entitled "Basel Committee issues final elements of the reforms to raise the quality of regulatory capital" (collectively "**Basel III**").

On 28 November 2012, BNM issued its capital adequacy framework implementing the Basel III reforms. Subsequently, on 13 October 2015, a revised capital adequacy framework was issued which took effect on 1 January 2016 for a banking institution and will take effect on 1 January 2019 for a financial holding company (the "**Capital Adequacy Framework**" (as defined in the Terms and Conditions of the Notes)). The above mentioned capital requirements set out by BNM require banking institutions, including the Group, to maintain the following minimum capital ratios for the calendar years detailed below:

(a) minimum Common Equity Tier 1 ("**CET1**") capital ratio of 3.5% of risk-weighted assets (in 2013), 4.0% (in 2014) and 4.5% (from 2015 onwards);

(b) minimum Tier 1 capital ratio of 4.5% of risk-weighted assets (in 2013), 5.5% (in 2014) and 6.0% (from 2015 onwards); and

(c) minimum total capital ratio of 8.0% of risk-weighted assets (from 2013 onwards).

In addition, banking institutions are required to hold and maintain additional capital buffers above the minimum CET1, Tier 1 and Total capital ratios set out above in the form of Capital Conservation Buffer ("**CCB**") and Countercyclical Capital Buffer ("**CCyB**").

The CCB is intended to encourage the build-up of capital buffers by banking institutions during normal times so that the banking system is able to withstand future periods of stress. Banking institutions are required to maintain an additional buffer equal to a minimum of 0.625% of risk-weighted assets (for the 2016 calendar year), 1.25% (for the 2017 calendar year), 1.875% (for the 2018 calendar year) and 2.5% (from 2019 onwards). There is no CCB requirement prior to the 2016 calendar year.

In addition to the CCB, CCyB was introduced to protect the banking sector from build-up of systemic risk when there is excessive credit growth during an economic upswing. The CCyB is determined as the weighted-average of the prevailing CCyB requirements applied in the jurisdictions in which the relevant banking 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 applies.

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% 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 are required to be written-off or converted into ordinary shares to immediately restore the CET1 capital ratio to 5.75%. 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 would 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 2016, 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 11.0% and 11.1% respectively, their Tier 1 capital ratios were 12.3% and 12.7% respectively, and their total capital ratios were 15.9% and 16.0% 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 BCBS would amend the package of reforms to strengthen global capital and liquidity regulations in the future and that BNM may adopt the 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 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. Competition for personnel is intense and the Group may not be successful in attracting or retaining qualified personnel. The loss of any senior management members or key employees, the Group's inability to attract new qualified employees or adequately trained employees, or the delay in hiring key personnel could adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Group operates in countries which may be affected by the outbreak or re-emergence of Severe Acute Respiratory Syndrome ("**SARS**"), Influenza A (H1N1, H5N1), Influenza (H7N9), avian influenza, Middle East Respiratory Syndrome, Zika virus or other infectious diseases. The World Health Organization ("**WHO**") and other agencies issue warnings of a potential avian influenza pandemic if there are sustained human-to-human transmissions or concerns of future possible outbreaks (including, for example, the announcement by the WHO in April 2013 regarding the detection of the Influenza (H7N9) virus).

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.

Considerations relating to Malaysia

As at 30 June 2016, approximately 91.5% 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:

(i) entry of new competitors into the Malaysian banking market from foreign countries and other actions by new and existing local and foreign competitors;

(ii) general economic, political and social conditions in Malaysia and key foreign markets;

(iii) consumer spending patterns in Malaysia and key foreign markets;

(iv) financial markets, currency and interest rate fluctuations;

(v) inflationary pressure in emerging market economies;

(vi) international events and circumstances such as major policy changes, wars, terrorist attacks, natural disasters and political instability; and

(vii) changes in legal regimes and governmental regulations, such as licensing and approvals, taxation, duties and tariffs, in Malaysia and key foreign markets.

The global financial, credit and currency markets have, since the second half of 2008, experienced sporadic and substantial dislocations, liquidity disruptions and market corrections. While there have been signs of economic recovery in the United States, it remains susceptible to global events and volatility. Fiscal and monetary actions of the United States can also impact not only the United States but global markets and economies. Further, speculation about the timing of the increase in short-term interest rates by the United States Federal Reserve has previously resulted in, and may further contribute to, significant volatility in the United States and global markets.

The economic and fiscal situations of several European countries remain fragile and geopolitical tensions in Europe have contributed to continuing global uncertainty. The United Kingdom voted to leave the European Union ("**EU**") in a referendum held on 23 June 2016 ("**Brexit**"). At this stage, both the terms and the timing of Brexit are unclear. Brexit could adversely affect European or worldwide economic or market conditions and could contribute to instability in global financial and foreign exchange markets. There is continued volatility in the international financial and commodity markets. The pressure on emerging market currencies, including the Ringgit, have been exacerbated further by a decline in commodity prices, led by crude oil, as many emerging market economies are net exporters of commodities. Among the more affected currencies in 2014 and 2015, coinciding with the plunge in commodity prices, were those of commodity-exporting economies such as the Canadian Dollar, Australian Dollar, Brazilian Real, Russian Rouble, Indonesian Rupiah and the Ringgit.

Adverse changes in Japan's economy in relation to its domestic demand, the Japanese Yen exchange rates and foreign direct investments have the potential to affect Asian economies that have a significant exposure to Japan's domestic market and outbound investment. A slowdown in China's economic growth may depress prices and trade in a number of commodity sectors and a prolonged slowdown could have wider economic repercussions. The Group's largest geographic exposures are to Asia. The health of the economies of Asia is heavily dependent on international trade, investment and global economic factors. A slowdown in the rate of growth or a contraction in their economies could result in lower demand for credit and other financial products and services and higher defaults among borrowers, which could be detrimental to the Group's business, results of operations, financial condition and prospects.

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. 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 4.0% in the second quarter of 2016[1], driven by domestic demand amid slowing external demand. The country's growth was sustained by domestic demand despite the elevated business and household debt levels. The stronger growth in private sector spending has mitigated a slowdown in public spending, helping to fuel the economic growth, recording results which were marginally above expectations.

The Group expects that a more difficult operating environment against the backdrop of uncertain global economic growth, depreciating currency and slower recovery in commodity prices will continue to challenge the Malaysian economy and banking industry in 2016. Domestic demand is expected to grow at a moderate pace, dampened by the depreciation of the Ringgit which is likely to negatively impact business and consumer confidence. In view of this, private consumption is expected to ease in the year ahead, on account of the impact from inflationary pressure coupled with high household and business debt levels. Credit and liquidity risks are increasingly prominent while continued pressure on asset quality is likely to persist in the year ahead. 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 Source: Quarterly Bulletin of BNM - Economic and Financial Developments in Malaysia in the Second Quarter of 2016.

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. During the period between the second half of 2013 and the end of 2015, the value of the Ringgit experienced a decline of 26.3% against the U.S. dollar. The closing exchange rate as at 2 January 2013 was RM3.0375 to U.S.$1.00 and as at 30 June 2016, the closing exchange rate was RM4.0288 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.

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, publically 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.

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 Financial Services Act, 2013 ("**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 and 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%, 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, loans with a loan-to-value ratio greater than 90.0% will now have to carry a risk weightage of 100.0%, compared with 75.0% previously. 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% for existing domestic Islamic banks, investment banks, insurance and takaful companies. The foreign equity limit for existing domestic commercial banks is currently 30.0%. 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 Insurance 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% 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% 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.

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 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 Issuer shall be obliged pursuant to the terms of the Notes, in the event of any such withholding, to pay such additional amounts to the investors so as to ensure that the investors receive the full amount which they would have received had no such withholding been imposed.

United States Foreign Account Tax Compliance Withholding

Whilst the Notes are in global form and held within Euroclear, Clearstream, Luxembourg, CDP or the CMU (together, the "**Clearing Systems**" and each, a "**Clearing System**"), in all but the most remote circumstances, it is not expected that FATCA (as defined in "Taxation — FATCA Withholding") will affect the amount of any payment received by the Clearing Systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

Investors should choose their custodians and intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for Euroclear and Clearstream, Luxembourg, CDP or, as the case may be, the sub-custodian for the CMU (as registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the Clearing Systems and custodians or intermediaries.

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

(i) the judgment was not obtained by fraud;

(ii) the enforcement of the judgment would not be contrary to natural justice or the public policy of Malaysia;

(iii) the enforcement of the judgment would not be an enforcement of penal or revenue laws of England;

(iv) the judgment was not obtained in proceedings in which the defendant did not (notwithstanding that process may have been duly served on him in accordance with the laws of England) receive notice of those proceedings in sufficient time to enable it to defend the proceedings and did not appear;

(v) there has not been an earlier judgment of a competent court;

(vi) the judgment is for a fixed sum and not for multiple damages;

(vii) enforcement of proceedings is instituted within six years after the date of the judgment;

(viii) an appeal is not pending, and the judgment creditor is not entitled and intending to appeal, against the judgment;

(ix) the judgment was made by a court of competent jurisdiction; and

(x) the judgment has not been wholly satisfied and is enforceable by execution in the courts of England.

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

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 depositary 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.

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 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 would cease to be viable; and

(ii) the Relevant Malaysian Authority publicly announces that a decision has been made by BNM, the MDIC, or any federal or statement government in Malaysia, to provide a capital injection or equivalent support to the Issuer, without which the Issuer 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. Pursuant to the Capital Adequacy Framework, in assessing whether a banking institution would cease to be viable, the Relevant Malaysian Authority may consider, amongst others, whether any of the following circumstances exist in respect of the banking institution:

(i) the banking institution fails to follow any directive of compliance issued by BNM, which is necessary to preserve or restore its financial soundness;

(ii) the banking institution fails to meet all or any of its financial obligations as they fall due, which may significantly impair its capital position;

(iii) the capital of the banking institution has reached a level or is eroding in a manner that may detrimentally affect its depositors, creditors or the public, and the banking institution is unable to recapitalise on its own;

(iv) the banking institution's assets are insufficient to provide protection to its depositors and creditors;

(v) the banking institution has lost the confidence of depositors and the public; or

(vi) any other state of affairs exist in respect of the banking institution that would put the interest of the depositors or creditors of the banking institution at risk.

The Relevant Malaysian Authority has the full discretion to elect not to require a Write-off when the Issuer 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.

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 exchange 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).

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, the Issuing and Paying Agent, Transfer Agent, Registrar, the CDP Paying Agent, the CMU Lodging and Paying Agent 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.

Risks related 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 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.

Furthermore, fluctuations in interest rates will affect the Group's earnings stream through changes in net interest income and economic value of the balance sheet. Adverse impact on earnings and capital resulting from interest rate movements can be caused by differences in the timing of maturity (repricing risk), changing rate and yield curve relationships (basis and yield curve risks) and option risk embedded in certain products.

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-Ringgit Notes. An unexpected increase in inflation could reduce the actual returns.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to 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.

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	Up to 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.
Dealers	No dealers have been appointed as at the date of this Offering Circular. 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.
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 (Luxembourg) S.A. (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 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 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.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: (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. Interest periods will be specified in the relevant Pricing Supplement.

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 Note 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 connectionwith 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 4 (Negative Pledge in respect of Senior Notes).

Ratings

Moody's Investors Service, Inc. has assigned the following provisional ratings to the Programme:

(i) the Senior Notes (P)A3; and

(ii) the Subordinated Notes (P)Ba1.

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.

Listing

Approval in-principle has been obtained from the SGX-ST for 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. There is no assurance that the application to the SGX-ST will be 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.

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.

Unlisted Series of Notes may also be issued pursuant to the Programme.

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 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 beconstrued 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.

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) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that the Notes are issued in compliance with U.S. Treas. Reg. §l.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the 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 31 October 2016 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 a Deed of Covenant (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") dated 15 August 2014 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.

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 Directive 2003/71/EC, 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 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, 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.

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, Receiptholders or Couponholders of the Subordinated Notes after the claims of the parties ranking senior to the Noteholders, Receiptholders and Couponholders of the Subordinated Notes (as provided in this Condition 3) have been satisfied.

In relation to any amounts due to the Noteholders, Receiptholders 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;

"**Capital Adequacy Framework for Islamic Banks**" means the Capital Adequacy Framework for Islamic Banks (General Requirements and 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);

"**Innovative Tier 1 Capital**" means any security or other similar obligation issued by the Issuer that constitutes Innovative Tier 1 capital of the Issuer pursuant to the relevant requirements issued by BNM (currently set out in the Capital Adequacy Framework for Islamic Banks);

"**Non-Innovative Tier 1 Capital**" means any security or other similar obligation issued by the Issuer that constitutes Non-Innovative Tier 1 capital of the Issuer pursuant to the relevant requirements issued by BNM (currently set out in the Capital Adequacy Framework for Islamic Banks);

"**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, Common Equity Tier 1 Capital, Innovative Tier 1 Capital or Non-Innovative 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 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.

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 or 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% 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 ABSIRFIX01 page under the caption "ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 A.M. SINGAPORE TIME" and the column headed "SGD SIBOR" (or such other Relevant Screen Page);

(bb) if no such rate appears on the Reuters Screen ABSIRFIX01 page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if the Reuters Screen ABSIRFIX01 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 %) 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 %) 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 %) 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 %)) 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 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:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" 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 D_1 is greater than 29, in which case D_2 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:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" 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 D_2 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:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" 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 D_1 will be 30; and

"$\mathbf{D_2}$" 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 D_2 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.

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 Authorities.

If, following a direction from a 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 to 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 a 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:

"**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 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 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 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 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 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 corporation 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 corporation 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 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, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, 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 cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made 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.

(iii) 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) or if a cheque mailed in accordance with Condition 8(c)(ii) arrives after the due date for payment.

(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 1471(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; or

(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;

(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, a U.S. dollar denominated cheque drawn on a bank in New York City and mailed to the holder (or to the first named joint holders) of the Notes at its address appearing in the Register, or, upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, 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, or by a Singapore dollar denominated cheque drawn on, 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 "i**nterest**" 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, 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% 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% 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%, or at any adjourned meeting not less than 25%, 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.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75% 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 could not reasonably be expected to be prejudicial to the interests of the Noteholders.

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 depositary 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 Depositary, 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 Depositary 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 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, enforcement or analogous event 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 is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise); (c) CDP announces 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 Permanent Global Certificates

If the Pricing Supplement states that the Notes are to be represented by a permanent 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:

(i) in whole but not in part, 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) in whole but not in part, if the Global Certificate is cleared through CDP and:

  (a) an Event of Default, enforcement or analogous event 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; 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 announces 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) in whole but not in part, if principal in respect of any Notes is not paid when due; or

(iv) in whole but in part, 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 Conditions (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 Conditions

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 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 Conditions 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 Conditions 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 Conditions 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 Conditions 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 Conditions 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 Conditions 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% 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.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes 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.

SUMMARY OF SELECTED FINANCIAL INFORMATION

The summary of the Group's audited consolidated financial information as at and for the year ended 31 December 2015 (which includes the comparative as at and for the year ended 31 December 2014) and the Bank's audited unconsolidated financial information as at and for the year ended 31 December 2015 (which includes the comparative as at and for the year ended 31 December 2014) 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 2015, which have been audited by Pricewaterhouse Coopers, 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 2015. 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 for the year ended 31 December 2015, including the notes thereto. The Group's and the Bank's published financial statements and the auditor's report each for the year ended 31 December 2015 was unqualified.

The summary of the Group's unaudited consolidated financial information as at and for the six-month period ended 30 June 2016 (which includes the comparative as at and for six-month period ended 30 June 2015) and the Bank's unaudited unconsolidated financial information as at and for the six-month period ended 30 June 2016 (which includes the comparative as at and for the six-month period ended 30 June 2015) 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 the date and for the period indicated. Such summary unaudited 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 for the six-month period ended 30 June 2016, 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 2014 and 2015 were prepared and presented in accordance with Malaysian Financial Reporting Standards ("**MFRS**"), International Financial Reporting Standards ("**IFRS**") and the requirements of the Malaysian Companies Act, 1965. The Group's unaudited consolidated interim financial information and the Bank's unaudited unconsolidated interim financial information each as at and for the six-month periods ended 30 June 2016 and 30 June 2016 were prepared and presented in accordance with MFRS 134 "Interim Financial Reporting".

The Group

	Audited		Unaudited		
	For the Year Ended 31 December		For the Six-Month Period Ended 30 June		
	2014	2015	2015	2016	
	(RM'000)		(RM'000)	(RM'000)	(U.S.$'000)
Consolidated Statements of Income					
Interest income	10,430,197	11,717,596	5,631,046	6,093,096	1,512,385
Interest expense	(4,518,523)	(5,457,488)	(2,609,199)	(2,988,443)	(741,770)
Net interest income	5,911,674	6,260,108	3,021,847	3,104,653	770,615
Income from Islamic Banking operations	1,298,309	1,372,939	670,333	723,380	179,552
Net non-interest income	1,997,485	2,569,241	1,358,079	1,168,036	289,922
Net income	9,207,468	10,202,288	5,050,259	4,996,069	1,240,089
Overheads	(4,884,301)	(5,365,314)	(2,809,977)	(2,489,044)	(617,813)
Profit before allowances	4,323,167	4,836,974	2,240,282	2,507,025	622,276
Allowances for impairment losses on loans, advances and financing	(701,958)	(759,785)	(380,971)	(359,417)	(89,212)
Allowances for losses on other receivables	(980)	(8,890)	(217)	(7,332)	(1,820)
Allowances for commitments and contingencies written-back/(made)	8,943	(534)	—	—	—
Allowances for other impairment losses	(28,930)	(2,438)	(3,931)	(45,587)	(11,315)
Profit after allowances	3,600,242	4,065,327	1,855,163	2,094,689	519,929
Share of results of joint venture	2,881	1,587	1,640	2,178	541
Share of results of associates	110,832	93,425	44,546	77,719	19,291
Profit before taxation	3,713,955	4,160,339	1,901,349	2,174,586	539,761
Taxation	(738,663)	(874,631)	(398,689)	(486,723)	(120,811)
Profit after taxation	2,975,292	3,285,708	1,502,660	1,687,863	418,950
Profit for the financial year/period attributable to:					
Owners of the Parent	2,964,546	3,280,377	1,498,706	1,684,896	418,213
Non-controlling interests	10,746	5,331	3,954	2,967	736
	2,975,292	3,285,708	1,502,660	1,687,863	418,949
Earnings per share attributable to ordinary equity holders of the Parent — basic (sen)	65.59	67.65	31.29	32.73	8.12

The Group

	Audited		Unaudited		
	For the Year Ended 31 December		For the Six-Month Period Ended 30 June		
	2014	2015	2015	2016	
	(RM'000)		(RM'000)	(RM'000)	(U.S.$'000)
Consolidated Statements of Comprehensive Income					
Profit for the financial year/period	2,975,292	3,285,708	1,502,660	1,687,863	418,949
Other comprehensive income/(expenses):					
Items that may be reclassified subsequently to profit or loss					
Revaluation reserve — financial investments available-for-sale	127,306	(223,408)	144,772	109,054	27,068
— Net gain/(loss) from change in fair value	217,844	(86,824)	251,638	165,754	41,142
— Realised gain transferred to statement of income on disposal and impairment	(66,373)	(132,965)	(72,262)	(78,222)	(19,416)
— Income tax effects	(22,004)	(13,518)	(37,830)	7,951	1,974
— Currency translation difference	(2,161)	9,899	3,226	13,571	3,368
Net investment hedge	(193,883)	(999,584)	(351,629)	146,012	36,242
Cash flow hedge	3,991	(14,149)	(7,180)	23,272	5,777
— Net gain/(loss) from change in fair value	3,802	(19,427)	(9,247)	32,277	8,012
— Income tax effects	189	5,278	2,067	(9,005)	(2,235)
Exchange fluctuation reserve	452,049	1,418,626	539,784	(463,913)	(115,149)
Share of other comprehensive income/(expense) of associate	4,963	(4,963)	(595)	—	—
	394,426	176,522	325,152	(185,575)	(46,062)
Items that will not be reclassified to profit or loss					
Actual loss on post employment benefits obligations	(7,325)	(12,210)	—	—	—
Income tax effects	2,500	2,442	—	—	—
Currency translation difference	—	—	(545)	810	201
Other comprehensive income/(expense) during the financial year/period, net of tax	389,601	166,754	324,607	(184,765)	(45,861)
Total comprehensive income for the financial year/period	3,364,893	3,452,462	1,827,267	1,503,098	373,088
Total comprehensive income attributable to:					
Owners of the Parent	3,343,585	3,428,561	1,815,080	1,509,121	374,583
Non-controlling interests	21,308	23,901	12,187	(6,023)	(1,495)
	3,364,893	3,452,462	1,827,267	1,503,098	373,088

The Bank

	Audited		Unaudited		
	For the Year Ended 31 December		For the Six-Month Period Ended 30 June		
	2014	2015	2015	2016	
	(RM'000)		(RM'000)	(RM'000)	(U.S.$'000)
Unconsolidated Statements of Income					
Interest income	9,070,573	10,090,726	4,846,127	5,272,998	1,308,826
Interest expense	(3,987,855)	(4,837,334)	(2,290,550)	(2,730,248)	(677,683)
Net interest income	5,082,718	5,253,392	2,555,577	2,542,750	631,143
Income from Islamic Banking operations	50,489	82,867	37,908	49,646	12,323
Net non-interest income	1,972,928	2,236,406	1,201,157	978,630	242,909
Net income	7,106,135	7,572,665	3,794,642	3,571,026	886,375
Overheads	(3,611,455)	(3,955,833)	(2,111,822)	(1,793,117)	(445,075)
Profit before allowances	3,494,680	3,616,832	1,682,820	1,777,909	441,300
Allowances for impairment losses on loans, advances and financing	(430,894)	(180,759)	(113,168)	(94,624)	(23,487)
Allowance for losses on other receivables	(1,492)	(4,293)	(120)	(7,286)	(1,808)
Allowance for commitments and contingencies	(212)	(534)	—	—	—
Allowances for other impairment losses	(28,910)	(6,345)	(3,902)	(45,587)	(11,315)
Profit before taxation	3,033,172	3,424,901	1,565,630	1,630,412	404,690
Taxation	(555,536)	(677,416)	(306,543)	(374,260)	(92,896)
Profit after taxation	2,477,636	2,747,485	1,259,087	1,256,152	311,794
Earnings per share attributable to ordinary equity holders of the Parent — basic (sen):	54.81	56.66	26.29	24.40	6.06

The Bank

	Audited		Unaudited		
	For the Year Ended 31 December		For the Six-Month Period Ended 30 June		
	2014	2015	2015	2016	
	(RM'000)		(RM'000)	(RM'000)	(U.S.$'000)
Consolidated Statements of Comprehensive Income					
Profit for the financial year/period	2,477,636	2,747,485	1,259,087	1,256,152	311,793
Other comprehensive income/(expenses):					
Items that may be reclassified subsequently to profit or loss					
Revaluation reserve — financial investments available-for-sale	95,210	(163,420)	157,629	120,477	29,903
— Net gain/(loss) from change in fair value	142,918	(86,167)	222,033	123,629	30,686
— Realised gain transferred to statement of income on disposal and impairment	(25,720)	(60,309)	(30,963)	(22,702)	(5,635)
— Income tax effects	(20,138)	(15,677)	(33,191)	6,443	1,599
— Currency translation difference..........	(1,850)	(1,267)	(250)	13,107	3,253
Net investment hedge............................	(193,883)	(649,100)	(351,629)	157,706	39,145
Cash flow hedge	3,991	(14,149)	(7,180)	23,272	5,777
— Net gain/(loss) from change in fair value	3,802	(19,427)	(9,247)	32,277	8,012
— Income tax effects	189	5,278	2,067	(9,005)	(2,235)
Exchange fluctuation reserve.................	131,960	660,272	233,390	(252,823)	(62,754)
	37,278	(166,397)	32,210	48,632	12,071
Total comprehensive income for the financial year/period	2,514,914	2,581,088	1,291,297	1,304,784	323,864

The Group

	Audited		Unaudited	
	As at 31 December		As at 30 June	
	2014	2015	2016	
	(RM'000)		(RM'000)	(U.S.$'000)
Consolidated Statements of Financial Position				
Assets				
Cash and short-term funds	25,456,055	20,188,831	23,677,027	5,876,943
Reverse repurchase agreements	4,512,949	9,558,281	6,965,515	1,728,930
Deposits and placements with banks and other financial institutions	3,844,882	1,440,564	1,840,753	456,899
Financial assets held for trading	22,718,087	18,435,955	22,418,482	5,564,556
Derivative financial instruments	6,931,371	11,463,962	10,097,739	2,506,389
Financial investments available-for-sale	27,533,335	28,010,649	26,033,499	6,461,849
Financial investments held-to-maturity	16,714,871	23,707,698	26,062,925	6,469,153
Loans, advances and financing	207,954,719	235,437,884	237,646,257	58,986,859
Other assets	5,829,992	10,857,585	11,784,152	2,924,978
Tax recoverable	3,601	9,612	11,432	2,838
Deferred taxation	191,246	289,940	241,741	60,003
Statutory deposits with central banks	6,839,444	7,699,798	7,868,013	1,952,942
Amounts due from holding company and ultimate holding company	28,853	2,803	3,993	990
Amounts due from related companies	1,233,998	1,272,717	1,277,868	317,183
Investment in joint venture	161,188	162,775	164,954	40,944
Investment in associates	785,797	798,095	875,812	217,388
Goodwill	4,965,324	5,114,235	5,062,714	1,256,631
Intangible assets	1,074,429	1,061,134	1,028,911	255,389
Prepaid lease payments	855	689	422	105
Property, plant and equipment	854,725	787,671	719,672	178,632
Investment properties	4,000	1,120	1,120	278
	337,639,721	376,301,998	383,783,001	95,259,879
Non-current assets/disposal groups held for sale	9,858	4,575	4,575	1,136
Total assets	337,649,579	376,306,573	383,787,576	95,261,015

	Audited		Unaudited	
	As at 31 December		As at 30 June	
	2014	2015	2016	
	(RM'000)		(RM'000)	(U.S.$'000)
Liabilities				
Deposits from customers	235,267,154	263,302,264	262,932,249	65,263,167
Investment accounts of customers	—	232,716	243,200	60,365
Deposits and placements of banks and other financial institutions	31,417,322	22,062,752	27,611,180	6,853,450
Repurchase agreements	5,735,839	7,905,919	7,430,948	1,844,457
Financial liabilities designated at fair value	3,690,701	4,952,771	4,723,781	1,172,503
Derivative financial instruments	7,558,799	11,880,534	10,578,341	2,625,680
Bills and acceptances payable	1,556,909	1,024,296	1,201,472	298,221
Amounts due to related companies	40,783	24,652	4,923	1,222
Other liabilities	4,144,584	6,862,848	8,639,447	2,144,422
Recourse obligation on loans and financing sold to Cagamas	—	1,817,816	4,161,054	1,032,827
Provision for taxation and zakat	121,491	147,739	137,607	34,156
Deferred taxation	2,346	2,490	1,418	352
Bonds and debentures	6,014,471	9,868,655	8,233,993	2,043,783
Other borrowings	2,730,742	2,752,792	3,108,801	771,644
Subordinated obligations	10,068,609	11,169,604	11,966,285	2,970,186
Redeemable preference shares	733,522	—	—	—
Total liabilities	309,083,272	344,007,848	350,974,699	87,116,435
Equity capital and reserves attributable to owners of the Parent				
Ordinary share capital	4,787,023	5,148,084	5,148,084	1,277,821
Reserves	23,197,849	26,518,218	27,039,727	6,711,608
	27,984,872	31,666,302	32,187,811	7,989,429
Perpetual preference shares	200,000	200,000	200,000	49,643
Redeemable preference shares	29,740	29,740	29,740	7,383
Non-controlling interests	351,695	402,683	395,326	98,125
Total equity	28,566,307	32,298,725	32,812,877	8,144,580
Total equity and liabilities	337,649,579	376,306,573	383,787,576	95,261,015
Commitments and contingencies	683,524,925	865,417,801	919,122,352	228,137,994
Net assets per ordinary share (RM/U.S.$)	5.85	6.15	6.25	1.55

The Bank

	Audited		Unaudited	
	As at 31 December		As at 30 June	
	2014	2015	2016	
	(RM'000)		(RM'000)	(U.S.$'000)
Unconsolidated Statements of Financial Position				
Assets				
Cash and short-term funds	21,435,099	14,159,386	15,251,537	3,785,628
Reverse repurchase agreements	4,406,653	8,404,346	6,965,515	1,728,930
Deposits and placements with banks and other financial institutions	5,383,015	4,694,012	6,278,523	1,558,410
Financial assets held for trading	18,390,932	14,951,772	19,792,505	4,912,754
Derivative financial instruments	5,999,209	8,808,615	7,770,614	1,928,766
Financial investments available-for-sale	22,769,832	22,834,039	21,457,987	5,326,148
Financial investments held-to-maturity	13,496,116	19,389,224	21,704,573	5,387,354
Loans, advances and financing	150,874,563	170,669,912	171,358,394	42,533,358
Other assets	5,263,421	9,846,589	11,101,490	2,755,533
Deferred taxation	69,009	141,458	85,630	21,254
Statutory deposits with central banks	5,125,836	6,139,925	6,027,148	1,496,016
Amounts due from holding company and ultimate holding company	—	2,803	3,993	991
Amounts due from subsidiaries	6,264	40,622	18,272	4,535
Amounts due from related companies	1,230,514	1,269,970	1,274,787	316,419
Investment in subsidiaries	5,036,252	4,674,129	4,660,979	1,156,915
Investment in joint venture	125,000	125,000	125,000	31,027
Investment in associates	318,329	305,584	305,584	75,850
Goodwill	3,555,075	3,555,075	3,555,075	882,415
Intangible assets	956,067	942,964	916,717	227,541
Property, plant and equipment	502,102	443,981	405,239	100,586
	264,943,288	291,399,406	299,059,562	74,230,430
Non-current assets/disposal groups held for sale	5,658	375	375	93
Total assets	264,948,946	291,399,781	299,059,937	74,230,523

	Audited		Unaudited	
	As at 31 December		As at 30 June	
	2014	2015	2016	
	(RM'000)		(RM'000)	(U.S.$'000)
Liabilities				
Deposits from customers	174,320,567	198,273,648	196,772,902	48,841,566
Deposits and placements of banks and other financial institutions	31,538,303	20,176,311	25,749,116	6,391,262
Repurchase agreements	5,735,839	7,889,260	7,418,916	1,841,470
Financial liabilities designated at fair value	2,726,392	2,848,922	2,399,968	595,703
Derivative financial instruments	6,601,809	9,097,934	8,384,012	2,081,020
Bills and acceptances payable	761,214	686,487	783,603	194,500
Amounts due to subsidiaries	126,290	34,647	473,441	117,514
Amounts due to related companies	23,250	15,561	1,190	295
Other liabilities	3,437,224	5,587,706	7,992,367	1,983,808
Recourse obligations on loans and financing sold to Cagamas	—	1,315,448	2,807,847	696,944
Provision for taxation and zakat	101,553	104,203	71,303	17,698
Bonds and debentures	3,921,746	6,576,072	5,663,759	1,405,818
Other borrowings	2,730,742	2,752,792	3,108,801	771,644
Subordinated obligations	8,833,276	9,117,067	10,191,338	2,529,621
Total liabilities	240,858,205	264,476,058	271,818,563	67,468,863
Equity capital and reserves attributable to owners of the Parent				
Ordinary share capital	4,787,023	5,148,084	5,148,084	1,277,821
Reserves	19,073,978	21,545,899	21,863,550	5,426,814
	23,861,001	26,693,983	27,011,634	6,704,635
Perpetual preference shares	200,000	200,000	200,000	49,643
Redeemable preference shares	29,740	29,740	29,740	7,382
Total equity	24,090,741	26,923,723	27,241,374	6,761,660
Total equity and liabilities	264,948,946	291,399,781	299,059,937	74,230,523
Commitments and contingencies	535,881,943	616,440,947	655,843,677	162,788,840
Net assets per ordinary share (RM/U.S.$)	4.98	5.19	5.25	1.30

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	
	2014	2015	2015	2016
Net Interest Margin	2.2%	2.1%	1.0%	1.0%
Return on Assets	0.9%	0.9%	0.4%	0.4%
Return on Equity	11.6%	11.0%	5.2%	5.3%
Cost to Income	53.1%	52.6%	55.6%	49.8%
Gross impaired loans ratio	2.1%	1.8%	2.3%	2.0%
Allowance for impairment losses on loans, advances and financing/impaired loans	88.4%	89.7%	78.7%	79.8%
Loans, Advances and Financing/Total Deposits	88.7%	89.5%	91.4%	90.7%
Total capital ratio	14.5%	15.4%	13.4%	15.9%

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 on loans, advances and financing/impaired loans**" means total individual impairment allowance and portfolio impairment allowances as a percentage of gross impaired loans.

(g) "**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).

(h) "**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 2016, the total authorised share capital of the Bank is RM7,550,125,000 divided into 7,000,000,000 ordinary shares of par value RM1.00 each, 500,000,000 perpetual preference shares of RM1.00 each, 1,000,000 redeemable preference shares of RM0.10 each, 200,000 non-cumulative redeemable preference shares of RM0.10 each, 5,000,000,000 redeemable preference shares of RM0.01 each and 5,000 preference shares of RM1.00 each.

As at 30 June 2016, the issued share capital is RM5,377,823,645 divided into 5,148,083,550 ordinary shares of par value RM1.00 each, 200,000,000 perpetual preference shares of RM1.00 each and 2,974,009,486 redeemable preference shares of RM0.01 each. All of the Issuer's issued share capital comprises fully paid shares.

The following tables set out the capitalisation and indebtedness of the Group and the Bank, in each case as at 30 June 2016. 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 2016.

The Group

	Unaudited as at 30 June	
	2016	2016
	(RM'000)	(U.S.$'000)
Indebtedness		
Deposits from customers	262,932,249	65,263,167
Investment accounts of customers	243,200	60,365
Deposits and placements of banks and other financial institutions	27,611,180	6,853,450
Repurchase agreements	7,430,948	1,844,457
Financial liabilities designated at fair value	4,723,781	1,172,503
Derivative financial instruments	10,578,341	2,625,680
Bills and acceptances payable	1,201,472	298,221
Amounts due to related companies	4,923	1,222
Other liabilities	8,639,447	2,144,422
Recourse obligation on loans and financing sold to Cagamas	4,161,054	1,032,827
Provision for taxation and zakat	137,607	34,156
Deferred taxation	1,418	352
Bonds and debentures	8,233,993	2,043,783
Other borrowings	3,108,801	771,644
Subordinated obligations	11,966,285	2,970,186
Total Indebtedness	350,974,699	87,116,435
Capitalisation		
Ordinary share capital	5,148,084	1,277,821
Reserves	27,039,727	6,711,608
	32,187,811	7,989,429
Perpetual preference shares	200,000	49,643
Redeemable preference shares	29,740	7,383
Non-controlling interests	395,326	98,125
Total Capitalisation	32,812,877	8,144,580
Total Capitalisation and Indebtedness	383,787,576	95,261,015
Commitments and Contingencies	919,122,352	228,137,994

The Bank

	Unaudited as at 30 June	
	2016	2016
	(RM'000)	(U.S.$'000)
Indebtedness		
Deposits from customers	196,772,902	48,841,566
Deposits and placements of banks and other financial institutions	25,749,116	6,391,262
Repurchase agreements	7,418,916	1,841,470
Financial liabilities designated at fair value	2,399,968	595,703
Derivative financial instruments	8,384,012	2,081,020
Bills and acceptances payable	783,603	194,500
Amounts due to subsidiaries	473,441	117,514
Amounts due to related companies	1,190	295
Other liabilities	7,992,367	1,983,808
Recourse obligation on loans and financing sold to Cagamas	2,807,847	696,944
Provision for taxation and zakat	71,303	17,698
Bonds and debentures	5,663,759	1,405,818
Other borrowings	3,108,801	771,644
Subordinated obligations	10,191,338	2,529,621
Total Indebtedness	271,818,563	67,468,863
Capitalisation		
Ordinary share capital	5,148,084	1,277,821
Reserves	21,863,550	5,426,814
	27,011,634	6,704,635
Perpetual preference shares	200,000	49,643
Redeemable preference shares	29,740	7,382
Total Capitalisation	27,241,374	6,761,660
Total Capitalisation and Indebtedness	299,059,937	74,230,523
Commitments and Contingencies	655,843,677	162,788,840

DESCRIPTION OF THE GROUP

Overview

The Group is part of CIMB Group, which is the second largest financial services provider in Malaysia based on total assets as at 30 June 2016. As at 30 June 2016, the Group had total assets of RM383.8 billion, RM1.8 billion in deposits and placements with banks and other financial institutions, and RM237.6 billion in loans, advances and financing. As a financial institution, the Bank is regulated by BNM.

As one of Malaysia's leading banks, the Bank possesses a strong and profitable domestic franchise. As at 30 June 2016, the Bank had total assets of RM299.1 billion, RM6.3 billion in deposits and placements with banks and other financial institutions, and RM171.4 billion in loans, advances and financing. As at 30 June 2016, the total assets of the Bank amounted to approximately 77.9% of the total assets of the Group. For the six-month period ended 30 June 2016, the total profit after taxation of the Bank amounted to approximately 74.4% 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" below.

As at 30 June 2016, the Bank had 293 local branches in Malaysia, 4,073 self-service terminals, including 2,305 automated teller machines ("**ATMs**"), 1,113 cash deposit machines, 258 cheque deposit terminals, 330 cheque scanning machines and 67 electronic payment kiosks in Malaysia to serve its customers. In addition, the Bank has two branches in Singapore, one branch in London, one branch in Shanghai, one branch in Hong Kong, one offshore subsidiary bank in Labuan, Malaysia, one branch in Vientiane, Laos and one representative office in each of Myanmar and Mumbai. The Bank also operates a domestic network of 22 business centres to service mid-sized corporations and 26 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 2016 and 2015:

Awards	Awarded By
2016	
Best Bank in Malaysia	FinanceAsia Country Awards
Best Islamic Finance Bank in Malaysia (2007-2016)	Alpha Southeast Asia 10th Annual Best FI Awards
Islamic Bank of the Year in Asia	The Banker
Islamic Bank of the Year — Global	The Banker
Best Trade Finance Bank	The Asset Triple A Treasury, Trade & Risk Management Awards
2015	
Best Islamic Bank in Malaysia — CIMB Islamic	IFN Awards
Best Islamic Bank in Asia Pacific	The Asset Triple A Islamic Finance Awards
Best Sukuk Bank	Global Finance Best Islamic Financial Institutions
Best Islamic Bank in ASEAN	Alpha SEA 9th Annual Best Deal & Solution Awards
Malaysia Top 3 PLCs: CIMB Bank Berhad	ASEAN Corporate Governance Awards
Best Structured Product House, Thailand	The Asset Triple A Private Banking, Wealth Management & Investment Awards

CGHB, through its wholly-owned subsidiary, CIMB Group Sdn Bhd ("**CIMBG**") is the ultimate holding company of the Bank. CIMB Group 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 2016, CGHB was the fourth largest listed company on the Main Market of Bursa in terms of market capitalisation, with a market capitalisation of RM38.1 billion. Through CIMBG, as at 30 June 2016, CGHB owned:

- 100.0% of CIMB Investment Bank Berhad, the investment banking and securities franchise of CIMB Group;

- 100.0% of CIMB Securities International Pte Ltd, the international investment banking and securities franchise of CIMB Group;

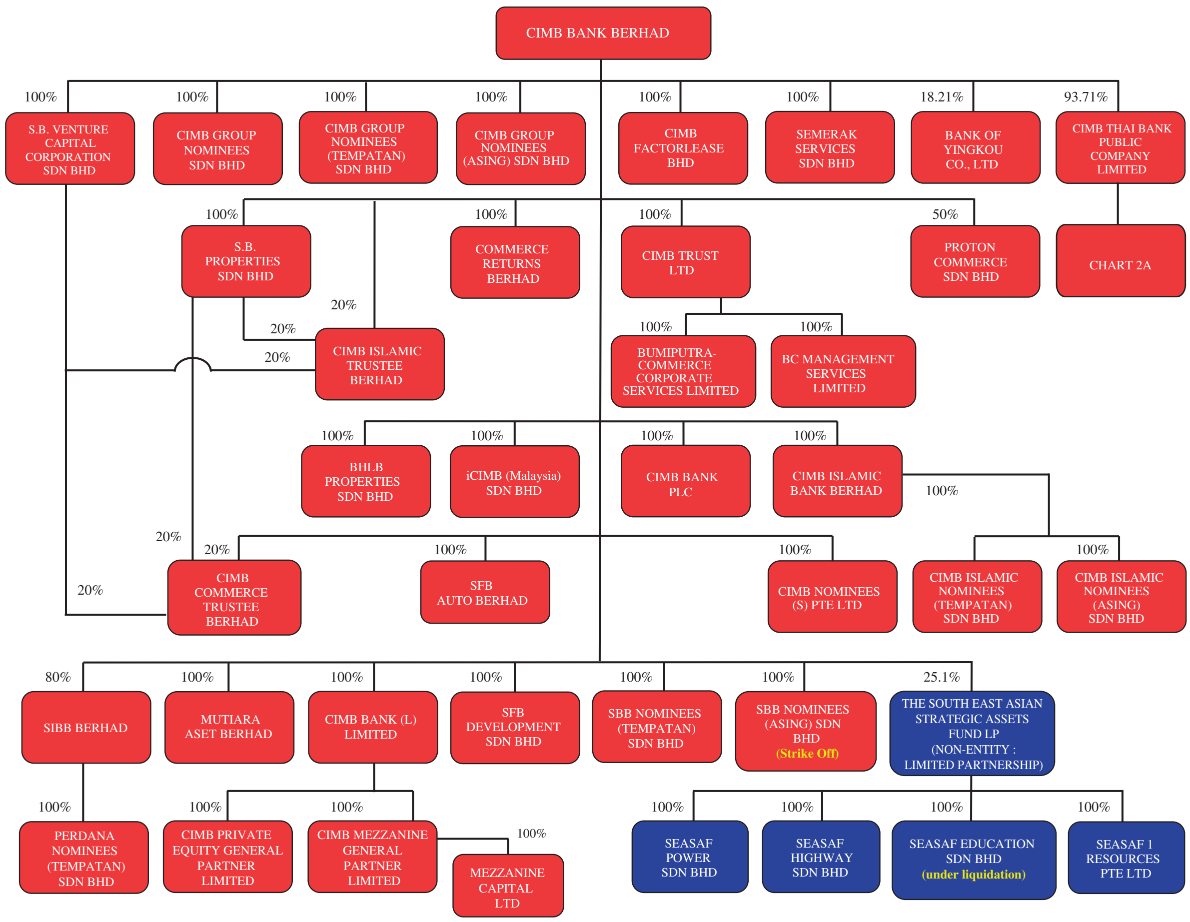
- 100.0% of CIG Berhad, an insurance holding company; and

- 60.0% of 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 2016, CGHB (through CIMBG) held a stake of 97.9% in PT Bank CIMB Niaga Tbk, which is the fifth 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 2016:



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's name was changed to 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% 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:

T18 Strategy

On 6 February 2015, CGHB announced its Target 2018 (T18) strategy ("**T18**") which was crafted to propel CGHB to the next level of growth, in anticipation of the headwinds and challenges to the traditional banking model. T18 reinforces CGHB's ambition to become a leader in its home market with deep presence in ASEAN and strategic links to Asia and beyond. Through T18, CGHB aims to become one of the top five ASEAN banks by asset size, one of the top two banks in Malaysia by asset size, enlarge its footprint in ASEAN by having a presence in all 10 ASEAN markets and become a global Islamic banking leader. In order to achieve these objectives, T18 comprises 18 programmes which focus on key strategic and transformational projects, organisational and process change, implementation of differentiating, innovative and synergy-focused strategies and organic and inorganic expansion plans.

As part of T18, there was a reorganisation exercise of CGHB which in relation to the Group, resulted in the creation of a new regional Commercial Banking Division that focuses on the small and medium enterprise ("**SME**") segment, an integrated Wholesale Banking Division that combines Investment Banking, Treasury and Markets and Corporate Banking and a regional Consumer Banking Division. Through the re-organisation, the Group aims to leverage on its relationships with customers across the region to generate revenues and extract business opportunities from synergies between each of the key business pillars, i.e. wholesale, commercial and consumer banking. The regionalisation of Consumer Banking Division will help the Group achieve significant economies of scale and provide a platform to share best practices across their respective offices within ASEAN. An integrated Wholesale Banking Division will enable the Group to seamlessly fulfil the banking needs of their corporate and institutional clients, both in terms of services and geographies. The Commercial Banking Division of the Group has been identified as having untapped potential and has been restructured as a standalone division. T18 will also lead the Group to continue to streamline identified businesses to optimise cost and become more productive and cost efficient, increase its focus on how its Transaction Banking Division may further increase revenue streams and acquire new clients from the SME segment and enhance the performance of its Consumer Banking Division through greater usage of its extensive regional branch network by further developing its digital banking capability.

Further, T18 introduced a programme focusing on enhancing the culture of the organisation. Given the diversity of the Group's employees and geographical reach, the Group aims to harness such programme to increase productivity and strengthen teamwork across various divisions of the Group.

Harnessing Technological Advances

Technological advances remain a firm focus as the Group strives to bring enhancements to its banking systems and processes by streamlining its processes, accelerating turnaround time for its customers and digitalising the Bank and investing in financial technology ("**FinTech**"). CIMB Group implemented a regionally-integrated banking service, "1Platform", in 2010, initially in Singapore followed by Thailand and Malaysia. It also successfully rolled out 1Platform in Indonesia at the beginning of 2016. 1Platform replaces five legacy core banking applications with an integrated, streamlined solution, thereby enabling the Group to enhance its cross-selling abilities by seamlessly creating and marketing its products across Malaysia, Indonesia, Singapore and Thailand. Through 1Platform, the Group aims to reduce cost inefficiencies, offer its customers improved services with less "down times" and quick speeds and to facilitate more effective customisation and bundling of products for its customers.

In line with the Group's digital sales initiative, the Group launched its "1View on the Go" service in 2009. The service is a front-end platform that was developed to enhance a customer's banking experience by improving processes such as reducing account opening times and reducing the number of fields that were required to be completed for product application forms. It also allows the Bank's mobile sales force to have the full spectrum of the offerings of the Bank on a tablet mobile device which it can bring to its customers. Such service has the potential to increase sales productivity and improve the rate at which customers are willing to invest their fixed deposits with the Bank in other products offered by the Bank. Other digital sales initiatives include CIMB Group's strategic investment in FinTech by investing in Touch 'n Go Sdn Bhd ("**T'nG**"), partnerships with start-up accelerator programmes and telecommunications providers and its Digital Sales Enablement project, which is a programme to increase the digital delivery of CIMB Group's products through digitalisation of key channels and customer touchpoints while focusing on five priority products, namely credit cards, personal loans, current accounts and savings accounts ("**CASA**"), insurance and cash advance facilities ("**Cashlite**").

In 2016, CIMB Group embarked on a programme which will consolidate internet and mobile banking on a single platform for Malaysia, Indonesia, Singapore and Thailand, with the aim of growing its business further and promoting efficiency across its regional offices.

Wallet Share Focus

The Group is committed to building and strengthening relationships with its customers so as to position the Bank as their primary bank of choice and has sought to do so through higher levels of engagement with its customers. This is achieved via targeted marketing enabled by data mining for its expanding conventional delivery channels, i.e. through branches as well as digital channels. Such a strategy, coupled with propensity modelling, enables the Bank to acquire a better understanding of customer needs, their behaviour and attributes. This will further enable the Bank to focus on migrating secondary and tertiary relationships to primary relationships via cross-selling with targeted offers of the Bank's products and services and to increase the product holdings of its customers. The aforementioned strategies will be executed via streamlined and straight-through processing of transactions with minimal or no documentation which is expected to result in significant operating efficiencies and cost savings.

Fee Income Focus

The Bank is focused on finding opportunities to increase its fee based income. Fee based income is driven by the sale of innovative wealth management products to the Bank's Preferred and Private Wealth customer segments which is supported by a strong product pipeline. Preferred customers are customers with assets under management of RM250,000.00 to RM1,000,000.00 and are accorded with personalised banking services, including privileges to bank at 50 preferred centres, special rates for financial products, invitation to special investments events and assigned dedicated relationship manages who manage the customers' banking needs. Private Wealth customers are customers with assets under management of RM1,000,000.00 and above and are provided with the highest level of priority banking services including provision of bespoke solutions and services in accordance with their needs, which include an investment advisory specialist, access to more sophisticated financial products and advisory services, invitations to exclusive private wealth events and priority access to airport lounges worldwide.

The Bank will also continue to drive remittance services and foreign currency solutions services for SME needs. Debit and credit card fees are also other important drivers of fee income as the Bank strives towards meeting its obligations under BNM's Payment Card Reform Framework (BNM/RH/STD 029-7) which was implemented in 2015. The objective of the Payment Card Reform Framework was to create an environment to facilitate the expansion of payment card terminals and higher usage of debt cards at affordable and reduced costs.

Balance Sheet Focus

Increasing CASA balances will be a key priority for the Bank for both individual and business customers. The Bank will continue to strengthen its primary banking relationships with its customers as well as developing stronger product and propositions such as "CIMB@Work", "Plug n Pay", "BizChannel", and "CIMB Clicks". In relation to loan growth, the Bank's risk posture remains unchanged and will continue to grow its loan portfolio at industry growth rate with a slight bias towards unsecured lending in view of a slowing environment for secured loan growth.

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 Southeast Asia. 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. 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 the Southeast Asian region to allow a greater presence of foreign and Islamic 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 brand and market reputation and the "CIMB" brand that 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, and increasingly in Indonesia, Thailand, Singapore and Cambodia, and in Vietnam for the foreseeable future;

- 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;

- 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

Since 1 March 2015, the Group is organised into five major operating divisions, namely (i) Consumer Banking, (ii) Commercial Banking, (iii) Wholesale Banking (which includes Investment, Corporate Banking, Treasury and Markets, Transaction Banking, Equities and Private Banking), (iv) Investments and (v) Support and Others. The Support and Others division comprises unallocated middle and back-office processes and cost centres and other subsidiaries which provide business support for each operating division of the Group and whose financial results are not material to the Group.

The following table shows 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 six-month periods ended 30 June 2015 and 2016.

The Group

	For the Six-Month Period Ended 30 June					
	2015			2016		
	Net Income	Profit/ (Loss) Before Allowances	Profit/ (Loss) Before Taxation	Net Income	Profit/ (Loss) Before Allowances	Profit/ (Loss) Before Taxation
		(RM'000)			(RM'000)	
Consumer Banking	2,525,572	1,038,717	749,886[1]	2,625,523	1,208,876	1,055,953[1]
Commercial Banking	598,588	289,319	280,798	631,462	331,198	189,340
Wholesale Banking	1,482,835	869,363	787,750	1,384,072	765,040	652,460
Investments	421,446	55,984	96,233[2]	348,771	207,280	289,534[2]
Support and Others	21,818	(13,101)	(13,318)	6,241	(5,369)	(12,701)
Total	**5,050,259**	**2,240,282**	**1,901,349**	**4,996,069**	**2,507,025**	**2,174,586**

Notes:

1. 30 June 2016: Net of share of profit of joint venture of RM2,178,000 (30 June 2015: Net of share of profit of joint venture of RM1,640,000).
2. 30 June 2016: Net of share of profit of associates of RM77,719,000 (30 June 2015: Net of share of profit of associates of RM44,546,000).

Consumer Banking

The Bank provides a comprehensive range of consumer banking products and services through its Consumer Banking Division. Consumer Banking serves over 8 million customers through a large network of over 400 retail branches mainly across the core markets of Malaysia, Singapore, Thailand and Cambodia. In addition, the Bank has established one branch in London, one branch in Shanghai, one offshore subsidiary bank in Labuan, Malaysia, one branch in Vientiane, Laos and one representative office in each of Myanmar and Mumbai.

Products and Services

Consumer Banking Division provides a comprehensive suite of everyday banking solutions to individual customers ranging from personal banking, financing, insurance and wealth management. The conventional and Islamic products and services offered comprise the following:

- Residential property loans/financing;
- Non-residential property loans/financing;
- Motor vehicle financing;
- Credit cards and personal financing;
- Wealth management and bancassurance;
- Remittance and foreign exchange;
- Deposits and internet banking services; and
- Enterprise banking.

Residential Property Loans/Financing

Residential property loan/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 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 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 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).

Motor Vehicle Financing

Motor vehicle financing forms an important component of the Group's lending business segment. The Group offers a wide range of domestic motor vehicle financing services and facilities, comprising retail hire purchase (both fixed and variable rate) for various 4-wheel and 2-wheel vehicles through auto finance centres. The business covers conventional and Islamic products and caters for individuals as well as corporations.

Through exclusive strategic alliances with leading vehicle dealers and manufacturers, preferential rate motor vehicle financing may be offered to prospective customers. The Group also cross-sells and bundles certain retail products with key insurance players to attract a larger customer base and create brand awareness.

Credit Cards

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

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 major insurance companies, 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

The Group offers a wide range of remittance services including its own proprietary international money transfer service, "SpeedSend". Launched in 2012, SpeedSend is a speedy and easy remittance service operating across multiple 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 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 ("**FX**") 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 account 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, fund transfers, simplified account opening via "KWIK" account product in Malaysia and "FASTSavers" in Singapore. These innovations are online accounts where customers are able to open a savings account online at their convenience, pay bills, and much more from the convenience of their own home. CIMB Clicks also allows customers to apply for credit cards and conduct personal financing in just a few clicks. In addition, purchasing foreign currency notes has become more convenient via "CIMB TravelCurrency". This service enables customers (CIMB and non-CIMB) to purchase FX 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.

Commercial Banking

The Commercial Banking Division offers a spectrum of products and services to SMEs and mid-sized corporations in the market. The Group believes its strength lies in its emphasis on customer relationship management and its strong local presence in the countries in which the Group operates. This includes the 23 Commercial Banking Centres for SMEs and four Special Acquisition Teams, which function as a hunter team to bring in "New-to-bank" customers across Malaysia, 124 SME and trade services centres in Indonesia, 19 SME centres in Thailand and one trade service centre in Cambodia. These centres are managed by teams of relationship managers who have and continue to develop in-depth knowledge of commercial banking customers and their requirements. The banking function of this division includes strategy development, credit portfolio and customer relationship management, as well as the development and bundling of products and services for these customer segments. The financial products and services available for customers include the core banking credit facilities (such as terms loans, trade finance facilities including letters of credit, bankers' acceptance and trust receipts), overdraft facilities, bank guarantees and FX contract facilities, as well as general deposit products such as current accounts, savings accounts and fixed deposit accounts.

The Commercial Banking Division has adopted a segmented approach with regards to its customers whereby the financial products and services are tailored to meet the individual needs of its commercial customers with the understanding that companies who are at different points in the business life cycle would have different needs. This approach serves to improve customer experience, turnaround time and provide customers with solutions that meet their specific needs. At the same time, the Commercial Banking Division is able to leverage on the Group to provide other financial services such as corporate finance advisory or specialised treasury services, as customers' needs grow.

It has a regional platform which includes the presence of a dedicated team in every country where the Group has a presence. The customer relationship management approach has also resulted in the formation of a regional network, linking all commercial banking businesses in Indonesia, Singapore, Thailand and Cambodia. This will ensure that customers have access to the Group to assist with their cross-border activities within the region and to help support their regional aspirations. With over 150 SME centres throughout the region, together with the Group branch network, the Group believes its Commercial Banking Division is well placed to serve the needs of the SMEs in the region.

The Group also offers lending products to micro and SMEs, which are businesses under sole proprietorship, partnership and private limited through its Enterprise Banking Division. The Group believes it has several key advantages over its competitors and is in a position to cater to the micro and SME markets. Through its wide distribution network of over 293 local branches over Malaysia, the Group believes it is able to serve this market segment effectively.

Enterprise Banking provides tailor made financial solutions to its clients through its extensive portfolio of product programs. These product programs are offered under "Biz Series" such as "Biz Vacant Land", "Biz Overdraft", "BizLoan", "BizFlexi", "Biz Access Lite" and "Enterprise Portfolio Guarantee" in which the loans are mainly secured by the property being purchased/refinanced and/or through the guarantee schemes offered by the Credit Guarantee Corporation Malaysia Berhad (the "**CGC Scheme**"). The CGC Scheme offers assistance to SMEs to obtain credit facilities, such as term loans and overdrafts, from financial institutions by providing guarantee cover on such facilities to SMEs.

Wholesale Banking

Investment Banking

The Investment Banking Division is organised into two business units, namely Corporate Finance and Equity Capital Markets and Syndicate ("**ECMS**"). The two business units are supported by the Mergers and Acquisitions team and the sector team in Real Estate Finance and Agribusiness.

The Corporate Finance Unit offers financial advisory services to corporations including mergers and acquisitions, issuance of equity and equity-linked products, debt restructuring and initial public offerings.

ECMS oversees the Group's equity fundraising activities for clients. This role encompasses origination, execution, distribution including syndication and pricing, and after-market transactions that cater to clients' financing needs. The core business activities of ECMS are underwriting and placements. ECMS underwrites initial public offerings, advises on rights issues, placements and other equity offerings. In the area of placements, ECMS supports the origination of primary and secondary equity market transactions which include structuring and distribution of initial public offerings, implementing book building and placements. The team also advises clients on marketing-related matters such as road-shows, analyst briefings including media communications.

Senior Bankers Group

The Senior Bankers Group is the business unit responsible for corporate client coverage and focuses on marketing CIMB Group's full suite of banking products and solutions to corporate and financial institutional clients.

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.

Group Corporate Banking Division continues to strengthen its conventional and Islamic funding solutions 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 Group's product offerings. Strong partnerships with the Senior Bankers Group and investments bankers within CIMB Group have resulted in enhanced products and services being offered to its corporate clients.

The Corporate Banking Division has offices in seven ASEAN countries, including a new office in Vietnam that is scheduled to be fully operational by end 2016. CIMB Group considers Singapore, Indonesia and Thailand as its home markets, in addition to Malaysia, given its substantial presence in these countries. It also has branch presence in international financial centres Hong Kong, Shanghai and London.

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.

Treasury and Markets

Credit Markets

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

Capital Markets

- *Regional Debt Capital Markets*

The Regional Debt Capital Markets unit specialises in the origination and execution of conventional and Islamic fixed income securities denominated in ASEAN local currencies, G3 currencies and Renminbi for the Group's sovereign and corporate clients across the globe. The products offered include private debt securities and Sukuk, which encompasses project financing, asset backed securities, corporate perpetual securities and bank capital instruments.

- *Regional Debt Syndicate*

The Regional Debt Syndicate desk works closely with the origination and distribution teams to execute a broad range of fixed income products, including equity-linked and hybrid securities. Through its regional and local teams, it is involved in U.S. dollars, Renminbi-denominated and domestic currency 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 Bond Sales and Trading*

The Convertible Bond Sales and Trading team is responsible for marketing and distribution of the Group's originated convertible and exchangeable bond deals. The team also actively market-makes in secondary market to provide liquidity for various client segments within the Group.

- *Convertible Bonds Origination*

The Convertible Bonds Origination team is responsible for origination, structuring and execution of convertible and exchangeable bond transactions. The Group believes the team has extensive experience in providing tailored convertible/exchangeable bond financing solutions to meet issuers' funding objectives.

Rates and Structuring

- *Structuring*

The Structuring unit is responsible for developing both funded and unfunded financial solutions which cut across various asset classes or a combination of asset classes such as interest rates, commodity, fund, equity, credit and FX. It offers customised solutions for all client segments of the Group including corporates, SMEs, government agencies, institutional investors and individuals.

- *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.

- *Rates Market Making*

The Rates Market Making ("**RMM**") unit is responsible for making markets for government bonds and interest rate derivatives on behalf of the Group. Aside from being the primary dealers in the three major countries it operates in, namely Malaysia, Indonesia, and Thailand; the RMM unit also caters to the fixed income requirements of clients across the globe through our network of overseas branches and subsidiaries.

Money Market and Funding

The Money Market and Funding unit undertakes responsibility for resolving the funding and liquidity gap of the Group's balance sheet in an efficient manner, including its foreign branches in Singapore, London, Hong Kong and Labuan, Malaysia. The unit also acts as 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 unit also offers a wide range of products to corporate and institutional investors and depositors to help them generate a return on their funds. These products include placements and investments from overnight to mid-to-long term at competitive rates and in a highly customised manner, across all local and major international currencies.

Treasury Sales and FX

The Treasury Sales unit represents the client facing unit for the Group's entire suite of treasury products. Its client activities are divided into four main areas, namely FX sales, money market sales, fixed income sales as well as derivatives and structured solution sales.

The FX team manages exposure arising from client transactions besides engaging in proprietary FX and over-the-counter FX options trading.

Equity Derivatives Group

The Equity Derivatives Group unit is responsible for the issuance and market-making of structured warrants, equity options, and equity-linked investments. The Equity Derivatives Group unit is also engaged in providing equity structured solutions to corporate clients.

Islamic Treasury

The Islamic Treasury unit, an operating division of CIMB Islamic Bank Berhad, offers a wide range of Shariah-compliant products and services covering FX, money market, fixed income, derivatives and structured products to corporations and institutional investors in the region, Europe and the Middle East.

Transaction Banking

Transaction Banking

The Transaction Banking unit comprises Trade Finance and Cash Management teams which provide various trade facilities and cash management solutions on a regional platform across Malaysia, Indonesia, Singapore, Thailand and Cambodia. It also offers a range of trade financing products and services to cater to various trade requirements, including sophisticated ones encompassing structured trade and commodity financing capabilities. The 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 programs are designed to optimise businesses efficiency through reducing accounts receivable financing or increasing sales to distributors, in addition to enhancing cash management capability and electronic bills of lading. The Trade Finance team also offers a full suite of Shariah compliant products and services.

Cash Management Team

The Cash Management team provides end-to-end tailor-made products and services for companies to accelerate collections and manage payments efficiently, thus maximising the use of excess cash and or minimising the cost of funding. It serves diverse market segments and is able to meet client's requirements on domestic and international transactional flows. The Group has won the JomPAY Top Biller Bank Award in 2015, a notable recognition on its achievement in encouraging online payments through internet and mobile banking as it secures the highest number of customers amongst all the banks in Malaysia.

Global Financial Institutions

The Global Financial Institutions unit is the correspondent banking arm of the Group which maintains relationships with financial institutions worldwide. The Global Financial Institutions unit offers a full range of products and services, backed by its main product partners within the Group and globally, to facilitate domestic and international payments and trade finance products and services.

Securities Services

The Securities Services unit's client segments are issuers, investors and market intermediaries. The core products offered are corporate agency, corporate trustee, custody services and fund accounting services under a dual banking platform, i.e. conventional and Islamic.

Corporate Agency

The Corporate Agency unit supports private debt securities, sukuk and syndicated loans by offering services such as facility agent, security agent and monitoring agent services. Corporate trustees acts as trustees for collective investment schemes, real estate investment trusts, private retirement schemes, corporate bonds, employee share option schemes and also as escrow agents to stakeholders. Custody services are offered to institutional investors, asset managers and financial intermediaries where the core services comprise safekeeping of portfolio assets, clearing and settlement, corporate action and asset servicing, income collection and reporting. Fund accounting services support unit trust funds and private equity funds and services provided include the maintenance of multi-currency accounting records, computation of net asset value, preparation of accounting books and periodical management of accounts.

Equities

CIMB Group's equities franchise has one of the most comprehensive footprints among regional brokerage houses with access into 11 markets in Asia, eight markets directly (Malaysia, Indonesia, Singapore, Thailand, Hong Kong, Korea, Taiwan, and India) and three markets via local partners (Australia, Philippines, and Vietnam). CIMB Group continues to maintain its dominance in ASEAN markets with market share ranking of No. 2 in Malaysia (10.1%), No. 2 in Singapore (8.7%), No. 2 in Thailand (6.3%) and No. 4 in Indonesia (4.4%) as at 30 June 2016.

For institutional clients, it provides in-depth stock coverage for more than 1,000 stocks in Asia and a wide variety of execution services, including low touch and algorithmic trading in nine markets across Asia-Pacific. Its extensive Asia-Pacific platform provides clients with speed and accuracy in execution as well as bespoke services for algorithmic trading where it builds solutions specific to each client's needs. Its institutional team is also a key distribution platform for Equity Capital Markets ("**ECM**") transactions, connecting corporates and funds globally. It also continues to attract strong interest with its flagship conferences such as the CIMB Asia-Pacific Conference and Invest Malaysia held in Kuala Lumpur; the annual Bali Conference featuring Indonesian corporates; and the Annual Asia Pacific Leader's Conference which is held in London.

For retail clients, the Equities team provides a wide array of products and services such as equities trading, futures trading, margin financing, Contracts for Difference ("**CFD**") as well as investor education. Technology is a key focus for the Group and it also provides retail investors with both online and mobile platforms for self-directed trading. The Group has enhanced its "i*Trade@CIMB" platform to provide access to eight exchanges in six countries.

The equity research team provides professional and comprehensive research analysis on individual stocks and sectors for the use of its global institutional and localised retail client bases. CIMB Group has research offices and research analysts located in 10 cities, namely Hong Kong, Kuala Lumpur, Singapore, Shanghai, Jakarta, Taipei, Seoul, Mumbai, Ho Chi Minh City and Bangkok. In addition, CIMB Group operates a network of joint ventures whereby research coverage is also made available to CIMB Group's clients on stocks listed in the Philippines, Australia and Sri Lanka. Research coverage provided by CIMB Group directly currently amounts to 762 stocks with a further 290 stocks covered by our joint venture partners. This allows CIMB Group to provide one of the broadest and wide ranging Asian stock coverage by any investment bank in the region.

CIMB Group's equity analysis team comprises well-trained and licensed professionals. Its numerous senior analysts generally have over 15 to 20 years of experience covering markets and stocks. The Equities research team is well-rated by its clients, at the individual analyst level, specific country level or pan regionally.

The reports, forecasts and research which the Economics team produce are widely used internally by various groups within the bank such as Equities, Equity Financing, Treasury, Funds, FX and Equity Financing and widely distributed externally to CIMB Group's institutional and retail clients around the world.

In the past year, CIMB Group achieved numerous awards including Best Broker in Malaysia (Finance Asia Country Awards), Best Brokerage House in Malaysia and Indonesia (The Asset Triple A Country Awards), Best Retail Broker in Singapore (Securities Investors Association Singapore), Best Securities Company Award — Institutional Investors in Thailand (SET Awards) and the "No. 1 broker providing algorithmic customisation" and "No. 1 broker by cost and commission" accolades from the Asian Algorithmic Trading Survey. Our Research team also received many accolades from the Asia Money Broker's Poll including Best Research Coverage for many categories (eg. Strategy, Small Caps, Consumer Staples, Health Care, Industrials, Telecommunications, Transportation, Utilities) in Malaysia, Indonesia and Thailand.

Private Banking

The Group's Private Banking unit is the wealth management arm for high net worth individuals of the Group. Headquartered in Singapore, it offers a full suite of wealth management solutions to high net worth individuals with the aim of enhancing and preserving wealth. The Group's other private banking offices are established in Malaysia, Indonesia and Thailand.

The Private Banking unit is well-positioned to offer a range of tailored and specialised wealth management solutions for both onshore and offshore investments needs. High net worth individuals have access to a complete range of private banking services, extending from investment to securities financing to trust services.

The Private Banking unit adopts an investment philosophy that is based on strategic asset allocation strategies to ensure that clients are advised in accordance with individual risk appetites and long-term investment goals. Operating on an open architecture platform, investment solutions are sourced both from within the Group as well as from third parties. The assessment and selection of solutions are performed independently. The services it offers are supported by a full suite of integrated investment and banking solutions such as equities, fixed income, funds, alternative investments, FX, derivatives and structured finance.

Analytics and Strategy

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

Investments

Group Asset Management & Investments ("**GAMI**") manages the asset management and investments initiatives of CIMB Group and is a combination of CGHB's regional asset management and investments business. GAMI has a clear objective of achieving sustainable profitability levels and creating value across the portfolio. The public markets asset management business consists of CIMB-Principal Asset Management Berhad ("**CIMB-Principal**") and its group of companies, while the private markets is made up of mainly private equity fund management and strategic investments.

Public Markets

CIMB-Principal and its group of companies are one of ASEAN's leading public markets asset management franchises, manufacturing and distributing both conventional and Shariah-compliant investment products in equities, fixed income, exchange-traded funds, money markets and customised portfolio mandates for and to retail investors, high net worth individuals, large corporations, and institutional funds, family offices, sovereign wealth funds and government entities. CIMB-Principal's integrated regional platform pursues a multi-local strategy to deliver synergy and franchise in-line with the growth aspirations of CGHB. CIMB-Principal also leads the industry in thought leadership and recently played a key role in mooting regulatory guidelines for the implementation of private pension schemes in Malaysia.

Private Markets

GAMI's private markets initiatives can be broadly bucketed into three key areas: private equity fund management ("**PEFM**"), strategic investments ("**SI**") and passive fund investments ("**PFI**"). PEFM focuses on CGHB's involvement in a variety of PE fund management initiatives, both as a part-shareholder in specific funds and associated management companies. The second area, SI, oversees CGHB's investments into companies that are deemed strategic to CGHB — this portfolio today involves stakes in companies like T'nG and Bank of Yingkou. The area of PFI sees CIMB Group placing passive investments in funds run by third parties.

Centres of Excellence

GAMI's public markets and private markets businesses are supported by Centres of Excellence that focus on business planning and analytics and investment portfolio management. The Centres of Excellence teams directly support the operations of the entire GAMI business across CGHB, focusing on the areas of business planning, strategic development, business optimisation initiatives, risk management and compliance and continued areas of improvement and industry best practices.

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

CIMB Group is committed to investing in technology to support its business objectives. CIMB Group has earmarked considerable resources to building future capabilities in areas such as information and strategic applications. CIMB Group will continue to make further investments to promote new levels of process efficiency and effectiveness to improve its business performance and risk management policies. CIMB Group's information technology policies and procedures comply with international standards and BNM's requirements.

CIMB Group is in the process of implementing its information technology roadmap through various strategic projects, which will result in enhancements to its information technology platform, security framework, operational and technical capabilities and capacities. In addition, CIMB Group's service delivery channels such as mobile/internet banking, teller services and contact centre facilities will be strengthened and improvements will be made to customer experience and market penetration.

As part of technology roadmap, 1Platform serves as the first major building block towards providing customers with a seamless banking experience across CIMB Group's key operations in Malaysia, Indonesia, Singapore and Thailand. The 1Platform project will deliver common capabilities across CIMB Group (including the Group) in terms of standardised processes, governance and a regional operating model. The operational integration and single manufacturing function will increase efficiency and provide significant business benefits. Implementation of 1Platform was completed on a country-by-country basis starting with Singapore, followed by Thailand and Malaysia. At the start of 2016, CIMB Group successfully rolled out 1Platform in Indonesia.

CIMB Group is also committed to digital banking and FinTech. Its initiatives in digital banking include its strategic investment in T'nG, partnerships with start-up accelerator programmes and telecommunications providers and its Digital Sales Enablement Project. T'nG intends to re-align its business with the Government's push for cashless payments and become not only a cashless service provider but also a centralised collection agency and service provider. T'nG provides a platform for CIMB Group to develop new and innovative products and services and increase its market reach.

Towards the end of 2015, CIMB Group entered into a partnership with Startupbootcamp Fintech ("**SBC**"), Europe's leading FinTech accelerator. The partnership provides CIMB Group with a three-year access to the FinTech start-ups under SBC's accelerator programme. CIMB Group intends to leverage on its ASEAN region network to act as a gateway for start-ups accessing the region while utilising SBC to provide mentorship to such start-ups. CIMB Group expects the partnership to assist CIMB Group to stay abreast of current FinTech trends and explore possible integrations between start-ups' solutions and the Bank's product offerings, which would lead to improvements in operational efficiencies and new revenue streams.

In November 2015, CIMBG entered into a strategic collaboration with Smart Communications, the wireless service provider of leading Philippines telecommunications company, Philippine Long Distance Telephone Company ("**PLDT**") and its wholly-owned digital unit, Voyager Innovations, to develop digital financial products and solutions for customers across ASEAN. Given the increasing business convergence between banks and telecommunications providers and leveraging on PLDT being a market leader in the telecommunications industry in the Philippines in terms of customer base and its track record of FinTech solutions, the partnership will enable CIMB Group to offer tailored and digital banking and FinTech solutions to its customers.

CIMB Group has also made significant investment in its Digital Sales Enablement project, which is a programme to increase the digital delivery of the Group's products through digitalisation of key channels and customer touchpoints while focusing on five priority products, namely credit cards, personal loans, CASA, insurance and cash advance facilities.

In 2016, CIMB Group embarked on a programme which will consolidate internet and mobile banking on a single platform for Malaysia, Indonesia, Singapore and Thailand, with the aim of further growing its business and promoting efficiency across its regional offices. This programme is expected to provide a more holistic service to CIMB Group's customers and improve customer experience.

Principal Subsidiaries

The Bank 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")

CIMB Islamic is the anchor operating entity of "CIMB Islamic", the global Islamic banking and financial services franchise of 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 and CIMB Islamic was established. It is a licensed Islamic bank in Malaysia and as at 30 June 2016, had a branch network of 293 local branches in Malaysia.

Selected financial information of CIMB Islamic is set out below:

	Audited		Unaudited	
	As at or for the Year Ended 31 December		As at or for the Six-Month Period Ended 30 June	
	2014	2015	2015	2016
	(RM'000 except %)			
Total assets	49,863,771	54,559,147	54,994,170	60,624,510
Shareholders' funds	3,211,444	3,606,083	3,417,123	3,896,921
Profit after taxation	391,348	404,016	189,571	278,222
Percentage of total assets of the Group	14.8%	14.5%	15.2%	15.8%
Percentage of profit after taxation of the Group	13.2%	12.3%	12.6%	16.5%

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% 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%. CIMB Thai is licensed by the Ministry of Finance of Thailand and related authorities to engage in commercial banking, which constitutes its primary business.

Selected financial information of CIMB Thai is set out below[1]:

	Audited (except %)		Audited (except %)	
	As at or for the Year Ended 31 December		As at or for the Six-Month Period Ended 30 June	
	2014	2015	2015	2016
	(THB'000, except %)			
Total assets	273,468,038	303,597,503	290,353,967	292,800,110
Shareholders' funds	22,140,269	26,316,624	22,142,297	26,012,842
Profit after taxation	941,694	707,335	170,853	94,841
Percentage of total assets of the Group	8.6%	9.6%	9.0%	8.7%
Percentage of profit after taxation of the Group	3.2%	2.5%	1.3%	0.7%

Note:

1. The figures in this table are based on Generally Accepted Accounting Principles in Thailand.

2. CIMB Thai has also released its unaudited financial statements for the nine-month period ended 30 September 2016.

Litigation

As at 30 June 2016, 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

Appointment of Kittiphun Anutarasoti as President/Chief Executive Officer of CIMB Thai

CIMB Group obtained the approval from Bank of Thailand for the appointment of Kittiphun Anutarasoti as President/Chief Executive Officer of CIMB Thai. He succeeded Subhak Siwaraksa who retired after a seven-year tenure as President/Chief Executive Officer of CIMB Thai. Kittiphun Anutarasoti assumed his position at CIMB Thai on 19 October 2016.

Approval received by CIMB Group to operate a subsidiary bank in Vietnam

On 6 September 2016, CIMB Group received an operating license from the State Bank of Vietnam to establish and operate a 100.0% owned subsidiary in Vietnam, which will entitle CIMB Group to offer a comprehensive range of wholesale, commercial and consumer banking products and services to its customers in Vietnam and its clients across ASEAN. CIMB Group's first branch in Hanoi is expected to be fully operational by the end of 2016.

Dato' Sri Nazir Razak resumed Chairmanship of CIMB Group and Directorship of the Bank

Dato' Sri Nazir Razak resumed his role and position as Chairman of CGHB and as a director of the Board with effect from 19 May 2016 after the conclusion of a comprehensive review conducted by the Board of directors of CGHB and the Bank (together, the "**Boards**") which commenced on 5 April 2016 on the banking activities relating to his personal account. The Boards appointed Messrs. Ernst & Young and sought independent legal advice to assist them with the review. Dato' Sri Nazir Razak went on a one-month voluntary leave of absence to ensure the complete independence and integrity of the review. The findings from the review concluded that Dato' Sri Nazir Razak did not misuse his position as the Group Chief Executive at that time nor was there any inappropriate use of the Bank's resources. However, the detailed examinations conducted during the review identified some process shortcomings, and the Boards have instructed the management to put in place plans for immediate improvements as well as strengthening internal rules and processes to avoid re-occurrences moving forward.

Appointment of Tengku Dato' Sri Zafrul Aziz as Chief Executive Officer of the Bank

With effect from 20 January 2016, Tengku Dato' Sri Zafrul Aziz relinquished his position as Chief Executive Officer of CIMB Investment Bank Berhad and was appointed as the Chief Executive Officer of the Bank.

Appointment of Mohamed Rafe bin Mohamed Haneef as Chief Executive Officer/ Executive Director of CIMB Islamic and Chief Executive Officer of Group Islamic Banking Division

With effect from 4 January 2016, Mohamed Rafe bin Mohamed Haneef was appointed as Chief Executive Officer/ Executive Director of CIMB Islamic and Chief Executive Officer of Group Islamic Banking Division.

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 13 October 2015, BNM issued the revised Capital Adequacy Framework, which took effect on 1 January 2016 for a banking institution and will take effect on 1 January 2019 for a financial holding company.

As at 31 December 2015 and 30 June 2016, the Bank's Common Equity Tier 1 ratios (which is the ratio of Common Equity Tier 1 capital to risk-weighted assets, after deducting proposed dividend) were 11.504% and 11.086%, respectively, the Bank's Tier 1 ratios (which is the ratio of Tier 1 capital to risk-weighted assets, after deducting proposed dividend) were 12.677% and 12.659%, respectively, and the Bank's Total Capital ratios (the ratio of Total Capital to risk-weighted assets, after deducting proposed dividend) were 15.823% and 15.968%, respectively, all of which are considerably higher than BNM's minimum requirement (inclusive of capital conservation buffer) of 5.125% for Common Equity Tier 1 ratio, 6.625% for Tier 1 ratio and 8.625% 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 2014, 31 December 2015 and 30 June 2016 are set out below.

Basel III — The Bank[1]

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
	(RM'000)		(RM'000)
Common Equity Tier 1 capital			
Ordinary shares	4,787,023	5,148,084	5,148,084
Other reserves	19,193,658	21,591,225	21,879,793
Less: Proposed dividends	(753,000)	(966,553)	(814,879)
Common Equity Tier 1 capital before regulatory adjustments	23,227,681	25,772,756	26,212,998
Less: Regulatory adjustments			
Goodwill	(3,555,075)	(3,555,075)	(3,555,075)
Intangible assets	(844,072)	(874,745)	(855,701)
Deferred tax assets	(182,140)	(210,842)	(147,630)
Shortfall of eligible provisions to expected losses	(125,800)	—	—
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(765,837)	(1,721,064)	(2,573,706)
Others	(728,079)	(959,972)	(1,115,038)
Common Equity Tier 1 capital after regulatory adjustments	17,026,678	18,451,058	17,965,848

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
	(RM'000)		(RM'000)
Additional Tier 1 capital			
Perpetual preference shares	160,000	140,000	120,000
Non-innovative Tier 1 capital	800,000	700,000	600,000
Innovative Tier 1 capital	1,289,440	1,128,260	967,080
Perpetual subordinated capital securities	—	—	1,000,000
Additional Tier 1 capital before regulatory adjustments	2,249,440	1,968,260	2,687,080
Less: Regulatory adjustments			
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(44,349)	(88,000)	(137,594)
Additional Tier 1 capital before and after regulatory adjustments	2,205,091	1,880,260	2,549,486
Total Tier 1 capital	19,231,769	20,331,318	20,515,334
Tier 2 capital			
Subordinated notes	6,050,000	7,050,000	6,950,000
Redeemable preference shares	29,740	29,740	17,844
Surplus eligible provisions over expected loss	—	480,515	479,178
Portfolio impairment allowance and regulatory reserves[2]	240,204	236,377	224,930
Tier 2 capital before regulatory adjustments	6,319,944	7,796,632	7,671,952
Less: Regulatory adjustments			
Investment in capital instruments of unconsolidated financial and insurance/takaful entities	(3,245,289)	(2,750,641)	(2,310,306)
Total Tier 2 capital	3,074,655	5,045,991	5,361,646
Total capital	22,306,424	25,377,309	25,876,980
Common equity tier 1 ratio	11.193%	11.504%	11.086%
Tier 1 ratio	12.642%	12.677%	12.659%
Total capital ratio	14.663%	15.823%	15.968%

Notes:

1. Includes the operations of CIMB Bank (L) Limited.
2. The capital base of the Bank has excluded portfolio impairment allowance on impaired loans restricted from Tier 2 capital of RM165.0 million (2014: RM198.0 million; 2015: RM161.0 million).

The breakdown of the risk-weighted assets of the Bank by each major risk category as at 31 December 2014, 31 December 2015 and 30 June 2016 is as follows:

The Bank[1]

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
	(RM'000)		(RM'000)
Credit risk	125,820,234	134,581,911	135,920,473
Market risk	13,831,101	12,251,594	12,245,566
Large exposure risk requirements	502,139	666,867	665,798
Operational risk	11,971,135	12,885,118	13,225,216
Total risk-weighted assets	152,124,609	160,385,490	162,057,053

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 77.7% and 75.8% of the Group's total liabilities as at 31 December 2015 and 30 June 2016, respectively, with other sources of funding (including interbank deposits, borrowings, subordinated obligations, bonds and debentures and other liabilities) comprising the remaining 22.3% and 24.2%, 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 2016, the Group's customer deposit structure (comprised primarily fixed deposits, demand deposits, savings deposits and short term money market deposits) represented 42.2%, 20.8%, 11.5% and 23.3%, 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 RM32.8 billion, RM112.3 billion and RM117.0 billion respectively.

The top ten customer depositor to total customer deposit ratio increased to 19.1% as at 30 June 2016 compared to 18.6% as at 31 December 2015. Approximately 77.9% and 80.8% of total customer fixed deposits and negotiable instruments of deposit at 31 December 2015 and 30 June 2016 respectively, had maturities of less than six months and a further 20.1% and 17.4% 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 (ie non-Islamic deposits), the Bank had 11.3% and 11.5% share of the total deposits in Malaysia as at 31 December 2015 and 30 June 2016 respectively. Further, the Bank's share of total fixed deposits, demand deposits and savings deposits in Malaysia amounted to approximately 10.1%, 15.7% and 13.6%, respectively as at 31 December 2015 and 9.7%, 15.2% and 13.9%, respectively as at 30 June 2016. For Islamic banking, CIMB Islamic had a 11.1% and 11.7% share of the total Islamic deposits in Malaysia. CIMB Islamic's share of total fixed deposits, demand deposits and savings in Malaysia amounted to approximately 4.0%, 14.7% and 7.6%, respectively as at 31 December 2015 and 4.0%, 14.4% and 8.0%, respectively as at 30 June 2016. 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 have issued structured investments and designated them at fair value in accordance with MFRS139. 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 2016, structured investments of the Group with contractual amounts due on maturity amounted to RM2.9 billion 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 2014, 31 December 2015 and 30 June 2016.

The Group

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
		(RM'000)	
Demand deposits	53,904,127	56,241,206	54,597,446
Saving deposits	23,096,321	27,813,773	30,118,924
Fixed deposits	92,411,506	112,671,562	110,974,005
Negotiable instruments of deposit	3,507,324	1,677,753	1,371,789
Others	62,347,876	64,897,970	65,870,085
	235,267,154	263,302,264	262,932,249

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
		(RM'000)	
Due within six months	75,053,581	89,104,626	90,771,466
Six months to less than one year	17,111,437	23,006,900	19,550,678
One year to less than three years	2,719,683	1,282,268	1,279,851
Three years to less than five years	402,914	422,101	359,654
Five years and more	631,215	533,420	384,145
	95,918,830	114,349,315	112,345,794

Interbank Deposits

The Group has the capacity to obtain funds (including short term funds, deposits, placements with financial institutions 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 2015 and 30 June 2016, deposits and placements from financial institutions accounted for approximately 6.4% and 7.9%, 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 2016, the other funding sources outstanding include but are not limited to the following:

(a) Bonds and Debentures

Year	Issuer	Issuance
2012	the Bank	HKD462.0 million senior unsecured notes
2012	the Bank	U.S.$350.0 million senior unsecured notes
2013	the Bank	HKD171.0 million senior unsecured fixed rate notes
2013	the Bank	SGD20.0 million senior unsecured notes
2013	CIMB Thai	THB2.6 billion various unsecured structured debentures
2013	the Bank	HKD950.0 million senior unsecured fixed rate notes
2014	CIMB Thai	THB2.7 billion various unsecured structured debentures
2014	the Bank	HKD300.0 million senior unsecured notes
2014	the Bank	HKD150.0 million senior unsecured notes
2014	the Bank	AUD100.0 million senior unsecured notes
2014	the Bank	HKD1.13 billion senior unsecured notes
2015	the Bank	U.S.$313.0 million senior unsecured notes
2015	the Bank	SGD100.0 million senior unsecured notes
2015	the Bank	CNH220.0 million senior unsecured notes
2016	the Bank	CNY130.0 million senior unsecured notes
2016	the Bank	CNY130.0 million senior unsecured notes

(b) Subordinated obligations

Year	Issuer	Issuance
2008	the Bank	RM1.0 billion Innovative Tier 1 capital securities
2008	the Bank	RM1.0 billion Non-Innovative Tier 1 capital securities
2008	Commerce Returns Berhad	RM1.0 billion subordinated notes
2009	CIMB Islamic	RM300.0 million junior sukuk
2010	the Bank	RM1.0 billion subordinated debt
2011	the Bank	RM150.0 million unsecured subordinated debt
2012	CIMB Islamic	RM300.0 million junior sukuk
2012	the Bank	RM1.5 billion unsecured subordinated debt
2012	CIMB Thai	THB3.0 billion unsecured subordinated notes
2013	the Bank	RM750.0 million Basel III compliant subordinated debt
2013	the Bank	RM300.0 million Basel III compliant subordinated debt
2014	CIMB Thai	RM400.0 million Basel III compliant subordinated debt
2015	the Bank	RM2.0 billion Basel III compliant subordinated debt

Year	Issuer	Issuance
2016	the Bank	RM1.0 billion Basel III compliant additional tier 1 capital securities
2016	the Bank	RM1.35 billion Basel III compliant subordinated debt
2016	CIMB Thai	RM570.0 million Basel III compliant subordinated debt
2016	CIMB Islamic	RM10.0 million 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 2015 and 30 June 2016, the Group's NCDs amounted to RM9.9 billion and RM9.2 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;
- comprised 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 2014, 31 December 2015 and the six months ended 30 June 2016. As at 31 December 2014, 31 December 2015 and 30 June 2016, the Group's total outstanding gross loans were RM211.7 billion, RM239.2 billion and RM241.4 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 2014, 31 December 2015 and 30 June 2016:

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
	(RM'000)		(RM'000)
Overdrafts	5,472,339	5,400,737	5,177,989
Term loans/financing			
— Housing loan/financing	57,366,545	65,920,173	68,753,767
— Syndicated term loans	14,608,120	17,030,250	16,665,201
— Other term loans/financing	82,732,253	98,553,723	99,059,766
— Factoring receivables	25,529	48,115	30,027
— Lease receivables	34,610	110,860	147,113
— Hire purchase receivables	15,685,097	16,245,737	16,566,158
Bills receivable	10,699,811	6,408,165	6,692,310
Trust receipts	1,316,462	1,946,329	1,425,363
Claim on customers under acceptance credit	3,070,409	3,147,815	3,045,897
Staff loans	537,940	626,524	685,025
Credit card receivables	6,089,363	6,860,195	6,783,490
Revolving credit	13,243,998	16,080,717	15,602,690
Share margin financing	801,329	786,194	747,443
Gross loans, advances and financing	211,683,805	239,165,534	241,382,239
Fair value changes arising from fair value hedges	136,079	164,694	200,516
	211,819,884	239,330,228	241,582,755
Allowance for impairment losses			
Individual impairment allowance	(1,897,017)	(1,922,002)	(2,094,793)
Portfolio impairment allowance	(1,968,148)	(1,970,342)	(1,841,705)
Total net loans, advances and financing	207,954,719	235,437,884	237,646,257

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 2014, 31 December 2015 and 30 June 2016:

	Audited		**Unaudited**
	As at 31 December		**As at 30 June**
	2014	**2015**	**2016**
	(RM'000)		**(RM'000)**
Personal use	8,061,845	9,720,167	10,149,463
Credit cards	6,089,363	6,860,195	6,783,490
Purchase of consumer durables	594,860	109,330	106,167
Construction	7,540,856	8,564,774	8,998,381
Residential property (housing)	59,318,648	67,647,819	71,342,334
Non-residential property	20,573,059	25,124,046	24,693,652
Purchase of fixed assets other than land and buildings	2,394,976	2,243,940	2,560,226
Mergers and acquisitions	5,288,961	3,617,161	3,536,003
Purchase of securities	18,741,333	26,288,181	25,661,560
Purchase of transport vehicles	15,815,995	17,026,610	17,316,370
Working capital	51,389,488	53,704,735	52,048,687
Other purposes	15,874,421	18,258,576	18,185,906
Gross loans, advances and financing	211,683,805	239,165,534	241,382,239

Purchase of residential property (housing)

The Group's largest concentration of loans, as at 31 December 2014, 31 December 2015 and 30 June 2016, was for the purchase of residential property (housing). This sector accounted for 28.0%, 28.3% and 29.6%, respectively, of the Group's total gross loans as at 31 December 2014, 31 December 2015 and 30 June 2016.

Working capital

The Group's second largest concentration of loans, as at 31 December 2014, 31 December 2015 and 30 June 2016, was granted for working capital purposes. This sector accounted for 24.3%, 22.5% and 21.6%, respectively, of the Group's total gross loans as at 31 December 2014, 31 December 2015 and 30 June 2016. 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.

Purchase of securities

The third largest concentration of the Group's loans as at 31 December 2015 and 30 June 2016 was for the purchase of securities, which made up 11.0% of the Group's total gross loans as at 31 December 2015 and 10.6% as at 30 June 2016 (as compared to 8.9% of the Group's total gross loans as at 31 December 2014).

Purchase of non-residential property

The fourth largest concentration of the Group's loans as at 31 December 2015 and 30 June 2016 was for the purchase of non-residential property, which made up 10.5% of the Group's total gross loans as at 31 December 2015 and 10.2% as at 30 June 2016. Purchase of non-residential property was the third largest concentration of the Group's loans as at 31 December 2014, constituting 9.7% of the Group's total gross loans.

Loan maturity profile

As at 31 December 2014, 31 December 2015 and 30 June 2016, loans maturing in less than one year constituted approximately 22.0%, 17.7% and 16.7% of the Group's gross loans, respectively. As at the 31 December 2014, 31 December 2015 and 30 June 2016, 7.2%, 11.2% and 10.9% of gross loans, respectively, had maturities of one to less than three years, 12.0%, 11.1% and 11.8%, respectively, had maturities of three to less than five years, and 58.9%, 60.0% and 60.6%, 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 2014, 31 December 2015 and 30 June 2016 by maturity:

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
	(RM'000)		(RM'000)
Within one year	46,557,134	42,288,081	40,363,026
One year to less than three years	15,156,770	26,840,213	26,335,877
Three years to less than five years	25,353,765	26,531,558	28,430,527
Five years and more	124,616,136	143,505,682	146,252,809
	211,683,805	239,165,534	241,382,239

20 Largest Borrowers/Customers

As at 31 December 2014, 31 December 2015 and 30 June 2016, the Bank and CIMB Islamic Bank Berhad's 20 largest borrowers/customers accounted for approximately RM24.9 billion, RM27.3 billion and RM26.7 billion, or 11.8%, 11.4% and 11.1% of the Group's total gross loans/financing, respectively. These borrowers/customers are involved in diversified activities such as education, oil & gas, real estate, wholesale and retail, agriculture and forestry and telecommunication, media and technology.

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 via the relevant Branch Managers (for fully secured, non-complicated retail products), the Monoline Authority (Auto Finance only), 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 Group Risk Division ("**GRD**")) (the "**Joint Delegated Authority**"), the Group Credit Committee, the Group Executive 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 up to RM5 million, 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 is 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

Loans, advances and financing are deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the loans, advances and financing (an incurred "**loss event**") and that loss event (or events) has an impact on the estimated future cash flows of the loans, advances and financing that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial re-organisation, default of delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written-off after taking into consideration the realisable value of collateral, if any, when in the judgment of the management there is no prospect of recovery.

If, in a subsequent period, the amount of impairment losses decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rate), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of income.

The following tables set out movements in the Group's allowance for impairment losses on loans, advances and financing, as at 31 December 2014, 31 December 2015 and 30 June 2016:

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
	(RM'000)		(RM'000)
Individual impairment allowance			
At 1 January	1,767,230	1,897,017	1,922,002
Net allowance made during the financial year/period	310,299	153,507	239,079
Allowance written-back and charged to deferred assets	(2,735)	—	—
Amount written off	(212,388)	(174,622)	(40,806)
Amount transferred from/(to) portfolio impairment allowance	3,160	(6,876)	320
Sale of impaired loans	—	(44,110)	—
Exchange fluctuation	31,451	97,086	(25,802)
At 31 December/30 June	1,897,017	1,922,002	2,094,793
Portfolio impairment allowance			
At 1 January	1,933,552	1,968,148	1,970,342
Net allowance made during the financial year/period	639,287	844,526	273,533
Allowance made and charged to deferred assets	381	—	—
Amount written off	(633,170)	(838,995)	(379,615)
Amount transferred (to)/from individual impairment allowance	(3,160)	6,876	(320)
Sale of impaired loans	—	(85,802)	—
Exchange fluctuation	31,258	75,589	(22,235)
As at 31 December/30 June	1,968,148	1,970,342	1,841,705

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 (R&R) post 1 April 2015 to be classified as Impaired in the financial statements. The Group has since been compliant with the said BNM guidelines.

International Accounting Standards Board ("**IASB**") has, 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 9 will be applicable for annual periods beginning on or after 1 January 2018. The Group expects to adopt MFRS 9 by 1 January 2018.

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 relationship, 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 recalcitrant 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. 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 and CIMB Thai are tax deductible under the Malaysian and Thailand 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. 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 RM4.37 billion, RM4.34 billion and RM4.94 billion as at 31 December 2014, 31 December 2015 and 30 June 2016, respectively, representing 2.1%, 1.8% and 2.0% of total loans as at 31 December 2014, 31 December 2015 and 30 June 2016, respectively.

The table below illustrates the movements of the Group's impaired loans as at 31 December 2014, 31 December 2015 and 30 June 2016:

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
	(RM'000)		(RM'000)
At 1 January	4,274,943	4,371,804	4,340,369
Classified as impaired during the year/period	3,178,159	3,585,631	2,258,860
Reclassified as not impaired during the financial year/period	(1,449,335)	(1,466,533)	(768,033)
Amount written-back in respect of recoveries	(831,284)	(989,982)	(428,878)
Amount written off	(860,796)	(993,391)	(420,093)
Sale of impaired loans	—	(338,654)	—
Exchange fluctuation	60,117	171,494	(46,923)
At 31 December/30 June	4,371,804	4,340,369	4,935,302
Ratio of gross impaired loans to total loans, advances and financing	2.07%	1.81%	2.04%

Impaired Loans by Economic Purpose

As at 31 December 2015, the Group's three largest components of impaired loans were for construction, purchases of residential property (housing) and working capital purposes, which constituted 26.2%, 22.8% and 20.0% of the Group's impaired loans, respectively. As at 30 June 2016, the Group's three largest components of impaired loans were for working capital purposes, construction and purchases of residential property (housing), which constituted 24.4%, 23.3% and 21.2% 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 2014, 31 December 2015 and 30 June 2016:

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
	(RM'000)		(RM'000)
Personal use	226,761	198,265	211,505
Credit cards	97,279	147,089	168,651
Purchase of consumer durables	5,588	228	328
Construction	1,069,624	1,135,825	1,149,441
Residential property (housing)	950,842	990,075	1,048,316
Non-residential property	151,818	168,854	232,713
Purchase of fixed assets other than land and buildings	4,986	5,708	5,001
Purchase of securities	142,961	153,939	145,850
Purchase of transport vehicles	398,813	288,391	292,830
Working capital	934,734	869,743	1,202,611
Other purposes	388,398	382,252	478,056
Gross impaired loans, advances and financing	4,371,804	4,340,369	4,935,302

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.

As at 31 December 2015 and 30 June 2016 the financial assets held for trading constituted 4.9% and 5.8% of the Group's total assets, respectively. As at 31 December 2015, the Group's financial assets held for trading comprised mainly other government securities, negotiable instruments of deposit and private and Islamic debt securities, constituting 30.8%, 25.7% and 29.5% of its total financial assets held for trading, respectively. As at 30 June 2016, the Group's financial assets held for trading comprised mainly other government treasury bills, negotiable instruments of deposit and private and Islamic debt securities constituting 32.7%, 19.5% and 24.4% of its total financial assets held for trading, respectively.

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.

Financial investments available-for-sale constituted 7.4% and 6.8% of the Group's total assets as at 31 December 2015 and 30 June 2016, respectively, and comprised mainly private debt securities, which constituted 75.9% and 77.4%, respectively, as at 31 December 2015 and 30 June 2016, respectively.

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 Group's financial investments held-to-maturity constituted 6.3% and 6.8% of the Group's total assets as at 31 December 2015 and 30 June 2016, respectively, and comprised mainly private debt securities which constituted 58.9% and 60.5%, respectively, as at 31 December 2015 and 30 June 2016, respectively.

The following tables set out the Group's financial assets and investment portfolio as at 31 December 2014, 31 December 2015 and 30 June 2016:

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
	(RM'000)		(RM'000)
Financial assets held for trading			
Money market instruments:			
Unquoted securities:			
Malaysian Government Securities	676,023	634,713	454,612
Cagamas bonds	9,970	45,925	127,821
Malaysian Government treasury bills	138,038	47,739	—
Other Government securities	5,081,737	5,671,778	2,696,966
Other Government treasury bills	—	—	7,334,178
Bank Negara Malaysia Monetary Notes	3,662,375	20,914	—
Bankers' acceptances and Islamic accepted bills	121,197	—	—
Negotiable instruments of deposit	2,745,907	4,747,035	4,371,825
Commercial papers	151,700	506,398	147,998
Government Investment Issue	151,724	437,313	139,544
	12,738,671	12,111,815	15,272,944
Quoted securities:			
In Malaysia			
Shares	1,581,650	206,767	407,883
	1,581,650	206,767	407,883
Outside Malaysia			
Shares	1,558,635	277,132	509,193
Private debt securities	210,698	458,204	337,819
Other Government bonds	510,339	247,809	611,876
	2,279,672	983,145	1,458,888
Unquoted securities:			
In Malaysia			
Shares	6,716	1	1
Private and Islamic debt securities	2,538,048	1,765,826	2,012,915
	2,544,764	1,765,827	2,012,916
Outside Malaysia			
Private and Islamic debt securities	3,447,365	3,211,017	3,118,178
Private equity funds	125,965	157,384	147,673
	3,573,330	3,368,401	3,265,851
	22,718,087	18,435,955	22,418,482

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
	(RM'000)		(RM'000)
Financial investments available-for-sale			
Money market instruments:			
Unquoted securities:			
Malaysian Government Securities	527,247	457,708	384,705
Malaysian Government Sukuk	19,750	44,168	28,054
Khazanah bonds	553,937	328,709	195,243
Government Investment Issue	2,519,145	496,811	74,069
Negotiable instruments of deposit	—	258,112	374,850
Other Government treasury bills	72,335	—	—
Other Government securities	261,407	975,949	857,685
Cagamas bonds	148,161	207,300	144,018
Commercial papers	74,805	—	104,316
	4,176,787	2,768,757	2,162,940
Quoted securities:			
Outside Malaysia			
Shares	9,795	4,193	3,987
Other Government bonds	2,209,594	2,655,837	2,413,134
Unit trusts	73,819	15,561	7,540
Private debt securities	297,039	512,418	619,476
	2,590,247	3,188,009	3,044,137
Unquoted securities:			
In Malaysia			
Shares	981,039	987,953	983,653
Private debt securities	14,230,343	13,931,288	13,002,280
Loan stocks	10,433	10,211	10,087
	15,221,815	14,929,452	13,996,020
Outside Malaysia			
Shares	28,993	32,524	31,332
Private equity and unit trust funds	615,448	476,035	452,273
Private debt securities	5,141,452	6,875,790	6,561,781
	5,785,893	7,384,349	7,045,386
	27,774,742	28,270,567	26,248,483
Allowance for impairment losses			
Private debt securities	(64,924)	(60,306)	(30,306)
Private equity funds	(68,420)	(84,006)	(74,486)
Unquoted shares	(97,238)	(105,048)	(99,771)
Loan stocks	(10,433)	(10,211)	(10,087)
Unit trusts	(392)	(347)	(334)
	(241,407)	(259,918)	(214,984)
	27,533,335	28,010,649	26,033,499

	Audited		Unaudited
	As at 31 December		As at 30 June
	2014	2015	2016
	(RM'000)		(RM'000)
Financial investments held-to-maturity			
Money market instruments:			
Unquoted securities:			
Malaysian Government Securities	1,116,365	1,674,626	1,754,717
Government Investment Issue	3,091,812	6,062,711	6,495,431
Other Government securities	796,713	1,419,211	1,393,006
Cagamas bonds	201,076	267,966	267,672
Khazanah bonds	245,369	391,667	444,788
	5,451,335	9,816,181	10,355,614
Quoted securities:			
Outside Malaysia			
Private debt securities	2,602,142	2,704,542	2,383,281
	2,602,142	2,704,542	2,383,281
Unquoted securities:			
In Malaysia			
Loans stocks	27,388	7,020	7,020
Private debt securities	7,625,543	10,526,122	12,684,680
	7,652,931	10,533,142	12,691,700
Outside Malaysia			
Private debt securities	1,075,296	726,407	696,475
	1,075,296	726,407	696,475
Amortisation of premium net of accretion of discount	(39,307)	(65,400)	(56,976)
Less: Allowance for impairment losses	(27,526)	(7,174)	(7,169)
	16,714,871	23,707,698	26,062,925

RISK MANAGEMENT

A robust and effective risk management system is critical for CIMB Group to achieve continued profitability and sustainable growth in shareholder value in today's globalised and inter-linked financial and economic environment.

CIMB Group embraces risk management as an integral component of its business, operations and decision-making processes. In ensuring that CIMB Group achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of 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-vs-reward value 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;

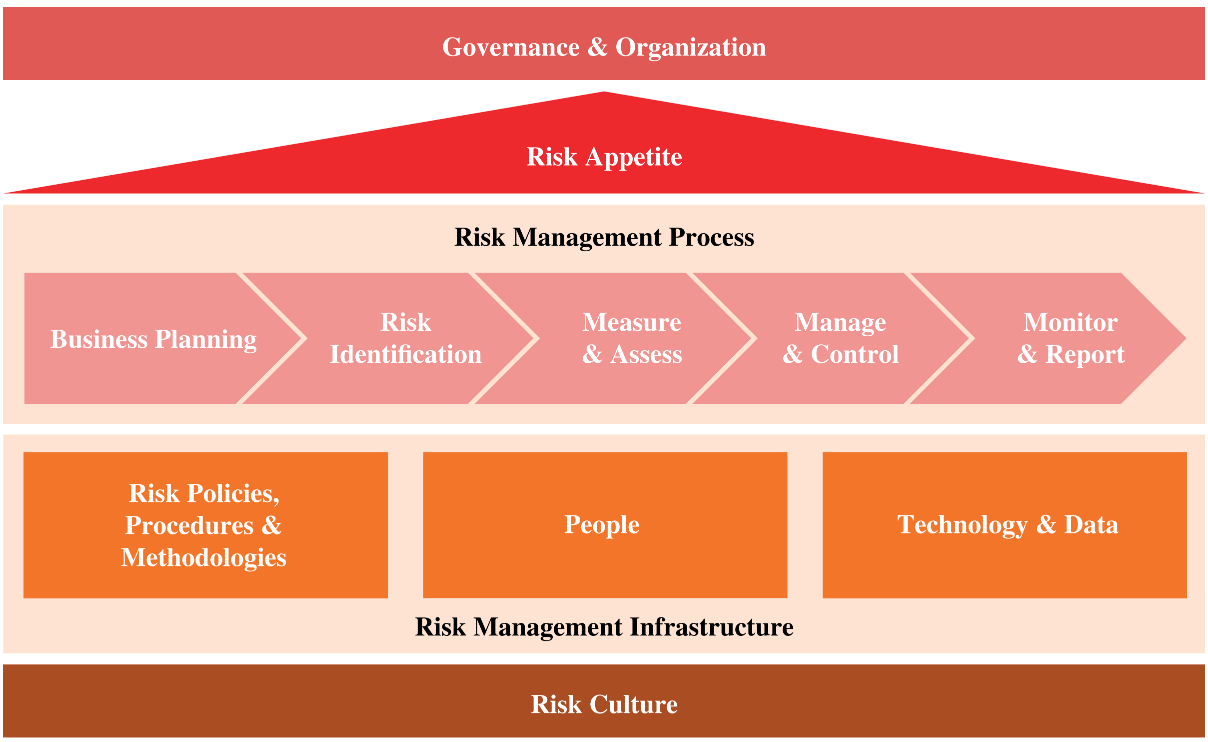
(ii) ensure risk taking activities are consistent with risk policies and the aggregated risk position are within the risk appetite as approved by the Board of CGHB (the "**CGHB Board**"); and

(iii) create shareholder value through proper allocation of capital and facilitate development of new businesses.

An Integrated Risk Management and Control Framework

CIMB Group employs the EWRM Framework as a standardised approach to manage its risks and opportunities effectively. The EWRM Framework provides the CGHB Board and management with a tool to anticipate and manage both the 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 key components of CIMB Group's EWRM Framework are represented in the diagram below:



The design of the EWRM Framework involves a complementary "top-down strategic" and "bottom-up tactical" risk management approach with formal policies and procedures addressing all areas of significant risks for CIMB Group.

The key features of the EWRM Framework are:

(a) **Governance and Organisation:** A strong governance structure is important to ensure an effective and consistent implementation of the EWRM Framework. The CGHB Board is ultimately responsible for CIMB Group's risk management activities and sets the strategic direction, risk appetite and relevant frameworks for CIMB Group. The CGHB Board is assisted by various risk committees and control functions in ensuring that CIMB Group's risk management framework is effectively maintained.

(b) **Risk Appetite:** Risk appetite is defined by CIMB Group 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 its annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.

(c) **Risk Management Process:**

— Business Planning: Risk is central to the business planning process, which includes, determining risk appetite and risk posture and establishing new product / new business activities.

— Risk Identification: Risks are systematically identified through the robust application of CIMB Group's risk frameworks, policies and procedures.

— Measure and Assess: Risks are measured and aggregated using the group- wide methodologies across each of the risk types, including stress testing.

— Manage and Control: Controls and limits are used to manage risk exposures within the risk appetite set by the CGHB Board. Controls and limits are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.

— Monitor and Report: Risks on an individual as well as on a portfolio basis are regularly monitored and reported to ensure they remain within CIMB Group's risk appetite. Risk-adjusted performance is also monitored.

(d) **Risk Management Infrastructure:**

— Risk Policies, Procedures and Methodologies: Well-defined risk policies by risk type provide the principles by which CIMB Group manages its risks. Procedures provide guidance for day-to-day risk taking activities. Methodologies provide specific requirements, rules or criteria to be met to comply with such policies.

— People: Attracting the right talent and skills are key to ensure the EWRM Framework functions properly and effectively continues to evolve and proactively respond to the increasing complexity of CIMB Group as well as the economic and regulatory environment. Performance measurement and compensation of employees of CIMB Group are aligned to its strategy plan and risk appetite.

— Technology and Data: Appropriate technology and sound data management are enablers to support risk management activities of CIMB Group.

(e) **Risk Culture:** CIMB Group embraces risk management as an integral part of its culture and decision-making processes. CIMB Group's risk management philosophy is embodied in the Three Lines of Defense approach (as described below), whereby risks are managed at the point of risk-taking activity. (See "Risk Management Organisation — Three Lines of Defence"). This approach aims to ensure accountability of risks across CIMB Group.

Risk Management Organisation

At the apex of the governance structure are the respective boards of entities within CIMB Group, which decide on an entity's risk appetite corresponding to its business strategies. Each BRC 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 BRC determines the relevant entity's risk strategies, policies and methodologies, keeping them aligned with the principles within the risk appetite. Each BRC also oversees the implementation of the EWRM Framework and provides strategic guidance and reviews the decisions of the GRC.

In order to facilitate the effective implementation of the EWRM Framework, the BRC has established various risk committees within 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 GRC comprising senior management of CIMB Group and reports directly to the BRC. The GRC performs the oversight function on the overall risks undertaken by CIMB Group in delivering its business plans vis-à-vis the stated risk appetite of the Group. The GRC is supported by specialised risk committees, including the Group Credit Committee, the Group Market Risk Committee, the Group Operational Risk Committee, the Group Asset Liability Management Committee and the Group Asset Quality Committee, each addressing one or more of the following:

(i) Market risk, arising from fluctuations in the market 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 issuer of securities or other instruments held, failing to perform its contractual obligations to CIMB Group;

(iii) Liquidity risk, arising from a bank'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;

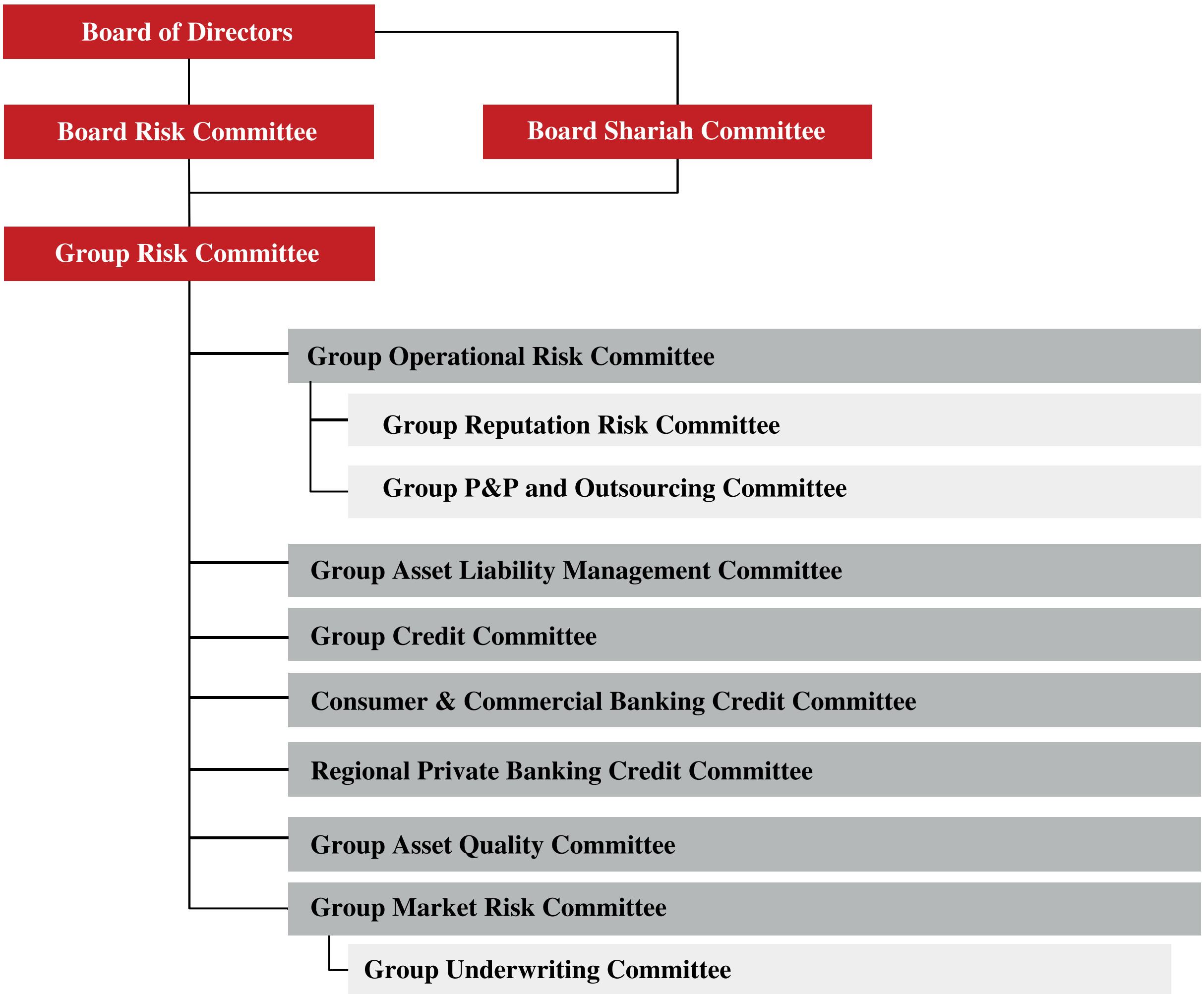
(iv) Operational risk, arising from risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events;

(v) Interest rate risk in the banking book, which is the current and potential risk to 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 that could incur regulatory sanction of CIMB Group, resulting in a potential capital charge; and

(vii) Shariah non-compliance risk, arising from failure to comply with the Shariah requirements as determined by the Shariah Advisory Council of BNM and SC, the Board Shariah Committee which is established by CIMB Islamic (the "**BSC**") and other Shariah regulatory authorities of the jurisdictions in which CIMB Group operates.

An overview of the structure of 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, 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 CIMB Group. This structure increases the regional communication, sharing of technical knowledge and support towards managing and responding to risk management issues, thus allowing the CGHB Board to have a comprehensive view of the activities within CIMB Group.

Three Lines of Defence

CIMB Group's risk management approach is based on the threelines of defence concept whereby risks are managed from the point of risk-taking activities. This is to ensure clear accountability of risk across CIMB Group and risk management as an enabler of the business units. As a first line of defence, the line management, including all business units and units which undertake client facing activities, are 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 functions, performs independent monitoring of business activities and reporting to management to ensure that CIMB Group is conducting business and operating within the approved appetite and also in compliance with regulations. The third line of defence is the Group Internal Audit Division ("**GIAD**") who provides independent assurance to the CGHB Board that the internal controls and risk management activities are functioning effectively.

The roles of Group Chief Risk Officer and GRD

Within the second line of defence, is GRD, a function independent of business units that assist CIMB Group's management and the various risk committees in monitoring and controlling CIMB Group's risk exposures.

The organisational structure of GRD is made of two major components, namely the Chief Risk Officers and the Risk Centres of Excellence (each Centre of Excellence, a "**CoE**"). GRD is headed by Group Chief Risk Officer who is appointed by the CGHB Board to spearhead risk management functions and implementation of the EWRM Framework. The Group Chief Risk Officer:

(i) actively engages the relevant Board and senior management on risk management issues and initiatives; and

(ii) maintains an oversight on risk management functions across all entities within CIMB Group.

In each country of operations, there is a local Chief Risk Officer or a Country Risk Lead Officer, whose main function is to assess and manage the enterprise risk and regulators in the respective country.

The GRD teams are organised into several Risk CoEs in order to facilitate the implementation of the EWRM Framework. The Risk CoEs consisting of Risk Analytics and Infrastructure, Market Risk, Operational Risk, Asset Liability Management, Credit Risk and Shariah Risk CoEs and consist of specialised teams of risk officers responsible for the active oversight of group-wide functional risk management.

Risk Analytics and Infrastructure CoE

The Risk Analytics and Infrastructure CoE designs, builds and implements standardised infrastructure used to measure, monitor and manage risks across the region.

Market Risk CoE

In propagating and ensuring compliance to the market risk framework, the Market Risk CoE reviews and analyses treasury trading activities vis-à-vis changes in the financial market and performs mark-to-market valuation. It also coordinates capital market product deployments.

Operational Risk CoE

The Operational Risk CoE provides the methodology and tools for the identification, assessment, mitigation, control and reporting of operational risks by the respective risk owners across CIMB Group. Robust and continuous assessments of operational risk are present in CIMB Group's activities, processes, systems as well as the development and rollout of new products and services.

Asset Liability Management CoE

The Asset Liability Management CoE is primarily responsible for the independent monitoring and assessment of CIMB Group's asset and liability management process governing liquidity risk and interest rate risk in the banking book as well as recommending policies and methodologies to manage such risks. It conducts regular stress testing of the liquidity risk profile, ensures CIMB Group's adherence and compliance with internal and regulatory requirements and maintains the early warning system indicators and contingency funding plan of CIMB Group.

Credit Risk CoE

The Credit Risk CoE is dedicated to the assessment, measurement, management and monitoring of credit risk of CIMB Group. It helps to ensure a homogenous and consistent approach to:

- credit risk policies and procedures;
- credit risk models;
- credit risk methodologies; and
- portfolio analytics,

as well as a holistic and integrated approach to identification, assessment, decision-making and reporting of CIMB Group's credit risk.

Shariah Risk CoE

The Shariah Risk CoE facilitates the process of identifying, measuring, controlling and monitoring Shariah non-compliance risks inherent in CIMB Group's Islamic banking businesses and services. It formulates, recommends and implements appropriate Shariah risk management policies and guidelines; and develops and implements processes for the risk awareness of Shariah non-compliance.

In addition to the above Risk CoEs, the Regional Risk & International Office oversees the risk management functions of the regional offices, CIMB Group's unit trust and securities businesses and also houses the validation team.

The teams in risk management units within the unit trust business and securities businesses identify, measure and assess, manage and control, monitor and report the relevant material risk exposures of each individual country and/or businesses. The regional risk validation team is independent from the risk-taking units and model development team. The function of this unit is to perform validation, as guided by industry best practice and regulatory guidelines on rating systems, estimates of the risk components and the process by which internal ratings are obtained and used. The unit provides recommendations to the modelling development team and the business users. Validation reports are then deliberated by the Model Risk Management Working Group and, thereafter provided to the GRC and BRC for recommendation and approval.

To ensure a standardised approach to risk management across CIMB Group, all risk management teams within CIMB Group are required to conform to the 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 will be performed by the local risk management team with matrix reporting lines to the relevant Risk CoEs.

Key Areas of Risk Management

Credit Risk

Credit and counterparty risk is defined as the possibility of losses due to an obligor or market counterparty or issuer of securities or other instruments held, failing to perform its contractual obligations to CIMB Group.

Credit risk arises primarily 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 sales and trading activities, credit risk arises from the possibility that CIMB Group's counterparties will not be able or willing to fulfil their obligation on transactions on or before settlement date. In derivatives activities, credit risk arises when counterparties to derivatives contracts, such as interest rate swaps, are not able to or willing to fulfil their obligation to pay CIMB Group resulting from the execution of contract terms. Credit risk may also arise where the downgrading of an entity's rating causes the fair value of CIMB Group's investment in that entity's financial instruments to fall.

Without effective credit risk management, the impact of the potential losses could be significant. 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 threelines of defence model on risk management where risks are managed from the point of risk-taking activities, CIMB Group implemented the risk-based delegated authority framework. This risk-based delegated authority framework 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, which encompasses the Joint Delegated Authorities enhances credit approval process and provides a clear set of policies and procedures that defines the limits and types of authority designated to the specific individuals.

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 and commercial 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. 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 by the Consumer and Commercial Banking Credit Committee.

The GRC with the support of the Group Credit Committee, the Group Asset Quality Committee, the Consumer and Commercial Banking Credit Committee, the Regional Private Banking Credit Committee and GRD, is responsible for ensuring adherence to the CGHB Board's approved credit risk appetite as well as the effectiveness of credit risk management. This amongst others includes the review and analysis of portfolio trends, asset quality, watch-list reporting and policy review. It is also responsible for articulating key credit risks and mitigating controls.

Adherence to and compliance with single customer, country and global counterparty limits as well as the assessment of the quality of collateral are approaches adopted to address concentration risk to any large sector or industry, or to a particular counterparty group or individual.

Adherence to established credit limits is monitored daily by GRD, which combines all exposures for each counterparty or group, including off balance sheet items and potential exposures. Limits are also monitored based on rating classification of the obligor and/or counterparty.

It is 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 CIMB Group's retail and non-retail exposures.

Credit reviews and rating are conducted on the credit exposures on at least 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 the GRC and the BRC 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 is 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 policy guides. The Group Credit Committee is empowered to approve any inclusion of new acceptable collateral/securities.

In mitigating the credit risks in swaps and derivatives transactions, CIMB Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greatest legal certainty that credit exposure will be netted. In effect, it enables the netting of outstanding obligations upon termination of outstanding transactions if an event of default occurs.

The net credit exposure with each counterparty, where credit support annex has been executed in addition to master netting agreement, are monitored based on the threshold agreed in the credit support annex and CIMB Group will request for additional margin for any exposures above the agreed threshold in accordance with the terms specified in the relevant credit support annexes.

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 to any products, counterparty, sectors and country.

Market Risk

Market risk is defined as any fluctuation in the market value of the trading 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.

CIMB Group hedges the exposures to market risk by employing varied strategies, including the use of derivatives instruments.

CIMB Group adopts various measures in the risk management process to manage market risk. An accurate and timely valuation of position is critical in ensuring current market exposures are not mismatched. The GRC, with the support of the Group Market Risk Committee, and the Group Underwriting Committee ensures that the risk exposure undertaken by CIMB Group is within the risk appetite approved by the CGHB Board. The GRC and the Group Market Risk Committee, supported by the Market Risk CoE in GRD, are responsible to measure and control 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 values the market exposures using the applicable market price and pricing model. The valuation process is carried out on all held for trading and available-for-sale positions on a daily basis in compliance with the independent price verification requirements. This valuation methodology is applied to restate the security value to its current value for the purpose of calculating the profits and losses or to confirm that margins requirements are being met.

Treasury products approval processes shall be coordinated by the Market Risk CoE to ensure operational readiness before launching. The proposed new products are assessed to ensure financial risks are accurately identified, monitored and effectively managed.

All valuation methods and models used are validated by the quantitative analysts to assess their applicability relative to market conditions. The process includes verification of the inputs, assumptions used, programming codes and model reporting capability. Existing valuation models are reviewed at least on a yearly basis to ensure that they remain relevant to changing market conditions. Back-testing of newly approved or revised models are conducted to review the model and input data.

CIMB Group also adopts a value-at-risk ("**VAR**") approach in the measurement of market risk. Back-testing is performed to validate and reassess the accuracy of the existing VAR model. 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. Back-testing involves the comparison of the daily model-generated VAR forecast against the actual or hypothetical profit or loss data over the corresponding period.

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 Group Treasury and Equity Market and Derivatives 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 prospective risk to earnings, shareholder funds or the reputation arising from 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 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, 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, CIMB Group is able to maintain a diversified core deposit base comprising savings, demand and fixed deposits, thus providing CIMB Group with a stable large funding base. CIMB Group maintains large buffers of liquidity throughout the year to ensure 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 Committees 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 CIMB Group. The Asset-Liability Management function, which is responsible for the independent monitoring of CIMB Group's liquidity risk profile, works closely with CIMB Group's Treasury and Investments units in its surveillance and on-going assessment of market conditions. The business units of CIMB Group are responsible for establishing and maintaining strong business relations with their respective depositors and key providers of funds. For overseas branches and subsidiaries, they seek to be self-sufficient in funding at all times. CIMB Group's Treasury unit 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. To take account of the differences in market and regulatory environments, each entity measures and forecasts its respective cash flows arising from the maturity profiles of assets, liabilities, off balance sheet commitments and derivatives over a variety of time horizons under normal business and stress conditions on a regular basis.

Liquidity risk undertaken by 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. CIMB Group's Liquidity Risk Management Policy is subjected to periodic review while the assumptions and limits are regularly reviewed in response to regulatory changes and changing business needs and market conditions. Liquidity positions are monitored on a daily basis against the internal and regulatory risk limits.

CIMB Group's contingency funding plan is in place to alert and to enable the management to act effectively and efficiently during a liquidity crisis and under adverse market conditions. The plan consists of two key components: an early warning system and a funding crisis management team. The early warning system is designed to alert CIMB Group's management whenever CIMB Group's liquidity position may be at risk. It provides CIMB Group with the analytical framework to detect a likely liquidity problem and to evaluate CIMB Group's funding needs and strategies in advance of a liquidity crisis. The early warning system is made up of a set of indicators (monitored against pre-determined thresholds) that can reliably signal the financial strength and stability of CIMB Group. Consolidated stress test, including liquidity stress test, is performed on a semi-annual basis to identify vulnerable areas in its portfolio, gauge the financial impact and enable management to take pre-emptive actions. Two scenarios, namely bank specific crisis and systemic crisis, are modelled. The assumptions used, including run-off rates on deposits, draw down rates on undrawn commitments, and haircuts for marketable securities, are documented and the test results are submitted to the Country and the Group Asset Liability Management Committees, the GRC, the BRCs and the CGHB Board. The test results to date have indicated that CIMB Group possesses sufficient liquidity capacity to meet the liquidity requirements under various stress test conditions.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. It encompasses legal risk that also carries a Shariah component.

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 System ("**ORM**") tools that includes:

- Risk and Control Self-Assessment;
- Control Issue Management;
- Event Loss Data Reporting;
- New Product Approval Process; and
- Key Risk Indicators.

These tools form part of the operational risk policy that allows CIMB Group to effectively identify, measure, mitigate and report CIMB Group's operational risks.

Each new or varied product and changes to the process flow are subjected to a rigorous risk review through sign-offs from the relevant stakeholders 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 CIMB Group whereby the demand for integrity and honesty is non-negotiable remains the core theme in the CIMB Group's operational risk awareness programme. The e-learning module on operational risk management has enhanced the awareness of operational risk amongst CIMB Group's staff.

Interest Rate Risk in The Banking Book

Interest rate risk in the banking book is defined as the current and potential risk to CIMB Group's earnings and economic value arising from movement in interest rates.

CIMB Group manages its exposure of fluctuations in the interest rates through policies established by the Group Asset Liability Management Committee. Interest rate risk in the banking book undertaken by CIMB Group is governed by an established risk appetite that defines the acceptable level of risk to be assumed by 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 GRC. With the support from the Asset Liability Management CoE under GRD and Capital and Balance Sheet Management under Group Finance, the Group Asset Liability Management Committee is responsible for the review and monitoring of 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. The Treasury and Markets units are 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 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. Such measure helps CIMB Group to quantify the risk and impact on capital with the focus on current banking book positions.

    CIMB Group's EVE sensitivity is computed using a simulation method that analyses interest rate risk in the banking book in terms of changes in the EVE resulting from various rate shock scenarios. Such method takes into account varying degree of rate sensitivities which exist between banking book positions (basis risk), projected changes in cash flow behaviours (embedded optionality such as prepayment or roll-over of cash flows under various rate scenarios), non-parallel shifts of the yield curve (yield curve risk), and the existence of embedded floor/ cap rates on specific products in the banking book.

(ii) Earnings at Risk ("**EaR**") which measures the short term impact of sudden interest rates movement on reported earnings over the next 12 months. It defines and quantifies interest rate risk as the change in net interest income caused by changes in interest rates.

CIMB Group's EaR is computed using a dynamic simulation method that analyses interest rate risk in the banking book in terms of earnings (accrual basis) under various rate shock scenarios, taking into account future stream of projected business activities and volumes (e.g. flat or growth balance sheet). The EaR simulation also considers rate sensitivities among different products, cash flow behaviours, non-parallel shifts of the yield curve, and embedded floor/cap rates.

Shariah Non-Compliance Risk

Shariah non-compliance risk is the risk that arises from CIMB Group's potential failure to comply with the Shariah requirements determined by the Shariah Advisory Council of BNM and SC, the BSC and other Shariah regulatory authorities of the jurisdictions in which the Group operates. Shariah non-compliance may result in financial and non-financial impact to 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 is 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.

CIMB Group has in place a Shariah Compliance Policy and General Procedures Manual that governs the roles and responsibilities of the BSC, overall Shariah compliance functions and Shariah governance processes of CIMB Group. Monitoring of Shariah compliance and Shariah governance is carried out through Shariah Compliance Review and Shariah Audit functions, supported by Shariah Risk Management control measures and Shariah Governance. Shariah Risk Management is facilitated by the Shariah Risk 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 CIMB Group in managing Shariah non-compliance risk, is articulated in the Shariah Risk Management Policy. In addition, Shariah Risk Management CoE provides training and guidance to enable the first line of defence to systematically identify, assess, monitor and control Shariah non-compliance, thus minimising the potential Shariah non-compliant events.

Apart from monitoring and analysing Shariah non-compliant events/incidences submitted by Designated Compliance and Operational Risk Officers to Shariah Compliance Review Unit for escalation to the BSC and reporting to the relevant risk committees, the Shariah Risk Management 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 Shariah Risk Management CoE also reviews internal policies and procedures to ensure Shariah requirements are embedded in the documents that would guide business and support units in their Islamic operations and business activities. 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

GIAD reports independently to CGHB's audit committee (the "**AC**") and is independent of the activities and operations of other business and support units. The principal responsibility of GIAD 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, GIAD adopts the five components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission ("**COSO**"), namely control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organisation providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.

GIAD'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 AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of 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, for example recent incidence of fraud, previous adverse audit rating or significant changes in operations or computer systems. GIAD also undertakes investigations into alleged frauds by staff, customers and third parties, and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

GIAD has unrestricted access to information required in the course of its work. GIAD'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, response of management, and comments and recommendations by GIAD for improvement. The AC reviews any exceptions or non-compliance raised and ensures that appropriate and prompt remedial actions are taken by the management.

GIAD conducts training routinely for relevant staff of CIMB Group on governance and internal control matters, including secondment of certain staff with GIAD for both classroom and on-the-job training.

The domestic and foreign banking subsidiaries of the Bank have their own audit committees. These foreign banking subsidiaries also have their own internal audit divisions. The asset management subsidiaries of the Bank in Malaysia and overseas, and the electronic collection system subsidiary of the Bank in Malaysia also have their own audit committees but the internal audit function for these subsidiaries is carried out by GIAD. The AC meets with the relevant subsidiary's audit committee once a year to discuss governance and audit matters. The internal audit divisions of these foreign banking subsidiaries submit a report to the AC once every quarter. These internal audit divisions follow the same audit planning and audit rating methodology as GIAD with such modifications as necessary to suit local environment and regulations.

GIAD was awarded the ISO 9001:2008 Certification for its quality management system in 2014 by a leading certification body. GIAD passed the subsequent annual ISO 9001:2008 surveillance audit in 2015 and 2016.

In addition, periodic external assessments of GIAD's internal audit activity are conducted by a qualified external independent reviewer. The last external assessment was conducted in 2014.

Business Continuity Management ("BCM")

CIMB Group is committed to safeguard the interests of all its stakeholders by ensuring an appropriate level of business resilience throughout CIMB Group. Its 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 objective of business continuity is to ensure the safety of employees and to promote organisational resilience by ensuring that critical business processes can continue, or be recovered in a timely manner, following a disruption, thus ensuring:

(i) customers' expectations and quality of services continue to be met, or be managed, in such a way that customers are retained and new business opportunities are met;

(ii) operations are not adversely affected, thus maintaining the quality of management and meeting statutory and regulatory requirements;

(iii) profits and shareholder values are maintained and do not suffer significant deterioration;

(iv) reputation and image to stakeholders and the public are not negatively affected following a business disruption; and

(v) compliance with the regulatory guidelines and legislations on BCM (e.g. BNM, Bursa or SC).

As such, CIMB Group has put in place a sound BCM programme to ensure that its critical businesses are able to be recovered in a timely manner, in the event of any disruption.

CIMB Group's BCM programme is aligned to the organisation's business vision and strategy. This is done by calibrating CIMB Group's BCM programme to target the level of business readiness, determined by the Group Crisis Management Committee.

Regular reviews, re-assessments and updates for BCM documentation or 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.

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 CIMB Group and for regional counterparts with support from the Group Crisis Management Committee and Group Human Resources in its effort to increase employee awareness and efficiency and grow BCM program 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.

CIMB Group had in May 2007 applied for direct migration to the IRB. The approach adopted by the 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 CIMB Group to migrate to IRB for credit risk in July 2010.

The Basel Steering Committee chaired by the Group CEO was set up to oversee the implementation initiatives across CIMB Group with the assistance of various sub-committees.

CIMB Group's operational risk was based on the basic indicator approach and the Group progressively set the various foundations to move towards the Basel II standardised approach and building its capabilities towards the advanced measurement approach.

Its enterprise-wide risk management requires the business and support units to identify all material risks affecting the Group's business and operations on an on-going basis. CIMB Group's capital is then allocated to all relevant units for risk-taking purposes. 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 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, 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 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 13 October 2015, which took effect for all banking institutions on 1 January 2016 and will take effect for all financial holding companies on 1 January 2019. 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 table[1] below:

Calendar Year	2013	2014	2015	2016	2017	2018	2019
Leverage Ratio	**Observation period reporting**					**Standard in force**	
Minimum Common Equity Capital Ratio[2]	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	Observation period reporting					Standard in force	

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 revised Liquidity Coverage Ratio policy on 25 August 2016, which supersedes the previous Liquidity Coverage Ratio policy issued on 31 March 2015 ("**BNM's Liquidity Coverage Ratio**"). The effective date of the Liquidity Coverage Ratio is 25 August 2016. BNM's Liquidity Coverage Ratio has provided clarity on the specific liquidity coverage ratio requirements in Malaysia. The Group has been in compliance with the Liquidity Coverage Ratio guidelines and requirements as part of its ordinary course of business.

If the regulatory capital and/or liquidity requirements applied to the Group continue to increase in the future, the Group's return on equity and profitability could be adversely affected. Any failure by the 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 Group's business, financial condition and results of operations. As at 30 June 2016, the Group was in compliance with the regulatory capital and liquidity requirements of each of the jurisdictions in which it and its subsidiaries and associated companies operate.

1 All dates are as of 1 January unless otherwise indicated. Shading indicates transition periods.

2 Banking institutions will also be required to submit to the Bank calculations of their Basel III capital positions in during the observation period in 2012.

MANAGEMENT

The Board

The Board's primary responsibility is to approve and periodically review the Bank's overall business strategies and policies.

The Board comprises 11 members with one Executive Director, four Non-Independent Non-Executive Directors and six Independent Directors, and is chaired by Dato' Zainal Abidin Putih.

Name	**Position**
Dato' Zainal Abidin Putih	Chairman/Non-Independent Non-Executive Director
Dato' Sri Nazir Razak	Deputy Chairman/Non-Independent Non-Executive Director
Tengku Dato' Sri Zafrul Tengku Abdul Aziz	Chief Executive Officer/Executive Director
Rosnah Dato' Kamarulzaman	Independent Director
Venkatachalam Krishnakumar	Independent Director
Datin Grace Yeoh Cheng Geok	Independent Director
Ahmad Zulqarnain Che On	Non-Independent Non-Executive Director
Dato' Sri Amrin Awaluddin	Independent Director
Datuk Mohd Nasir Ahmad	Independent Director
Dato' Lee Kok Kwan	Non-Independent Non-Executive Director
Afzal Abdul Rahim	Independent 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 to discharge his duties. The Directors have access to unrestricted and independent advice and 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 2nd 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 AC and BRC 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 of the Bank comprises three Independent Directors who possess financial backgrounds and extensive experience in accounting and audit. 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 BRC of the Bank comprises five members, two of which are Independent Directors and three of which are Non-Independent Non-Executive Directors. The BRC is responsible for providing oversight and advice to the Board and Management in respect of all risks undertaken by the Group and future risk strategy, including the determination of risk appetite. The BRC also provides oversight and management in respect of the Board and Management of compliance risk. For further detail, see "Risk Management — Risk Management Structure".

The committees established by CGHB are the Group Nomination and Remuneration Committee (the "**GNRC**"), the Board Oversight Committee and the Group Compensation Review Committee (the "**GCRC**"). The main functions and relationships of these committees are set out below:

- The GNRC of CGHB comprises four 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 Board Oversight Committee of CGHB comprises three Non-Independent Non-Executive Directors and one Independent Director of CGHB. The Board Oversight Committee oversees the implementation and monitoring of CGHB Board's decisions and provides strategic guidance for CIMB Group as delegated by CGHB Board in its Terms of Reference. Such Terms of Reference forms part of CGHB's Board Charter and prescribe matters specifically reserved for the CGHB Board, including the composition of the Board Oversight Committee, meetings to be conducted by the Board Oversight Committee, strategy, business planning and budget, financial management, investments, merger, acquisitions, divestments, monitoring and evaluating political, economic and business conditions and developments in the financial markets that may impact CIMB Group.

- The GCRC of CGHB comprises the Chairman and five members of CGHB's Board. The GCRC assists the relevant boards in ensuring that there is a common oversight of the employees' remuneration and compensation framework. The GCRC also determines the provision and allocation of staff bonuses as well as salary increments.

The BSC is established by CIMB Islamic and is relied upon by the Bank and CIMB Group. The BSC was established in compliance with BNM's "Shariah Governance Framework for Islamic Financial Institutions" (CBNM/RH/GL_012_3) and the "Guidelines on the Governance of Sharia Committee for Islamic Financial Institutions" (BNM/RH/GL/012-1) and the Islamic Financial Services Act 2013. The objective of the establishment of the BSC is to ensure that the operations of the Islamic banking and capital markets businesses of CIMB Group are Shariah-compliant. In advising on such matters, the BSC also ensures that the rulings on Islamic banking and capital market products and services comply with the judgments or the Ijtihad of the relevant Shariah authorities, including published judgements and rulings of the Shariah Courts. Any non-compliance to Shariah matters is reported to the BSC and deliberated before reports are presented to the Board of CIMB Islamic via the BRC of the Bank. The Chief Compliance Officer presents a periodic report on Shariah non-compliance and highlight rectification plans undertaken to address any 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 practicing 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 and Tenaga Nasional 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 Insitute Foundation (IJN) Foundation and the Perdana Leadership Foundation. Dato' Zainal Abidin is also a member of Perbadanan Putrajaya.

Dato' Sri Nazir Razak is the Deputy Chairman and Non-Independent Non-Executive Director of the Bank. He is also the Chairman of CGHB and the Chairman of the Board Oversight Committee and the GCRC of CGHB. He also acts as President Commissioner of PT Bank CIMB Niaga Tbk. Dato' Sri Nazir graduated from the University of Bristol with a Bachelor of Science (Hons) degree and obtained a Master of Philosophy (MPhil) from the University of Cambridge.

He joined the corporate advisory department of Commerce International Merchant Bankers Berhad (now known as CIMB) in 1989 and managed various fund raising, privatization, listing and corporate restructuring exercises. In 1993, he transferred to the bank's stockbroking arm where he rose to the position of Executive Director. He moved back to CIMB as Deputy Chief Executive on 1 June 1996 and became Chief Executive on 1 June 1999. He assumed the position of Group Managing Director/ Chief Executive Officer of CGHB on 7 November 2006.

Dato' Sri Nazir had been recognised as Malaysia's top executive/CEO on several occasions. He was the youngest recipient of Finance Asia's "Lifetime Achievement Award" in 2009, and was also awarded Euromoney's 2012 "Outstanding Achievement Award" in recognition of his outstanding contribution to the Asian financial markets. In 2015, he was conferred the prestigious Asia House Asian Business Leaders Award for his overall contribution to the economic success, professional excellence, moral leadership and service to society.

Dato' Sri Nazir was recently appointed as a Director of Khazanah Nasional Berhad. He holds directorships in various CIMB companies and is a member of the Investment Panel and Chairman of the Investment Panel Risk Committee of the Employees Provident Fund Board. He is the Trustee of the Rahah Foundation and the Pride 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 and is a member of the GCRC and the Board Oversight Committee of CGHB.

With over 19 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.

Outside of the Bank, Tengku Zafrul is an advocate of Malaysia's socioeconomic development and currently heads the Kuala Lumpur Business Club. He is on the boards of the Malaysian Investment Development Authority (MIDA) and Perbadanan PR1MA Malaysia. In addition, he is a member of the Secondary Market Advisory Group of Securities Commission. Tengku Zafrul is on the Advisory

Boards of the Faculty of Business and Accounting of University Malaya and Young Corporate Malaysians. Tengku Zafrul was also appointed by the Ministry of Education of Malaysia as an Adjunct Professor at University Sains Islam Malaysia under the CEO Faculty Programme. He is also the Chairman of Enactus Malaysia Foundation, an international non-profit organisation aimed at grooming university students into future leaders.

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.

Rosnah Dato' Kamarulzaman 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 currently the Chairman of Oracle Financial Services Software Ltd (Asia Pac) (OFSS) in Singapore. He began his career with Citibank (India) in 1974 and became 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% 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.

Most recently Mr. Krishnakumar spent time advising DBS Bank Ltd as they reevaluated their Core Banking replacement strategy and presented the same to the DBS Board in May 2009. He sits on the boards of ST Engineering (STE), MediaCorp and HiSoft International (China).

Datin Grace Yeoh Cheng Geok is an Independent Director of the Bank. She is an alumna of the United World College of South East Asia and 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. She currently sits on the Management Committee of Shearn Delamore & Co.

Ahmad Zulqarnain Che On is a Non-Independent Non-Executive Director and Executive Director, Investments, at Khazanah Nasional Berhad. He is also a Commissioner at PT Bank CIMB Niaga Tbk. Prior to Khazanah, he was appointed as the first Managing Director/Chief Executive Officer of Danajamin Nasional Berhad in 2009. He has over 18 years' experience in both banking and corporates, including tenures with UBS Warburg, Danaharta, CIMB and Symphony Group. He graduated with a Bachelor of Arts in Economics from Harvard University.

Dato' Sri Amrin Awaluddin is an Independent Director of the Bank, as well as the Group Managing Director of Media Prima. He was appointed to the Board of Media Prima on 1 September 2009. He held various positions within the Group prior to assuming his current position on 1 September 2009 and holds a Bachelor of Business Administration (Honours) from Acadia University, Canada and a Masters of Business Administration (Finance) with Distinction from University of Hull, England.

He joined the Group as the Chief Financial Officer of Sistem Televisyen Malaysia Berhad ("**TV3**") in November 2001. In September 2003, he was appointed as Group Chief Financial Officer of Media Prima Berhad ("**Media Prima**"). He assumed the position of Chief Executive Officer of Natseven TV Sdn. Bhd. (ntv7) in January 2006 and then as the Chief Executive Officer of TV3 in January 2008. Dato' Sri Amrin sits on the Board of Media Prima's subsidiaries amongst them New Straits Times Press (Malaysia) Berhad, TV3, Synchrosound Studio, Big Tree Outdoor, Primeworks Studios and Alt Media Sdn Bhd.

He is the Deputy President of Kuala Lumpur Business Club (KLBC), a Member of the Asian Television Awards Advisory Board, a Board Advisor of Pusat Sains Negara, Member of the Board of Yayasan Kelana Ehsan, Member of the Board of Trustees of Enactus Education Foundation and Ahli Lembaga Pengurus Tabung Amanah Perwira and Pertahanan Negara (TAPPN). Prior to joining Media Prima group, Dato' Sri Amrin was with Amanah Merchant Bank Berhad, Renong Berhad, Malaysia Resources Corporation Berhad and Putera Capital Berhad.

Datuk Mohd Nasir Ahmad is an Independent Director of the Bank. He is the Chairman of the AC of the Bank and a member of the BRC of the Bank. He also sits on the board of CGHB. He is a Fellow of the Association of Chartered Certified Accountants (ACCA) United Kingdom and a Chartered Accountant with the Malaysia Institute of Accountants (MIA). He was also elected as a member of the ACCA (UK) Council in September 2013. Datuk Mohd Nasir holds a Master of Business Administrations (Finance) from Universiti Kebangsaan Malaysia and was the President of MIA from August 2011 to July 2013.

Datuk Mohd Nasir brings with him vast experience in the area of finance and accounting which spans 35 years, having started his career as a Trainee Accounting 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 Chief Executive Officer (CEO) 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 CEO on 1 June 2001 until his retirement on 1 June 2011.

Currently, Datuk Mohd Nasir sits on the Boards of MIMOS Berhad and SIRIM Berhad. He is the Chairman of UKM Holdings Sdn Bhd and a member of the Board of Universiti Kebangsaan Malaysia, the Energy Commission, Listing Committee of Bursa Malaysia and the Board of Trustee of Yayasan Canselor UNITEN.

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; the Group's markets; sales and trading businesses in interest rates, credit, foreign exchange, commodities, equity and their derivatives; debts capital market; fixed income investments; transaction banking; and the treasury and funding operations for CIMB Group.

Afzal Abdul Rahim is an Independent Director of the Bank. He is a technology entrepreneur who is currently the Director and Chief Executive Officer of TIME dotCom Berhad ("**TIME**"), an ASEAN based telecoms operator encompassing Fixed Line, Data Centres and Global Submarine Cable Systems. He joined TIME in 2008 after establishing the AIMS Asia Group and Global Transit International in 2006. Afzal founded the non-profit Malaysian Internet Exchange (MyIX) in 2006 and also serves as a Board Member of Endeavor Malaysia, an organisation that is devoted to nurturing high-impact entrepreneurs. He began his career in the automotive sector, initially as a Chassis Development Engineer and thereafter managing clients on the engineering consultancy side of the business at Group Lotus PLC. He holds a Degree in Mechanical Engineering with Electronics from the University of Sussex.

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, CIMB Bank Berhad
Samir Gupta	Chief Executive Officer, Group Consumer Banking
Tigor M. Siahaan	Chief Executive Officer, Indonesia
Kittiphun Anutarasoti	Chief Executive Officer, Thailand
Mak Lye Mun	Chief Executive Officer, Singapore Chief Executive Officer, Group Wholesale Banking
Dato' Kong Sooi Lin	Chief Executive Officer, CIMB Investment Bank Berhad
Datuk Iswaraan Suppiah	Group Chief Information and Operations Officer[1]
David Richard Thomas	Group Chief Risk Officer
Hamidah Naziadin	Group Chief People Officer
Shahnaz Jammal	Group Chief Financial Officer
Effendy Shahul Hamid	Chief Executive Officer, Group Asset Management & Investments
Rafe Haneef	Chief Executive Officer, Group Islamic Banking Chief Executive Officer, CIMB Islamic Bank Berhad
Yong Jiunn Run	Chief Executive Officer, Group Commercial Banking
Mohamed Adam Wee Abdullah	Group Chief Marketing Officer
Renzo Viegas	Adviser to Group Chief Executive Officer
Thomas Meow Yoke Nean	Adviser to Group Chief Executive Officer
Lim Tiang Siew	Group Chief Internal Auditor
Lee Chin Tok	Group General Counsel
Gurdip Singh Sidhu	Group Chief Strategy Officer
Kwan Keen Yew	Group Chief Compliance Officer
Chu Kok Wei	Group Head, Treasury & Markets

Note:

1. Datuk Iswaraan Suppiah has recently resigned from his position as Group Chief Information and Operations Officer and his resignation will take effect on 22 January 2017.

PRINCIPAL SHAREHOLDER

As at 30 June 2016, 99.9% 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 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) 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) acquire or hold any shares in any other corporation except as permitted under the FSA, the IFSA (as the case may be) or by prescribed regulation; and

(iv) open any branch offices unless the approval of BNM has been obtained.

Statutory Reserves

BNM requires Malaysian banks to maintain a sum equivalent to the Statutory Reserve Requirement ("**SRR**") in the form of non-interest bearing reserves with BNM. The SRR is currently set at 3.5% of total eligible liabilities.

Capital Adequacy Requirements

On 13 October 2015, BNM issued the revised Capital Adequacy Framework (Capital Components) which came into effect on 1 January 2016 (for a banking institution, subject to the transition arrangements set out in Part G thereto) and supersedes the policy document on Capital Adequacy Framework (Capital Components) issued on 28 November 2012. The revised guidelines set out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III. BNM has adopted the Basel Committee's timeline of a gradual phase-in of these standards beginning 2013 until 2019. See "Risk Management — The Implementation of Basel III".

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 1 August 2016. The 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. The comparative capital adequacy ratios as at 31 December 2012 were based on BNM's Risk-Weighted Capital Adequacy Framework which has regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel II.

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 in accordance with the transitional arrangements provided therein, 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 counterparty exposure limit ("**SCEL**"). Under the SCEL, the total exposure to a single counterparty shall not exceed 25% 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 or an Islamic banking institution's total capital (as the case may be) as specified in Regulatory Adjustments of the Capital Adequacy Framework (Capital Components) or Regulatory Adjustments of the Capital Adequacy Framework for Islamic Banks (Capital Components) (as the case may be), 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 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 chairman of the Board or a director of a bank if, for example, that person is an undischarged bankrupt, has suspended payments or has compounded with his creditors whether in or outside of Malaysia; a charge for a criminal offence relating to dishonesty or fraud under any written law or the law of any country, territory or place outside Malaysia, has been proven against that person; that person is prohibited from being a director of a company or in any way, whether directly or indirectly, be concerned or take part in the management of a company in Malaysia pursuant to a court order made under section 130A of the Malaysian Companies Act, 1965 and has not obtained any leave of the court under the same section; or under any law relating to prevention of crime, drug trafficking or immigration, an order of detention, supervision, or deportation has been made against that person or any form of restriction or supervision by bond or otherwise, has been imposed on that person. BNM may specify fit and proper requirements to be complied with by a chairman or a director 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 board principles and minimum standards well as specific requirements for sound corporate governing 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 licensed institution;

(ii) the board should comprise of directors who as a group provide a mixture of core competencies such as finance, accounting, legal, business management, information technology and investment management;

(iii) 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 licensed institution, unless BNM approves otherwise in writing. Under exceptional circumstances, BNM may allow more than one executive director on the board of a licensed institution;

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

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

Effective 26 April 2004, BNM introduced an interest rate framework aimed at enhancing the effectiveness of monetary policy transmission process and efficiency of the operation of the financial markets as well as pricing by banking institutions.

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

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 USD1.00. 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 ("**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 its depositors or creditors, as the case may be;

(iv) the capital of the bank has reached a level or is eroding in a manner that may detrimentally affect its depositors, creditors or the public generally;

(v) the bank has become or is likely to become insolvent or is likely to become unable to meet all or any of its obligations; or

(vi) any other state of affairs exists in respect of the bank that may be materially prejudicial to the interests of the depositors or creditors of the bank, including where proceedings under a law relating to bankruptcy or insolvency have been commenced in Malaysia or elsewhere in respect of the holding company of the bank, including its financial holding company,

BNM may:

(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 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.

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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Economic and Financial Developments in Malaysia in the Second Quarter of 2016

Overview

The Malaysian economy expanded by 4.0% in the second quarter of 2016

Global economic activity expanded at a more moderate pace in the second quarter. There was uneven growth momentum across economies, and growth remained modest in the advanced economies amid continued cyclical and structural weaknesses. Although the result of Brexit initially created uncertainty and heightened risk aversion, the financial market volatility has since subsided. Economic expansion in Asia was supported by domestic demand, but was weighed down by persistently weakened export performance. Several major and regional central banks conducted further easing to support economic activity amid continued growth concerns and low inflation. The Malaysian economy registered a growth of 4.0% in the second quarter of 2016 (compared to 4.2% in the first quarter of 2016), driven by a stronger expansion in domestic demand. However, growth was weighed down by the continued decline in net exports and a significant drawdown in stocks. On the supply side, growth continued to be driven by the major economic sectors. On a quarter-on quarter seasonally-adjusted basis, the economy grew by 0.7% (compared to 1.0% in the first quarter of 2016).

Private consumption growth remained strong at 6.3% (compared to 5.3% in the first quarter of 2016), supported by continued wage and employment growth, as well as additional disposable income from Government measures. Growth in public consumption increased to 6.5% (compared to 3.8% in the first quarter of 2016), reflecting higher spending on supplies and services. Private sector activity remained a key driver of growth, expanding at a pace of 6.1% (compared to -4.5% in the first quarter of 2016). Private investment grew at a pace of 5.6% (compared to 2.2% in the first quarter of 2016), underpinned by continued capital spending in the manufacturing and services sectors. Public investment growth increased by 7.5% (compared to -4.5% in the first quarter of 2016), reflecting the higher spending on fixed assets by both the Federal Government and public corporations.

On the supply side, all economic sectors, apart from the agricultural sector, continued to expand. The services sector expanded further, driven by stronger household spending while the manufacturing sector was supported by the electronics and electrical cluster. The construction sector recorded stronger growth, driven mainly by the civil engineering sub-sector. Meanwhile, the agriculture sector declined, underpinned by the lagged impact of El Niño on crude palm oil production.

The headline inflation rate, as measured by the annual change in the Consumer Price Index ("**CPI**"), declined to 1.9% in the second quarter of 2016 (compared to 3.4% in the first quarter of 2016). The decrease was on account of the lapse of the impact of Goods and Services Tax ("**GST**"), which was implemented in April 2015.

The trade surplus amounted to RM17.9 billion in the second quarter of 2016 (compared to RM23.9 billion in the first quarter of 2016). Gross exports grew at a pace of 1.4% (compared to 1.0% in the first quarter of 2016), reflecting the contraction in the growth of commodity exports which offset the slower manufactured export growth, while gross imports expanded at a pace of 3.1% (compared to -0.4% in the first quarter of 2016) due to mainly higher imports of capital goods and continued growth in imports of consumption goods.

The international reserves of BNM amounted to RM390.4 billion (equivalent to U.S.$97.2 billion) as at 30 June 2016. This reserves level has taken into account the quarterly adjustment for foreign exchange revaluation changes. As at 29 July 2016, the reserves position amounted to RM391.1 billion (equivalent to U.S.$97.3 billion), sufficient to finance 8.1 months of retained imports (significantly higher than the three-month international threshold) and is 1.2 times the redefined short-term external debt. Notably, not all short-term external debt creates claim on reserves given the external assets and export earnings of borrowers.

Interest rates remained stable

The Monetary Policy Committee ("**MPC**") maintained the OPR at 3.25% during the second quarter of 2016. On 13 July 2016, the MPC reduced OPR by 25 basis points to 3.0% in order to ensure that the domestic economy continues on a steady growth path and that inflation remain stable.

The average overnight interbank rate traded within the range of the corridor for the OPR while other short-term interbank market rates up to the one month tenure remained stable. The Kuala Lumpur Interbank Offered Rates ("**KLIBOR**") continued to moderate following the easing in the long-term funding needs of interbank players, whereas the weighted average BR of commercial banks was stable at 3.83% (compared to 3.79% in the first quarter of 2016). Following the OPR reduction, the three-month KLIBOR declined from 3.65% to 3.40%, and the weighted average BR of commercial banks decreased to 3.62% (end-June: 3.83%). Fixed deposit rates declined by an average of 18 basis points for tenures one year and below.

M3, or broad money, increased by RM7.0 billion on a quarter-on-quarter basis to record an annual growth rate of 1.9% as at end-June 2016 (end-March 2016: 0.9%). The expansion of M3 during the quarter was mainly on account of credit extended to the private sector by the banking system.

Total gross financing raised by the private sector through the banking system, development financial institutions ("**DFI**s") and the capital market amounted to RM292.1 billion in the second quarter (compared to RM290.8 billion in the first quarter of 2016). On a net basis, outstanding banking system loans and DFIs, and issuances of corporate bonds expanded at an annual growth rate of 6.9% as at end-June 2016 (compared to 7.5% in the first quarter of 2016). Net funds raised in the capital market were higher at RM33.4 billion in the second quarter (compared to RM25.4 billion in the first quarter of 2016).

The Ringgit and most other regional currencies depreciated against the U.S. dollar during the quarter due to uncertainties surrounding United States monetary policy. Continued volatility in global crude oil prices and lower weightage of certain Malaysian stocks during the rebalancing of the MSCI Emerging Markets Index resulted in stronger depreciation pressure on the Ringgit. Overall, the Ringgit depreciated by 2.5% against the U.S. dollar. The Ringgit also depreciated against the euro (-0.6%) and the Japanese yen (-10.9%), but appreciated against the pound sterling (4.3%) and the Australian dollar (0.4%). The Ringgit depreciated against regional currencies by between 0.4% and 3.2%.

Domestic financial system remains resilient

The Malaysian financial system continued to demonstrate resilience throughout the second quarter despite volatility and uncertainty in the global and domestic financial markets, particularly recent developments in the PRC and in the United Kingdom. Financial intermediation continued to be supported by sound financial institutions and strong capital buffers.

The banking system remained well-capitalised with the common equity tier-1 capital ratio, tier-1 capital ratio and total capital ratio well above the minimum regulatory levels, at 12.9%, 13.9% and 16.4%, respectively. The total capital buffer of the banking system stood at more than RM153.8 billion. Similarly, the capital adequacy ratio of the insurance and takaful sectors remained strong at 228.1% (1Q 2016: 242.6%).

Domestic demand will remain the key driver of growth

Going forward, recovery in the global economy is expected to remain subdued despite unprecedented easing of monetary conditions in major and regional economies. International trade is expected to remain modest in the advanced economies. In Asia, while domestic demand is expected to grow and it will continue to underpin the overall performance of the advanced economies. Continued financial market volatility resulting from rising concerns on the United States presidential elections and increased risks of political contagion following Brexit could materially impact the markets via international capital flows. Global market conditions are increasingly challenging, with higher downside risks.

For the Malaysian economy, growth is expected to be 4-4.5% and driven by domestic demand, with additional support from private sector spending. Exports are projected to remain weak as a result of subdued global demand, while domestic demand is expected to remain resilient. However, going forward, the Malaysian economy is therefore expected to be affected by uncertainties in the external environment, which will have negative implications for Malaysia's growth prospects.

(Source: Bank Negara, Quarterly Bulletin, http://www.bnm.gov.my)

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 and Exchange Administration, http://www.mida.gov.my)

The Central Bank of Malaysia

BNM is at the apex of the monetary and financial structure of the country. 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 newly enacted 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 and 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	27	8	19
Islamic Banks	16	10	6
International Islamic Banks	4	—	4
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 dynamic growth with a comprehensive Islamic financial system that is supported by robust regulatory, legal and Shariah governance frameworks, the many players as well as the requisite talent and expertise.

The Islamic financial system comprises four main components, namely Islamic banking, takaful and retakaful, Islamic interbank money market and Islamic capital market. The expansion of Islamic finance is rigorously driven by the current 53 institutions offering Islamic financial services. As at December 2013, Malaysia's total Islamic banking assets has reached RM556.5 billion with a market share of 25.0% and recorded an average annual growth rate of 19.7% for the period of 2002 to 2013. For the takaful industry, total assets has reached RM24.6 billion in 2013 with a market share of 10.2% and an average annual growth rate of 10.7% for the period of 2008 to 2013. The Malaysian capital market has also recorded total outstanding sukuk amounting to RM512.1 billion as at end of 2013, surpassing the outstanding conventional bond with 49.7% of market share.

To date, there are more than 100 Islamic banking products and services available in the industry. Innovative products and financial instruments that are aligned with the global Shariah principles have been issued in the global market. An example is the multi-currency sukuk, with issuances denominated in the U.S. Dollar, Singapore Dollar and Renminbi that have attracted international investors. Malaysia has evolved to become a multi-currency sukuk market, where there is an increasing demand for multicurrency sukuk issuance in Malaysia. In 2013, Malaysia maintained its leading position as the main sukuk issuer with a 69% share of total global issuances in 2013 amounting to U.S.$82.6 billion.

(Source: Invest in Malaysia: Banking, Finance and Exchange Administration, http://www.mida.gov.my)

Monetary and Financial Developments

Monetary aggregate continue to grow marginally

Money supply continued to grow in the second quarter of 2016. M1 or narrow money turned around by 0.9% to RM363.8 billion as at end-June 2016 (end-March 2016: -1.7%; RM354.1 billion). Meanwhile, M3 or broad money increased by 1.8%, recording RM1,611.0 billion as at end-June 2016 (end-March 2016: 0.9%; RM1,604.0 billion) due to continued credit extension to the private sector by the banking system. However, the increase was partly offset by the reclassification of Islamic Investment Accounts in July 2015.

Interest rates remain stable

The Overnight Policy Rate was unchanged at 3.25% during the quarter and remained supportive of economic activities. The Base Rate, however, declined to 3.83% (Q1 2016: 3.89%) as at end-June 2016. The weighted average lending rate of commercial banks remained relatively unchanged at 4.61% during the quarter. Meanwhile, savings deposit rate increased to 1.07% as at end-June 2016 (end-March 2016: 1.03%). The interest rates on 1-month to 12-month fixed deposits remained between 3.08% and 3.29% as at end-June 2016.

Higher financing through capital market

The overall gross private sector financing raised through the banking system and capital market amounted to RM280.8 billion in the second quarter of 2016 (Q1 2016: RM281.0 billion). This was mainly due to a marginal decline in the loans disbursed by the banking system. However, both new issuances of private debt securities excluding Cagamas and equities were higher at RM20.1 billion and RM2.1 billion, respectively, backed by an increase in net inflow of foreign funds, particularly in June 2016 (Q1 2016: RM17.9 billion; RM1.1 billion).

During the second quarter of 2016, demand for financing moderated further with loan disbursements declining by 2% to RM258.5 billion (Q1 2016: -2.0%; RM262.0 billion). The household sector accounted for a significant share of the total loans disbursed at 27.1% or RM70.0 billion, followed by wholesale and retail trade, accommodation and restaurant (19%), as well as manufacturing (18.8%) sectors. Loan applications grew by 2.1% to RM212.6 billion (Q1 2016: 5.1%; RM187.7 billion) while loan approvals contracted by 12.7% to RM89.5 billion (Q1 2016: -18.4%; RM76.7 billion).

Total loans outstanding in the banking system grew by 5.6% to RM1,465.2 billion (end-March 2016: 6.4%; RM1,449.5 billion). Loans extended to households, which accounted for 57.2% of the total loans outstanding, increased by 1.3% to RM838.8 billion (end-March 2016: 57.1%; 0.9%; RM828.1 billion).

Banking system remains strong

The banking system remained strong on the back of firm capitalisation and sustained asset quality. As at end-June 2016, the common equity tier 1 capital ratio, tier 1 capital ratio and the total capital ratio stood at 12.9%, 13.9% and 16.4%, respectively (end-March 2016: 13%; 13.9%; 16.5%). Meanwhile, pre-tax profit in the second quarter of 2016 totalled RM12.9 billion (Q1 2016: RM7.7 billion), mainly driven by income from financing as well as trading and investment activities. The net impaired loans ratio remained low at 1.3% of net total loans (end-March 2016: 1.2%).

The Ringgit softens

The Ringgit eased against most major and regional currencies during the second quarter of 2016, except against the pound, the renminbi and the Australian dollar which appreciated by 4.3%, 0.2% and 0.4%, respectively. The Ringgit's depreciation was due to lack of market-moving catalysts and the strengthening of the U.S. dollar. The hawkish Federal Reserve's (Fed) statement on the possibility of interest rate hike in June 2016 affected the Ringgit in April and May 2016 despite the gradual increase in global crude oil prices and Moody's positive outlook on Malaysia. In June 2016, the Ringgit depreciated further as the U.S. dollar surged significantly after the Brexit referendum. During the quarter, the Ringgit depreciated by 2.5% against the U.S. dollar and between 0.4% and 10.9% against other major and regional currencies.

(Source: Malaysian Economy Second Quarter 2016, 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%. 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 Real Property Gains Tax (Exemption) (Revocation) Order 2013, with effect on 1 January 2014, gains from the disposal of real properties 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% 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% 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%. For disposals after five years from the of the date of acquisition, the gains from such disposal made by companies will imposed a real property gains tax rate of 5.0% whereas the gains from such disposal made by individuals who are citizens or permanent residents of Malaysia will not be subject to real property gains tax. 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% for disposals within five years from the of the date of acquisition and a real property gains tax rate of 5.0% for disposals after five years from the of the date of acquisition.

Pursuant to the Real Property Gains Tax (Exemption) Order 2013, with effect from 1 January 2013, gains from the disposal of any chargeable asset, including shares in a real property company, to a trustee-manager on behalf of a business trust which has been (i) registered with or recognised, and (ii) approved or authorised, by the SC on or after 1 January 2013 but not later than 31 December 2017, in relation to the initial offering of the business trust, are exempted.

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.

GST

GST which is also known as VAT or value added tax in many countries is a multi-stage consumption tax on goods and services. It was implemented in Malaysia on 1 April 2015 at the rate of 6.0% on standard rated supply.

The Proposed Financial Transactions Tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and, potentially, a 30.0% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg (each an International Central Securities Depository ("**ICSD**") and together the "**ICSDs**"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and should provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for each custodian or intermediary to make a payment free of FATCA withholding. Investors should consult with their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the ICSDs (as registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

Summary of Dealer Agreement in respect of Notes

Subject to the terms and on the conditions contained in an amended and restated dealer agreement (the "**Dealer Agreement**") between the Issuer and the Sole Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. 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 Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Sole Arranger and Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles 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 and their 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 and their 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 or certain of their 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 or any of its 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 or any of its 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 or any of its 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

The Notes have not been and will not be registered under the Securities Act and are being offered outside the United States in reliance on Regulation S and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. 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, and shall not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the pricing supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(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 3(2) of the Prospectus Directive in that Relevant

Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(iii) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

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) 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

(ii) 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 247(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 247(3) of the CMSA.

Singapore

Each Dealer acknowledges 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 such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where 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 (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or 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 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Hong Kong

In relation to each Series of Notes issued by the Issuer, 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 other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**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) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; 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 the 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 thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each 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 warranted and agreed, and each further dealer appointed under the Programme will be required to represent and agree, that the offer of the Notes is not an offer of securities within the meaning of the Securities Law or other pertinent laws and regulations of the PRC and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region or Taiwan), except as permitted by the securities laws of the PRC.

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

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.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 31 October 2016 [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 Conditions (the "**Conditions**") set forth in the Offering Circular dated 31 October 2016. 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 31 October 2016 [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated 31 October 2016 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:	[●]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]

	(ii)	[Net proceeds:	[●] *(Required only for listed issues)*]
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:		[[●]% Fixed Rate [from [●] to [●]] [[*specify reference rate*] +/- [●]% Floating Rate] [Zero Coupon] [Other (*specify*)] (further particulars specified below)
10	Redemption/Payment Basis:		[Redemption at par] Dual Currency [Partly Paid] [Instalment] [Other (*specify*)]
11	Change of Interest or Redemption/Payment Basis:		[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*] [Not Applicable]

[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.

12	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13	Status of the Notes:	[Senior/Subordinated]
14	Listing:	[SGX-ST] [Bursa Malaysia Securities Berhad (under an Exempt Regime)] [(*specify*)/None]
15	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	[●]% 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 [●] and ending on the [Interest Payment Date falling on [●]/Maturity Date]][2] [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 Amount[3]
	(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*]

2 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."

3 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."

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*)
	(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 annum
	(xi)	Minimum Rate of Interest:	[●]% per annum
	(xii)	Maximum Rate of Interest:	[●]% 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 annum
	(xi) Minimum Rate of Interest:	[●]% per annum
	(xii) Maximum Rate of Interest:	[●]% 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 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 Currenc(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 [●] 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, renominalisation 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*]

OPERATIONAL INFORMATION

39	ISIN Code:	[●]
40	Common Code:	[●]
41	[CMU Instrument Number:	[●]]
42	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	[CDP/CMU/Not Applicable/*give name(s) and number(s)*]
43	Delivery:	Delivery [against/free of] payment
44	Additional Paying Agent(s) (if any):	[●]

GENERAL

45	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]
46	Use of Proceeds:	[●]

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.

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 nor any Dealer or the Sole Arranger 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 depositary 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 obtained from the SGX-ST for permission to deal in and, where applicable, provide quotations for any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes or Global Certificates representing such Notes is exchanged for definitive Notes. In addition, in the event that any of the Global Notes is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

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 2015 (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 2016; 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 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 2014 and 2015.

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 Sole Arranger in relation to the Programme.

The Issuer is 99.99% 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 Sole Arranger 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 Sole Arranger 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

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